OnTrack

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When the NEST EMPTIES

When kids leave home to be on their own, it's a big milestone for them — and for their parents. Although another big step in life — retirement — may still be a long way off, this can be a good time for parents to see if they're on track with their saving.

Costs of Raising Kids

Bringing up kids from infancy to their teenage years can be costly. The annual expenditures for raising a child have increased an average of 4.3% a year since 1960. And for a child born in 2015 (the latest figures available), a middle-income family with two children can expect to spend between $12,350 and $13,900 per year (in 2015 dollars), or about $233,610 over the next 17 years, for food, housing, transportation, health care, clothing, and other items.*

Lower Expenses Could Mean More Saving

If you've had difficulty putting aside enough money toward your retirement savings, you may find that you can afford to save more once your expenses are reduced. Even a small increase in saving can make a big difference. As indicated in the chart, if you're able to put aside an extra $200 in retirement savings a month earning 6% a year and compounded monthly, you could have an additional $13,954 in five years and $32,776 in 10 years.

Time to Catch Up!

If possible, consider increasing the amount you're contributing to your retirement plan until you reach the plan's maximum contribution total. And if you're 50 or older by the end of your retirement plan year, you may be eligible to make additional catch-up contributions if your plan allows it.

* U.S. Department of Agriculture, *Expenditures on Children by Families, 2015,* January 2017

Saving More Now Can Make a Difference

	Extra $2,400/year	Extra $5,000/year
For five years	$13,954	$29,071
For 10 years	$32,776	$68,283

These are hypothetical examples used for illustrative purposes. They do not represent the results of any particular investment vehicle. Monthly contributions and a 6% average annual total return (compounded monthly) are assumed. Your investment results will be different. Tax-deferred amounts accumulated in the plan are subject to ordinary income tax upon withdrawal. Source: DST Systems, Inc.

TIME THE MARKET or Take Your Time?

Timing is everything. You've probably heard that phrase with regard to relationships, luck, or other aspects of life. But does it apply to investing? Using a market timing strategy (buying at a low price and selling at a high price) might sound good in theory, but it's very difficult to put into practice.

What's So Difficult?

Investors who try to time the market study forecasts and analyses. Market timers will sell their investments if they believe prices are about to fall and will reinvest their money if they feel prices are set to go back up. If they guess correctly, this approach might be successful. But it's impossible to know with certainty when an investment may be at its lowest or highest until after that shift has occurred.

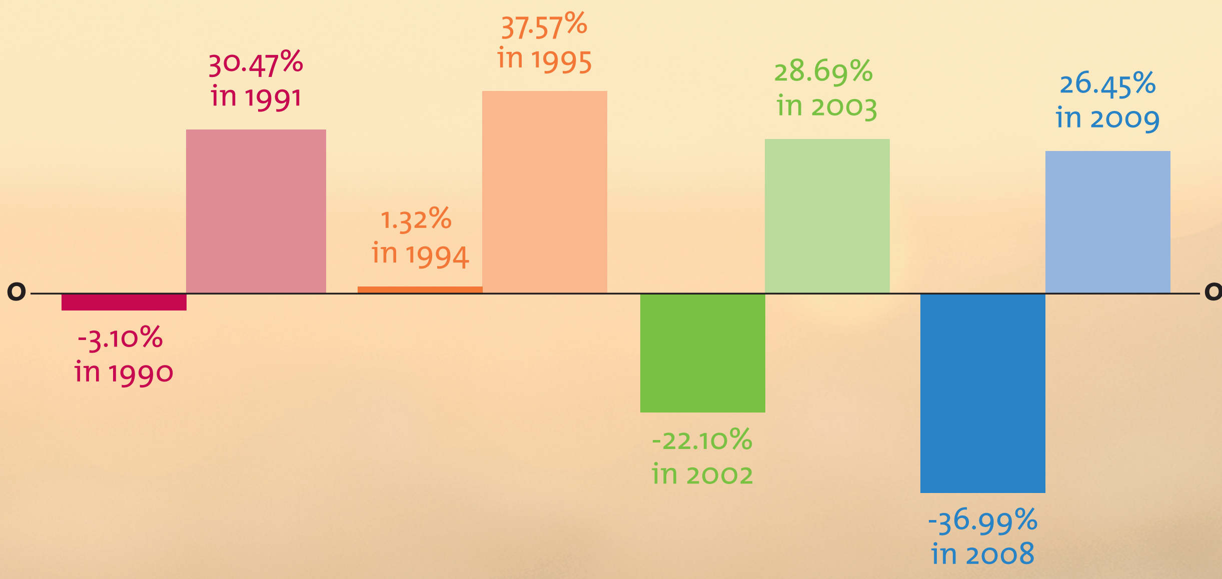
Consequences!

A possible result of guessing incorrectly is that you may suffer big losses or miss out

Quick Rebounds

If you review the historical returns of the stock market, you'll notice that they frequently change from year to year. If prices turn around quickly, investors who sell stocks when prices are low may miss out when prices recover. Here are some annual changes in the S&P 500® stock index (representing U.S. large-cap stocks) over the past 30 years.

S&P 500®
Annual Total Returns



The S&P 500® is an unmanaged index of the stocks of 500 major corporations. These returns are for illustrative purposes only and don't reflect the returns of any specific investment or the returns that an investment in stocks may earn in the future. You cannot invest directly in an index. Index performance does not reflect the effects of investing costs and taxes. Actual results would vary from benchmarks and would likely have been lower. Sources: Standard and Poor's and DST Systems, Inc.

on potentially higher returns. For example, assume you sell your investments because you anticipate the market dropping. But what if the market starts surging? These types of changes can occur very quickly. By the time you try to buy back your investments, it may be too late to take advantage of any potential higher returns — leaving you with losses instead.

Put Time on Your Side

Instead of trying to time the market, you may be better off with a well-coordinated investment strategy that is based on your personal risk tolerance and investment time frame. Unless you're investing for goals that are only a few years away or there has been a major shift in your personal or financial situation, consider sticking with your long-term plan. You will increase the chances of having time to recover from any short-term losses, and you'll be in a position to participate in any market surges.

Where Are You ON THE ROAD TO RETIREMENT?

Are your retirement investments due for a change? By periodically reviewing your retirement portfolio, you can check to see if your investment choices are still suitable based on your current personal situation. Whether you are just beginning to save or are close to retirement, any number of events may prompt you to adjust your retirement investments.

Your Risk Tolerance May Change

Important events in your life, such as getting married or becoming a parent, can affect your attitude about investment risk. Any major life experience should motivate you to reevaluate your comfort level with risk. If you conclude that your tolerance for risk has declined, you may want to increase the proportion of less risky investments in your portfolio and decrease the proportion of higher risk investments. If you reach the opposite conclusion about your risk tolerance, you might be more willing to purchase riskier investments with a greater potential to produce higher returns.

How Long Do You Have?

When you begin to save for retirement, your investments generally have a longer time to recover from any drops in the market. A longer time frame may make you feel more comfortable about accepting greater investment risk. But as you continue to work, that time frame grows shorter. As you get closer to retirement, you may decide to allocate a greater portion of your retirement portfolio to more conservative investments that offer less risk.

But keep in mind that your retirement could last 20 years or more. Investments with more risk have the potential to produce higher returns and may therefore still have a place in your portfolio during your retirement years.

Different Investments, Different Performance

Over time, the performance of your investments may alter the percentages you initially assigned to different asset classes. Certain investments may have performed better or worse than others. When your asset allocation* changes, you could be exposed to more or less risk than you originally intended. You may need to adjust your investments so that you are comfortable with your portfolio's risk level and its potential to help you meet your retirement goals.

** Asset allocation does not guarantee a profit or protect against losses.*

This newsletter is designed to provide useful information about retirement plans and investing your plan account savings. While the information contained herein was obtained from reliable sources, it cannot be guaranteed as to completeness or accuracy. Before acting on any of the information provided, consult your professional advisor.