

MONEY MATTERS



Setting The Course For A Strong Financial Future

by *Rusty Field*

(NAPSA)—Market volatility continues to influence investors' financial decision-making. Understanding how market conditions may have an impact on your personal finances and making educated decisions about long-term investing is important to your financial well-being.

Setting the course for a strong financial future requires every investor to think about and answer some important questions including:

- **How much will I need?**

Consider your immediate and long-term goals so you can make appropriate investment decisions. Take time to calculate how much you'll need to meet your goals considering employer-sponsored retirement plans, savings, investments and Social Security. Several free online calculators are available on the Internet to help you understand what you'll need to help meet your destination. The American Savings and Education Council's "ballpark estimate" calculator can be found at www.asec.org/ballpark.

- **How much do I have?**

Knowledge is power. Understand your investments and enhance the rate of return on all of your investments. For example, starting in 2002, you'll be able to put more money towards retirement. Between 2002 and 2008, the maximum yearly IRA contribution will gradually increase from \$2,000 to \$5,000. And, by 2006, employers can raise limits on elective deferrals progressively to \$15,000, up from the current \$11,000 annual maximum. Workers who reach the age of 50 can contribute even more to their IRAs and 401(k) plans if they qualify for new catch-up provisions.

- **What should I do?** Based on your short- and long-term goals, be sure you allocate your assets wisely. Practice asset allocation based on your financial goals, the length of time you'll be able to keep your money invested, your risk tolerance and your overall financial circumstances.

Take full advantage of employer-sponsored savings plans like 401(k)s and other retirement savings vehicles, such as IRAs, that protect your savings from taxes.

- **How do I know?** Work with an investment professional like a financial advisor to help ensure you're making the right investment decisions and setting the right



It's important to make some key decisions before you go about saving for retirement.

course to meet your goals. Ask your employer about employee financial education programs.

Review your plan annually and when you experience major life changes like job transitions, buying a home, marriage, the birth of a child, education expenses, retirement, etc.

If you're worried about the performance of the market, remember the stock market's long-term trend has been upward, or capital appreciation. While past performance is no guarantee of future investment results, the stock market has bounced back from every major market downturn to date.

During times of market volatility, consider simple strategies to help maintain your confidence in the market's long-term growth potential including staying diversified, avoid trying to time the market, practicing dollar-cost averaging and staying focused on your goals. Ask your employer about offering a financial education program in your workplace to help address these strategies.

For more information about setting the course for a strong financial future, contact American Express at (800) GET ADVICE or visit the web site at www.americanexpress.com/advisors. For information that your employer may be interested in to help them offer financial education in the workplace, have them call (800) 745-6684, or send an e-mail to feps@aexp.com.

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