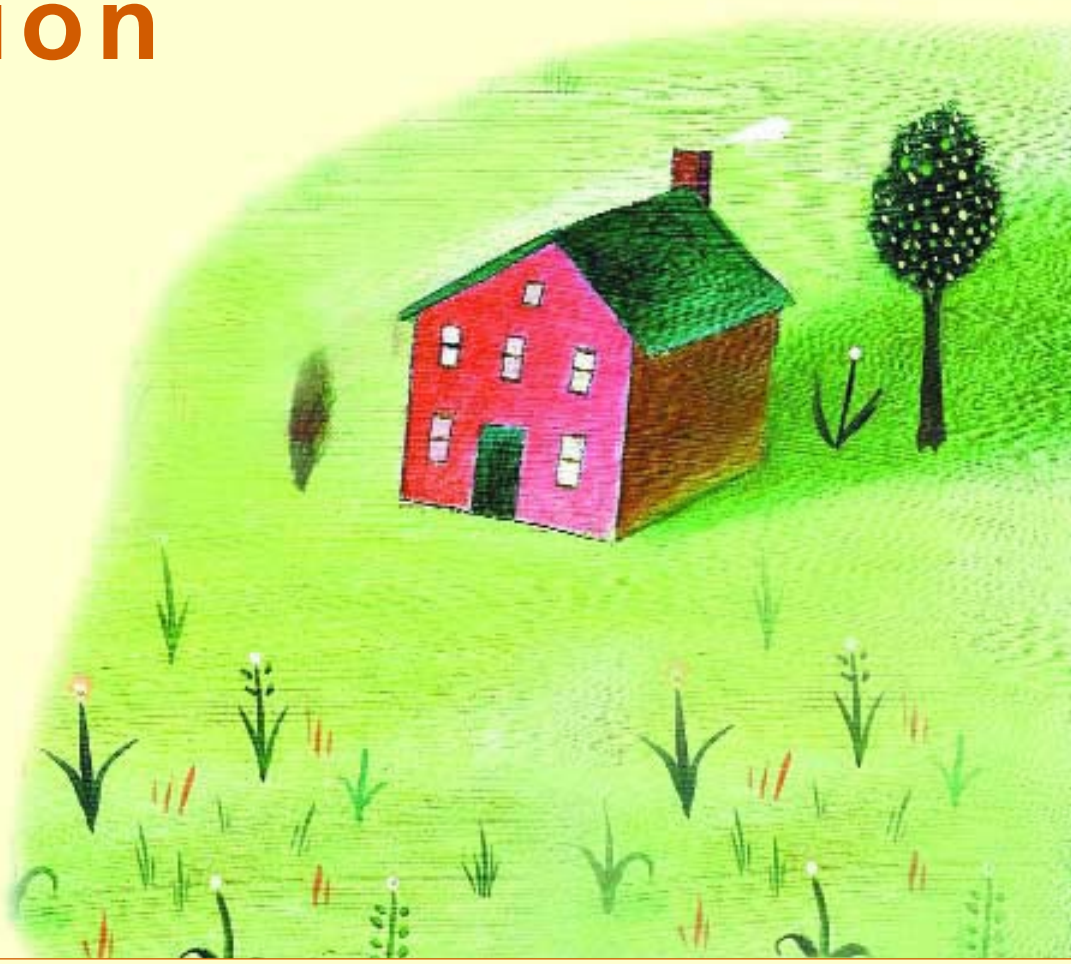
Your employer is offering you an opportunity to save for – and invest in – your future. This section explains how retirement plans work, shows you why you need to start setting money aside today for the future, and explores the importance of investment education and strategy.

SECTION TWO

Education



Can You Be Sure Today of What You'll Have Tomorrow?

There are three main sources of income people may look to when they stop working – Social Security (if applicable), pension (if provided) and personal savings.

Social Security

You and your employer may contribute equal amounts to Social Security with each paycheck today, so you will have a source of income in the future. Social Security was designed only to add to your other sources of income. It was never intended to be your only income after you stop working. According to the Social Security Administration, Social Security will replace on average only about 40 percent of your current income, depending on your work and pay history. And that's today. Who knows what you can expect from Social Security in the future.

Pension

When you stop working, some employers may provide a type of retirement benefit called a "pension." These benefits may replace a certain percentage of your current income. But if you change jobs every few years or don't work for an employer who offers a pension benefit, the percentage may be even lower – maybe even nothing. In any case, a pension alone is generally not enough.

Personal Savings

The most important and reliable source of your future income is you – the money you save, the investment choices you make, the house you own or the inheritance you might receive. How you live and what you can afford to do when you stop working depends on the steps you take today – like saving and investing now for tomorrow.

But how much will you need? It's different for each person. You need to determine how much money you'll need in the future by looking at your current lifestyle, goals and dreams. And you'll need to determine how much money you can rely on from these three sources of income. If you know how much you'll need and how much you'll have, you can determine how much you should save from now until then.

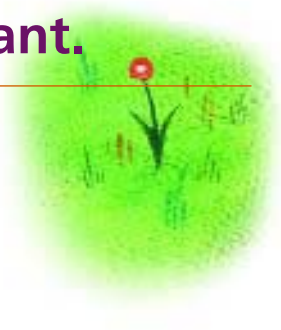
Then you should take action – save from every paycheck. And put your money where it will have an opportunity to grow.

Your Retirement Savings Opportunity

Often we don't recognize opportunity when it comes our way. We're sometimes too busy to notice the subtle shifts that take place around us.

There are some opportunities, however, that you really can't afford to overlook. Take, for example, your employer's retirement plan.[2] To help you pursue your retirement goals, your employer's plan brings you a wealth of advantages and potential for long-term growth, including

Retirement is the time after your regular career ends. It's your time to do – and be – **what you really want.**



[2] Qualified retirement plans, tax-deferred annuity programs, and deferred compensation plans are defined contribution plans with retirement accounts qualifying for tax deferral. If your employer's defined contribution retirement plan offers you a choice between an annuity contract and other alternatives, such as a custodial agreement for a mutual fund, your local ING representative can explain the benefits and features of each. You should consult with an advisor when you consider your investment vehicles or make tax-related decisions. ING does not offer legal or tax advice.

Tax Savings

	AFTER-TAX REGULAR SAVINGS	BEFORE-TAX PLAN SAVINGS
Your biweekly pay	$ 962	$ 962
6% before-tax plan savings	0	–58
Your taxable income	962	904
Your federal income tax withheld	–144	–136
6% after-tax regular savings	–58	0
Your take-home pay	$ 760	$ 768
You save in taxes	–	$ 8

Note: This hypothetical illustration assumes biweekly savings of $58 – or 6 percent of pay – equal to $1,508 per year and a federal tax rate of 15 percent and is for demonstration purposes only. It is not intended to (1) serve as financial advice or as a primary basis for your investment decisions and (2) imply the performance of any specific security. Before-tax contributions into tax-deferred investments are subject to Internal Revenue Code limits. Taxes are generally due upon withdrawal.

Your employer may offer you a choice among retirement accounts qualifying for tax deferral. Your local ING representative can explain the benefits and features of each. You should consult with an advisor when you consider your alternatives or make tax-related decisions. ING does not offer legal or tax advice.

automatic contributions right from your salary, tax deferral of both your investment and its earnings, a wide range of investment options, and both toll-free telephone and Internet account access.

Please review your enrollment material and seize the opportunity. It's simply a smart financial solution.

What Is Tax Deferral?

Your employer's retirement plan offers tax deferral. Tax deferral helps you save for – and invest in – your future. Automatic contributions right from your salary are made to the plan before they are taxed. Taxes on earnings are also delayed. By setting aside money under the plan for your future, you lower your income taxes today. Add to that the fact that you may be able to benefit from a tax credit if your adjusted gross income does not exceed certain limits.

Save and Lower Current Taxes

The money you contribute to your employer's retirement plan is generally taken out of your pay before taxes are deducted. That means less taxes are taken out of your check because your taxable income may be lowered by your contribution.

Plus, you have more money working for you in your employer's retirement plan because, unlike interest paid on a balance in a regular bank savings account[3] or other taxable investment, any money your retirement account earns each year is not taxed that year. Contributions and earnings are not taxed as long as they remain in the plan. Not only that, but since you may not be earning a salary in retirement, a lower tax rate may apply to you when you do take money from the plan.

The chart on this page shows the difference tax deferral can make to your biweekly paycheck when you contribute on a before-tax basis. In this hypothetical example, let's assume you earn $25,000 a year and save about 6 percent of your pay from each biweekly paycheck.

In each case you save the same amount – $58. But by investing through your employer's retirement plan on a before-tax basis, you pay $8 less in current federal income taxes each pay period, or $208 over the full year. And you might also save even more in state income

[3] Bank offered savings accounts are insured by the Federal Deposit Insurance Corporation (FDIC) and typically offer a fixed rate of return. Your employer's retirement plan is not FDIC insured and your investment returns can vary.

taxes, depending on where you live. That's one way you benefit now by taking advantage of tax deferral. Another way to look at it is it only costs you $50 to save $58.

Your Employer's Retirement Plan, Your Financial Partner

Putting money into your employer's retirement plan is easy. First, you decide how much to save. Then, you invest those savings through convenient salary contributions. Here are some basic steps to help you get there:

Step 1. Determine your needs
Step 2. Decide how much to save
Step 3. Select your investment options
Step 4. Enroll and start investing

You're Never Too Young or Too Old

One of the biggest struggles when deciding to invest for your future is finding the money to invest now. You're not alone in this challenge, but if you think you can make up lost ground later when your financial obligations are fewer, you might want to reconsider. In fact, the new tax laws let you contribute additional amounts to certain retirement plans if you are at least 50 years old.

To maximize your personal retirement plan investments, one rule applies – the sooner you start, the more time you have to put money away. The more time you have, the less money you have to put away from each paycheck and the more your money can work for you. The idea of letting your money work for you, to be given the opportunity to grow over time, is called compounding.

What happens if you wait to start investing in your employer's retirement plan? If you look at the chart below you'll see two investors. At age 25, Ellen, our early investor, begins contributing $100 each month to the plan. Larry, our late investor,

Tax deferral allows you to **save now and pay taxes later.**

The Cost of Waiting

	ELLEN EARLY INVESTOR STARTS INVESTING AT AGE 25	LARRY LATE INVESTOR STARTS INVESTING AT AGE 45
Monthly investment	Invests $100 a month	Invests $300 a month
At age 65...		
Total invested	$ 48,000	$ 72,000
Total account earnings	$301,100	$104,706
Total account value	$349,100	$176,706

Note: This hypothetical illustration assumes each account earns an annual rate of return of 8 percent and is for demonstration purposes only. It is not based on the rate of return of any particular investment and does not include costs incurred under a particular investment. It is also not intended to serve as financial advice or as a primary basis for your investment decisions. Dollar cost averaging does not ensure a profit nor guarantee against loss. Investors should consider their financial ability to continue their purchases through periods of low price levels. Taxes are generally due upon withdrawal.

Don't miss the opportunity to **start planning** now for your future.

waits until he's 45 to begin contributing to the plan. In order to make up for lost time, he decides to invest $300 each month.

At age 65, you see the results. Larry cannot catch up, even though he invests three times as much money each month and 50 percent, or $24,000, more than Ellen does in total. The main difference between the two investors is that Ellen has 20 more years of compounding – 20 more years of her money working for her to earn more money – so that at age 65, she has almost twice as much money in her account.

Clearly, it doesn't pay to wait. If you haven't started investing yet, why wait another minute? As you can see, time is money. If you're convinced to start investing now, do you know how much you'll need to set aside? Take the first step toward a better future by completing the American Savings Education Council's Estimated Savings Worksheet on Page 17.

Putting Time on Your Side

You may have to save enough money to last a long time in retirement. How long?

Remember, your savings and any other retirement incomes you may be eligible to receive have to last for the rest of your life. Saving enough today is an important step in helping to make sure that you have enough money in the future.

That's a good reason to start saving now. But even with Social Security or a pension, saving money may not be enough. You may need some help to grow your savings. Investing your savings in a variety of investment vehicles may be just what you need now to give yourself enough money later.

Investing – Add Power to Your Savings

It's time to decide how to invest your money, which means that you have to think about what investments will best serve your needs. You have to consider several things before you can begin to build a financially secure future.

Learning About Risk

Some people find investing scary. It's natural to be scared of the unknown, of the unpredictable. But by learning about investing, you'll be more comfortable and could benefit in the long run.

Putting Time on Your Side

IF YOUR CURRENT AGE IS:	THE IRS EXPECTS YOU TO LIVE THIS MUCH LONGER*:	IF YOU RETIRE AT AGE:	YOU'LL NEED ENOUGH MONEY TO MEET YOUR NEEDS FOR ABOUT THIS LONG:
35	47.3 years	67 years	15 years
40	42.5 years	66 years/8 months	16 years
45	37.7 years	66 years	17 years
50	33.1 years	66 years	17 years
55	28.6 years	66 years	18 years
60	24.2 years	65 years/2 months	19 years

*Source: IRS Table 5

Inflation Takes a Bite Out of Your Savings

ITEM	1968	1988	2002	PERCENT INCREASE SINCE 1968
Corn Flakes	$.24	$1.16	$2.49	938%
1/2 Gallon of Milk	$.45	$ .93	$1.89	320%

Source: Statistical Abstract of the United States

INFLATION

As a saver, you decide how much to save. But as an investor, you can't always predict how your money will grow over time, or how much you'll have in the end. In life, there's no such thing as a sure thing. The same is true for investing – there's always an element of risk.

Investment Risk

In investing, there's an important relationship you should know about – the higher the potential return on your investment, the higher the potential for loss. But the higher the potential risk, the higher the potential for financial reward. It's called "investment risk."

Changes in market conditions will cause investment principal and your return to fluctuate. The end result of that fluctuation is that, when withdrawn, your money may be worth more or less than the original amount you invested. There's always the chance that an investment won't earn what you expect. You could even lose money. Or your investment may do far better than you expect.

Generally, though, investing consistently over long periods of time has the potential to reduce the effects of investment risk and reduce the chance you'll lose money. For example, although past performance is not indicative of future results, if you invested in any 20-year period in the history of the stock market, even a period that included the Great Depression, you would not have lost the principal – your original investment – at the end of that period.

Inflation Risk

With good saving and investing habits, your retirement plan account has the potential to grow over time. However, because the prices you pay for most things increase over time, there's the chance that your money in the future won't have grown enough to give you the same buying power you have today. That's called "inflation risk." The chart on this page shows how the prices of some common foods have increased over the past 30 years.

Inflation risk is the chance that your money won't maintain its **buying power over time**.

Diversification means investing in a variety of asset classes to lower the risk of losing money.

You Can Reduce Risk

When investing, you need to consider both investment and inflation risk and take steps to make risk work for you.

Dollar Cost Averaging

The most common question of investors is, "How do I know when to invest?" Trying to guess the right time to invest – when prices are at their lowest and going up – is called "timing the market." Even investment professionals cannot time the market with any degree of certainty.

When you invest through a retirement plan, you automatically benefit from an investment strategy called "dollar cost averaging."[4] With each paycheck, you invest an equal amount of money in your chosen investment options on a regular schedule. By investing regularly, you automatically buy more shares when the price is low and fewer when the price is high. As a result, your average cost per share over time may be typically lower than if you tried to time the market and invest large amounts of money all at once... at the wrong time. That's one good reason to make a commitment to save and invest through your employer's retirement plan – your money goes to work regularly and consistently over a long period of time.

Diversification

Diversification is another risk management tool. Diversification means investing in a variety of asset classes to lower the risk of losing money. A diversified portfolio won't ensure a profit or guarantee your money against loss, but it can help even out the highs and lows your investments may experience over time. Using diversification techniques, you can help decrease your investment risk. For example, if you invest your savings across a variety of investment options and asset classes, poor performance in one class may be balanced by good performance in the others.

You can also diversify investments to help overcome inflation risk. By investing in asset classes with different investment objectives, your money won't be stuck in one or two investments that may not keep pace with inflation.

Basic Investment Principles

Making the leap from saver to investor may not be easy for some people – things that are worthwhile are not always easy. To help you make the transition as easily as possible, here are a few things to keep in mind.

Your employer's retirement plan provides choices about where to invest your contributions, including a full range of investment options from some of the nation's leading investment management companies that invest in stocks, bonds or other securities.

Stocks, bonds and money market securities are the three main investment categories. Each has its own unique characteristics and each may be appropriate for investors in certain situations.

[4] Dollar cost averaging does not ensure a profit nor protect against a loss in declining markets. You should consider your financial ability to continue making purchases through periods of low price levels.

However, there's more to it than simply choosing among stocks, bonds and money market investments. The investment options offered under your employer's retirement plan offer finer and more specific distinctions.

Investments are generally grouped by asset class (see "Section Four" for descriptions) and according to their level of investment risk. Choosing the right mix – one that balances your needs and expectations with your tolerance for risk – requires careful selection of investment options.

How do you choose the right options, in the right proportions, for your investment strategy? The investor profiles beginning on Page 14 should help you better understand and choose the investment options that are right for you.

Your Profile, Your Portfolio

What type of investor are you? How will you design your investment strategy to help meet your dreams for the future? Completing the "Financial Self-Assessment Quiz" on Page 19 will give you a better idea. The following portfolio profiles will provide further assistance determining your place in the range of aggressive to conservative investors.

Each model portfolio beginning on Page 14 reflects a possible combination of asset classes for a representative investor profile. Because investor profiles are general, the portfolios may not represent exactly the right choices for you, but you should think of them as guidelines for designing your own investment portfolio. *(Model Portfolios are not intended as specific suggestions or to be used as a primary basis for any investment decisions you may make.)* As you determine your own portfolio, remember to consider your other income, assets and investments.

Model portfolios are based on widely-held investment theories that asset allocation is a key factor to achieving investment objectives and a longer holding period for investments helps to reduce risk. The portfolios consider the historic rates of returns of different asset classes over long periods of time, although performance is no guarantee of future returns. Each model portfolio may show an allocation among up to six different asset classes, which are represented by the generally accepted market index shown in the table on Page 20. The performance returns and risk (measured by standard deviation) of each index for the past 25 years (if available) are used as a basis for the model portfolios. Market indices *(see Pages 20 and 21 for descriptions)* are unmanaged and the returns of these indices reflect reinvestment of dividends or other distributions. They are not available for direct investment.

Investments are generally grouped by **asset class** and according to their level of investment risk.

AGGRESSIVE PORTFOLIO

AGGRESSIVE GROWTH	45%
GROWTH	20%
GLOBAL/INTERNATIONAL	20%
GROWTH & INCOME	10%
INCOME	5%

MODERATELY AGGRESSIVE PORTFOLIO

AGGRESSIVE GROWTH	30%
GROWTH	20%
INCOME	20%
GLOBAL/INTERNATIONAL	20%
GROWTH & INCOME	10%

MODERATE PORTFOLIO

INCOME	35%
GROWTH	30%
GROWTH & INCOME	10%
GLOBAL/INTERNATIONAL	10%
AGGRESSIVE GROWTH	10%
STABILITY OF PRINCIPAL	5%

Aggressive Portfolio

An aggressive portfolio has primarily equities or similar higher risk investments, weighted toward aggressive growth, small company and international investments.

Patrick is willing to take a chance with his money. He's 25, single and has few financial obligations.

Patrick has had some experience with investing. He hasn't always been successful, particularly when he followed hot tips from his neighbor, but Patrick has learned from his mistakes.

He wants to earn high returns on his investments, and is willing to accept a high degree of risk. Why? Patrick expects to stop working in about 45 years. That long period of time can be Patrick's worst enemy and his best friend. Time is an enemy because, over the course of 45 years, he feels that inflation will cause prices to rise tremendously, so he needs to invest for the very highest possible rate of return. And who knows what he can expect from Social Security. Patrick also understands that stocks that rise quickly can fall in value just as quickly. But now, time is his friend, because the gains and losses caused by market fluctuations can even out over time. He also will have many opportunities to change his investment decision throughout the years to match his needs at different stages of his life.

If your situation is similar to Patrick's, an aggressive portfolio may be suitable for you.

Moderately Aggressive Portfolio

A moderately aggressive portfolio has 80 percent equities or similar higher risk investments focused on growth, while also offering income-oriented investments.

Denise is moderately aggressive with her investments. She's 50 years old. Her children are no longer dependent on her, and she's able to invest her money for her future. Denise's mother wasn't able to enjoy economic independence in her old age, and Denise doesn't want to spend her future living in reduced circumstances. By reading books and magazines about personal finance, Denise has educated herself about investing. With 15 to 20 years before she stops working, Denise feels that she has enough time to ride out the gains and losses of the market. She also wants to stay ahead of inflation, so that she can keep the standard of living that she has now.

If your situation is similar to Denise's, a moderately aggressive portfolio may be suitable for you.

Moderate Portfolio

A moderate portfolio is an intermediate risk and return portfolio that provides a blend of equities and income-oriented investments.

Luis is taking a split position with his money. He's 59 years old. He and his wife have raised their family and want to spend time traveling

across the country to see all their grandchildren. Although he's concerned about inflation, Luis' biggest risk now comes from a possible downturn in the stock market. He decides to reallocate a portion of his retirement plan assets from higher risk aggressive to more conservative investments to help reduce some of the risk from his overall portfolio. But he still wants some money to have the potential to grow because he wants to enjoy a long life that is financially secure.

If your situation is similar to Luis', a moderate portfolio may be suitable for you.

Moderately Conservative Portfolio
The moderately conservative portfolio has 10 percent invested in stability of principal, 50 percent in income-oriented investments and the remaining 40 percent in equities to provide growth potential.

Frank is ready to trade long-term growth for more immediate results. He's 63 now and will be leaving his job within the next two years. He's been investing his money since he was 35 years old, and will use it to open a fishing camp at a lake. He will need to make a down payment on the camp in just a few years, so he decides to reduce the risk in his portfolio by moving from equity investments to more income-oriented investments. Frank also needs to be concerned with hedging inflation throughout retirement, so he decides to leave some money in a growth position as well.

If your situation is similar to Frank's, a moderately conservative portfolio may be suitable for you.

Conservative Portfolio
The conservative portfolio is a conservative performer with only 20 percent invested in growth and growth and income investments, 60 percent in income-oriented investments and 20 percent in stability of principal.

Eloise is 65 and will need income shortly. At the end of next year she's leaving her job to go to art school. She also plans to work part-time at her favorite department store, but knows that the income she needs to meet her expenses will have to come from the retirement plan. She is concerned with the ups and downs of the stock market and wants a majority of her assets to be in conservative investments. While she recognizes she could get better returns in the stock market, it is not worth losing sleep over. Eloise does, however, recognize the need for some growth potential in her portfolio and decides to put some money into growth-oriented investments.

If your situation is similar to Eloise's, a conservative portfolio may be suitable for you.

MODERATELY CONSERVATIVE PORTFOLIO

INCOME	50%
GROWTH	20%
GROWTH & INCOME	15%
STABILITY OF PRINCIPAL	10%
GLOBAL/INTERNATIONAL	5%

CONSERVATIVE PORTFOLIO

INCOME	60%
STABILITY OF PRINCIPAL	20%
GROWTH & INCOME	10%
GROWTH	10%

Now is the time to act. You've read about the basics concerning saving and investing, and you've reviewed the benefits and features of your employer's retirement plan. Now you need to determine your goals and individual investment strategy. This section will help you develop and act on your personalized retirement plan for your future.

3

SECTION THREE

Action

Your Retirement Planning Tools

Before you decide which investment choices will best serve your needs, there are two things you need to determine. One, how much to save from each paycheck. And two, where to invest your savings. The following worksheets are designed to help you answer those two questions – "How much?" and "Where?"

ESTIMATED SAVINGS WORKSHEET

How Much Will You Need?

Planning for retirement is not a "one-size-fits-all" exercise. The purpose of this worksheet is to give you an idea of the savings you'll need when you stop working. The numbers in the first column provide you with an example of a 35-year old, who earns $25,000 a year, currently has $2,000 in savings and hopes to retire in 30 years.

	EXAMPLE	YOU
1. How much annual income will you want in retirement? You'll need at least 70% of your current annual gross income to maintain your current standard of living.	$17,500	$_____
2. Subtract the income you expect to receive annually from: **Social Security** (if applicable) • If you make less than $25,000, enter $8,000. • If you make between $25,000 and $40,000, enter $12,000. • If you make more than $40,000, enter $14,500. • For married couples, the lower-earning spouse should enter either his or her benefit based on his or her income or 50% of the higher-earning spouse's benefit, whichever is higher. • For a more personalized estimate, enter the appropriate benefit figure from your Social Security statement from the Social Security Administration (1-800-772-1213 or www.ssa.gov). This worksheet assumes you will begin receiving Social Security benefits at age 65, however the age for full benefits is rising to 67. Your Social Security statement will provide a personalized benefit estimate based on your actual earnings history.	-$12,000	-$_____
Pension Plan (if applicable) If you'll receive benefits from a pension plan that pays a set dollar amount for life, where the dollar amount depends on salary and years of service, enter that amount in today's dollars.	-$ 0	-$_____
Part-time Income	-$ 0	-$_____
Other	-$ 0	-$_____
This is how much you need to make up for each year you're not working (Step 1 – Step 2).	=$ 5,500	=$_____

Now you want an estimate of how much money you'll need in the bank the day you stop working. This worksheet uses a simple formula. It assumes that you'll earn a constant real rate of return of 3% after inflation, you'll live to age 87 and you'll begin to receive income from Social Security (if applicable) at age 65. If you anticipate living longer than age 87 or earning less than a 3% real rate of return on your savings, you'll want to consider using a higher percentage of your current annual gross income as a goal for step 1.

ESTIMATED SAVINGS WORKSHEET (CONTINUED)	EXAMPLE	YOU
3. To determine the amount you'll need to save, multiply the amount you need to make up by the factor to the right.	$90,200	$_____
Age you expect to retire: / Your factor is:		
55 / 21.0		
60 / 18.9		
65 / **16.4** (used in example)		
70 / 13.6		
4. If you expect to stop working before age 65, multiply your Social Security benefit from Step 2 by the factor below. (Note: This step relates to Social Security and will remain 0 if you entered 0 as your Social Security benefit in Step 2.)	+$N/A	+$_____
Age you expect to retire: / Your factor is:		
55 / 8.8		
60 / 4.7		
5. Multiply your savings to date by the factor below. Include money accumulated in an employer-sponsored retirement plan and IRA, as well as money accumulated in savings accounts, savings bonds, certificates of deposit and other savings vehicles.	-$ 4,800	-$_____
If you want to retire in: / Your factor is:		
10 years / 1.3		
15 years / 1.6		
20 years / 1.8		
25 years / 2.1		
30 years / **2.4** (used in example)		
35 years / 2.8		
40 years / 3.3		
Total additional savings needed (Step 3 + Step 4 – Step 5):	=$85,400	=$_____

Here's how much you need to save each year to reach your goal amount. The formula figures compounding – where your money earns interest and your interest earns interest as well.

6. To determine the annual amount you'll need to save, multiply the total amount above by the factor below.	=$ 1,708	=$_____
Biweekly amount you'll need to save (divide annual by 26):	=$ 66	= $_____
If you want to retire in: / Your factor is:		
10 years / .085		
15 years / .052		
20 years / .036		
25 years / .027		
30 years / **.020** (used in example)		
35 years / .016		
40 years / .013		

This worksheet is meant to be a guide and a first step in the retirement planning process. It simplifies several financial planning issues such as projected Social Security benefits and earnings assumptions on savings. It also reflects today's dollars and does not account for inflation – so you'll need to recalculate your retirement needs each year as your pay, job and family situations change. The results are estimates based on assumptions you have entered. In order to obtain a more comprehensive answer to your retirement planning questions, you may want to consider using a more detailed worksheet, computer software program or seeking the assistance of a financial professional. The worksheet is hypothetical and is not intended to reflect the performance of any specific investment. This worksheet is reprinted with the permission of the American Savings Education Council (ASEC). Internet: www.asec.org

FINANCIAL SELF-ASSESSMENT QUIZ

What Kind of Investor Are You? By completing the following quiz, you can measure how comfortable you are about investing. Understanding your comfort level will help you make the best possible investment choices – for today and tomorrow. Based on your score, refer to the appropriate model portfolio shown on the next page and summarized on Pages 12 through 15 of this book. Of course, the model portfolios shown may not represent exactly the right choices for you. They represent possible combinations and should not be your only consideration in designing your investment portfolio.

FINANCIAL GOALS	YOU
1. Investments: I do not need a high level of current income from my investments. I'm more interested in their long-term growth potential. 5. STRONGLY AGREE 4. AGREE 3. DISAGREE 2. STRONGLY DISAGREE	
2. Large expenses: I have set aside savings to cover large expenses like purchasing a home, college tuition or a financial emergency. 5. STRONGLY AGREE 4. AGREE 3. DISAGREE 2. STRONGLY DISAGREE	
3. Inflation: I am concerned about the effects of inflation on my investments. 5. STRONGLY AGREE 4. AGREE 3. DISAGREE 2. STRONGLY DISAGREE	
RISK TOLERANCE	
4. Volatility: I can tolerate sharp ups and downs in the short-term value of my investments in return for potential long-term gains. 5. STRONGLY AGREE 4. AGREE 3. DISAGREE 2. STRONGLY DISAGREE	
5. Risk vs. reward: Hypothetically, I prefer an investment that has a 50% chance of losing 5% and a 50% chance of gaining 20% in one year, rather than an investment that will assure a 5% return in one year. 5. STRONGLY AGREE 4. AGREE 3. DISAGREE 2. STRONGLY DISAGREE	
6. Decline in value: I am comfortable holding on to an investment even though it drops sharply in value. 5. STRONGLY AGREE 4. AGREE 3. DISAGREE 2. STRONGLY DISAGREE	
7. Equity investing: I am willing to take the risks associated with stocks in order to earn a potential return greater than the rate of inflation. 5. STRONGLY AGREE 4. AGREE 3. DISAGREE 2. STRONGLY DISAGREE	
8. Knowledge of risk: I consider myself knowledgeable about the risks and potential returns associated with investing in stocks and other types of securities. 5. STRONGLY AGREE 4. AGREE 3. DISAGREE 2. STRONGLY DISAGREE	
TIME HORIZON	
9. Your personal timeline: In how many years do you plan to utilize the results of your investment strategy? 5. MORE THAN 15 4. MORE THAN 10 3. MORE THAN 5 2. LESS THAN 5	
10. Long-term investing: I am comfortable with an investment that may take 10 years to provide the returns I expect. 5. STRONGLY AGREE 4. AGREE 3. DISAGREE 2. STRONGLY DISAGREE	
TOTAL SCORE	

TOTAL SCORE

IF YOUR TOTAL SCORE IS_____, YOU MAY BE A(N):

45-50
AGGRESSIVE INVESTOR

39-44
MODERATELY AGGRESSIVE INVESTOR

33-38
MODERATE INVESTOR

27-32
MODERATELY CONSERVATIVE INVESTOR

20-26
CONSERVATIVE INVESTOR

MODEL PORTFOLIO ASSET ALLOCATIONS

AGGRESSIVE PORTFOLIO

AGGRESSIVE GROWTH	45%
GROWTH	20%
GLOBAL/INTERNATIONAL	20%
GROWTH & INCOME	10%
INCOME	5%

MODERATELY AGGRESSIVE PORTFOLIO

AGGRESSIVE GROWTH	30%
GROWTH	20%
INCOME	20%
GLOBAL/INTERNATIONAL	20%
GROWTH & INCOME	10%

MODERATE PORTFOLIO

INCOME	35%
GROWTH	30%
GROWTH & INCOME	10%
GLOBAL/INTERNATIONAL	10%
AGGRESSIVE GROWTH	10%
STABILITY OF PRINCIPAL	5%

MODERATELY CONSERVATIVE PORTFOLIO

INCOME	50%
GROWTH	20%
GROWTH & INCOME	15%
STABILITY OF PRINCIPAL	10%
GLOBAL/INTERNATIONAL	5%

CONSERVATIVE PORTFOLIO

INCOME	60%
STABILITY OF PRINCIPAL	20%
GROWTH & INCOME	10%
GROWTH	10%

Model Portfolio Asset Allocations

To assist you in deciding your optimal asset allocation, five different investor risk strategies have been modeled. For sample profiles of these strategies, please refer to Pages 13 through 15 for an idea of how different types of investors might allocate their contributions.

Please use your score from the previous page and the corresponding model portfolio as guidelines for designing your investment strategy. You should always consult a financial representative to determine the appropriate allocation based on your individual situation, objectives and risk tolerance.

Market Indices

Each model portfolio may illustrate an allocation among up to six different asset classes, which are represented by the generally accepted market index shown in the table. The performance returns and risk (measured by standard deviation) of each index for the past 25 years (if available) are used as a basis for the model portfolios. Market indices are unmanaged and the returns of these indices reflect reinvestments of dividends or other distributions. They are not available for direct investment.

MARKET INDICES

ASSET CLASS	MARKET INDEX
Global/International	Morgan Stanley Capital International -Europe, Australia, Far East (EAFE) Index
Aggressive Growth	Russell 2000 Index
Growth[5]	Standard & Poor's (S&P) 500 Index
Growth & Income	Lipper Balanced Fund Index
Income	Lehman Brothers Aggregate Bond Index
Stability of Principal	Treasury Bills (T-Bills)

[5] Growth includes the "Growth" category and the "Growth & Income-Stock" category

Morgan Stanley Capital International-Europe, Australia, Far East (EAFE) Index

An unmanaged market value-weighted average of the performance of securities listed on the stock exchanges of developed countries in Europe, Australia and the Far East. The index return includes reinvestment of dividends before foreign tax withholding.

Russell 2000 Index

A market value-weighted unmanaged index consisting of the stock of the smallest 2,000 companies of the largest 3,000 U.S. companies by market capitalization. The index return includes the reinvestment of dividends and is considered to be representative of the performance of small companies.

Standard & Poor's (S&P) 500 Index
A market value-weighted unmanaged index covering the stocks of 500 utility, industrial, transportation and financial companies. The index return includes the reinvestment of dividends and is considered to be representative of the performance of large capitalization companies of the U.S. markets.

Lipper Balanced Fund Index
An equally weighted performance index adjusted for capital gains distributions and income dividends of the largest qualifying funds in the growth and income investment objective. The index represents funds whose primary objective is to provide total return by maintaining a balanced portfolio of both stocks and bonds. Typically, the stock/bond ratio is 60 percent to 40 percent.

Lehman Brothers Aggregate Bond Index
An unmanaged index of corporate and government bonds, and mortgage-backed and asset-backed securities. The index return comprises gains and losses in the price of these securities and income distributions as a percentage of the original investment.

Treasury Bills (T-Bills)
Treasury bills and other short-term debt instruments with maturities of one year or less.

How to Invest in Your Employer's Retirement Plan

Now that you've decided you want to save smart, follow these simple steps to begin investing in your employer's retirement plan:

- Complete the applicable forms
- Select your personal security codes for your account information to ensure confidentiality

Managing Your Account

Once you start investing in your employer's retirement plan, ING can help you:

- Understand the need to plan for retirement
- Determine and review your investment goals and progress

ING offers a state-of-the-art communications program to give you access to information and the status of your account. The following services will be available once your personal retirement account is established.

Participant Account Statements
You will receive easy-to-read statements detailing the activity in your personal retirement account. Participant account statements include beginning and ending balances by investment option, a breakdown of contributions by investment option, any investment option changes and any gains or losses.

You can check the status of your account **24 hours a day, seven days a week**.

Phone and Web Account Access
ING's toll-free telephone number and Internet site lets you manage your retirement account securely, quickly and easily with a simple phone call or click of a mouse. Both the automated Voice Response Unit (VRU) and Internet services allow you to make inquiries about your account, check your balance, transfer funds, track performance and retrieve fund information 24 hours a day, seven days a week. Each investment transfer is confirmed to ensure accuracy. You can't beat that for convenience.

At enrollment, you will receive information on when and how to access the VRU or Web site. Both require you to set up personal security codes to ensure privacy and confidentiality.

Of course, if you need the help of a Customer Service Associate, you can certainly call ING's toll-free service line Monday through Saturday. A direct, toll-free line is also available Monday through Friday for Spanish-speaking customers.

For special needs assistance for deaf, hard-of-hearing and/or blind customers wishing to access their account, we use AT&T's Relay Customer Service. These toll-free lines will connect you with our direct service line to receive full translation services from a variety of hearing/vision-impaired devices.

Interactive Web site
In addition to taking advantage of ING's Web account access, don't forget to visit our main site periodically to access a wealth of information, including easy-to-use financial calculators and articles to help you manage your financial life.

Quarterly Newsletter
A financial education newsletter keeps you tuned in to pertinent market, industry and investment issues.

If You Change Your Job...

What happens if you change your job – leave to work for a new employer – as so many people are likely to do several times during the course of their careers? Unfortunately, all too many folks jeopardize the retirement planning they've already done by – literally – taking their money and running. A long-term investment becomes a present windfall and, while that might seem attractive in the short term, the long-term effects on retirement security can be devastating.

Sometimes the thought of having your money in your hands is tempting, especially if there are things that you need or want to buy. Keep in mind that if you choose to withdraw money at any time from your retirement plan account,[6] you'll have spent the dollars you intended for retirement. Remember the example of the early and late investors from the "Education" section of this

book? If you withdraw your money from your employer's retirement plan and start investing again later, you'll never be able to recover the lost time and money that compounding would have added to your account if you had just left it in the plan (if that's allowed) or talked to ING about your other options.

If You Retire…

It's your money. It's meant to give comfort and security to you and your family in your retirement years. So think twice before you take out tomorrow's money today.

What you decide to do with the money in your employer's retirement plan is up to you. When it comes to saving and investing, what makes sense for one person may not for another. That's why ING offers versatile solutions that allow you to pick and choose what makes sense to you personally.

Your Options…

Whether changing jobs or beginning retirement, ING can help you protect your retirement investment.

With a phone call, we can provide the information you need to:

- Understand your options
- Know your rights
- Protect your money from unnecessary taxes
- Save and invest with confidence

We've got the information and options you need to consider – because helping you prepare for a rewarding retirement is our business.

This service is available at absolutely no cost to you or your employer. Call Investor Services at 1-888-681-3153 to receive this information.

Your retirement investment – it's worth protecting and ING can help!

You're On Your Way

It's easy to dream about your future. It's even easier to take some money out of your paycheck to invest for that future. In fact, reading this book and doing the quizzes in it may be the most work you'll have to do to start participating in your employer's retirement plan.

Start planning and investing today and give your nest egg the opportunity to grow over time. By managing your account, what you save and invest today has the potential to benefit you and your family later – when you need it most.

Start planning and investing today and give your nest egg the **opportunity to grow** over time.

[6] Employer-sponsored retirement plans are intended to be long-term retirement investments. Early withdrawals may be subject to a 10 percent premature distribution federal excise tax if taken prior to age 59 ½ (does not apply to 457 deferred compensation plans). A deferred sales charge may apply (not applicable for 401(k) plans). Money distributed from the plan will be taxed as ordinary income in the year the money is received. Variable annuity subaccounts and mutual funds will fluctuate with market conditions and, when surrendered, the principal may be more or less than the original amount invested. Refer to the plan provisions for a description of withdrawal restrictions as they apply to your employer's plan.

ING does not provide legal or tax advice. Any tax or legal information is the company's understanding of current laws and regulations, which are subject to change. Consult your tax advisor for full details before making any tax-related decisions.

Here you'll find investment information and performance to help you create a retirement income strategy that is right for your personal financial situation.

SECTION FOUR

Investment Information