

Investing for Retirement: Five Time-Tested Techniques

How should you manage the money you're saving for retirement? Here are five time-tested principles you can put into practice now:

- 1. Evaluate your investment mix.** Because no one can regularly predict how investments will perform in the future, dividing your money among the different types of assets is a way to help reduce risk.
- 2. Review your portfolio.** Annually evaluate how your investments are performing by comparing returns with their appropriate benchmarks.
- 3. Focus on the long term.** Although history can't predict the future, despite downturns the market always has recovered. In fact, large-company stocks, as measured by the Standard & Poor's 500 Index, have outperformed all other types of investments since 1926, returning an annual average gain of about 10%.
- 4. Invest regularly.** Despite market conditions, start or continue to invest regularly through employer-sponsored retirement plans or mutual fund automatic investment plans. Investing a fixed amount of money at regular intervals, called dollar-cost averaging, turns the market's ups and downs to your advantage. That's because your money buys fewer shares when prices are up and more when they're down.
- 5. Don't chase performance.** Keep informed, but don't be swayed from your long-term investment plan based on market fluctuations or the barrage of conflicting commentaries from market analysts. Furthermore, don't be influenced by the latest trends, and resist the temptation to shift all your money into the winners of the day.

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