P L A N O F A L I F E T I M E™

# A Tale of Two Brothers

DIVERSIFIED INVESTMENT ADVISORS

When it comes to ensuring a comfortable retirement, the path of least resistance isn't always the most profitable.

Take Bob and Bill. These twin brothers come from a long line of union members. Bob's in construction (yes, the family calls him "the Builder"), while Bill gets a charge out of electrical. Both have the skills and experience to find work even in tough times. And both were building retirement nest eggs that should serve them well later on.

Problem is, their priorities are miles apart. Recently between jobs, each had enough in the bank to tide his family over. But while Bob was content to watch a few ballgames and work around the house, Bill made a decision that could haunt him: He took $50,000 from his retirement account to buy a boat he'd had his eye on for years.

Today the brothers are working again, yet their financial futures could be dramatically different. Until Bill bought the boat, both had about $200,000 in their accounts, and both were planning to retire in around 20 years. But as the chart below shows, if the accounts stay funded and grow by just 6% a year, that $50,000 shortfall will leave Bill way behind Bob—and could force him to keep working nearly *four more years* just to catch up to Bob's total. In fact, now Bill is thinking of selling the boat to shore up his savings—and pay the taxes and 10% IRS penalty he owes on an early withdrawal he's come to regret.

## Three lessons you can learn from Bob and Bill:

- **Stick to your strategy.** In the best *and* worst of times, it pays to keep your eyes on the ultimate prize: a source of steady income when your working days are done.
- **Keep your money working for you**. Over time the power of compounding—earning money on your *earnings*—can turn a modest amount into a mountain of savings. But it only works if you *stay invested*.
- **Don't "waste" a withdrawal**. It's never a good idea to take money from your account unless you absolutely need to—say, for unexpected medical bills your insurance won't cover. But it's even worse if you spend the cash on a depreciating, or "wasting," asset like a car or boat. It might make you feel good for a while. But those kinds of items lose value—*fast*. So even if you try to sell them to recoup what you withdrew, you won't get back what you paid. And that means the money might not be around when you *really* need it.

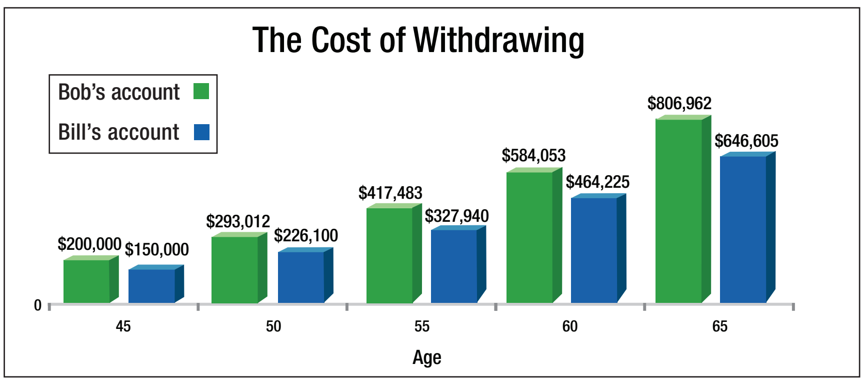


*Chart is for illustration purposes only and does not reflect the performance of any actual investments. It assumes annual pension plan contributions of $4,500 (based on $3 per hour x 1,500 hours per year) and 6% average annual account growth but do not factor in taxes or the potential effects of inflation.*

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