

Compound Interest at work. Start as Early as POSSIBLE!

Regards,
Tami

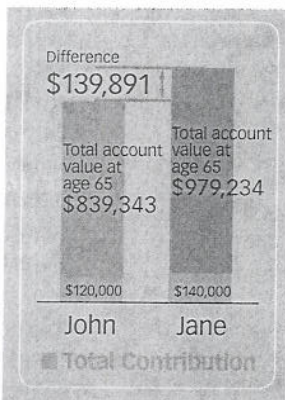


➤ The Power of Compounding

Compounding, one of the hallmarks of sound investment theory, illustrates how the earlier you start to invest, the harder your money can work for you. When you make an investment that earns interest and then reinvest those interest earnings, you earn interest on the interest. With time, your gains can be positive. By investing in a tax-deferred or tax-free account such as a 401(k) or IRA, you maximize the earning potential even more. To understand the effect compounding can have on an investment, consider the examples below.

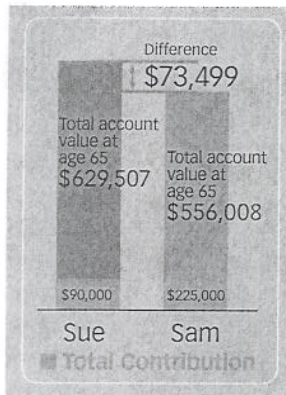
JUST 1% MAKES A BIG DIFFERENCE

John and Jane are both age 25, earn \$50,000 per year and contribute to their 401(k) plans. John contributes 6% of his salary and Jane contributes 7% of her salary each year. They both earn an annual rate of return of 8% over the next 40 years. As the adjacent chart shows, contributing 1% more per year, compounded over 40 years, makes quite a difference.



THE VALUE OF TIME

Sue is age 25 when she starts investing 3% of her \$75,000 salary in a 401(k) plan, earning an 8% annual return. Sam is age 45 and defers 15% of his \$75,000 salary to his 401(k) plan, also earning 8% annually. Both plan to tap into their accounts when they are age 65. Despite Sam's effort to make up for lost time, Sue's modest contributions over 40 years are more valuable, thanks to time and compound interest. ■



These examples are hypothetical, simplified for demonstration purposes and do not take into account annual salary increases and increased contribution amounts.

Hot New Careers

Whether you are just starting out, looking for a career change or hope to continue working in retirement, keeping up with trends in job growth and employment demand is important. It can have a positive impact on your compensation, job stability, career satisfaction—and your investments.

Growing opportunities The U.S. Bureau of Labor Statistics (BLS) monitors population growth, needs and trends to project in which industries to expect job opportunities, and which workers will fill them. Between 2004 and 2014, the BLS predicts an increase of 18.9 million jobs, primarily in the education, healthcare and professional business service sectors. (See chart below.)

“The trend is your friend” is an old Wall Street investing maxim, but the message also applies to your personal career management. Knowing where demand is can be the first step to being in demand. ■

The Top 10 Jobs of Tomorrow

The current occupational outlook identifies healthcare and computer technology as the fastest growing fields needed to meet the needs and interests of our aging population. The following 10 occupations, requiring a bachelor's degree, are expected to grow the most through 2014, according to the December 2005 BLS report. ■



Title	Expected Growth Rate	Median Salary (2005)
Network systems and data communications analyst	55%	\$60,600
Physician's assistant	50%	\$69,410
Computer applications software engineer	48%	\$79,930
Computer systems software engineer	43%	\$79,740
Network and computer systems administrator	38%	\$58,190
Database administrator	38%	\$60,650
Physical therapist	37%	\$60,180
Medical scientist	34%	\$61,320
Occupational therapist	34%	\$54,660
College instructor	32%	\$51,800