

## Returning To Work and Investing

Amy, 42, recently re-entered the workforce, after having taken time off to raise her children. Now Amy is eligible to participate in her company's retirement savings plan. What might be a good asset allocation strategy for her?

### **Time is on her side**

Amy understands that the stock market can be volatile in the short term, but historically has delivered higher long-term returns than bonds or cash equivalent funds. Since she has more than 20 years before she retires, she can better weather the ups and downs that may come over that time. So an aggressive stance may be appropriate for her: 95 percent in stock funds, five percent in a cash equivalent fund.

### **Reality check**

Amy also has access to company stock. She probably shouldn't put all her investing eggs in any one basket, even if she believes in her company. Why? Because tying the growth potential of her entire portfolio to a single investment can be risky. Spreading her money among the asset classes (bond funds, cash equivalent funds and stocks funds) may help cushion potential losses in one of them. As a general rule, financial experts suggest allocating no more than 10 to 20 percent of her overall savings to her company's stock (possibly less if the company matches contributions with even more company stock, as some do). How much Amy should invest depends on many factors, including how solid her company is and whether she has other investments.

### **A good plan is to coordinate plans**

Amy's husband also participates in a workplace retirement savings plan. They may want to compare their plans' respective investment options and performance histories, zeroing in on the funds that they feel best meet their combined goals. By following this strategy, Amy may put herself on track to a secure retirement.

This hypothetical profile is for illustrative purposes only and does not represent any specific investment products or advice. Forecasts and model results are inherently limited and should not be relied upon as an indicator of future performance.

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