

- Recession Investing
- A Closer Look at Your Portfolio
- Understanding Investment Risk

## RECESSION INVESTING

Saving through your employer-sponsored retirement Plan has the potential to be a solid investment strategy. But in a recession, it can be more than a little unsettling when you watch your Plan savings balances decrease dramatically in a short period. Your natural reaction to your losses may be to stop contributing to your Plan until things start to turn around. And, if you're worried about losing your job or falling behind on your mortgage or other payments, saving for retirement can fall off your list of financial priorities entirely.

### Recession is Part of a Bigger Picture

No one likes the uncertainty of a recession, but it's important to recognize that even steep market declines are part of the market's normal progression. Over time, the economy expands in market upswings and then contracts in declines or recessions in a transition called the Economic Cycle. Having this information might not make a recession any less painful to endure, but it can help you gain some perspective by giving you the bigger picture.

### Take a Step Back Before You React

It can be hard to ignore what your instincts are telling you about how to keep your investments from disappearing, but don't allow current market conditions to stop you from moving forward with your strategy. Long-term investing shouldn't be about making extreme changes in response to market turbulence – even in a recession.

Instead, before you make any radical moves, take a step back, review your overall plan, make any needed modifications and keep forging ahead.

Here are some measures you can take to keep control of your investment strategy:

- Diversify with funds that match your risk tolerance\*
- Rebalance your asset allocations as needed\*
- Use online calculators to help forecast your potential growth
- Get help from an expert – work with a financial professional

You should note that using diversification and/or asset allocation as part of your investment strategy, won't guarantee that you'll realize better investment returns and that you won't be protected against loss of principal in declining markets.

**You should consider the investment objectives, risks, charges and expenses of the investment options carefully before investing. The prospectuses/prospectus summaries containing this and other information can be obtained by contacting your local representative. Please read the information carefully before investing.**

### Your Plan is Still a Great Investment Choice

Despite investing jitters, there are still good reasons to keep saving with your Plan.



### Review Your Plan

Long-term investing shouldn't be about making extreme changes in response to market turbulence — even in a recession. Instead, before you make any radical moves, take a step back, review your overall plan, make any needed modifications and keep forging ahead.

### S&P 500

#### Performance Following Recessions

Recession Stock Market Low	6 Months Later	1 Year Later
5/26/1970	4.15%	32.14%
10/3/1974	34.47%	38.14%
3/27/1980	10.69%	21.62%
8/12/1982	39.25%	59.26%
10/11/1990	26.42%	31.06%
9/21/2001	17.82%	-12.84%
<b>Average</b>	<b>22.13%</b>	<b>28.23%</b>

**Past performance is no guarantee of future results.**

Source: National Bureau of Economic Research. Stock market performance is based on the Standard & Poor's 500 Index.

Standard & Poor's 500® Index (S&P 500®) is comprised of 500 stocks representing major U.S. industrial sectors. Performance figures are inclusive of dividends reinvested. S&P 500 is a registered service mark of The McGraw-Hill Companies, Inc.

*Continued on page 4.*



# A Closer Look at Your Portfolio

MAYBE YOU WORK WITH A FINANCIAL PROFESSIONAL who suggests the funds that you add to your portfolio, or maybe you make those choices yourself. But either way, beyond the fund names, do you know the basic information about what's in your portfolio? Before investing in a fund, you should do a little investigating to be sure you know what you're investing in. Much of this information can be found in the fund fact sheet, which you can access from your Plan web site. It may take a little research, but this knowledge will help you become a more informed investor.

## What you need to **KNOW!**

### ✓ **Investment Objective**

The investment results or goals of the fund and the approach the fund manager will take to achieve them.

### ✓ **Top Holdings**

A list of the top companies in which the fund is invested and the percentage of the overall investment for each.

### ✓ **Top Industry or Sector Weightings**

Lists the industries in which the companies in the top holdings fall, such as utilities, health care, or telecommunications.

### ✓ **Asset Class and Types**

Indicates whether the fund is predominantly invested in stocks, bonds, or cash and the percentage of each class in which the fund is invested.

### ✓ **Annual Returns**

How this investment has performed in the past.

### ✓ **Fees & Expenses**

What kind of fees and expenses are charged.

### ✓ **The Fund Manager**

Find out who the fund manager is; how long he or she has been managing the fund and something about their strategy for managing the fund's investments.



# UNDERSTANDING Investment Risk

There's no such thing as risk-free investing. Investments and risk go hand-in-hand, so your understanding of investment risk and your attitude towards it have a lot to do with the types of investments you choose for your portfolio. What it comes down to is that investing is all about choosing the risks you feel most comfortable taking to meet your financial goals.

## The Different Faces of Risk

Risk comes in different forms. You can play it too safe, invest too aggressively, or choose the wrong investments for your situation. The risk of losing money in a volatile market is called Market Risk, and Retirement Shortfall is the risk that you may not have the amount of one you feel you'll need during your retirement years. Different asset classes carry varying levels of risk, and even the most stable investments aren't immune to market conditions and economic factors such as economic growth, inflation and unemployment. But while you can't avoid risk entirely, managing it can help you balance the risks you choose to take with the potential for higher returns.

## How Much Risk is Right for You?

How do you decide how much risk you're comfortable with? Risk tolerance is a personal thing based on your situation and your attitude towards taking chances. One investor may be completely at ease with a portfolio of aggressive stock funds.\* Another might lose sleep over the performance of a relatively stable government bond fund.\*\*

\* Investments are not guaranteed and are subject to investment risk including the possible loss of principal. The investment return and principal value of the security will fluctuate so that when redeemed, may be worth more or less than the original investment.

\*\* The value of debt securities may fall when interest rates rise. Debt securities with longer maturities tend to be more sensitive to changes in interest rates, usually making them more volatile than debt securities with shorter maturities. For all bonds there is a risk that the issuer will default. High-yield bonds generally are more susceptible to the risk of default than higher rated bonds.

So when you're deciding the amount of investment risk that is right for your situation, two important things to consider are:

- **Time horizon:** Determine about how many years you have before you'll need to access your investments regularly. For instance, someone with fewer than five years to retirement might invest more conservatively than someone 10 or more years away from retirement.
- **Volatility:** Consider how comfortable you would be with your investment choices during inevitable periods of high market volatility. Will you be able to wait and ride it out, or would the temptation to sell be too great for you?

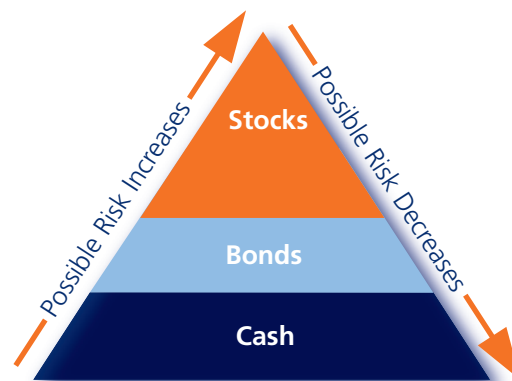
As always, a financial professional can help you evaluate your situation and determine how much risk might be right for you.

The best defense against investment risk is education. When you understand what can affect the market and how your investments may react, you'll be better able to put risk in perspective. Then, you can make investment decisions you'll be comfortable with, now and down the road.

## Put Risk In Perspective

The best defense against investment risk is education. When you understand what can affect the market and how your investments may react, you'll be better able to put risk in perspective. Then, you can make investment decisions you'll be comfortable with, now and down the road.

## The Risk Pyramid



The Risk Pyramid illustrates the possible risk for each of the various asset classes. The upper portion shows investment types that offer the potential for higher gains, but these are also considered higher risk investments. The lower portion shows investments that are deemed safer, but also have a lower potential for higher returns.



## Points of Interest

- Plan contributions, made with pre-tax dollars (in most cases), reduce your annual taxable income
- Payroll deductions make saving with your Plan easy and automatic.
- Dollar cost averaging means that your regular contributions from each pay check keep you investing no matter what, and buying more shares when prices are low; however, dollar cost averaging neither ensures a profit nor guarantees against loss. You should also consider your financial ability to continue this investment strategy through periods of low price levels.

There may be other saving incentives available through your employer or from the Federal government when you save through your Plan.

### Kick Savings up a Notch

It might seem counter-intuitive to increase your Plan contributions in a downturn, but even saving 1 or 2 percent more may help you recoup some of your short-term losses and put you that much further ahead of the game should the market begin to recover.

### Stay in For the Long-Term

With credit scarce and money tight, you might be tempted to use money from your retirement accounts to cover immediate needs either through hardship withdrawals or Plan loans.\* Both of those options have consequences, so consider them carefully before you decide. And if you find that you need to go that route to avoid a financial crisis, seek the help of a financial professional to work out the best options for your situation.

\* Loans may impact your withdrawal value and limit participation in future growth potential.

### Pointers Goes Green! We Can Make A Difference!

In support of the ongoing ING "Orange Goes Green" program, we're pleased to let you know that, beginning with this issue, Pointers will be printed on FSC-certified paper.

The Forest Stewardship Council (FSC) is an international certification system for products that come from responsibly managed forests and verified recycled sources. Under FSC Certification, forests are certified against a set of strict environmental and social standards, and fiber from these forests is tracked through a chain of custody certification system. FSC chain of custody (CoC) tracks FSC-certified material throughout the production process - from the forest to the consumer, including all stages of processing, transformation, manufacturing and distribution. This means that forests, pulp providers, paper mills, paper merchants and printers must all obtain FSC CoC Certification in order for a product to carry the FSC logo or label.

Our newsletter has a distribution of more than half a million copies and we are proud to partner with our printer, RR Donnelly, in making *Pointers* part of this important initiative. For more information on The Forest Stewardship Council, log on to [www.fscus.org](http://www.fscus.org).

### 401(k) Day Coming in September!

401(k) Day is an annual event that highlights the importance of participating in employer-sponsored profit sharing and 401(k) plans. Created by the Profit Sharing/401(k) Council of America (PSCA), 401(k) Day provides employers with resources and ideas for events to help educate their employees on making the best decisions possible to secure their retirement readiness by saving through their Plan. This year, 401(k) Day is Friday, September 11. For more information on 401(k) Day and how you can take part, log on to [www.401kday.org](http://www.401kday.org).

### ING Special Webcast...Get the Replay!

ING recently held a special webcast called The Current Economy and Investing for Retirement. The webcast is perfect for anyone who wants an understanding of what to consider when saving and investing for retirement in today's economy.

Discussion topics included:

- The economic cycle and its impact on investment markets.
- Past market downturns and their subsequent recoveries.
- Asset allocation and diversification.
- Assessing and managing risk

It also addresses ways for you to take advantage of your employer-sponsored retirement savings plan and other resources. If you missed the webcast, log on to [www.ingdelivers.com/webcast](http://www.ingdelivers.com/webcast) and click on the link provided.

\* The links to external websites provided in this newsletter are for your information only. ING does not endorse, or accept any responsibility for the content, products or services provided at non-ING sites. Some information contained in the ING site is provided by third parties. We do not independently verify this information, nor do we guarantee its accuracy or completeness.

Insurance products, annuities and funding agreements issued by ING Life Insurance and Annuity Company ("ILIAC") One Orange Way, Windsor, CT 06095, which is solely responsible for meeting its obligations. Plan administrative services provided by ILIAC or ING Institutional Plan Services, LLC. All companies are members of the ING family of companies. Securities distributed by or offered through ING Financial Advisers, LLC (member SIPC) or other broker-dealers with which it has a selling agreement.

ING Institutional Plan Services, its affiliates and its employees are not in the business of providing tax or legal advice. This article is for general information purposes only and is not intended to constitute investment or legal advice. You should seek advice from an independent tax advisor. © 2009 ING Institutional Plan Services, LLC. All Rights Reserved. C09-0713-024 (8/09)

