

BUILDING BLOCKS FOR RETIREMENT

Revisiting Your Portfolio

A Portfolio Full Of Flavor

The menu at your favorite restaurant probably provides a variety of selections. You may start out with a pumpkin soup, make your way through a porterhouse steak, and end with a chocolate soufflé. Combining different flavors can make your dining experience more satisfying.

You can enjoy the same satisfying experience when you participate in your employer's retirement plan. The plan provides a variety of options on its investment menu. You choose the investments that suit your financial goals, risk tolerance, and time horizon.



A Zest for Diversification

Diversification* is the strategy of putting your money into several different investments. It's an effective way to manage investment risk. If you spread your money among different investments, you reduce your chance of suffering an overall loss if the value of one investment declines sharply.

Investing in just one stock is risky. A company's stock price can rise or fall due to industry developments, unexpected financial results, a merger, or some other news or event. Stock funds (or portfolios) invest in a number of stocks. The

performance of other stocks may cushion the loss if one stock price drops.

You can achieve greater diversification by investing in other types of assets, such as bond funds and funds that hold cash alternative investments (e.g., Treasury bills).

Pay Attention to Portions

How should you divide your investments among the different asset types? That depends on your tolerance for risk and time frame.

Of the three major asset classes, stocks generally provide the best potential for long-term capital growth and returns that outpace inflation. However, stocks also have the highest potential for losses.



Bonds typically offer lower potential returns than stocks, but they have less risk of loss. However, bond prices may fluctuate due to interest rate changes.

While there's little risk of loss with cash alternatives, it is possible to lose money by investing in them.

* Diversification does not ensure a profit or protect against loss in a declining market.

Taste Test

Stocks	100%	60%	50%
Bonds		40%	35%
Cash Alternatives			15%
Amount Invested	\$1,000	\$1,000	\$1,000
Portfolio Value If Stock Prices Drop 15%*	\$850	\$910	\$925
Portfolio Value If Bond Prices Drop 15%*	\$1,000	\$940	\$949

* Assumes no changes in the value of other asset classes

This is a hypothetical example used for illustrative purposes only and does not represent any specific investment product. Your investment performance will be different.

Source: DST

This material is provided solely for informational purposes and does not constitute investment, tax, legal or accounting advice on the matters addressed. Neither Pentegra Services, Inc., its subsidiaries, nor any of their respective employees intend that this material should be relied on as investment advice, which should be sought from a professional advisor. Performance information shown reflects past performance and does not indicate or guarantee future investment results. Current and future results may be lower or higher than those shown. ©2018 Pentegra Retirement Services



701 Westchester Ave, Suite 320E, White Plains, New York, 10604