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CANBY FINANCIAL RETIREMENT REPORT

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Investment News

If selecting investment options and putting together a retirement portfolio are not your idea of a "good time", maybe your retirement plan offers ***asset allocation*** options. Your plan may offer asset allocation portfolios with different *risk characteristics*, from conservative to aggressive. Or, you may be able to choose from a*ge-based* portfolios, geared towards your target retirement date. Contact your Plan's Advisor to discuss your asset allocation options.

Your Account

When you make the decision to change your investment options in your retirement account, it is usually a two-step process to implement the change. It is important to change both your ***current balances*** and your ***future contributions***. When you go online or contact a client service representative, you should be sure to re-balance the current value of your account *and* update how future contributions will be invested!

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RETIREMENT COMMENTARY

Pension Protection Act

In this era of non-stop political bickering between Republicans and Democrats, one issue was able to garner bi-partisan support—*Pension Reform*. In August, President Bush signed into law the Pension Protection Act of 2006.

With the enactment of this legislation, it is clear that the government is shifting responsibility for providing retirement income from Employers to Employees. Many traditional pension plans are underfunded and this unfunded liability reduces US companies' competitiveness in the global economy. This legislation makes it easier for US companies to stop funding their pension plans and focus on enhancing their "401(k)-type" defined contribution plans.

In a defined contribution plan, Employees contribute pre-tax salary deferrals and many Employers add discretionary and/or Safe Harbor contributions. The money goes into an account in the Employee's name and he or she is responsible for managing his or her own investment portfolio.

The Pension Protection Act encourages Employers to contribute more on their Employees' behalf. It also allows Employers to automatically enroll eligible Employees, unless the Employee proactively opts out.

In order to secure a comfortable retirement, each US citizens needs to grow an individual "nest egg", which Social Security will supplement. To be successful, each person will need to control 3 things:

1. *Contribution amounts*—Plan to contribute 5 to 10% of your earnings from college through retirement.

2. *Investment allocation*—How you manage your portfolio's asset allocation from age 22 until you die will have a huge impact on the value of your retirement capital.

3. *When and How* you begin to make withdrawals from your retirement nest egg will affect the longevity of your retirement income stream.

When you consider your retirement years, the value of your retirement assets will have a big impact on your ability to generate a sufficient retirement income. It is critical that you strive to maximize the balances in your 401(k), IRA, 403(b), SEP and SIMPLE-IRA accounts.

This legislation is written to encourage Americans to take ownership of our retirement savings. We are all now *personally responsible* for our own retirement security.

ATTACHED IS THE MORNINGSTAR REPORT FOR THE INVESTMENT COMPANIES YOU CAN CHOOSE IN YOUR RETIREMENT PLAN. IF YOU HAVE ANY QUESTIONS, PLEASE GIVE US A CALL @ 508—655-5355

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