

Automatic Account Rebalancing

DOES YOUR CURRENT INVESTMENT MIX REFLECT THE REAL YOU?

Over time, upturns or downturns in the financial markets can upset your current investment mix. This can cause your investment strategy to drift off course and expose you to a different level of market risk that you intended. Automatic Account Rebalancing can help ensure that your current investment mix (balance by investment fund) is consistent with your current investment strategy (current investment allocation).

HOW AUTOMATIC ACCOUNT REBALANCING WORKS

Automatic Account Rebalancing is the process of realigning your entire account balance to match your most recent investment allocation designation. The realignment is accomplished by selling shares in one investment option (or options) and using the proceeds to purchase shares in another investment option (or options), in order to bring your entire account balance back in line with your current intended investment mix. Automatic Account Rebalancing takes place on the last business day of the annual, semi-annual, quarterly or monthly time period that you choose. It is important to note that if you make a change to your investment allocation prior to your next rebalance date, that your entire account balance will be realigned according to this new designation.

AUTOMATIC ACCOUNT REBALANCING IN ACTION

To illustrate how automatic Account Rebalancing works, here are two hypothetical examples of retirement plan participants who elect to use it: (The examples do not represent any specific investments and your personal results may vary.)

EXAMPLE 1

January 1st: Judy is a newly eligible participant and enrolls in her company's 401(k) Plan. She elects to participate in the automatic Account Rebalancing feature of the plan and elects to have her account automatically rebalanced semi-annually. Judy decides to contribute \$100 per month and has chosen the following investment allocation designation:

Mutual Fund #1: 25%	Mutual Fund #3: 25%
Mutual Fund #2: 25%	Income Fund #1: 25%

June 27th: Judy's entire account balance is \$600. However, due to a recent market downturn, the value of her individual investment options is now:

\$120 - Mutual Fund #1	(20% of total account balance)
\$120 - Mutual Fund #2	(20% of total account balance)
\$120 - Mutual Fund #3	(20% of total account balance)
\$240 - Income Fund #1	(40% of total account balance)

Her investment mix has become more conservative than she intended (her mutual funds now only account for 60% of her overall investment mix, versus the 75% she originally designated).

June 30th: Since Judy elected automatic Account Rebalancing, her entire \$600 account balance will be automatically realigned to her original January 1st investment allocation designation as follows:

\$150 - Mutual Fund #1	(25% of total account balance)
\$150 - Mutual Fund #2	(25% of total account balance)
\$150 - Mutual Fund #3	(25% of total account balance)
\$150 - Income Fund #1	(25% of total account balance)

January 1st: Jack is already a participant in his company's 401(k) Plan and has elected the automatic Account Rebalancing feature of the plan to have his account automatically rebalanced semi-annually. He currently contributes \$100 per month with the following investment allocation designation:

Mutual Fund #1: 40%	Income Fund #1: 10%
Mutual Fund #2: 40%	Money Market Fund #1: 10%

April 1st: Jack recently celebrated his birthday and wants to retire in 10 years. He decides to revise his investment strategy and reduce his exposure to stocks. He changes his investment allocation designation for new contributions as follows*:

Mutual Fund #1: 25%	Income Fund #1: 30%
Mutual Fund #2: 25%	Money Market Fund #1: 20%

*This illustration reflects his investment allocation designation for new contributions only and does not reflect his total account balance.

June 27th: Jack's entire balance is \$10,000. However, due to a recent market upturn, the value of his entire account holdings is now:

\$4,500 - Mutual Fund #1	(45% of total account balance)
\$4,500 - Mutual Fund #2	(45% of total account balance)
\$500 - Income Fund #1	(5% of total account balance)
\$500 - Money Market Fund #1	(5% of total account balance)

Jack's investment mix has become more aggressive than he wants it to be at this stage in his life (his mutual funds now account for 90% of his overall investment mix, versus the 50% he designated on April 1st).

June 30th: Since Jack elected automatic Account Rebalancing his entire \$10,000 account balance will be automatically realigned to match his MOST RECENT investment allocation designation made back in April 1st:

\$2,500 - Mutual Fund #1	(25% of total account balance)
\$2,500 - Mutual Fund #2	(25% of total account balance)
\$3,000 - Income Fund #1	(30% of total account balance)
\$2,000 - Money Market Fund #1	(20% of total account balance)

The information in the preceding examples are for illustrative purposes only and are not intended to predict or depict performance of any specific investment type. Your results may vary.

STAY IN CHARGE OF YOUR FINANCIAL FUTURE

No matter what your current investment strategy is, automatic Account Rebalancing can help you stay in line with your most recent investment allocation designation. Here are some of the advantages that automatic Account Rebalancing may offer:

- Helps you stay the course with the investment mix you're most comfortable with
- Helps you to manage market risk (depending on the diversification within your total account)
- Helps you stay in line with your overall tolerance for investment risk
- Gives you an opportunity to buy more shares of funds at lower market prices (during a market downturn)
- Gives you an opportunity to lock in any potential gains by selling funds at higher prices (during a market upturn)

Before electing automatic Account Rebalancing you should carefully review your current investment allocation designations for new contributions as well as your existing balances in any other investment option(s) in your account. Decide if you want to make any changes to your current investment allocation designations prior to selecting this option. Remember that automatic Account Rebalancing will automatically realign your entire account balance to your most current investment allocation designation.

To elect automatic Account Rebalancing call the Voice-Response System at - 1-888-801-3534 or log on to your participant Web site at www.hart-retire.com.

** The values of your investment options will vary with market conditions, and upon redemption, may be worth more of less than the original value. A plan of systematic savings does not ensure a profit or prevent a loss in declining markets. **This material is not intended as investment advice for which a financial advisor should be consulted.***

