

# Your Future

October 2009 | News from Lincoln Financial Group to help you save for an enjoyable retirement. Hello future.®

▶ Your commitment to saving for a secure financial future has survived a severe recession.

## Standing fast and saving

**Even in hard times, American workers are determined to save for retirement.**

Median household income in 2008, adjusted for inflation, took the steepest year-over-year drop in 40 years. And it fell to the lowest level since 1997. That means many Americans have seen their living standards regress a decade.<sup>1</sup>

**We're feeling our losses...**

Another study finds six in 10 working adults consider their retirement savings losses the most significant impact on their lives from the economic downturn.<sup>2</sup> Still, most are standing fast and saving. Even in hard times, American workers are determined to save in their employer-sponsored retirement plans.

**...but staying invested.**

Through March 2009:<sup>3</sup>

- 97% of retirement plan participants continued to save every payday, and most did not decrease contributions.
- Most remained committed to stocks for long-term growth, with only 5% of total plan assets moving from equities to cash since mid-2008.
- Portfolios were well-diversified, with half of all new contributions allocated to stocks, 25% to stable or fixed income options, and 25% to blended stock-and-bond options.
- Hardship withdrawal volume was up very slightly and loan volume was actually down from the end of March 2008.

Retirement savers' tenacity seems to be producing results. Progress is slow, but evident:<sup>4</sup>

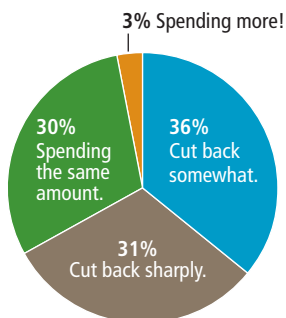
- One-fifth of participants surveyed in September 2009 said their retirement plan balance was the same as it was at the start of 2008.
- Nearly another one-fifth expected it will take less than two years for their balance to recover.

**The worst may be over.**

Your commitment to saving for a secure financial future has survived a severe recession. And the worst may be over. The aftermath is likely to be long and stressful, but leading economists say the recession that began in December 2007 is over.<sup>5</sup> This may be a good time to regroup. Here are two steps you can take right now:

- **Revisit your portfolio.** Lincoln Financial Group makes personal guidance available to all of its plan participants. You're strongly encouraged to contact your Lincoln representative to review your long-term goals, contribution level, and asset allocation.
- **Do the math.** A recent study found that those who've done a retirement needs calculation are more confident about retirement readiness than those who haven't. But most working Americans haven't tried.<sup>6</sup> Here's a convenient way to start. Access our Personal Economic Calculator<sup>7</sup> at [www.LincolnFinancial.com/gen](http://www.LincolnFinancial.com/gen).

▶ Has your spending changed?



Source: *Washington Post/ABC News Poll*, February 25, 2009.



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<sup>1</sup>"Recession Takes Toll on Living Standards," *The Wall Street Journal*, September 11, 2009.

<sup>2</sup>"Retirement Nest Egg Losses among Worst Recession Impacts," *PLANSPONSOR.com*, September 14, 2009.

<sup>3</sup>"Participants Remain Committed to Saving for Retirement," *The SPARK Journal*, August 2009.

<sup>4</sup>"Balances Recover," *National Underwriter Online News Service*, September 15, 2009.

<sup>5</sup>"Economists Call for Bernanke to Stay, Say Recession Is Over," *The Wall Street Journal*, August 12, 2009.

<sup>6</sup>"2009 Retirement Confidence Survey," Employee Benefit Research Institute, April 2009.

<sup>7</sup>It is important to remember that future rates of return cannot be predicted with certainty, and that investments paying higher rates of return are generally subject to higher risk and volatility. The actual rate of return on investments can vary widely over time, especially for long-term investments. This includes the potential loss of principal.



## The language of love

### Couples must communicate about retirement and other financial matters.

Love conquers all, romantics say, but it thrives on dialogue. And when it comes to retirement planning, too many couples aren't communicating. According to a new study, most husbands and wives simply haven't had a conversation about retirement finances.<sup>1</sup>

Only four in 10 couples have jointly discussed investment decisions for retirement savings. Moreover, this communication breakdown is reflected in a host of critical retirement issues apart from money: 60% of couples don't agree on their respective retirement ages; nearly half are not in agreement on whether they'll work in retirement; and 40% have different ideas on their expected lifestyle in retirement.<sup>2</sup>

Couples also aren't communicating on a range of financial issues apart from retirement.

Only 15% of couples in the study feel confident that both of them could easily assume responsibility for their joint finances if necessary. Less than half make decisions jointly regarding day-to-day household spending, such as budgeting and bill payment.<sup>3</sup> Many financial discussions in the home, according to another study, are mainly arguments.<sup>4</sup>

Start a constructive conversation about money. Lincoln Financial Group® affiliates have programs and products designed to help get couples in sync on retirement planning and other financial issues. Contact your Lincoln Financial representative to learn more.

<sup>1</sup>"Couples Show Little Financial Confidence in Each Other," *PLANSPONSOR.com*, June 10, 2009.

<sup>2</sup>Ibid.

<sup>3</sup>Ibid.

<sup>4</sup>"Sour Economy Stressing Families, Poll Finds," Associated Press, February 1, 2009.

## You're in good company with Lincoln Financial Group

- ▶ More than **one million American workers** are enrolled in employer-sponsored retirement plans provided by Lincoln Financial Group® affiliates.
- ▶ Lincoln Financial ranks among the **10 largest retirement plan providers** by total number of full-service plans, according to a survey released in June 2009 by *PLANSPONSOR* magazine.
- ▶ Through its affiliates, Lincoln Financial offers **a broad portfolio of products and services:** annuities; life, group life, and disability insurance; 401(k) and 403(b) plans; savings plans; mutual funds; managed accounts; institutional investments; and comprehensive financial planning and advisory services.
- ▶ **A century of success** is a strong measure of client satisfaction: The oldest Lincoln Financial Group® affiliate opened for business more than 100 years ago.

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