Rookie Investment Errors Can Cost You Dearly

Every investor, even experienced ones, makes mistakes. The "can't lose" investment that may seem like a great opportunity all too often can lose -- and lose big. While there is no foolproof method for avoiding costly mistakes, recognizing common pitfalls that are really rookie errors can help investors keep their portfolios on track.

Over-Concentrating Assets in One Stock or Fund*

Investors who are overly confident in their ability to pick winners may invest a large portion of their assets in one stock or stock fund, or in only a handful of stocks/stock funds. This concentrated "swing for the fences" approach tempts investors with the prospects of big potential gains. In reality, though, this approach simply moves a portfolio far out on the risk scale and places the overconfident investor in danger of potentially devastating losses.

A more sensible approach is typically to spread assets among a broad mix of different investments and asset classes, such as stocks, bonds, and cash. Diversifying** in this manner takes advantage of the fact that different securities and investment types usually do not move in the same direction at the same time. As some investments fall in value, others may rise or hold steady and help offset the losses. While diversification does not ensure a profit or protect against losses, it is a well-tested approach that can help investors manage their risk exposure.

Trying to Time the Market

It appears to make sense: buy or stay fully invested in stocks during periods when the stock market is moving upward and jump into cash just before the market's rise ends. Then, move out of cash and back into stocks when stocks renew their climb. However, it's not that simple, and taking this approach is a classic rookie error. Timing the market successfully requires an investor to consistently guess the exact time to exit stocks *and* the right time to buy back into them.

Investors who have allocated their assets appropriately may be better served by staying invested through up and down markets.*** History has shown that the stock market makes sudden, large moves and that a quarter's worth of gains can occur in a couple of days. Investors can benefit by being invested when these sudden moves occur. The bottom line: staying invested through all types of market conditions can potentially bring investors closer to achieving their long-term investing goals.

Buying the Past

Buying last year's winners in the hope that they can repeat their winning performance is not always the best move. Interest rates, consumer confidence levels, political issues, and the overall health of the economy impact how well or how poorly stocks and bonds perform in a given year.

However, experienced investors *will* consider funds that deliver superior performance against their benchmarks year after year as part of their overall analysis of an investment's potential. Smart investors will also look to see if the same management team that oversaw the fund's superior performance is still in place.

Taking a Short-Term Perspective

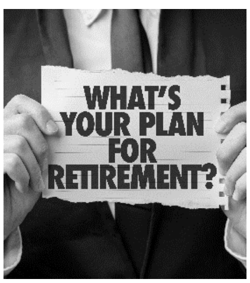
Another common rookie error occurs when an investor takes a short-term perspective with money intended for long-term goals. Investors who are investing to fund retirement or pay for a child's college can't let the day-to-day gyrations of the stock market or other economic or political factors force them to make rash buy or sell decisions. History shows that most market corrections are temporary, and investors who panic and sell their investments in response may likely be sitting on the sidelines when the market starts moving back up.

Taking a long-term perspective and maintaining an asset allocation that is in line with one's time frame and tolerance for investment risk remains the optimal way to reach long-term goals. And individual investors don't have to go it alone. Seeking the input of experienced financial professionals can help investors align their investments with their goals and avoid common rookie investing errors.

**You should consider a fund's investment objectives, charges, expenses, and risks carefully before you invest. The fund's prospectus, which can be obtained from your financial representative or retirement account website, contains this and other information about the fund. Read the prospectus carefully before you invest or send money. Shares, when redeemed, may be worth more or less than their original cost.*

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

****Asset allocation does not guarantee a profit or protect against losses.*



Three Things You May Not Know About Your Retirement Plan

Many plan participants may not fully understand all the advantages their employer-provided retirement plans provide. Here are three aspects of your retirement plan that may surprise you.

1. By law, the assets of a retirement plan are held in a trust (or invested in an insurance contract), separate and apart from the assets of the employer sponsoring the plan. Plan assets must be used solely to benefit plan participants and beneficiaries.

2. Your retirement plan assets are portable so that if you change jobs, you won't have to start over. You may have several options for your retirement savings, such as keeping the money in your current plan, moving your savings to another employer's retirement plan or an individual retirement account, or cashing out your plan assets.

3. You can change beneficiaries. If there's a major change in your life, you have the flexibility to add or subtract an individual or individuals from the list of beneficiaries who would receive the assets in your retirement account upon your death.

Employer-provided retirement plans also offer tax benefits, professional investment management, and an automatic payroll contribution feature, all of which can simplify and streamline saving for retirement.

How America Views Retirement Plans

U.S. households hold generally favorable impressions of 401(k) and similar "defined contribution" retirement plans. Among surveyed households with defined contribution plan accounts or individual retirement accounts:

- 91% agreed that their plans helped them think about the long term, not just their current needs
- 82% said the tax treatment of their retirement plans was a big incentive to contribute
- 86% had favorable opinions of their plans
- 83% were satisfied with their plan’s investment options

American Views on Defined Contribution Plan Saving, 2017, Investment Company Institute, February 2018.