

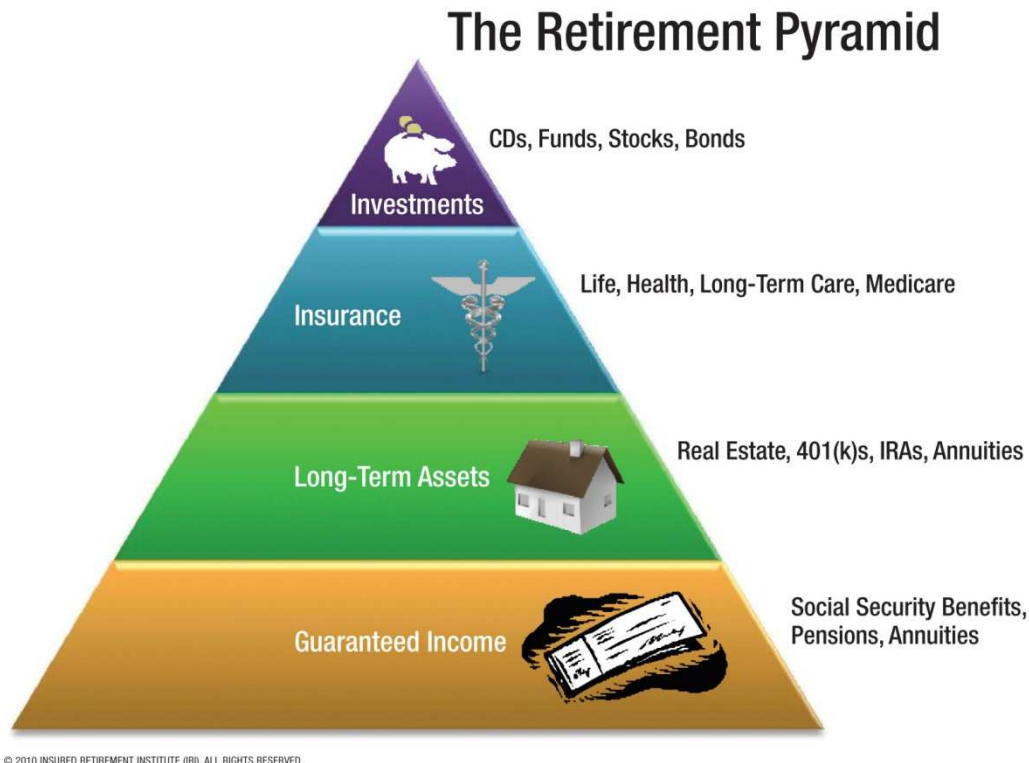
Financial Fitness Using The Retirement Pyramid

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What do food and financial fitness have in common? The answer is a pyramid that can help you visualize just how to balance financial priorities.

While no two people will have exactly the same retirement plan, using a financial fitness pyramid can give you an idea of how to balance your investments.

When presented with the food pyramid developed by the U.S. Department of Agriculture, most people understand which choices can ensure that their bodies remain healthy.



Drawing on that recognition, the Insured Retirement Institute (IRI) recently developed its Retirement Pyramid—a visually simple but powerful tool that financial advisers can use to help explain investment decisions to their clients. Once they have visualized the plan, they work together to produce a healthy and vital financial future.

Making up the large base of the pyramid are guaranteed income streams, such as annuities, which have continued to grow in popularity during the economic downturn. President Barack Obama recently touted annuities as vehicles to reduce concerns that "retirees will outlive their savings." And as the certainty of Social Security may seem tenuous to younger investors, annuities may prove valuable alternatives.

On the next level of the pyramid are longer-term investments that need time to mature and grow. Examples include traditional 401(k)s, IRAs, real estate holdings and some annuities as well. As 401(k)s and IRAs offer a wide selection of investments, they also provide some stability against the frequent fluctuations that can affect a company's single stock.

Insurance is critical, too. While the bulk of your asset base should not be overly invested in this group, investors should not ignore the importance of a good mixture of life insurance with long-term care, medical coverage and Medicare.

At the top of the Retirement Pyramid are CDs, mutual funds, stocks and bonds. With the wild swing of the stock market over the past two years, advisers may want to dilute some of these more volatile investments with something more stable, such as IRAs, and more guaranteed income streams, such as annuities. A smattering of these in your retirement plan is a wise choice.

A healthy financial diet will include all four basic groups-guaranteed income, long-term assets, insurance and investments.

For more information, visit www.IRlonline.org.