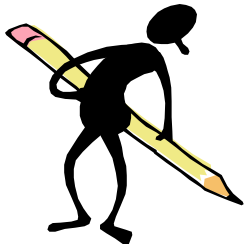


EFFECTS OF INFLATION



WHEN EVALUATING YOUR RETIREMENT NEEDS, IT'S IMPORTANT TO REMEMBER THAT TODAY'S DOLLARS WON'T BE WORTH AS MUCH IN THE YEARS AHEAD. YOU'LL NEED TO KEEP YOUR RETIREMENT FUNDS INVESTED IN VEHICLES THAT WILL PROVIDE FOR BOTH INCOME AND GROWTH.

EXAMPLE OF A FIVE-YEAR PROJECTION

	TODAY'S DOLLAR	ASSET GROWTH RATE	INFLATION RATE	INFLATION FACTOR	FUTURE DOLLAR
Total Needs at Retirement	\$18,000		7%	1.4026	\$25,246
Less: Spendable Income	(22,000)	5%		1.2763	(28,078)
Net Income Needed (Surplus)	(4,000)				(2,832)

In this example the individual believes that his/her income will grow at a lesser rate than inflation. Therefore the surplus of \$4,000 in today's dollars is reduced to \$2,832 in five years.

INFLATION FACTOR TABLE

	<i>Inflation Rate/Factor</i>					
Retiring in	4%	5%	6%	7%	8%	9%
1 Year	1.0400	1.0500	1.0600	1.0700	1.0800	1.0900
5 Years	1.2167	1.2763	1.3382	1.4026	1.4693	1.5386
10 Years	1.4802	1.6289	1.7908	1.9672	2.1589	2.3674
15 Years	1.8009	2.0789	2.3966	2.7590	3.1722	3.6425
20 Years	2.1911	2.6533	3.2071	3.8697	4.6610	5.6044