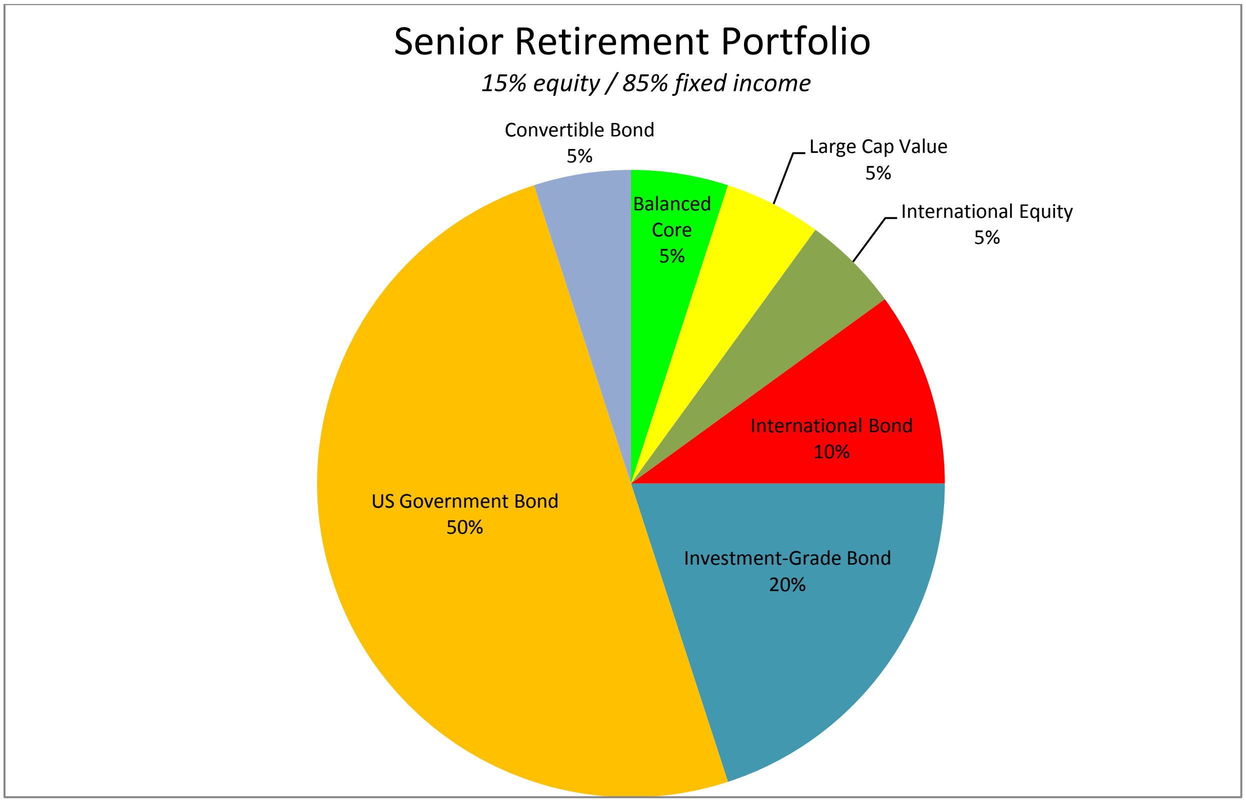

In the later years of retirement, around age 75, the investment portfolio should make its final adjustment by further reducing portfolio risk. This *later-years retirement* portfolio should have a maximum 20% exposure to equities. The speed of the needed portfolio changes and the timing of the moves should be dictated by the degree of financial comfort the current portfolio provides. If the portfolio is barely meeting its income goals, it would not be prudent to further reduce its income-generating possibilities. If the portfolio is meeting its income obligation to the retiree, then the conversion to the later-years retirement portfolio should take place without haste.

I first created this model in November 1998. Here are the annual returns of the portfolio versus those of the 3-Year Treasury Note. The better return each year is highlighted in green.

		Bear Market							Bear Market	
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Senior Retirement	3.70	7.29	3.67	5.53	9.13	5.69	2.28	6.60	7.11	-3.53
3-Year Treasury Note	5.62	6.40	4.16	3.14	2.13	2.82	4.00	4.87	4.42	2.26

	2009	2010	2011	2012	2013	2014	2015	2016	CUM
Senior Retirement	11.55	7.93	4.18	6.11	2.97	3.59	-0.55	3.26	130.62
3-Year Treasury Note	1.44	1.11	0.75	0.38	0.54	0.90	1.03	0.89	58.36

ACTIVEFUND
STRATEGIES

Indexes used for the illustrations.

Thomson fund indexes used where possible

Allocation Category	Index Used
Large Cap Growth	Lipper Balanced Funds
Large Cap Value	Lipper Large Cap Value Funds
International Equity	Lipper International Multi Cap Core Funds
International Fixed Income	Lipper International Income Funds
Corporate Bond	Lipper Short/Intermediate Investment-Grade Bond Funds
US Government Bond	Lipper Intermediate US Government Bond Funds
Convertible Securities	Lipper Convertible Securities Funds