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Two Steps to Reviewing Your Retirement Plan

Retirement may seem like a distant goal, but time has a way of slipping by. Since retirement is probably the biggest financial goal you have, it's wise to stay on top of your savings and investment plan to ensure you're giving yourself every opportunity to meet your objectives. Here are two simple but important steps for periodically reviewing your retirement plan.

Step 1. See how your accumulations have changed from the date of your last review. This step is important because your finances may have changed from one period to the next — your salary may have gone up or down, or you may have sold your house at a profit or a loss, for example. Reviewing your documents will also give you an opportunity to evaluate your asset allocation strategy. Remember that your investment horizon is shortening as you get closer to retirement, so be sure that your initial asset allocation formula is still appropriate. If you're using products from different financial companies, see if it makes sense to consolidate your assets with one firm.

When thinking about consolidating your assets, keep in mind that transfers may be subject to differences in product features, costs and surrender charges. Indirect transfers may also be subject to taxes and penalties. (Please consult with your tax advisor to discuss your situation.)

Also, take a close look at the expenses you're paying for the investment products you have with different financial companies. You may find that you're paying high investment fees and expenses to a number of companies for what may turn out to be insignificant performance differences. (Note, however, that lower fees and expenses do not necessarily guarantee higher returns.)

Step 2. Determine if you are contributing the maximum allowed to your employer-sponsored retirement plans. Whether you invest in a pretax 401(k)/403(b) or the new Roth 401(k)/403(b) plan, for the 2007 tax year the maximum allowable contribution to an employer-sponsored retirement plan is \$15,500, or \$20,500 if you're age 50 or older. If you're already contributing the maximum to your employer's plan and still have additional money to invest,

look at other tax-advantaged products — maybe IRAs or after-tax annuities — that you can use for your retirement. (Note that your IRA contributions may or may not be tax deductible and that your after-tax annuity contributions will not be tax deductible.) Remember, time can be your best investment friend, but it can't work for you if you let it slip away.

Please keep in mind that investing in securities carries with it certain inherent risks. Also, TIAA-CREF and its affiliates do not provide tax or legal advice. You should therefore consult with your tax advisor to consider all aspects of your situation.

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