

1st Quarter 2011

## DID YOU KNOW?

Did you know that when saving for a child's college expenses, you can take advantage of tax sheltered accounts such as 529 college savings plans and Coverdell Education Savings accounts. But remember, unless your child is only a few years away from attending college, it is important to first contribute the maximum to your company's retirement plan and take advantage of your company's match, if available, before setting aside money for your child's college expenses.

Source: Fidelity.com

## QUESTIONS ABOUT YOUR OTHER INVESTMENTS?

Contact RiverNorth  
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(866) 467-6412

## Saving for Retirement and a Child's Education at the Same Time

You want to retire comfortably when the time comes. You also want to help your child go to college. So how do you juggle the two?

### Know what your financial needs are

The first step is to determine what your financial needs are for each goal. Answering the following questions can help you get started:

#### For retirement:

- How many years until you retire?
  - Are you currently participating in the company retirement plan? If so, what's your balance? Can you estimate what your balance will be when you retire?
  - How much do you expect to receive in Social Security benefits?
  - What kind of lifestyle do you hope to have in retirement? For example, do you want to travel extensively, or will you be happy to stay in one place and live more simply?
- Do you or your spouse expect to work part-time in retirement?

#### For college:

- How many years away is college?
- Will your child attend a public or private college? What's the expected cost?
- Do you have more than one child?
- Does your child have any special skills that could lead to a scholarship? Do you expect your child to qualify for financial aid?

### Figure out what you can afford to put aside each month

After you know what your financial needs are, the next step is to determine

what you can afford to put aside each month. To do so, you'll need to prepare a detailed family budget that lists all of your income and expenses. Once you've come up with a dollar amount, you'll need to decide how to divvy up your funds.

### Retirement takes priority

Though college is certainly an important goal, you should probably focus on your retirement if you have limited funds. But if you wait until your child is in college to start saving, you'll miss out on years of tax-deferred growth and compounding of your money. Remember, your child can always attend college by taking out loans (or maybe even with scholarships), but there's no such thing as a retirement loan!

### Help! I can't meet both goals

If the numbers say that you can't afford to educate your child or retire with the lifestyle you expected, you'll have to make some sacrifices. Here are some things you can consider.

**Defer retirement:** The longer you work, the more money you'll earn and the later you'll need to dip into your retirement savings. Or, consider working part-time during retirement.

**Make changes to your lifestyle now or in retirement:** You might be able to adjust your spending habits now, or you may consider cutting back in retirement. **Send your child to a less expensive school:** Don't feel guilty--a lesser-known liberal arts college or a state university may provide your child with a similar quality education at a far lower cost.

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## The Markets

By the March two-year anniversary of the bull market, equities had spent much of the quarter alternately climbing the classic "wall of worry" and falling back. After returning in February to levels last seen in June 2008, U.S. equities turned volatile in the wake of Middle Eastern turmoil and Japan's triple disaster before climbing again in the quarter's last week. A strong performance early in the quarter also helped the Global Dow do well, especially considering the simultaneous crises around the world.

The tug-of-war between global unrest and encouraging domestic economic news caused the Dow industrials to slide below 12,000 before rebounding to turn in the quarter's best performance. The S&P 500 also lost its grip on 1,300 before its late-March rally returned

the index to just below its February high. The Russell 2000 has now gained 145% from its March 2009 low, while the S&P 500 is still a few percentage points away from doubling since then.

The global turmoil meant a flight to quality for bonds, which reversed when investors were able to assess the situation with cooler heads. Fueled by inflation concerns, gold hit a record high above \$1,400. Oil prices pushed above \$100 a barrel--a level last seen in fall 2008--in part because of concerns about the potential impact of Middle East unrest on global supplies.

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STOCK AND BOND MARKET RETURNS THROUGH MARCH 31, 2011							
Source: Morningstar	ANNUALIZED						
	1 MONTH	3 MONTHS	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS
<b>Citigroup 3 Month T-Bill</b>	<b>0.01%</b>	<b>0.04%</b>	<b>0.04%</b>	<b>0.15%</b>	<b>0.47%</b>	<b>2.10%</b>	<b>2.12%</b>
<b>Barclays U.S. Agg. Bond Index</b>	<b>0.06%</b>	<b>0.42%</b>	<b>0.42%</b>	<b>5.12%</b>	<b>5.30%</b>	<b>6.03%</b>	<b>5.56%</b>
<b>Dow Jones Ind. Avg.</b>	<b>0.91%</b>	<b>7.07%</b>	<b>7.07%</b>	<b>16.51%</b>	<b>3.12%</b>	<b>4.87%</b>	<b>4.73%</b>
<b>S&amp;P 500</b>	<b>0.04%</b>	<b>5.92%</b>	<b>5.92%</b>	<b>15.65%</b>	<b>2.35%</b>	<b>2.62%</b>	<b>3.29%</b>
<b>Russell 2000</b>	<b>2.59%</b>	<b>7.94%</b>	<b>7.94%</b>	<b>25.79%</b>	<b>8.57%</b>	<b>3.35%</b>	<b>7.87%</b>
<b>MSCI EAFE</b>	<b>-2.66%</b>	<b>2.67%</b>	<b>2.67%</b>	<b>7.47%</b>	<b>-5.83%</b>	<b>-1.41%</b>	<b>2.87%</b>

### Questions?

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