The financial world was abuzz on July 19, 2007, when the Dow Jones Industrial Average closed above 14,000 for the first time. The celebration was short-lived, though, as the Dow hit a four-month low of 12,846 less than one month later. The Dow didn’t reach the 14,000 benchmark again until October, yet the index continued to fluctuate and eventually falter, closing out the year in the low 13,000s.

When the market experiences ups and downs, it’s tempting for investors to devise a way to time their investing to take advantage of the peaks and valleys.

No Crystal Balls

Unfortunately, it is impossible to accurately predict the fluctuations of the market. Thus, the all-important reminder is that “past performance is no guarantee of future results.”

There are a dizzying number of variables that go into market performance. Even professional traders have a hard time reading the tea leaves, and bad timing can have a significant negative effect on returns. Instead, many experts advise investors to adopt a “buy and hold” strategy, riding out storms in the market to potentially realize long-term gains.

When implementing a buy-and-hold strategy, investment selection becomes very important. You should carefully research and choose investments that you feel confident holding on to for several years.

A buy-and-hold strategy can also be more tax efficient. If you actively trade investments using a market-timing strategy, you may incur capital gains taxes every time you trade. Short-term gains on investments held less than one year incur capital gains at your highest marginal income tax rate. When you hold on to investments for the long term, capital gains taxes may be incurred less often, and the tax rate for long-term gains is generally lower.

The return and principal value of stocks fluctuate with market conditions. Shares, when sold, may be worth more or less than their original cost.

Rather than attempting to actively time the market, try to take your time and let your investments grow over the long term. Learn more about a buy-and-hold strategy and other principles of sound investing at www.retire.hartfordlife.com.

1) Yahoo! Finance, 2008. The Dow Jones Industrial Average is generally considered representative of U.S. stocks. The performance of an unmanaged index is not indicative of the performance of any particular investment. Individuals cannot invest directly in an index. Past performance is no guarantee of future results.
Leave a Lasting Legacy

Contention and confusion shouldn’t be a part of anyone’s legacy. Yet it’s been reported that 64% of Americans have had a problem with a family member over dividing a dead relative’s belongings.\(^1\) Furthermore, 37% of adult children have indicated that they would not easily be able to locate a parent’s important financial documents.\(^2\) And 28% of adult children aren’t sure whom to contact to settle their parents’ estates.\(^3\)

A careful estate conservation strategy can help prevent unwanted conflict and confusion. Whether you need to update your existing estate program or start from scratch, the following documents are essential in order to help preserve your legacy.

**Will**

This legal document can be used to communicate your final wishes for the distribution of your estate among your heirs, as well as to name legal guardians for minor children. A will can help remove uncertainties when a probate court is handling the settlement of your estate. It is a good idea to review and update your will periodically, especially after major family events such as marriage and the birth of a child.

**Trust**

A trust is a legal entity that holds property or assets that will eventually be transferred to your designated beneficiaries. Trusts can be used to help limit exposure to estate taxes, to control how and when your heirs receive an inheritance, and to make the most of charitable donations. There are many different types of trusts. Your personal goals and situation will help determine which one may be appropriate for you.

The use of trusts involves a complex web of tax rules and regulations. You should consider the counsel of an experienced estate planning professional before implementing one.

**Living Will**

This document can be used to outline the types of medical procedures you would want (or not want) to be used to sustain your life. You can specify which types of medical procedures you would be willing to undergo in the event of a chronic illness or disabling accident.

**Durable and Medical Powers of Attorney**

These documents enable you to appoint a person to make financial and medical decisions on your behalf should you become incapacitated. The person you designate acts as your agent to help ensure that your wishes are carried out.

If you have a family and own assets, estate conservation is crucial. These essential documents may help make the difference between a confusing estate situation and the preservation of your legacy.

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\(^1\) *Journal of Financial Planning*, October 2007
\(^2\)–\(^3\) *Registered Rep*, July 1, 2007

52% of older parents “haven’t gotten around” to talking about the location of their assets with their adult children.

Source: *Registered Rep*, July 1, 2007
Take Advantage of a Rollover

U.S. Department of Labor statistics reveal that workers between the ages of 18 and 38 change jobs an average of 10 times. Changing jobs several times in your lifetime can leave a trail of retirement accounts. Keeping track of those assets can become complicated.

An IRA rollover, which allows you to transfer assets from a qualified retirement plan to an individual retirement account (IRA), can help you consolidate several retirement accounts and possibly offer you greater investment flexibility. In fact, IRA rollovers have been driving the growth of IRA assets. In 2002, $204 billion in new IRA assets was the result of rollovers.

Reasons to Roll

When leaving a job, some workers may elect to take a cash distribution from their employer-sponsored retirement plans. This decision can be costly, though, because it will trigger income taxes and an additional 10% federal income tax penalty if the worker is younger than age 59½. The plan administrator is also required by the IRS to withhold 20% of the funds for income taxes.

If you roll retirement plan assets directly into an IRA, you can maintain the tax-deferred status of the funds as well as avoid paying current income taxes and penalties. Distributions from traditional IRAs and most employer-sponsored retirement plans are taxed as ordinary income.

An IRA rollover may also allow you to expand your investment options. Typically, IRAs offer a wider selection of investments than most employer-sponsored plans. IRAs also offer more flexibility. You can change your investment profile as often as you like, and the investment options generally don’t change as they may in an employer-sponsored plan.

If you have changed jobs several times during your career, you may have assets spread across many different retirement accounts. With an IRA rollover, you can consolidate multiple accounts in a single IRA, which may make it easier to keep track of your retirement savings.

After setting aside pre-tax money for retirement in an employer-sponsored plan, it would be unfortunate to risk losing track of those assets or to give up their tax-deferred status. An IRA rollover can help you easily manage your retirement savings.

1) About.com, 2006
2) Employee Benefit Research Institute, 2007

IRAs on the Rise

The percentage of total retirement plan assets held in IRAs has more than doubled over the past two decades.

Source: Employee Benefit Research Institute, 2007
Get Real!

American economist Milton Friedman once said that “Inflation is the one form of taxation that can be imposed without legislation.” Although the effects of taxes on investment returns can be obvious, inflation can be equally damaging to the value of your investments. Both work in concert to rob your portfolio of its value.

Inflation is the overall increase in the price of goods and services over time. Its effects may be gradual, but the result is nothing to disregard. Consider that what cost $100 in 1978 would now cost $338. Over the long term, inflation can pose a real threat to your retirement savings and purchasing power, so it’s important to project the dent it could put in your desired retirement lifestyle.

In order to understand the extent to which taxes and inflation undermine your investments, you can factor in their effects by calculating the real rate of return. Using the example provided, you will notice that a hypothetical $10,000 investment earning a 6% return and taxed at 25% during a period of 4% inflation would have a real rate of return of only 0.48%.

Taxes and inflation can be an investor’s biggest foes. Know thine enemies by using this worksheet to calculate your real rate of return.

<table>
<thead>
<tr>
<th>EXAMPLE</th>
<th>YOU</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Initial investment</td>
<td>$10,000</td>
</tr>
<tr>
<td>2. Rate of return</td>
<td>6%</td>
</tr>
<tr>
<td>3. Amount earned (line 1 x line 2)</td>
<td>$600</td>
</tr>
<tr>
<td>4. Federal marginal income tax bracket</td>
<td>25%</td>
</tr>
<tr>
<td>5. After-tax return [line 3 – (line 3 x line 4)]</td>
<td>$450</td>
</tr>
<tr>
<td>6. Net value of account after taxes (line 1 + line 5)</td>
<td>$10,450</td>
</tr>
<tr>
<td>7. Inflation rate</td>
<td>4%</td>
</tr>
<tr>
<td>8. Value of account after inflation and taxes [line 6 ÷ (1.00 + line 7)]</td>
<td>$10,048</td>
</tr>
<tr>
<td>9. Real rate of return [(line 8 – line 1) ÷ line 1]</td>
<td>0.48%</td>
</tr>
</tbody>
</table>

This hypothetical example is used for illustrative purposes only. Its performance is not indicative of any particular investment.

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Retirement programs can be funded by group variable annuity products (HL-14991; NY & FL; HL-14973; HL-15811; HVL-11002 and HVL-21002 series; HVL-14000; HVL-14001; HVL-20000; HL-17402; HL-14848; HL-17402; HL-15420 with Rider HL-16957) and group variable funding agreements (HL-16553 and HL-16553 (NY)), as applicable, issued by Hartford Life Insurance Company (Simsbury, CT). Group variable annuity contracts are underwritten and distributed by Hartford Securities Distribution Company, Inc., where applicable. Retirement programs can be funded by group fixed annuities (HL-19799) issued by Hartford Life Insurance Company (Simsbury, CT) and can also invest in mutual funds through custodial accounts.

You should carefully consider the investment objectives, risks, charges, and expenses of the mutual funds or The Hartford’s group variable annuities, group variable funding agreements, and their underlying funds before investing. This和其他 information can be found in the fund’s prospectus, which can be obtained from your investment representative. This information can also be found in the disclosure documents (whichever is applicable). To obtain the applicable product prospectus or disclosure documents and the underlying fund prospectus, call 1-800-328-9009. Please read them carefully before you invest or send money.

1) Indexing and Inflation, American Enterprise Institute for Public Policy Research, 1974

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