Weathering the Storm:

Reacting to the current financial climate

Stay calm in the face of an emergency. That is the rule of thumb in pretty much every situation in life, and it applies just as well to retirement planning in a stormy economy. The first reaction of many in these circumstances may be to jump ship. In response to the turbulent waters of today's financial markets, many investors consider or take the path of selling their assets that have experienced losses and taking refuge in safer assets such as government bonds or other investments with strong guarantees.

Keep an eye to the horizon

It is important to stay focused. Identify your goals and keep in mind you are investing for the long term. No investor can consistently predict when, or by how much, securities markets will rise and fall. Account values will, of course, fluctuate with market conditions and are subject to change.

So, trying to "time the market" can easily backfire for investors, who may end up buying "high" and selling "low," which is the opposite of what anyone wants to do.

Reacting to market downturns by abandoning your long term strategy can have a significant impact. As the following chart illustrates, had you invested $10,000 in the securities included in the S&P 500 Index on December 31, 1996, your investment would have grown to $17,280 by June 30, 2008 – an average annual total return of 5.62%. In contrast, had you pulled your money out of the market during one of the low points of that 11½ year period, you could have missed out on most (or even all) of the investment gains in the S&P during the period. If you missed the market's 10 best single days of that period, your 5.62% average annual total return would have withered to 0.72%. What's more, had you missed the market's 20 best days, your average total return would have plummeted to -3.02%.

Missing the market's best days can be a costly mistake

(12/31/1996 – 6/30/2008)

Investment period	Average annual total return	Growth of $10,000
Fully invested	5.62%	$17,280
Missing the 5 best days	2.94%	$13,366
Missing the 10 best days	0.72%	$10,748
Missing the 15 best days	-1.20%	$ 8,860
Missing the 20 best days	-3.02%	$ 7,360

This chart is for illustrative purposes only. Performance shown is historical index performance and not illustrative of the specific performance of any fund. The figures assume the reinvestment of all dividends.

Source: Commodity Systems Inc. via Yahoo.com; Bloomberg, September 2008.

Past performance is historical and cannot predict future results. There are risks of fluctuating prices and uncertainty with regard to rates of return and yield inherent in investing. The S&P 500 is an unmanaged index of the common stock prices of 500 widely held U.S. stocks. An investor cannot invest directly in an index.

Stay the course

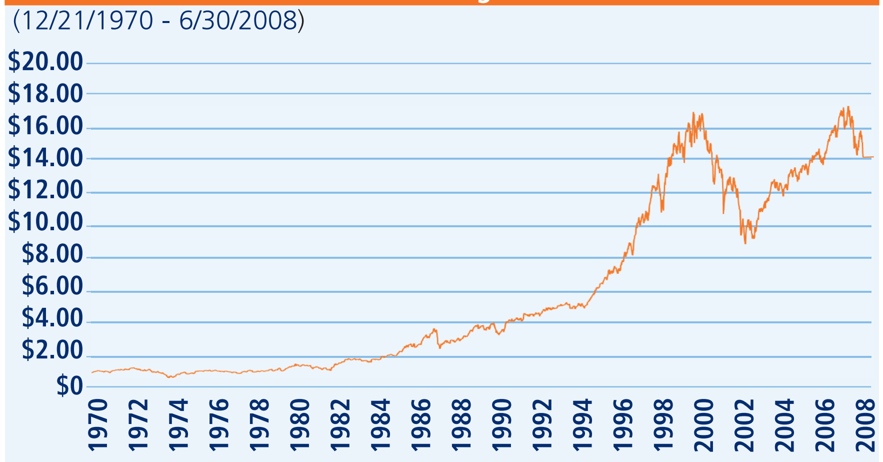
When it comes to investing, risk is part of the equation. Michele Gambera, a PhD and Chief Economist at Ibbotson Associates, points out that price fluctuations are common in investing, and that a diversified portfolio is the first line of defense against market volatility (Michele Gambera, "Ibbotson Analysis of Recent Market Turbulence", January 22, 2008). A disciplined asset allocation, focused on long-term risk and return tradeoffs that are appropriate based on an investor's investment time horizon and risk tolerance, will enhance an investor's likelihood of meeting his or her investment goals.

For those with a sufficiently long investment horizon, and a tolerance for market risk, riding out the storm can pay off.

The following chart shows how one dollar invested in the S&P 500 Index at the end of 1970 and left alone until June, 2008 (an expanse of time that witnessed the 1973 Arab oil embargo, the financial panic of 1987, and the September 11 terrorist attack in 2001) would have grown to $14.13* during those years. This illustrates historically the potential of remaining in the market for the long term.

* Only includes market growth; does not take inflation into account.

S&P 500 Index Growth of $1 Including Reinvestment of Dividends



This chart is for illustration purposes only and represents a hypothetical investment in the S&P 500 Index. Such an illustration does not represent the performance of any ING product. Index performance assumes reinvestment of all income. The S&P 500 is an unmanaged capitalization-weighted index of 500 stocks designed to measure performance on the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. An investor cannot directly invest in an index. However, this index accurately reflects the historical performance of the represented assets. Investing involves risks of fluctuating prices and the uncertainties of rates of return and yield inherent in investment.

Source: Commodity Systems, Inc. (CSI) via Yahoo Finance, September 2008.

Don't go overboard

As tempting as it might seem to reach into your retirement savings to get through these challenging times, the drawbacks outweigh the benefits. Hardship withdrawals and loans against your retirement savings account are some of the choices you have, but you should understand the long term effects of these short term solutions. Hardship withdrawals can only be taken under certain circumstances, incur tax liability and often require fees. With a loan, you take a portion of your retirement money out of your account for some period of time, and thus miss out on the potential return on the amount borrowed. Loans also may impact your withdrawal value and limit participation in future growth potential. Plus, if you default on repayment, the money will be treated as a distribution, subject to income tax and possibly an IRS 10% premature distribution penalty tax.

At ING, we are here to help you navigate these uncertain waters and help you develop a long-term investment strategy that is suited to you. Contact your ING representative today to review your personal situation.

Additional Sources:
Martha Hamilton, "Tapping the Retirement Kitty", The Washington Post, January 27, 2008.
Jeanne Sahadi, "The retirement plan turns 25: Save early. Save often. And don't make these gaffes", CNNMoney.com, February 2008.
ING does not offer tax advice. Please consult a tax advisor or attorney before making a tax-related investment/insurance decision.

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