

Rebalancing YOUR PORTFOLIO

As a participant in the company's retirement plan, you are already serious about saving for your future. But whether you are retiring in a few weeks or a few decades you need to protect your investment. A healthy way to do this is to rebalance your portfolio.

What is rebalancing?

Rebalancing is simply readjusting your portfolio back to the original asset allocation that took into account your risk tolerance and your time horizon. Put another way, rebalancing forces you to adhere to your investment strategy.

You rebalance by selling assets that make up too large a proportion of your portfolio and using the proceeds to buy back those that have become too small a proportion. The net effect is to "sell high and buy low." Ultimately, regular rebalancing increases the overall return of your portfolio over time. *[An automatic rebalancing feature might be available to you through your current 401(k) provider; visit your provider's website for more information.]*

Keeping in-check

Financial planners recommend you rebalance at least once a year and no more than four times a year. Consider this a good opportunity to evaluate if your investment strategy is still in-line with your original goals. The start of a new year also means that you can contribute even more to your retirement account (\$15,000 is the new limit for 2006) so consider increasing your deferral amount to further grow your nest egg.

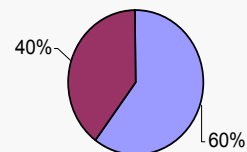
If you have questions, or require further assistance, please contact us at 401khelp@jrnbenefits.com or call us at 805-563-5300 x14

Example:

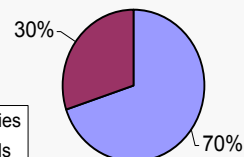
Suppose you enrolled in the plan at the beginning of last year and allocated 40 percent of your portfolio to bond funds and 60 percent to equity funds. Further suppose that when you got your year-end statement, it shows that 70 percent of your assets are in equity funds and 30 percent are in bond funds.

To stay within your acceptable risk level (which is what you determined before entering into the plan), you should sell enough equity funds to bring that back to 60 percent of your assets and buy enough bond funds to bring them up to 40 percent of assets.

Initial Investment Direction



Investment Allocation After One Year



■ Equities
■ Bonds