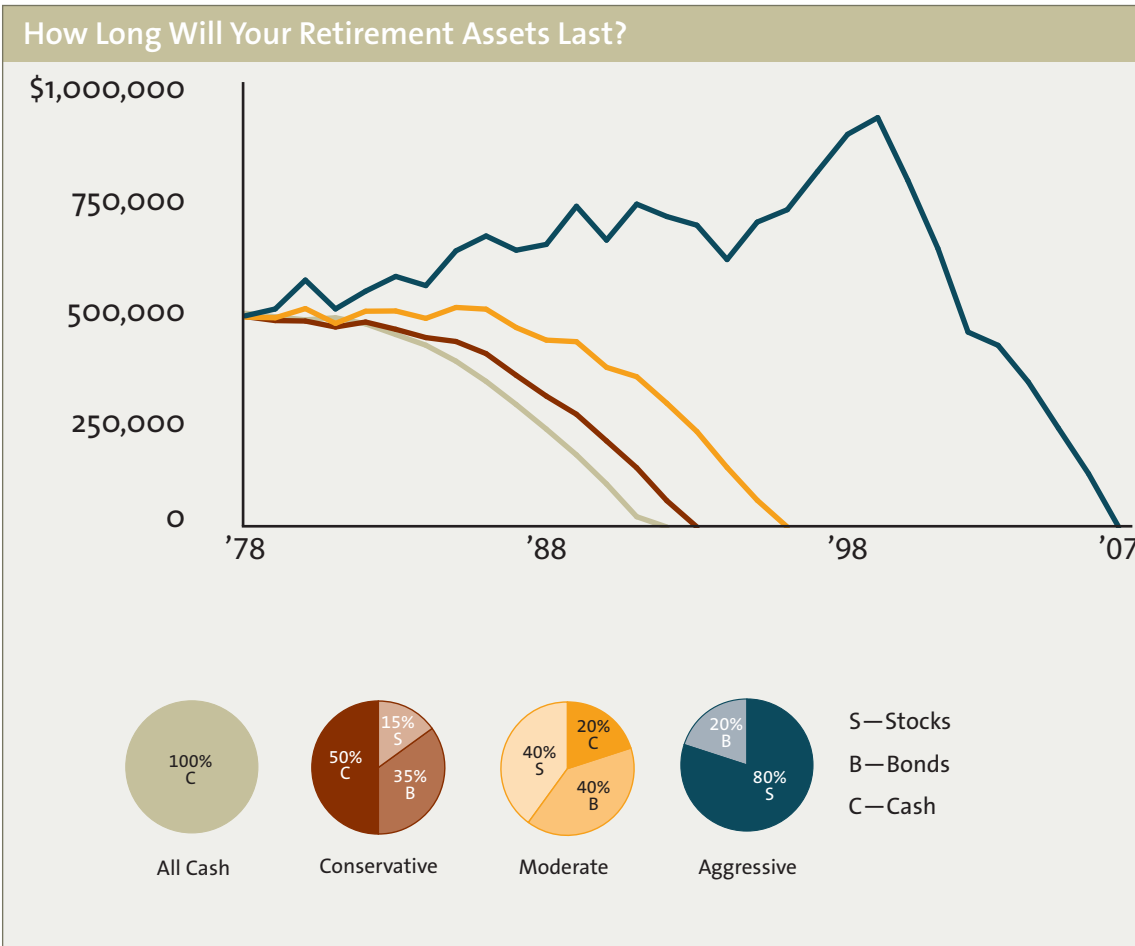


Cash Doesn't Last



Don't forget that retirement has become a long-term proposition. With increased life expectancies, many people must depend on their retirement income for 20 to 30 years or more.



The diversified portfolios would have lasted anywhere from one to 15 years longer than the all-cash portfolio. T. Rowe Price financial planners suggest you invest no more than 20% to 30% in cash during retirement.

Assumes an initial withdrawal amount of 10.2% with a starting balance of \$500,000. The initial dollar amount is increased 3% annually for inflation in subsequent years.

Portfolio performance is based on the actual historical returns of the following portfolios: All Cash = 100% short-term investments (30-day Treasury bills); Conservative Mix = 15% equities (S&P 500 Index), 35% bonds (Lehman Brothers Intermediate Government Index), and 50% cash; Moderate Mix = 40% equities, 40% bonds, and 20% cash; Aggressive Mix = 80% equities and 20% bonds.

The year that the balances equal zero: All Cash, 1992; Conservative, 1993; Moderate, 1996; Aggressive, 2007. Charts shown are for illustrative purposes only and are not intended to represent the performance of any specific security. Past performance cannot guarantee future results. The withdrawal rate is designed to illustrate how long it will take each portfolio to run out of money and is not a withdrawal rate recommended by T. Rowe Price.

The S&P 500 Index tracks the stocks of 500 U.S. companies. The Lehman Brothers Intermediate Government Index is composed of U.S. government bonds with maturities between one and 10 years. Unlike stocks, government bonds and Treasury bills are guaranteed as to the timely payment of principal and interest. Stocks have historically involved more risk than other types of financial assets. Compared with stocks, bonds usually offer a higher, more dependable level of current income, have less capital appreciation potential, and are less volatile in price. Money market securities, such as Treasury bills, usually yield less than bonds but also fluctuate less in price.

Source: T. Rowe Price.

• Not A Deposit • Not FDIC-Insured • Not Insured By Any Federal Government Agency
• Not Guaranteed By Any Bank Or Credit Union • May Go Down In Value

Inflation Is the “Silent” Risk

Investing in stocks during retirement may help counter the long-term effects of inflation.

What Does \$1,000 Really Buy You in the Long-Run?

Year #	Inflation Rate During Each Year of Retirement		
	0%	3%	4%
1	\$1,000	\$971	\$962
5	\$1,000	\$863	\$822
10	\$1,000	\$744	\$676
15	\$1,000	\$642	\$555
20	\$1,000	\$554	\$456
25	\$1,000	\$478	\$375
30	\$1,000	\$412	\$308
35	\$1,000	\$355	\$253

Assuming a 4% inflation rate, in 15 years \$1,000 may buy about 1/2 of what it could buy today. And in 30 years, that \$1,000 may be reduced to about 1/3 of its original value.

Chart: T. Rowe Price.