



Reuter Benefits Group Plan Member Newsletter

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The Impact of Interest Rates on Your Investments

In 2009 many investors have benefited from a market recovery through positive rates of return on their investments. The volatility that we did experience in 2008 has caused many investors to review their portfolios to ensure their investments match their comfort for risk.

Some investors that have a lower risk tolerance may have selected a Guaranteed Investment Account that provides guaranteed growth. Due to the current low interest rate environment investors may find that the rate of interest earned may not keep pace with inflation over the long-term.

Alternatively, many low-risk investors choose Bond/Fixed Income Funds and/or pre-designed Conservative Asset Allocation Funds. These funds contain a significant portion of the portfolio invested in Bonds and a lesser portion invested in Equities.

In periods of increasing interest rates, the value of bond funds can decline in value. This means that the bond portion of portfolios could experience a negative rate of return over the short-term as the economy continues to recover and interest rates rise.

While recognizing that these funds may be negatively affected during times of rising interest rates, it is recommended that investors continue to maintain a diversified portfolio that matches their tolerance for risk and focus on performance over the long-term. Bonds are a valuable asset class and can be an important part of your investment strategy as you prepare for retirement.

If you have any questions regarding your investments, please contact Reuter Benefits at 1-800-666-0142 or retire@reuterbenefits.com for assistance.

