HOW INFLATION CAN IMPACT THE QUALITY OF YOUR RETIREMENT

NO ONE CAN AVOID INFLATION. BUT YOU CAN KEEP YOUR RETIREMENT SAVINGS ON TRACK TO ACHIEVE YOUR INVESTMENT GOALS.

Looking backward can give you a glimpse of what to expect from inflation in the future. In the 1960s, a dollar went much further than it does today. But before you get too sentimental, remember that in 1967 the average American family made $7,143 in income, and the minimum wage was $1.40 per hour. In that same year, an average American home cost $24,600, and a Love Bug (a Volkswagen Beetle) could be had for a mere $1,500.

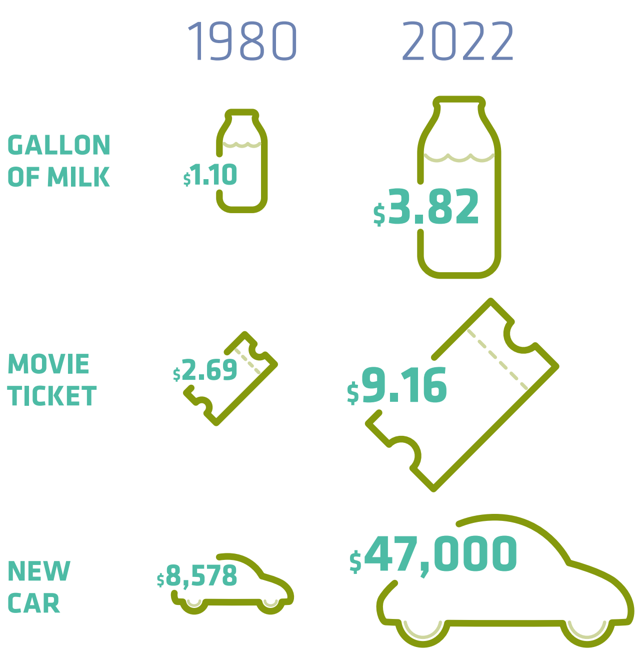
INFLATION CAN'T BE OVERLOOKED

Sometimes, inflation rises quickly—as it did in the mid-1970s. But most of the time, it goes up little by little, which can lull you into not taking steps to avoid the hardships inflation can cause over 10 or 20 years during retirement. So if your money isn't earning more than the rate of inflation, you'll actually be losing part of your nest egg's buying power.

WHAT IS INFLATION?

Inflation is what happens when the same goods and services cost more over time. When you hear the cost of living has gone up—the statement is referring to inflation. Because inflation historically tends to rise, you'll need more money each year just to cover the same purchases.

PURCHASING POWER: YOUR RETURN HAS TO KEEP UP WITH RISING COSTS.[1]



1% < 7.9%

AVG. RETURN ON MONEY-MARKET FUND

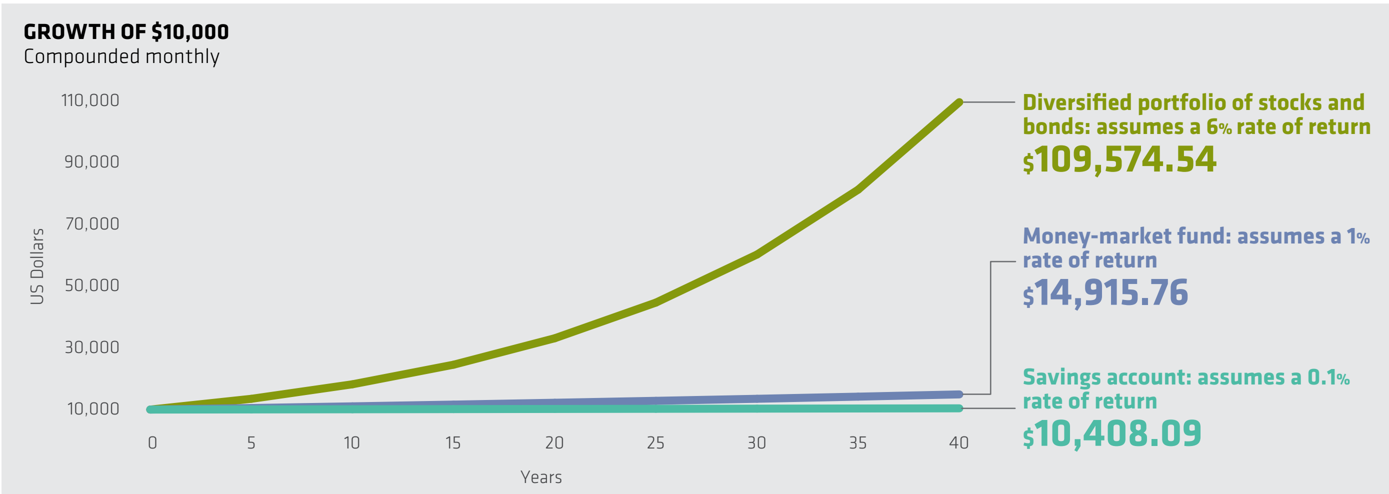
INFLATION

Consider someone who is earning 1% in their retirement account by investing solely in stable value or money-market funds, while the cost of a gallon of milk is rising 7.9% each year. Money-market funds, for example, are very low risk, but offer low potential returns. It's easy to see that this investor is losing purchasing power—and not even keeping up with inflation.

1 Prices in display are averages.

STAYING AHEAD OF INFLATION

Diversification is an important strategy that can help you keep ahead of inflation. It's essential to select a mix of investments that is likely to keep pace with inflation. Bonds, money-market funds and bank savings accounts are generally considered relatively safe places to put your money, but they may not provide enough growth to beat inflation. And over a retirement time horizon of 10, 20 or more years, being too safe can be a risk. Consider incorporating stocks and other investment types, as well, to add a sensible level of growth potential to your portfolio.



WHAT CAN I DO NOW TO STAY AHEAD OF INFLATION IN RETIREMENT?

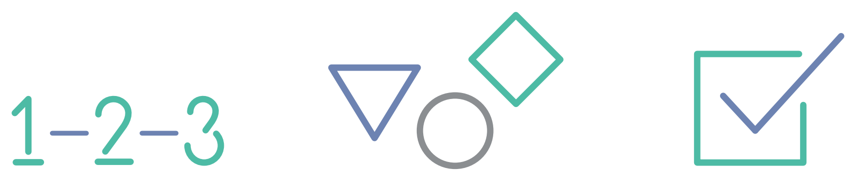
Consider your company's target-date fund. Target-date funds include a broad mix of different investment strategies that adjusts as you near retirement—automatically. These strategies can help reduce sensitivity to market, interest-rate and inflation risks in a portfolio. Diversifying against these risks can improve overall outcomes. Target-date funds are also designed to grow and preserve your nest egg over the course of your retirement time horizon. This diversification helps combat all types of investment risk, including inflation.

A target-date fund typically has a date in its name—this is called the fund's "target date." The target date is the approximate year when you expect to retire and begin withdrawing from your account.

TARGET-DATE FUNDS

The three most important things to remember about target-date funds are that they are simple, they provide diversification that changes over time as you approach retirement, and they are constructed by professional investment managers.

TARGET-DATE FUNDS ARE:



SIMPLE DIVERSIFIED EFFECTIVE

Investing in target-date funds does not guarantee sufficient income at retirement or protect against loss of principal. Diversification does not guarantee a profit or eliminate risk.

Investors should consider the investment objectives, risks, charges and expenses of the Fund/Portfolio carefully before investing. For copies of our prospectus or summary prospectus, which contain this and other information, visit us online at www.alliancebernstein.com or contact your AB representative. Please read the prospectus and/or summary prospectus carefully before investing.

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