

ING SPECIAL REPORT

Dollar Cost Averaging

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Simple strategy

Anyone who has ever shopped understands the value of finding a bargain. The problem is, when it comes to shopping for your investments, bargains are a bit more difficult to find.

Timing the market doesn't work. (See ING's Special Report, "Market Timing: The investment technique that doesn't pay" for more information about the pitfalls of trying to time markets.)

There's another technique you can employ. In fact, if you're participating in your employer's retirement program, you're already using it – to help you ride out market highs and lows. **Dollar cost averaging.** It won't guarantee you'll make a profit or prevent a loss, but dollar cost averaging can help you invest in a methodical, regular way. It's a technique used by many investment professionals and individual investors to cushion the effects of wide price swings and lower the long-term cost of investing.

Here's how it works. You've determined your investment strategy – which investments best meet your own long- and short-term goals – and you're ready to invest. With dollar cost averaging, you invest a fixed amount of money on a regular basis. You invest the same amount at the same interval – such as payroll deductions into your retirement plan – whether the market is up or down. When prices are high, you buy fewer shares, but when they're low, you're buying more shares.

The following are a series of hypothetical illustrations and are not intended to imply the performance of any specific investment.

In a rising market, prices are going up and it's ideal, of course, to buy at the beginning. The problem is, no one can predict when a downward trend will start. By using dollar cost averaging, you don't have to worry about whether you were in on the ground floor, because you're always investing the same amount.

RISING MARKET – \$100 PER MONTH INVESTMENT

Share Price	Shares Purchased For:					
	January	February	March	April	May	June
\$ 5	20					
\$ 6		16				
\$ 7						
\$ 8			12			
\$ 9				11		
\$10						
\$11					8	
\$12						7

Total amount invested: \$600

Number of shares purchased: 74

Your average cost per share:

\$8.11 (\$600/74 shares)

Average market price per share:

\$8.50

You save: \$.39 per share

DOLLAR COST AVERAGING

In a falling market, your dollars buy more shares as the price declines...

FALLING MARKET – \$100 PER MONTH INVESTMENT						
Share Price	Shares Purchased For:					
	January	February	March	April	May	June
\$ 4						25
\$ 5				20	20	
\$ 6			16			
\$ 7		13				
\$ 8	12					
\$ 9						
\$10						
\$11						
\$12						

Total amount invested: \$600	Average market price per share: \$5.83
Number of shares purchased: 106	You save: \$.17 per share
Your average cost per share: \$5.66 (\$600/106 shares)	

And, when markets fluctuate, so does the number of shares you're able to purchase with each regular investment.

FLUCTUATING MARKET – \$100 PER MONTH INVESTMENT						
Share Price	Shares Purchased For:					
	January	February	March	April	May	June
\$ 4						
\$ 5	20					
\$ 6			16			16
\$ 7						
\$ 8				12	12	
\$ 9						
\$10		10				
\$11						
\$12						

Total amount invested: \$600	Average market price per share: \$7.17
Number of shares purchased: 86	You save: \$.19 per share
Your average cost per share: \$6.98 (\$600/86 shares)	

It's important to note that these hypothetical examples simply show how a dollar cost averaging strategy can work to your favor in a variety of market conditions, but it's not a guarantee that specific market conditions won't cause your investment to lose value. Dollar cost averaging is a single strategy, not a cure-all, and can't prevent losses in declining and volatile markets. Nor can it help if you decide to sell an investment at the bottom of a price cycle. You should consider your financial ability to continue purchases through periods of low price levels.

But, as a simple, straightforward investment strategy, it's a way to seek lower average share prices and remain invested regardless of market conditions. (See ING's Special Reports, "Asset Allocation: Building the investment portfolio that's right for you" and "Diversification: The spice of (investment) life" and "Model Investment Portfolios" for more information about crafting an investment strategy for your own goals.)

Please feel free to contact your ING representative if you'd like more information about investment basics and strategies. Or, visit us at www.ing.com/us for a wealth of information, including articles, additional special reports, resource information and calculators about how we can help you work toward your own financial goals.

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