

Money Is Tight.



The High Cost of Procrastination

People have many excuses as to why it's difficult to save money. On an economic level, rising food, fuel and health care costs have contributed to lower savings rates nationwide. On a personal level, you may think, "I'll start saving after I get a raise," or, "I'll be able to save once I pay off my student loans." However, it's easier to make excuses than to acknowledge that there will always be some financial barrier to saving money, no matter what your stage in life.

The Need for Savings

It's important to realize that savings are a necessity, along with food, shelter and clothing. Every household should have a cushion of savings in place—generally enough to cover three to six months worth of expenses—in case of an emergency or a sudden loss of income. In addition to savings, it's also a good idea to have investments for those long-term life goals, such as funding a college education, buying a home, and building a nest egg for retirement.

Make Time Your Ally

When it comes to saving and investing, time is often your strongest ally. Take the case of Amy and Sam.¹ Amy began a new job, and at age 25, made the decision to begin investing right away. She committed to saving \$200 a month, every month, until retirement age. Assuming an average annual investment return of 8%, Amy will have amassed \$702,856 by age 65.

Sam, on the other hand, procrastinated. He put off contributing to an investment account until age 40.

compliments of:



Sam tried to catch up, contributing \$400 a month until he reached age 65. His investment also returned an average of 8% per year. But by retirement age, Sam will only have \$382,947 in his account—almost \$320,000 less than the amount amassed by Amy. Over time, Amy ended up contributing \$96,000 to her account, while Sam contributed \$120,000 to his. In his attempt to catch up, Sam contributed 25% more to his account than Amy did; yet her account was worth over 83% more at age 65.

Though the case of Amy and Sam is hypothetical, it does illustrate the power of compounding over time. However, in the real world of investing, time has another advantage. Generally, the more time you have, the more aggressive you can be with your investments. Long-term investors can ride out market cycles, allowing them to invest more aggressively and potentially reap greater returns.

Start Saving Today!

We've provided a Monthly Budget Worksheet on the reverse page to help you begin saving for your goals. Start by writing down your expenditures for one month. Make sure to include every purchase, no matter how small it might seem. Once you write down your expenses, sort them according to the categories listed on the worksheet. This way, you can see exactly where your money is going, and recognize where you can make adjustments to your budget.

At the end of the month, tally up all of your expenses and subtract them from your income. Even if your expenses don't exceed your income, that doesn't necessarily mean your buying habits are under control. Your monthly budget should also include allocations for savings and investments. How much depends on

your needs and goals, but many experts suggest setting aside at least 10% of your income to these categories.

Take the First Step

Balancing your monthly budget is a prerequisite to any sound financial strategy, and it requires strong personal discipline. However, working with a First Investors Financial Services Representative can help. He or she can go over the Monthly Budget Worksheet with you and help you find ways to reach your long-term financial goals. And hopefully this can give you long-term peace of mind that more than makes up for any short-term inconvenience.

For more information about First Investors funds or First Investors Life Insurance Company variable products, you may obtain a free prospectus by contacting your financial services representative, writing to the address on the reverse page, calling (800)423-4026, or visiting our website at www.firstinvestors.com. You should consider the investment objectives, risks, charges and expenses carefully before investing. The prospectus, or in the case of a variable insurance product, both its policy and underlying fund prospectus, contains this and other information, and should be read carefully before you invest or send money. An investment in these products is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

¹ *This illustration is hypothetical and does not reflect the performance of any First Investors product or any other specific investment. It does not reflect the impact of taxes or fees. After applicable taxes and fees, values will be less. Changes in tax rates and tax treatment of investment earnings and applicable tax laws may also impact results.*

MONTHLY BUDGET WORKSHEET

INCOME				
INCOME	Household Income	Take-home pay	\$	_____
		Spouse's pay	\$	_____
		Other Income	\$	_____
	TOTAL INCOME:			\$
EXPENSES	Household	Rent/Mortgage	\$	_____
		Utilities	\$	_____
		TV/Phone/Internet	\$	_____
		Clothes/Laundry	\$	_____
		Other	\$	_____
		Subtotal:		\$
	Food	Groceries	\$	_____
		Weekday lunch	\$	_____
		Dinner out/Takeout	\$	_____
		Other	\$	_____
		Subtotal:		\$
	Transportation	Auto loan/lease	\$	_____
		Auto insurance	\$	_____
		Maintenance	\$	_____
		Gas	\$	_____
		Public Transportation	\$	_____
		Subtotal:		\$
	Health/Dependent Care	Health care/Co-pays/Rx	\$	_____
		Self care (toothpaste, aspirin, etc.)	\$	_____
		Dependent Care (daycare, education, etc.)	\$	_____
		Subtotal:		\$
	Debt	Student Loans	\$	_____
		Credit Cards	\$	_____
		Other	\$	_____
		Subtotal:		\$
	Miscellaneous	Entertainment	\$	_____
		Gifts	\$	_____
		Other	\$	_____
Subtotal:			\$	_____
TOTAL EXPENSES:		<i>Add up all subtotals</i>	\$	_____
Net Surplus/Deficit:		<i>Total Income - Total Expenses</i>	\$	_____
Savings Goal:		<i>Roughly 10% of income</i>	\$	_____

Financial Services With A Personal Touch

First Investors has been serving the needs of investors since 1930. Through the Great Depression, World War II, numerous recessions and bull and bear markets alike, we have remained committed to our mission—helping our clients reach their financial goals. Today, we offer a wide range of financial products and services, including mutual funds, annuities and life insurance. We pride ourselves on delivering financial services with a “personal touch.” Your First Investors Financial Services Representative is a licensed professional who will take the time to learn about your current financial situation and future goals in order to assist you with your financial needs.



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