COLUMBIA THREADNEEDLE INVESTMENTS

Grow assets to achieve financial goals

Q&A

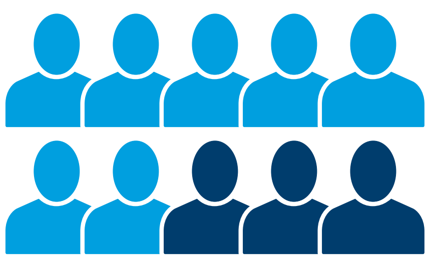
- What is the first step toward achieving my financial goals?
- How do I know how much I need to invest to achieve my goals?
- What is the biggest obstacle to reaching my goals?
- With all my other financial obligations, how can I set aside money for my dreams?

Q: What is the first step toward achieving my financial goals?

The first step toward growing sufficient assets to achieve your financial goals is to identify them. Primary goals may include:

- Retiring comfortably
- Building an inheritance
- Paying for a wedding
- Buying a house
- Funding a college education

Most investors have multiple financial goals, each with a different time horizon, so prioritizing them is essential. How far into the future do you envision reaching each goal? You likely have some short-term goals (those you wish to achieve within five years) and some long-term goals (those that are more than 15 years away). Putting a specific timeline around each goal will help put your needs into perspective.



The **Employee Benefit Research Institute's** *2022 Retirement Confidence Survey* finds **7 in 10** **AMERICAN WORKERS** **feel confident** in their ability to **retire comfortably.**

Source: EBRI Retirement Confidence Survey, 2023.

Next, with the help of your financial advisor, assess how much money you will need to satisfy each goal. A financial advisor can help you determine how much you will need to save, as well as the mix of investments that can best help you reach your target. The advice of a financial advisor is extremely valuable in helping you construct and diversify an investment portfolio tailored to your personal risk tolerance and time horizon. And mapping out a plan that targets specific dollar amounts will help you feel empowered and keep you focused for the long term.

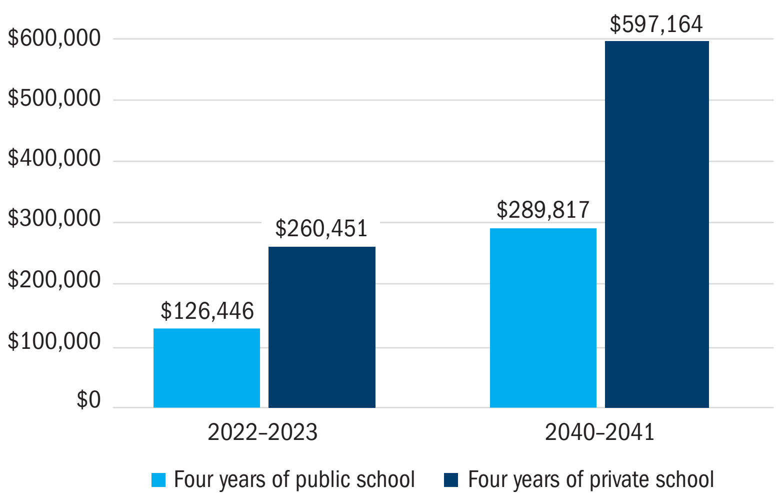
Q: How do I know how much I need to invest to achieve my goals?

No two people have the exact same goals or tolerance for risk. What's right for one person may not work for another. Let's consider two major goals: paying for college and funding a comfortable retirement.

Paying for college

Whether you are looking to fund an education at a public university or a private institution, the cost of education seems to be heading steadily upward. The sooner you start planning and saving, the better. College costs generally increase at about twice the rate of inflation, from 5%–8% each year.

The rising cost of education*



*All costs represent four years of enrollment, beginning in the specified year. Costs for a student matriculating in 2022–2023 represent tuition, room, board, books and supplies, transportation and other costs of the 2022–2023 school year for four-year public (in-state) and private universities. The projected costs assume current cost plus a 5% inflation rate and that the student will matriculate in 18 years. Data is sourced from nces.ed.gov.

A financial advisor can help you understand the features and advantages of college savings vehicles and will work with you to find the best investment options to help you achieve your goal.

Funding a comfortable retirement

Workers who are not confident about their financial security in retirement plan to retire later, on average, than those who express confidence.

What's comfortable for one person may not be comfortable for another. A general rule of thumb, however, is that you will need anywhere from 65%–90% of your preretirement yearly income to live comfortably in retirement. If your retirement expenses will include a monthly mortgage payment, building a dream home or frequent travel, you may need to consider the higher end of this range. People are also living longer these days, so your retirement savings may need to last 30 years or more.

The return on your investment portfolio will depend on market performance and inflation, as well as factors such as your asset allocation and diversification. Work with your financial advisor to make sure that your investments are allocated appropriately for your risk tolerance and for the number of years you have left until retirement. Also remember that you will not stop investing the moment you retire; rather, your investments will need to continue to work for you throughout retirement.

Q: What is the biggest obstacle to reaching my goals?

Once you have prioritized your goals, established time horizons and targeted specific dollar amounts, market volatility is perhaps the most significant variable that stands between you and the realization of your goals. Investors often react emotionally to market volatility, making irrational investment decisions out of fear and anxiety. We witnessed the potential devastation that volatility can cause in investors' portfolios during the market downturn of 2008 and 2009, and the ripple effects continue today.

In a rising-rate environment, it's natural to worry about the ups and downs your portfolio may face. Because of this volatility, you may be feeling more risk-averse than ever before.

While you can't prevent volatility in the market, you can choose investments that help you cushion the impact of market downturns. It's important to stay focused. Don't pull out of a long-term investment — one intended to help fund your retirement, for example — based on emotion. Short-term market turbulence does not necessarily spell disaster for your long-term holdings. By diversifying your investments, balancing risk and committing to a long-term plan, you can help avoid many pitfalls that commonly plague investors during uncertain market environments.

Q: With all my other financial obligations, how can I set aside money for my dreams?

Some people plan to invest "what's left" after all their expenses are paid. The problem is that without careful planning, there may not be anything left. Instead, pay yourself first by making automatic transfers from your checking account to a designated investment account. Following these simple tips will help:

Take advantage of dollar-cost averaging
This means that you contribute the same amount of money to your investment account on a regular basis. This approach is simple, because you don't have to make new investment decisions each month. Plus, it can help reduce the risk of trying to pick the best time to invest and, over time, the average cost of your shares will likely be lower than the average price of those shares.

Identifying and prioritizing your financial goals is the first step in making them a reality. Consult with your financial advisor to construct a diversified portfolio tailored specifically to your risk tolerance and time horizon.

Effects of dollar cost averaging with $1,000 monthly contributions

Month	Contribution ($)	Share price ($)	Shares purchased
1	1,000	25.00	40.0
2	1,000	27.00	37.0
3	1,000	22.00	45.5
4	1,000	17.00	58.8
5	1,000	26.00	38.5
6	1,000	32.00	31.3
Total	**6,000**	**149.00**	**251.0**

In this hypothetical example, average price per share = $24.83 ($149 ÷ 6). Average cost per share = $23.90 ($6,000 ÷ 251).
The investor paid $0.93 less per share on average. Dollar cost averaging does not ensure a profit or protect against loss.

Save more as your salary increases
The next time you get a salary increase or bonus, dedicate some or all of it to your investment account — before you get used to having the extra money.

Contribute for as long as possible
Investing is a good habit — one that you don't want to break. So pay yourself first and invest as much as you can for as long as you can.

Investing smarter for the world you want

At Columbia Threadneedle Investments, we invest to make a difference in your world, and the wider world. Millions of people rely on us to manage their money and invest for their future; together they entrust us with $587 billion.* Whatever world you want, our purpose is to help you achieve it. We do this by being globally connected, intense about research, having a responsible ethos and a focus on continuous improvement.

To find out more, call **800.426.3750**
or visit **columbiathreadneedleus.com**.

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*Source: Columbia Threadneedle Investments as of September 30, 2023.

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