(NAPS)—With an economic downturn that has led to major declines in retirement confidence, American workers’ find themselves facing numerous dilemmas about what they need to do to recover financially. The 10th Annual Transamerica Retirement Survey found that only 10 percent of workers are now “very confident” in their ability to fully retire with a comfortable lifestyle. While workers still place a high value on 401(k) plans, some may have lost sight of their retirement goals as the financial markets declined and made investment decisions that were inconsistent with their desired objectives.

The Transamerica survey found many opportunities for people to improve their chances for a secure retirement by better educating themselves about the basics of saving and investing for retirement. You may already be familiar with 401(k) plans; however, it never hurts to remind yourself of their purpose and usefulness, along with understanding the tools and options available to help you reach your retirement goals. The following is intended to refresh your memory, and in some cases serve as the first lesson.

**ADVANTAGES OF SAVING IN A 401(k)**

401(k) plans make saving for retirement easy, and by contributing to a 401(k) plan, you are paying yourself first. This is because contributions are automatically deducted from your paycheck on either a tax-deferred or after-tax basis. In addition, your employer may also offer a matching contribution—free money—to help further increase your retirement savings.

Most workers understand the importance of saving for retirement. However, research conducted by the Transamerica Center for Retirement Studies found that 68 percent of workers agree they do not know as much as they should about retirement investing. The following terms may help you gain a better understanding of retirement investing:

- **Inflation**: Inflation describes how the general price of goods and services tends to increase over time, decreasing the purchasing power of your dollars. It is important to invest and grow your retirement savings to ensure that you can overcome this challenge and meet your future financial needs in retirement.

- **The Power of Compounding**: Earning interest on interest, reinvesting dividends and capital gains boosts your overall retirement savings. It is the power of compounding along with continuously contributing to your retirement plan that causes a small amount to grow to a large balance.

- **Dollar Cost Averaging**: Contributing to a 401(k) allows you to automatically invest your retirement savings on a set schedule. Investing a set amount on a regular schedule allows you to average out the cost of the shares purchased over time. It means you are buying less of an investment when prices are high and more of the same investment when prices are low, in regular intervals.

- **Diversification & Asset Allocation**: Ever heard the saying “Don’t put all your eggs in one basket”? The investment term for this concept is called diversification. The movements of financial markets are difficult to predict. Having your retirement savings spread among different types of investments with varying degrees of risk reduces the possibility of having it concentrated in a poor-performing sector or fund.

**SEEK HELP**

Remember that you are not alone. There are plenty of resources available: your plan provider, a personal financial planner, and retirement-related books, media and Web sites. Even if you have already developed a plan and have a general grasp of your goals, it may still be helpful to have a reputable third party review your plans.

For more information, please visit www.transamericacenter.org.

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**About Transamerica Center for Retirement Studies**

The Transamerica Center for Retirement Studies (“The Center”) is a non-profit corporation and private foundation. The Center is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third-parties.

**About the Tenth Annual Retirement Study**

This survey was conducted online within the United States by Harris Interactive on behalf of Transamerica Center for Retirement Studies between December 16, 2008 and January 13, 2009, among 3,466 full-time and part-time workers. No estimates of theoretical sample error can be calculated; a full methodology is available.

**About Harris Interactive**

Harris Interactive is a global leader in custom market research. With a long and rich history in multimodal research that is powered by our science and technology, we assist clients in achieving business results. Harris Interactive serves clients globally through our North American, European and Asian offices and a network of independent market research firms. For more information, please visit www.harrisinteractive.com.

1 Full- and Part-time; 18 years and older and work at for-profit companies with 10 or more employees.
2 Compounding does not guarantee a profit or protect against a loss.
3 Dollar cost averaging does not guarantee a profit or protect against a loss.
4 Asset allocation and diversification do not assure or guarantee better performance and cannot eliminate the risk of investment losses.