

Is there a cost to borrowing from your 401(k)?

401(k) loans appear to be a quick and easy solution to short-term financial needs. After all, it's your money to begin with, right? The interest rates are favorable and the principal amount plus interest goes back into your 401(k) account.

Sound too good to be true? It can be. The real cost of a 401(k) loan is when the borrower does not consider all factors affecting a loan, like the following:

- Funds that are loaned are not invested in your VIP/Savings Plan, so this money will not appreciate in value during the term of the loan. Interest is paid on the loan, but it's paid with your own after-tax dollars, so it's hard to think of it as investment income.
- Participants are often tempted to stop making before-tax 401(k) contributions while they're repaying their loan. This gap can cost you two ways: 1) You will pay more in income taxes [before-tax 401(k) contributions reduce your taxable income]. 2) You lose out on potential retirement savings for your future financial security.

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Ask Our Expert

A 401(k) account is designed to help build retirement savings. According to Shannon King of Ernst & Young, a leading firm in the financial planning industry, "Make sure you consider all sources before deciding on a 401(k) loan. For example, a home equity loan may have better tax consequences (the interest could be tax deductible) than a 401(k) loan. Rates or payment terms may be more favorable through a bank or special agency, such as those that provide education loans."

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Act On It

If you need to consider borrowing from your 401(k) account you can model different loan scenarios by visiting the 3M Savings and Retirement Benefits Internet site at <http://resources.hewitt.com/3M> (for access from the Internet). Or access this site from iSite, the Human Resources intranet site found at <http://intranet.mmm.com/iSite>. At the iSite home page, click on Your eTasks.

Get Ready for Tax Time

Now that you have your 3M W2 or 1099 forms in hand, it's time to think about how to prepare for that April 15th deadline. Tax season doesn't have to cause stress if you start getting organized now.

Be prepared. The key to an anxiety-free experience is to get organized. Have all your receipts and records compiled and in order, and get to know the basics for declaring and itemizing, whether you leave your tax return filing to an accountant or tax specialist, or tackle the job of filling out the paper work and filing yourself.

Use a checklist. There are a number of helpful web sites offering tax preparation tips, as well as modeling tools and worksheets to help with your tax filing questions or concerns. H&R Block's site found at <http://www.hrblock.com> gives you a checklist for compiling your personal tax documents. The site also provides tax planning tips to get you thinking about how the borrowing, spending and investment decisions you make this year can impact your tax bill well before your filing deadline in 2002.

Get your questions answered. The Internal Revenue Service offers a tax-assistance phone line. The IRS line at 1-800-829-1040 (toll free) will connect you to a live tax specialist who can answer detailed questions on tax return preparation. If you prefer to do the research yourself, the IRS web site found at <http://www.irs.gov> gives you information to answer just about every question you could ask on federal income tax issues. The site also offers all the forms and publications you will need to file your 2000 taxes. All documents can be downloaded and printed free of charge.

Do the math, then do it again. Once you have prepared your worksheet or finalized your tax forms, remember to check and recheck your figures before you put that envelope in the mail. It can save you in time, resources and penalties. According to Jeff Schnepfer, author of "Unlucky 7: top taxpayer mistakes" the Internal Revenue Service reports that errors in addition and subtraction are the No. 1 mistake taxpayers make. All returns are examined for mathematical errors. Mistakes in arithmetic or in transferring figures from one schedule to another result in an immediate correction notice.

*—Jeff Schnepfer's article, as well as other tax-related information can be found on MoneyCentral at MSN.com
<http://moneycentral.msn.com/home.asp>*

Keep up the momentum. As an on-going resource, 3M's new financial planning *HelpLine* at 1-800-345-0697 (toll free) is available at no cost to all 3M employees from February 5 to December 31, 2001. The *HelpLine* is staffed by certified financial planners from Ernst & Young, 3M's financial education partner. These financial professionals are available to answer questions on a variety of financial issues, including income tax planning, investing, budgeting and retirement planning.

NOTE: Because April 15, 2001, falls on a Sunday, your tax returns must be postmarked by midnight on Monday, April 16.

Money management for today: discovering where your money goes, outlining your financial goals and developing a financial plan

For much of your life you've probably heard all the lessons around managing your money. As a child, you were taught to save your allowance for something special. As a youth, you learned lessons involving experience with terms such as "impulse buying" and "cash poor." Now, as an adult, you just might be realizing that money management involves a life-long education.

For many of you, your money management education may start with simple planning. Whether you're a beginner, or are more intermediate-to-advanced, the following steps, from "Ernst and Young's Financial Planning Guide," can help you create, or re-create, your own personal financial strategy. These simple steps can help you with the money management issues you face today, and can make a difference in your financial future.

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The "Ernst & Young's Personal Financial Planning Guide, *Third Edition*" is a comprehensive guide and resource for information on taking charge of your finances and planning for a financially secure future. The guide contains tips and investment strategies for making sound financial decisions. It also provides tools for sizing up your situation, determining your needs, and designing a plan to meet your financial goals. (*Ernst & Young, 3M's financial education partner, publishes a variety of educational reference books and workbooks for personal financial management. The "Ernst & Young's Personal Financial Planning Guide, Third Edition" can be found through a number of outlets, such as Barnes & Noble and Border's bookstores, or on-line through Internet sites like <http://www.amazon.com>.*)

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Determine your current financial position. Taking a look at where your money comes from and where it goes is important to your overall financial planning. Looking at your cash flow (income minus expenses) and net worth (assets minus liabilities) will help you see where you're starting from.

Set future goals. Think about where you want to be, financially speaking, in the future. As you begin to see how you'd like your future to add up, you can then define your goals and begin to map out a process for achieving them.

Develop a plan. This step may include setting both short-and long-term goals, and finding out how the benefit programs available to you as a 3M employee can help you achieve your goals. Whether you use a program on your computer, or you sketch it out on paper, the important thing is to create a plan that will help you meet your financial goals, then follow through.

Make a budget. A budget serves as a guide for how to spend your money. Once you define your budget, the keys to success are consistency and discipline, because even the best-designed budget is worthless if you ignore it.

Review your progress. Financial needs can change as your personal life situation changes. And, the actual performance of financial markets can shift you away from where you thought you were headed. Regular reviews of your financial plan will help you stay on track to meet your goals.

Get financial planning assistance. As of March 5, 2001, Ernst and Young, 3M's financial education partner, has begun to conduct a series of workshops designed to help you with your retirement financial planning and investment goals. These workshops will help you understand your current financial position and how to achieve your future goals.

All workshops are available at no cost to all 3M employees, and are offered as part of the 3M Financial Education Program. To find a schedule of workshops and instructions for registering, go to <http://3M.eyfinancialplanner.com>. (You can also access this Internet site from iSite, the Human Resources intranet site, at <http://intranet.mmm.com/iSite>. From the home page, click on "Hot Links.")

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Financial Planning HelpLine at 1-800-345-0697: Throughout 2001, you can contact a qualified financial planner by phone to get answers to your questions on a variety of personal financial issues, such as insurance, retirement planning and investments. (You also use the HelpLine to register for a financial planning workshop.)

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Determining your money personality

Do people describe you as a “penny pincher” or “big spender” when it comes to money matters? Does money burn a hole in your pocket, or do you save it all for a rainy day? Determining your money personality will help you understand how your approach to money can help or hinder your efforts in meeting financial goals.

Understand your relationship with money

Think about your relationship with money. Is money merely your means to an end? Does your sense of security come from seeing a large savings account balance? Do you think about money all the time, or ignore it altogether? How you handle your relationship with money is, in essence, your money personality. It's what makes you act or react, and what drives the outcomes you choose in financial situations. Once you have a sense for your money personality, you can begin to develop a successful financial plan that best suits your unique relationship with money.

A good place to start this money sense and sensibility exploration is to keep a log of your spending over a specified period of time. A one-month record will give you a good snapshot of your relationship with spending or saving.

Keep a diary

Journaling has long been a method used to understand physical, mental and emotional patterns. It's also quickly becoming a popular tool prescribed by financial planners to help you understand your financial patterns. As you record purchases, make notations on why you purchased a certain item. Note your situation, or even emotions, as you make a purchase. Is the item something you need, something you want, or something you could do without? If you make this purchase now, will you forfeit something more desirable or necessary in the future?

As you review your journal, you can discover how your relationship with money is driven. You might note you spend when feeling lonely or depressed, or save out of fear or guilt. Emotions can have strong bearing on how your money personality causes certain behaviors in financial situations. Recognizing this can help you determine if you need to change your money habits, and adapt a spending or saving pattern that leaves you feeling more secure about money-motivated decisions.

Explore your inner money-manager

In *Our Money, Ourselves*, authors C. Diane Ealy and Kay Lesh help you dig into your patterns and experiences with money. Although this book is geared toward women's traditional attitudes around money matters, the authors cover a lot of self-help-style ground that can be useful for anyone who is interested in, or concerned about, connecting their spending habits to their overall relationship with money.

Susan Orman's 9 Steps to Financial Freedom covers the importance of recognizing individual nature around money management. Orman instructs readers to think about what they want their money to do for them, and then to set financial goals. Orman notes that everyone's goal is financial security, but we have different perspectives in defining what *security* means. If you're a great saver, your financial security might be wrapped up in a well-funded savings account. Your goal could be to ensure the financial security of your children by opening a savings or trust account in their names. If you're a big spender whose idea of financial security is to get out of debt, you might choose a debt-consolidation goal, combining current debt into one account with a lower payment, and using the additional funds to start or build your savings. Whatever your money personality happens to be, by setting goals and planning, you can find the means to get on track toward becoming more financially secure.

Seek professional help

When you're ailing, you see a doctor. When your car needs a tune-up, you see a mechanic. Where do you go if your financial situation needs a boost? There are many financial services and providers available to you. The Internet can put you in touch with thousands of resources and tools at the click of a mouse button.

3M makes a number of resources and tools available to help you enhance your financial well being. A good place to start is the Financial Planning HelpLine at 1-800-345-0697 (toll free). A qualified financial planner can answer questions about establishing a budget, setting financial goals and other aspects of your personal financial situation. For information on resources, [see page XX](#).

The key, once you have determined your money personality, is to set goals, follow a plan, and find the right financial program, exercise or activity that's tailored to keep you focused on your own, unique vision for financial security.

April Stemwinder

Additional Financial Article/Promo Ad #2

(to accompany "Determining your money personality" second to last paragraph in that article references the page on which this resource list can be found – can you please supply the page number?)

3M's intranet and phone resources:

Connecting you with professional financial guidance directly from your desktop

3M recognizes that financial well-being is a priority for employees, and uneasiness around money matters can become a major stressor in employees' work and home life environments. 3M is committed to optimizing employees' well-being. As part of this commitment, the Company will provide employees with programs, resources and tools to help them realize their goals for a more financially secure future.

Here's a summary of resources that will be available in 2001 and beyond.

- **Financial Planning HelpLine at 1-800-345-0697:** You can contact a qualified Ernst & Young financial planner by phone to get answers to your questions on a variety of personal financial issues, such as insurance, retirement planning and budgeting.
- **Financial planning workshops:** These workshops, led by qualified financial planners from Ernst & Young, will help you learn how much money you'll need to retire and what you can do today to build a secure retirement. Workshops will be held at or near most 3M U.S. locations from March through June. They will also be offered via 3M TV in May and June. Starting in July, workshops will be geared for those employees who will need to make a retirement Portfolio choice later this year (salaried, union-free employees hired or rehired before 2001). A schedule for upcoming workshops can be found on the Internet at <http://3M.eyfinancialplanner.com>. You'll need to pre-register for a workshop by calling the Financial Planning HelpLine at 1-800-345-0637.
- **mPower web-based financial modeling tool:** mPower is an investment advisor registered with the U.S. Securities and Exchange Commission (SEC), which has developed a powerful online tool that offers you direct, customized information on how much to save for retirement and how to invest your savings. mPower can recommend investment strategies for your retirement savings. If you decide to accept mPower's investment suggestions, you can even direct the system to implement your new VIP fund elections automatically! mPower will be available in late April. Watch for a link to mPower on the 3M Savings and Retirement Benefits Internet site at <http://resources.hewitt.com/3M>.
- **Q&A Forum on iSite:** Accessible from the home page of iSite, the Human Resources intranet site, at <http://intranet.mmm.com/iSite>, you can get answers to frequently asked questions about the 2001 retirement Portfolio choice. You can also submit your own questions regarding 3M's Total Retirement Program.
- **FutureSaver:** FutureSaver is an easy-to-use retirement and financial planning software tool that is customized for the 3M VIP, GESPP and Pension Plan. This software helps you plan for decisions such as how much to contribute to the GESPP, how to invest your VIP contributions and when to retire. You will need to download FutureSaver software from the 3M Savings and Retirement Benefits Internet site at <http://resources.hewitt.com/3M>, and install it on your computer before you can start using it.

Credit & Debt: understanding the basics

Nearly everybody owes somebody something sometime by way of money, goods or services. You might be fairly adept at using debt to build your credit. Or is it that you're better at using credit to build your debt?

Debt is a choice you make to defer payments on something you want or need immediately. In return, you pay a person or business a little extra money (by way of a finance charge) to buy the added time to pay for that something in full. *Credit* is the reputation you build for handling your debt.

If only the continuous credit-debt cycle were as simple as running a tally down at the corner grocery store. Managing to build your credit without being overcome by your debt is more complicated in today's world. Knowing a few basics can help you make current decisions that positively affect your future finances.

Credit scoring

Did you know you that your credit is being graded? By assigning numerical values to pieces of information in your credit history, credit bureaus can produce a cumulative credit score. This score (your grade) is an important part of your credit and money management reputation. It is a figure that sums up your credit worthiness, at least in the eye of a prospective lender.

According to the article, *Credit Scoring* by Chris Cruise, the most widely used credit scoring model was devised by Fair, Isaac & Co. (FICO). Once the details of your credit history have been assigned point values, those points are calculated, giving you a FICO score. This FICO score is used by lenders to determine whether to approve or deny your application for a loan or credit card.

A low score can mean that you won't get that loan or credit card. It can also mean that you'll receive a loan, but at a greater interest rate than someone with a higher FICO score. A lower FICO score might also mean you'll have to settle for a secured credit card with a limit based on the amount of money you're required to place into an account.

FICO scores generally range from 375 to 900 points, but these numbers mean little on their own. They become meaningful within the context of a lender's loan guidelines. According to the *CBS MarketWatch* web site, at <http://marketwatch.consumerinfo.com>, average FICO scores fall into the 620 to 650 point range. A score within this range would probably make you a favorable borrower to potential lenders.

Managing reasonable debt

Effectively managing your debt is the key to maintaining a higher FICO score. But how you balance a reasonable debt level while continuing to build credit is also an important aspect in the way your credit worthiness is viewed.

What is a reasonable debt? As suggested by *CBS MarketWatch*, reasonable debt is achieved by ensuring your non-mortgage debt payments do not exceed 10-15% of your take home pay each month.

If a large portion of your income is already committed to paying off other debts, a lender might wonder if you'd have trouble handling an additional financial burden, even if you have a higher FICO score.

Maintaining reasonable debt takes planning and perseverance. Once you sit down to create a budget plan, and make the commitment to follow through, you might find that keeping a reasonable level of debt will soon give you extra funds to invest, or to build your savings. It will also provide you with more opportunities for securing the best possible loan terms when the financial need arises.

Take action: 3M resources can help

3M's Financial Education Program has been designed to help you with situations like planning and budgeting.

Financial planning workshops are available to you and a guest, through the end of June 2001. 3M pays the full cost of these workshops, which will provide you with a basic understanding of the six-step financial planning process to help you set and meet your goals for financial security. The focus is on retirement planning and investing, however, you'll be able to adapt the process to other financial goals. The workshops are presented by qualified financial planners from Ernst & Young, 3M's financial education provider. A complete workshop schedule can be found on the Internet at <http://3M.eyfinancialplanner.com>, or through iSite, the Human Resources intranet site at <http://intranet.mmm.com/iSite>. From the iSite home page, click on "Hot Links."

You can obtain confidential over-the-phone personal financial counseling by calling The Financial Planning HelpLine, at 1-800-345-0697 (toll free). The HelpLine is staffed by qualified financial planners from Ernst & Young, who can provide you with information on obtaining your credit report and FICO score, along with advice on topics such as retirement planning, investing, estate planning and budgeting. The HelpLine service is available at no cost to 3M employees. You will also need to contact the HelpLine to register for the financial planning workshop of your choice.

The basics of balancing risk & return

Identifying and understanding different kinds of financial risk will help you determine the investments you are comfortable making today, that will yield the return you desire tomorrow.

Identifying risk

Ernst & Young, 3M's financial education provider, outlines five different kinds of risk in their *Ernst & Young Retirement Planning Guide*.

Inflation Risk:

This is the risk that inflation will erode the purchasing power of your investments. In other words, your money is still there in years ahead; it just doesn't buy you much.

Credit Risk:

This is the risk that an individual creditor will not be able to repay a debt. The greater the possibility of the company having a problem repaying debts, the more they have to offer in the form of interest to entice people to invest. If you are willing to assume the risk of nonpayment, you can earn a higher interest rate when purchasing a company's bond.

Interest Rate Risk:

This is the risk that an investment value changes due to changes in interest rates. For example, if you were to invest in a bond, the bond's price and value would drop as interest rates rise.

Business/Market Risk:

Business risk is the risk that the value of an individual business—and the stock it issues—will decline. Market risk is the risk that the entire stock market, or the segment of the market in which you have invested, will lose value.

The Risk of Outliving Your Money:

This is probably the biggest risk retirees face. This is the risk that the money you work so hard to earn, save and invest today, will not provide enough income to last all of your retirement years.

Managing risk

Once you have identified different kinds of risk, you can begin to explore ways to manage the risk in your own financial plan and investment portfolio. When you start looking at how to manage your portfolio's risk, ask yourself a few key questions:

Why am I investing (retirement, house, college education)?

When do I need the money?

How much risk can I handle and still sleep at night?

Answering these questions will give you a guide for investing and a feel for your own tolerance level for the risks involved.

The impact of time on risk

These questions also point out the important role that time plays in managing financial risk. There is a major correlation between time and risk. A general rule of thumb is that the more time you have, the more risk you can assume. For more long-term goals, such as saving for your three-year-old's college education, you might try investing more aggressively. If you want to buy a car next year, you may need to find a very stable place for your money.

Diversifying to balance risk

Along with time, diversification can be an important factor in risk management. Diversifying your portfolio—spreading out investment dollars—across several asset classes (individual stocks, bonds, mutual funds, etc.), gives you a better chance of cushioning against the risks of loss in any one area. Each asset class should fill a particular need in your investment strategy (stocks for growth potential, bonds for income potential and short-term investments for stability). Diversification helps to reduce risk, and may even increase the potential for better long-term results.

How 3M can help

Over the phone

You can obtain confidential over-the-phone personal financial planning and investment counseling by calling the Financial Planning HelpLine at 1-800-345-0697 (toll free). The HelpLine is staffed by qualified financial planners from Ernst & Young, who can provide you with insight on managing your risk within your overall financial plan. The HelpLine service is available, at no cost, to 3M employees throughout 2001.

On-line

You can also use mPower, a new web-based investment-planning tool. mPower is customized specifically for 3M, and can provide you with secure and confidential personalized information to help you track your 3M retirement benefits. The tool also puts you in touch with objective, professional investment advice and information on financial issues that could affect your risk management and investment strategy.

You can access the mPower tool through the 3M Savings and Retirement Benefits Internet Site at <http://resources.hewitt.com/3M>, or through iSite, the Human Resources intranet site at <http://intranet.mmm.com/iSite>. From the iSite home page, click on "Your eTasks," and scroll down to the 3M Savings and Retirement Benefits Internet Site.

In print

In July of 1999, the company distributed the *3M Investment Basics* brochure explaining the fundamentals of designing an investment strategy to reach your retirement income goals. Primarily created for employees enrolled in the 3M VIP and 3M Savings Plan, the brochure outlines various financial and investment topics like goal setting and investment strategy planning, as well as risk management.

If you would like to request a copy, contact 3M FIRST Line through 3M Connections Network at 1-888-611-5500.

Investing for every stage of life

It is never too early or too late to consider what your financial situation will be like during your retirement years. Experts say that the earlier you get started with your investment strategy, the better off you will be when you reach retirement age. It is also important to actively manage your investments once you do retire.

In your 20s and 30s...time is on your side

You should focus on creating income for saving and investing. Eliminate any outstanding school loans, pay off that first car as quickly as possible, and keep credit card balances to a minimum. Then funds are available to invest and build a good savings base for your future.

Jeanne Lee, regular contributor to Money magazine and author of the article *Investing For Every Stage of Life*, points out that because investing may be relatively new to this group, they tend to invest more conservatively when starting out. However, because of a longer investment time line to ride out market volatility, this group can afford to invest more aggressively.

In your 40s and 50s...make the most of your earning power years

People in this age range are considered to be at the peak of their earning potential, with a solid career base behind them and a possible 15-20 more years in the workforce to build on a retirement nest egg.

You can remain fairly aggressive in your investment habits, given your potential time to wait out any market volatility. This might be a good time to reevaluate your financial goals and think about what you really want out of your retirement years.

The traditional rule of thumb that in retirement you'll need approximately 70 percent of what you make now may not suit your goals. According to Lee, many financial advisors are telling clients to assume needing 100 percent of their pre-retirement income because retirement lifestyles are hard to predict. If you have not already done so, you might want to check in with a financial advisor at this stage in your life.

In your age 55-65 years...fine-tune your goals and strategies

This is a good time for you to take stock of what you've built and make any adjustments to your investment strategy if necessary.

Do you have a retirement budget in mind? You might try drafting a budget using your last year's expenses as a guide. Will your 3M pension benefits, 401(k) distributions and other sources adequately provide you with retirement income you want?

Think ahead to your lifestyle goals for retirement, and sit down with your financial advisor to ensure that your budget and investment strategies are on track.

In your retirement years (65 and older)...stay ahead of inflation

Even in retirement you'll want to insure that your money can keep growing to protect against inflation, or those unforeseen events that can be a major drain on your financial reserves. If you are in your sixties at the time you retire, you might possibly need to draw on those funds for up to 40 years.

Jeanne Lee's article suggests that a good investment strategy is to put approximately half your investment money in bonds to pay you income and half in stocks to keep what's left growing. You and your financial advisor or accountant should sit down to figure out a plan that works best for your situation.

How 3M can help

3M provides you with a number of tools and resources to help you manage and meet your investment goals.

mPower

mPower, the Web-based, interactive, investment advice tool offers you personalized information on how much to save for retirement and how to invest your savings. The tool has been personalized to reflect many of your 3M retirement benefits.

You can link to *mPower* from the home page of the 3M Savings and Retirement Benefits in two ways:

- <http://resources.hewitt.com/3M> – for access from the Internet; or
- <http://intranet.mmm.com/iSite> – for access from the Human Resources intranet site. On the home page, click on “Your eTasks,” then select the Savings and Retirement Benefits Internet Site.

Financial Planning HelpLine

This confidential service is staffed by Ernst & Young financial planners who can help you answer questions about your personal financial and investment situation. You can reach the *HelpLine* at 1-800-345-0697, through December 31, 2001.

What does your retirement look like?

Retirement planning is the key to achieving your vision

Retirees are living longer, staying more active, remaining healthier, and even taking on post-retirement careers. These variables can have a significant impact on retirement financial security.

Your best resource for achieving the retirement lifestyle you envision is a solid plan that will act as a roadmap to guide you toward your retirement destination.

According to Ernst & Young's Retirement Planning Guide, there are three variables you need to think about when beginning to secure your retirement income. They are:

- How you envision your retirement (for instance, the lifestyle you want).
- The way you currently spend and save your money.
- How to save and invest for your future retirement income.

How do you envision your retirement?

Imagine your future and understand some of the basic ways life might change as you age. In early retirement you might be more active with hobbies and travel. You might see yourself with a boat or cabin. Maybe you'll want to buy a motor home and tour the country. Later years might bring the need for daily living assistance or increased medical attention.

Your retirement may last 30 years or longer, so you'll need to consider all life events that can impact your financial reserves. Consider all of the activities, interests and possible emergencies that your retirement lifestyle might include and use the many resources and tool that 3M has made available to you for retirement planning purposes, or sit down with your financial planner to work out a strategy for achieving your desired goals.

How do you currently spend and save your money?

Take an inventory of your assets and your liabilities and determine how much you are able to put into savings at this time in your life.

Create a budget using your last year's expenses to gauge what your retirement expenses might be. Look carefully at your spending and saving patterns as you prepare your budget. How much went to every day necessities and how much went toward luxuries? How did you contribute to your 3M VIP/Savings Plan? Did you contribute your maximum allowance? After considering your spending and saving behaviors, you might find an area where you can cut back or boost your financial activity.

To determine your retirement income needs when building your nest egg, the general rule of thumb was that you'd need approximately 70% of your current income to meet your needs during retirement. However, many financial planners now suggest you use 100% of your current income in your budgeting and planning activities. Will your current spending and saving behavior help you meet your retirement income goals?

How will you reach your retirement income goals?

Ernst & Young financial planners believe it's critical for you to have a sound retirement savings and investment strategy to achieve your retirement goals. That means creating a diversified portfolio of investments that yields a total rate of return after taxes that beats inflation by a significant enough margin to grow your nest egg over time.

According to Ernst & Young, the three most important types of financial investments for building retirement income are cash equivalents, bonds, and stocks (also called equities). These assets are all relatively liquid, meaning they can be converted to money fairly quickly. In creating your diversified investment plan, you'll need decide what works best with your tolerance for risk and your time horizon.

Try using *mPower*, the Web-based, interactive, investment advice tool that offers you personalized information on how much to save for retirement and how to invest your savings.

You can link to *mPower* from the home page of the 3M Savings and Retirement Benefits in two ways:

- <http://resources.hewitt.com/3M> – for access from the Internet; or
- <http://intranet.mmm.com/iSite> – for access from the Human Resources intranet site. On the home page, click on "Your eTasks," then select the Savings and Retirement Benefits Internet Site.

Take Further Action:

Call the Financial Planning HelpLine

This confidential service is staffed by Ernst & Young financial planners who can help you answer questions about your personal retirement planning, investing, estate planning and budgeting. The HelpLine service is available at no cost to 3M employees.

You can reach the *HelpLine* at 1-800-345-0697 , through December 31, 2001.

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Have you researched the ways in which the new tax laws can help build your retirement wealth?

What would you do with a little extra money in your bank account instead of in the hands of the Internal Revenue Service?

The recently approved federal tax cut plan may give you more flexibility in your retirement planning strategy. Provided by the tax cuts, are provisions for expanded contribution and benefits limits toward retirement plans. A number of pension reform provisions allow for increased traditional IRA and Roth IRA contribution limits, and changes in the Estate Tax and Gift Tax provisions may also give your retirement income outlook and added boost.

To find out what these changes are and how they might effect your retirement planning, www.Quicken.com is a good resource to get started with your research. The Quicken.com Internet site not only outlines the recent tax cut plan, it also gives you tax information tax tools to aid in your personal financial planning process.

You can also contact the Internal Revenue Service for details on the tax code change. Their Internet site is located at www.irs.gov. For live telephone assistance, call 1-800-829-1040.

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