

## SOUND STRATEGIES

# The benefits of dollar cost averaging

Dollar cost averaging involves investing a fixed amount at regular intervals (regardless of market conditions) rather than a large sum all at once. By doing so, you reduce the risk that you are putting all of your money into an investment at the wrong time – such as when the price is at its highest. By investing a set amount of money periodically over time, this strategy lets you take advantage of market volatility to possibly provide a lower overall cost per unit. It sounds complicated but it's actually a very simple and powerful concept, especially in times of market turmoil.

### How dollar cost averaging works

The following example shows the difference between investing \$5,000 in one lump sum vs. investing regularly over a five-month period.

		Melissa		Joe	
Investment date	Cost per unit	Amount invested	Units bought	Amount invested	Units bought
January 1	\$500	\$1,000	2	\$5,000	10
February 1	\$250	\$1,000	4	\$0	0
March 1	\$200	\$1,000	5	\$0	0
April 1	\$250	\$1,000	4	\$0	0
May 1	\$500	\$1,000	2	\$0	0
Totals		<b>\$5,000</b>	<b>17</b>	<b>\$5,000</b>	<b>10</b>
<b>Average cost per unit during those 5 months .... \$340</b>		<b>Melissa's average cost per unit..... \$294</b>		<b>Joe's average cost per unit..... \$500</b>	

This is a hypothetical example for illustrative purposes only. It is not based on any particular investment. Investments will fluctuate and when redeemed, may be worth more or less than originally invested.

By investing a set amount each month, Melissa is able to buy more units when the cost is low and fewer units when the cost is higher. Although both Melissa and Joe both invested the same amount overall, Melissa's cost per unit is lower when averaged out over the entire five-month period. While this may not be the case every time, dollar cost averaging can be a powerful tool that helps ease the emotional roller coaster of investing and lets you take advantage of market fluctuations.

Not a deposit – Not FDIC/NCUA insured – Not insured by any Federal government agency – Not guaranteed by any bank or credit union – May go down in value

## Available with your variable annuity

The DCA (Dollar Cost Averaging) Fixed Account is available for automatic monthly dollar cost averaging (transfers) of new contributions into the variable investment options over a 6- or 12-month period. Additional contributions made during the original period will be transferred over the remainder of that period.

## More information on dollar cost averaging

- Dollar cost averaging does not guarantee a profit or prevent a loss in declining markets. Since dollar cost averaging involves regular purchases, regardless of fluctuating price levels, consider your ability and willingness to continue to make investments.
- The guarantees provided by the DCA Fixed Account are based on the financial strength and claims-paying ability of Minnesota Life. The guarantees have no bearing on the performance of the variable investment options. It is possible to lose money investing in the variable investment options.
- In the event of a withdrawal or surrender, the amount you receive may be less than your principal, due to the application of a deferred sales charge.
- The DCA Fixed Account is excluded from any automatic rebalancing programs that you may establish.
- The DCA Fixed Account includes a minimum guaranteed interest rate that will apply for the life of the contract. Generally, the minimum guaranteed interest rate is tied to a U.S. Treasury Index and set at the time of purchase. The guarantee varies by product and by state.

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