

INVESTING FOR RETIREMENT INCOME

at Janney Montgomery Scott LLC

Retirement planning is the number one planning concern of investors today. In addition to a plan, investors need to generate income from their retirement portfolio.

Your Janney Financial Consultant can play an important role in helping you determine the right mix of investments to meet your retirement income needs. Described below are some income-oriented investment solutions you can consider when planning for a retirement income portfolio.

Dividend-Paying Stocks

In today's economy, large, high-quality companies paying healthy dividends can be a beneficial source of income in your portfolio. Adding dividend-paying stocks to your portfolio can help to increase diversification, reduce equity volatility, offer opportunities for long-term growth, and provide income you can use in retirement. Companies can declare and pay stock dividends quarterly, semi-annually or annually; something to consider when planning for regular, periodic income.

Both common and preferred stock could be useful to investors seeking retirement income. Preferred stock has a fixed dividend resembling a bond coupon and a fluctuating share price like common stock. There are many different types of preferred stock, with unique characteristics, benefits and risks.

Investors can add dividend-paying stocks to their portfolio through individual equities, managed accounts (such as separately managed accounts or unified managed accounts), unit investment trusts, exchange-traded products and mutual funds, including both open- and closed-end funds.

Since stocks can fluctuate in value, it's important to consider your risk tolerance, your overall exposure to equities and the financial soundness of a company or industry before investing. In addition, a company can choose to suspend, reduce or increase the amount of the dividend payment to shareholders at any time.

Fixed Income

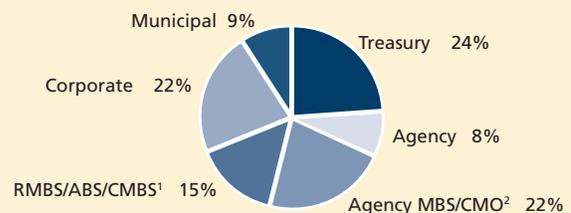
Fixed income securities are a good source of income, and Janney's Investment Strategy Group includes an allocation to fixed income in most of its global asset allocation portfolios. As of December 31, 2009, the U.S. fixed income markets encompassed approximately \$32 trillion in value,

across a broad range of asset classes, as shown in Chart 1.

Both domestic and foreign fixed income investments can provide retirement income in a portfolio—and investors and their Financial Consultants can consider individual bonds, notes and bills, mutual funds, and managed accounts (such as separately managed accounts) to create the fixed income portion of their retirement portfolio.

Chart 1: U.S. Dollar Fixed Income Market Composition

(\$32 Trillion as of December 2009)



¹ RMBS/ABS/CMBS: Residential Mortgage-Backed Securities, Asset-Backed Securities and Commercial Mortgage-Backed Securities.

² Agency MBS/CMO: Agency Mortgage-Backed Securities and Collateralized Mortgage Obligations.

Source: Janney Fixed Income Strategy; SIFMA

Fixed income investments have been a mainstay for investors seeking income and flexibility. Some fixed income investments pay income semi-annually or at other intervals, while others, like zero coupon bonds, pay interest at maturity. And with municipal bonds, investors can benefit from both income and tax-efficiency.

Like stocks, diversification with regard to the type of bond (corporate, municipal, Treasury), the maturity (5, 10, 20, 30 years) and credit quality of the issuer can help to reduce the risk to your principal and provide you with a stable income. Two approaches to fixed income diversification include:

- A bond mutual fund, which is a pool of bonds offered across a wide spectrum of different issuers, maturities, bond characteristics and risk levels. In bond funds, the value of your principal and yield (interest rate) will fluctuate based on prevailing market conditions.
- A bond ladder, which is a portfolio of individual bonds,

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structured with regular maturity intervals, that can provide current income while helping to reduce interest rate risk. Bonds in a laddered strategy mature at specific intervals, returning the original principal back to be reinvested into the prevailing interest rate environment.

Of course, there are also other strategies that investors and their Financial Consultants can consider given the shape of the yield curve, cash flow needs and other considerations.

Individual bonds provide some protection as to the timing and amount of payments as well as return of principal at maturity or in the event of a bond call. However, fixed income markets will reflect fluctuation in price and yield. If you need your assets returned sooner than at maturity, you may have a risk of principal loss—or benefit from a gain—based upon available pricing of your bonds or portfolio.

CDs & Money Market Investments

CDs and money market investments offer income and liquidity to round out a portfolio. While today, yields on money market and CD investments are often lower than those on other investments, they can play an important role in providing income while minimizing risk.

Annuities

Increasingly, investors are finding they have less access to sources of guaranteed income or income that will last for your entire lifetime—such as is available with a traditional pension plan. Annuities can offer you the benefit of guaranteed income, which can last for your lifetime, as well as other advantages.

With recent innovations, annuities are now more flexible than ever. They can help you meet a broad range of financial needs. There are several types:

- **Immediate Annuities** are designed for investors who would like to maximize their income now. They provide an immediate stream of guaranteed cash flow.
- **Deferred Variable Annuities** allow you to participate in the equity markets with a guaranteed income stream that you can receive now or in the future.
- **Fixed Deferred Annuities** provide you with a minimum rate of return and a guarantee of your principal.

Annuities also offer optional features, such as living benefit riders that can provide additional flexibility in how and when income can be taken while helping you to minimize the effects of inflation on your investment. These features can be added for an additional cost when you purchase your annuity.

For some investors, devoting a portion of your assets to an annuity to cover living expenses may make sense. However, it's important to consider that the guarantees offered by insurance companies are solely based on the company's ability to pay claims; so it's important to select a company you trust.

Your Janney Financial Consultant can help you to determine

whether an annuity may be right for you, and can explain the types and features of annuities that may best fit your needs.

Taking a Holistic Approach to Retirement Income

As investors approach and then enter their retirement years, they often have a diverse portfolio which may include stocks, bonds, mutual funds, ETFs, managed accounts, annuities and real estate—among other investments. As retirement becomes a primary concern, reexamining your portfolio holdings and the investments suitable to achieve your goals becomes important. No one investment provides the complete answer to retirement income. It is often a sound strategy to take a holistic approach and use a wide variety of investments and asset classes to generate retirement income.

The process of creating retirement income includes understanding all of your available sources of income; then activating the income that can be naturally produced from your portfolio through stock dividends, bond yields, portfolio rebalancing, sales and automatic withdrawal plans—while managing your income-producing investments as appropriate.

This process can take some work, and your Janney Financial Consultant is here to assist you. Through planning, we can help you assess the potential income available and longevity of your income sources while identifying gaps between income and expenses—and positive steps you can take to address those gaps. We can also help you manage your retirement assets through our comprehensive investment platform. This may be the right time to contact Janney to discuss retirement income options.

Important Disclosure Information

Mutual funds, exchange-traded funds and notes, and other investments are subject to risks similar to those of individual stocks and bonds, and they may not be suitable for all investors. Investment returns and principal value will fluctuate, so that when shares are redeemed, they may be worth more or less than original cost. Past performance is not indicative of future results.

Exchange-traded fund and note shares may only be redeemed directly from the fund by Authorized Participants via Creation Units. There can be no assurance that an active trading market for these shares will develop or be maintained, and shares may trade at, above or below their NAV.

Separately managed accounts: Investing may involve market risk, including possible loss of principal. Past performance is not indicative of future results. For a detailed description of the program's services and fees, refer to the Janney Form ADV Part II disclosure document, available at no charge upon request.

Annuities: Investors should consider the contract and the underlying portfolios' investment objectives, risks, charges and expenses carefully before investing. This and other important information is contained in the prospectuses, which can be obtained from your financial professional. You should read the prospectuses carefully before investing.

Variable annuities are suitable for long-term investing, particularly retirement savings. Annuities are subject to investment risk. Your principal value may decline. Annuity contracts contain exclusions, limitations, reductions of benefits and terms for keeping them in force. Your licensed financial professional can provide you with costs and complete details.

Guarantees are subject to the claims-paying ability of the issuing insurance company.