Welcome

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*Securities and investment advisory services offered through Voya Financial Advisors, member SIPC.
Basic Investment Concepts
An overview of investment types, trends and performance
Investment types

1. Investment Types
   - Stocks
   - Bonds
   - Mutual Funds

2. Market Trends and Investment Concepts
Stocks

- Stocks represent **ownership** in a corporation.
- Potentially make money through dividend payments and/or stock price appreciation.
- Issued by companies of various market capitalization – Large, Medium, Small.
Market capitalization

**Large Cap**
Over $10 billion

**Mid Cap**
$2 billion – $10 billion

**Small Cap**
$300 million – $2 billion

Increased risk from large cap to small cap

These unmanaged indexes are not intended to represent specific mutual funds. Investors cannot invest directly in an index. Individual results may vary to management fees, transaction costs and taxes. Performance figures do not take into account the fees and expenses of investing in mutual funds or variable products. **Past performance is no guarantee of future results.**
What affects stock prices?

- Company performance
- Industry issues
- Economic, social and political factors
- Supply and demand
Growth vs. value

**Growth Stock**
- Revenues and/or earnings grow faster than average company
- High levels of profit growth expected to continue
- Characterized by high price to earnings ratios and below average dividends

**Value Stock**
- Deemed to be undervalued in price; could eventually have their worth recognized by the market
- Characterized by low price to earnings ratios, below average earnings growth rate forecasts, and above average dividends
Bonds

• Bonds are similar to **I.O.U.s**
• Signify a loan to government or corporation
• Potentially generate money through interest payments and rising in value
• Issued by many different entities
• Available in a variety of qualities and maturities
Please note, bonds offered by government chartered corporations carry more risk than U.S. Treasury securities.
## Bond ratings

<table>
<thead>
<tr>
<th>Moody’s</th>
<th>S&amp;P</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aaa</td>
<td>AAA</td>
<td>Highest Quality</td>
</tr>
<tr>
<td>Aa</td>
<td>AA</td>
<td>High Quality</td>
</tr>
<tr>
<td>A</td>
<td>A</td>
<td>Favorable Attributes</td>
</tr>
<tr>
<td>Baa</td>
<td>BBB</td>
<td>Medium Quality</td>
</tr>
<tr>
<td>B</td>
<td>BB</td>
<td>Speculative Elements</td>
</tr>
<tr>
<td>Caa</td>
<td>B</td>
<td>Small Assurance</td>
</tr>
<tr>
<td>Ca</td>
<td>CCC</td>
<td>Poor Standing</td>
</tr>
<tr>
<td>C</td>
<td>CC</td>
<td>Highly Speculative</td>
</tr>
<tr>
<td>-</td>
<td>C</td>
<td>Very Poor Prospects</td>
</tr>
<tr>
<td>-</td>
<td>D</td>
<td>In Default</td>
</tr>
</tbody>
</table>

Please note, bond ratings are subject to change and may be downgraded any time by the ratings agency.
Why do bond prices change?

Changes in fundamentals of issuer

Changes in interest rates
How do interest rates affect bond prices?

<table>
<thead>
<tr>
<th>Current Rate</th>
<th>Bond Coupon</th>
<th>Bond Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.75%</td>
<td>6 ¾%</td>
<td>$1000</td>
</tr>
<tr>
<td>8.00%</td>
<td>6 ¾%</td>
<td>$800</td>
</tr>
<tr>
<td>5.50%</td>
<td>6 ¾%</td>
<td>$1200</td>
</tr>
</tbody>
</table>

The hypothetical investment results are for illustrative purposes only and should not be deemed a representation of past or future results. This example does not represent any specific product, nor does it reflect sales charges or other expenses that may be required for some investments.
Mutual funds

• A collection of stocks, bonds and other equities.

• Managed by a professional investment company

• Have administrative and investment management fees

• Have stated investment objectives, policies and philosophies

• Come in a wide variety of types
Types of Mutual Funds/Investment Objectives

### Fixed Income
- (short, long, intermediate)
  - Government
  - Corporate
  - High Yield
  - Foreign
  - Municipal

### Equity
- Aggressive Growth
- Growth
- Growth & Income

### Sector

### International
- Foreign
- Worldwide
- Emerging Markets

### Money Market
* Generally speaking an investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in money market funds.*
Equity Mutual Funds and Management Style

Size:
- Small Cap
- Mid Cap
- Large Cap

Style:
- Growth
- Value
- Blend

Other:
- Quantitative vs. Fundamental
- Top-Down vs. Bottom-Up
Market trends and investment concepts

1. Investment Types
   - Stocks
   - Bonds
   - Mutual Funds

2. Market Trends and Investment Concepts
Sample portfolio allocations

For illustrative purposes only. This example may not reflect your actual situation. May not be taken as investment advice.

- **Conservative**: Stability of Principal - 40%, Bonds - 40%, Large Cap Value - 10%, Large Cap Growth - 10%
- **Moderately Conservative**: Stability of Principal - 25%, Bonds - 30%, Large Cap Value - 13%, Large Cap Growth - 10%, Small/Mid Specialty - 12%, Global/International - 10%
- **Moderate**: Stability of Principal - 15%, Bonds - 20%, Large Cap Value - 20%, Large Cap Growth - 20%, Small/Mid Specialty - 15%, Global/International - 10%
Sample portfolio allocations

For illustrative purposes only. This example may not reflect your actual situation. May not be taken as investment advice.
No Diversification

When two investments exhibit *parallel movement*, the returns move up and down at the same time and to the same degree.

Risk: Not reduced in a portfolio with no diversification.
Portfolio diversification

Some Diversification

When there is *some similarity* in movement among the returns of two investments, risk is partially reduced when combined into a portfolio.
Portfolio diversification

Complete Diversification

When two investments move in *opposite directions*, the strongest diversification effect will be produced.

Risk: Greatly reduced when both investments are represented in a portfolio, without substantially reducing portfolio expected return.
Diversify between asset classes

• An asset class is a category of funds with similar investment objectives and risk profiles

• Asset class diversification attempts to reduce risk and/or improve return

• Over time, the variance of returns within an investor’s portfolio primarily depend on the invested asset classes vs. individual fund selection

Source: A landmark study, “Determinants of Portfolio Performance,” by Brinson, Hood and Beebower, presented in Financial Analysts Journal (May–June, 1992), and its update in 1996, showed that asset allocation decisions, far more than any other factor, affected the long-term performance of an investment portfolio.
Portfolio performance variations

Factors that explain variation between portfolio performances

- Asset Allocation - 91.5%
- Security selection - 4.6%
- Market timing - 2.1%
- Other factors - 1.8%

Each sample asset class has its own investment return/risk characteristics.
### Asset class winners and losers

<table>
<thead>
<tr>
<th>Year</th>
<th>Small stocks</th>
<th>Large stocks</th>
<th>International stocks</th>
<th>Long-term government bonds</th>
<th>Treasury bills</th>
<th>Diversified portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>37.6%</td>
<td>23.0</td>
<td>33.4</td>
<td>28.6</td>
<td>29.8</td>
<td>21.5</td>
</tr>
<tr>
<td>1996</td>
<td>34.5</td>
<td>17.6</td>
<td>22.8</td>
<td>29.3</td>
<td>27.3</td>
<td>5.9</td>
</tr>
<tr>
<td>1997</td>
<td>31.7</td>
<td>15.9</td>
<td>13.1</td>
<td>21.0</td>
<td>31.7</td>
<td>15.9</td>
</tr>
<tr>
<td>1998</td>
<td>24.2</td>
<td>15.9</td>
<td>11.9</td>
<td>14.8</td>
<td>28.7</td>
<td>11.9</td>
</tr>
<tr>
<td>1999</td>
<td>11.6</td>
<td>5.2</td>
<td>4.9</td>
<td>4.7</td>
<td>8.5</td>
<td>4.9</td>
</tr>
<tr>
<td>2000</td>
<td>5.6</td>
<td>-0.9</td>
<td>2.1</td>
<td>-7.3</td>
<td>1.0</td>
<td>1.2</td>
</tr>
<tr>
<td>2001</td>
<td>-5.2</td>
<td>-14.0</td>
<td>-21.2</td>
<td>-22.1</td>
<td>1.0</td>
<td>1.2</td>
</tr>
<tr>
<td>2002</td>
<td>-15.7</td>
<td>-11.9</td>
<td>-13.3</td>
<td>-13.3</td>
<td>1.4</td>
<td>8.5</td>
</tr>
<tr>
<td>2003</td>
<td>-36.7</td>
<td>-37.0</td>
<td>-38.7</td>
<td>-0.1</td>
<td>8.2</td>
<td>3.3</td>
</tr>
<tr>
<td>2004</td>
<td>-12.0</td>
<td>-33.2</td>
<td>-36.7</td>
<td>-0.1</td>
<td>8.2</td>
<td>3.3</td>
</tr>
<tr>
<td>2005</td>
<td>-11.7</td>
<td>-11.4</td>
<td>-14.9</td>
<td>-4.5</td>
<td>0.1</td>
<td>0.1</td>
</tr>
</tbody>
</table>

Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2014 Morningstar. All Rights Reserved.
Potential benefits of diversification
Charting the growth of $1

This chart is for illustration purposes only and represents a hypothetical investment in the S&P 500® Index. Such a performance does not represent the performance of any Voya™ fund. Index performance assumes reinvestment of all income. The S&P 500 is an unmanaged capitalization-weighted index of 500 stocks designed to measure performance on the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. An investor cannot directly invest in an index. However, this index accurately reflects the historical performance of the represented assets. Investing involves risks of fluctuating prices and the uncertainties of rates of return and yield inherent in investment. Source: Commodity Systems, Inc. (CSI) via Yahoo Finance. * Only includes market growth.
### Staying in the market

#### Missing the Best of the Market (05/20/2004 - 05/19/2014)

<table>
<thead>
<tr>
<th>Investment Period</th>
<th>Avg. Ann. Total Return</th>
<th>Growth of $10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully Invested</td>
<td>5.64%</td>
<td>$17,307</td>
</tr>
<tr>
<td>Missing the 5 best months</td>
<td>1.39%</td>
<td>$11,486</td>
</tr>
<tr>
<td>Missing the 10 best months</td>
<td>-1.33%</td>
<td>$8,746</td>
</tr>
<tr>
<td>Missing the 15 best months</td>
<td>-3.47%</td>
<td>$7,022</td>
</tr>
<tr>
<td>Missing the 20 best months</td>
<td>-5.44%</td>
<td>$5,717</td>
</tr>
</tbody>
</table>

*Past performance is no guarantee of future results.* Performance shown is historical index performance and not illustrative of any specific funds Performance. This is a hypothetical example used for illustrative purposes only. The return figures are based on a hypothetical $10,000 investment in the S&P 500 Index from January 1, 1980 - December 31, 2012. The lump sum investment in common stocks would have reflected the same stocks/weightings as represented in the S&P 500 Index. The example does not represent or project the actual performance of any security, or other investment product. The hypothetical figures do not reflect the impact of any commissions, fees or taxes applicable to an actual investment. The S&P 500® Index is an unmanaged, market capitalization-weighted index of 500 widely held U.S. stocks recognized by investors to be representative of the stock market in general. It is provided to represent the investment environment existing for the time period shown. The returns shown do not reflect the actual cost of investing in the instruments that comprise it. You cannot invest in an index. Standard & Poor's and S&P 500 are trademarks of the McGraw-Hill Companies, Inc. Source: GE Asset Management
Don’t get caught chasing performance

**Chasing performance:** Favoring a fund, stock or anything else because it has performed well recently. Although the grass may always seem greener, historically, a period of above-market performance for a given fund will be followed (eventually) by a period of below-market performance.
Timing the market and your portfolio?

Don’t lose sight of your long-term objectives:

- Overall investment strategy
- Investment horizon timeline (years until retirement)
- Diversification through asset allocation
- Disciplined investing through dollar-cost averaging
Top ten retirement bloopers

1.) You aren’t saving at all for retirement.
Will Social Security subsidize your retirement needs?

2.) You cashed out of your employer-sponsored retirement program or IRA.
Did you pay over 35% in taxes including a 10% penalty?

3.) You aren’t taking advantage of your employer-sponsored retirement program.
Will you forgo the potential tax-deferred growth?

4.) You don’t know the first thing about IRAs.
Do you know IRAs also offer tax-deferred growth?
Top ten retirement bloopers

5.) You assume you’ll need less.
Upon reaching retirement, will your lifestyle change?

6.) You’re not taking advantage of higher savings limits.
Do you know how Pension Reform affects you?

7.) You aren’t diversified.
Have you checked the Top 10 holdings of your investment options?

8.) You didn’t learn from another company’s mistakes.
Is it prudent to invest heavily in employer stock?
9.) You don’t have a smart withdrawal plan.
Will you take a lump sum or opt for a systematic payout option?

10.) You borrowed from your retirement plan when it wasn’t really an emergency.
Do you know you’re missing out on potential market growth while paying yourself back?
Financial roller coaster

Is this cause for concern?

A reflection that market volatility is a way of life?

Most likely, a bit of both.
I lost half my savings in a market slide...

...What should I do?

• Don’t “throw in the towel.” Some consolation for investors: You weren’t alone!

• There’s no “surefire” strategy to becoming wealthy

• We need to come to grips with what happened and plan sensibly for the future
How did we get here?

Gain insight into what’s going on in the marketplace. Questions to ponder...

What type of investments are currently incurring losses in the market?

What diversification would potentially help to offset losses?
Were your stock holdings broadly diversified?

Size       Small-, Mid-, and Large-Cap stocks
Style      Value and Growth
Sector     Retail, Energy, Utilities, etc.
Bond evaluation

Were your bond holdings broadly diversified?

Credit  AAA, AA, A, BBB,
Quality  BB, B or lower
Issuer  Federal/Local Government,
        Private Corporations
Sector  Utilities, Municipalities,
        Private
Getting and staying on track

Check the performance of investment options
Have they measured up to their peers?

Is your portfolio over-weighted in certain areas
Are you only in Large Cap only? Have you considered adding Small Cap, Value Stocks, or Bonds?

Compare the top10 holdings of your investment options
Could they provide proper diversification?
Bear and bull markets

Bear Market: A general decline in the stock market over a period of time.

Examples:
- 1929 Wall Street Crash
- 1973 Oil Crisis
- 2000 Technical Crisis
- 2007 Financial Crisis

Bull Market: A prolonged period in which investment prices rise faster than their historical average as they do in an economic recovery.
The table above shows all of the bear markets since 1928, as defined by Standard & Poor’s. The returns are price returns only, not total returns, and thus do not include dividends. Past performance is no guarantee of future results. Thus, the table should not be taken as an implication of future returns. Rather it should serve as a reminder of the past resiliency of U.S. financial markets. Source: Standard & Poor’s; American Century Investments

<table>
<thead>
<tr>
<th>Date</th>
<th>Duration in months</th>
<th>% Decline</th>
<th>1-year</th>
<th>3-years</th>
<th>5-years</th>
<th>10-years</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 9, 2007 – March 9, 2009</td>
<td>17</td>
<td>-56.8%</td>
<td>68.6%</td>
<td>102.6%</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>March 24, 2000 – October 9, 2002</td>
<td>31</td>
<td>-49.1%</td>
<td>33.7%</td>
<td>54.0%</td>
<td>101.5%</td>
<td>n/a</td>
</tr>
<tr>
<td>July 16, 1990 – October 11, 1990</td>
<td>3</td>
<td>-19.9%</td>
<td>29.1%</td>
<td>56.0%</td>
<td>96.1%</td>
<td>361.9%</td>
</tr>
<tr>
<td>August 25, 1987 – December 4, 1987</td>
<td>3</td>
<td>-33.5%</td>
<td>21.4%</td>
<td>45.7%</td>
<td>93.0%</td>
<td>334.6%</td>
</tr>
<tr>
<td>November 28, 1980 – August 12, 1982</td>
<td>20</td>
<td>-27.1%</td>
<td>58.3%</td>
<td>83.2%</td>
<td>224.5%</td>
<td>307.9%</td>
</tr>
<tr>
<td>January 11, 1973 – October 3, 1974</td>
<td>21</td>
<td>-48.2%</td>
<td>38.0%</td>
<td>55.3%</td>
<td>76.0%</td>
<td>160.8%</td>
</tr>
<tr>
<td>November 29, 1968 – May 26, 1970</td>
<td>18</td>
<td>-36.1%</td>
<td>43.7%</td>
<td>55.8%</td>
<td>30.7%</td>
<td>59.6%</td>
</tr>
<tr>
<td>February 9, 1966 – October 7, 1966</td>
<td>8</td>
<td>-22.2%</td>
<td>32.9%</td>
<td>27.2%</td>
<td>36.6%</td>
<td>41.4%</td>
</tr>
<tr>
<td>December 12, 1961 – June 26, 1966</td>
<td>6</td>
<td>-28.0%</td>
<td>32.7%</td>
<td>58.8%</td>
<td>75.2%</td>
<td>105.4%</td>
</tr>
<tr>
<td>August 2, 1956 – October 22, 1957</td>
<td>15</td>
<td>-21.6%</td>
<td>31.0%</td>
<td>36.8%</td>
<td>41.0%</td>
<td>144.7%</td>
</tr>
<tr>
<td>May 29, 1946 – June 13, 1949</td>
<td>37</td>
<td>-29.6%</td>
<td>42.1%</td>
<td>79.9%</td>
<td>110.9%</td>
<td>322.6%</td>
</tr>
<tr>
<td>March 6, 1937 – April 28, 1942</td>
<td>62</td>
<td>-60.0%</td>
<td>53.7%</td>
<td>96.8%</td>
<td>92.4%</td>
<td>215.3%</td>
</tr>
<tr>
<td>September 7, 1929 – June 1, 1932</td>
<td>33</td>
<td>-86.2%</td>
<td>121.4%</td>
<td>116.1%</td>
<td>262.7%</td>
<td>86.1%</td>
</tr>
<tr>
<td>Average</td>
<td>21</td>
<td>-39.9%</td>
<td>46.7%</td>
<td>66.8%</td>
<td>103.4%</td>
<td>194.6%</td>
</tr>
</tbody>
</table>

The table above shows all of the bear markets since 1928, as defined by Standard & Poor’s. The returns are price returns only, not total returns, and thus do not include dividends. Past performance is no guarantee of future results. Thus, the table should not be taken as an implication of future returns. Rather it should serve as a reminder of the past resiliency of U.S. financial markets. Source: Standard & Poor’s; American Century Investments
Investing through dollar cost averaging

<table>
<thead>
<tr>
<th>Month</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
</tr>
<tr>
<td>Shares</td>
<td>10</td>
<td>20</td>
<td>16.6</td>
<td>12.5</td>
<td>12.5</td>
<td>16.6</td>
</tr>
</tbody>
</table>

Total Investment: $600  
Average Cost per Share: $6.80

Total Shares Purchased: 88.2  
Average Market Price per Share: $7.16

Dollar cost averaging/Systematic Investment plan does not ensure a profit nor guarantee against loss. Investors should consider their financial ability to continue their purchases through periods of low price levels. The hypothetical investment results are for illustrative purposes only and should not be deemed a representation of past or future results. This example does not represent any specific product, nor does it reflect sales charges or other expenses that may be required for some investments.
Versus making a one time investment

### Dollar Cost Averaging/Systematic Investment Plan

<table>
<thead>
<tr>
<th>Month</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment:</td>
<td>$600</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Shares:</td>
<td>60</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>12.5</td>
<td>0</td>
</tr>
</tbody>
</table>

- **Total Investment:** $600
- **Average Cost per Share:** $10.00
- **Total Shares Purchased:** 60
- **Average Market Price per Share:** $7.16 (from previous example)

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Basic Investment Concepts
An overview of investment types, trends and performance
Variable annuities, group annuities or funding agreements are long-term investments designed for retirement purposes. If withdrawals are taken prior to age 59 1/2, an IRA 10% premature distribution penalty tax may apply. Money taken from the annuity will be taxed as ordinary income in the year the money is distributed. An annuity does not provide any additional tax deferral benefit, as tax deferral is provided by the plan. Annuities may be subject to additional fees and expenses to which other tax-qualified funding vehicles may not be subject. However, an annuity does provide other features and benefits, such as lifetime income payments and death benefits, which may be valuable to you.

Variable investments, of any kind, are not guaranteed and are subject to investment risk including the possible loss of principal. The investment return and principal value of the security will fluctuate so that when redeemed, it may be worth more or less than the original investment. In addition, there is no guarantee that any variable investment option will meet its stated objective.

For 403(b)(1) annuities, the Internal Revenue Code (IRC) generally prohibits withdrawals of 403(b) salary reduction contributions and earnings on such contributions prior to death, disability and age 50 ½, severance of employment, or financial hardship. Amounts held in a 403(b)(1) annuity as of 12/31/1988 are “grandfathered” and are not subject to these restrictions. For 403(b)(7) custodial accounts, the IRC generally prohibits withdrawals of any contributions and attributable earnings prior to death, disability, age 59 ½, severance of employment, or financial hardship. For both 403(b)(1) annuities and 403(b)(7) custodial accounts, the amount available for hardship is limited to the lesser of the amount necessary to relieve the hardship, or the account value as of 12/31/1988, plus the amount of any salary reduction contributions made after 12/31/1988 (exclusive of any earnings).

All Guarantees are based on the financial strength and claims-paying ability of the issuing insurance company, who is solely responsible for all obligations under its policies.

You should consider the investment objectives, risks, and charges and expenses of the investment options carefully before investing. Prospectuses containing this and other information can be obtained by contacting your Representative. Please read the prospectuses carefully before investing.
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This presentation/seminar contains information regarding insurance products for sale.