### Disclaimer
The information provided below is for information purposes only - it is not investment advice. If you have any questions about your own personal financial situation, you should consult with a professional financial advisor.

Planning for retirement requires making important financial decisions about your future. As a participant in the Staff Retirement Plan, you must make investment decisions under the **Cash Balance component** and the **Voluntary Savings component**. Here are some things to think about as you “invest” in your future.

| **Investing** | “Investing” is different from “saving.” While saving provides certainty, investing offers the possibility of long-term growth with risk. Your task is to develop an investment strategy for your **Cash Balance component** and **Voluntary Savings component** money geared toward long-term growth for retirement. |
| **Time Horizon** | How many years do you have before you will retire? Generally, the longer the time period until retirement, the greater the amount of risk you can afford to take with your investment strategy. |
| **Risk** | Risk is typically defined as the degree of uncertainty of the return on an asset. Risk is a natural part of your investment strategy. You will need to assume some level of investment risk in order to achieve higher expected long-term rewards. You should consider your risk tolerance (the measurement of an investor's willingness to suffer a decline (or repeated declines) in the value of investments while waiting and hoping for them to increase in value) before changing your investment options. |
| **Diversification** | Spread your investments among several Investment Indexes with different levels of risk. This approach is based on general investment guidance that as one type of investment experiences gains, another may experience losses. In selecting your indexes, you will want to invest a greater proportion in more conservative/less risky indexes as you near retirement age. |
Basic Investment Education

Rebalance

Monitor your account. At least once a year, take a fresh look at your investment mix to see if it still meets your overall investment strategy. If not, move your investments around so they once again meet that strategy. (This is called rebalancing.)

Types of Investments

The Staff Retirement Plan offers investments broken down into four categories:

- **Inflation Protected** – An investment that provides a return that is indexed to a specified inflation rate. These investments provide a low, stable rate of return.

- **Cash & Equivalents** – An investment that invests in short-term securities. Money market and stable value investments that provide a low, stable rate of return. The most common examples of cash equivalents are: Savings deposits, Certificates of Deposit (CDs), money market accounts and money market mutual funds.

- **Bond** – A bond is a loan issued by a government agency or a corporation. Bonds provide a rate of return based on the interest paid. (The stronger the financial health of the organization, the lower the interest rate.) In short, interest rates and bonds work like a see-saw: when rates rise, bond prices tend to fall, and when rates fall, bond prices tend to rise.

- **Equities (Stocks)** – The purchase of stock makes you an owner of the corporation. Rates of return depend on the increase or decrease of the stock price compared to the purchase price and the issuance of dividend payments by the company.

The chart below shows general investment information for the basic types of investment options:

<table>
<thead>
<tr>
<th>Inflation Protected/Cash &amp; Equivalent</th>
<th>Bonds</th>
<th>Equities (Stocks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potentially Lower Risk + Reward</td>
<td></td>
<td>Potentially Higher Risk + Reward</td>
</tr>
</tbody>
</table>
Basic Investment Education

The Bank Cash Balance component offers the following investment options divided below into four categories:

<table>
<thead>
<tr>
<th>U.S. Inflation Protected</th>
<th>Cash &amp; Equivalent</th>
<th>Bonds</th>
<th>Equities (Stocks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Real 3%</td>
<td>• Merrill Lynch USD LIBOR</td>
<td>• JP Morgan Emerging Market Bond Index Plus (EMBI+)</td>
<td>• MSCI EAFE Index</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Lehman Brothers Government/Credit Index</td>
<td>• MSCI Emerging Market Index</td>
</tr>
</tbody>
</table>

The Bank Voluntary Savings component offers the following investment options divided below into four categories:

<table>
<thead>
<tr>
<th>U.S. Inflation Protected</th>
<th>Cash &amp; Equivalent</th>
<th>Bonds</th>
<th>Equities (Stocks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Lehman Brothers U.S. TIPS Index</td>
<td>• Merrill Lynch USD LIBOR</td>
<td>• JP Morgan Emerging Market Bond Index Plus (EMBI+)</td>
<td>• MSCI EAFE Index</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Lehman Brothers Government/Credit Index</td>
<td>• MSCI Emerging Market Index</td>
</tr>
</tbody>
</table>

For specific information on the indexes offered under the Cash Balance and Voluntary Savings components, please select the link below to access the detailed fact sheets.

Net Plan Investment Fact Sheets - [http://go.worldbank.org/M3W0X716S0](http://go.worldbank.org/M3W0X716S0)
Basic Investment Education

Investors generally buy stocks for growth, bonds for income, and keep cash or buy money market securities for safety and liquidity. How you divide your money among these types of investments depends upon your individual goals. Over the long-term, a diversified mix of investments can outperform a very conservative investment in cash and inflation protected options, and at the same time, avoids the higher risk of an all-stock portfolio.

Asset allocation, which means finding the balance of stocks, bonds and cash equivalents, is key to reaching your financial goals. In fact, experts have shown that getting your asset allocation right counts for about 90% of all investment success, far more than picking the right stock or bond. That's good news, because it simplifies the investing process to focus mostly on investing in the correct categories. The following web sites have information which you may find helpful in planning your asset allocation:

AARP – www.aarp.org/money/financial_planning/  
Kiplinger - www.kiplinger.com  
Lipper – www.lipper.com  
Morningstar - www.morningstar.com  
The Motley Fool - www.motleyfool.com  
The Street - www.thestreet.com

Glossary of Financial Terms

**After-tax contributions**
Contributions made to a retirement plan (such as contributions to the Bank Staff Retirement Plan, or a Roth IRA). These are contributions made from the employee’s net income after taxes, there is no reduction in the current taxable income of the participant, as compared to the effect of elective contributions under a 401(k) plan.

**Asset allocation**
Dividing your investments among various asset classes, typically among cash equivalents, bonds, and equities (stocks).

**Asset classes**
A grouping of similar investments or assets into categories or classes, such as stocks, bonds, real estate and international securities. Investments in the same asset class have a distinguishable risk and return pattern. Three major asset classes are cash (cash equivalents or money market instruments), bonds, and equities (stocks).

**Basis point**
One basis point is 1/100 of a percentage point.
Basic Investment Education

Before-tax contributions
Contributions made to a retirement plan (such as a 401(k) or 403(b)) before income taxes are deducted, reducing one's gross income for tax purposes.

Blue-chip stock
Well established financially sound company that has demonstrated its ability to pay dividends in both good and bad economic times.

Bond
A certificate of debt (promissory note) issued for a period of more than one year by entities such as corporations, municipalities, federal, state, and local government agencies. A bond is a loan to the issuer, bearing a stated interest rate, and maturing on a stated future date.

Bonds are debt-based investment instruments. When an investor buys a bond, the investor is lending money to the seller. The seller of the bond agrees to repay the principal amount of the loan at a specified time. A bondholder is, thus, a creditor of the issuer and not a partial owner, as is a stockholder.

Bonds may be issued by government agencies, corporations, or public-private sector partnerships.

Short-term bonds, issued for five years or less from the issuance date, are often called notes. Interest-bearing bonds pay interest periodically. Zero coupon bonds are issued at a discount and pay face value at maturity.

Buy-and-hold investment strategy
A strategy that employs investing with the intention of keeping those holdings for a long time and participating in the long-term success of the underlying securities.

Common stock
A security representing partial ownership in a public or private corporation.

Compounding
When an investment generates earnings on reinvested earnings.

Consumer Price Index (CPI)
An inflation tracker, it is the measure of the price change in consumer goods and services.

Currency Risk
Changes in the value of one currency relative to another.
Basic Investment Education

Diversification
The spreading of risk by placing investments in several different asset classes such as stocks, bonds, and cash or cash equivalents.

Dollar cost averaging
Investing equal amounts of money at regular intervals. The money deducted from your paycheck if you participate in the Voluntary Savings Component is an example of dollar cost averaging. Thus, an average price is obtained which precludes the investor from buying all the shares at the high levels of the market. Caution, dollar cost averaging does not assure a profit or prevent a loss in declining markets. The investor should consider his/her ability to continue investing during declining price levels.

Emerging Market
The financial market of a developing economy.

Equities (stocks)
Shares of stock in a company. Because they represent a proportional share in the business, they are "equitable claims" on the business itself.

Hedge
A protective maneuver; a transaction intended to reduce risk of loss from price fluctuations.

Index
An unmanaged selection of securities whose collective performance is used as a standard to measure investment results. The investment options in the Bank Cash Balance and Voluntary Savings component are examples of indexes.

Index fund
A passively managed mutual fund that seeks to match the performance of a particular market index. Partially due to lower expenses, index funds often outperform the majority of actively managed mutual funds.

Individual Retirement Account (IRA)
A U.S. tax-deferred retirement account set up with a financial institution such as a bank, broker, or mutual fund in which contributions may be invested in many types of securities such as stocks, bonds, money market funds, CDs, etc.

Large-capitalization ("large-cap") stocks
Large caps are stocks of companies whose market value is above a designated minimum, usually in the neighborhood of $10 billion. The stocks in the S&P 500 are examples of Large-capitalization stocks.
Basic Investment Education

**Lump-sum distribution**
A single payment that amounts to the entirety of a retiree's interest in a qualified retirement plan. Severe tax consequences may apply to receiving a lump-sum distribution without retiring (or otherwise being separated from employment).

**Market correction**
A short-term drop in stock market prices. The term "correction" comes from the notion that, when this happens, an overpriced individual stock, market segment, or stocks in general are returning back to their "correct" values.

**Market timing**
An investment strategy based on predicting short-term price changes in securities, which is virtually impossible to do.

**Money market fund**
A fund or account that invests in very short-term, high-liquidity investments. Similar to a savings account, though usually offering better interest rates.

**Mutual fund**
The pooled cash of many shareholders that is invested according to a stated objective, as defined by the fund's prospectus.

**Risk**
Typically defined as the standard deviation of the return on total investment. The degree of uncertainty of the return on an asset.

**Risk tolerance**
The measurement of an investor's willingness to suffer a decline (or repeated declines) in the value of investments while waiting and hoping for them to increase in value.

**Rollover**
Moving all or a portion of tax-deferred retirement plan savings into another plan (e.g., moving Staff Retirement Plan assets into an IRA at termination or retirement).

**Rollover IRA**
A traditional individual retirement account holding money from a qualified plan, such as a 401(k).

**Roth IRA**
An individual retirement account to which contributions are not tax-deductible. Withdrawals from the account are tax-free if you meet certain requirements.
Basic Investment Education

Small Capitalization (“small-cap”) Stocks
Smaller companies worth $250 million to $1 billion. Smaller companies tend to have a higher level of risk and may experience wider swings in share prices.

Standard Deviation
A statistical measure of how returns over time have fluctuated from the mean return. The higher the standard deviation, the more risk in the investment.

The square root of the variance. Standard deviation is a useful historical measure of the variability of return earned by an investment portfolio. In performance measurement, it is generally assumed that a larger degree of dispersion implies that greater risk was taken to achieve the return.

Risk Measurement
Probability of Dispersion
Above or Below the Mean/Average

Volatility
The degree to which an investment’s market value goes up and down over time. A measure of risk based on standard deviation in fund performance over a period, using a scale. A higher volatility indicates higher risk.