INVESTING FOR YOU:

5 CRITICAL QUESTIONS FOR EVERY INVESTOR

People spend a lot of time worrying about finding the "best" investment. They pick a bond, mutual fund or stock and then second-guess themselves on whether they should have picked something different.

Yet the most important part of investing isn't deciding whether to buy Apple or Google; it's about having a strategy to grow your money—in other words, taking time to identify what you want your lifestyle to look like and then creating an investment strategy to help get you there.

Whether you have a little or a lot, managing money brings a lifetime of choices. The most important thing is educating yourself on the opportunities available so you can be ready for whatever presents itself. That's what planning is all about. Learning how to strategically approach investing will help you make the most of your money for your short- and long-term objectives.

Inside you'll find information to help you answer five critical questions:

1. What are your reasons for investing?
2. What are your investment options?
3. What do you need your money to do?
4. How do you feel about risk?
5. How involved do you want to be?

More than **50%** of Americans don't own any stocks or stock-based investments;

21% of those people said they don't know enough about stocks to take the plunge.*

*Source: Bankrate.com, April 2015

Northwestern Mutual®

1. WHAT ARE YOUR REASONS FOR INVESTING?

You may believe that growing your money will be hard or complicated—that you need to be a financial expert or an investment guru to succeed. Not so.

Before you get started investing, you need to decide what's important in your life. In other words, you need to identify your goals and then create a plan for reaching them.

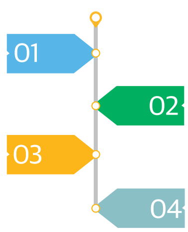
WHY DO YOUR GOALS MATTER?

Very simply, your goals give your money purpose. And the strength of your goals and your commitment to achieving them play a key role in building the life you want. Like a roadmap to the future, they point you to specific action steps, such as setting a budget that empowers you to save and then selecting the right investments that can help make your goals a reality.

HERE'S HOW TO GET STARTED SETTING GOALS

MAKE A LIST

What are the top three to five financial goals you have in your life right now (pay off debt, buy a house, save for your child's education, save for retirement)?



RANK YOUR GOALS

Establish the ranking based on the importance of your goals to you (or to you and your partner/ spouse).

DETERMINE THE COST

Estimate the amount of money you'll need to reach each goal.

CREATE A TIMELINE

Set a time frame for each of your goals that is achievable and realistic. For example, you may want a down payment for a house in two years.

*We've created a **Goal Setting worksheet** for you in the appendix to help you get started.* ▶

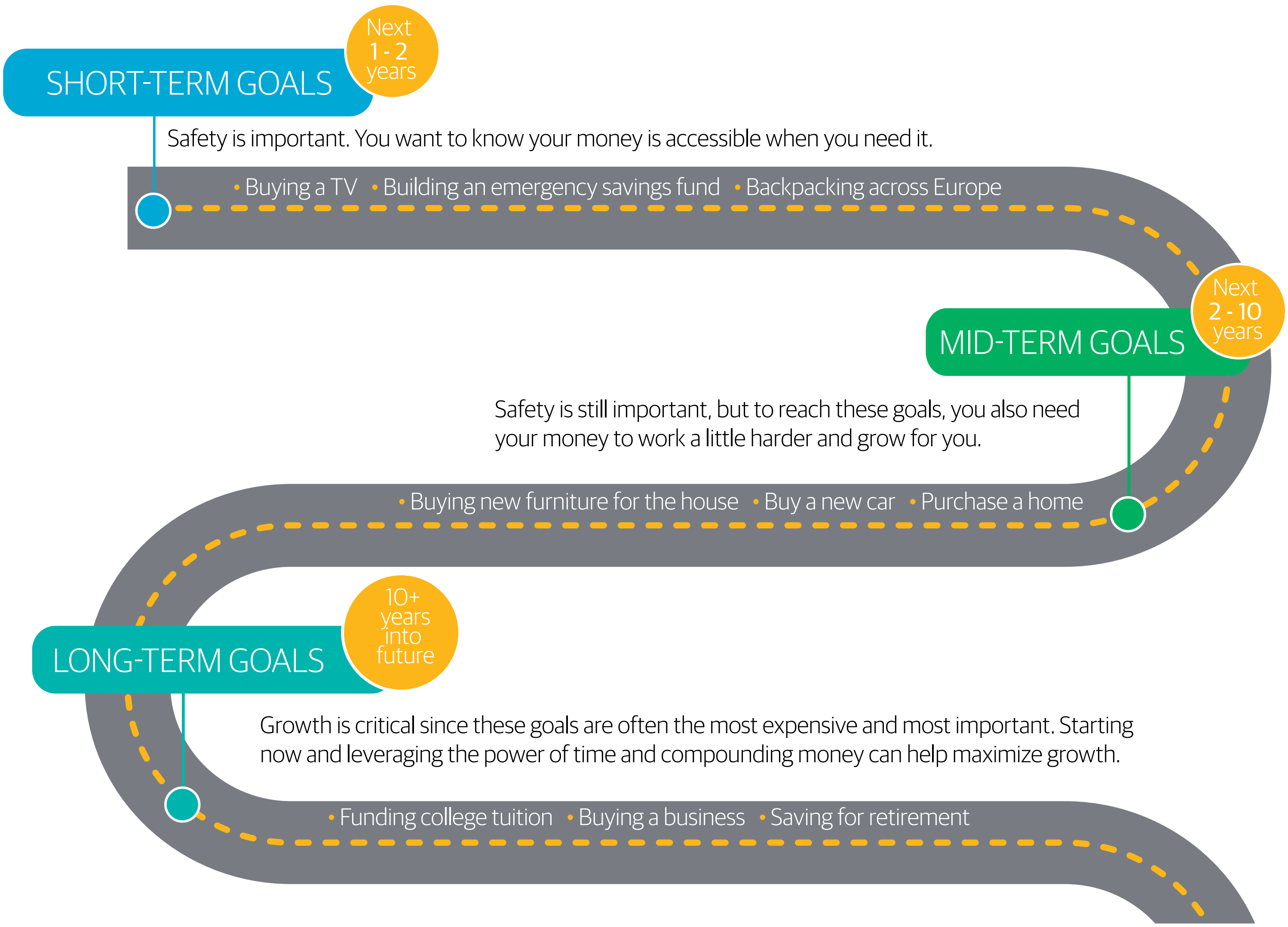
KEY TAKEAWAY

Think big about your life, and set goals that inspire you. Keep in mind that you can work on more than one goal at a time. For example, if you're focused on having a down payment for a house, you can also invest for retirement.

TIME FRAME MATTERS

Having an accurate sense of the time frame for each goal is crucial to developing a plan you can stick with. That's because the time you have to achieve your goals will influence the type of investments you'll want to consider.

HOW LONG DO YOU HAVE TO REACH YOUR GOALS?



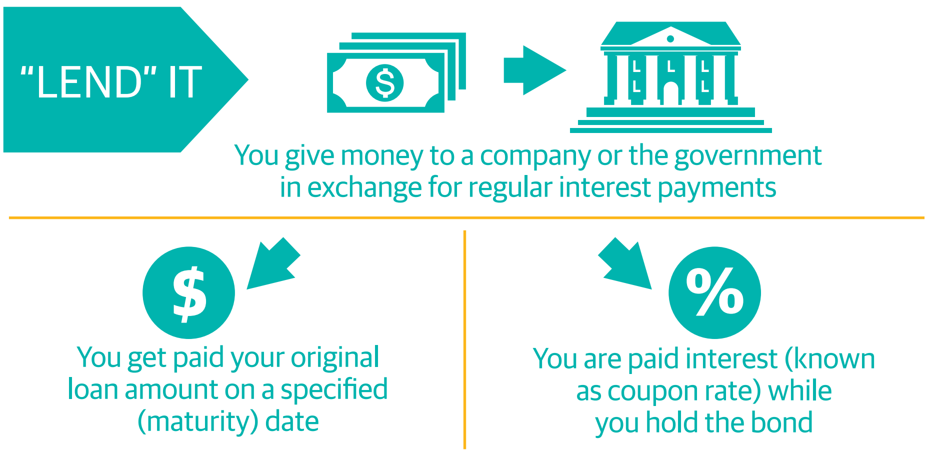
KEY TAKEAWAY

Don't put long-term goals on the back burner. You have more opportunity to take advantage of compounding and to ride out fluctuations in the market.

2. WHAT ARE YOUR INVESTMENT OPTIONS?

How and where you invest your hard-earned money is the second step in developing your investment plan. In general, there are two ways to make your money work for you.

You can "lend" it by buying a bond. In this case, you are providing money to a company or the government. In exchange for your money, they agree to return your money to you on a specified date in exchange for interest payments.



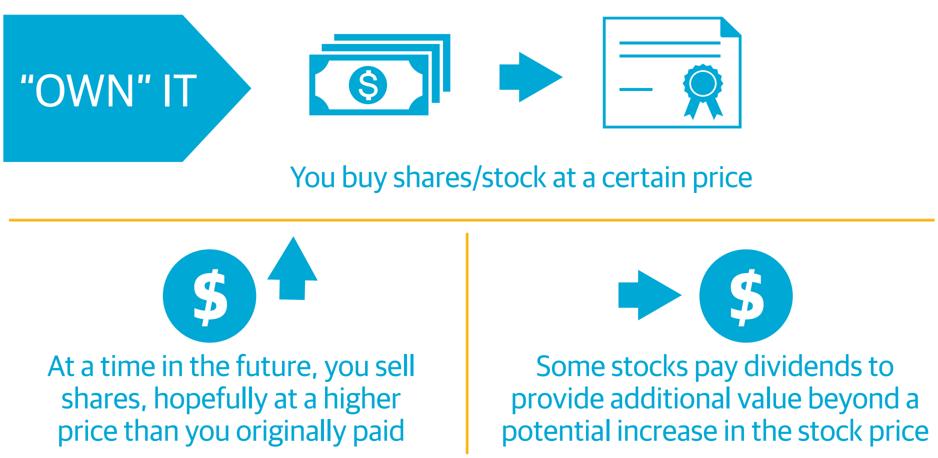
WHAT IS A COUPON RATE?

A coupon rate is the amount of interest a company agrees to pay you for the money "loaned." Coupon rates are based on:

- Interest rates at the time the bond is issued.
- The perceived risk of the issuer's ability to honor its obligations. The higher the risk, the higher the coupon rate.

Bonds are typically viewed as fixed-income investments and as such have been seen as a relatively stable or conservative investment. However, like other investments, bonds can have risk, including the chance that the issuing company cannot pay you back or that market interest rates could increase, meaning that you are being paid less than what is available in the market. That's why bonds have historically provided higher returns than savings accounts and cash alternatives such as certificates of deposit or money market accounts.

You can "own" it by buying stock in a company. In this case, you are buying shares, or partial ownership of a publicly traded company with the hope/expectation that over time the value of the shares will increase.



WHAT IS A DIVIDEND?

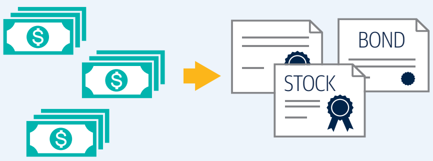
Although not guaranteed, a dividend is your share in the profits of a company you own stock in. You can receive dividends in two ways:

- **Cash**—a certain amount per share you hold is deposited into your account.
- **Stock**—the dividend amount is used to buy more stock with the same company, so the number of shares you own increases over time.

Obviously, stocks can be risky; we've all seen the value of the markets go up and down, typically based on things outside of our control like politics and global events. When buying stock, it's important to know the factors that could impact the price per share. Earnings play a critical role in the value and price of a company's share price as well as well as potential dividend payments. But over the long run, stocks have historically provided greater returns than bonds.

WHERE DO MUTUAL FUNDS AND EXCHANGE-TRADED FUNDS (ETFs) FIT INTO THE STOCK OR "OWN" IT PICTURE?

MUTUAL FUNDS AND ETFs

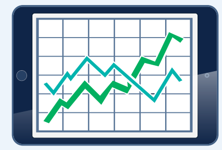


Mutual funds and ETFs allow you to:

- Buy shares of a portfolio consisting of stocks and bonds aimed at meeting an investment objective rather than owning one specific investment.
- Invest in diversified portfolios that pool money of hundreds (if not thousands) of investors at one time to give access to a variety of investments that would be difficult to replicate on your own.

Mutual funds and ETFs offer:

- Different management styles:
  - Mutual funds are actively managed by a full-time, experienced money manager.
  - ETFs can be either managed actively or passively, meaning they do not have a dedicated person managing money. In passive management, the ETF is typically modeled to replicate an index.



Mutual fund and ETF shares:

- Rise and fall along with the value of the underlying investments.
- Are traded differently:
  - Mutual fund trade requests are done at the end of the day, removing any ability to react to real-time market conditions.
  - ETFs can be traded in real time based on current market price.

Investments (stocks, bonds, mutual funds, ETFs, etc.) typically have a transaction fee associated with their purchase, payable through an online brokerage site or through an investment professional. In addition, mutual funds have internal fees and expenses for management of the fund. Below are the most common ways fees are charged:

- **Fund expenses.** Mutual funds charge a fund expense (expense ratio) to cover the cost of professional portfolio management. When evaluating mutual funds, know that the published return for each fund is inclusive of the fees charged. This makes it easier for you to evaluate and compare funds.
- **Loads.** Fees paid to your broker or advisor for selling the fund to you. And the type of share class you purchase dictates how the fees are assessed to your portfolio. Loads work like this:
  - **A front-end load** (Class A shares) is paid out of your initial investment when you buy shares in the mutual fund.
  - **A back-end load** (Class B shares) is paid when you take money out of the fund (sell shares). Back-end load fees are typically based on the value of your portfolio in the fund and the amount of time you've held the funds.
  - **Level loads** (Class C shares) are paid each year and are typically a fixed percentage based on the fund's net assets in the portfolio.
  - **No load:** Some funds do not charge an initial fee to buy shares.

3. WHAT DO YOU NEED YOUR MONEY TO DO?

INVESTMENT GOAL: SAFETY (CAPITAL PRESERVATION)

When your objective is to preserve your funds, you'll want to evaluate investments that offer the least amount of risk, meaning as the markets move up and down, the underlying values generally remains stable. In exchange, these investments typically offer the lowest expected return. The most common types are certificates of deposit (CDs), money market deposit accounts and government securities such as Treasury bills.

Minimizing risk is important if you need ready access to your money in the event of an emergency or you need a "parking place" for your money so it's there when you need it.

INVESTMENT GOAL: INCOME

The objective of income investments is generally to provide regular, steady returns in the form of interest or dividends. Investments with income as their objective, such as government and corporate bonds, tend to offer a higher return (or more interest) than investments aimed at safety (capital preservation). However, they also involve a higher degree of risk. This includes the risk that as interest rates rise, your investment will fall in value.

Striving to generate income can be especially important if you need your portfolio to provide regularly scheduledpayments to supplement your salary, retirement benefits or other income.

INVESTMENT GOAL: GROWTH (CAPITAL APPRECIATION)

The objective of growth investments is to increase the value of your money over time. Growth investments, such as stocks, offer the potential for higher long-term returns than investments that focus only on safety or income. But along with the chance for growth comes the increased risk that you could lose the amount you originally invested (known as principal) should the market hit a rough patch.

Focusing on growth is important if you have a long-term goal, such as funding a child's education or your own retirement, in which you have the time to ride out market ups and downs in order to build in value over time.

To find the right balance of safety, income and growth for you, ask yourself these questions:

How soon will I need to access my money? The longer your time horizon, the more focus you can give to growth investments. However, if you expect to need your money in the next few years, you may want to focus on income and minimizing risk.

Will part of my investment be used to create an emergency fund? If so, you'll want to focus on keeping your money in lower risk, more liquid investments.

Do I need money to supplement my current income? Then you'll want to consider income-oriented investments that offer regular interest or dividend payments over time.

How concerned am I about inflation? The more you believe inflation will be a factor going forward, the more you may want to focus on growth. Historically, stocks have done a better job of providing enough growth to outpace inflation over time.

How worried am I about a market volatility? The markets are unpredictable, but combining safety, income and growth objectives in your portfolio can help you ride out market ups and downs.

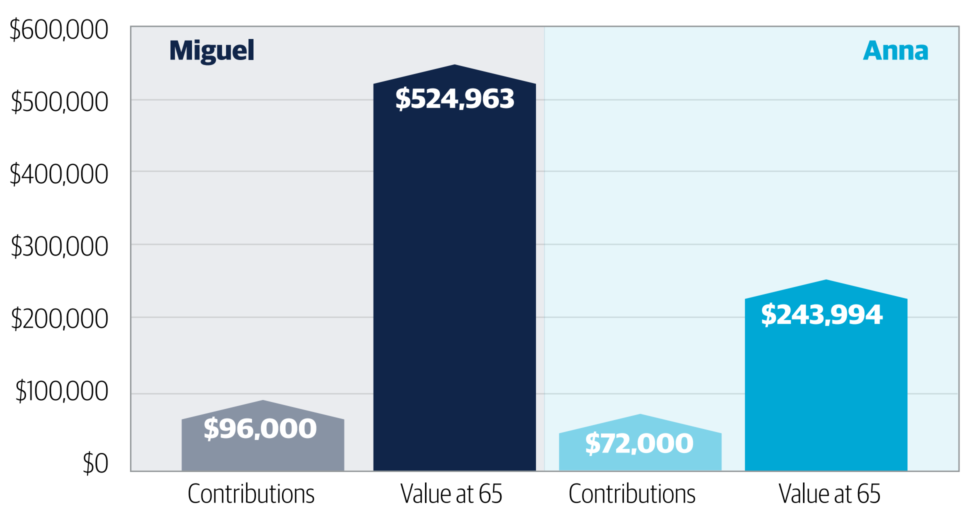
INVEST EARLY AND OFTEN

When it comes to reaching long-term goals like retirement, time is your greatest ally. That's because the sooner you start investing, the greater the potential impact compounding can have on your savings. Compounding refers to when the earnings earn more earnings because they have been reinvested. To understand why, consider this hypothetical example. Let's say two friends, Miguel and Anna (both age 25) start working at the same time.

- Miguel immediately begins investing.
- He puts $200 a month in an IRA (Individual Retirement Account) that earns a 7 percent average annual rate of return.
- At age 65 Miguel's total investment is $96,000.

- Anna waits 10 years to begin investing.
- After 10 years (at age 35), she starts contributing $200 a month to an IRA that earns 7 percent average annual rate of return.
- At age 65 Anna's total investment is $72,000.

THE POWER OF TIME AND COMPOUND INTEREST



This is a hypothetical example intended to illustrate the concept of compounding. It is not representative of any any specific investment or investment account. Actual investment account value will fluctuate and may be worth more or less than the original investment."

As you can see from the chart at the left:

- Although Miguel contributed only $24,000 more than Anna, his account is worth nearly double.
- At age 65, Miguel's portfolio is worth $524,963, compared to Anna's at $243,994.
- Miguel's portfolio is 115 percent greater than Anna's.

KEY TAKEAWAY

Every day your money is invested is another day that your money is working for you.

4. HOW DO YOU FEEL ABOUT RISK?

Investing offers one of the best vehicles to achieve your long-term financial goals. But any discussion of investing has to begin with a simple fact: All investing involves some amount of risk. Building financial security depends on your ability to understand and manage those risks without passing up the chance for reasonable rewards.

Maybe you're thinking, "I don't trust the market; I prefer to keep my assets in cash, thank you very much." You may view being conservative with your money as a good thing—and it can be. However, being conservative and risk averse are two different things.

Conservative financial practices, such as living within your means and getting rid of debt, can benefit you in the long run. But being too risk averse with your investments can be a risky move, especially when you're saving for long-term financial goals.

For instance, fixed-income investments may not provide sufficient returns to help you reach most of your important financial goals. In contrast, stocks typically involve a higher degree of risk than fixed-income investments such as bonds; stock prices tend to bounce up and down over the short term. Therefore, there is a higher risk of losing your investment if you need to sell at a particular point in time when the market is down. However, historically that volatility has smoothed out over time, and stocks have provided greater growth potential over the long term than most other types of investments.

For this reason, it's important to choose investments that align with your particular objectives and time frame. The closer you are to needing your money, the less risk you'll want to take. Conversely, the longer you have to invest, the better able you may be to ride out short-term market volatility in exchange for the potential for higher returns.

KEY TAKEAWAY

Risk tolerance isn't an either/or proposition. You may have a very different risk profile for the money you're saving for retirement than you do for money you're setting aside for your child's education.

Across all generations, Americans are uncomfortable with taking risk and have gotten even more risk averse since the height of the financial crisis.

Compared with 2008,

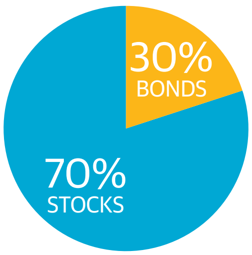
32%

of Americans are less comfortable today taking risk with their finances.*

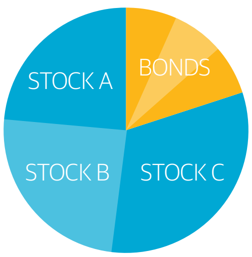
*Source: Planning and Progress Study, Northwestern Mutual, 2015

BALANCING RISK AND RETURN

The market goes up and down, sometimes dramatically. As an investor, one of the most important decisions you will make is how to divide your assets among different types of investments to help reduce your risk. More than likely you'll be determining an asset allocation and then focusing on diversification.



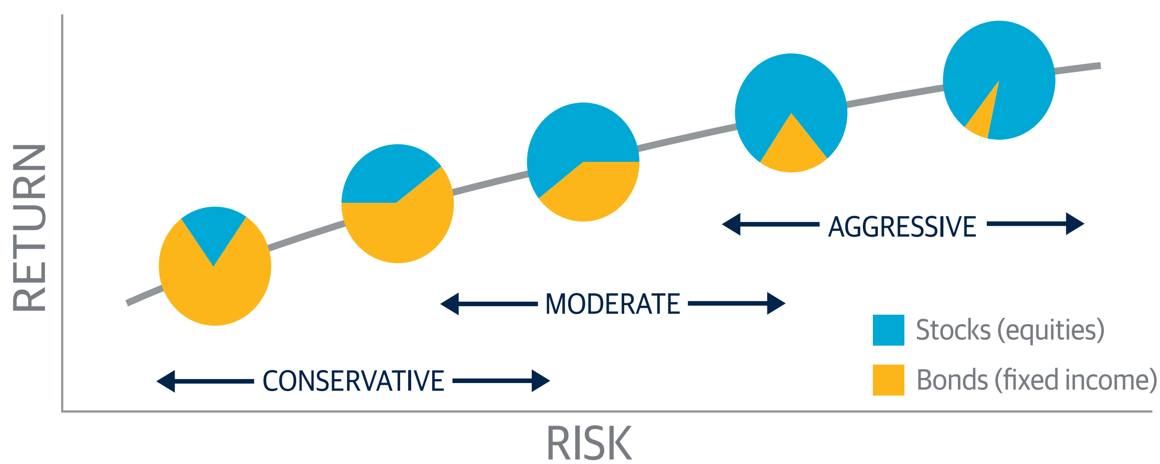
Asset allocation isn't about picking individual stocks and bonds. It's how your portfolio is distributed between investment types and is typically talked about using percentages, such as 70 percent stocks (equities) and 30 percent bonds (or fixed income). The allocation should match your financial goals, the amount of time you have to invest and your tolerance for risk.



Diversification is the step after allocation. It's how you decide what investments will be included in each asset class. For example, whether your asset allocation calls for 30 percent or 70 percent in stocks/equities, you typically wouldn't invest 100 percent of those funds in a single stock or mutual fund. Asset diversification works to reduce the risk of individual performance. The more diversified you are, the less chance you have for one investment performing badly to significantly impact your overall portfolio.

As the chart illustrates, the higher the expected return of a given portfolio, the higher the expected risk level will be as well.

RISK AND RETURN RELATIONSHIP



The portfolios represented on the Risk and Return Relationship graph are not based on the actual investment experience or portfolio results of any client. No investment strategy can guarantee a profit or protect against loss. As with any type of portfolio structuring, however, attempting to reduce risk and increase return could at certain times unintentionally reduce returns.

KEY TAKEAWAY

Risk and reward go hand in hand . Without some measure of risk, it would be impossible to achieve the returns you'll need to create the life you want for yourself in the future.

5. HOW INVOLVED DO YOU WANT TO BE?

Building a portfolio (with either one or many investments) can be difficult and time consuming. Some investors feel confident they have the knowledge, tools and expertise that decisions about investing require. Others are comfortable using an automated online investment management service (a so-called "robo-advisor") to make their asset allocation decisions for them. And some prefer to have more hand-holding and engage a qualified professional for help.

Below are the three most common approaches to investing along with the pros and cons of each.

It's not uncommon for investors to begin online and then require more professional assistance once their portfolio values increase and their investment needs are more complex.

INVESTING ON YOUR OWN

A do-it-yourself approach to investing may appeal to you if you're growing your investment funds, have the time and want to learn about the financial markets or already understand how investments and portfolio construction work.

PROS:

- The amount of money you need to get started is typically minimal.
- You have total control over your asset allocation, investment decisions and portfolio direction.
- Your investing costs are limited to the specific investment trades you make.

CONS:

- Investing for multiple goals may require more time, research and expertise than you can or want to dedicate.
- It requires discipline to keep your emotions in check when markets are volatile.
- You'll need to remember to rebalance your portfolio. You may start out with a certain asset allocation and diversification and not realize how your underlying investment performance can change the asset balances rather quickly.

COST:

In this model, you are trading securities through online sites where the fees can run as low as $7 and can exceed $50 for each transaction based on the securities you purchase, the number of trades you perform and the amount of money invested.

INVESTING ONLINE THROUGH AN AUTOMATED SERVICE

A newer addition to the marketplace is an online, automated portfolio manager, also commonly referred to as a "robo-advisors." These services enable you to input information online about your money, goals and risk tolerance and then have a portfolio automatically constructed and rebalanced annually on your behalf.

PROS:

- Most have either no or a very low minimum balance requirement.
- If you don't have a lot of money to invest or you don't want to invest the time into researching securities, an online investment management service can provide a cost-effective way to quickly build and rebalance a diversified portfolio.
- In some cases, you may have access to a financial professional to discuss the recommendations.

CONS:

- Automated investment services construct portfolios based on computer algorithms, not a personal analysis based on your specific needs or circumstances.
- Robo-advisors don't take into account your whole financial picture—which means the portfolio they create may not accurately reflect your needs and true risk tolerance.
- They do not know when key life events (marriage, new baby, new job, etc.) happen, which could impact your investment approach.

COST:

- Some firms charge an up-front flat fee (ranging from $150 to $300) with ongoing monthly fees. Others charge fees based on the value of your portfolio (0.15 percent to 0.50 percent) and the transaction charges involved in buying and selling the securities.

INVESTING WITH A FINANCIAL PROFESSIONAL

Like many investors, you may prefer to work with a financial professional who can do more than manage your investments—someone who takes a more comprehensive approach to your financial well-being, helping you to develop a game plan that reflects all of your goals, timeline and other financial priorities.

PROS:

- Experienced financial professionals will take time to get to know you, bringing all of the pieces of your life together, including your retirement plans and other investments, into a personalized financial plan.
- They will help you implement your plan.
- They will adjust your plan as life events take place and your needs evolve.

CONS:

- Not all financial professionals are alike.
- You'll want to carefully consider whether a given financial professional's credentials, experience, fee structure and planning style are right for you.

COST:

- Some charge a transaction fee. Others either charge a percentage based on the assets they manage for you or charge a flat annual fee based on the size and complexity of your portfolio.

The quality of financial advice and the value of the resources offered by automated investment services and professional financial professionals can vary quite a bit. Knowing what you're getting for your money is just as important as knowing what you're paying.

Also, it's common for investors to begin with one model of investing and realize, as their portfolios grow in value, that they may want more help.

KEY TAKEAWAY

Investing in your future is an investment in yourself. You'll want to work within a solution that empowers you to make the right decisions for your goals at the right times.

SUMMARY

Investing is putting your money to work for yourself and the dreams you have for the future. As with a lot of things in life, investing can be rewarding—but it's not risk free. That's why identifying your goals, time frame and objectives for your money is a crucial part of building financial freedom and making sound investment decisions.

Start with a comprehensive financial plan so you have a complete picture of your goals and the financial tools you have to help you reach them. It's important to see how all of your investments will work alongside other financial tools, such as life insurance, education savings accounts, pensions and retirement accounts, so you align the right goals with the right investment options. If you do not have a comprehensive financial plan, a Northwestern Mutual financial professional can work with you to understand your personal situation and create one.

APPENDIX

GOAL SETTING

To make your life goals come alive, they should be: "**SMART**

S: SPECIFIC
Your goal should be detailed enough to know what you're hoping to achieve. "I want to take my parents on an Alaskan cruise vacation for their 50th anniversary in 10 years."

M: MEASURABLE
Your goals should be able to be tracked and measured. "I need to sock away $2,500 each year from now until 2025 to pay for the trip."

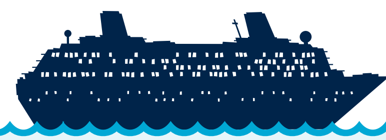
A: ACHIEVABLE
You should set goals that are realistic to achieve. "I have the money to save each month or I'm prepared to adjust my budget and other priorities to achieve it."

R: RELEVANT
Your goals should have an important meaning to you. For example, "I want this trip to be an amazing experience for my parents." In this case, it's creating an experience and memories for your parents.

T: TIMELY
Your goals should be linked to a specific time frame. For example, "The cruise needs to coincide with my parents' 50th wedding anniversary, which is July 11, 2025."

The final goal in this example:

"In 10 years, I will have saved $25,000 in order to pay for my parent's 50th anniversary gift, an Alaskan cruise."



SET YOUR GOALS

Use the table below to identify your top three to five personal/financial goals, the dollar amounts for each, time frames and the order of importance of accomplishing them.

GOAL	$ AMOUNT	TIMEFRAME	PRIORITY
	$		
	$		
	$		
	$		
	$		

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DISCLOSURE

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This material does not constitute investment advice and is not intended as an endorsement of any specific investment or security. Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. Asset allocation and diversification does not guarantee a profit or protect against a loss. Past performance is no guarantee of future performance.

Although stocks have historically outperformed bonds, they also have historically been more volatile. Investors should carefully consider their ability to invest during volatile periods in the market.

Exchange traded funds (ETFs) are subject to risks similar to those of stocks. Investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. ETFs are traded on the secondary market, like stocks. As a result, shares of an exchange traded fund may trade at a premium or discount to the fund's actual net asset value, particularly during periods of market volatility. The performance of an exchange traded fund may vary from the market index it attempts to replicate due to market volatility, transaction costs, valuation differences, differences between the assets held in the exchange traded fund's portfolio relative to the market index, and other factors.

With fixed income securities, such as bonds, interest rates and bond prices tend to move in opposite directions. When interest rates fall, bond prices typically rise; and conversely, when interest rates rise, bond prices typically fall. When interest rates are at low levels, there is risk that a sustained rise in interest rates may cause losses to the price of bonds that you own. At maturity, however, the issuer of the bond is obligated to return the principal to the investor. The longer the maturity of a bond, the greater the degree of a price or market value change resulting from a change in interest rates (also known as duration risk). Bond investors should carefully consider risks such as interest rate risk, credit risk, liquidity risk and inflation risk before investing in a particular bond.

You should carefully consider the investment objectives, risks, expenses and charges of the investment company before you invest. Your financial professional can provide you with a prospectus that will contain the information noted above, and other important information that you should read carefully before you invest or send money.

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