

RETIREMENT INCOME FUND—Advisor Class and R Class

Quarterly Fund Update
as of 6/30/2004

OBJECTIVE

The fund seeks to provide the highest total return over time consistent with an emphasis on both capital growth and income.

Not FDIC-insured. May lose value.
No bank guarantee.

INVESTMENT STRATEGY

- The fund invests in a diversified portfolio consisting of about 40% stocks and 60% bonds.
- The fund will implement its strategy by investing in a set of underlying T. Rowe Price mutual funds.

BENEFITS AND RISKS

- The fund offers a complete, professionally managed investment program.
- The asset allocations are based on what T. Rowe Price considers broadly appropriate to investors during their retirement years.
- The performance and risks of the fund will directly correspond to the performance and risks of the underlying funds in which it invests.

INVESTOR PROFILE

- This fund, which is the most conservative of the Retirement Funds, is intended for retired investors who seek income and relative stability from bonds and capital appreciation potential from stocks.

INVESTMENT STYLE

Flexible Portfolios

FUND MANAGEMENT



Jerome A. Clark, CFA

- B.S., U.S. Naval Academy
- M.B.A., Johns Hopkins University
- 11 years of investment experience
- Joined T. Rowe Price in 1992

Request a prospectus, which contains complete information, including investment objectives, risks, fees, and expenses, that you should read and consider carefully before investing. Contact your financial professional or call a T. Rowe Price representative at 1-877-804-2315. Visit our Web site at troweprice.com.

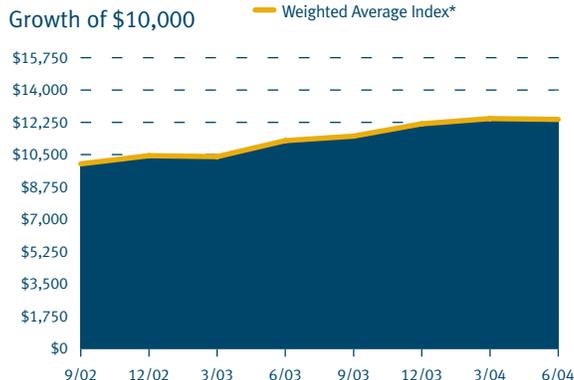
KEY FUND DATA

Symbol:	Advisor Class:	PARIX
	R Class:	RTTIX
CUSIP:	Advisor Class:	74149P820
	R Class:	74149P879
Sales Charge:		None
Redemption Fee:		None
12b-1 Fee:	Advisor Class:	0.25%
	R Class:	0.50%
Assets (millions):		\$207.4
Inception Date: ²		September 30, 2002
Total Expense Ratio ^{3, 4}	Advisor Class:	0.86%
	R Class:	1.10%
Lipper Income Funds Average Expense Ratio: ⁵		1.03%
Fund Manager Tenure:		2 years
Morningstar Conservative Allocation Category Average:		4 years

¹ applies to all share classes
² applies to existing retail fund
³ The expense ratio for the Retirement Funds is zero. The funds will indirectly bear their pro-rata share of fees and expenses incurred by the underlying T. Rowe Price funds
⁴ As of 12/31/03
⁵ Based on the fiscal year-end data available as of June 30, 2004

RETURNS

Cumulative Returns — Retirement Income Fund \$12,383
 — Weighted Average Index* \$12,408



Average Annual Returns

	RETIREMENT INCOME FUND-ADVISOR CLASS	RETIREMENT INCOME FUND-R CLASS	WEIGHTED AVERAGE INDEX*
Year-To-Date	1.66%	1.62%	1.96%
1 Year	9.25	9.16	10.21
3 Years	NA	NA	NA
5 Years	NA	NA	NA
Since Inception	12.72	12.67	13.13

Current performance may be lower or higher than the quoted past performance, which can not guarantee future results. Share price, principal value, and return will vary, and you may have a gain or loss when you sell your shares. To obtain the most recent month-end performance, please visit our Web site or contact a T. Rowe Price representative.

* The weighted average return of each component (26.0% S&P 500 Index, 2.0% Russell Midcap Growth Index, 2.0% Russell Midcap Value Index, 4.0% Russell 2000 Index, 6.0% MSCI EAFE Index, 22.5% Lehman Brothers U.S. Aggregate Index, 7.5% CS First Boston High Yield Index, 30.0% Lehman Brothers 1-3 Year U.S. Government/ Credit Index).

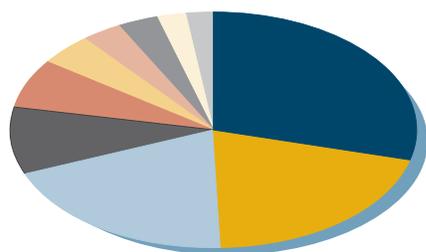
The T. Rowe Price Retirement Income Fund—Advisor Class and R Class started operations on October 31, 2003. Each shares the portfolio of an existing fund (the original share class of this fund is referred to as the “investor class”). The average annual total return figures have been calculated using the performance data of the investor class up to October 31, 2003, and the actual performance results of the class since that date. The performance results of the investor class have not been adjusted to reflect the 12b-1 fee associated with either the Advisor Class or the R Class. Had these fees been included, the performance would have been lower. The inception date shown above is the inception date of the investor class.

Average annual total return figures include changes in principal value, reinvested dividends, and capital gain distributions.

When assessing performance, investors should consider both short- and long-term returns.

RETIREMENT INCOME FUND—Advisor Class and R Class

T. ROWE PRICE FUND HOLDINGS



■ Equity Index 500 Fund	29.1%
■ New Income Fund	20.3%
■ Short-Term Bond Fund	19.5%
■ Summit Cash Reserves	9.2%
■ High Yield Fund	6.7%
■ Small-Cap Stock Fund	4.3%
■ International Growth & Income Fund	3.2%
■ International Stock Fund	3.2%
■ Mid-Cap Growth Fund	2.3%
■ Mid-Cap Value Fund	2.2%

T. ROWE PRICE FUND ALLOCATION RANGES

Equity Index 500 Fund	26 – 32%
High Yield Fund	6 – 8
International Growth & Income Fund	2 – 4
International Stock Fund	2 – 4
Mid-Cap Growth Fund	1 – 3
Mid-Cap Value Fund	1 – 3
New Income Fund	18.5 – 24.5
Short-Term Bond Fund	25.5 – 31.5
Small-Cap Stock Fund	3 – 5

About T. Rowe Price

- Founded in 1937
- Commitment to fundamental in-house research with 88 dedicated analysts
- Portfolio managers have an average tenure of 11 years with the company
- Strict adherence to investment style
- Solid performance with a risk-aware investment approach
- Experienced in international investing with offices in London, Paris, Hong Kong, Singapore, Tokyo, Buenos Aires, and Baltimore

Investors should realize that the Retirement Income Fund is not a complete solution to their retirement needs. Investors must weigh many factors regarding their retirement needs and what sources of income they may have.

T. Rowe Price Investment Services, Inc., Distributor.

