

Retirement Management Services, LLC

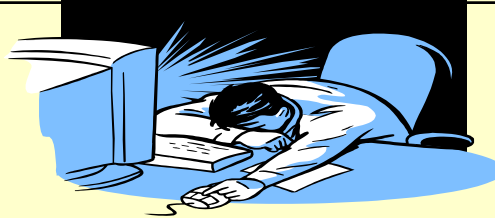
301 Townepark Circle
Louisville, KY 40243
(502) 429-0767
www.consultRMS.com

ROUTE TO:

To: Friends of RMS

BENCHMARKS, BENEFITS & MORE

Labor Day Trivia



- 1) In the United States and Canada Labor Day is observed on the first Monday of September.**
- 2) China celebrates LabOr Day on May 1st.**
- 3) Peter McGuire is widely believed to be the father of Labor day in America, though his role has not gone unchallenged.**
- 4) Under pressure from voters during his second term in office, Grover Cleveland signed the bill which made Labor Day a national holiday.**
- 5) New York City, NY was the first city in the United States to celebrate Labor Day.**
- 6) The first labor strike in U.S. history is believed to have occurred in 1636 by a group of Maine Fishermen, who refused to work after the owner of their boats failed to pay them.**
- 7) The first Labor Day parade in America was held on September 5, 1882 when 20,000 workers marched through the streets of NY city calling for a standardized 8 hour workday.**

August, 2008

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For more information of interest to employers, plan participants, and other retirement advisors, visit our website at:
<http://www.consultRMS.com>

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ESOP SUSTAINABILITY

By Chuck Lynch

I attended the ESOP Association's "ESOP Sustainability" conference of July 24 this year in Chicago. The following are some of the notes I took from that seminar, attended by more than 150 people, including practitioners and employers who sponsor ESOPs.

There was a lot of talk about repurchase obligation (RO), the biggest concern of most of the employer's at the seminar. After accounting for cash needed in the day-to-day operation of the corporation, people were labeling any excess cash or liquid assets in the corporation, as the RO "sinking fund" or "cash reserve". Some people speak of the RO as if it is another form of an Unfunded Post-Retirement Obligation (sort of like post-retirement health benefits).

The way at least one appraiser takes the repurchase obligation into account when appraising the company is to (a) first determine the company's ideal long-term "retirement cost" (e.g., 8% of payroll); (b) determine what ESOP contribution level (e.g., 12% of payroll) would be required in order to have the ESOP buy back shares of stock distributed to participants; (c) determine the present value on the excess of (a) over (b), using an "equity discount rate" which the speaker says would be around 12% to 16% in today's market; and (d) then treat this present value as if it were a long-term debt of the corporation, thus reducing the appraised value of the employer. While this is one approach used, it sounds like there are many appraisers who still ignore the repurchase obligation, as well as many who simply recognize it *indirectly* by modifying some of their other assumptions or discount rates.

In another part of the conference, people spoke of "reshuffling" -- a method of recordkeeping whereby you account for each participant's interest in the ESOP so that the same percent of every participant's account (call it X%) is invested in employer stock, and then Y% (=100% - X%) of each participant's account is invested in other investments. Some employers with mature ESOPs like this approach since it assures that every participant (even those entering the plan after the exempt loan is paid off) will be invested in company stock. It was suggested that if you want this result, it is best to put this provision in the initial ESOP plan document or amend the plan when the other investments are a very insignificant portion of the plan's total assets.

In addition to the official plan and loan documents we all deal with, some employers formulate some other internal documents. The "ESOP Role Document" is a list of the various players and the duties of each, as it relates to the ESOP – e.g., Board of Directors, ESOP Trustees, ESOP Administrative Committee, ESOP Communication Committee, members of management, etc. An "ESOP Reserve Funding Policy" can be created to establish the company's overall objectives, techniques, and goals for handling the repurchase obligation. You may want to establish an "Acquisition Inquiry Policy" since the Board of Directors and the Trustees have a fiduciary responsibility to consider such inquiries, even if the company has a policy of wanting to remain ESOP-owned. This policy is used to describe how to respond to inquiries; how to determine that an outsider's interest in acquiring the company is a legitimate inquiry; when the inquiry gets referred further (Board of Directors, Trustee, etc.); and what information will and will not be disclosed in response to such inquiries, before it is determined that the inquiry is a *serious* one worth pursuing.

Chuck Lynch, FSA, EA is President of Retirement Management Services, LLC.

KENTUCKY'S PENSION EXCLUSION

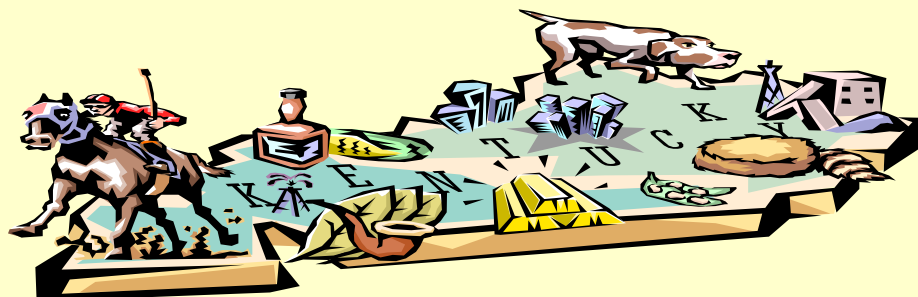
August, 2008

One advantage to contributing pre-tax money to 401(k) plans, 403(b) plans, IRAs, and 457(b) plans is the ability to defer all state and federal income taxes until the money is withdrawn at retirement, when possibly the taxpayer will be in a lower tax bracket. However, most Kentuckians may not be aware of a special tax advantage to retirement in Kentucky. Years ago, when the state used to exempt its own employees' retirement income from state income taxes, the courts decided that the state could not treat its own employees' retirement income any different from other resident's retirement income. The compromise was to exempt a certain amount of *everyone's* retirement income from the state income tax. For 2007 this exemption was \$41,110 per year taken from any qualifying plan (whether the benefit was funded by employee dollars or employer dollars)! Since most people expect to have less in retirement income than their pre-retirement income, and because the medium household income in Kentucky is under \$40,000, the vast majority of Kentucky residents can expect to benefit from deferring state income taxes into various retirement programs. (Of course, the state could someday change the rules. In fact, the 2005 General Assembly repealed the annual *inflation* adjustment to the pension exclusion. Consequently, this threshold will no longer be indexed to inflation.)

Based on Kentucky's 2007 income tax tables, for households with taxable income between \$8,000 and \$75,000 per year, the marginal state tax rate is 5.8%. Consequently, **Kentucky workers, who will have less than \$41,110 in annual income from qualifying retirement plans, can totally eliminate the Kentucky income tax (5.8% for most Kentuckians) on both the money they contribute to these plans and the future investment gains on those dollars.**

There is no minimum retirement age required to take advantage of this rule. However, the 10% federal excise tax that normally applies when withdrawing funds prior to age 59 ½ will mean that it is normally not worth tapping these funds prior to that age. Unlike the Federal Savers Credit, which benefits only lower paid individuals, this Kentucky "pension exclusion" can benefit a larger number of people --- low- and middle-income households.

In fact, it appears that someone over age 59 ½, who can benefit from this rule and who is permitted to take in-service withdrawals from his employer's retirement plan, could contribute the maximum, paying no state income tax on the deferral, and then turn around and take it right back out of the plan, avoiding the 5.8% state income tax, as long as the total annual withdrawal from all retirement plans is less than \$41,110. We suggest individuals talk with their tax advisors before taking advantage of this tax break.





Need cash?

Better think twice before turning to your 401(k) account

August, 2008

By Elizabeth Rankin Potts, CPA

As Congress and all Americans try to get a handle on the mortgage crisis and find a long-term solution to the rising cost of gasoline, employers are finding that more and more employees are requesting a distribution from their 401(k) account. The evening news and the daily papers inform us that everyone is feeling the pinch these days with the downturn in the economy. Many people are maxing out their credit cards and are finding it harder than ever to obtain an unsecured loan from banks and financial institutions. This leaves some giving thought to tapping into their employer-sponsored retirement plan. But, before these thoughts turn to action, employees should carefully consider their distribution options and consequences.

The majority of employees feel that they are entitled to receive a distribution of the money they have contributed to the plan if a situation arises that they deem to be a hardship. The problem is that employer sponsored plans are created to help the employee increase the amount of money available to them at retirement. Even though employers are not required to permit active employees to withdraw funds from their 401(k) account, most do. The two most common forms of in-service withdrawals (withdrawals from retirement accounts while the participant is still an employee) are plan loans and hardship withdrawals.

According to the Profit Sharing/401k Council of America about 20 percent of employees eligible for a plan loan have an outstanding loan, and the average loan balance is approximately \$6,300. Most employees pay back their plan loans (which must be paid back within 5 years, unless the plan allows longer loan durations for the down payment on a house), but many end up repeatedly returning to their 401(k) plan for more cash.

Fidelity, one of the largest retirement plan administrators in the country, has indicated that the number of people making hardship withdrawals rose 17 percent last year. At Vanguard, hardship withdrawals were up 16 percent in 2007.

What are the differences in these two most common in-service withdrawal provisions?

Loan provisions can allow an employee to take a loan of up to 50 percent of his or her vested account balance, up to a maximum loan of \$50,000. The interest rate charged is usually tied to the prime rate (with prime plus one percent commonly used). The employee must make loan repayments at least quarterly, usually through an automatic payroll deduction system. The interest paid on the loan and loan repayments are credited back to the employee's account balance, so they end up paying interest to themselves. Sounds like a good idea. However, the employee will never fully recover the lost earnings opportunity from the loan withdrawal, since you would expect a balanced portfolio to earn more than the interest rate on a typical loan. Finally, if the employee fails to repay the loan, there are severe tax consequences -- the participant has to pay state and federal income taxes on the "deemed distribution" plus (if under age 59 ½) a 10% penalty for using retirement funds prior to retirement age.



Need cash?

Better think twice before turning to your 401(k) account

(Continued)

Hardship withdrawals, the other common type of in-service withdrawal, are allowed under certain “hardship” situations, most commonly limited to those that are pre-approved by the IRS - such as to pay certain medical expenses, to pay tuition, to prevent eviction or foreclosure, to cover a down payment on a home, to fix a home damaged by a storm or other natural disaster, or to pay burial or funeral expenses. Usually, the employee may only withdraw money that has been contributed to the plan through payroll withholding. No employer contributions or investment earnings on employee or employer contributions can be withdrawn. Unlike a plan loan, which the employee is required to repay, a hardship withdrawal is a true plan distribution making it subject to income taxes; and the 10% early withdrawal penalty applies if the participant is under age 59 ½. The employee is also generally not allowed to contribute to the 401(k) plan for six months after a hardship withdrawal, which means that if the employer is matching 401(k) contributions, the employee will lose out on the matching dollars for the six month period as well.

Bottom line, it is best to avoid withdrawals from your retirement account. You are borrowing against your future and you are giving up some of the expected long-term yield, to the extent you expect a balanced portfolio to yield better results than the interest on the loan, which will result in a significantly lower 401(k) account balance at retirement. If you still find you need cash, and your 401(k) plan is truly your only source of available funds, then it’s usually better to take a plan loan that you repay than to take a hardship withdrawal.

Elizabeth Potts, CPA is an Account Executive with RMS.





NEWS AND RETIREMENT TIDBITS

- "The key factor contributing to plan efficiency and performance has to do with the types of funds offered, rather than the total number of investment options provided." as quoted in "The Efficiency of Pension Plan Investment Menus: Investment Choices in Defined Contribution Pension Plans" by Ning Tang and Olivia S. Mitchell (Source: The Michigan Retirement Research Center, http://www.mrrc.isr.umich.edu/publications/index_abstract.cfm?ptid=1&pid=574)
- Of Americans age 65 and older 3,600,000 live in poverty.
- A good recap of the recently proposed "Incentives for Older Workers Act" can be found at http://www.americanbenefitscouncil.org/documents/incentives4olderworkers_summary.pdf.
- According to the 2008 Retirement Confidence Survey by the Employee Benefit Research Institute, one in four Americans age 55 and older report liquid assets of less than \$10,000; and 43% have less than \$50,000. (Source: Investment Advisor Magazine, May 2008 issue)
- Based on a study of the 100 largest majority employee-owned companies in the country, the three industries most represented are the supermarket business (12 companies), the construction business (11 companies), and the engineering business (10 companies). (Source: See <http://www.nceo.org/library/eo100.html> for a table that can be sorted several ways.)
- An excellent analysis of the national 401(k) fee debate can be found at: http://benefitslink.com/articles/guests/20070307_IMC_factcheck.pdf.
- Here are the definitions usually found for three groups -- Baby Boomer: Born between 1946 and 1964, Generation Xer: Born between 1965 and 1978, Generation Y (aka Echo Boomers): Born between 1979 and 1989.
- According to a study by Scottrade and BetterInvesting (4/13/08), more than two-thirds of Generation Xers (people currently between the ages of 27 and 42), don't think they'll ever be able to stop working! (Source: NY Times)
- The Department of Labor has recently indicated that it focuses a lot of attention on late deposits of 401k deferrals and party-in-interest transactions.
- Don't forget that if your plan does not have an Investment Policy Statement (IPS), you should discuss it with your plan's financial advisor. The IPS is a written investment strategy, and a commitment to a disciplined investment plan. If we can be of help, let us know.



NEWS AND RETIREMENT TIDBITS

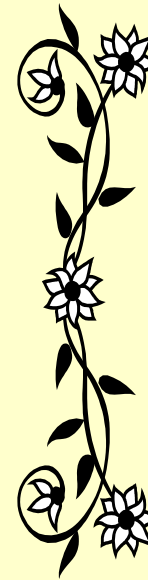
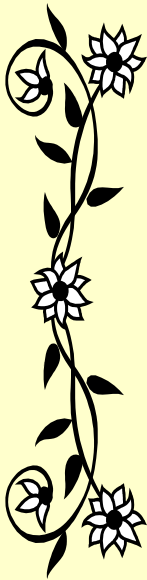
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- Years ago, people thought of a retiree's needs as being maybe only 70% to 90% of what they earned just prior to retirement. However, a study released earlier this year by the Rand Corporation concluded that the drop off in a person's spending, just after retirement, is only 1% to 6%. Larger decreases were usually out of necessity, not choice. (Source: Plan Sponsor magazine, 4/18/08)
- Looking at the largest 1,500 public companies in the U.S., their defined benefit pension plans went from a \$120 billion surplus on 10/31/07 to a \$20 billion deficit on 3/31/08. But because this is based on accounting costs and not real costs, the real deficit is even worse. (Source: Plan Sponsor Magazine, 4/8/08)
- If an employer wishes to adopt a SIMPLE for 2008, the effective date must be no later than October 1 and employees must be given a 60-day written notice prior to start-up.
- Roughly 80% of large corporations (up from 60% last year) offer target-date funds as a 401(k) choice. (Source: Financial Week Magazine, 4/21/08)
- The "Savers Credit" allows lower income households to possibly qualify for a tax credit if they put money into an IRA, 401(k), SIMPLE, 403(b) plan, etc. However, millions of low-income households didn't get all of the tax refund they were due in recent years because they did not properly claim the "Savers Credit" on their tax returns. Part of the problem is that taxpayers aren't allowed to claim the credit if they only file a Form 1040 EZ. In order to receive the credit you must file the longer Form 1040 or 1040A, along with an attached Form 8880. If you know someone who may be entitled to a larger refund, suggest they look into filing an amended return.
- To get an instant annuity quote through Vanguard / AIG Retirement, go to the following link and click "Get an Instant Quote". These quotes can include many options – e.g., annuities that increase 3% per year, or increase with the CPI, joint and survivor annuities, annuities purchased with IRA money, Roth dollars, fixed annuities, variable annuities, etc. --- <http://www.aigretirementgold.com/vlip/VLIPController?page=Overview>.





RMS Team Spotlight



This Quarter RMS is proud to spotlight Account Executive Anne Keehn. Anne is a graduate of Indiana University with a Bachelor of Science in Business Management. She is an active member of both the American Society of Pension Professionals & Actuaries (assisting the Education Committee by teaching classes and reviewing exam material) and the Louisville Employee Benefits Council as a member of the program committee.

Prior to joining RMS on May 1, 2007, Anne attained the designation of Qualified 401(k) Administrator and had accumulated over 18 years experience in the area of defined contribution plan administration. Her prior professional experience includes 8 years as a consultant with qualified retirement plans and 9 years with ADP Retirement Services during which she gained expertise in document underwriting, plan conversions and compliance.

Anne currently resides in Indiana with her husband of 23 years and their two teenage daughters. During her free time she enjoys interior decorating, gardening and traveling adventures with her family.



TREASURY INFLATION-PROTECTED SECURITIES (TIPS)

August, 2008

TIPS were first created by the federal government in 1997. They were originally called Treasury inflation-*indexed* securities; but later the name was changed to treasury inflation-*protected* securities (TIPS). They basically give an investor a guaranteed protection against inflation, providing a certain “real return” (the coupon rate) until maturity. If U.S. Treasuries are considered the world’s safest investments, then it can be argued that TIPS are the best of the safest, since the “real rate of return” is guaranteed. In return for these guarantees, TIPS usually offer a lower yield than other fixed income investments with the same maturity.

TIPS are issued in terms of 5, 10, and 20 years, and are offered in multiples of \$100. The minimum purchase is \$100. Five-year TIPS are sold in April and October. Ten-year TIPS are sold in January, April, July, and October. 20-year TIPS are sold in January and July.

The price and coupon interest rate of TIPS are determined at auction. The purchaser can make a competitive bid, indicating the yield he is willing to accept; or he can make a noncompetitive bid, agreeing to accept the yield determined at auction. The price may be greater than, less than, or equal to the TIPS’ par amount. The price depends on the yield to maturity (YTM), and the coupon interest rate. If the YTM is equal to the interest rate, the price will be equal to par. If the YTM is less than the interest rate, the price will be greater than par.

Interest is paid every six months. The interest *rate* does not change. It is the fixed rate determined at the original auction. However, it is paid on the inflation-adjusted principal; so the *amount* of interest paid can change every six months.

How are the inflation adjustments made? The principal value of the security is increased as the Consumer Price Index (CPI) changes. The inflation adjustment is based on the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers (CPI-U), published by the Bureau of Labor Statistics (BLS). In rare instances, there can be a decrease in the CPI, in which case the principal value of TIPS can go down in a given year. The inflation-adjusted principal is not paid until maturity. If held until maturity, the holder is guaranteed to get the *greater* of the original principal or the inflation adjusted principal. The U.S. Treasury Department publishes TIPS Inflation Index Ratios, so that you can look up the adjustment and multiply it by your original principal to get the current inflation-adjusted value of your original principal.

These securities are marketable. Instead of purchasing them from the federal government, you can purchase them on the secondary markets; and you can sell them prior to maturity. The securities are eligible for stripping into their principal and interest components in Treasury's Separate Trading of Registered Interest and Principal of Securities (STRIPS) program. TIPS are issued in electronic form, meaning you don't hold a certificate.

TREASURY INFLATION-PROTECTED SECURITIES (TIPS)

(continued)

How are TIPS taxed? Generally, the interest payments are taxable when received, unless held in a tax-deferred account such as an IRA. Unless held in a tax-deferred account, such as an IRA, the inflation adjustments to the *principal* are taxable in the year in which such adjustments occur even though the inflation adjustments will not be paid until maturity. For this reason, some advisors suggest that the ideal place for these investments would be part of your fixed income portfolio in a tax-deferred trust. If the purchaser needs the entire yield to live on, then he would not want to purchase TIPS since most of the yield is not paid until maturity, while taxes are owed annually on the actual interest paid, as well as the inflation increase in the principal.

As a market indicator, the difference between the TIPS coupon rate and that of a conventional Treasury bond (of the same maturity) tells you what the open market is willing to give up in order to totally avoid inflation risk.





MUTUAL FUND PERFORMANCE FIGURES

Periods Ending: **June 30, 2008**

Taken from the New York Times, Sunday

7/13/2008

Data source: Morningstar

Fund Type	Quarterly Returns			12-Month Returns			5-Year Returns		
	Bottom Quarter	Median	Top Quarter	Bottom Quarter	Median	Top Quarter	Bottom Quarter	Median	Top Quarter
Domestic General Stock Funds									
Large Growth	-0.1 %	1.7 %	3.4 %	-9.5 %	-5.8 %	-1.4 %	6.6 %	8.1 %	9.8 %
Mid-Cap Growth	2.5	4.5	7.3	-10.8	-5.1	-0.8	10.0	12.1	13.7
Small Growth	1.2	3.0	5.5	-17.3	-12.9	-7.9	8.6	10.4	12.5
Large Blend	-2.8	-1.9	-0.4	-14.1	-12.8	-9.5	6.9	7.6	9.1
Mid-Cap Blend	-1.9	2.1	4.6	-17.5	-11.8	-7.7	9.2	11.2	12.5
Small Blend	-0.4	1.0	2.5	-19.7	-16.8	-12.2	9.3	10.6	12.6
Large Value	-5.9	-4.2	-2.0	-20.9	-17.0	-13.6	6.7	8.0	9.5
Mid-Cap Value	-1.8	-0.1	1.1	-18.8	-15.6	-13.2	9.8	11.3	12.8
Small Value	-3.4	-2.0	0.4	-21.6	-17.8	-14.3	9.5	10.6	12.1
Moderate Allocation	-2.0	-1.0	-0.2	-9.2	-7.1	-4.5	5.8	7.1	8.2
Conservative Allocation	-1.4	-0.8	-0.2	-4.9	-2.0	-0.4	4.5	5.4	6.5
Target-Date 2000-2014	-1.3	-1.0	-0.8	-5.5	-3.4	-1.0	5.0	5.9	6.4
Target-Date 2015-2029	-1.9	-0.8	-0.7	-8.8	-7.7	-6.1	6.9	7.4	7.9
Target-Date 2030+	-1.5	-0.9	-0.5	-11.1	-10.0	-9.2	8.0	8.6	9.1
Total	-2.6	-0.7	2.0	-15.3	-10.8	-5.7	6.9	8.5	10.8
Domestic Specialized Stock Funds									
Communication	-2.1 %	-0.9 %	0.4 %	-28.3 %	-13.5 %	-12.5 %	7.9 %	13.2 %	16.0 %
Financial	-18.1	-13.1	-10.6	-39.7	-34.6	-30.1	-1.2	2.0	4.7
Health	0.9	1.9	3.8	-9.9	-5.7	-1.0	5.4	7.2	11.0
Natural Res	16.2	21.8	26.8	30.6	37.6	46.3	28.2	32.6	34.9
Precious Metals	0.8	2.6	4.9	29.0	33.8	36.8	24.0	28.4	31.2
Real Estate	-8.0	-5.7	-5.2	-20.5	-16.0	-13.4	12.6	14.6	15.6
Technology	1.9	2.6	4.1	-12.3	-8.8	-4.5	6.2	8.3	11.4
Utilities	6.0	6.8	8.3	1.6	3.8	5.0	14.8	17.3	21.7
Bear Market	-3.3	2.3	2.8	-12.5	18.0	27.0	-10.8	-3.9	-2.2
Long-Short	-1.6	0.2	2.1	-4.1	-1.0	2.6	2.9	5.4	6.8
Total	-5.2	1.8	5.8	-14.0	-5.3	13.5	6.9	13.6	20.4
International Stock Funds									
Foreign Large Value	-4.3 %	-2.7 %	-1.2 %	-15.7 %	-13.1 %	-9.7 %	14.5 %	16.4 %	17.5 %
Foreign Large Blend	-2.5	-1.9	-0.9	-11.9	-9.1	-6.6	15.1	16.3	18.0
Foreign Large Growth	-2.6	-2.0	-0.4	-9.5	-6.2	-3.0	15.5	17.1	18.0
Foreign Small/Mid Value	-3.8	-2.4	-1.2	-18.6	-14.2	-12.7	16.9	18.3	20.5
Foreign Small/Mid Growth	-2.5	-1.2	1.8	-17.0	-11.0	-4.8	20.2	23.7	25.4
World Stock	-3.9	-2.4	-0.2	-15.3	-11.8	-5.2	11.4	13.5	15.8
Europe Stock	-5.6	-3.7	-0.5	-14.9	-11.2	-8.0	15.8	19.2	24.6
Divers. Pacific Asia	-4.8	-1.1	-0.4	-12.0	-9.5	-8.0	16.2	17.8	23.2
Pacific Asia ex-Japan	-9.1	-6.7	-4.2	-20.0	-8.1	-5.6	20.9	24.2	25.5
Japan Stock	-3.2	1.5	1.6	-15.5	-13.5	-8.8	9.7	12.2	15.7
Divers. Emerg. Mkt	-1.6	-0.1	1.1	0.4	3.9	6.3	26.8	29.5	30.9
Latin America Stock	12.0	12.2	12.3	22.9	23.9	25.0	42.4	45.2	46.8
World Allocation	-2.8	-1.2	-0.2	-7.5	-5.7	-0.3	9.2	10.9	13.5
Total	-3.1	-1.8	-0.3	-13.0	-8.5	-3.6	14.2	16.8	20.3

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	Bottom Quarter	Median	Top Quarter	Bottom Quarter	Median	Top Quarter	Bottom Quarter	Median	Top Quarter
General Bond Funds									
Long-Term Bond	-1.6 %	-1.2 %	-0.5 %	1.4 %	4.9 %	6.5 %	1.5 %	3.4 %	4.3 %
Interm-Term Bond	-1.3	-1.0	-0.5	2.0	4.3	6.7	2.8	3.3	3.8
Short-Term Bond	-0.6	-0.2	0.2	1.0	3.6	5.2	2.2	2.7	3.1
Total	-1.2	-0.8	-0.3	1.7	4.1	6.3	2.6	3.1	3.6
Government Bond Funds									
Long Government	-3.0 %	-2.3 %	-2.1 %	12.4 %	12.6 %	13.5 %	3.9 %	4.2 %	4.9 %
Interm. Government	-1.5	-1.1	-0.7	5.8	7.2	8.1	2.9	3.4	3.8
Short Government	-1.0	-0.5	-0.1	5.2	6.5	7.4	2.7	3.0	3.2
Inflation-Protected Bond	-0.7	-0.6	-0.3	12.9	14.6	15.1	4.4	5.2	5.6
Total	-1.4	-0.8	-0.4	6.1	7.5	10.6	2.9	3.3	3.9
Specialized Bond Funds									
Convertibles	-0.2 %	2.1 %	2.4 %	-6.6 %	-2.4 %	-0.8 %	6.4 %	7.5 %	8.5 %
Ultrashort Bond	-0.3	0.3	0.8	-4.1	1.9	3.8	1.6	2.7	3.1
High Yield Bond	1.4	2.0	2.6	-3.9	-2.5	-1.2	5.7	6.5	7.1
Multisector Bond	-0.9	-0.3	0.4	0.1	2.4	3.9	5.2	6.3	7.1
World Bond	-4.7	-2.9	-2.0	5.4	9.5	14.8	3.9	6.0	6.6
Emerging Market Bond	-1.3	-0.3	0.1	0.7	2.8	4.2	8.9	9.6	10.3
Bank Loan	3.7	4.6	5.0	-5.4	-3.7	-2.3	3.3	3.9	4.2
Total	-0.7	0.9	2.4	-3.6	-0.8	3.5	4.4	6.1	7.1
Municipal Bond Funds									
Muni National Long	0.5 %	0.7 %	1.1 %	-0.3 %	1.4 %	2.3 %	2.7 %	3.1 %	3.4 %
Muni National Int.	-0.2	0.2	0.5	2.1	3.1	4.1	2.5	2.7	3.1
Muni Single St. Long	0.7	0.9	1.3	1.3	2.0	2.6	2.8	3.0	3.3
Muni Single St. Int.	0.0	0.2	0.6	2.3	3.2	3.7	2.5	2.7	2.9
Muni Single St. Shrt.	-0.3	0.0	0.0	3.7	3.9	4.3	2.0	2.1	2.2
Muni National Shrt.	-0.2	0.1	0.6	2.7	3.8	4.2	2.1	2.3	2.5
Muni New York Long	0.6	1.1	1.3	-0.5	2.2	2.9	2.9	3.1	3.5
Muni California Long	0.6	0.9	1.2	-0.7	1.0	1.7	2.9	3.1	3.3
Muni New York Int/Sh	-0.2	0.2	0.6	1.0	3.7	4.4	2.3	2.6	2.8
Muni California Int/Sh	-0.2	0.1	0.6	-0.3	3.0	3.7	2.4	2.6	2.9
Muni Florida	0.4	0.7	1.1	0.2	1.1	2.8	2.9	3.1	3.2
Muni Pennsylvania	0.5	0.6	0.9	-2.1	1.9	2.4	2.7	3.2	3.3
Muni Massachusetts	0.1	0.6	0.9	1.9	3.0	3.6	2.9	3.2	3.3
Muni New Jersey	0.2	0.7	0.9	-1.7	1.9	2.8	2.9	3.2	3.4
Muni Ohio	0.3	0.5	0.7	1.5	2.9	3.6	2.6	2.9	3.3
Muni Minnesota	0.3	0.8	1.0	2.0	2.6	3.3	2.8	3.3	3.4
High Yield Muni	0.0	0.5	0.8	-9.2	-5.4	-2.5	2.8	3.4	4.1
Total	0.2	0.6	1.0	0.3	2.1	3.2	2.6	2.9	3.3

The tables include Nasdaq funds with at least \$30 million in assets. Return figures assume the reinvestment of all dividends. Figures for five-year returns are annualized. The top-quarter figures show the return needed for a fund to rank in the top 25% of similar funds. The median figures show the return needed to rank in the top half, and the bottom quarter figures show the return needed to rank in the top 75% of similar funds. By comparing a given fund's returns, a reader can determine how that fund performed relative to similar funds.