

# RMS

## Retirement Management Services, LLC

www.consultRMS.com  
502-429-0767 phone

301 Townepark Circle  
Louisville, KY 40243

ROUTE TO:

### BENEFITS, BENCHMARKS & MORE

January, 2011

Table of Contents

#### New Year's Resolutions

Required Electronic Filing.....A

Why Some Plans Do Not Offer Loans.....B

News and Retirement Tidbits/ESOP News.....C

ESOP Shares Sold Mid-Year .....D

Savers Credit.....E

Box 13 and IRA deductions .....F

Mutual Fund Market Indices.....G

**Save more** --- no matter how small an increase. If you can save for retirement through payroll withholding, resolve to increase your savings the next time your employer's retirement plan allows it. Also consider an increase when you get a raise. Elect in terms of percentages, instead of dollars, so that when you get a raise, your contribution automatically goes up.

**Rebalance** --- Once you have decided, based on your age, risk tolerance, etc., what asset allocation is appropriate for you, you need to periodically rebalance because different funds will grow at different rates, getting your assets out of balance. (The last few years were excellent examples of how the stock / bond asset allocation can get far out of line with your original allocation.) If your retirement plan offers investment options, resolve to get your asset allocation back in line with your goals. Some plans allow you to rebalance automatically. If you have to do it manually, many advisors recommend doing so one or two times per year.

**Get educated** --- Resolve to study more about at least one important retirement topic this year. Some ideas and good sites on the Internet:

**Investment education:** <http://money.cnn.com/magazines/moneymag/money101/>

**Long term care:** <http://www.medicare.gov/LongTermCare/Static/Home.asp>

**Social Security topics:** [http://retireplan.about.com/od/socialsecurity/Social\\_Security.htm](http://retireplan.about.com/od/socialsecurity/Social_Security.htm)

**Basics of mutual funds:** <http://www.sec.gov/investor/pubs/inwsmf.htm>

**Plan** --- Resolve to use tools to help you figure out if you are saving enough to meet your goals. If your retirement plan offers such tools, take advantage of them. Some other web sites that can help:

**How much to save:** Go to [http://consultrms.com/040208\\_005.htm](http://consultrms.com/040208_005.htm), and click "RMS Retirement Savings Calculator."

**Asset allocation:** <http://www.smartmoney.com/investing/basics/the-smartmoney-one-asset-allocation-system-17605/>

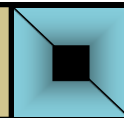


For information of interest to employers, plan participants, and retirement advisors, visit our website at:

<http://www.consultRMS.com>



**If you currently receive our Newsletter by regular mail, but would prefer to receive it by email, please contact [cherbig@consultRMS.com](mailto:cherbig@consultRMS.com) or (502) 429-0767.**



## Required Electronic Filing for Tax Withholding

by: Anne Keehn, QKA



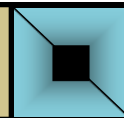
When a plan participant takes a distribution from the plan that requires federal tax withholding, the custodian that processes the distribution will usually take care of forwarding the withholding to the IRS and preparing the necessary reporting forms. However, for some smaller employers or employers who use brokerage accounts for which this service is not provided by the brokerage firm, the plan trustee is responsible for making sure the proper reporting is done and the tax withholding gets paid timely.

Up until now, many depositors accomplished this by completing a paper 8109 coupon and manually submitting the coupon and the withholding check to their local bank or mailing them to the Federal Reserve. ***However, effective as of the end of 2010, the Federal Tax Deposit Coupon 8109 and 8109-B payment system has been shut down.*** Depositors may no longer use paper coupons to make federal tax payments.

Depositors must now use Electronic Funds Transfer (EFT) to make their federal tax deposits. In defending the decision to require mandatory electronic deposits, the Treasury indicated that many banks had already stopped accepting the paper coupons and that their own research has shown that employers who pay electronically are 31 times less likely to make an error than employers who use paper coupons.

With EFT, depositors may make deposits online with a computer or by telephone. To enroll with the Electronic Federal Tax Payment System (EFTPS), depositors may go online at [www.EFTPS.gov](http://www.EFTPS.gov) or call 1-800-555-4477. The IRS also provides Publication 966, "The Secure Way to Pay Your Federal Taxes". On the EFTPS website, depositors will enter their banking information for ACH purposes. Confirmation material will be mailed within 7 business days, including a PIN and instructions on how to obtain a password. Once the account is established, future deposits may be made by using the website or the voice response system. There is no cost for using EFTPS.

If you have been paying tax withholding for retirement plan distributions via the 8109 coupons, you must now enroll for electronic payment via EFTPS. If you need assistance with getting set up for electronic payments, please contact your Account Executive at RMS.

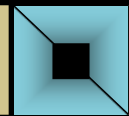


## Why Some Retirement Plans Do Not Offer Loans to Participants

*We are occasionally asked why some retirement plans do not allow loans to participants. Some employers consider that option when the plan is established. However, after weighing the advantages and disadvantages, many employers decide not to allow loans for several reasons:*



- 1) The interest on a qualified plan loan is usually not deductible, while the interest paid on a home mortgage or a home equity loan may be deductible.
- 2) The interest that a participant would "pay himself" through a loan from the plan is required to be comparable to that of similar loans with local financial institutions. However, most retirement plan investments include some stocks. Consequently, in the long run one would expect retirement plan yields to exceed loan rates. Consider the example of a plan that could obtain a yield of 8%, while either a plan loan or a bank loan required 6% interest. In this case, the participant would be lowering his retirement fund yield by 2% (on the portion he "lends to himself").
- 3) Plan loans are subject to much more restrictive rules than other commercial loans. For example, plan loans are paid with regular payroll withholding, through level principal and interest payments, over a period not exceeding five years. If these rules are broken or there is a default on the loan, the participant is deemed to have incurred a distribution subject to state and federal income tax, as well as a 10% penalty for using retirement funds prior to age 59 ½. With a commercial loan, payment schedules can sometimes be adjusted without creating a tax problem.
- 4) Commercial lending institutions work with such a large volume of business that their service charges can typically be much less than what retirement plan custodians, attorneys, and administrators would charge to handle a relatively small number of loans.
- 5) Participants can contribute to 401(k) and 403(b) plans only through regular and limited payroll withholdings. Consequently, if a participant defaults on a loan, it could take him months or even years to get the value of his retirement account back to what it was before the default.
- 6) If making a hardship withdrawal from a 401(k) plan that also allows participant loans, then the employee must first apply for, and be denied, a plan loan before a hardship withdrawal request can be considered.
- 7) A termination of employment often results in a default on the loan if the terminated employee cannot quickly come up with the cash to pay off the loan. Likewise, a termination of the plan can force an employee to either come up with the cash to pay off the loan before the benefit is rolled over into an IRA, or else pay taxes and penalties.
- 8) Loan payments to the plan are made with after-tax dollars. However, when these same dollars are later taken out of the plan and used in retirement, the participant will pay taxes on those dollars a second time.



## *News and Retirement Tidbits*

Assets in retirement accounts (defined contribution plans and IRAs) were about \$8.7 trillion in the third quarter of 2007. By the end of the first quarter of 2009, when the stock market bottomed out, retirement accounts had lost \$2.8 trillion (32 percent) of their peak value. Account balances rebounded sharply between the first quarters of 2009 and 2010, increasing \$2.0 trillion (34 percent) to \$7.9 trillion. About three-fifths of this increase was directly related to stock gains. (Source: Urban Institute, “Retirement Account Balances”, updated October, 2010)

An increasing number of Americans aged 65 and older are declaring bankruptcy, according to a recent study by John Pottow, professor of law at the University of Michigan Law School. Those aged 65 and older represented seven percent of bankruptcy filers in 2007, a mind-boggling jump from 1991. They are the “fastest-growing age demographic,” according to Pottow’s study. Two-thirds of Americans who filed for bankruptcy said credit cards were the key reason for their financial problems, according to Pottow’s research. (Source: Reuters, “Retired and broke: Why Retirees are Declaring Bankruptcy”, Oct. 22, 2010)

“...the reality is that unless participants are contributing at least 9 to 12 percent of pay to their defined contribution plan over their full career, they are unlikely to reach the retirement goal of replacing most of their pre-retirement income.” (Source: Workforce Management, “401(k) Fatigue a Common Complaint Among Employees, October, 2010)

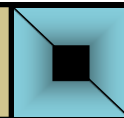
In only 22 months (from the market low in March of 2009 to mid-January of this year) the S&P 500 stock index has increased 89%! Yes, the market has been volatile; but getting out and sitting on the sidelines carries significant opportunity loss as well.

In a study by The Principal, it was found that when a stated match is 100% of the first 2% contributed by the participant, the average participant contribution is **5.3%**; but when it is 25% of the first 8%, the average participant contribution is **7.0%**, even though both formulas create the same maximum outlay by the employer. (Source: <http://www.principal.com/about/news/2010/ris-match-stats113010.htm>)

The Social Security Administration has modified the rule allowing a Social Security retiree to give back its benefits (without interest) and have his monthly payment recalculated as a larger amount (because it will be paid over a shorter remaining life span). Now the rules only allow this if the recipient has been receiving the benefits for less than 12 months. (Source: <http://blogs.forbes.com/janetnovack/2010/12/08/social-security-administration-kills-do-over-to-boost-benefits/>)

If you are an employer with no retirement plan but decide with hindsight you have the cash and want the deduction for the year that just ended, don't forget that some businesses can retroactively adopt a Simplified Employee Plan (SEP) as late as the due date of the tax return for the year that just ended.

The percentage of workers with an employment-based pension or retirement plan was 59% for 2009. The percentage of workers *participating* was 45%. (Source: EBRI Fast Facts, 11/19/10)



...continued from page C-1

“The U.S. Supreme Court has ruled unanimously that when a plan participant’s former spouse is still named as sole beneficiary at the time of the participant’s death, the plan administrator should distribute the benefits as directed in the beneficiary designation, even if the former spouse has previously waived his or her rights to plan benefits as part of a divorce settlement.” (Source: Seyfarth Shaw, LLP newsletter “Supreme Court Upholds Distribution to Former Spouse Despite Divorce Decree” 01/27/2009)

For 2011, Congress has lowered the part of the Social Security tax paid by employees on the first \$106,800 of earned income. It has been lowered 2%, from 6.2% to 4.2%. Consequently, people will see an increase in their take home pay starting this month. Many personal tax advisors are suggesting to individuals that participants can, at the same time, raise their payroll withholding deposits to their retirement plan, without a resulting decrease in their take home pay checks.

“The \$1 million figure that is frequently cited as the silver bullet needed to enjoy a comfortable retirement is actually attainable, Consumer Reports found in a recent survey of 24,270 online subscribers age 55 and up. Retirees who started saving and planning for their retirement in their 30s had an average net worth of \$1.1 million, the magazine found. Those who started in their 40s had an average net worth of \$868,000, and those who started in their 50s or later had an average net worth of \$651,000.” (Source: Employee Benefit News, 12/27/10)

“By mid-2011, nearly eighty percent of companies that suspended their matching contribution will have restored it (forty percent already have).” (Source: Profit Sharing/401(k) Council of America, 12/17/10)

“An idea to incorporate savings rates into credit scores has won the grand prize in TIAA-CREF’s “Raise the Rate” competition.” (Source: PlanSponsor Magazine, 12/14/10)

### *ESOP News*

"ESOP Companies default on their loans at a rate of well under .5% per year. By contrast, companies acquired by ... private equity firms ... default at a rate of about 15% per year." (Source: NCEO Magazine, Nov-Dec, 2010)

"Considering only defined contribution assets originally contributed by the company, ESOP participants have approximately 2.2 times as much in their accounts as participants in comparable non-ESOP companies with defined contribution plans." (Source: NCEO Magazine, Nov-Dec, 2010)

The website of an organization called the Employee-Owned S Corporations of America (ESCA) can be found at [www.esca.us](http://www.esca.us). It says “ESCA is the voice in Washington, D.C. that speaks exclusively for employee-owned S corporations (S ESOPs).”

The DOL is now naming appraisers of companies owned by ESOPs as fiduciaries to the plan (See <http://www.nceo.org/main/column.php/id/378>). Some say this will cause increases in the cost of appraisals.

## ESOP Shares Sold to a Corporation Mid-Year Without a Special Valuation

by: Chuck Lynch, FSA

An interest-free loan can be used to avoid the cost of a special mid-year valuation when the corporation wishes to purchase a former employee's shares from an Employee Stock Ownership Plan instead of having them recycled through the ESOP.

Assume an ESOP with a plan year ending December 31. Assume a former employee's benefit is being distributed around 6/30/11. He wants to exercise a put for the entire \$250,000 benefit and the company wants to pay him a lump sum. The company wants to deposit cash into the ESOP and purchase the shares from the ESOP. This would normally call for a "down-dated letter" or a special valuation. Further assume that the shares can't simply be distributed to the participant first, with an option for the participant to "put" the shares to the corporation. This is usually the case when the employer is an S corporation or when the articles of incorporation preclude ownership by non-employees.

The company can make an interest-free loan to the ESOP on 6/30/11, in the amount of \$250,000. With that deposit the company would give the trustee a letter indicating this is *not* an advance contribution but, instead, an interest free loan to be paid back in

shares once the next appraisal is completed. The participant's benefit is then paid from the ESOP with this cash.

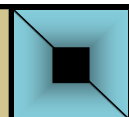
In this example, the company enters into an interest-free loan transaction on, say, 6/25/11, to purchase \$250,000 worth of shares, but based on the 12/31/11 price per share. Once the 12/31/11 appraisal is completed, we know exactly how many shares were purchased (\$250,000 divided by the price per share); and those shares are transferred back into the corporate treasury.

Why do we call it an interest-free loan instead of an advance contribution? Because it is not a contribution; it is not deductible; and it is to be paid back (in shares) at year-end. It is a true loan.

Normally a loan to a plan would be a prohibited transaction. However, the IRS Prohibited Transaction Exemption 80-26 (as amended on 3/1/02) permits this kind of a transaction and provides more details on how this is done.

If we can be of any help with the design, installation, or administration of an ESOP, please don't hesitate to contact us.





## THE SAVER'S CREDIT



*In 2001 Congress passed the Economic Growth and Tax Relief Reconciliation Act (EGTRRA). The Act provides tax credits to low income households that choose to put money in certain retirement savings vehicles.*



The saver's credit is a nonrefundable income tax credit for certain taxpayers with adjusted gross income that does not exceed \$56,500. It is equal to a specified percentage of certain employee contributions made to an employer-sponsored retirement plan or of certain individual or spousal contributions to an individual retirement arrangement (IRA) for taxable years beginning after December 31, 2001.

Taxpayers who are age 18 or over before the end of the taxable year, other than full-time students or persons claimed as dependents on another taxpayer's return, are eligible for the credit.

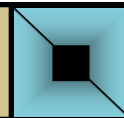
The maximum annual contribution eligible for the saver's credit is \$2,000 per year. The amount of any contribution eligible for the saver's credit is reduced by the amount of any taxable distribution received by the taxpayer (or by the taxpayer's spouse if the taxpayer filed jointly with that spouse both for the year during which a distribution was made and the year for which the credit is taken) during the testing period. The testing period consists of the year for which the credit is claimed, the period after the end of that year and before the due date (with extensions) for filing the taxpayer's return for that year, and the two taxable years that precede the year for which the credit is claimed. In the case of a distribution from a Roth IRA, this reduction applies to any such distribution, whether or not taxable, that is not rolled over. An amount does not count as a distribution for purposes of the reduction rule if the distribution is a return of a contribution to an IRA (including a Roth IRA) made for the tax year and (1) the distribution is made before the due date (including extensions) of the individual's tax return for that year, (2) no deduction is taken with respect to the contribution, and (3) the distribution includes any income attributable to the contribution.

The saver's credit rate is based on the taxpayer's adjusted gross income for the taxable year for which the credit is claimed, as follows:

### **Adjusted Gross Income (for calendar year 2011)**

Married filing joint	Head of household	All other filers	Credit
\$0-\$34,000	\$0-\$25,500	\$0-\$17,000	50% of contribution
\$34,001-\$36,500	\$25,501-\$27,375	\$17,001-\$18,250	20% of contribution
\$36,501-\$56,500	\$27,376-\$42,375	\$18,251-\$28,250	10% of contribution
Over \$56,500	Over \$42,375	Over \$28,250	credit not available

**Note: You cannot get the Savers Credit by filing Form 1040-EZ. You must file either Form 1040; Form 1040A; or Form 1040NR for non-resident aliens.**



## W-2 Box 13 and IRA deduction

by: Anne Keehn, QKA

Each year around this time we get questions from employers about the “Retirement Plan” Box 13 on the Form W-2. This box should be checked for any employee who is eligible for a retirement plan and had employee or employer contributions (or forfeitures) added to his account in the plan for the year. For discretionary profit sharing plans, the box should be checked for the year in which the employer deposits the money into the plan, even if the contribution applies to the previous year. For example, if the employer makes a contribution in February 2011 for the 2010 plan year Box 13 will be checked on the 2011 W-2, not the 2010 W-2, for that contribution. Vesting status does not affect whether this box is checked.

*The IRS uses this box to determine if an individual is eligible to deduct contributions made to a traditional IRA.*

The IRS uses this box to determine if an individual is eligible to deduct contributions made to an IRA. For 2010, the maximum contribution that can be made to a traditional or Roth IRA combined is \$5,000 (\$6,000 if over age 50). However, the maximum amount that may be deducted may be reduced depending on the individual’s modified adjusted gross income (MAGI) and his Box 13 status.

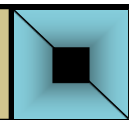
The following tables are from the IRS:

<http://www.irs.gov/retirement/participant/article/0,,id=188232,00.html>

If the taxpayer **is covered** by a retirement plan at work, use this table to determine if his *modified AGI* affects the amount of the deduction:

If Your Filing Status Is...	And Your Modified AGI Is...	Then You Can Take...
<b>single or head of household</b>	\$56,000 or less	a full deduction up to the amount of your <a href="#">contribution limit</a> .
	more than \$56,000 but less than \$66,000	a partial deduction.
	\$66,000 or more	no deduction.
<b>married filing jointly or qualifying widow(er)</b>	\$89,000 or less	a full deduction up to the amount of your <a href="#">contribution limit</a> .
	more than \$89,000 but less than \$109,000	a partial deduction.
	\$109,000 or more	no deduction.
<b>married filing separately</b>	less than \$10,000	a partial deduction .
	\$10,000 or more	no deduction.

If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "single" filing status.



...continued from page F-1

If the taxpayer **is not covered** by a retirement plan at work, use this table to determine if his modified AGI affects the amount of the deduction:

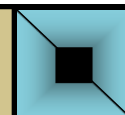
<b>If Your Filing Status Is...</b>	<b>And Your Modified AGI Is...</b>	<b>Then You Can Take...</b>
<b>single, head of household, or qualifying widow(er)</b>	any amount	a full deduction up to the amount of your <a href="#">contribution limit</a> .
<b>married filing jointly or separately</b> with a spouse who <b>is not</b> covered by a plan at work	any amount	a full deduction up to the amount of your <a href="#">contribution limit</a> .
<b>married filing jointly</b> with a spouse who <b>is</b> covered by a plan at work	\$167,000 or less	a full deduction up to the amount of your <a href="#">contribution limit</a> .
	more than \$167,000 but less than \$177,000	a partial deduction.
	\$177,000 or more	no deduction.
<b>married filing separately</b> with a spouse who <b>is</b> covered by a plan at work	less than \$10,000	a partial deduction.
	\$10,000 or more	no deduction.

If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "single" filing status.

Contributions to a 401(k) plan don't limit the amount that can be contributed to an IRA. However, the amount of traditional IRA contributions that is deductible is limited by MAGI.

Contributions to a Roth IRA are not deductible so the Box 13 code does not affect a taxpayer's ability to make those contributions. However, for 2010 there are income restrictions on who can make Roth IRA contributions. This table shows how contributions to a Roth IRA are affected by the amount of modified AGI as computed for Roth IRA purposes.

<b>If You Have Taxable Compensation and Your Filing Status Is...</b>	<b>And Your Modified AGI Is...</b>	<b>Then...</b>
<b>married filing jointly or qualifying widow(er)</b>	Less than \$167,000	you can contribute up to the <a href="#">limit</a> .
	at least \$167,000 but less than \$177,000	the amount you can contribute is reduced.
	\$177,000 or more	you cannot contribute to a Roth IRA.
<b>married filing separately</b> and you lived with your spouse at any time during the year	zero (-0-)	you can contribute up to the <a href="#">limit</a> .
	more than zero (-0-) but less than \$10,000	the amount you can contribute is reduced.
	\$10,000 or more	you cannot contribute to a Roth IRA.
<b>single, head of household, or married filing separately</b> and you did not live with your spouse at any time during the year	less than \$105,000	you can contribute up to the <a href="#">limit</a> .
	at least \$105,000 but less than \$120,000	the amount you can contribute is reduced.
	\$120,000 or more	you cannot contribute to a Roth IRA.

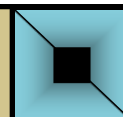


**MUTUAL FUND PERFORMANCE FIGURES**

Periods Ending: **December 31, 2010**

Taken from the New York Times, Sunday 1/9/2011  
 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
<b>Domestic General Stock Funds</b>									
Large Growth	10.7 %	11.8 %	13.0 %	13.0 %	15.9 %	18.5 %	1.7 %	2.9 %	4.3 %
Mid-Cap Growth	12.4	13.7	14.9	21.7	25.0	28.1	3.8	5.3	6.8
Small Growth	14.7	16.5	17.9	23.5	26.7	31.4	3.4	4.8	6.5
Large Blend	9.8	10.7	11.4	12.6	14.4	15.7	1.6	2.2	3.3
Mid-Cap Blend	12.2	13.4	15.2	20.5	23.7	26.0	3.2	4.7	5.4
Small Blend	14.1	15.8	16.9	23.1	26.1	27.9	3.0	4.7	6.2
Large Value	9.1	10.2	11.3	11.8	13.3	15.2	0.8	1.7	3.0
Mid-Cap Value	11.3	12.2	13.9	19.1	22.0	24.2	3.2	4.4	5.7
Small Value	13.0	14.9	17.0	23.6	25.7	28.4	4.2	5.3	6.8
Moderate Allocation	5.5	6.3	7.2	10.9	12.1	13.5	2.9	3.7	4.7
Conservative Allocation	2.6	3.7	4.3	9.1	10.5	12.0	3.7	4.4	5.0
Retirement Income	2.4	2.8	4.1	7.7	9.3	10.3	3.9	4.3	4.8
Target-Date 2000-2010	3.6	4.9	5.7	9.7	11.5	12.2	2.9	3.8	4.4
Target-Date 2011-2015	4.8	5.4	6.2	10.8	11.5	12.6	2.9	3.6	4.4
Target-Date 2016-2020	5.2	6.6	7.3	11.7	12.9	14.0	2.6	3.0	3.7
Target-Date 2021-2025	7.1	7.7	8.3	12.6	13.8	14.8	2.2	3.3	4.0
Target-Date 2026-2030	7.2	8.1	8.9	13.1	14.4	15.1	2.2	2.5	3.1
Target-Date 2031-2035	8.2	9.0	9.8	13.7	14.5	15.6	2.4	2.9	3.8
Target-Date 2036-2040	8.9	9.1	9.8	13.8	15.2	15.9	2.0	2.4	3.3
Target-Date 2041-2045	8.8	9.5	10.0	14.9	15.2	16.0	1.8	3.8	4.2
Target-Date 2050+	9.5	9.6	10.0	14.9	15.3	16.1	2.0	2.4	2.7
Aggressive Allocation	7.4	8.1	8.7	12.2	13.9	15.2	2.3	3.1	4.1
<b>Total</b>	<b>8.5</b>	<b>10.8</b>	<b>13.3</b>	<b>12.5</b>	<b>15.0</b>	<b>21.6</b>	<b>2.0</b>	<b>3.3</b>	<b>4.8</b>
<b>Domestic Specialized Stock Funds</b>									
Communication	3.9 %	6.8 %	11.1 %	15.2 %	22.3 %	26.8 %	4.1 %	5.0 %	5.9 %
Financial	8.2	9.4	11.3	8.2	11.7	14.9	-7.6	-3.5	0.2
Health	4.6	5.2	8.2	6.2	8.1	15.7	2.5	3.4	5.8
Natural Resources	18.7	20.9	21.5	17.3	24.4	27.7	7.3	8.9	12.3
Equity Precious Metals	8.9	13.0	16.3	36.8	38.4	49.6	18.3	19.5	23.7
Real Estate	6.1	7.4	8.1	25.6	27.8	29.1	2.1	3.0	3.7
Technology	10.0	11.4	12.6	14.7	21.3	25.4	5.3	7.4	8.6
Utilities	3.3	5.8	8.0	6.4	12.1	13.6	4.0	5.2	6.7
Bear Market	-13.0	-10.3	-4.7	-20.6	-13.4	-12.0	-8.0	-5.5	-4.3
Long-Short	2.4	3.4	5.1	2.3	4.3	6.2	1.6	3.4	5.4
Consumer Discretionary	12.0	12.0	13.3	21.7	28.1	31.2	2.4	4.2	8.1
Consumer Staples	6.8	7.0	7.0	14.1	14.9	15.2	9.6	9.6	9.6
Industrials	11.5	15.0	15.1	29.7	30.6	33.4	5.7	7.2	7.8
Equity Energy	17.0	22.0	24.2	16.6	18.6	22.7	6.0	7.6	8.1
Commodities Broad Basket	14.6	15.3	15.6	16.0	18.9	23.5	1.5	2.3	2.9
Market Neutral	-1.8	-0.7	-0.1	-3.9	-1.0	2.7	0.8	1.9	4.7
<b>Total</b>	<b>5.1</b>	<b>8.4</b>	<b>13.3</b>	<b>7.7</b>	<b>18.3</b>	<b>27.4</b>	<b>2.5</b>	<b>4.6</b>	<b>8.0</b>
<b>International Stock Funds</b>									
Foreign Large Value	5.7 %	6.6 %	7.2 %	5.7 %	8.2 %	10.3 %	1.5 %	2.6 %	4.0 %
Foreign Large Blend	6.5	7.3	8.3	7.8	10.1	13.2	2.0	3.0	4.7
Foreign Large Growth	7.1	7.5	8.1	12.7	14.0	15.6	3.1	4.1	5.8
Foreign Small/Mid Value	9.5	11.0	12.5	17.8	20.7	23.9	4.4	6.4	7.7
Foreign Small/Mid Growth	9.1	10.3	11.9	21.1	22.2	26.1	4.9	6.8	8.7
World Stock	6.8	8.8	10.0	10.2	12.9	16.5	2.4	4.3	5.9
Europe Stock	5.0	6.3	8.9	6.2	9.4	16.6	3.1	4.7	6.7
Divers. Pacific Asia	7.6	10.3	10.9	15.8	15.9	21.0	1.7	4.7	6.4
Pacific Asia ex-Japan	2.9	6.2	7.4	20.1	21.6	22.8	11.9	14.5	16.6



**MUTUAL FUND PERFORMANCE FIGURES**

Periods Ending: **December 31, 2010**

Taken from the New York Times, Sunday 1/9/2011

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
<b>International Stock Funds (continued)</b>									
Japan Stock	10.2	11.8	12.6	14.1	14.7	17.5	-6.8	-5.0	-4.3
Divers. Emerg. Mkt	5.8	7.1	8.0	17.2	18.6	22.1	10.2	11.1	13.0
Latin America Stock	7.2	7.3	7.4	11.4	17.8	18.7	14.4	19.4	20.4
World Allocation	3.4	5.2	7.0	8.3	10.2	12.6	2.5	4.5	7.2
Global Real Estate	5.2	5.7	5.9	14.8	17.2	17.9	0.6	2.2	3.1
Currency	-0.4	1.4	2.4	0.6	2.9	8.7	6.3	6.6	7.8
China Region	2.7	4.1	7.0	9.3	13.3	17.1	15.4	17.1	22.8
Miscellaneous Sector	10.3	14.9	20.5	18.5	21.5	30.7	3.1	7.4	10.1
<b>Total</b>	<b>6.0</b>	<b>7.3</b>	<b>8.8</b>	<b>9.0</b>	<b>12.8</b>	<b>17.8</b>	<b>2.4</b>	<b>4.6</b>	<b>7.3</b>
<b>General Bond Funds</b>									
Long-Term Bond	-3.9 %	-2.0 %	-0.2 %	10.3 %	11.3 %	13.1 %	5.6 %	6.3 %	8.5 %
Interm-Term Bond	-1.3	-1.0	-0.5	6.7	7.7	9.1	4.8	5.7	6.4
Short-Term Bond	-0.4	-0.1	0.1	3.3	4.1	5.1	3.5	4.3	5.0
<b>Total</b>	<b>-1.2</b>	<b>-0.7</b>	<b>-0.1</b>	<b>5.2</b>	<b>7.1</b>	<b>8.8</b>	<b>4.3</b>	<b>5.3</b>	<b>6.1</b>
<b>Government Bond Funds</b>									
Long Government	-8.4 %	-8.2 %	-7.8 %	9.2 %	10.5 %	12.1 %	5.4 %	5.6 %	6.4 %
Interm. Government	-2.0	-1.2	0.2	4.8	5.6	6.9	4.8	5.3	5.9
Short Government	-0.6	-0.3	0.0	2.2	2.9	3.9	3.9	4.5	4.9
Inflation-Protected Bond	-1.2	-1	-0.7	5.5	5.9	6.5	4.8	5.1	5.6
<b>Total</b>	<b>-1.5</b>	<b>-0.8</b>	<b>0.0</b>	<b>4.5</b>	<b>5.5</b>	<b>6.6</b>	<b>4.5</b>	<b>5.1</b>	<b>5.6</b>
<b>Specialized Bond Funds</b>									
Convertibles	7.7	8.7 %	10.1 %	14.6 %	18.0 %	19.5 %	4.9 %	6.0 %	6.7 %
Ultrashort Bond	0.0	0.1	0.3	1.1	1.6	2.9	2.6	3.1	3.5
High Yield Bond	2.9	3.5	4.3	13.3	14.3	15.4	6.5	7.2	7.9
Multisector Bond	0.4	1.0	2.2	9.0	11.3	13.4	6.0	6.9	7.5
World Bond	-1.8	-1.5	-0.5	5.1	6.3	8.0	5.5	6.4	7.3
Emerging Market Bond	-1.6	-1.0	0.2	11.2	12.9	13.9	7.3	8.2	8.9
Bank Loan	2.7	3.2	3.7	8.4	9.6	10.7	2.6	3.2	4.0
<b>Total</b>	<b>0.1</b>	<b>2.4</b>	<b>3.5</b>	<b>8.2</b>	<b>12.4</b>	<b>14.4</b>	<b>4.9</b>	<b>6.7</b>	<b>7.7</b>
<b>Municipal Bond Funds</b>									
Muni National Long	-5.5 %	-5.0 %	-4.6 %	1.1 %	1.7 %	2.5 %	2.6 %	3.1 %	3.5 %
Muni National Int.	-4.0	-3.5	-2.7	1.7	2.5	2.9	3.2	3.7	4.0
Muni Single St. Long	-5.3	-4.8	-4.3	0.5	1.2	2.0	2.8	3.2	3.5
Muni Single St. Int.	-4.1	-3.4	-2.9	1.7	2.0	2.4	3.3	3.5	3.7
Muni Short	-1.5	-0.8	-0.4	1.0	1.7	2.4	2.9	3.3	3.6
Muni New York Long	-5.3	-4.8	-4.4	1.1	1.9	2.4	2.9	3.4	3.6
Muni California Long	-6.1	-5.7	-5.1	1.4	2.0	2.8	2.2	2.8	3.2
Muni New York Inter	-4.1	-3.5	-3.2	1.7	2.0	2.7	2.9	3.3	3.7
Muni California Inter	-4.9	-4.0	-3.7	1.9	2.5	3.2	2.8	3.1	3.5
Muni Pennsylvania	-5.3	-4.5	-4.1	1.6	1.9	2.9	2.8	3.3	3.5
Muni Massachusetts	-6.0	-4.9	-4.4	0.1	1.1	2.3	3.0	3.4	3.8
Muni New Jersey	-5.4	-5.0	-3.9	1.1	1.6	2.1	3.0	3.4	3.6
Muni Ohio	-4.8	-4.3	-3.6	0.4	1.3	1.8	2.7	3.4	3.7
Muni Minnesota	-4.9	-4.2	-3.6	1.3	1.8	2.4	3.4	3.5	3.6
High Yield Muni	-6.0	-5.4	-4.8	2.8	3.6	4.5	-0.8	1.7	2.6
<b>Total</b>	<b>-5.2</b>	<b>-4.4</b>	<b>-3.3</b>	<b>1.2</b>	<b>2.0</b>	<b>2.7</b>	<b>2.8</b>	<b>3.3</b>	<b>3.6</b>

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%.