



Dear Plan Participant:

Happy 401(k) Day! We wanted to reach out to you as 401(k) Day spotlights the importance of employer-sponsored profit sharing and 401(k) plans. As retirement follows work, 401(k) Day follows Labor Day. Below are some interesting facts and figures we wanted to share with you on today's annual day of retirement awareness.

- 1. FROM THE BEAR LOW POINT** - Since hitting a bear market closing low of 677 on 3/09/09 (just over 6 months ago), the S&P 500 has gained +50.2% (not counting the impact of reinvested dividends). The average gain of the S&P 500 for the 1-year following a bear market closing low for the 8 bear markets of the last 50 years is +36.5% (i.e., the latest bear is the 9th bear market of the last half century). The best 1-year return took place in 1982-83 following the 1981-82 bear market and produced a +58.3% gain. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the US stock market (source: BTN Research).
- 2. STAYING THE COURSE** – The average 401(k) account balance rose 13.5% from March 31st 2009 to June 30th 2009 to \$53,900. This was the first quarterly increase in average account balances since Sept 31st 2007 (source: Fidelity Perspective: DC Trends Report).
- 3. GREAT RUN** - As of the close of business on 8/31/09, the S&P 500's streak of consecutive "up-months" reached 6 (i.e., March through August), gaining +40.5% on a total return basis (source: BTN Research).
- 4. INCREASES** – In the second quarter of 2009 employees increasing contributions outnumbered those decreasing contributions 4.7% to 3.1%. This is the first time increase have been greater than decreases in the past 12 months (source: Fidelity Perspective: DC Trends Report).
- 5. A YEAR AGO** - The 2 worst performing months for the S&P 500 during calendar year 2008 were September (down 8.9% on a total return basis) and October (down 16.8%), combining for a loss of 24.2% over the 2 months. The stock index fell 37.0% last year. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the US stock market (source: BTN Research).
- 6. BEING AVERAGE?** - While the S&P 500 earned an average return of 8.41% from 1988 to 2008, the average equity investor earned a mere 1.87%, meaning that the cost of uninformed investing was 6.54% per year over that time period (source: DALBAR 2009).
- 7. STARTING EARLY** – While increased use of automatic enrollment features has helped in 2008 only 44% of workers in their 20's participated in 401(k) plans. Missing out on making contributions in these early years can make it hard to reach the replacement levels needed in retirement (source: Fidelity Perspective: DC Trends Report).



8. **INVESTORS AT REST** – A recent study of 1.2 million workers in over 1,500 plans, found that most 401(k) plan participants are characterized by profound inertia. Almost all participants (80%) initiate no trades, and an additional 10% makes only a single trade, in a two-year period (source: The Inattentive Participant, Olivia Mitchell).
9. **COMPOUNDING** – An individual who at age 30 is making \$40,000 and starts contributing 10% of salary to their 401(k) and does so to age 65 will have accumulated \$1,107,493 in their account at retirement (assumes 8.5% annual return and 3% annual salary increases) www.heffgroupfs.com/resource/calculators
10. **INVESTMENTNS** – The average 401(k) plan offers 18.3 investment options to their participants. The average participant invests in 5.3 funds (source: PLANSPONSOR DC Survey Database 2008)

Should you have any questions, comments or wish to speak to a member of the Heffernan Retirement Services team, please do not hesitate to contact us at (800) 829-9996.

Sincerely,

Heffernan Financial Services