401(k) Plan

Portfolio Investing

vs.

Fund Picking

Investment Education

Saving for Retirement

Basic Principles

Principle #1: Markets work

Don't try to beat the markets. Benefit from them instead.

The odds you'll pick a "winning" mutual fund, i.e., one that consistently beats a simple, boring *S&P 500* index fund that tracks the market is less than **4%**

The odds of winning, i.e., getting 21 at blackjack table in Las Vegas after you've been dealt two face cards (equal to 20) and your inner idiot yells, "Hit Me!", is **8%**

✓ **Remember, with your retirement investments, boring is beautiful.**

Principle #2: Diversify

The proven way to include the risks that offer rewards, and eliminate the risks that don't.

The total amount of interest you would have earned if you invested $1 million in a simple, low-cost *S&P 500* index fund 10 years ago is about **$109 thousand**

The total amount of interest you would have earned if you invested $1 million in a simple, low-cost *diversified portfolio* 10 years ago is about **$1.3 million**

✓ **Remember, don't just dabble in diversification, master it.**

Principle #3: Let discipline save you from disaster

Professionally-managed portfolios help you avoid emotion-driven investment mistakes.

2 out of 10 investors in their 20s own zero equities (stocks) in their retirement plan, holding, instead, investments which are unlikely to keep pace with inflation.

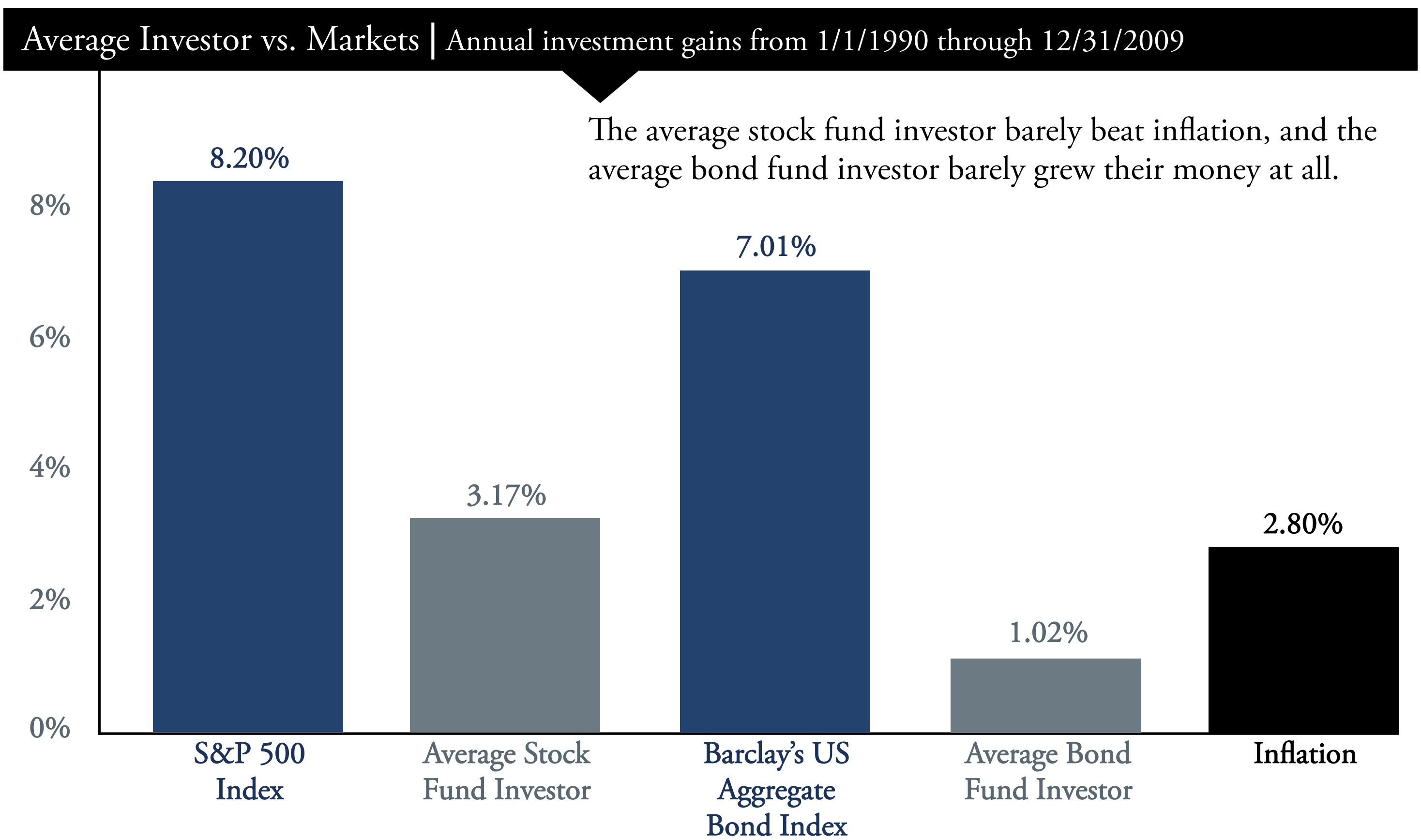
3 out of 10 investors in their 60s put more than 80% of their savings in equities, which could lose a third of their value precisely when the retiree needs to draw upon it.

✓ **Remember, if you're an expert, you make the call. If you're not, we've got you covered.**

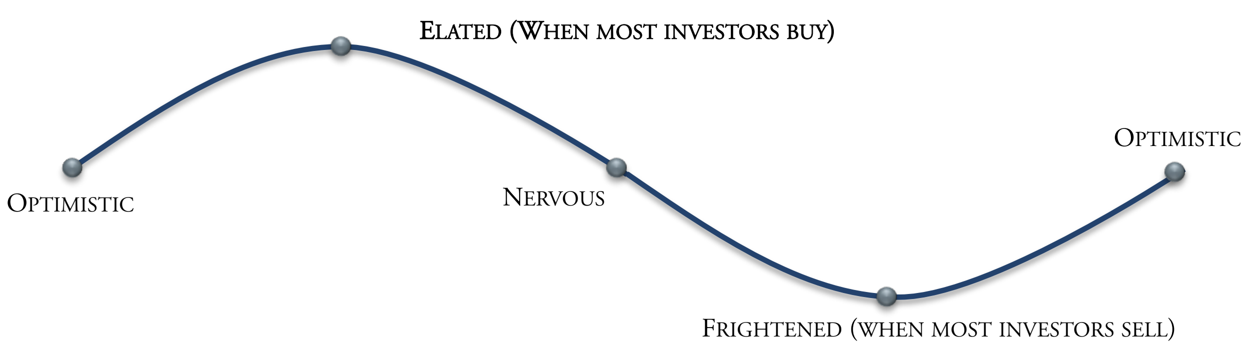
Emotions lead the average investor to buy high and sell low, and miss the market's growth.

It's best to pull this Band-Aid off quickly. You've been told that the best way to save for retirement is to choose the mutual funds you think will do the best from a list your 401(k) provider gave you. It's not.

That's the assessment of the smartest minds in finance, supported by Himalayas of historical data. The dismal experience of most investors is quantified below based on a study performed by a leading financial services market research firm, DALBAR:



If you pick your own funds, buying when you feel confident because the market is going up, and selling when you get nervous because the market is crashing, you will almost certainly retire with less money—a lot less money—than if you'd simply dumped your money into low-cost, boring index funds.

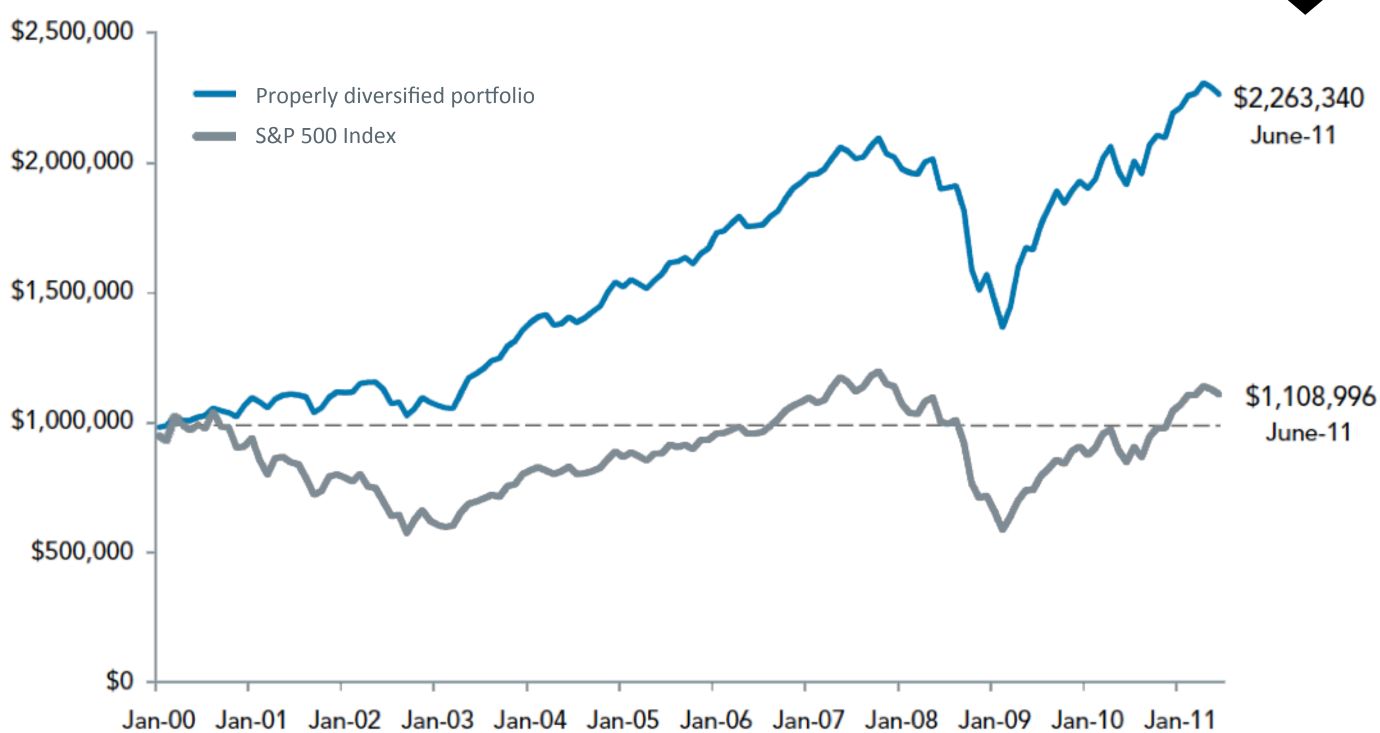


A well-diversified portfolio can help avoid a "lost decade" investment experience.

Even if you manage to avoid the disaster created by an emotionally-charged investment approach, the consequences of picking the wrong mix of funds can be profound—and invisible. Because you put more money away each pay period, you account balance often appears to be growing, but the investment choices you made may not be helping as much as they should. Consider two 55-year-olds who each invested their life savings of $1 million in January of 2000. Dave put all of his money in an index fund that tracks the S&P 500. (A decision that's in alignment with the principle that "markets work.") Mary, on the other hand, chose a well-diversified portfolio managed by a team of professional investment fiduciaries, (like the portfolios available to you in your new plan), which contain thousands of stocks and bonds from organizations all over the world.

If they both retired in June of 2011 at age 66, both would be happy, because they each have more than $1 million in savings. But happiness comes in different sizes. Dave's nest egg is $1.1 million, but Mary's nest egg grew to almost $2.3 million. Now, remember, Dave may still be happy, because almost every stock-tip-giving magazine out there has declared the last ten years a "lost decade." Plus, he has no clue what he could have made.

Diversification leads to different investment experiences | January 2000 through June 2011

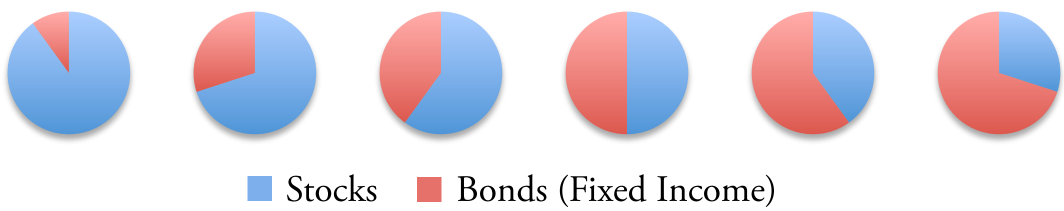


For illustrative purposes only. The S&P data are provided by Standard & Poor's Index Services Group. Performance data represents past performance and does not predict future performance. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

Which portfolio is right for you? Don't worry, we've made it easy.

Integrity Financial Corporation has already built a prudent, low-cost, well-diversified portfolio for you. Our investment fiduciaries will choose a portfolio for you that has an appropriate mix of stocks (generally riskier with higher potential returns) and bonds (generally less risky with lower potential for returns).

If you'd like to choose a different portfolio than the one our investment fiduciary would, that's okay too. For example, you might be holding a bunch of risky assets outside your 401(k) plan and want to take a more conservative approach with your 401(k) savings. We understand. You can log in to your online account 24/7 and select anyone of the following options:

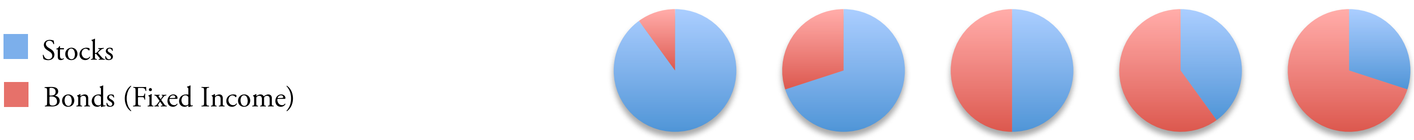


PORTFOLIO NAME	RISK	EQUITY (STOCK) ALLOCATION	FIXED INCOME (BOND) ALLOCATION
Aggressive 90/10	Highest	90	10
Growth 70/30	High	70	30
Balanced 50/50	Moderate	50	50
Stable 40/60	Low	40	60
Conservative 25/75	Lowest	25	75

Portfolio Detail

The asset allocations of the model portfolios are divided between equities (stock) and fixed income (bond) investments. The allocation of each portfolio is designed to provide increased expected return for a given amount of risk (as measured by standard deviation) or less risk for a given amount of expected return. Asset allocations are straightforward, and have a symmetrical and intuitive feel to them.

Integrity Financial Corporation works closely with its investment and academic colleagues to decide what asset classes to include in the model portfolios, including the relative weights of each fund and asset class.



Stocks/Bonds Mix	90/10	70/30	50/50	40/60	25/75
Domestic Stocks	50%	38%	26%	20%	16%
S&P 500 Index					
Russell 100 Value Index					
Russell 2000 Index					
International Stocks	27%	23%	19%	15%	9%
MSCI EAFE Index					
Emerging Markets Stocks	12%	9%	5%	5%	0%
MSCI Emerging Mkt Index					
Inflation Protected Securities	7%	18%	31%	34%	35%
1-3 Year Treasury Bond					
7-10 Year Treasury Bond					
Treasury Inflation Protected Securities					
Global Inflation Protected Securities					
Fixed Income	4%	12%	19%	26%	40%
Emerging Markets Bond Index					
TD Money Market Fund					
Total	100%	100%	100%	100%	100%

Sources

John C. Bogle. "Strengthening Worker Retirement Security" Statement before Committee on Education and Labor, U.S. House of Representatives, Washington, DC February 24, 2009.

Chip and Dan Heath, "The Horror of Mutual Funds: Why false information can be credible," Fast Company Magazine, August 13, 2008.

Dalbar, Inc. "Quantitative Analysis of Investor Behavior 2010," www.dalbar.com. The S&P data are provided by Standard & Poor's Index Services Group. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefield). Indices are not available for direct investment; their performance does not reflect the expenses associated with the management of an actual portfolio.

Contact Us

Questions? Call us Monday through Friday from 8am to 7pm eastern time at (800) 878-5220, option 1, and our retirement specialists will be happy to assist you.

You may also access your account online by going to www.myplanconnection.com. If you are logging in for the first time, your User ID is your social security number and your password is the last four digits of your social security number. Make sure you select "Participant" as the role, and then click "Log in."