

To provide a source of income for your retirement and to hedge against inflation, you need a savings and investment plan. The Thrift Plan provides tools for safely and sanely saving and maximizing investment returns during all phases of your life.

Thrift Plan

The Thrift Plan is a retirement savings plan that allows you to invest a portion of your earned income. Your contribution options include 401(k) before-tax, Roth 401(k) after-tax, and 401(a) after-tax.

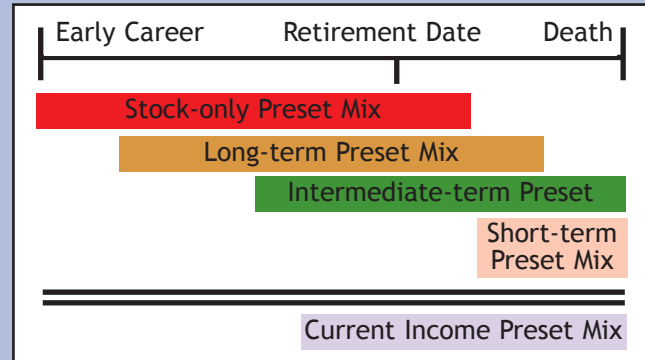
Whereas Social Security and pension plan benefits, such as the Master Retirement Plan benefit, are defined (or fixed), the Thrift Plan is based on defined contributions. Your benefit is determined by how much you save and the success of your investments. Because of this flexibility, the Thrift Plan can provide a hedge against inflation during your years of retirement and enhance your other sources of retirement income

Preset Mixes

To make it easier for you, Deseret Mutual has developed preset investment mixes from the Thrift Plan's individual mutual funds. We're fortunate to have an outstanding team of investment professionals who actively manage the Thrift Plan funds and the preset mixes, which perform exceptionally well compared to other investment programs.

The preset mixes are designed to match your general investment horizon and your risk tolerance. With a longer investment horizon, investments such as stocks can have long-term gains that outweigh short-term dips in value. As your investment horizon becomes shorter, more conservative investments may be appropriate.

Keep in mind that your retirement date doesn't always trigger a change in your selected preset mix.



Consider these timeframes, your risk tolerance, and the various preset mixes as you plan for your investment horizon:

- Current Income preset mix
- Short-term preset mix — 0 to 4 years
- Intermediate preset mix — 5 to 11 years
- Long-term preset mix — 12+ years
- Stock-only preset mix — 12+ years

The Current Income preset mix is our newest mix. It is designed to produce potentially high levels of interest and dividend income, while trying to preserve capital with limited downside.

For fund information and percentage allocations for the preset mixes, see the table on the following page.

Rebalancing

Because of fluctuations in fund performance, it is important to rebalance and bring your account back to the original investment mix, or asset allocation percentages. The preset mixes are automatically rebalanced quarterly. However, if you select your own investment mix, make sure your account is rebalanced to maintain your investment diversification.

Preset Mixes as of May 2, 2011

Funds	Current Income	Short-term	Intermediate-term	Long-term	Stock-only
Money Market		10%			
Short-term Bond	15%	15%	10%		
Intermediate-term Bond	15%	20%	15%	12%	
Inflation Protected Bond (TIPS)	10%	10%	5%	3%	
High-yield Bond	40%	15%	10%	5%	
High-yield Stock	20%	5%	8%	12%	15%
Large-company Index Stock		11%	19%	25%	32%
Mid-company Value Stock		3%	5%	7%	8%
Mid-company Growth Stock		3%	7%	10%	12%
Small-company Value Stock			3%	3%	4%
Small-company Growth Stock			3%	3%	4%
International Value Stock		3%	6%	8%	10%
International Growth Stock		5%	9%	12%	15%
Fixed Income		70%	40%	20%	
Stocks		30%	60%	80%	100%

Terms and Definitions

Asset allocation

Method of diversifying your investments in different asset classes based on your timeframe and risk tolerance

Asset classes

General investment categories include:

Cash Highly liquid and low-risk investment

Bonds A loan to a corporation or government entity for a stated rate of return

Stocks Ownership in a corporation, including risks and benefits

Defined contribution plan

A qualified retirement plan, such as the Thrift Plan, that provides for a separate account for each person covered by the plan and is defined by contributions into that account.

Diversification

A risk management strategy that mixes a wide variety of asset classes

Investment horizon

The time a sum of money is expected to be invested before it is needed in retirement, possibly going significantly beyond your retirement date

Mutual fund

Assets, managed by investment professionals, that give small investors access to large portfolios

Portfolio

A group of assets held by an investor

Risk tolerance

The degree of uncertainty you can handle regarding a negative change in the value of your portfolio

Checklist

- Determine your timeframe when you will need the money from your investments.
- Assess your risk tolerance.
- Select a preset mix (investment mix) that meets your timeframe and risk needs.
- If you are taking income from your account, consider the Current Income preset mix.
- If you don't select a preset mix, establish a regular rebalancing schedule.
- Don't compromise your investments by taking loans or early withdrawals from your Thrift Plan account.
- Don't make changes to your mix unless your investment horizon changes.

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