

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.

Investing Phases

The investment process includes three phases:

- Accumulation — actively put money in
- Maintenance — watch and adjust
- Distribution — take money out

As an active employee, you may be in both the accumulation phase and the maintenance phase. As a retiree, you may remain in the maintenance phase for several years before you reach the distribution phase. *This is what we mean by investing for a lifetime.*

Thrift Plan

The Thrift Plan is a retirement savings plan that allows you to invest 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 Master Retirement Plan benefits 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.

Preset Mixes

To make it easier for you, Deseret Mutual has developed four 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 funds.

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

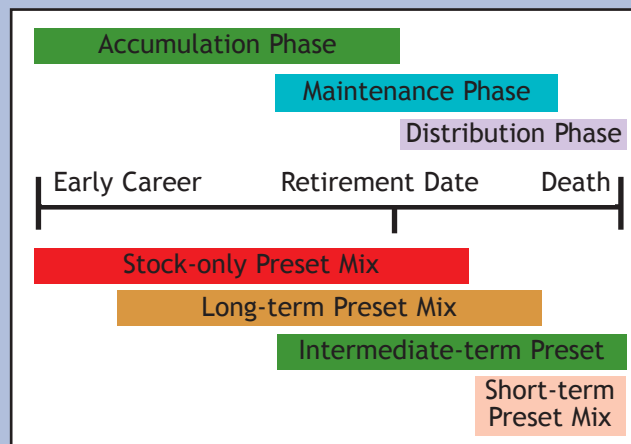
retirement date doesn't always trigger a change in your selected preset mix.

Consider these timeframes as you plan for your investment horizon:

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

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 July 31, 2009

Funds	Short-term	Intermediate-term	Long-term	Stock-only
Money Market	10	0	0	0
Short-term Bond	20	10	0	0
Intermediate Bond	25	20	15	0
Inflation Protected Bond	15	10	5	0
Large-company Index	14	20	28	34
Mid-company Value Stock	5	8	10	13
Mid-company Growth Stock	3	8	10	13
Small-company Value Stock	0	6	8	10
Small-company Growth Stock	0	3	4	5
International Value Stock	3	6	8	10
International Growth Stock	5	9	12	15
Fixed Income	70	40	20	0
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:

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

Cash Highly liquid and low-risk investment

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 for 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 don't select a preset mix, establish a regular rebalancing schedule.
- Don't compromise your investments by taking loans or withdrawals from your Thrift Plan account.
- Don't make changes to your mix unless your investment horizon changes.