


AHEAD OF THE CURVE

STRATEGIES FOR RETIREMENT PROGRAM SUCCESS

Delivered by Epstein Financial Services

delivering significant resources with focused solutions



HELP US GO PAPERLESS:
Sign-up for our **Ahead Of The Curve** e-version at EpsteinFinancial.com/retirement.
This will be the final printed issue of this newsletter.

MARKET CAP COMPARISON

The following performance statistics validate two of the most fundamental investment principals:

- Asset allocation is the primary determinant of return
- Diversification enhances the risk/return profile of a portfolio

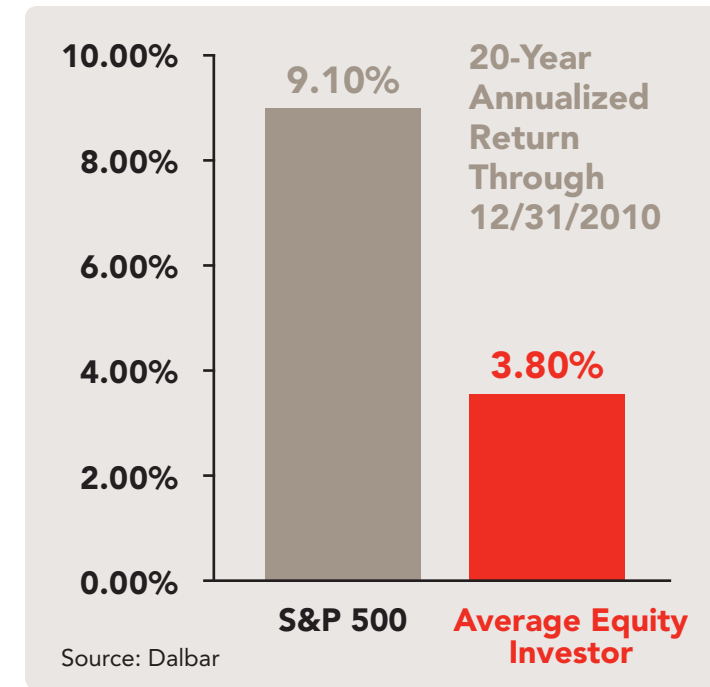
RETURNS	1 YEAR	3 YEAR	5 YEAR	10 YEAR	15 YEAR
S&P 500	12.78%	-14.38%	0.75%	-4.74%	104.8%
S&P MID CAP	24.85%	5.72%	22.93%	75.57%	316.48%
S&P SMALL CAP	24.98%	5.21%	18.55%	89.32%	243.29%

Note: All number through December 31, 2010 exclusive of dividends
Source: Standard & Pools

In retirement program management, the rewards for staying **Ahead Of The Curve** have the potential to have a profound impact on your employees' financial success. Epstein Financial Services' goal is to assist in keeping your retirement program on the forefront of the latest industry developments, regulatory requirements and fiduciary best practices. Managing retirement program details on behalf of our clients allows them to focus on their primary goal of a successful and thriving business.

FALLING SHORT

INVESTORS CONSISTENTLY BUY NEAR THE TOP AND SELL NEAR THE BOTTOM

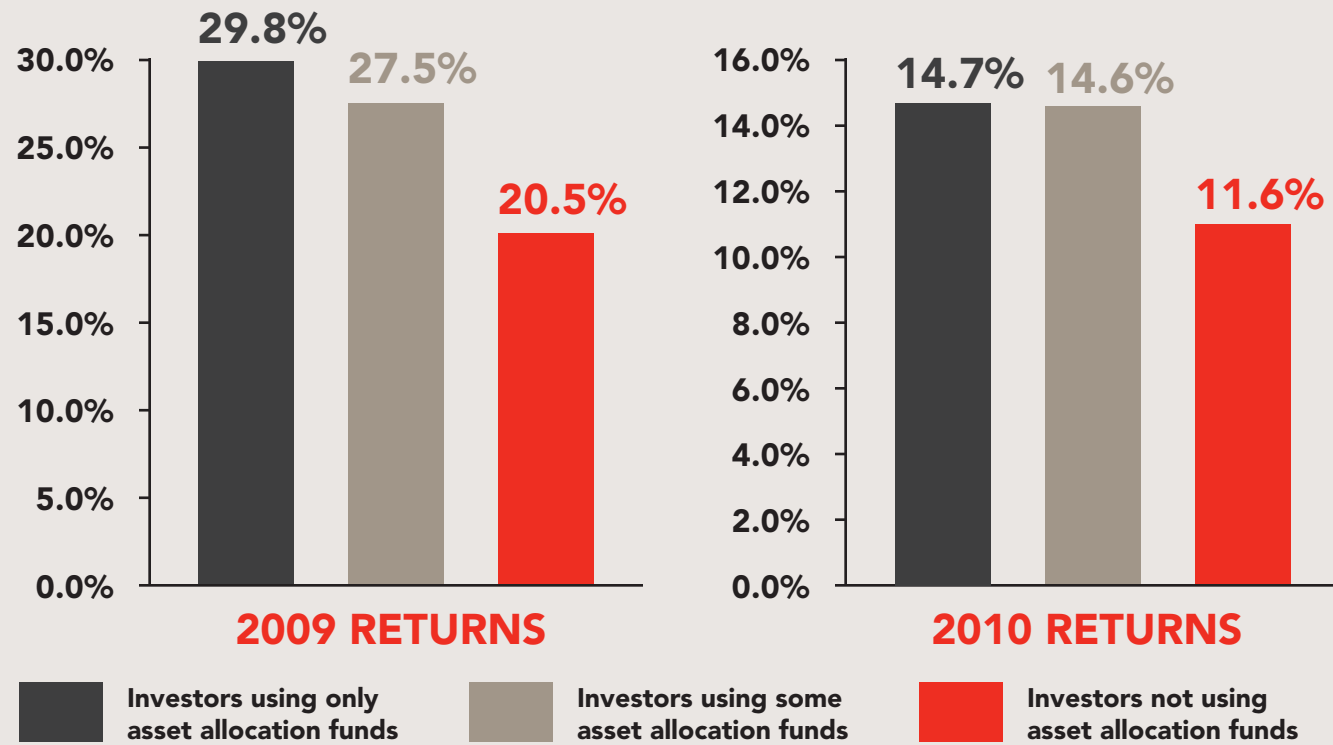


Dalbar has been conducting cash flow analysis of mutual funds for several years. Their analysis has consistently demonstrated the average investor's efforts to time the market have resulted in significant underperformance relative to a "buy and hold" investment discipline. Participant education and communication reinforcing fundamental investment principals has the potential to significantly enhance your employees' opportunity to achieve financial success.

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ASSET ALLOCATION FUNDS STAY THE COURSE

401(k) investors who used asset allocation funds including risk-based and target-date portfolios did better in the aftermath of the financial crisis than those who did not use asset allocation funds.



Source: Aon Hewitt Consulting

Falling Short: continued from page 1

Asset allocation funds, in particular target-date funds, are represented in a vast majority of 401(k) retirement programs. The appeal of target-date funds was enhanced by the Department of Labor when these options were approved as Qualified Default Investment Options providing fiduciary relief for plan sponsors directing participant contributions to these funds. However, it remains a key fiduciary responsibility to be certain the funds in your program continue to deliver acceptable relative performance with reasonable expenses. In addition to performance and fees, we believe it is incumbent on plan sponsors to be aware of several issues when evaluating your provider and the target-date funds they make available to your plan.

- It is important to understand the nature of funds being purchased by the target-date funds. Does the fund hold mutual funds, collective trusts, index funds or ETFs? Is the fund's asset allocation strategy reasonable?
- What benchmark is your provider using to validate that the fund is achieving acceptable levels of performance?
- Does your provider require you to use their proprietary target-date funds, which could result in your not being able to adequately address performance issues?
- Are you and your participants aware of what is referred to as the fund's "glide path"? The funds available in the marketplace have dramatically different levels of equity exposure as the participant's retirement date approaches. The period within 10 years of retirement is critical in preserving capital and sustaining income throughout retirement. ¹

401(k) MARKET INTELLIGENCE HOW DOES YOUR PLAN COMPARE?

Many plan sponsors want to know how their retirement plan stacks up to current market trends. Following is a brief compilation of statistics from a spectrum of industry sources. The design and ongoing management of your retirement program can have a profound impact on your employees' ability to accumulate sufficient assets to achieve financial security in retirement. Reviewing the following highlights may be of value in determining if your plan's features are keeping pace.

- 60.3% of plans offer immediate eligibility.
- 39.5% of plans provide immediate vesting of matching contributions.
- The most common match formula is \$.50 per \$1.00 up to 6% of pay.
- 38.4% of plans have an automatic enrollment feature.
- 72% of plan sponsors use a life cycle or target-date fund as the default option.
- Plans offer an average of 18 funds for both participant and company contributions.
- Company contributions average 2.1% of payroll.
- 33% of plan sponsors have no investment committee.
- 90% of all plans have a written investment policy statement.
- 66.7% of companies retain an independent investment advisor to assist with fiduciary responsibilities.
- Investment advice is offered in 60.1% of plans; 21.6% of participants used advice when it was offered.
- 41.3% of plans allow participants to make Roth after-tax contributions.
- Self-directed brokerage accounts are offered in 15.5% of plans.
- 61% of plans offer a loan provision to participants.
- Hardship withdrawals are permitted in 85.6% of plans.
- 34.2% of plans have a Safe Harbor plan design in lieu of ADP/ACP testing. ¹

THE RIDE CONTINUES S&P 500 PERIODIC CLOSE 12/31/07 - 8/31/11

