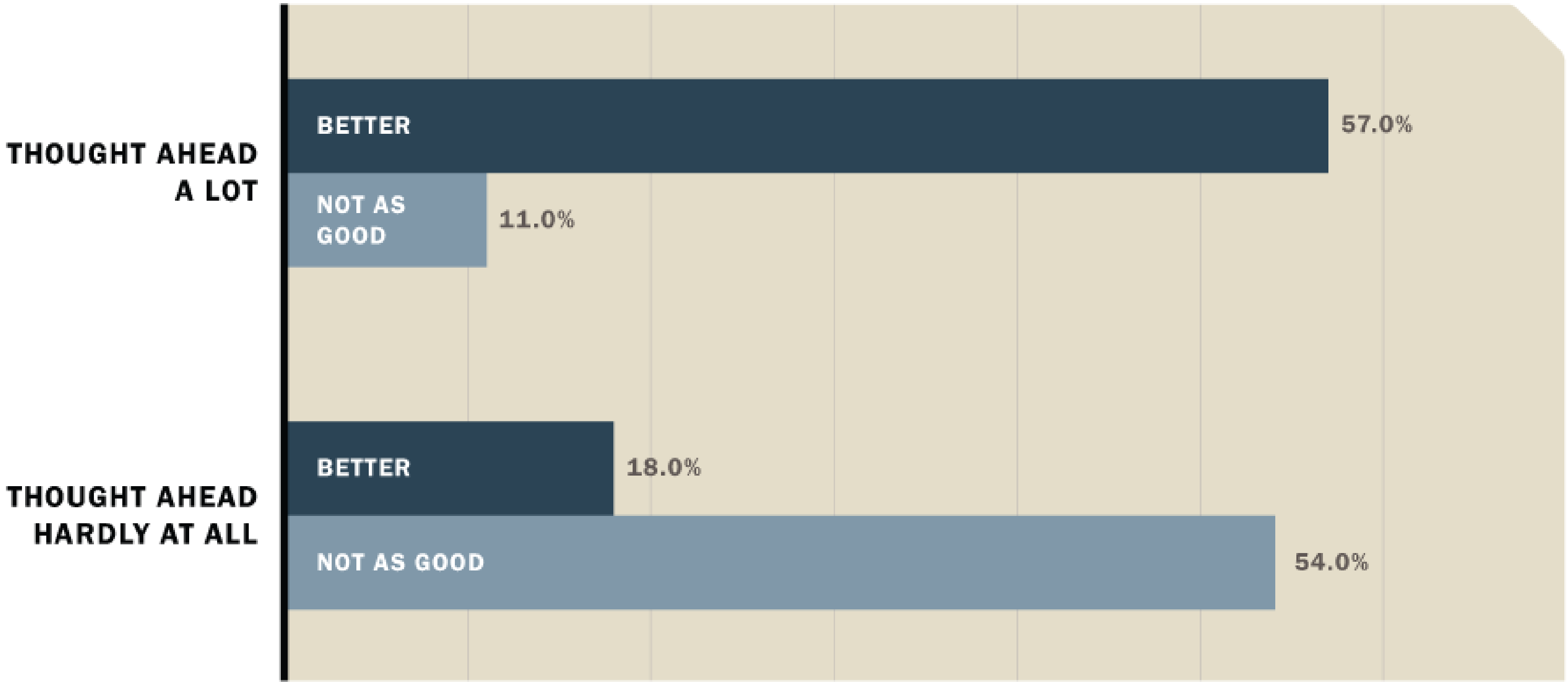
Oak Ridge 401(k) Savings Program

Getting Fit Financially

Presented by Alan Still
Education Specialist

Investors who plan experience better outcomes in retirement

"How is your retirement compared to the years just prior to retirement?"



Source: Lusardi, Annamaria, "Saving for Retirement: The Importance of Planning," Research Dialogue, TIAA-CREF Institute, December 2000, page 8. This chart reports the fraction of respondents according to how they rate their retirement experience and how much they have thought about retirement. These respondents have already partially or fully retired at the time of the survey. Those who had no thought about retirement prior to retiring are considered non-planners. The original data came from the 1992 Health & Retirement Study. The survey showed that households not planning for retirement ended up having much lower savings than households that have thought ahead a lot about retirement.

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The benefits of taking charge

- Sleep better at night
- Afford the things you want
- Provide for those who depend on you
- Meet personal goals

Financial planning

In Your 20's and 30's

A sound financial footing begins by establishing a budget

- Manage your spending
- Meet current obligations
- Start retirement savings to take advantage of your time horizon
- Set a financial goal to build toward

Financial planning

<u>Become a Better Saver</u>

Becoming a better saver involves:

- Creating and sticking to a budget
- Knowing the difference between discretionary and non-discretionary expenses

✓ Track your expenses and spend within a monthly budget.

✓ Keep 3 to 6 months of emergency living expenses in a short-term account.

- Knowing how to attack credit card debt
- Knowing how the Savings Program can help you meet your retirement savings goals

✓ Contribute the most you can to your 401(k) Plan.

✓ Save beyond your 401(k) Plan.

✓ Consider additional long-term savings options, like an IRA or buying a home.

Financial planning

Identify Your Expenses

- **Discretionary** expenses are those you ***don't have to pay***. Here's where you can be flexible!
- **Non-Discretionary** expenses are those you ***have to pay.***
- Your **"cushion"** is the ***money left over*** after the non-discretionary expenses.

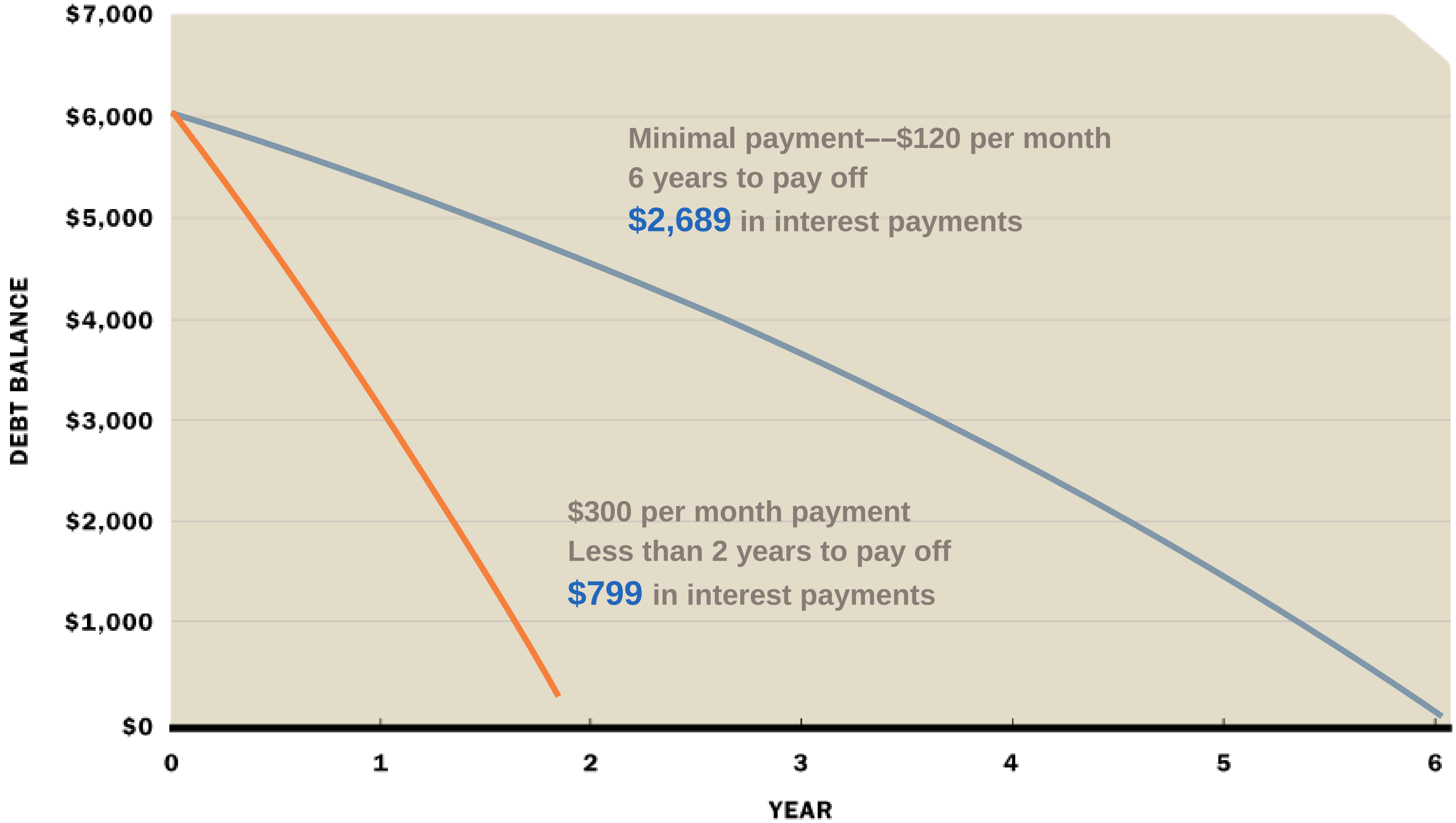
Financial planning

Step 1 – Make a plan of attack:

- How many credit cards do you have?
- What interest rates do they charge?
- Which have the highest balances?
- How much are you paying in annual fees?
- What are your money spending patterns and how can they change? Can you spend less on shoes, restaurants, and other non-necessities and save a little more?
- **Stop using your cards**
- **Stop the credit card offers. Dial 1-888-5-OPTOUT to start the process.**

Financial planning

<u>Step 2 – Pay off debt</u>:



Source: Schwab Center for Financial Research. Hypothetical for illustrative purposes only. Assumptions: initial debt balance of $6,000, 13% interest rate on the debt, no additional charges or debt added.

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Financial planning

Step 3 – Reduce the interest rates on your cards. Make companies *compete* for your business!

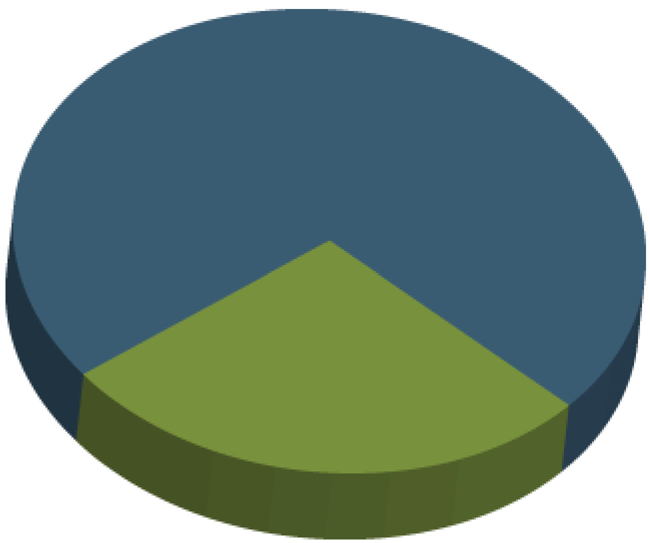
Step 4 – Consolidate your debts!

Finally, Check Your Credit Score and Request a Copy of Your Record

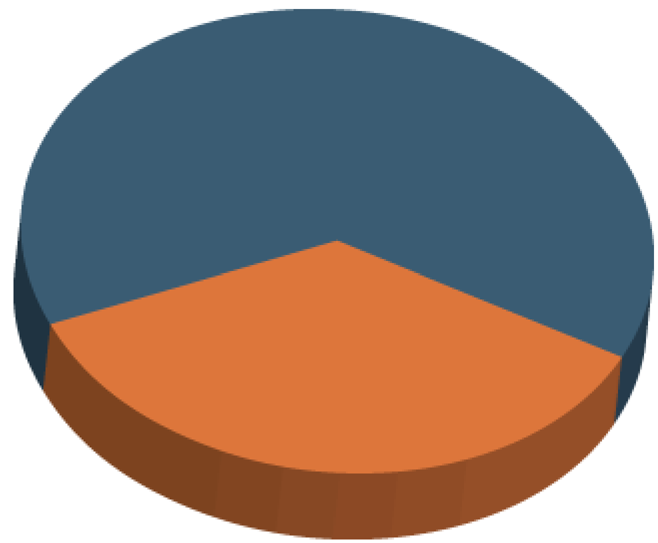
The three major credit reporting agencies are:

- Equifax **www.equifax.com**
- Experian **www.experian.com**
- TransUnion **www.transunion.com**

Debt to income ratio



HOUSING EXPENSES
28% OF PRETAX INCOME



DEBT PAYMENT
36% OF PRETAX INCOME

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Financial planning

<u>In Your 20’s and 30’s</u>
Building Financial Security

- Save more by increasing your retirement contributions over time
- Since you are more likely to change jobs at this stage, be sure to keep any existing retirement plan money tax-deferred by rolling it over to your current 401(k) plan account
- Estimate new savings goals for future costs and expenditures and adjust asset allocation based on your current time frame and risk tolerance
- Prepare for financial pitfalls

Financial planning

<u>In Your 20’s and 30’s</u>

- **Financial security**
  - Focus is usually on the “here and now” at this stage, but the best financial strategy is to realize and take advantage of your greatest asset: time
  - Since the average person spends 20 to 30 years in retirement, calculate how much that means to you, and start saving accordingly
  - Consider a moderately aggressive asset allocation approach to maximize long-term asset accumulation
- **Healthcare**
  - Start thinking about a plan for long-term care
- **Heirs**
  - Set up or review a will and revise any beneficiary information accordingly

The meaning of savings

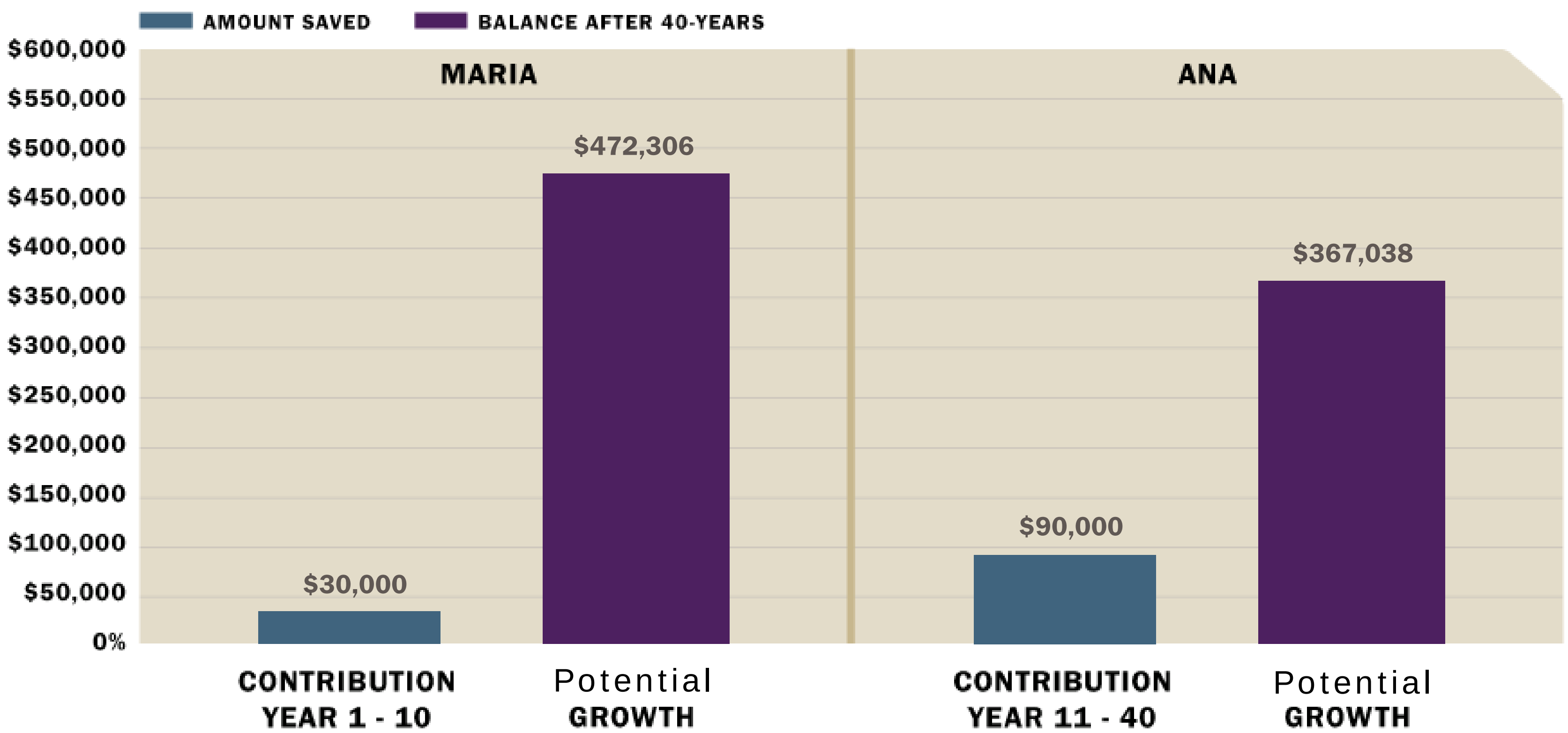
Savings=

+	1	**The value of your savings and investing accounts**
+	2	**Your reward for spending less**
+	3	**Putting your money to work for you**

Compounding is key to savings growth

- Compounding is one way your money may make money
  - Earn on your principal (savings amount)
  - Earn on your principal + previous earnings
- The more you save, the more principal there is to potentially compound
- The earlier you begin, the more it may work in your favor

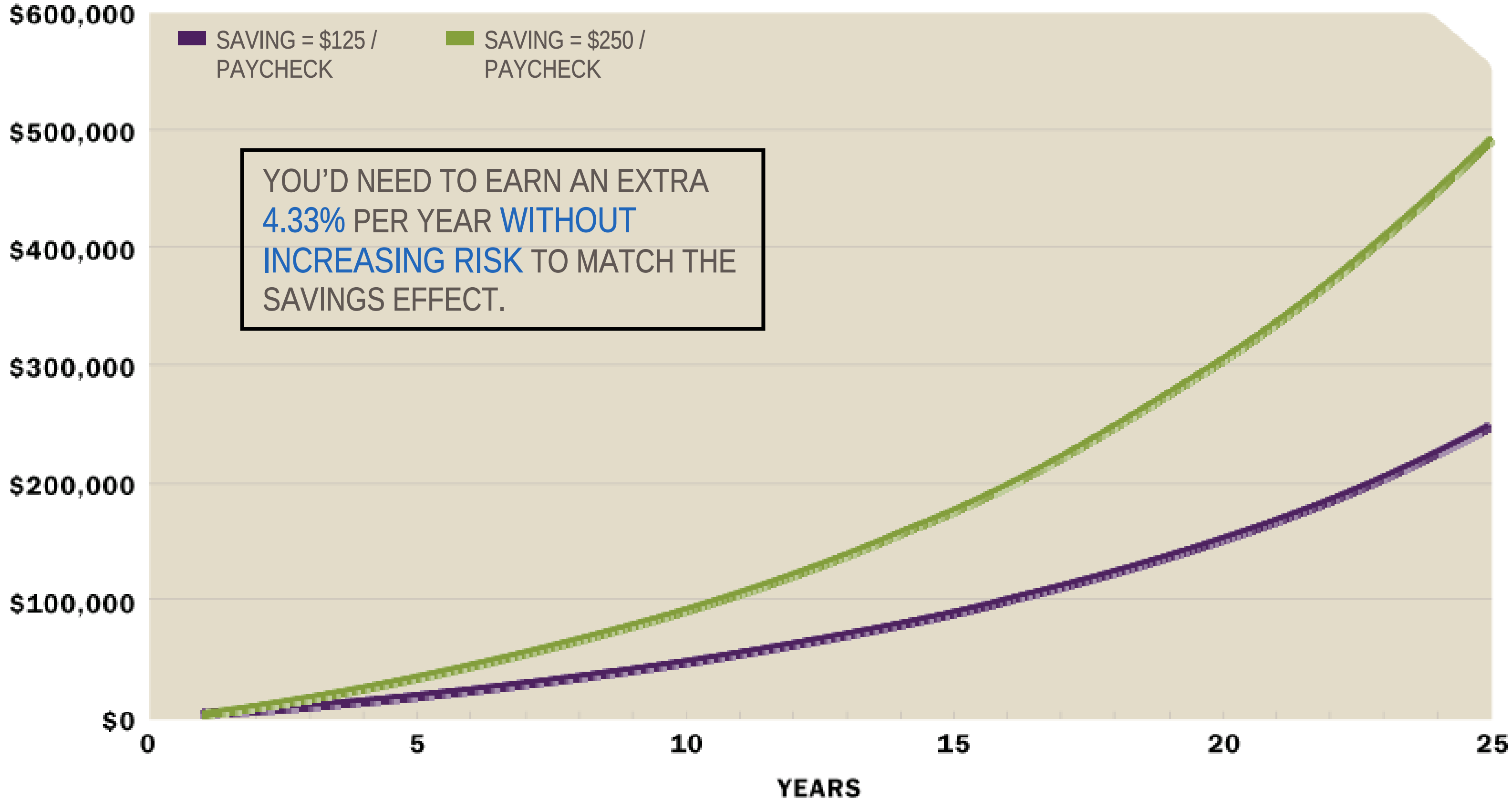
Start early



Hypothetical for illustration only. Not intended to represent the past or future performance of any specific investment. Assumptions: $3000 contributions made at the beginning of the year, 8% average annual rate of return.

The power of increased savings

Two hypothetical investors



Source: Schwab Center for Financial Research. Savings example assumes that the total savings from the paycheck was invested into the Schwab Aggressive Model portfolio whose anticipated annual rate of return over 25 years is estimated at 8.3%. The Aggressive Model Portfolio (allocated 50% large-cap stocks, 20% small-cap stocks, 25% international stocks, and 5% cash investments) may not be suitable for all clients. This chart represents a hypothetical investment and is for illustrative purposes only. The actual annual rate of return will fluctuate with market conditions.

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Save to invest

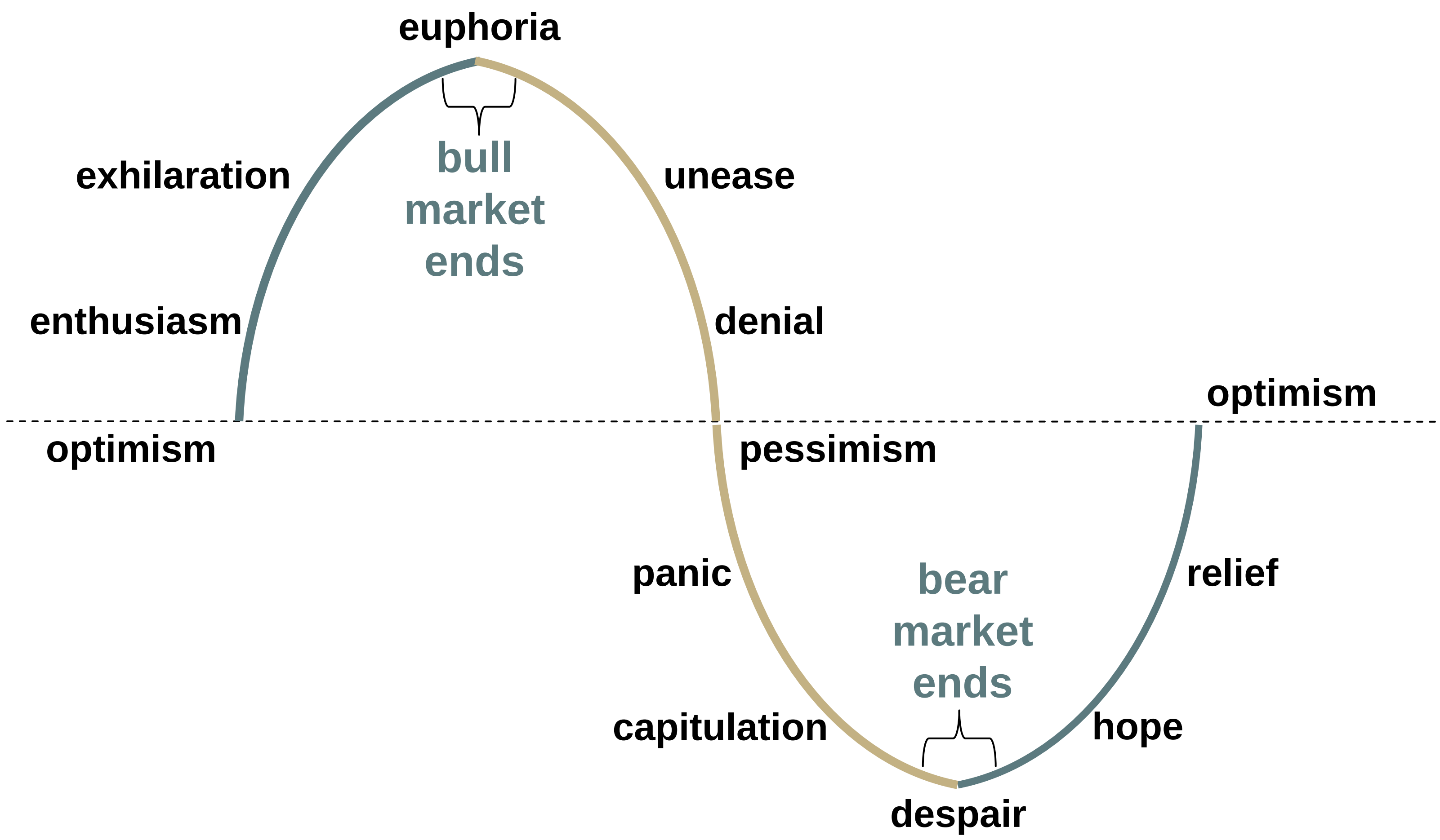
Meet personal savings goals

Once goals are on track, use savings to start investing

Invest money not likely to be needed for five or more years

Market's emotional roller coaster

MAINTAINING DISCIPLINE = KEY TO LONG-TERM SUCCESS



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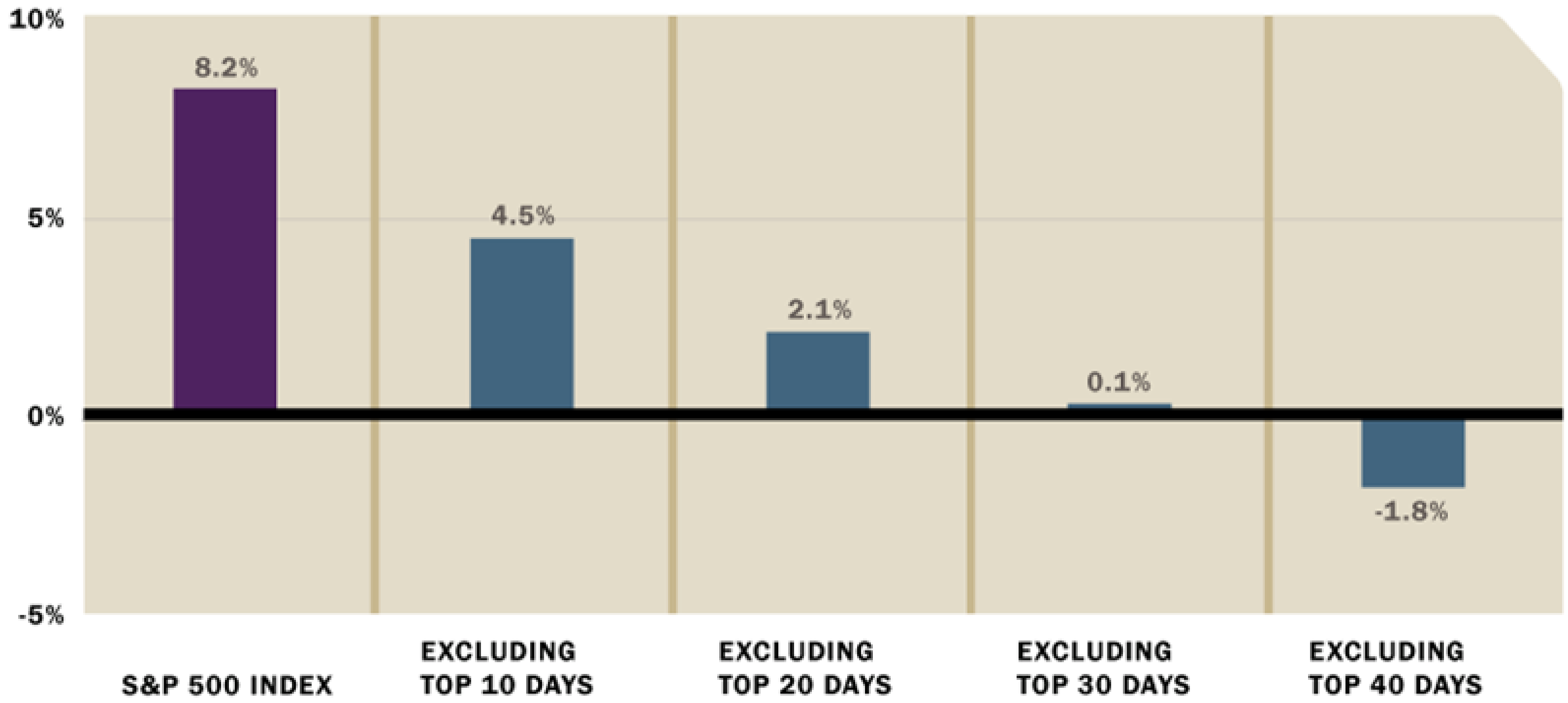
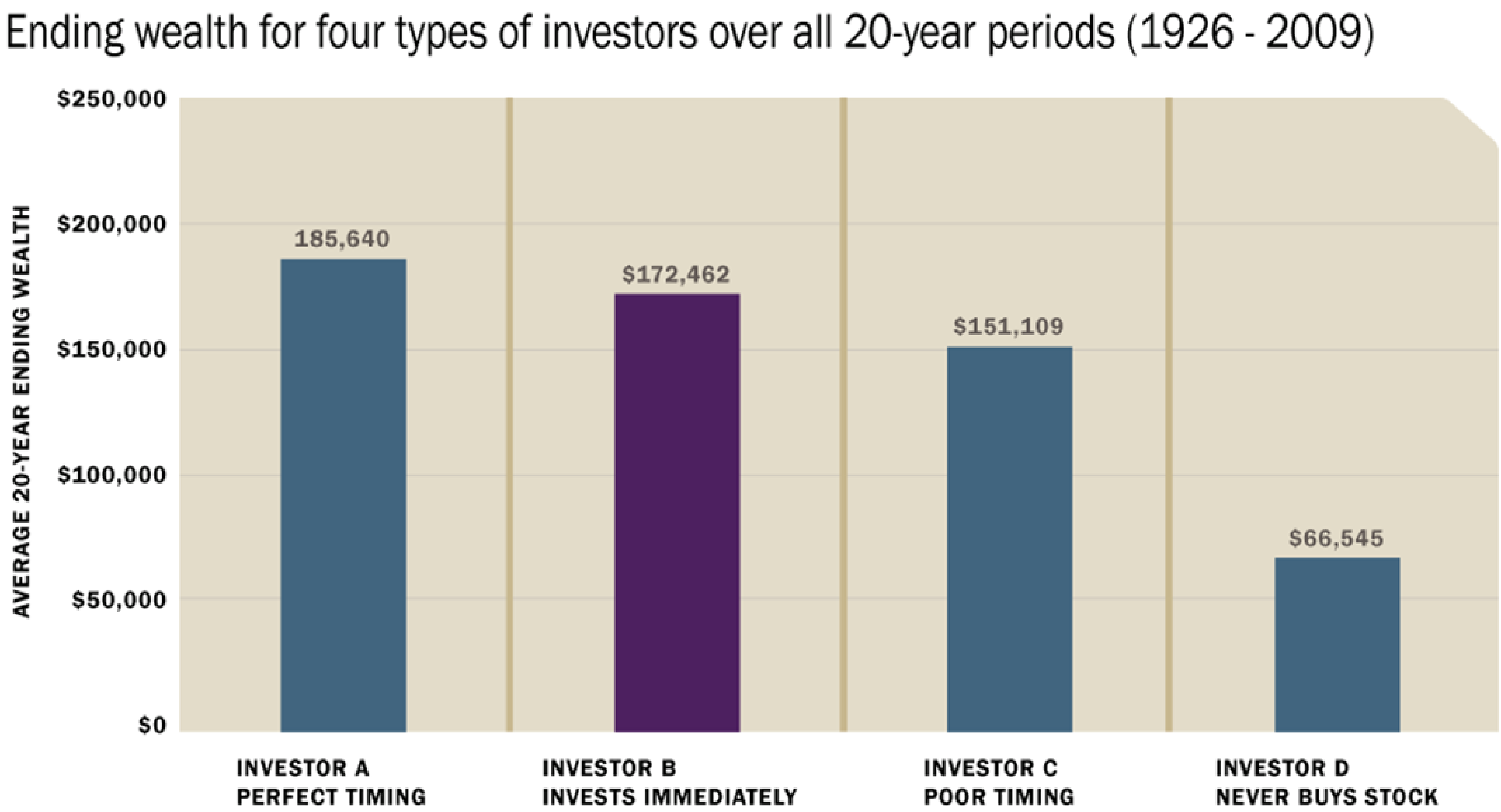
Time in the market is more important than timing the market

Index annualized returns, 1990 – 2009



Source: Schwab Center for Financial Research with data provided by Standard and Poor's. Return data is annualized based on an average of 252 trading days within a calendar year. The year begins on the first trading day in January and ends on the last trading day of December, and daily total returns were used. Returns assume reinvestment of dividends. When out of the market, cash is not invested. Market returns are represented by the S&P 500 Index which represents an index of widely traded stocks. Top days are defined as the best performing days of the S&P 500 during the twenty-year period. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. **Past performance is no indication of future results.**

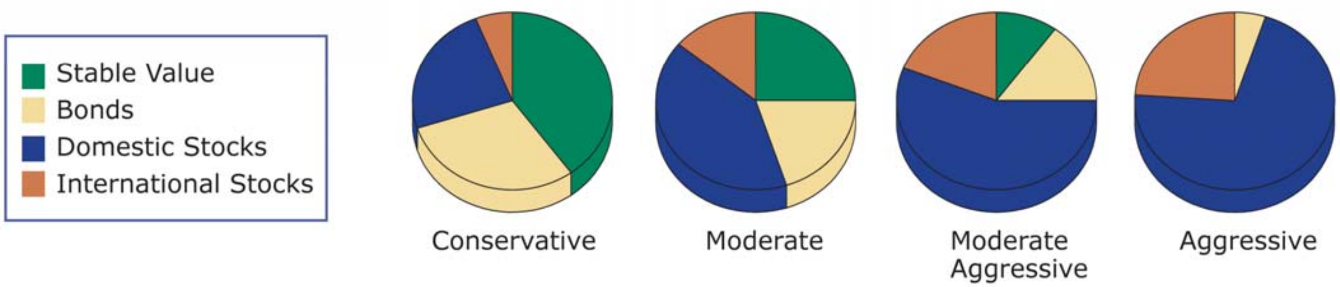
The costs of waiting to invest



Source: Schwab Center for Financial Research. This chart shows the outcomes for four hypothetical investors who invested $2,000 a year for 20 years. Investor A invested each year at the market trough. Investor B invested immediately on the first day of each year. Investor C invested each year at the market peak. Investor D never implemented the plan and stayed in T-bills. Investors A & C invested their yearly $2,000 investments in T-bills while waiting to invest in stocks. Stocks are represented by the S&P 500 Index with all dividends invested. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Average results remained relatively unchanged when the study is extended to 12-month periods that begin with a month other than January. In the case of the 12-month period that goes from February to January, Investor B invested immediately on the first day of February each 12-month period for 20 years. **Past performance is no indication of future results.**

Implement an asset allocation plan suited to your investment profile and financial goals

Fund Name	Strategic Asset Class	Conservative Model	Moderate Model	Moderate Aggressive Model	Aggressive Model
Oak Ridge Stable Value Fund	Stable Value	40%	25%	10%	0%
Wells Fargo Advantage Ttl Return Bond I	Domestic Bonds	30%	20%	15%	5%
Allianz NFJ Dividend Value Instl	Large-Cap Value Equity	7%	10%	12%	14%
American Funds Invmt Co of Amer R5	Large-Cap Value Equity	7%	10%	12%	14%
American Funds Growth Fund of Amer R5	Large-Cap Growth Equity	9%	15%	18%	23%
Goldman Sachs Small Cap Value Inst	Small-Cap Value Equity	0%	4%	7%	9%
Wells Fargo Advantage Small Cap Growth I	Small-Cap Growth Equity	0%	2%	5%	7%
American Funds EuroPacific Gr R5	International Developed Equity	7%	14%	21%	28%
	Total	100%	100%	100%	100%

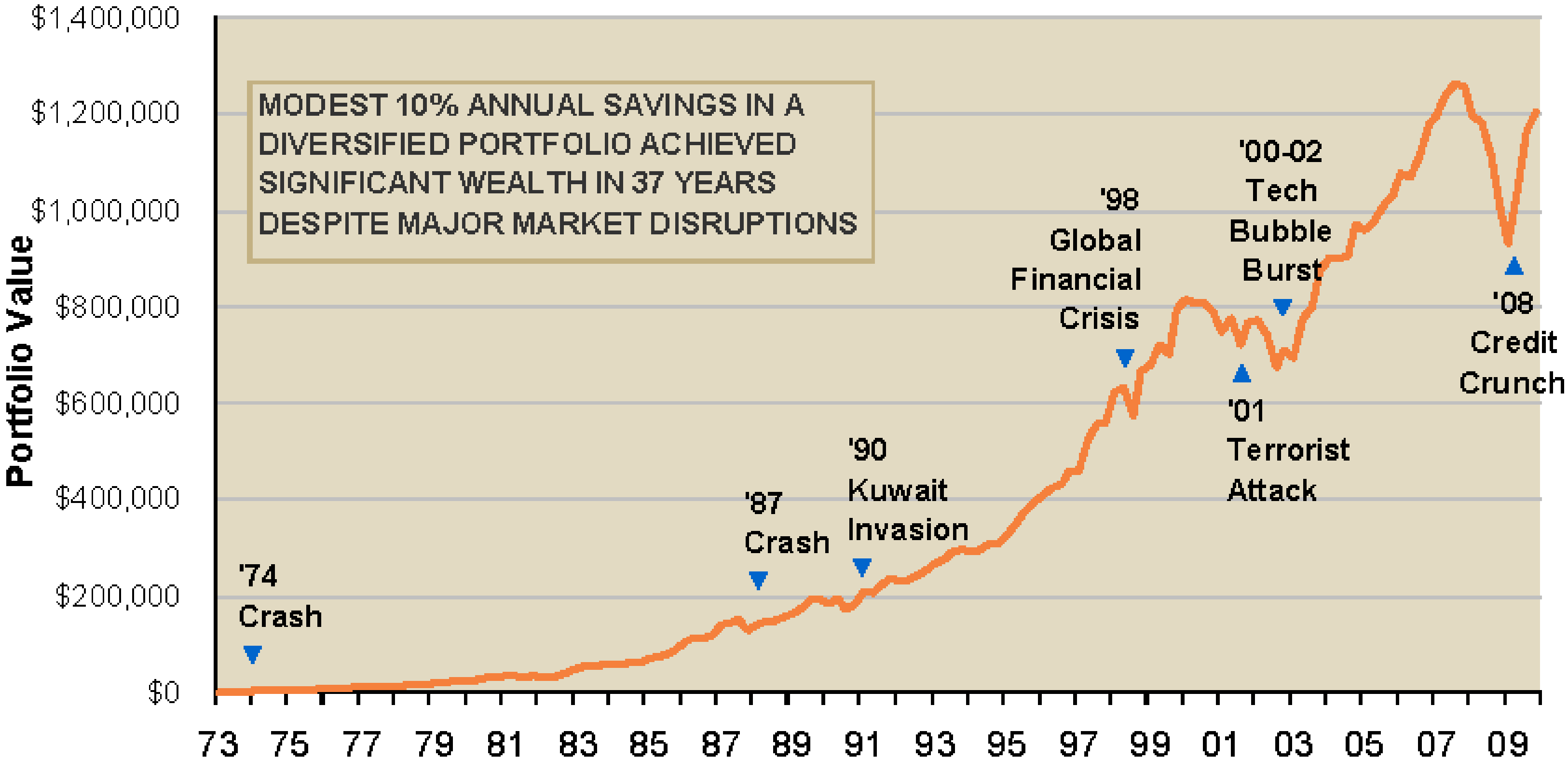


Investors should consider carefully information contained in the prospectus, including investment objectives, risks, trading policies, charges and expenses. You can request a prospectus by calling Participant Services at 1-800-777-4015. You may also request a prospectus at www.401kaccess.com/oakridge. Please read the prospectus carefully before investing.

Fixed income securities are subject to increased loss of principal during periods of rising interest rates. Fixed-income investments are subject to various other risks including changes in credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. Small-cap funds are subject to greater volatility than those in other asset categories. International investments involve additional risks, which include differences in financial accounting standards, currency fluctuations, political instability, foreign taxes and regulations, and the potential for illiquid markets.

Progress toward goal more important than short-term performance

Hypothetical saver starting out in 1973 followed plan



Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. The chart illustrates the growth in value of saving 10% of annual salary invested according to a glide path. The saver began with the Schwab Aggressive Model Plan until age 39, when the allocation shifts to the Moderately Aggressive Model. As the saver approaches retirement (age 52), the allocation shifts down to the Moderate Model. The saver is a 25-year old in 1973, whose 1973 salary of $18,580 is assumed to grow at 3% annual inflation and an additional 10% due to promotion every 5 years to reach $100,000 in 2008. The asset allocation plan is weighted averages of the performance of the indices used to represent each asset class in the plans and are rebalanced annually. Returns include reinvestment of dividends and interest. The indices representing each asset class are S&P 500® Index (large-cap stocks), Russell 2000 Index (small-cap stocks), MSCI EAFE Net of Taxes (international stocks), Barclays Capital U.S. Aggregate Index (bonds), and Citigroup U.S. 3-month Treasury bills (cash investments). The Aggressive allocation is 50% large-cap stocks, 20% small-cap stocks, 25% international stocks, and 5% cash investments. The Moderately Aggressive allocation is 45% large-cap stocks, 15% small-cap stocks, 20% international stocks, 15% bonds, and 5% cash investments. The Moderate allocation is 35% large-cap stocks, 10% small-cap stocks, 15% international stocks, 35% bonds, and 5% cash investments. CRSP 6-8 was used for small-cap stocks prior to 1979, Ibbotson Intermediate-Term Government Bond Index was used for bonds prior to 1976, and Ibbotson U.S. 30-day Treasury Bill Index was used for cash investments prior to 1978. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.

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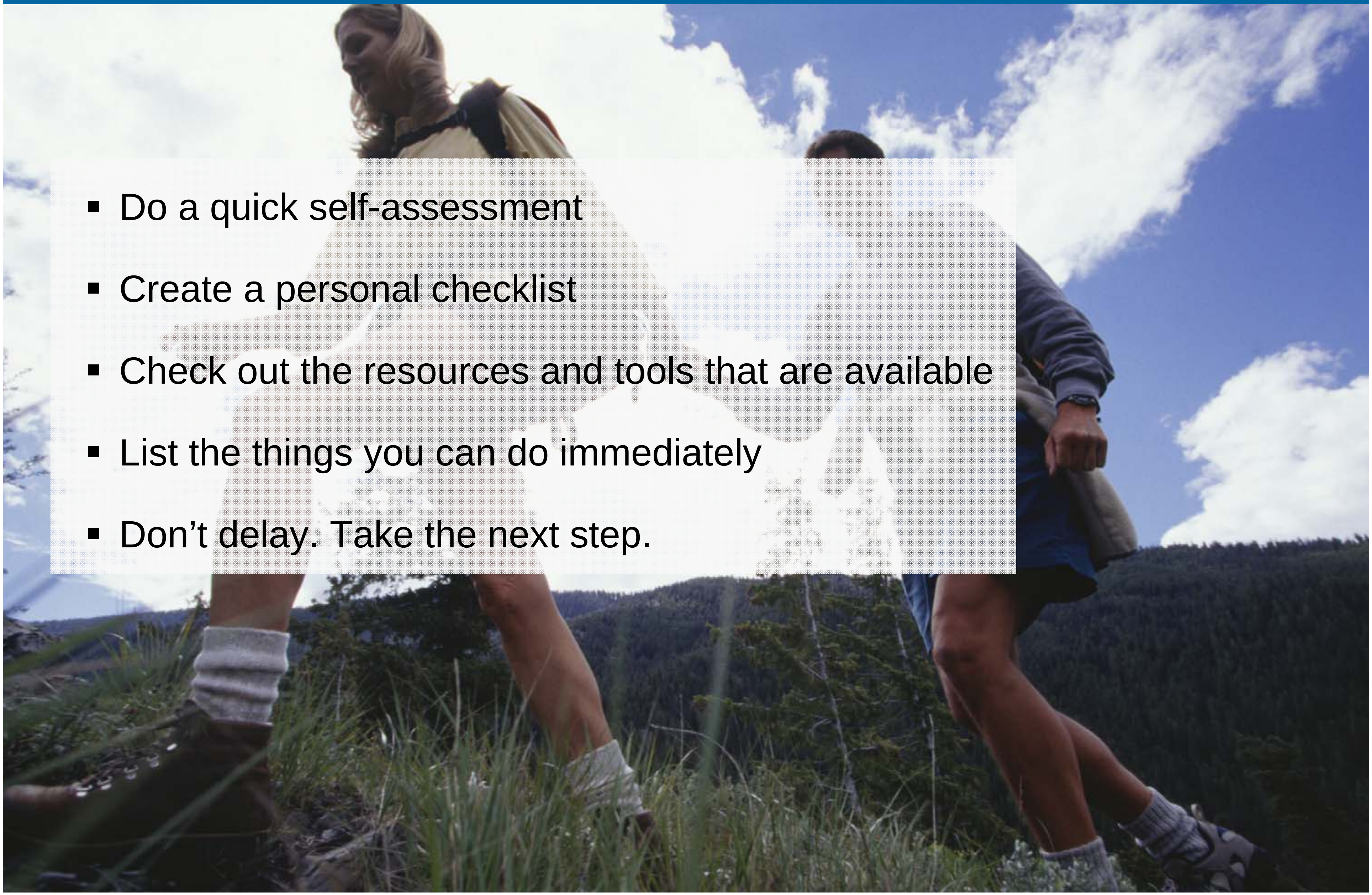
Your next steps

- Do a quick self-assessment
- Create a personal checklist
- Check out the resources and tools that are available
- List the things you can do immediately
- Don't delay. Take the next step.



Savings Program education

<u>Savings Program Eligibility</u>:

- You are eligible to participate in the Savings Program immediately upon hire.

- Your contributions will be deducted from your paycheck as soon as administratively possible following your enrollment in the Savings Program.

Savings Program education

Your Contribution Rate:

- You may contribute from 2.5% to 75%* of your eligible earnings in combined pre-tax, Roth 401(k), and/or after-tax contributions. Pre-tax and Roth 401(k) contributions are subject to annual IRC limits ($16,500**).

- You may take advantage of the SMarT Program to automatically increase your contributions each year.

- “Catch-up contributions” up to $5,500** may be available to participants age 50 who maximize their contributions.

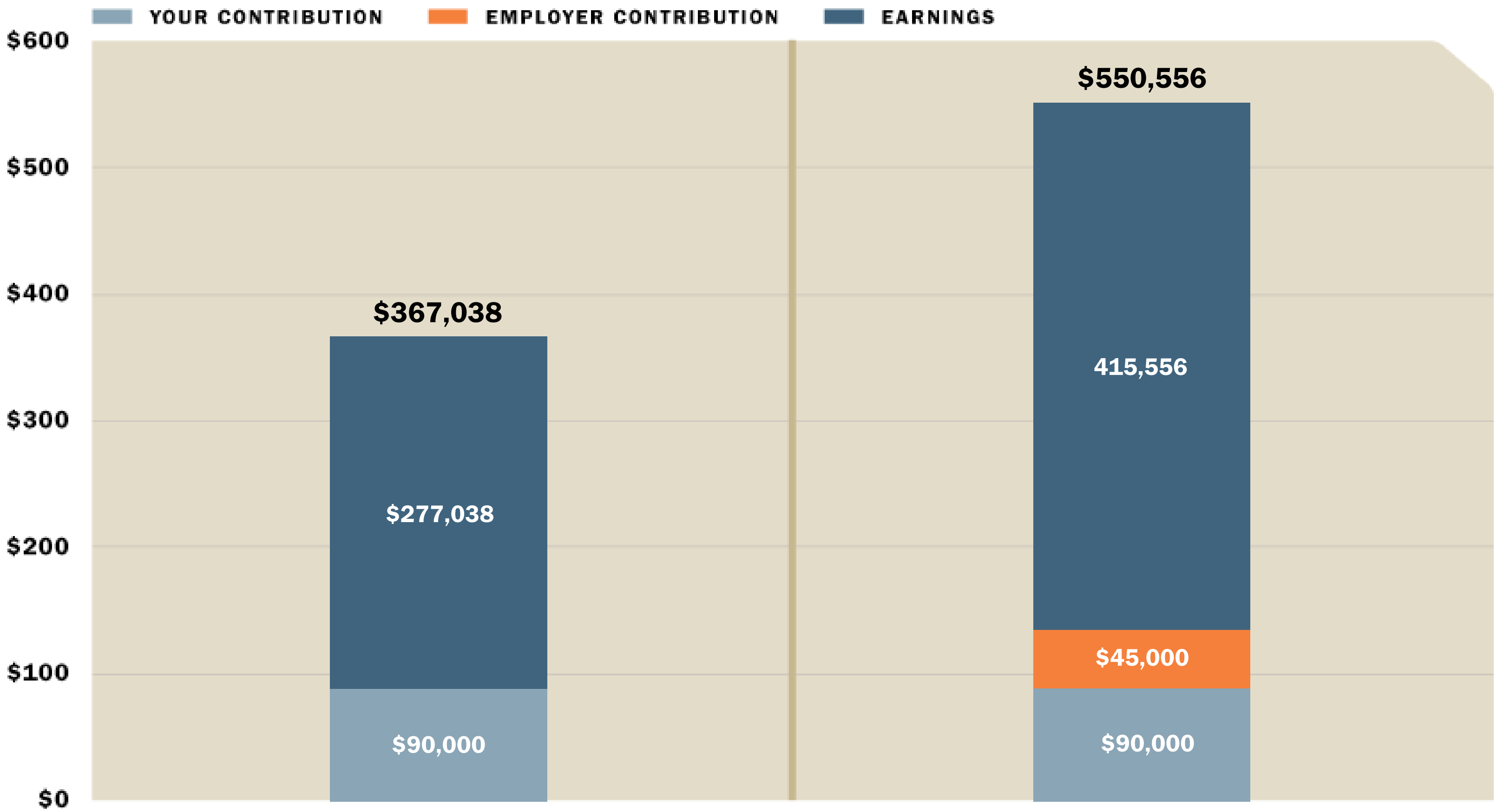
*Contributions of highly compensated employees are limited to 16% of eligible earnings.

**2010 limit, or as adjusted by the Internal Revenue Code. Certain highly compensated associates, as defined by the IRS, may have their contribution percentage capped at a lower rate.

Maximize the employer match

- The Company will match $1 for $1 on the first 2% of your eligible earnings that you contribute, plus 50¢ for every $1 you contribute on the next 4% of your eligible earnings on a pay period basis.
- To receive the full match, you need to contribute 6% of your eligible earnings.
- Employer money can boost retirement savings.
- Matching amounts can benefit from potential compounding.

Matching contribution benefits



Hypothetical for illustration only. Not intended to represent the past or future performance of any specific investment. Assumptions: $3,000 saver contribution and $1,500 employer matching contribution are deposited at the beginning of the each year for 30 years, average annual rate of return of 8%.

Enroll in the Savings Program

- The Savings Program's website at **www.401kaccess.com/oakridge**
- Participant Service Representatives are available Monday through Friday, 8 a.m. to 10 p.m. Eastern time, by calling 1-800-777-4015 (English) or 1-800-680-4015 (español)