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from Agri-Invest, LLC

## Participants' options for their accounts at retirement

Did you know that you have numerous options regarding your Co-op 401(k) Plan account when the time comes to retire or leave your job?

**You can leave the money in the account.** If the amount in your account exceeds \$1,000, you may simply leave it in the account, although you will not be able to make any more contributions to the account. Most importantly, by leaving the account open, your investments remain intact giving you continued access to the high-quality, low-cost investment options selected by the Co-op 401(k) Plan Fiduciary Board. Your accounts will continue to automatically rebalance if you have that option selected, and you are free to make fund transfers as you see fit.

Leaving the money in your account is a great option if you change jobs and do not have access to a 401(k) Plan or you are dissatisfied with the investment funds with your new Plan.

**You can receive recurring payments.** You may elect to receive equal monthly payments (of at least \$100) from your account (think of it as a monthly paycheck for you as a retiree). A participant may begin or stop recurring payments at any time, but can only change the amount of the payment once a year. Any change in the amount of the payment is effective the following January 1. The deadline to make a change is December 1.

If you choose to take partial withdrawals, you will retain access to your investments and the money left in your account still has the opportunity to grow. Earning interest on your savings even during your retirement can be very important to making sure that your nest-egg lasts for the duration of your lifetime.

If you are making withdrawals from a traditional pre-tax 401(k) account, your distributions will be taxed, but if you take distributions from Roth 401(k) that has been open for at least five years, your payments will be tax-free.

Keep in mind that if you are not yet age 59½, your payments may be subject to an early withdrawal penalty.

**You can take a lump sum distribution as ordinary income.** You can take a distribution for the full amount in your account to be used as ordinary income. As with recurring payments, distributions from a traditional 401(k) account will be subject to a 20% taxation and may be subject to an early withdrawal penalty.

Any account with a balance of \$1,000 or less will be automatically closed. You will receive notification of the closing and a check for the amount in the account.

**You can roll the money over into another retirement account.** If you are not of retirement age or are not yet planning on using the money, you can roll it over into another 401(k) if one is available to you, or an IRA. If money is directly rolled over, it is not subject to the 20% withholding for taxes.

**You can take a partial distribution.** You may take a distribution of up to 95% of his account and still leave the account open, as long as it contains more than \$1,000. Again, 20% will be withheld for taxes unless the money is rolled over into another retirement account.

Note that these distribution options also apply to the spouse of a deceased Co-op 401(k) Plan participant, if the spouse is the beneficiary of the Plan. If the beneficiary is someone other than the spouse, the money in the account can be taken as ordinary income (through a lump-sum or partial distribution or recurring payments) within five years of the death or rolled over into an IRA.

If you have additional questions regarding distribution options from the Co-op 401(k) Plan, please call Milliman customer service at 888.708.6988.

# Market Commentary

*provided by Agri-Invest, LLC*

## Third quarter 2009

Financial markets have responded well over the past six months as government and central bank actions around the world continue to address the financial crisis in an effort to ease the recession. Volatility has declined, interest rates remain low, and investors have seen values recover.

### Equity Markets

The third quarter of 2009 was remarkable for equity markets as every asset class provided significant positive returns. The S&P 500 was up 15.6% for the quarter and 34% for the trailing six months, providing one of the best semi-annual returns of all time. It should be noted however, that similar remarkable upswings occurred in the '70s and '80s. The huge market declines that occurred in 2008 leave trailing returns for three and five years in negative territory.

The dramatic turnaround in stock values seems at odds with the continuing increase in unemployment, and ongoing concerns about a slow economic recovery and potential rise of inflation. To understand the recovery of stock value it is important to understand the basic determinants of stock price, which include the value of future cash flows (corporate earnings), and the risk associated with realizing those projected cash flows. The more uncertain or risky the future cash flows, the more they are discounted, resulting in a lower valuation. The jump in stock prices over the past six months is largely due to a reduction in uncertainty and not just a result of improved earnings prospects. The world seems like a safer place than it did six months ago, and that is reflected in the stock market.

### Fixed Income Market

Diversified bond funds continue to provide positive returns. Short term interest rates remain very close to zero while longer-term treasury rates continue to stay in check thanks to action by the Fed and modest inflation expectations. The bond fund in the plan is significantly outperforming the broad bond market this year as it took advantage of the reduction in financial market uncertainty that caused the price of some riskier bonds to increase in value.

## Is it time for an “athletic portfolio”? (Is buy and hold dead?)

A recent article in Financial Planning magazine described the notion of an “athletic portfolio” comparing the proficiency of professional athletes with the ability of a skilled financial advisor to make tactical moves in and out of financial markets, and “being willing to grab short-term opportunities and squeeze every fraction of return out of them.”

To the action-oriented managers and entrepreneurs among us, this strategy has overwhelming appeal. In every other area of our professional lives we know that action is the appropriate reaction to disappointing previous results.

Unfortunately, investing is less about taking action to change outcomes, and more about managing the inherent risk of uncertain outcomes. If it were simply a matter of taking action to improve our investment results, we could expect some smart academic researcher to find evidence of such success. If skill and action could overcome uncertainty, smart, action-oriented people would have a better chance than others of winning the lottery.

Successful investing is not a result of a willingness to take action. It does result from the discipline required to manage risk and uncertainty. It is important to take the emotion out of investment decisions and resist the temptation to assume that likely outcomes are guaranteed, and unlikely outcomes are impossible.

Buy and hold may be dead if we assume it to mean a strategy of utter complacency, buying a portfolio and never changing. But if we interpret buy and hold to be the implementation of a long-term strategy that manages risk through diversification and rebalancing, it still offers the best chance for success.

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## PlanBITS

### Milliman will be closed for upcoming holidays

Please note Milliman will be closed the following days:

- November 26-27 (Thanksgiving)
- December 24-25 (Christmas)

May all Co-op 401(k) Plan participants have a safe and happy holiday season.