

ENHANCED FEE TRANSPARENCY –

Disclosing Your Expenses within the PCA Retirement Plan, but NOT Creating any New Ones!



There has been a groundswell of support within Congress for greater transparency of participant fees within 401(k) and 403(b) retirement plans. Last year the House and Senate introduced three different legislative proposals (e.g., H.R. 2779, H.R. 2989 and S. 401) requiring employers to disclose the total cost of participating in an employer-provided retirement plan. This action will be welcomed by retirement plan participants who have struggled to determine the total cost of investing in a company-sponsored plan. The various fees and

expenses incurred by retirement plan participants are investment management, brokerage, recordkeeping and plan administration. These fees often must be gathered from a variety of sources in dollars, percentages, or as a formula. Searching through the myriad of fees and expenses and combining these figures into a realistic

— continued on page 2

THE ECONOMIC AND MARKET REPORT: 1st Quarter 2010

Wall Street's dramatic recovery continued through the first quarter of 2010, as reflected in three popular broad market indexes: the Dow Jones Industrial Average +4.11%, the S&P 500 +4.87% and the NASDAQ +5.85%. While the U.S. markets gained momentum, investors experienced more volatility and a slower growth rate than much of last year. This had many shareholders concerned that the market would take a double dip, further depleting their investment accounts. However, reasonable valuations and solid U.S. corporate balance sheets during the first quarter created a strong demand for stocks. This demand helped propel markets upward in 2010 despite a few selloffs along the way.

January started off with an impressive rally. The Dow closed up by 156 points by the end of the first day of the year. However, the opening of the quarter was not a harbinger of things to come. Later in January, concerns about poor earnings reports and the tightening of Chinese economic policy sent the Dow southward for three straight days. It lost a jaw-dropping 552 points. After a brief recovery in early February, the Dow plunged further to its low for the quarter, falling below the 10,000 mark. Doom-sayers and hyperbolic language gained credibility as we entered February, and investors' resolve was battered at least until mid-February. It was then that the Dow began its impressive climb of 948 points to close at 10,856 for the quarter. March 31st marked the Dow's fourth straight quarterly gain.

Gains were not seen exclusively in the broad U.S. market; positive returns were also found among a number of asset classes. This is particularly impressive given the variety of market scares we experienced in the first three months of the year. The health care legislation reform, the sovereign debt crisis with Greece, the nuclear impasse between Iran and Israel, and the Fed's plans to tighten credit markets did not prevent stocks from heading into positive territory. During the first quarter, Wall Street favored Small Cap stocks over Large and also favored Value investing over Growth. In U.S. markets, Large Cap stocks, as measured by the Russell 1000 Index, trailed Mid Cap and Small Cap equity returns, showing a respectable return of +5.70%. On the other hand, Small Cap stocks, as measured by the Russell 2000 Index, turned in an impressive +8.85% return. Underdeveloped foreign markets (also known as emerging markets), which had notched in huge gains to the tune of +79% last year, experienced more subdued returns this quarter due to the tightening of monetary policy in several countries. The MSCI Emerging Market Index reflected this cooling trend and closed at +2.40% for the quarter. Developed foreign markets continued to grapple with the effects of the global recession. The MSCI ACWI, an index measuring the performance of developed markets, eked out a quarterly return of +0.87%. Another weak performer for the quarter was the broad-based bond market (Barclays Capital Aggregate Bond Index) which put up a modest +1.78% return.

Although the economic recovery is still gaining momentum and is proving to be sustainable, the pace of

growth will not solve the long term ailments plaguing our U.S. economy. Still, there is much to be encouraged about over the short term: This quarter's reports from the Bureau of Labor statistics brought some long-overdue good news in the employment sector, with a 162,000 gain in non-farm jobs - the biggest gain we have experienced in three years. The Census Bureau will help to continue this trend by adding "hundreds of thousands" of jobs over the next year. While we realize that this does little to help further careers, it is welcome news for those looking to put food on the table. The unemployment report released by the Bureau of Labor Statistics indicated that the jobless rate has continued to hold at 9.7% for the third consecutive month in a row. The good news (if you can call it that) is that perhaps we have found the bottom of the unemployment rate. The continuing rise in purchasing orders has also encouraged economists. Orders at the end of the quarter were more than a third of the way back to where they were during their peak in July of 2008.

While these early indicators are encouraging, a number of others cause economists to be cautious in their assessments going forward. For the economy to gain firmer footing, the U.S. will need to address a number of challenges, such as adjusting the U.S. tax rate, entitlement spending, or some combination of the two; addressing our bloated budget deficits; and adjusting our over-dependence on foreign capital to support our recovering economy. None will be an easy pill to swallow.

— Mark Melendez, Client Services Manager

PASTOR'S CORNER

The X Factor of Retirement

I refer to the year 2009 as **"The Year of Change."** We saw the financial markets make a turn in the positive direction. The first African-American was inaugurated as U.S. President. At RBI, we made some helpful changes to our insurance plans, and the PCA Retirement Plan brought on a new recordkeeper and added investment funds. Since life involves constant change, in some ways all this is nothing new.

But for me personally it was a time of dramatic change. Both of my parents died, my mom in late February and dad in early April. In the last years of their lives, I saw their health decline, and as a result, they had to move to an assisted living facility. It was a sad day when both were no longer able to care for themselves, Dad, being of better health, had cared for mom for the prior four years due to her dementia, but he finally had to move her and himself out of their home of 53 years in order to let others care for them.

My older brother and sister and I were happy with the place they spent their last days before going on to the Lord, but it was quite expensive. However, dad had planned for such an expense and had saved through the years in order to pay the high cost of long term care. He did not need insurance since he saved adequately, but for most of us, the huge long term care savings is just not possible. This - the money needed for long term care - is what I call the X Factor of retirement. Many people do not account for this expense when doing their retirement planning.

RBI recognizes the possibility of long term care needs and the enormous amount of savings that would be required to pay for this end-of-life expense.

"What does this cost?" you might ask.

Let's consider that question. According to an article at **AAPR.org**, *What Does LTC Cost in Your State?*, the average cost of long term care per year is \$41,871. This is only an average; actual costs will vary by state and facility cost. But this is also only the start. There may be a need for additional caregivers, or if you stay in your home, professional caregivers may be needed along with the installation of special handicap aids. Multiply this by the number of years you may need this special care and the cost can be massive.

Bearing in mind the above costs, perhaps a more important question is, *"How will I be able to pay for long term care, the X Factor of retirement?"*

Consider Long Term Care insurance as an important part of your retirement strategy. The cost of Long Term Care insurance is significantly lower than the actual costs of long term care. For example, if your monthly premium is \$25 (as an example premium amount) and you pay into the plan for 30 years, your total cost would be \$9,000. Although the LTC insurance payout may not cover all your expenses, it could pay all or a large portion of your

long term care costs over a 3 year period or longer, depending on the coverage you purchase.

If you do not have Long Term Care insurance, you will have to find other sources, such as your retirement plan savings, to pay for long term care, and these savings can be eroded in a matter of a few years. Long Term Care insurance can be considered as "insurance for your PCA Retirement Plan account". Call RBI for more information.

— Rev. Harry Cooksey, Senior Field Coordinator



Investment Performance: 1st Quarter 2010

1st Qtr 10 1 Yr. 3 Yr. 5 Yr.

Average Annual Return Through 3/31/10

PCA Large Cap Growth	2.97%	34.54%	-1.00%	3.64%
PCA Large Cap Value*	6.76%	N/A	N/A	N/A
S & P 500 Stock Index	5.24%	49.23%	-4.78%	1.30%
PCA Mid Cap Growth	7.21%	50.25%	1.14%	5.51%
PCA Mid Cap Value	11.73%	65.77%	-4.64%	2.20%
Small Cap	9.03%	53.68%	-2.28%	2.20%
International Stock	2.95%	52.27%	-5.70%	2.41%
PCA Diversified Bond	2.13%	11.58%	5.00%	4.46%
Conservative Bond	1.07%	1.76%	3.53%	3.44%
Money Market	-0.12%	-0.21%	1.88%	2.64%

PCA CORE FUNDS

PCA TARGET FUNDS

PCA TR2050	5.00%	51.73%	-3.56%	NA
PCA TR2045	4.99%	51.73%	-3.56%	NA
PCA TR2040	4.96%	51.66%	-3.59%	NA
PCA TR2035	4.89%	50.28%	-2.90%	NA
PCA TR2030	4.73%	48.77%	-2.28%	NA
PCA TR2025	4.46%	45.68%	-1.12%	NA
PCA TR2020	4.12%	41.11%	-0.16%	NA
PCA TR2015	3.66%	37.78%	-0.01%	NA
PCA TR2010	3.20%	35.17%	0.18%	NA
PCA TR2005	2.75%	31.28%	0.90%	NA
PCA TR2000	2.42%	25.48%	1.68%	NA
PCA Harvester	2.29%	18.26%	2.13%	NA

Note: Investment returns shown are net of investment manager, custodial and administrative fees.

* Fund inception 12/28/09

