

# Heads Up

The Directed Account Plan Quarterly Review

July 2003

## TEN YEAR ANNIVERSARY ISSUE!

► JULY 1993 - JULY 2003 ◀

### Getting Back In

Stock options are still an important part of your DAP portfolio

excerpts from American Funds **Your Investment Resource** newsletter

A great philosopher once wrote that we need to experience both extremes in order to find the center. He called this theory the "golden mean".

Many investors have made extreme investment choices over the past decade. During the last bull market, investors went to one extreme: they wanted to own mainly stocks. Then, when stocks fell in value, investors rushed to the opposite extreme, putting their money mostly in Stable Value.

When you look at saving for retirement over the long term, it's a good idea to ask whether extreme investing - in any direction - will help you reach your financial goals.

Let's take a look at some ideas on how to get back into stocks and help you achieve your own well-balanced portfolio.

While there are no guarantees, history has shown that, for those investors seeking to do more than preserve capital, it's a good idea to always keep some money in stocks. After all, the hardest thing to predict is the beginning of a bull market. A good way to positively influence your long-term returns is to have some money in stocks when the next bull market begins.

#### Ideas for getting back in

Take a few moments to review the options in the DAP. Look over your current investment choices and ask yourself one question: Will these choices help me to achieve my long-term financial goals?

If you find that the majority of your retirement account is now in the Stable Value Option, and you don't plan on retiring in the near future, you may want to think about taking some baby steps towards stocks. Make small increases in the amount of money you

have invested in the equity options, such as the Value Stock, Equity Index, Growth Stock, Intl. Stock or Diversified Small Company Stock options. If you want to move more slowly, consider the Conservative, Moderate, or Aggressive portfolios that own a combination of stocks, bonds and cash.

No matter what you decide to do with your retirement portfolio, asking whether these choices can help you achieve your financial goals is the first step to finding your own "golden mean" of investing. **HU**

#### In This Issue

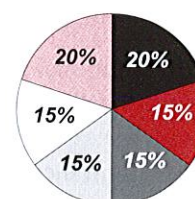
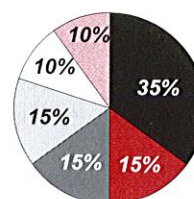
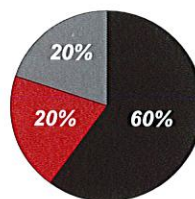
DAP 10 Year Performance

DAP Growth of \$10,000 over past 10 years

DAP Plan News / Coming Soon to the DAP

Retirement Realities Investment Article

#### The Model Portfolios July 1993 - June 2003



Portfolio	Conservative	Moderate	Aggressive
avg. annual return	7.77%	8.34%	8.61%
avg. benchmark return	7.61%	7.50%	7.60%
years returns were up	9	7	6
years returns were down	1	3	4
largest annual gain	18.38%	22.28%	28.67%
largest annual loss	-5.12%	-13.22%	-16.51%

\* Ten year period includes historically bad 2000/01/02 performance. Past results are not predictive of future results.



# Retirement Realities

investment education article from Stein Roe Mutual Funds

Many people still rely on a few misconceptions to plan for their retirements. To help you avoid potentially costly retirement planning mistakes, we've put together a list of retirement myths that we think deserve to be retired.

**MYTH:** Most people need to plan for no more than 10 to 15 years of retirement.

**REALITY:** Today, people are enjoying longer, more active lives in retirement, frequently for 20 years or more. As a result, prudent retirement planning means investing to meet your financial needs for a longer period of time.

**MYTH:** Preserving capital should be the main objective of any retirement plan.

**REALITY:** Many people shy away from riskier investments, such as stocks, believing their retirement assets will be safer in government bonds and cash. What they are ignoring is the far greater danger of inflation eroding the purchasing power of these "safer" but lower-yielding investments. If your retirement assets don't grow as fast as inflation - say 1.5 percent annually - in 20 years you will need \$42,000 to buy what \$32,000 buys today.

That's why, even if you're retired or close to retiring, we think it's important to consider keeping at least a portion of your retirement assets in stocks. That way your portfolio has a better chance of retaining its purchasing power throughout your retirement.

**MYTH:** Your housing cost will go down once you retire.

**REALITY:** Because most people's income drops after retirement, people age 65 and older actually may spend a larger chunk of their income on housing. Additionally, even if you've paid off your home mortgage by the time you retire, you could still have other housing-related expenses, such as maintenance and property tax, and these costs could increase over time because of inflation.

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## DAP Plan News

### Manager Change

The MFS Institutional Mid Cap Growth Fund was terminated on 5/27/03 with the assets being reallocated within the **Growth Stock Option** as follows:

Turner Mid Cap Growth	20%
TCW Galileo Select Equity I	20%
Marsico Focus	20%
BGI - Growth Index	40%
Total	100%

Termination was due to poor performance in a down-market, and relative under-performance in a recovering up-market. A new manager search is underway for an addition to this option.

### Manager Name Change

The Berger Small Cap Value Instl. Fund, which is found in the Diversified Small Co. Stock Option, was recently merged into the Janus family of funds. This merger resulted in the name change to the Janus Small

### Fund Component Weighting

These tables represent component weighting for individual investment funds as of June 30, 2003.

	Weighting	Net Value of Funds (\$MM)
<b>Stable Value Fund</b>		<b>\$426.5</b>
Cash/BGI Money Market	15%	
PRIMCO GIC	45%	
Wellington Core Bond	40%	
<b>Value Stock Fund</b>		<b>56.5</b>
BGI Value Index	20%	
Federated Stock Trust	20%	
Legg Mason Spec. Inv. Trust	10%	
Morgan Value Strategy	20%	
Neuberger/Berman Focus	10%	
Neuberger/Berman Regency	10%	
T. Rowe Price Value	10%	
<b>Equity Index Fund</b>		<b>35.9</b>
BGI US Equity Index	100%	
<b>Growth Stock Fund</b>		<b>41.1</b>
BGI Growth Index	40%	
Turner Mid Cap Growth	20%	
TCW Galileo Select Eq. I	20%	
Marsico Focus	20%	
<b>International Stock Fund</b>		<b>16.8</b>
Am Century Instl. Intl. Disc	28%	
Am Century Instl. Intl. Growth	23%	
Templeton Instl. Foreign Equity	25%	
First Eagle Overseas	12%	
Longleaf Partners Intl.	12%	
<b>Diversified Small Co. Stock Fund</b>		<b>58.1</b>
BGI Small Co. Index	20%	
DFA US Micro Cap Portfolio	12%	
Royce Opportunity	12%	
MFS Instl. Emerging Equities	12%	
Janus Small Cap Value Instl.	12%	
State Street Aurora S	12%	
Franklin Small Cap Gr. II	20%	
<b>Conservative Model</b>		<b>41.3</b>
<b>Moderate Model</b>		<b>277.4</b>
<b>Aggressive Portfolio</b>		<b>20.5</b>
<b>Fidelity Funds Window</b>		<b>60.1</b>
<b>Total</b>		<b>\$1,034.2</b>

Cap Value Instl. Fund. The ticker symbol has been changed to JSIVX.

### Trading Fee Reminder

DAP participants are allowed twelve free trades a year. Effective July 1, 2003, excess trades will be charged a fee of \$500.00 per trade over twelve.



## Are Your Beneficiary Designations Current?

All DAP participants were sent a Directed Account Plan Beneficiary Form for updating in 2002. Over 1,400 participants responded with current information. That was an excellent response to our program, however, there are still over 700 participants who do not have a Beneficiary Form on file with the plan. When an employee has failed or forgotten to complete a Beneficiary Designation Form, death benefits are distributed according to the legal "order of precedence." (see below)

So if you have not recently filed or updated your Beneficiary Form, now is the time to do it. You may change your beneficiary designations at any time. Call Benefits Express (1-877-489-2327) or visit the web site at [www.4twadap.com](http://www.4twadap.com) to obtain a form.

If you do not file a Beneficiary Designation Form with the Plan before your death, your benefits will be paid in the following "order of precedence":

- 1) To your surviving spouse,
- 2) To your surviving children (including adopted children) in equal shares,
- 3) To your surviving parents in equal shares,

- 4) To your surviving brothers and sisters in equal shares,
- 5) To your estate

**If you are married**, your spouse will automatically be considered your Beneficiary. If you wish to name a Beneficiary other than your spouse, your spouse must agree to the selection, in writing, on a form provided by the Plan Administrator. A notary public must witness your spouse's consent.

**If you are not married**, and you do not name a Beneficiary or if the Beneficiary you name dies before you, your benefits from the Plan will be paid in the order of precedence.

**If you are not married at the time you make your Beneficiary designation**, and you later marry, your spouse will automatically become your Beneficiary under the Plan and you will have to complete a new Beneficiary Designation Form (with spousal consent) to designate a different Beneficiary.

**If you divorce**, and you have a Beneficiary Designation Form on file, your Beneficiary (which could be your ex-spouse) will remain your Beneficiary until you change your designation or remarry.

## Coming Soon to the DAP!

### Does A Webinar Interest You?

An Investment/Retirement Seminar will be planned via the Web if there is enough participant interest. The seminar would have retirement and active investment concepts highlighting plan features. If you are interested in participating in a live webinar, please do the following:

<b>Step One :</b>
send a message "I am interested in a DAP Investment / Retirement Seminar via the web." to <a href="mailto:twadap@swbell.net">twadap@swbell.net</a> .
<b>Step Two :</b>
to attend a Webinar you will need access to the Internet with a Java-enabled web browser and a separate phone line for the audio connection.
<b>Step Three :</b>
for best viewing of this conference, please set your display to 1024 x 768.
<b>Step Four :</b>
test your browser for the appropriate configuration. Please point your browser to the test link at: <a href="http://www.placeware.com/cc/test/check">http://www.placeware.com/cc/test/check</a>

If your computer is ready to participate in a web meeting you will receive this message, "Your system is properly configured to use Placeware."

Depending on interest, a Webinar will be planned for late November / Early December. The 3rd Quarter Heads Up newsletter will have more information. Remember to send an email to [twadap@swbell.net](mailto:twadap@swbell.net) if you are interested in attending this event.

### Quicken Download

Many DAP participants requested the addition of a Quicken download feature to the **Your Benefits Resources** web site. Benefits Express will be adding this service to our plan on October 1, 2003. DAP participants will have the ability to download their 401(k) data into Quicken to better manage their financial position.

This new feature will be accessible through the **Your Benefits Resources Website**

<http://www.resources.hewitt.com/4twadap/>. Instructions for accessing this service will be posted to the home page of this web site. Look for additional information in the 3rd Quarter "Heads Up".



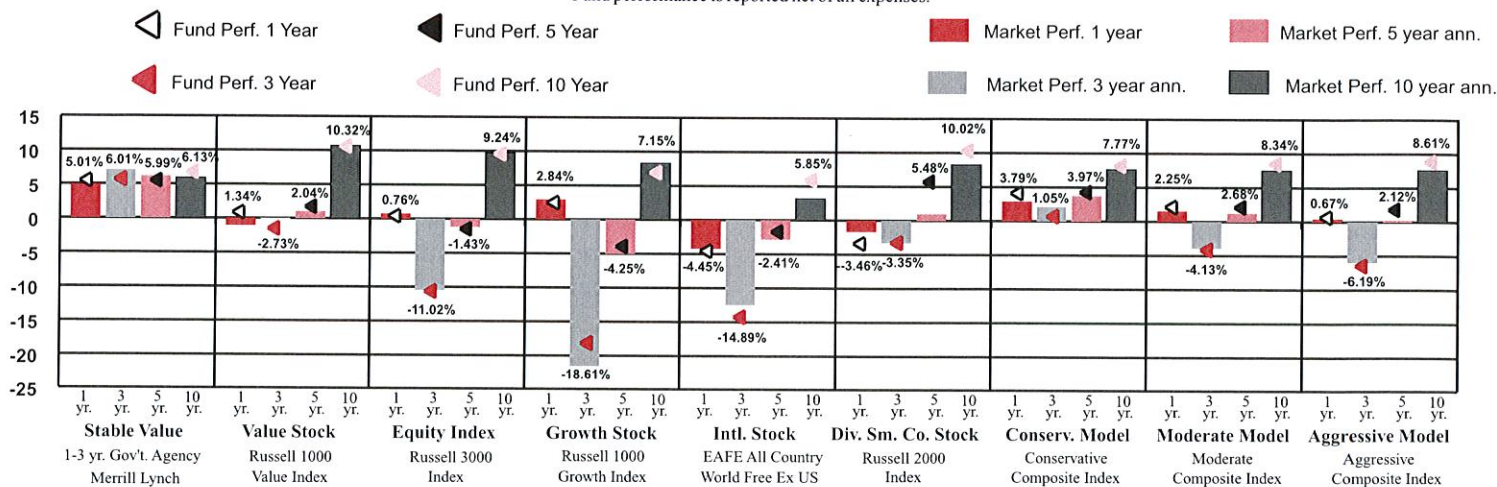
# Performance

The Directed Account Plan Quarterly Review

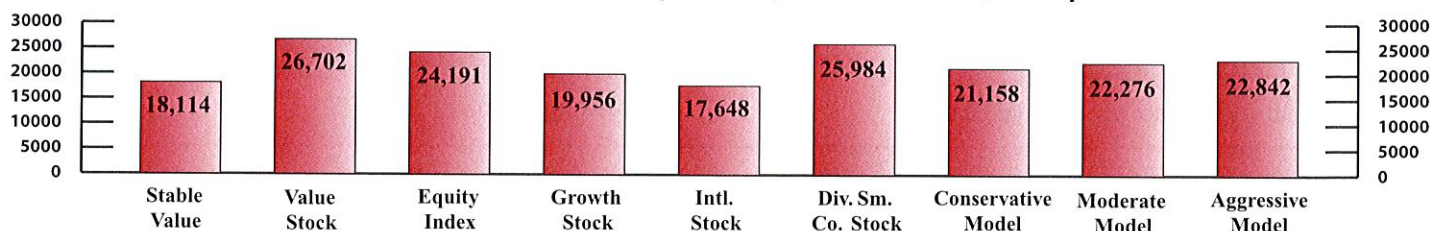
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## Ten Year Anniversary Performance Reported as of June 30, 2003

Fund performance is reported net of all expenses.



## Growth of \$10,000 (June 30, 1993 - June 30, 2003)\*



\* this chart shows growth of \$10,000 invested on June 30, 1993 and held until June 30, 2003 in the same investment option.

## Retirement Realities *continued from page 2*

**MYTH:** You will pay a smaller fraction of your income in taxes.

**REALITY:** Unfortunately, even if your retirement income puts you in a lower income tax bracket, you cannot assume that it will automatically reduce the portion of your income that goes to taxes. That's because the marginal tax bracket you're in isn't as important as your effective tax rate - the actual fraction of your total income that the government claims. And despite all the talk about tax reform, don't count on it having much of an effect on your effective tax rate. That's because, even when the tax code has been revised, the effective tax rate has historically held steady, or even increased.

### More information and Interacting with the Plan

To get daily NAVs, account balance information, or to make transfers, you may call the Benefits Express telephone voice response system, available 24 hours a day. Customer Service Representatives are available 8 am to 5 pm, CST Monday through Friday. Call 1-877-4TWADAP (1-877-489-2327) or 1-847-883-0471 (not toll-free) from a rotary telephone or outside the U.S. Use Social Security number and PIN to access your account. You may contact Fidelity at 1-800-881-4015, Monday through Friday 7:30 am to 7:00 pm, CST.

Informational Web Site: [www.4twadap.com](http://www.4twadap.com)

Interactive Web Site: [www.resources.hewitt.com/4twadap](http://www.resources.hewitt.com/4twadap)

### Other Information:

The Directed Account Plan  
3221 McKelvey Road, Suite 105  
Bridgeton, MO 63044-2551  
314-739-7373

The intent of this communication is to provide useful information, not investment advice. Each participant in The Directed Account Plan is ultimately responsible to make his or her own investment decisions.

So, since it's possible that your effective tax rate could actually increase, you can probably count on paying as much (percentage-wise) - or even more - of your income on federal, state, and local taxes after retiring as you did while working.

**Start to plan early for retirement to compound your success - invest regularly - think long term - and balance the risk of the market's ups and downs with the risk that your retirement savings could be eaten up by inflation. Make sure that your own personal objectives and risk tolerance are the dominant factors guiding your allocation of stocks, bonds and cash. Looking forward to the next ten years! HU**