

Money Matters



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ORNL Benefits**

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Topics

- **Family Medical Leave**
- **Long-Term Care**
- **Flexible Spending Account (FSA)**
- **Retirement**
- **Savings Plan**

Family Medical Leave Act

	<u>Uses</u>	<u>Kind of Leave</u>	<u>Length</u>
Early Career	Birth, adoption, care of newborn	Family Leave, Bonding Leave, Short-Term Disability	Taken during first 12 months and the 12 weeks (4mths) must be consecutive
Mid – Late Career	Illness of child, self, or spouse with serious health condition or elders requiring medical supervision	Family (personal) medical leave, vacation or donation	Intermittent

http://home.ornl.gov/directorates/human_resources/Benefits/Disability.shtml

Long-Term Care

Reasons to Consider

- **Have significant assets and income and want to protect**
- **Want to stay independent**
- **Flexibility to choose the care you want**
- **Ability to pay premiums, including increases without financial difficulty**
- **Premiums are based on age**
- **Personal family history**
- **Family support system**
- **Future of Medicaid**
- **Current annual nursing home care is ~\$80,000**

Flexible Spending Account

	<u>Uses</u>	<u>Eligible Expenses</u>
Early – Mid Career	Health Care and Dependent Child Care that allows you to work	Services provided in your home by a babysitter or companion or by a dependent care center
Late Career	Health Care and Dependent Elder Care that allows you to work	A parent if physically or mentally incapable of caring for self and lives with you for more than 1/2 of the year.

http://home.ornl.gov/directorates/human_resources/Benefits/Flexible_Spending_Accounts_Overview_2008.pdf

Retirement

	<u>Pension Plan</u>	<u>Retiree Medical</u>	<u>Other</u>
Early Career	5 yrs to vest, less value than savings plan, not portable	Expect a different program when you reach retirement	Target ~100% of income replacement, savings plan major component
Mid Career	Important decision in leaving or joining a company	May or may not be same program	Target ~80% – 90% of income, Social Security minimal impact
Late Career	High value, early retirement incentives	Requires 10 yrs of full-time service for subsidy	Need ~80% of income replaced, possible part-time to phase into retirement

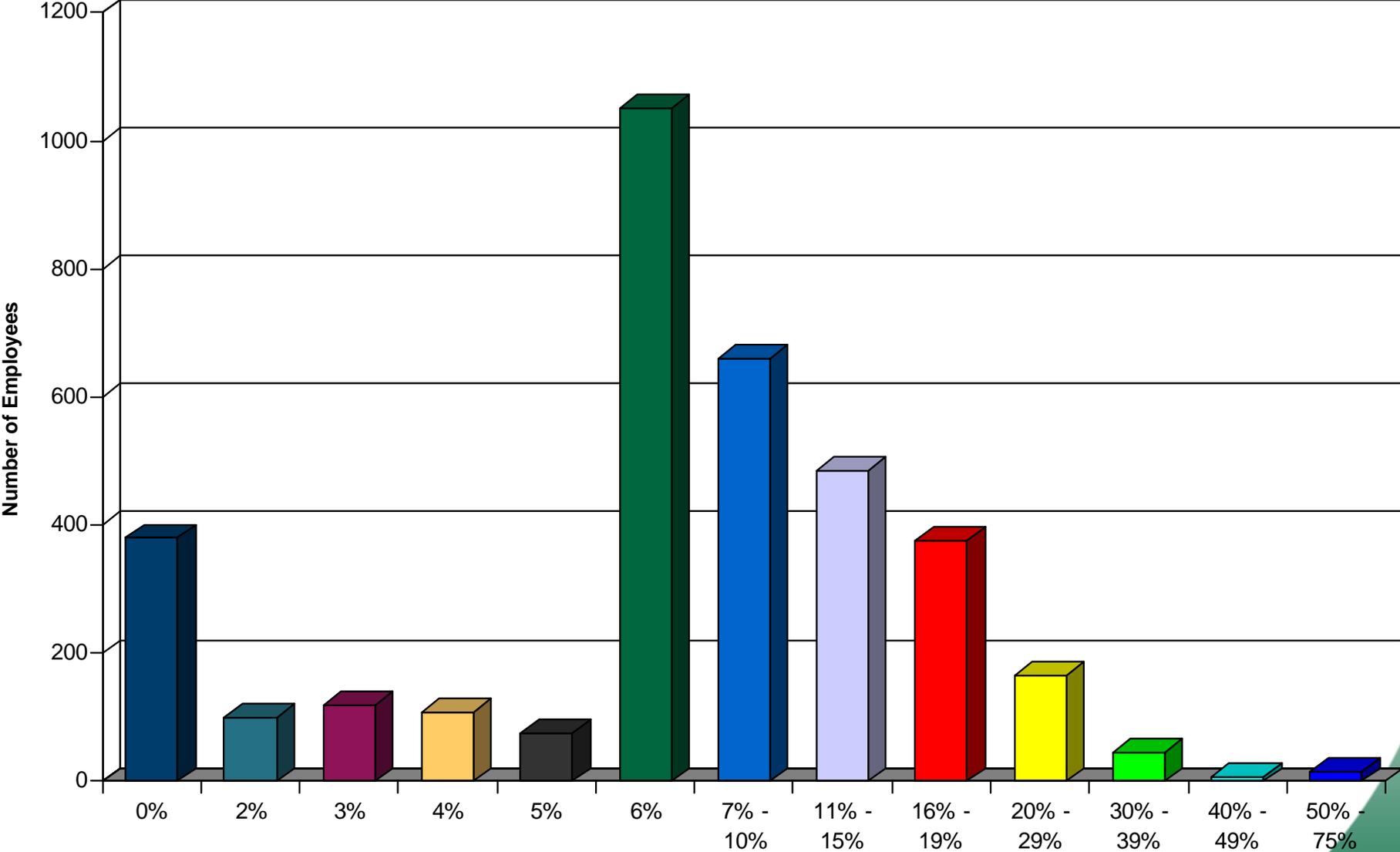
Savings Plan - Options

	<u>Pre-Tax 401(k)</u>	<u>After-tax</u>	<u>Roth 401(k)</u>
Employee Contributions	Made pre-tax	Made <u>after-tax</u>	Made <u>after-tax</u>
Investment Earnings	Grow <u>tax-deferred</u> while in the account	Grow <u>tax-deferred</u> while in the account	Grow <u>tax-free</u> while in the account
Distributions on Employee Contributions	Contributions and investment earnings are taxable	Only investment earnings are taxed, not contributions	Investment earnings are <u>tax-free</u>
Distributions on Company Match	Match and investment earnings are taxable at time of distribution	Match and investment earnings are taxable at time of distribution	Match and investment earnings are taxable at time of distribution
Advantages	If late in career, taxes paid now may be higher then when you retire, portable	Contributions not portable	If early in career, taxes paid now may be lower then when you retire, may be portable

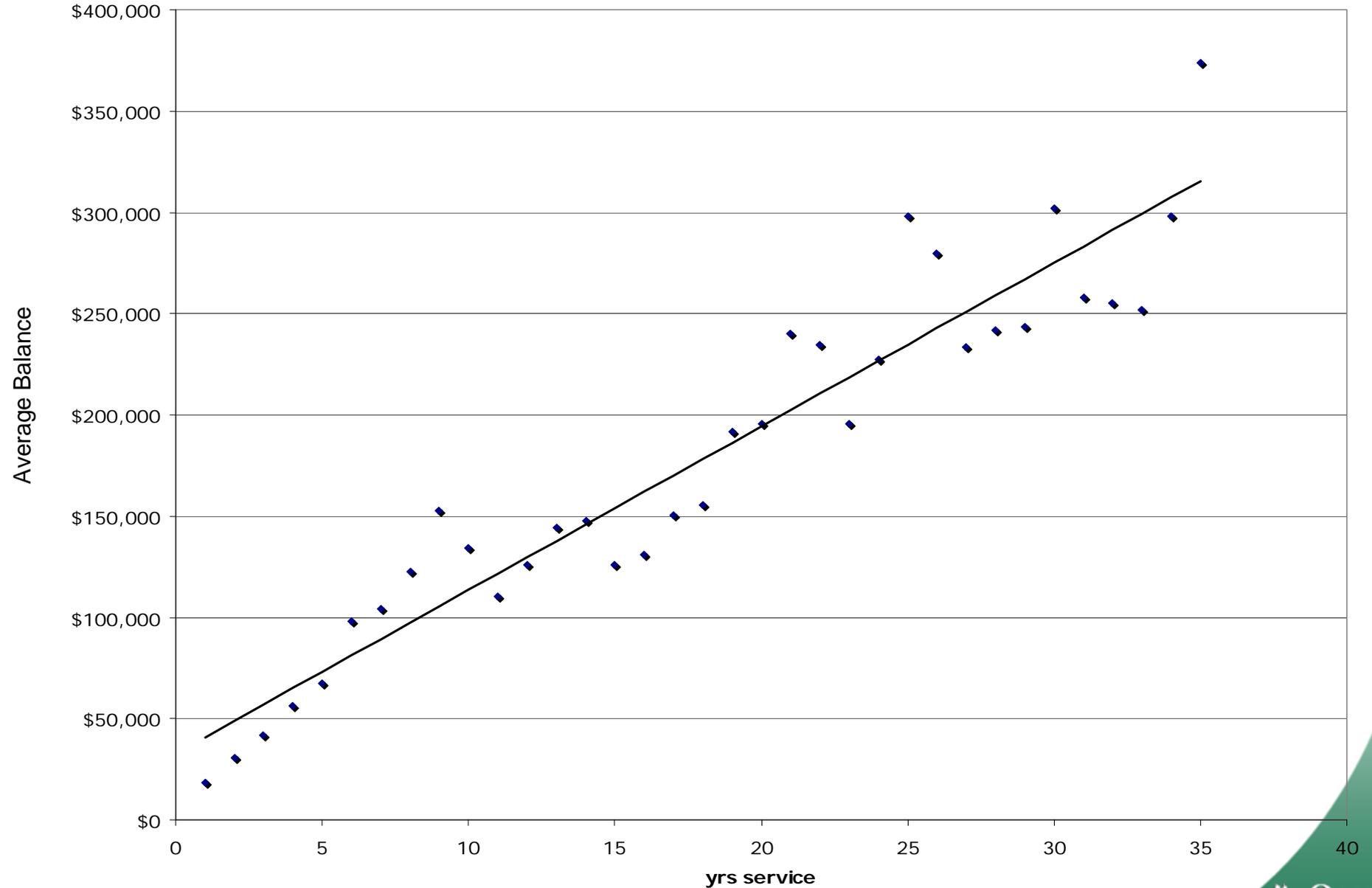
Savings Plan Investing

	<u>How Much</u>	<u>Investment Strategy</u>	<u>Market Cycles</u>
Early Career	6% to maximize employer match and/or use SMarT Program	Aggressive, examples: (90 - 10 mix) (stock – fixed)	30 + years to balance highs and lows, magic of compounding
Mid Career	6% + (as much as you can)	Moderate to Aggressive (65 – 35 mix)	20 + years or 2 to 4 market cycles
Late Career	16% (if HC) + \$5,000 catch-up	Conservative to Moderate (30 – 70 mix)	10 + years but still need to outpace inflation for 20 more years in retirement

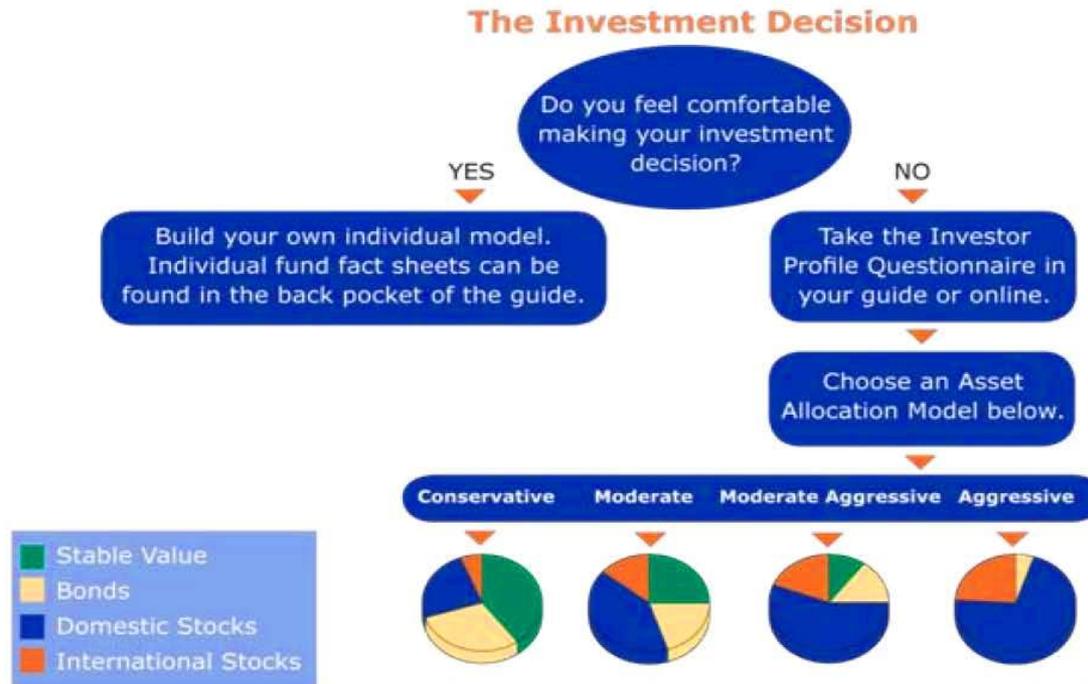
How Employees Contribute



Savings Balance by Years of Service



ASSET ALLOCATION

Create a strategy that fits:

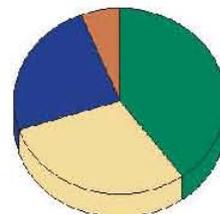
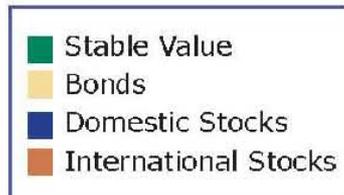
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Please note the strategic asset classes designated above are unique to the Asset Allocation Models. As such, mutual fund style and peer group descriptions from other investment sources such as Standard & Poor's may differ slightly. It is important to keep in mind that the models are not an attempt to beat the market. The models and the percentage invested in each asset class will be evaluated periodically, but changes to the percentages allocated to each asset class within each of the four Asset Allocation Models are not likely to change often.

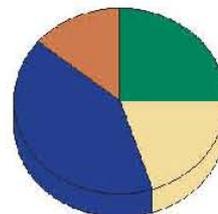
ASSET ALLOCATION

Select an Asset Allocation Model

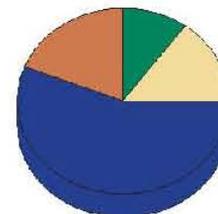
Fund Name	Strategic Asset Class	Conservative Model	Moderate Model	Moderate Aggressive Model	Aggressive Model
Stable Value Fund	Stable Value	40%	25%	10%	0%
Wells Fargo Advantage Tot Return Bond I	Domestic Bonds	30%	20%	15%	5%
Vanguard Windsor Adm	Large-Cap Value Equity	8%	11%	13%	15%
American Funds Invmt Co of Amer R5	Large-Cap Value Equity	7%	10%	12%	14%
American Funds Grth Fund of Amer R5	Large-Cap Growth Equity	9%	15%	19%	23%
Goldman Sachs Small Cap Value Inst Managers Special Equity I	Small-Cap Value Equity	0%	5%	8%	11%
American Funds EuroPacific Gr R5	Small-Cap Growth Equity	0%	0%	4%	8%
	International Developed Equity	6%	14%	19%	24%
	Total	100%	100%	100%	100%



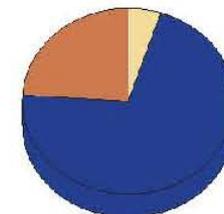
Conservative



Moderate



Moderate Aggressive



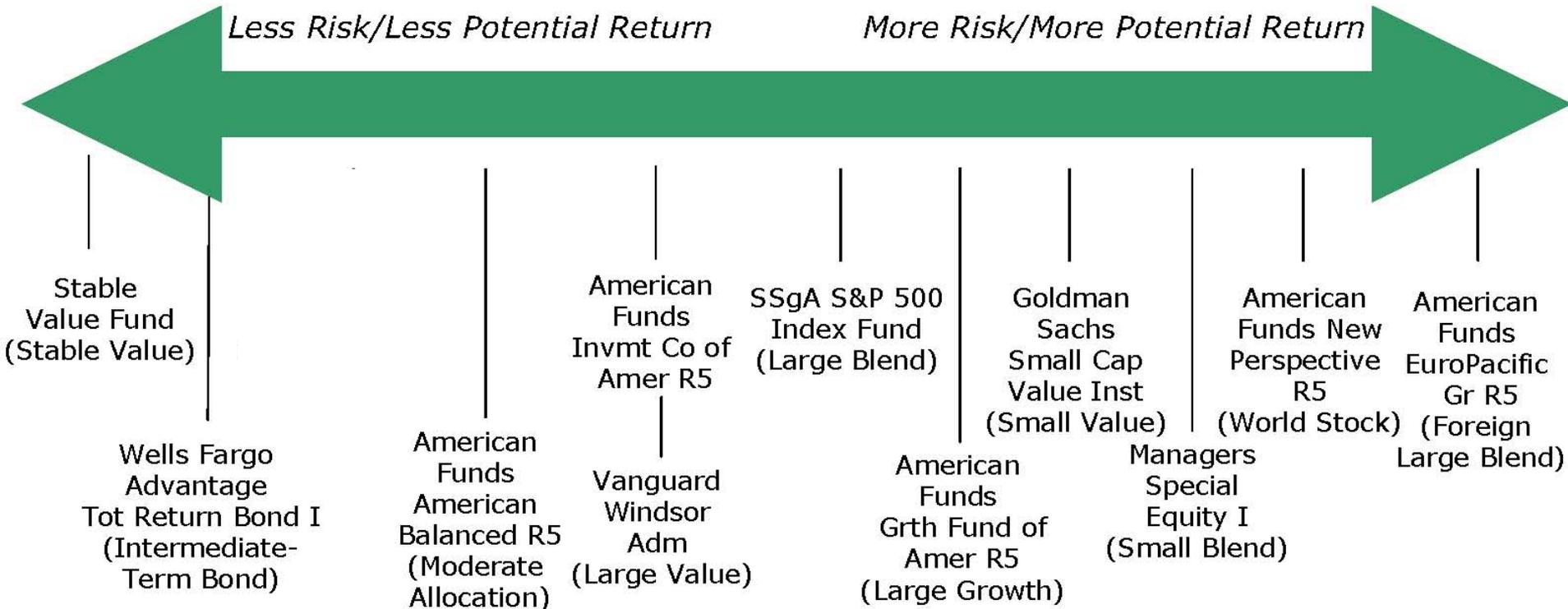
Aggressive

Model or Build it Yourself

Conservative Model	39
Moderate Model	125
Moderate Aggressive Model	215
Aggressive Model	111
Individually Designed	3246

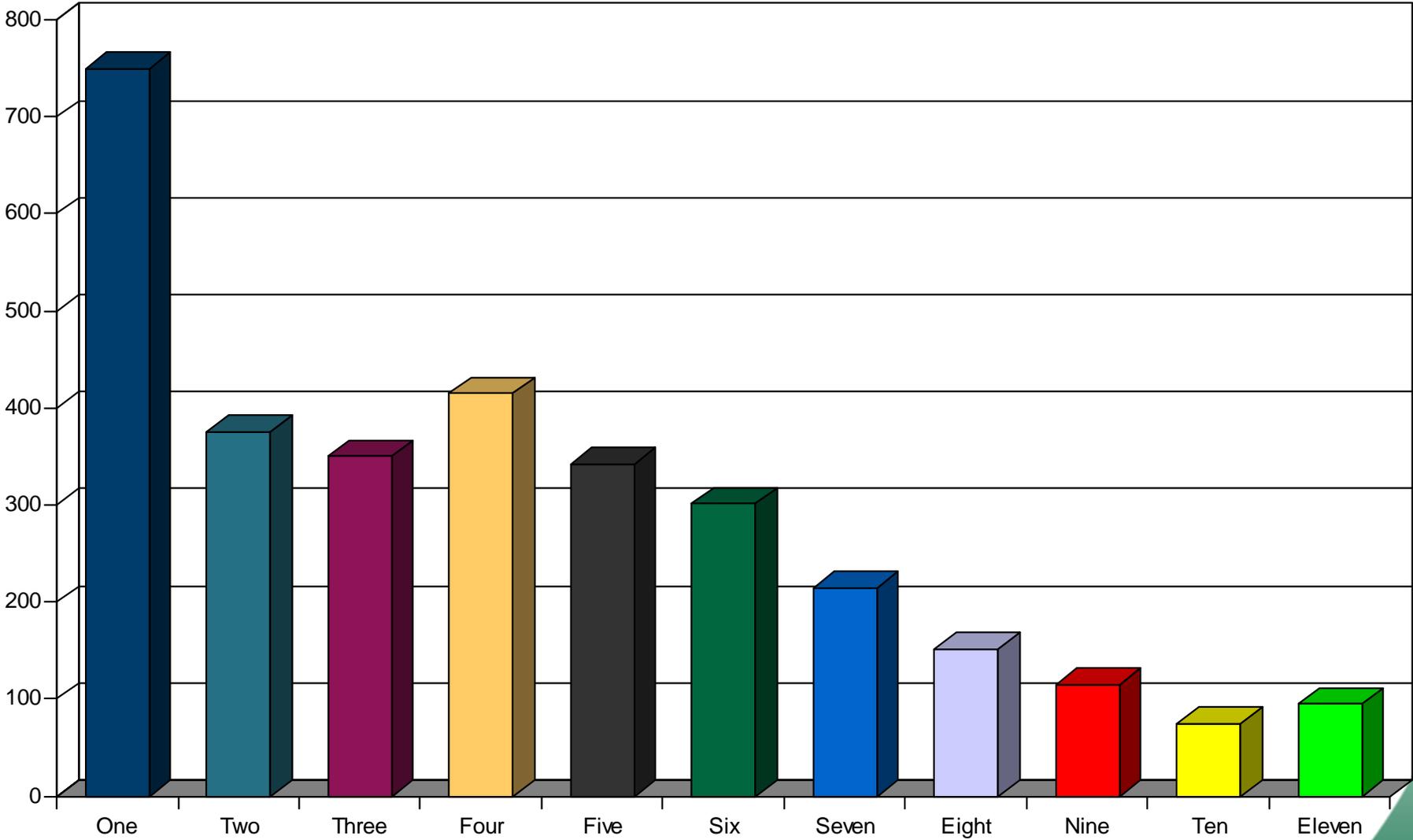
ORNL participants

FUND INVESTMENTS

Short-Term Risk/Long-Term Return

Investors should consider the investment objectives, risks, and charges and expenses carefully before investing. Log on to the Savings Program's website at www.401kaccess.com/oakridge or call 1-800-777-401k for a prospectus, which contains this and other information about the funds. Read the prospectus carefully before you invest. © 2007 The 401(k) Companies, Inc., A Charles Schwab Company. All rights reserved.

Number of Funds by Participants



*** Average funds per participant 4.22**

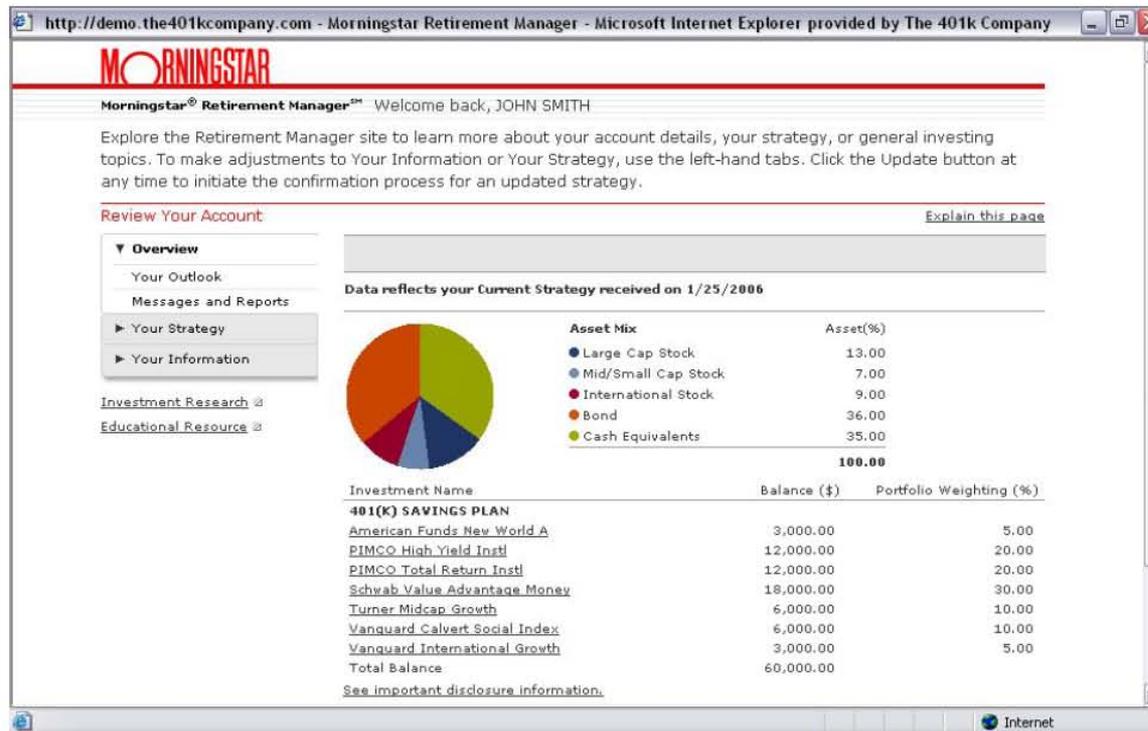
Calendar Year Returns for Key Capital Market Indices (1988-2007) Ranked in Order of Performance (Best to Worst)

1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Emerging Markets 34.9	Emerging Markets 59.2	Bonds 9.0	Emerging Markets 56.0	Small Value 29.1	Emerging Markets 71.3	Int'l Small 8.5	Large Growth 38.1	Real Estate 35.3	Large Growth 36.5	Large Growth 42.2	Emerging Markets 63.7	Real Estate 26.4	Small Value 14.0	Bonds 10.3	Int'l Small 53.7	Real Estate 31.6	Emerging Markets 30.3	Real Estate 35.1	Emerging Markets 39.8
Small Value 29.5	Large Growth 36.4	Cash 7.9	Small Growth 51.2	Real Estate 14.6	Int'l Large 32.9	Int'l Large 8.1	Large Value 37.0	Large Growth 24.0	Small Value 31.8	Int'l Large 20.3	Small Growth 43.1	Small Value 22.8	Real Estate 13.9	Real Estate 3.8	Emerging Markets 51.6	Int'l Small 28.7	Int'l Small 22.1	Emerging Markets 32.6	Int'l Large 11.6
Int'l Small 28.8	Large Value 26.1	Large Growth 0.2	Small Value 41.7	Large Value 10.5	Int'l Small 31.1	Cash 4.2	Small Growth 31.0	Large Value 22.0	Large Value 30.0	Large Value 14.7	Large Growth 28.3	Bonds 11.6	Bonds 8.4	Cash 1.7	Small Growth 48.5	Emerging Markets 22.5	Int'l Large 14.0	Int'l Small 29.4	Large Growth 9.1
Int'l Large 28.6	Int'l Small 23.3	Large Value -6.9	Large Growth 38.4	Emerging Markets 9.1	Small Value 23.8	Real Estate 3.2	Small Value 25.8	Small Value 21.4	Real Estate 20.3	Int'l Small 12.2	Int'l Large 27.3	Large Value 6.1	Cash 4.1	Int'l Small -7.3	Small Value 46.0	Small Value 22.3	Real Estate 12.2	Int'l Large 26.9	Int'l Small 7.3
Large Value 21.7	Small Growth 20.2	Emerging Markets -13.8	Real Estate 35.7	Small Growth 7.8	Real Estate 19.7	Large Growth 3.1	Bonds 18.5	Small Growth 11.3	Small Growth 13.0	Bonds 8.7	Int'l Small 23.5	Cash 6.0	Emerging Markets -4.9	Emerging Markets -8.0	Int'l Large 39.2	Int'l Large 20.7	Large Value 6.3	Small Value 23.5	Small Growth 7.1
Small Growth 20.4	Bonds 14.5	Real Estate -15.4	Large Value 22.6	Bonds 7.4	Large Value 18.6	Large Value -0.6	Real Estate 15.3	Int'l Small 7.2	Bonds 9.7	Cash 5.1	Large Value 12.7	Int'l Small -10.3	Small Growth -9.2	Small Value -11.4	Real Estate 37.1	Large Value 15.7	Small Value 4.7	Large Value 20.8	Bonds 7.0
Real Estate 13.5	Small Value 12.4	Small Growth -17.4	Bonds 16.0	Large Growth 5.1	Small Growth 13.4	Small Value -1.6	Int'l Large 11.6	Int'l Large 6.4	Cash 5.3	Small Growth 1.2	Cash 4.7	Int'l Large -14.0	Large Value -11.7	Int'l Large -15.7	Large Value 31.8	Small Growth 14.3	Small Growth 4.2	Small Growth 13.4	Cash 4.7
Large Growth 12.0	Int'l Large 10.8	Small Value -21.8	Int'l Large 12.5	Cash 3.6	Bonds 9.8	Small Growth -2.4	Cash 5.8	Cash 5.3	Int'l Large 2.1	Small Value -6.5	Bonds -0.8	Large Growth -22.1	Large Growth -12.7	Large Value -20.9	Large Growth 25.7	Large Growth 6.1	Large Growth 3.5	Large Growth 11.0	Large Value 2.0
Bonds 7.9	Real Estate 8.8	Int'l Small -22.5	Int'l Small 6.5	Int'l Large -11.9	Cash 3.1	Bonds -2.9	Int'l Small 5.3	Emerging Markets 3.9	Int'l Small -9.4	Real Estate -17.5	Small Value -1.5	Small Growth -22.4	Int'l Small -15.7	Large Growth -23.6	Bonds 4.1	Bonds 4.3	Cash 3.0	Cash 4.8	Small Value -9.8
Cash 6.8	Cash 8.6	Int'l Large -23.2	Cash 5.8	Int'l Small -15.2	Large Growth 1.7	Emerging Markets -8.7	Emerging Markets -6.9	Bonds 3.6	Emerging Markets -13.4	Emerging Markets -27.5	Real Estate -4.6	Emerging Markets -31.8	Int'l Large -21.2	Small Growth -30.3	Cash 1.1	Cash 1.2	Bonds 2.4	Bonds 4.3	Real Estate -15.7

INVESTMENT EDUCATION

Morningstar® Retirement ManagerSM

Morningstar® Retirement ManagerSM is an easy-to-use, online service that can provide you with a personalized retirement strategy.



IMPORTANT: The projections or other information generated by the Morningstar® Retirement ManagerSM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time.