



Oak Ridge 401(k) Savings Program

***Savings: The First Step on
the Road to Retirement***

Presented by Alan Still

Education Specialist, Schwab Retirement Plan Services Company



RETIREMENT PLAN WORKSHOP

Section 1: The Importance of Retirement Planning

Section 2: Your Savings Program

Section 3: Call to Action



THE IMPORTANCE OF RETIREMENT PLANNING

THE IMPORTANCE OF RETIREMENT PLANNING

Savings=

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

SAVINGS FUNDAMENTALS

- 1 Save enough in your workplace retirement plan to maximize the match**
- 2 Pay off nondeductible high-interest rate debt**
- 3 Create an emergency fund equal to at least 3 months of essential living expenses**
- 4 Save the maximum in tax-advantaged retirement accounts**
- 5 Save for a child's education**
- 6 Save for a down payment on a home**
- 7 Pay down deductible high-interest rate debt**
- 8 Keep investing**

THE IMPORTANCE OF RETIREMENT PLANNING

The Impact of Saving Early

Bill didn't start saving in his company's retirement plan until he was 45 years old. He contributed \$300 a month to the plan for 20 years, a total of \$72,000. Jane, however, took advantage of her company's retirement plan beginning at age 25. She contributed only \$100 a month for 20 years, a total of \$24,000. Both Bill and Jane retired at age 65. Because Jane started early, she ended up with far more than Bill, even though he contributed three times as much per month. As you can see, it is important to start saving for retirement now.

TOTAL ACCOUNT VALUE AT RETIREMENT

(6% annual hypothetical rate of return)

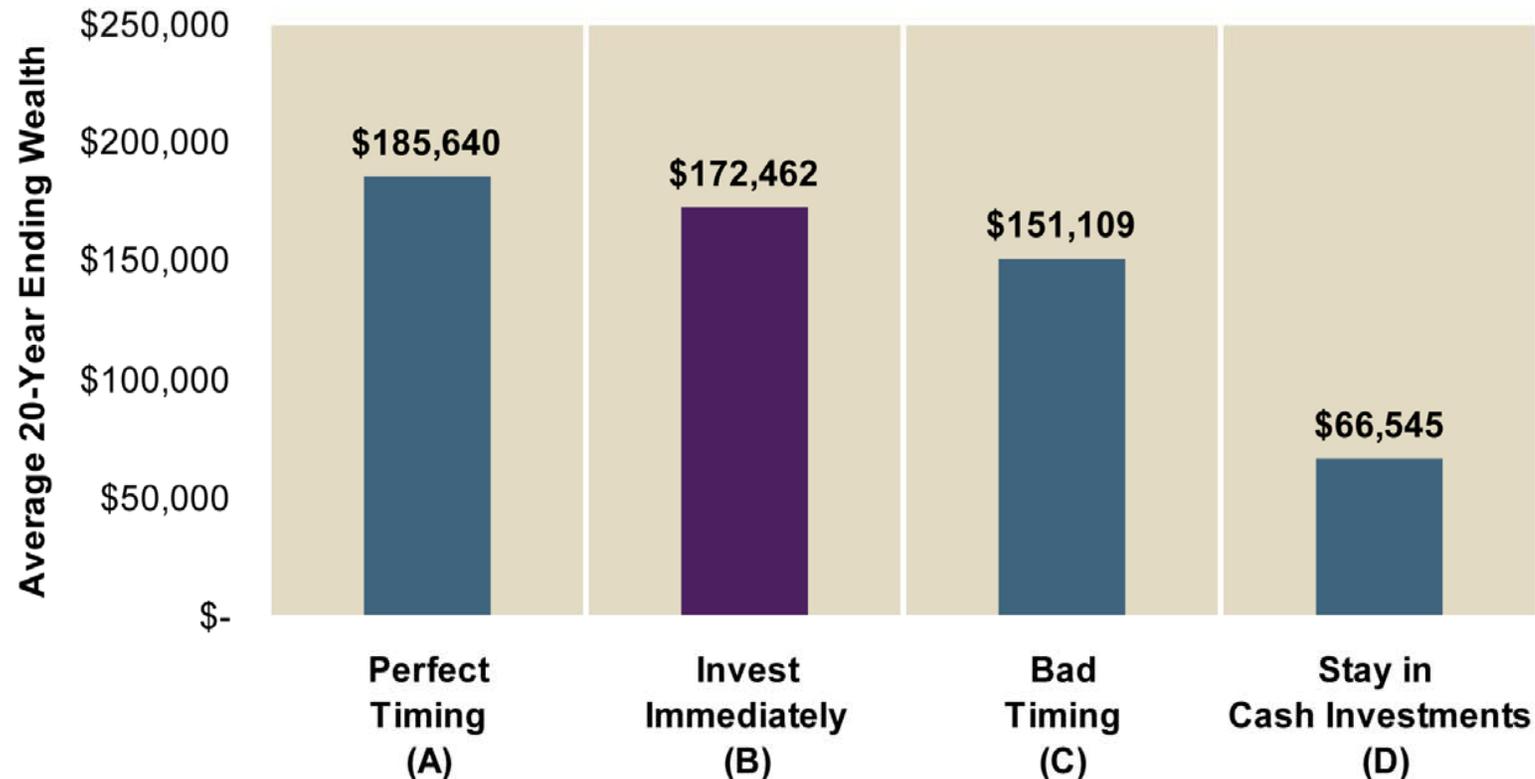


Hypothetical for illustrative purposes only and are not intended to represent the past or future performance of any specific investment. The balances shown represent the amount contributed and the interest compounded annually. Assumes a hypothetical average rate of return of 6%, reinvestment of dividends and capital gains, and no current taxes paid on earnings in a retirement plan account. Schwab does not provide tax or legal advice.

THE IMPORTANCE OF RETIREMENT PLANNING

The costs of waiting to invest

Ending wealth for four types of investors over all 20-year periods (1926-2009)



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.**



YOUR SAVINGS PROGRAM

What is a 401(k) Plan?

401(k) allows you to save for retirement on a pre-tax, Roth 401(k) and/or after-tax basis. Benefits include:

- You determine how much to contribute from each paycheck.
- You decide how to invest in your Savings Program's options.
- The Savings Program's matching contribution helps your savings grow even faster.
- Any earnings grow and compound *tax-deferred (pre-tax 401(k)), tax-free (Roth) and/or after-tax.*

Traditional 401(k) vs. Roth 401(k)

	Traditional Pre-Tax 401(k)	Roth 401(k)	After-tax
Employee Contributions	Made pre-tax	Made after-tax	Made after-tax
Investment Earnings	Grow tax-deferred while in the account	Grow tax-free* while in the account	Grow tax-deferred while in the account
Distributions	Both contributions and investment earnings are taxable	Both contributions and investment earnings are tax-free*	Contributions are tax-free and investment earnings are taxed
Company Match	Both contributions and investment earnings are taxable at time of distribution	Both contributions and investment earnings are taxable at time of distribution	Both contributions and investment earnings are taxable at time of distribution

*If contributions are held for at least 5 yrs and if age 59½ is reached or distribution is taken upon death or disability.

The employer match is considered part of your overall compensation and will be taxed at withdrawal. The employer match will be taxed when you take a distribution from your account.

Traditional 401(k) vs. Roth 401(k)

	Traditional Pre-Tax 401(k)	Roth 401(k)	Traditional After-Tax
Loans	Allowed	Allowed	Allowed
Contribution Limit	\$16,500 (2010)* or 2.5% to 75% of eligible earnings	\$16,500 (2010)* or 2.5% to 75% of eligible earnings	\$49,000 (2010)* minus all eligible earnings sources
Catch-up contributions	\$5,500 (2010)**	\$5,500 (2010)**	N/A
Income Limits	None	None [§]	None
70½ Minimum Distribution	Required	Required ^{§§}	Required
Investment Options	Same	Same	Same

*The total combined amount of traditional 401(k) and Roth 401(k) that may be contributed to a 401(k) plan in 2010 is \$16,500, plus catch-up contributions, if eligible. The IRS limit may be adjusted each year for cost of living increases.

**Catch-up contributions are limited to a combined total of \$5,500 for 2010. The IRS limit may be adjusted each year for cost of living increases.

§ Unlike Roth IRA, there is no upper income limit for Roth 401(k).

§§ A Roth 401(k) can be rolled over into a Roth IRA, which has no minimum distribution requirement.

Savings Program Eligibility:

- 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.

INVESTMENT 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.

INVESTMENT EDUCATION

SMarT (Save More for Tomorrow):

- Advance commitment to increase contributions in future years
- Your savings rate in the Savings Program will automatically increase 1-3% (must be whole percent) annually, effective the month of your choice
- You decide when to stop the increases
- **This is a simple way to increase your contributions to the Savings Program!**

INVESTMENT EDUCATION

Matching Contributions Help Your Savings Grow

- For each \$1 you contribute to the Savings Program up to the first 2% of eligible earnings, the Company will contribute an additional \$1 to your account.
- For every \$1 you contribute above 2% and up to 6% of your eligible earnings, the Company will contribute an additional 50¢ to your account. *Contribute 6% of your eligible earnings to take full advantage of the company match.*
- If you have separate investment elections for pre-tax, Roth 401(k), and after-tax contributions, the following hierarchy will be used for match allocation: 1) pre-tax, 2) Roth 401(k), 3) after-tax.

Vesting

- You are always 100% vested in your own contributions and any related investment earnings.
- You will be 100% vested in any Company matching contributions plus earnings after three years of Company service.

Diversification

Dividing your money among different types of investments is one of the key elements to controlling risk. Mix in liquid and cash investments to avoid under or over weighting.

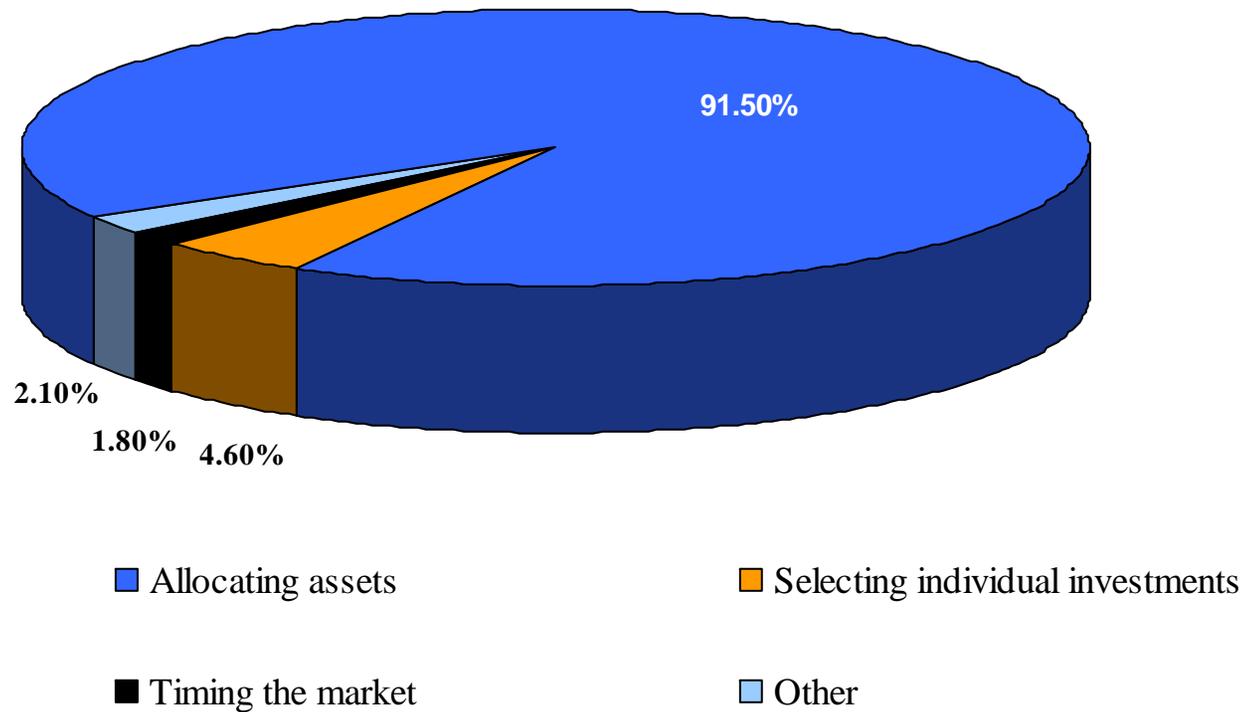
- Investing in a balanced portfolio of stocks of large and small U.S. companies, foreign companies and bonds, you'll have the potential to reap good returns with less volatility.
- Mutual funds invest in all types of assets, so they make asset allocation easier for you.
- Asset allocation may help balance out the highs and lows.

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. Please read the prospectus carefully before investing.

Diversification strategies do not assure a profit and do not protect against losses in declining markets.

Determinants of Portfolio Performance

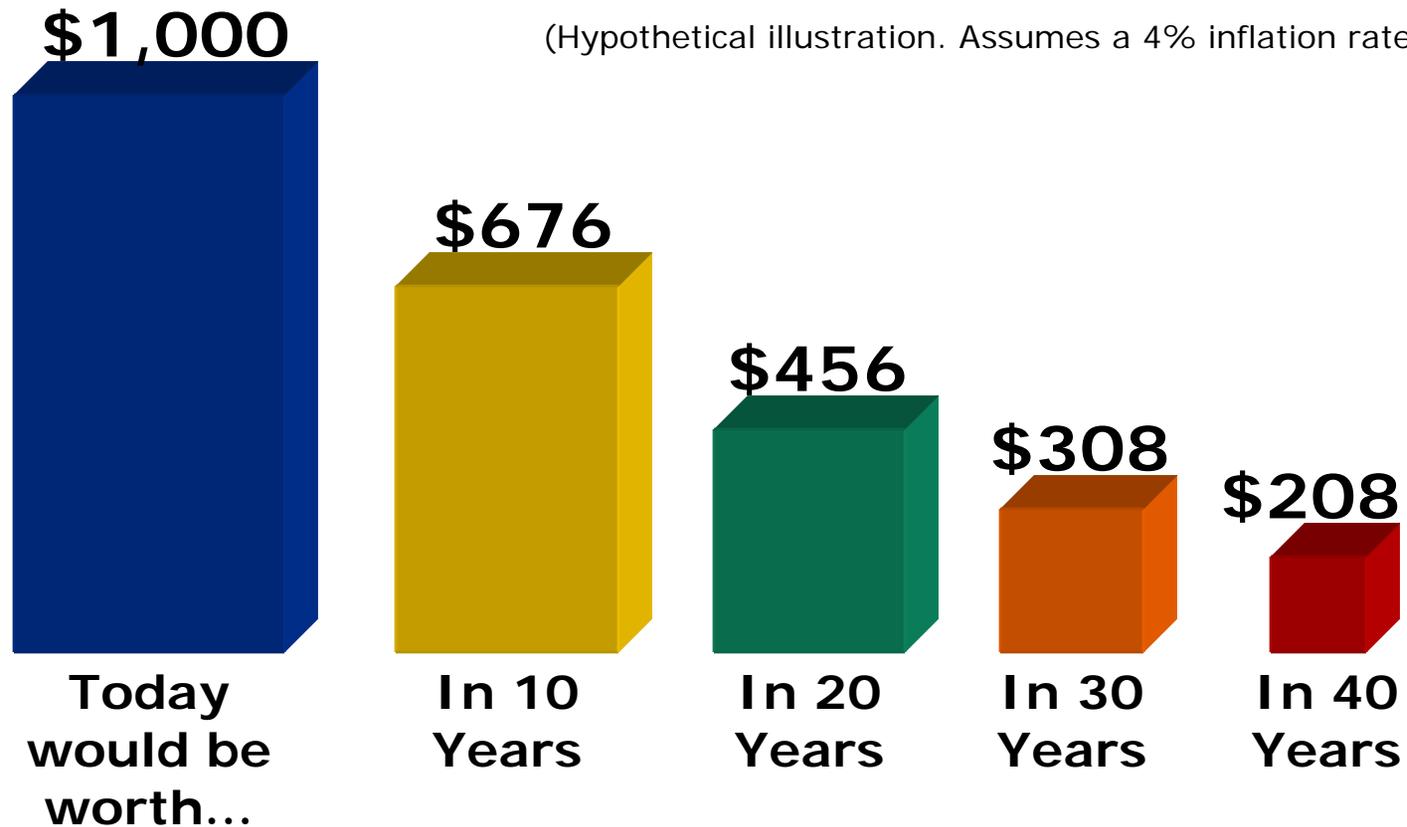
Your **Asset Allocation Mix** determines how your portfolio will perform and influences its subsequent volatility.



Source: Brinson, Singer and Beebower - 1996

Time Versus Inflation

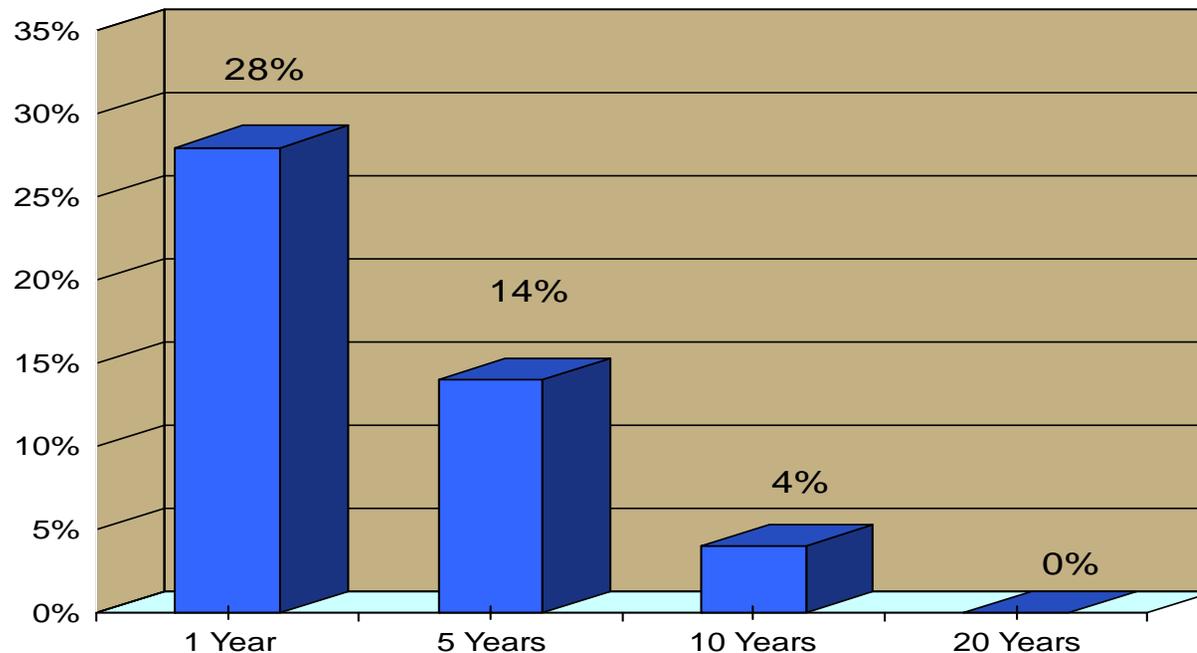
Will today's dollar be worth the same tomorrow? Actually, the further you are away from retiring, the more impact inflation may have on your buying power:



Source: Standard & Poor's

Chances of Stock Market Losses 1926-2008

This chart illustrates the average percentage of time the S&P 500 Stock Index lost money over one-, five-, 10-, and 20-year overlapping time periods from 1926-2008. Out of 82 one-year periods, the S&P 500 was negative 28% of the time; out of 78 overlapping five-year periods, it was negative 14% of the time; out of 73 overlapping 10-year periods, it was negative 4% of the time; and out of 63 overlapping 20-year periods, it had no negative occurrences. Of course, this illustration is based on the performance of an unmanaged index. As such, no one can invest directly in an index.



Holding Period of Investment

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS

There can be no certainty any investment will be profitable regardless of the length it is held.

Source: Ibbotson Associates.

What is a Stable Value Fund?

- A collective trust investment that allows participants to invest in stable value assets. The fund seeks to produce consistent, positive returns for investors while preserving principal and maintaining liquidity. The fund also seeks to maximize the current yield while closely tracking intermediate term interest rates.
- This fund is designed to offer investors stable principal with the potential for a higher return than may be gained from investing in money market funds.

Fund: Stable Value Fund

What is a Bond?

- A debt obligation issued by a government or corporation. Investors are loaning money to an issuing body.
- The amount borrowed plus interest will be repaid to investors in a given time period. The credit quality drives the amount of interest paid to investors.
- Prices on bonds move inversely with the direction of interest rates. Bonds produce low or negative returns during periods of rapidly rising interest rates.

Fund: Wells Fargo Advantage Tot Return Bond I¹

¹Investment return and principal value will fluctuate, and shares, when redeemed, may be worth more or less than original cost. Bond funds are subject to increased loss of principal during periods of rising interest rates.

What is a Moderate Allocation Fund?

- A fund that seeks to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash.
- These portfolios tend to hold larger positions in stocks than conservative-allocation portfolios.
- These portfolios typically have 50% to 70% of assets in Equities and the remainder in fixed income and cash.

Fund: American Funds American Balanced R5

What is a Large Cap Value Fund?

- A fund that seeks capital appreciation by investing primarily in large companies with market capitalizations of \$10 billion or more.
- In selecting stocks, managers of value funds target companies that appear undervalued in terms of price-earnings ratios, price-to-book ratios or other such measures.

Fund: Allianz NFJ Dividend Value Instl

What is a Large Cap Blend Fund?

- A fund that seeks to capture the earnings and growth potential of large, well-established US companies.
- In selecting stocks, managers seek companies that have a market capitalization of \$10 billion or more. The resulting portfolio is typically a blend of growth and value stocks.

**Funds: American Funds Invmt Co of Amer R5
SSgA S&P 500 Index Fund**

What is a Large Cap Growth Fund?

- A fund that seeks capital appreciation by investing primarily in stocks of large companies with above-average prospects for earnings growth. Most companies will have a market capitalizations of \$10 billion or more.
- Growth managers sometimes pay relatively high prices for stocks they deem to have superior growth potential.

Fund: American Funds Growth Fund of Amer R5

What is a Small Cap Value Fund?

- A fund that seeks capital appreciation by investing primarily in small companies with market capitalizations of less than \$1 billion.
- In selecting stocks, managers of value funds target companies that appear under-valued in terms of price-earnings ratios, price-to-book ratios or other such measures.
- Smaller company stocks historically have exhibited greater price swings than larger company stocks, and perform differently than the overall stock market.

Fund: Goldman Sachs Small Cap Value Inst²

²Small-cap funds are subject to greater volatility than those in other asset categories.

What is a Small Cap Growth Fund?

- A fund that seeks capital appreciation from investing in smaller US companies intended for long-term investors.
- Smaller company stocks historically have exhibited greater price swings than larger company stocks, and perform differently than the overall stock market.

Fund: Wells Fargo Advantage Small Cap Growth I²

²Small-cap funds are subject to greater volatility than those in other asset categories.

What is a World Stock Fund?

- World-stock portfolios have few geographical limitations. It is common for these portfolios to invest the majority of their assets in the U.S., Europe, and Japan, with the remainder divided among the globe's smaller markets.
- These portfolios typically have 20%-60% of assets in U.S. stocks.

Fund: American Funds New Perspective R5³

³International investments are subject to additional risks such as currency fluctuation, political instability and the potential for illiquid markets.

What is a Foreign Large Blend Fund?

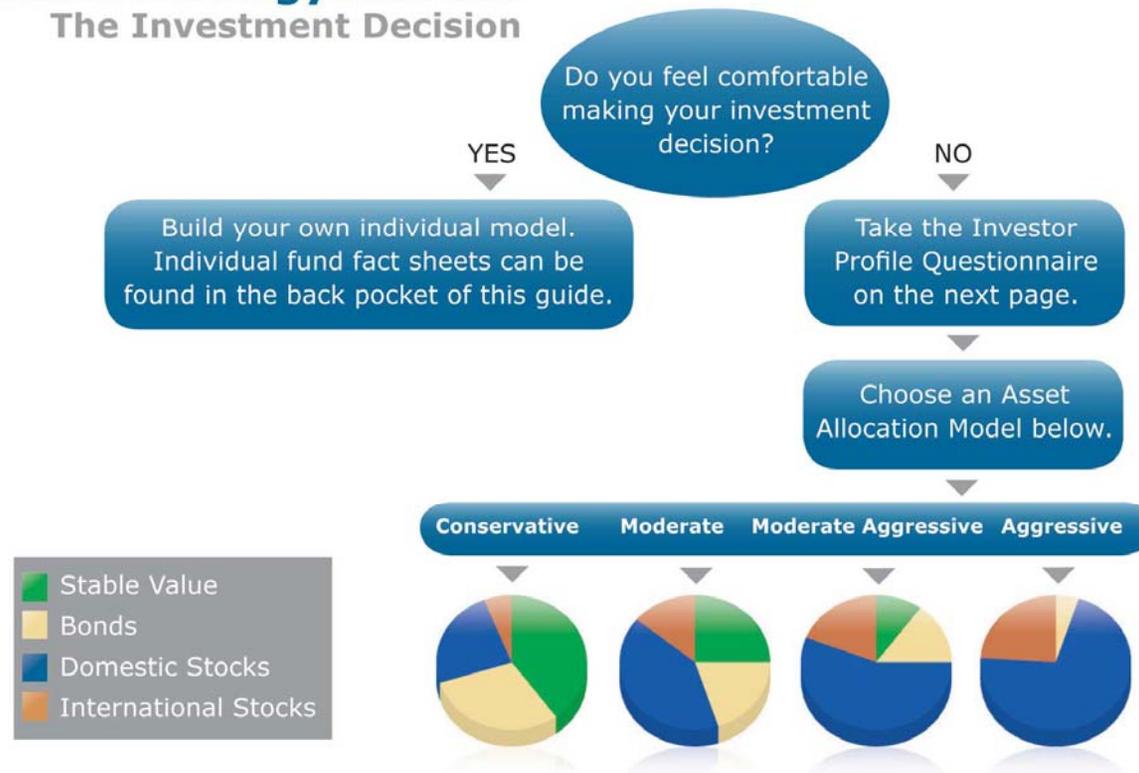
- Foreign large-blend portfolios invest in a variety of big international stocks.
- Most of these portfolios divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany.
- These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated market (such as Europe or Asia ex-Japan).
- The blend style is assigned to portfolios where neither growth nor value characteristics predominate.
- These portfolios typically will have less than 20% of assets invested in U.S. stocks.

Fund: American Funds EuroPacific Gr R5³

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ASSET ALLOCATION

Create a Strategy that fits The Investment Decision



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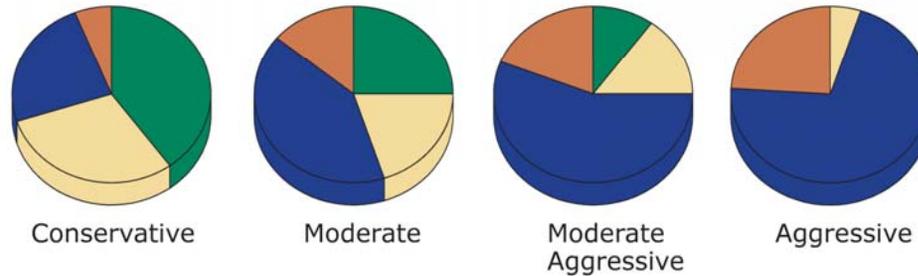
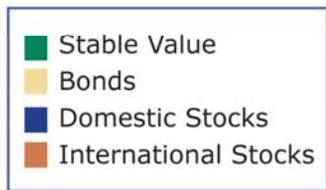
Please note the strategic asset classes designated above are unique to the Asset Allocation Models. As such, mutual fund style and peer group descriptions from other investment sources such as Morningstar® may differ slightly. It is important to keep in mind that the models are not an attempt to beat 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.

Select an Asset Allocation Model

- Asset Allocation Models help simplify the investment decision.
- Professionally managed to suit your personal risk tolerance and provide a well-rounded and diversified portfolio.
- Diversified to help you balance the highs and lows of market cycles and increase the odds of investment growth.
- Models are automatically rebalanced twice a year in June and December.

ASSET ALLOCATION

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 ¹	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 ²	Small-Cap Value Equity	0%	4%	7%	9%
Wells Fargo Advantage Small Cap Growth I ²	Small-Cap Growth Equity	0%	2%	5%	7%
American Funds EuroPacific Gr R5 ³	International Developed Equity	7%	14%	21%	28%
Total		100%	100%	100%	100%



Investment return and principal value will fluctuate, and shares, when redeemed, may be worth more or less than original cost. ¹Bond funds are subject to increased loss of principal during periods of rising interest rates. ²Small-cap funds are subject to greater volatility than those in other asset categories. ³International 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.

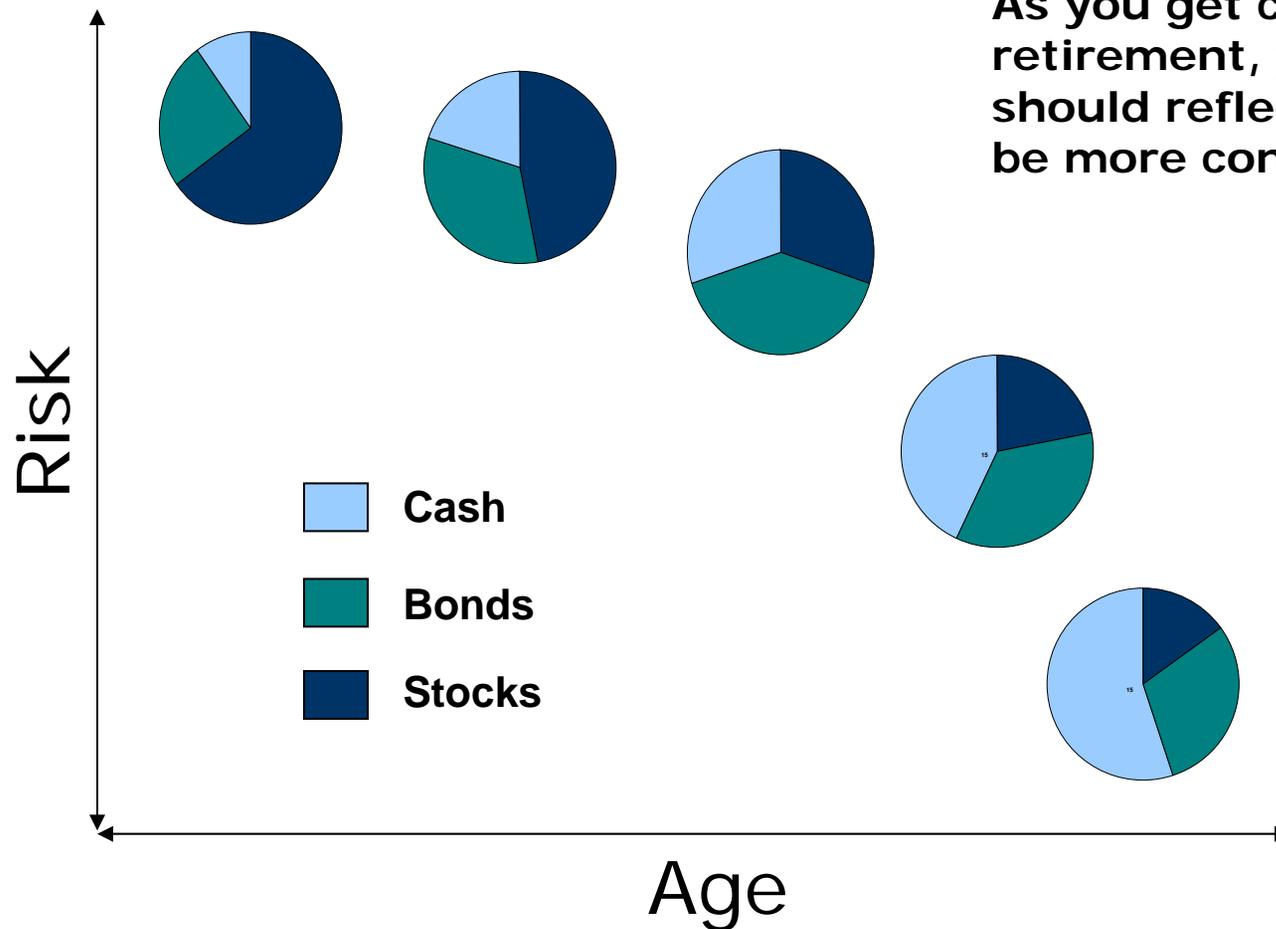
FUND INVESTMENTS

Build Your Own Portfolio

- Create your own investment strategy, adjusting for your personal risk tolerance and any other retirement assets.
- Select from a variety of investments along the risk/reward spectrum.
- You can choose any allocation among any of the eleven investment options available through the Savings Program.

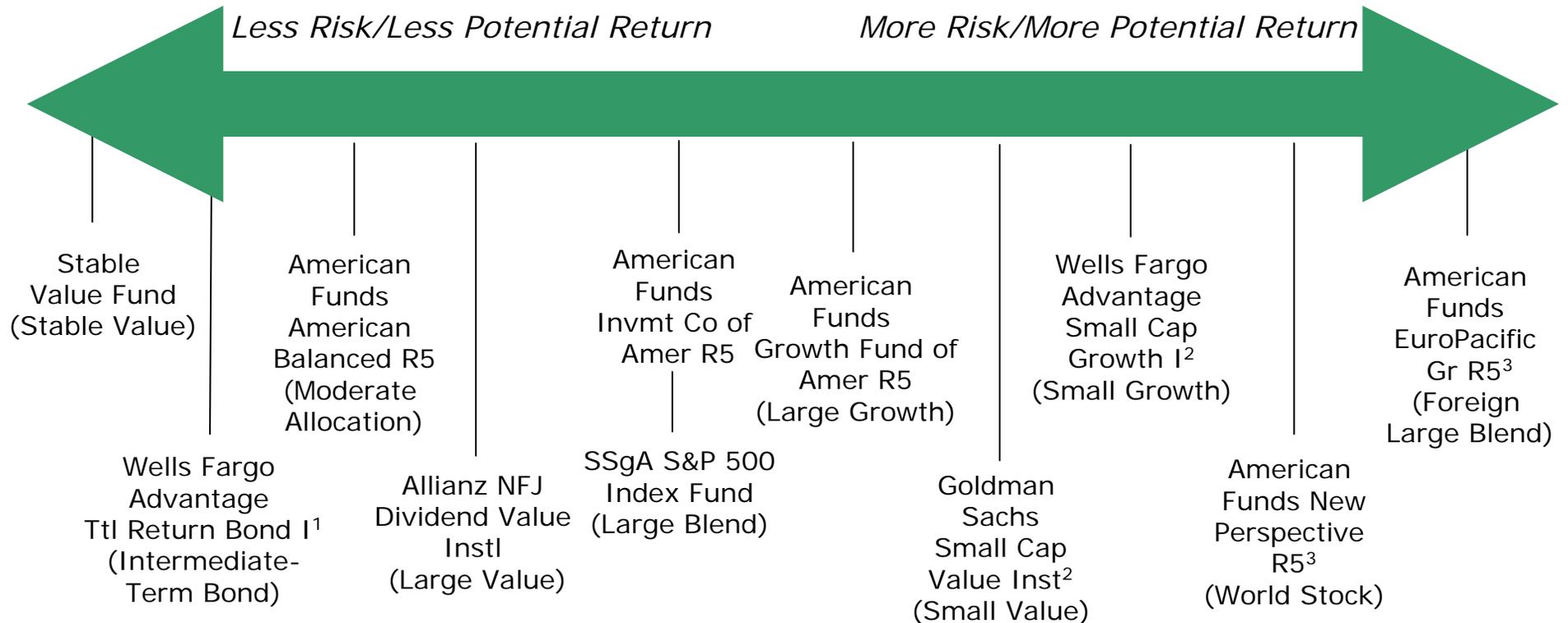
FUND INVESTMENTS

Building an Investment Portfolio



FUND INVESTMENTS

Short-Term Risk/Long-Term Return



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Take advantage of Automatic Rebalancing

- Rebalancing is recommended if you choose to Build Your Own Portfolio.
- Automatic rebalancing is only available if you elect to have all contribution sources invested the same.
- Rebalancing occurs on a semi-annual basis and is on your entire account.
- Reallocates your investments according to the percentages you previously selected.

FUND INVESTMENTS

What is Rebalancing?

If you build your own model *and* select the rebalance option or if you invest according to one of the models, your account will automatically be rebalanced twice a year to ensure that the percentages are regularly returned to their original alignment. For example, if you originally selected the Aggressive Model, at the time of rebalancing your account breakdown might look something like this:

<u>Aggressive Model (Original Alignment)</u>		<u>Aggressive Model (Prior to Rebalancing)</u>	
Domestic Bonds	5%	Domestic Bonds	5%
Large-Cap Value Equity	29%	Large-Cap Value Equity	29%
Large-Cap Growth Equity	23%	Large-Cap Growth Equity	28%
Small-Cap Value Equity	11%	Small-Cap Value Equity	11%
Small-Cap Growth Equity	8%	Small-Cap Growth Equity	8%
International Developed Equity	24%	International Developed Equity	19%
Total	100%	Total	100%

In this example, the Large-Cap Growth Equity increased, while the percentage in International Developed Equity decreased. Rebalancing would bring your model percentages back into alignment.

Note: Losses are more likely when investing for a short period. Investments are not FDIC insured, nor are they deposits of or guaranteed by a bank or any other entity. Unit price and return will vary, so you may lose money.

Avoiding Too Much Risk

Ultimately, the decision of how much risk to assume in your asset allocation selection is yours. Take these factors into consideration:

- Identify Time Horizon
- Risk Tolerance Level
- Review and modify as you get closer to retirement

FUND INVESTMENTS

Your Investment Choices:

When selecting your investments in your Savings Program, you have three options:

1. Choose from among the Savings Program's investment options
 - Review the detailed fund fact sheets available via the Savings Program's website at www.401kaccess.com/oakridge
 - Request and review fund prospectuses before investing
 - Build your portfolio and consider rebalancing at least annually
2. Access investment guidance from Morningstar® Retirement Manager™
 - Available 24/7 from the Savings Program's website
 - Formulate the most appropriate investment strategy for your individual situation
3. Get expert advice from a Personal Financial Advisor
 - One-on-one personal assistance

RETIREMENT SAVINGS READINESS

www.401kaccess.com/oakridge

The screenshot shows the user interface of the 401kaccess.com website. At the top, there is a navigation bar with "Account Access" and links for "home" and "log off". Below this is a dropdown menu for "Oak Ridge 401(k) Savings Program". A secondary navigation bar includes tabs for "Account", "Investments", "Transactions", "Tools/Reference", and "Access", along with a "Quick Links" dropdown. A third navigation bar lists "Overview", "Retirement Savings Tools", "Investment Tools & Guidance", "Plan Library", and "Reference". The main content area is titled "Tools/Reference Overview" and is organized into four sections: "Retirement Savings Tools", "Investment Tools & Guidance", "Plan Library", and "Reference". Each section contains several hyperlinks with brief descriptions. At the bottom, there is a disclaimer and logos for B&WY12 and OAK RIDGE National Laboratory.

Account Access home | log off

Oak Ridge 401(k) Savings Program

Account Investments Transactions Tools/Reference Access Quick Links

Overview Retirement Savings Tools Investment Tools & Guidance Plan Library Reference

Tools/Reference Overview

Retirement Savings Tools

[Retirement Calculator](#) Calculate the impact on your paycheck and project your future balance.

[Social Security Estimator](#) Link to this tool for personalized Social Security benefits estimates.

[Financial Planning Library](#) Calculators and articles to help you plan.

[Planificación Financiera y de Jubilación](#) Spanish financial planning library.

Investment Tools & Guidance

[Investor Profile Questionnaire](#) Determine your investment risk tolerance.

[Learning Station](#) Information to help you make smart investment decisions.

Plan Library

[Plan Literature](#) Find out more about your retirement plan.

Reference

[Current Limits](#) Review annual retirement plan limits.

[FAQs](#) Check here first for answers to your questions.

[Glossary](#) Get more information about terms you see used in your plan account.

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CALL TO ACTION

ACCOUNT ACCESS

Ways to Access Your Account Ongoing:

- **Website:** You may access and make changes to your account 24/7 via www.401kaccess.com/oakridge. You'll need your Account Number or Web ID and web password.
- **Voice Response Unit:** Available 24 hours a day at 1-800-777-4015. You'll need your Account Number or VRU ID and Personal Identification Number [PIN].
- **Participant Services Representatives:** Personal assistance is available by calling 1-800-777-4015, from 8 a.m. to 10 p.m. Eastern time, Monday through Friday.
- Easy to understand **Quarterly Participant Statements.**

RETIREMENT SAVINGS READINESS

Plan now for retirement!

Take advantage of the power of the Savings Program:

- **The opportunity to save enough for retirement**
- **Ease in making the investment decision**

DISCLOSURES

Diversification strategies do not assure a profit and do not protect against losses in declining markets.

¹Investment return and principal value will fluctuate, and shares, when redeemed, may be worth more or less than original cost. Bond funds are subject to increased loss of principal during periods of rising interest rates.

²Small-cap funds are subject to greater volatility than those in other asset categories.

³International investments are subject to additional risks such as currency fluctuation, political instability and the potential for illiquid markets.

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