

Herbert,

Are you feeling that your retirement dreams are knee-deep in alligators?

For the next couple of years, they may be, and we realize that this can be very discouraging.



You're probably asking yourself: *How do I prevent my retirement dreams from being lost in the swamp?* The answer comes in two parts: patience and not panicking. Not panicking means keeping up, perhaps even increasing, your 401(k) contributions. After all, the more we save, the easier it will be to recover from the apparent financial setbacks that we encounter along the way.

Throw more good money after bad? You're nuts! That might be your reaction to these suggestions. But, patience is important because, unless you plan on retiring in the next few years, the chances are good that you will be able to recover your losses along with reasonable growth.

And don't forget that if you stop contributing to your account or worse yet, cash out now, you may:

- never recoup your losses;
- miss out on buying stocks when they may be at "rock bottom" prices.

But can't the market sink even further? Why should I rush to do anything? Of course the stock market can go lower, and quite frankly, it may. But it can also go higher, and if you are not in the market when it goes up, you are "out of luck".

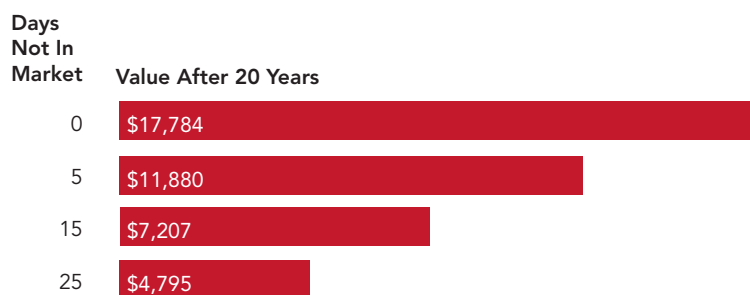
Trying to time the market—when to be in it and when to be out of it—is a "fool's game" unless you have a perfect crystal ball. The chart to the right shows what a lump sum equal to the amount of your current annual contribution would have grown to if it had been invest-

ed in the S&P 500 (stocks of large U.S. companies) and left there for 20 years including the days when the stock market dropped the most.

The chart also shows what your money would have grown to if it had not been invested on the days when the stock market had the greatest returns. For example, if your money wasn't invested on the 15 best performing days of that 20 year period, you would have missed out on about 60% of your investment's growth. (15 days is just two thousandths of one percent of that 20 year period!)

The greatest risk, then, may not be losing money on the bad days. Rather, the greatest risk is likely to be missing out on the "jackpot" on the good days.

Being out of the stock market (S&P 500) on the handful of the days when the highest returns occur dramatically diminishes an investment's long term growth.



Lump Sum Investment: \$3,600

Time Period: Jan 1, 1989 - Dec 31, 2008

This analysis is based on a study by Oppenheimer Funds entitled "Trying To Predict The Market?"

Fortunately, the 401(k) plan provides us with what is often a very effective way of getting the “biggest bang” for our contributions—“dollar cost averaging”. In fact, you are probably already benefitting from it.

Dollar cost averaging means investing the same amount (or the same percent of your contribution) in the same investment options each time you contribute to the plan.

Dollar cost averaging is easy to understand (see the table at right). As the price per share goes down, the number of shares you buy increases. As share prices rise, you purchase fewer shares. The primary benefit of dollar cost averaging is that your average cost ends up being less than the average share price.

Contributing to the 401(k) plan is the best way of preventing your retirement dreams from being lost in the swamp. Increasing contributions should help all of us to recover from the financial “quicksand” that we are now in.


And if you’re uncomfortable making investment decisions in these turbulent times, you may want to consider investing all of your account in a target date fund. These funds are described on the next page.

The Mechanics of Dollar Cost Averaging*

Monthly Investment (1/12 of Your Annual Contribution): \$300

Month	Price Per Share	Shares Bought
Jan	\$10.00	30
Feb	\$15.00	20
Mar	\$5.00	60
Apr	\$7.50	40
May	\$5.00	60
June	\$15.00	20
July	\$12.50	24
Aug	\$10.00	30
Sep	\$15.00	20
Oct	\$7.50	40
Nov	\$5.00	60
Dec	\$15.00	20
Average Share Price Paid by Investor	\$8.49	424
Average Beginning-of-the-Month Share Price	\$10.20	353

* The fluctuations in this example are dramatic. Such large fluctuations were used to show, in a simple manner, how dollar-cost averaging benefits the long-term investor.



If you want to increase your contributions,
please visit www.plansite.com/401kaccountmanagement
or call 1-800-555-1223

Introducing XYZ Investments' Targeted Retirement Portfolios— Sensible investing made easy

The Targeted Retirement Portfolios are a great tool for those participants who want to leave their investment decisions up to a professional.

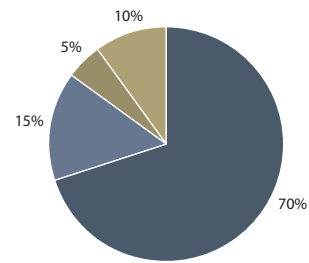
The portfolios' managers assume that the participants who are investing in one of these portfolios are going to retire in or around the year mentioned in the portfolio's name. They also assume that all your retirement assets are invested in the portfolio and that funding for retirement is the portfolio's sole goal. The managers also assume that your other assets will be used for emergencies and other non-retirement needs like funding a child's education.

One of the principal advantages of using these funds is that their managers do all the work for you. Not only do they decide on the asset allocation (how much is invested in stocks and bonds), but they change that mix over time. The portfolio's target date (the approximate time you wish to retire) determines how much of the fund will be in stock. The longer the target date extends into the future, the greater will be the amount of stock in the fund.

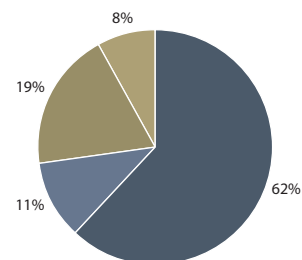
The allocations of three of the available Targeted Retirement Portfolios (2010, 2025, and 2040) demonstrate this. If you plan on retiring around 2010, 45 percent of the 2010 Portfolio is invested in stock. If you won't retire for about another 35 years, about 85% of the 2040 Portfolio will be invested in stock. If you select the 2025 Portfolio, 70 percent of your account will be in stock.

If at any time you wish to assume responsibility for investing your contributions, you can use the plan's other investment options. For information about these options, contact the Service Center (1-800-555-1223) or go to the plan's website, www.plansite.com/401kaccountmanagement.

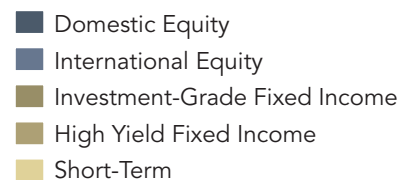
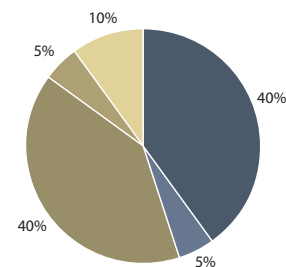
2040 Portfolio
(Retirement Date 2038-2040)



2025 Portfolio
(Retirement Date 2023-2027)



2010 Portfolio
(Retirement Date 2008-2012)



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It's easy to increase your contributions and/or reallocate your funds to a Targeted Retirement Portfolio. Call the call center (1-800-555-1223), or visit the plan's website, www.plansite.com/401kaccountmanagement.

ABCO, Inc.