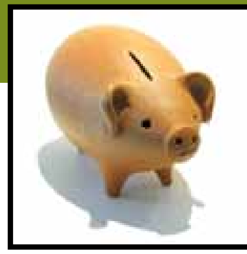
Your Money Your Future

Retirement planning strategies and personal finance tips from HealthSHARE – administrators of your THA Retirement Plan.



Texas Hospital Association Retirement Plan

Summer 2011

Quarterly Update

2011 Update – Second Quarter

Capital Markets Update

The economy was sluggish during the second quarter as financial markets were sidetracked by world and domestic events. European indebtedness, Japanese tsunami recovery, U.S debt ceiling wrangling and the end to the Federal Reserve's bond-buying spree led to uncertainty in the financial markets, with investors fleeing to safe havens during the last two months of the quarter. The S&P 500 rose during April but fell during May and June, causing the index performance to be flat for the quarter (+ 0.10 percent). For the same period, the MSCI EAFE Index gained only 1.6 percent. As a result, bonds and fixed income strategies enjoyed the fruits of indecision, with Barclays Capital Aggregate Bond Index rising 2.3 percent during the quarter. U.S. Treasury Bills were up 0.01 percent for the same period. Inflation continues to creep higher, ahead 3.6 percent year over year, and the Federal Reserve has yet to waiver from its flat target lending rate of essentially 0 percent.

Master Trust Update

The THA Retirement Plan master trust had a modest gain of 0.64 percent during the quarter on assets in a diversified portfolio of approximately 73 percent stocks and 27 percent bonds. Total master trust fund assets were more than $408 million at quarter end.

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Study: Most American Workers Are Unprepared for the Unexpected

Six out of 10 American workers don't have a financial plan in place to deal with an unexpected and costly life event such as a medical emergency, according to a study conducted by Harris Interactive and released by Aflac. The study also found that 51 percent of workers said they are not very or not at all prepared to pay for out-of-pocket expenses not covered by major medical insurance and 31 percent have less than $500 in savings for emergency expenses.

The study uncovered that a minority of U.S. workers believe an accident or illness could impact them or a family member. Only 19 percent of respondents think it likely they or a family member will be diagnosed with a chronic illness, such as heart disease or diabetes, and 13 percent think a serious illness like cancer will occur or that there will be a need for long-term care. Only 9 percent foresee a long-term hospital stay, 8 percent think they or a family member will become disabled, and just 6 percent think they will be in a car accident.

According to the National Safety Council, more than 25 million people in the United States suffered accident-related disabling injuries in 2008, with 13 million incidents happening at home and more than 5 million involving motor vehicles. The total cost of all unintentional disabling injuries, including items like medical expenses and lost wages/productivity, was more than $700 billion.

"About half of the workers we surveyed said they're already struggling with financial stress," said Audrey Tillman, executive vice president of corporate services at Aflac. "It shows how close to the edge many people are and how an unexpected accident or illness could make things even more challenging financially."

When asked how they would pay for out-of-pocket expenses due to an unexpected illness, 44 percent of workers said they would have to borrow money from family or friends, tap retirement savings, or use a credit card. And 19 percent – one out of five people – have no idea how they would cover the costs.

"Businesses have a responsibility to educate employees about the risks of being unprepared for the unexpected," said Tillman, "and workers need to take better control of their futures by realizing financial well-being is tied to their health." $

Summertime and the Livin's Easy

As stifling heat waves continue to bear down on much of the United States, many workers are feeling a different type of burnout this summer.

CareerBuilder's recent survey on employee productivity found that one in four employers (26 percent) think workers are less productive in the summer and nearly half (45 percent) think workers at their organization are currently burned out on their jobs. The national survey was conducted May 19 to June 8 and included more than 2,600 hiring managers and human resource professionals and nearly 5,300 employees.

Nicer weather, vacation fever and kids being out of school led the list of reasons for the perceived summer productivity dip.

Looking at overall productivity trends year-round, 30 percent of employers say workers are more productive today than before the recession began; 12 percent feel workers are less productive than before the recession.

Employers who saw a rise in worker productivity during the recession primarily attribute the increase to the fear of losing a job and the effects of downsized staffs on individual workloads. In addition, 73 percent are seeing the increase sustain today and 14 percent state productivity has increased even more.

"The recession produced consequences not just for those who were laid off, but also for the many employees who were asked to work harder as a result of leaner staffs," said Brent Rasmussen, president of CareerBuilder North America. "While getting more out of a smaller workforce is a sign of organizational agility during unpredictable times, it's hard to see such yields in productivity holding forever. Headcount will be needed to meet increasing demands." $

Quarterly Update continued from page 1

Master Trust Performance	2Q11	YTD	1 YEAR	5 YEAR	10 YEAR
Master Trust Fund	0.64 percent	5.0 percent	23.5 percent	4.2 percent	4.7 percent
*Custom Benchmarks	0.55 percent	5.1 percent	24.7 percent	4.3 percent	4.7 percent

*Combined Indices: S&P 500, Russell 2000, MSCI EAFE and Barclays Capital Aggregate Bond

Participant-Directed Program Update

Stock funds in the THA Participant-Directed Retirement Program struggled during the quarter to keep pace with earlier achievements, with most funds posting modest gains. Target-date balanced funds managed by BlackRock had positive performances and exceeded their benchmark objectives. The top performance for the quarter, however, was provided by PIMCO's Real Return bond fund, which gained almost 3.2 percent. The PDRP offers a strong slate of investment options, including seven U.S. stock funds, two foreign stock funds, one equity and income fund, five target-date balanced funds and five fixed income funds. Total program assets exceeded $76 million.

The THA Retirement Plan will hold its next board meeting on Aug. 26 at the Texas Hospital Association headquarters building at 1108 Lavaca St. in Austin. For more information, contact Fred Hamilton at fhamilton@tha.org or 512/465-1082. Go to **www.healthshare-tha. com/tharetirementplan** for additional information about the THA Retirement Plan. $

PDRP Funds Performances	2Q11	1 YEAR		2Q11	1 YEAR
Equity Funds			***LifePath Funds***		
Schwab S&P 500 Index	0.1 percent	5.9 percent	BlackRock LP Retirement	1.7 percent	4.2 percent
Thornburg Value	-3.0 percent	5.8 percent	BlackRock LP 2020	1.5 percent	4.7 percent
American Beacon Large Cap Value	-1.0 percent	4.1 percent	BlackRock LP 2030	1.3 percent	5.3 percent
Growth Fund of America	-0.7 percent	4.6 percent	BlackRock LP 2040	1.2 percent	5.7 percent
Goldman Sachs Mid Cap Value	0.2 percent	5.9 percent	Blackrock LP 2050	1.1 percent	6.1 percent
Columbia Acorn	1.4 percent	7.2 percent	***Fixed Income Funds***		
Wells Fargo Advantage Small Cap Growth	0.9 percent	5.2 percent	Schwab Retirement Advantage Money Market	0 percent	0 percent
International Equity Funds			Prudential Guaranteed Income	0.8 percent	1.7 percent
Dodge & Cox International Stock	0.5 percent	3.0 percent	Schwab Stable Value	0.5 percent	1.1 percent
Lazard Emerging Markets	0.4 percent	-0.5 percent	PIMCO Total Return	1.8 percent	2.8 percent
Balanced Fund			PIMCO Real Return	3.2 percent	5.0 percent
Oakmark Equity and Income	1.2 percent	5.9 percent			

Gen Y: Generation Procrastination?

When it comes to saving for retirement, Generation Y is not taking a cue from their Boomer parents, many of whom are facing financial challenges as retirement looms. The majority (55 percent) of Gen Yers have not started to save for retirement, and fewer than a quarter (21 percent) are actively planning for retirement.

A new survey, commissioned by online investing firm Scottrade, shows that 60 percent of Gen Yers (born 1983 to 1991) saved nothing toward retirement last year and 40 percent plan to save nothing in 2011. An additional 21 percent plan to save only 1-2 percent of their income this year.

"What Gen Y may not realize is that older generations based their retirement planning on the three-legged stool of Social Security, savings and employer pensions," said Craig Hogan, director of customer intelligence at Scottrade. "The approach their parents and grandparents took toward saving is no longer appropriate because the old model doesn't exist. By the time Gen Y retires, they may have only one reliable leg to stand on – their own savings – and they need to plan accordingly."

When asked what age they'd recommend people start saving for retirement, Gen Yers recommended a mean age of 29.2 years old, giving even the oldest of the group two more years before this generation thinks they need to start saving.

Gen Y need look no further than Boomers' current retirement picture to see the effects of delaying saving for retirement. Almost half (47 percent) of Boomers have $100,000 or less saved, and more than one-third (37 percent) are concerned that they will have to work in their retirement years. Almost a quarter (23 percent) think they'll still be working at age 75 or older.

"There is no shortage of lessons to be learned from the Boomers' retirement planning experiences," Hogan said. "The good news for Gen Y is that they have the advantage of Boomers' hindsight, youth and enthusiasm. If Gen Yers focus their interest in investing toward their retirement portfolios, there is still plenty of time for them to get where they need to go." $

It's True: Smartphones Are Habit-Forming

Smartphone users develop the habit of frequently checking their phones for email, social media and news, according to a study by the Helsinki Institute for Information Technology and Intel Labs. Data collected from smartphone users in the United States and Finland found evidence of repetitive checks of the menu screen, news, email, contacts and social applications on their devices. A typical checking lasts less than 30 seconds and involves opening the screen lock and accessing a single application.

A sizable proportion of smartphone use consists solely of checkings. They do not occur randomly but are triggered by certain contexts, such as reading email when commuting or checking news while bored. Despite its prevalence, users did not regard checking behavior as an addiction but did describe it in terms of overuse and as an annoyance.

"What concerns us here is that if your habitual response to, say, boredom, is that you pick up the phone to find interesting stimuli, you will be systematically distracted from the more important things happening around you," said Antti Oulasvirta of HIIT. "Habits are automatically triggered behaviors and compromise the more conscious control that some situations require, and studies already are starting to associate smartphone use to dire consequences like driving accidents and poor work-life balance. Unfortunately, as decades of work in psychology shows, habits are not easy to change." $

Healthy, Wealthy and Wise

Sunglasses Save Sight

Even with new regulations on the labeling of sunscreen products to help consumers better protect their skin, many Americans still are unaware of the sun's damaging effects on their eyes. In fact, a survey by VSP® Vision Care found that while 68 percent of adults wear sunglasses outdoors, less than 30 percent of children do the same.

"The sun contains a wide spectrum of radiation, such as ultraviolet A and ultraviolet B rays, which damage the eyes the same way they damage the skin. However, much of the damage the sun causes can be prevented simply by wearing a pair of sunglasses that block UVA and UVB rays," said Leanne Liddicoat, O.D., a VSP optometrist.

UVA and UVB rays can cause cataracts and macular degeneration and are believed to cause melanomas (cancerous growths both inside and around the eyes), all of which can cause blindness. UV damage is cumulative over time, so it's never too early or too late to start protecting your eyes from the sun, especially with young children.

"Parents wouldn't dream of bringing their children to the beach without sunscreen, and yet we often leave their eyes exposed to the same dangers of the sun," said Liddicoat. "I encourage parents to have their children wear sunglasses as soon as possible, as it's important to create healthy habits early."

Similar to sunscreen, sunglasses should meet certain requirements to offer the best protection. When purchasing sunglasses for you and your family, consider the following tips:

- **Look for sunglasses that offer 100 percent UVA and UVB protection;**
- **Consider polarized lenses, which cut down on glare from lakes, rivers, oceans and beaches;**
- **Make sure children's sunglasses have a strap that keeps them in place and helps keeps them from getting lost; and**
- **Choose a frame that provides good coverage for your face (both in size and how much it wraps around your face) for the most protection.** $

CFL Tips and Tricks

Compact fluorescent lamps use about 75 percent less energy than standard incandescent bulbs and last up to 10 times longer. As energy prices increase, it's no surprise that CFLs have become increasingly popular as a means for businesses and homes to reduce lighting energy bills.

According to ENERGY STAR, a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy, if every American home replaced just one light bulb with a qualified CFL, it would save enough energy to light three million homes for a year, save about $600 million in annual energy costs, and prevent nine billion pounds of greenhouse gas emissions per year, equivalent to those from about 800,000 cars.

ENERGY STAR offers the following tips to help consumers get the most from their CFLs:

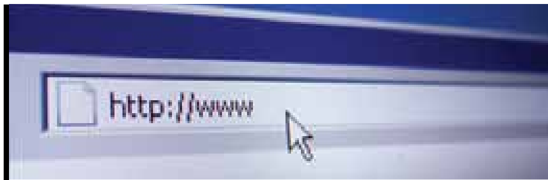
- **Do the twist.** Screw in your CFL by holding the ballast (the white plastic part), not the glass tubing.
- **Don't flip too fast.** You'll maximize the lifetime savings and effectiveness of your CFLs by keeping them on for 15 minutes or more at a time.
- **Choose 3 for 3.** Only use bulbs labeled as three-way on three-way sockets.
- **Don't dim a non-dimmable.** Only use bulbs labeled as dimmable on dimmer switches.
- **Check your controls.** Most photocells, motion sensors and electric timers are not designed to work with CFLs. Always check with the manufacturer of the control for compatibility.
- **Give them air.** CFLs are sensitive to extreme temperatures, so place your CFLs in open fixtures indoors. Using them in enclosed fixtures indoors can create a hot environment that reduces the lifetime of your bulbs. Note that covered reflectors are best used in recessed cans.
- **Protect them outside.** Protect bulbs from the elements by placing them inside enclosed fixtures outdoors. For colder climates, look at the packaging for optimal operating temperatures.
- **Recycle the spent bulbs.** CFLs contain a small amount of mercury – less than 1/100th of the amount in a mercury thermometer – so proper disposal of burnt-out bulbs is essential. You may be able to recycle CFLs through your local waste collection agency, local hardware supply stores and other retailers, or mail-back services.

In addition, the EPA recommends taking the following precautionary steps if a CFL breaks in your home:

- Clear the room of people and pets;
- Air out the room for at least 5-10 minutes by opening a window or door;
- Shut off the central heating/air-conditioning system if applicable;
- Wear rubber gloves and use stiff paper or cardboard (not a broom and dustpan) to clean up the broken bulb; and
- Recycle the bulb debris and cleanup materials as soon as possible.

For more information on CFLs, go to **http://epa.gov/cfl.** $

Worthy Website



Do It Yourself or Not

You're thinking of ripping up the carpet in your living room and replacing it with hardwood flooring. Your buddy tells you to do it yourself; your wife wants to hire a pro. How do you decide? Check out Do It Yourself or Not (**www.diyornot.com**). This website provides both contractor and do-it-yourself cost estimates for more than 350 home improvement projects; you can adjust the costs based on your ZIP code for a more accurate estimate. In addition to cost estimates, the site features videos, calculators and step-by-step instructions on everything from repairing noisy water pipes to installing attic stairs. Each project listing also includes the appropriate skill level, number of hours required, and tools and materials needed. In case you still can't decide, a thumbs-up/thumbs-down graphic for each project indicates whether most readers would do the project themselves or hire outside help. $

THA Retirement Plan
The THA Retirement Plan, sponsored by the Texas Hospital Association, provides retirement benefits for more than 15,000 health care employees in Texas. The plan is governed by a board of successor trustees, which makes investment decisions on behalf of the plan's participants, and is administered by HealthSHARE, a wholly owned subsidiary of THA.
www.healthshare-tha.com/tharetirementplan

Your Money Your Future
Your Money Your Future is published quarterly by HealthSHARE for participants in the THA Retirement Plan. Because each person's financial and retirement circumstances are different, you should consult with a financial planning professional before implementing any ideas found in this newsletter. For specific information on your participation in the THA Retirement Plan, contact your human resources department.

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