

# 2010 ANNUAL THRIFT PLAN SAFE HARBOR / AUTOMATIC ENROLLMENT NOTICE

At Deseret Mutual, our mission is *to improve your health and financial well-being*. So to serve the financial side of the equation, your employer sponsors the Thrift Plan, a retirement savings program to help you prepare for the future. These provisions, effective January 1, 2010, qualify under Sections 401(a), 401(k), and Roth 401(k) of the Internal Revenue Code. Your benefit is determined by both how much you save and the success of your investments. Here is a brief summary of the plan:

## Automatic Enrollment

We encourage you to enroll in the Thrift Plan as soon as you're eligible. But if you don't enroll within 30 days of becoming eligible, we'll automatically enroll you at 3% of your income to the before-tax option, with a matching 3% from your employer.

For the first 90 to 120 days, your contribution will be invested in the plan's Money Market Fund. (Or if you're a rehired employee with an asset allocation on file, your contributions will invest according to your previous investment mix.) If within 90 days of your first paycheck you decide you don't want to participate and have not made any modifications to this automatic enrollment process, you may opt out of the plan and request a refund of your contributions plus any gains/losses.

At the end of the 90-120 days, your investments will be moved to the long-term preset mix. But we encourage you to choose a preset mix based on your age and investment time horizon. At the beginning of your second year — on your anniversary date — your investment will increase by 1% until your employee contribution reaches 6%.

## Eligible Employees

You're eligible to participate in the Thrift Plan on your hire date if you are:

- employed by a participating employer
- at least 21 years old
- regularly scheduled to work at least 1,000 hours
- not in an excluded class of employment, as defined by your employer

## Eligible Compensation

Your contributions are based on your W-2 earnings per pay period (including pretax reductions for the Premium Only Plan and the Flexible Spending Account program). Please note, not all W-2 earnings qualify. Contact your human resource representative for a complete list.

## Enrollment

To enroll in the Thrift Plan, follow the instructions on the Savings Program phone system or visit our Web site:

Salt Lake City area .....	1-801-578-5600
Toll free .....	1-800-777-3622
Web site .....	www.dmba.com

## Employee Contributions

You may contribute on both a before-tax and after-tax basis. In 2010, the maximum 401(k) before-tax contribution, together with the Roth 401(k) after-tax contribution, is \$16,500. The maximum after-tax contribution is 100% of your compensation or \$49,000, minus any employee before-tax and Roth 401(k) contributions and any employer matching contributions. And participants who are 50 or older during 2010 can make an additional 401(k) before-tax or Roth 401(k) after-tax catch-up contribution of \$5,500.

## Employer Matching Contributions

When you contribute to the plan (in whole percentages), your employer makes a matching contribution in your behalf as shown here:

Your Contribution	Employer Contribution	Total Contribution
1%	1%	2%
2%	2%	4%
3%	3%	6%
4%	3.5%	7.5%
5% to 96%	4%	9% to 100%

Effective April 1, 2010, new hires, newly eligible, and some rehired employees will receive a dollar for dollar employer match, up to 6%. In other words, if you're newly hired and you contribute 1%, your employer will also contribute 1%; when you contribute 2%, your employer will contribute 2%; and so on, up to 6%. Of course, you can contribute more than 6%. These employees will receive a reduced benefit in Deseret Mutual's Master Retirement Plan.



## ***Changing Your Contribution Percentages***

You may change your contribution percentage any time. To do so, visit our Web site or call the Savings Program phone system. Please keep in mind that your change may not be effective immediately because of your employer's payroll processing cycle.

## ***Vesting***

Vesting means you own the funds in your account. Rest assured, you're always 100 percent vested in the value of your contributions and earnings, as well as the contributions and earnings from your employer.

## ***Withdrawals***

Since the Thrift Plan is designed to supplement your retirement income, you may only withdraw money for the following reasons:

- purchase of your primary residence
- medical expenses
- post-secondary education
- to prevent foreclosure or eviction from your primary residence
- expenses for a dependent's funeral
- money needed because of a qualified, declared disaster

Keep in mind that if you withdraw money contributed on or after January 1, 2004, you will not be able to contribute to the plan for six months. (Money deposited to your account before January 1, 2004, may be available in certain situations. Please call Deseret Mutual for more information.)

## ***Loans***

You may borrow from your Thrift Plan account for unexpected emergencies (from one- to four-year loans) or for home ownership (from five- to 15-year loans). If you take a loan, you must pay a \$50 loan origination fee as well as a \$20 annual loan administration fee for each year the loan is outstanding.

## ***Investment Options***

To provide valuable diversification and cover all aspects of a changing market, 11 mutual funds and four preset mixes are available. To decide which preset mix is right for you, simply decide how much time you have to invest before you'll need your money during retirement: short term (0 to 4 years), intermediate term (5 to 11 years), long term (more than 11 years), or stock only (more than 11 years). Or you're welcome to create your own mix.

## ***Investment Risk***

You decide how the contributions in your account are invested. If you want to change the way you invest your future contributions (future fund elections, formerly allocations) or your existing account balance (current balance transfers, formerly redistributions), you may do so at any time. Current balance transfers are permitted every 15 days. Simply call the Savings Program phone system or visit our Web site.

## ***Employment Status Changes***

Your account may be affected by employment changes such as transferring to another participating employer, terminating employment, disability, or moving to an excluded class of employment. To understand how these changes could impact you, contact Deseret Mutual or your human resources representative as soon as possible.

## ***More Information***

The Thrift Plan qualifies as a Safe Harbor 401(k) Plan under the Internal Revenue Code and may be changed with at least 30-days advance notice. This summary is designed to help you save for a secure financial future; it does not describe the plan in detail. We are required by law to send this notice annually. For more complete information, please refer to your Benefits Handbook or visit our Web site at [www.dmba.com](http://www.dmba.com).



## AUTOMATIC THRIFT PLAN ENROLLMENT: *How the Plan Works for You*

*We're pleased to offer what we call "automatic enrollment" in Deseret Mutual's Thrift Plan! And that means employees who are newly hired — or who otherwise become eligible — can begin saving for retirement from the very beginning!*

### **HERE'S HOW IT WORKS:**

- We encourage you to enroll in the Thrift Plan within your first 30 days of employment or eligibility so you can begin to save immediately. Then you can choose your own contribution percentage and investment options. And it's easy to do on our Web site at [www.dmba.com](http://www.dmba.com).
- But if you don't enroll within that 30-day window of opportunity, we'll automatically enroll you and set up your account to invest in the plan's Money Market Fund. And that's where your contributions will stay for a time (please see *How Automatic Investments Work* on pages 7 and 8).
- To begin with, your contribution will be 3% of your pay to the before-tax option, with a matching 3% from your employer. Then your contribution will automatically increase by 1% on your anniversary date, until you reach an employee contribution of 6%.

### **PUT TIME ON YOUR SIDE:**

- Between days 90 and 120, your account balance will change from the Money Market Fund to the long-term preset mix. Of course, we encourage you to choose the appropriate preset mix based on your age and investment time horizon.

For example, if you're 25 and have time on your side to weather the ups and downs of the market, you should consider the long-term preset mix. But if you're 62 and retirement is just around the corner, you would be wise to consider the short-term preset mix. That's because the closer you are to retiring, the less risk you want. Here are the specifics of how the preset mixes are set up:

**Short-term preset mix:** Will begin drawing money in 0 to four years

**Intermediate-term preset mix:** Will begin drawing money in five to 15 years

**Long-term preset mix:** Will begin drawing money in 12 or more years

**Stock Only preset mix:** Will begin drawing money in 12 or more years

- Keep in mind that even though you're automatically enrolled, you can — and should, if possible — increase your contribution percentage. Of course, you can choose to contribute less or not contribute at all, but it's important to think in the long term for your retirement.
- If you decide you don't want to participate, you can waive participation and not be automatically enrolled. To do so, you must either visit our Web site at [www.dmba.com](http://www.dmba.com) or call our Savings Team within the first 30 days.
- You always have the opportunity to choose how your money is invested — in any combination of the available investment funds.

## **NUTS AND BOLTS:**

- If you enroll in the first 30 days of employment or eligibility, you can make your own choices! For example, you may contribute a percentage of your eligible salary on either a before-tax, after-tax, or Roth after-tax basis, or any combination.
- To choose how your money is invested, follow the instructions at the end of this notice, visit our Web site at [www.dmba.com](http://www.dmba.com), or call the numbers listed below. To review the investment options, fees, and investment returns, please review the *Thrift Plan Savings Performance* guide on page 6.
- You can choose the SMarT option, or “Save Money for Tomorrow.” With SMarT, you can continually and automatically increase your contributions by 1% each year. And you can choose the date to start, perhaps to correspond with your annual salary increase before you’re used to spending the increase. To activate SMarT, go to Deseret Mutual’s Web site and follow the links to your Thrift Plan account or call Deseret Mutual and select the savings program phone system.

## **OTHER IMPORTANT INFORMATION:**

- If you’re automatically enrolled and you decide you don’t want to participate, you can request a refund of your contributions and earnings (or losses) during the first 90 days. Also, you may enroll at a later date. For more information, see *Special Withdrawal Rules in the First 90 Days* on page 5.
- Please be aware that investing in a money market fund is neither insured nor guaranteed by the FDIC or any other government agency. Although this fund seeks to preserve the net asset value of \$1.00 per share, it’s possible to lose money by investing in this type of fund.
- The investment options include expenses for investment management and administration, and may impose fees or other restrictions. For more information about investment objectives, risks, expenses, fees, etc., please see the funds’ prospectus (see *For More Information* on page 5). All investors should consider investment objectives, risks, charges, and expenses carefully before investing. So read the prospectus carefully before you invest.
- In keeping with Deseret Mutual’s action to prevent improper trading, we have a 15-day restriction on mutual fund trades. In other words, only one trade is permitted every 15 calendar days after the effective date of trade. That’s because qualified plans like the Thrift Plan are not intended to be used as short-term trading vehicles.
- If you request to change the automatic investment election or contribution and/or initiate the SMarT feature, your status will change to an “active participant” rather than an “automatically enrolled participant.” For your information, an active participant in the Thrift Plan is an eligible employee who fulfills the conditions of, and participates in, the plan.
- If you have a previous investment election, your employee and employer contributions will be invested according to that election rather than the automatic investment election described previously.
- If you’re subsequently hired by another participating employer and you’re an “automatically enrolled participant,” your employee and employer contributions will be invested according to the automatic investment election. But if you’re subsequently hired by another participating employer and you’re an “active participant,” you must enroll to participate in the Thrift Plan.
- For your long-term retirement security, you should give careful consideration to the importance of a well-balanced and diversified investment portfolio, taking into account all assets, income, and investments. It’s also important to periodically review your investment portfolio, your objectives, and options to help ensure that your retirement savings will meet your retirement goals.

- You can designate a primary and an alternate beneficiary for your Thrift Plan assets so if you die before you begin receiving your benefit, your Thrift Plan balance is paid according to your wishes. Remember to regularly verify your beneficiary designations with Deseret Mutual.

**SPECIAL WITHDRAWAL RULES IN THE FIRST 90 DAYS:** If you want to withdraw contributions that were automatically deposited in your account, you must make this request within 90 days of the first payroll they were contributed to the plan, unless you have changed your contribution percentage, investment option, or automatic increase. Generally, after the next pay day following your request, the balance of your account (including investment earnings or losses) may be withdrawn from your account and paid to you. Employer matching contributions, if any, will be forfeited. The withdrawal will be taxable in the year of payment, but is not subject to the 10% additional excise tax on early withdrawals. To request a withdrawal, follow the instructions below.

**FOR MORE INFORMATION:** If you want more information — like a summary plan description, prospectus, or investment profile — or if you want to change your investments, contribution amounts, or withdraw your automatic contributions, you may do so by:

- **Logging on to Deseret Mutual's Web site** at [www.dmba.com](http://www.dmba.com).
- **Calling the Savings Program Phone System** at 1-801-578-5600 in the Salt Lake City area or toll free at 1-800-777-3622.
- **Contacting a Deseret Mutual Financial Benefits representative** from 8 a.m. to 5 p.m., Mountain Time (except on Wednesdays when our office hours begin at 9 a.m.).

*No matter how you contact us, always make sure you have your Deseret Mutual identification number and your personal identification number, or PIN, to access your account.*

**ONLINE ENROLLMENT/CHANGE SYSTEM :** If you want to change the 3% automatic enrollment contribution and/or the default investment allocation detailed in this notice, you must have a Deseret Mutual identification number and temporary PIN to access Deseret Mutual's online enrollment/change system at [www.dmba.com](http://www.dmba.com). These numbers are available from your Employer.

With the online system, you can make changes to your account (contribution percentage, investment allocation, beneficiary information, etc.), view up-to-date information regarding your account, request prospectus information, and use financial calculators.

If you have any questions about this information, call a Financial Benefits representative at the numbers listed above.

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***The most important concepts to keep in mind:  
Invest, diversify your investments, and stay in for the long haul!***

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*This notice gives a general explanation of specific features of Deseret Mutual's Thrift Plan. It is not the plan legal document. Complete information is available in the Thrift Plan section of your Benefits Handbook and in the plan legal document. If you would like a copy of the plan legal document, please contact your employer or Deseret Mutual. If there is any discrepancy between the information in this notice, the Thrift Plan section of your Benefits Handbook, and/or the official Plan document, the terms of the legal plan document govern. This information should not be considered investment advice.*

## Thrift Plan Savings Performance as of August 31, 2009

	Expense Ratio (Fee)	Industry Average Expense Ratio	8/31/09	3-month Average Return	Year-to-Date Return	1-year Return	3-year Average Annual Return	5-year Average Annual Return	Average Annual Return Since 12/31/1996
<b>Asset Class, Manager (ticker symbol), Benchmark</b>			<b>Rate of Return</b>						
<b>Money Market Fund</b> Vanguard Prime Fund (VMRXX) Citigroup 3- Month T-bill	0.08%	0.91%	0.03 0.02	0.1 0.0	NA 0.0	NA 1.1	NA 3.4	NA 3.1	NA 3.5
<b>Short-term Bond Fund</b> Vanguard Short-term Corporate (VFSIX) Merril Lynch 1-3 Year Corporate	0.09%	0.91%	1.39 1.34	4.2 4.3	11.6 11.7	5.3 6.1	4.8 5.3	4.1 4.2	5.2 5.5
<b>Intermediate Bond Fund</b> PIMCO Total Return Fund (Institutional) (PTTRX) Merril Lynch Domestic Master	0.46%	0.96%	1.91 1.87	4.9 3.9	10.8 4.9	12.6 8.9	NA NA	NA NA	NA NA
<b>Inflation Protected Bond Index Fund</b> Vanguard Inflation Protected Securities (VIPIX))	0.09%	0.85%	1.03	1.5	6.9	-1.2	NA	NA	NA
<b>Large Company Index Fund</b> Vanguard Institutional Stock Index (VIXX) S&P 500	0.03%	1.09%	3.61 3.61	11.7 11.7	15.1 15.0	-18.1 -18.3	-5.7 -5.8	0.6 0.5	4.4 4.4
<b>Mid Company Value Stock Fund</b> Security Equity Fund (SVUIX) Russell Midcap Value	0.90%	1.36%	5.13 6.61	NA	NA	NA	NA	NA	NA
<b>Mid Company Growth Stock Fund</b> Goldman Sacs Mid Cap Growth (GGOIX) Russell Midcap Growth	0.98%	1.46%	3.30 3.06	10.9 11.7	36.7 29.7	-14.7 -20.2	2.7 -4.2	5.1 3.4	NA
<b>Small Company Value Stock Fund</b> DFA Small Cap Value Equity (DFS VX) Russell 2000 Value	0.52%	1.51%	5.14 4.73	19.7 16.5	22.1 10.8	-18.9 -20.7	-8.4 -7.9	1.7 1.6	9.1 7.4
<b>Small Company Growth Stock Fund</b> TCM Small Cap Growth (TCMSX) Russell 2000 Growth	0.92%	1.60%	-0.47 0.98	7.9 12.3	14.9 21.2	-26.6 -22.0	-6.5 -4.4	5.7 2.7	7.7 2.0
<b>International Value Stock Fund</b> Brandes International Value Equity (BIIEIX) MSCI EAFE	1.18%	1.36%	5.27 5.45	13.5 14.5	17.1 24.8	-12.3 -14.5	-3.8 -4.3	5.8 6.3	10.1 4.4
<b>International Growth Stock Fund</b> William Blair International Stock Fund (WIEIX) MSCI EAFE	1.20%	1.53%	1.19 5.45	9.2 14.5	21.2 24.8	-20.3 -14.5	-6.9 -4.3	2.7 6.3	NA
<b>Deseret Mutual Preset Mixes</b>									
<b>Short-term Preset Mix</b>	0.23%	1.28%	1.92	5.7	12.3	-0.2	2.9	4.2	6.1
<b>Intermediate-term Preset Mix</b>	0.36%	1.28%	2.74	8.5	16.3	-6.9	0.0	3.7	7.2
<b>Long-term Preset Mix</b>	0.46%	1.28%	3.15	10.1	18.4	-11.6	-2.1	3.2	7.4
<b>Stock Only Preset Mix</b>	0.61%	1.28%	3.52	11.6	20.9	-17.4	-4.4	2.6	7.3

## AUTOMATIC THRIFT PLAN ENROLLMENT: *How ‘Automatic Investments’ Work*

The Thrift Plan is a defined-contribution plan designed to help you save money for your retirement. Simply put, that’s why the plan exists. And your future benefit is determined by how much you save, as well as the success of your investments. Both your employer and Deseret Mutual encourage you to enroll as soon as you’re eligible!

If you don’t enroll (or waive participation) within your first 30 days of employment or eligibility, we’ll automatically enroll you in the Thrift Plan. For the first 90 to 120 days, your contributions will invest in the plan’s Money Market Fund. (Or if you’re a rehired employee with an asset allocation on file, your contributions will invest according to your previous investment mix.) If you decide you don’t want to participate within 90 days of your first paycheck, you may opt out of the plan and request a refund of contributions plus any gains/losses.

Then between days 90 and 120, your contributions will change from the Money Market Fund to the long-term preset mix. We encourage you to choose a preset mix based on your age and investment time horizon. Of course, you may select a preset mix yourself or choose your own individual investment allocation.

### Preset Mixes

Deseret Mutual’s investment professionals have developed four preset mixes from 11 individual mutual funds. Each preset mix is designed to match individual risk tolerance and a general investment horizon, which is the time the money is expected to be invested before you need it for retirement. Since the inception of the preset mixes, they have substantially outperformed other investment strategies.

Please review the table below for specific information. For example, you can see that if you have a longer investment horizon, investments such as stocks can have long-term gains that outweigh short-term dips in value. But as your investment horizon becomes shorter, more conservative investments may be appropriate.

Preset Mixes	Objectives	Primary Investments	Potential Rewards	Risk Factors
<b>Short-term</b>	Provide conservative investment option for funds that will start to be accessed in zero to four years	Fixed Income 70%  Equity 30%	Capital and principal preservation with low returns; volatility with the small percentage of equity investments to provide some higher returns	With the fixed income investments, low to fairly low risk, which is primarily because of lower income from falling interest rates; higher risk with the equity investments, which are based on market values of the stocks
<b>Intermediate-term</b>	Provide a more aggressive investment option for funds that will start to be accessed in five to 15 years	Fixed Income 40%  Equity 60%	Some capital and principal preservation with low returns; volatility with potentially higher returns with equity investments	Fairly low risk on 40% of the investment, the risk which is primarily because of lower income from falling interest rates; higher risk with the 60% equity investments, which are based on market values of the stocks
<b>Long-term</b>	Provide a fairly aggressive investment option for funds that will not be accessed for 12 or more years	Fixed Income 20%  Equity 80%	Capital appreciation and fairly high returns over time based on changes in stock values; capital and principal preservation of the fixed-income investments	Higher risk with the equity investments, which are based on market values of the stocks; some fairly low risk with the fixed income investments
<b>Stock Only</b>	Provide a fairly aggressive investment option for funds that will not be accessed for 12 or more years	Equity 100%	Capital appreciation and fairly high returns over time based on changes in stock values	Higher risk with the equity investments, which are based on market values of the stocks

## Mutual Funds

Deseret Mutual's preset mixes are comprised of specific mutual funds. These general categories, or asset classes, of mutual funds are available:

- Money Market
- Short-term Bond
- Intermediate Bond
- Inflation Protected Bond
- Large-company Index
- Mid-company Value Stock
- Mid-company Growth Stock
- Small-company Value Stock
- Small-company Growth Stock
- International Value Stock
- International Growth Stock

Each mutual fund has a different investment objective, as well as a different level of potential investment return and risk. Because each fund holds different investments, individual funds can be expected to perform differently during the same economic conditions. So you can reduce risk by putting your money into a variety of investments. And that's why the preset mixes draw from a number of these mutual funds.

The table below provides greater detail in the mutual fund makeup of the preset mixes.

Asset Classes of Mutual Funds	Short-term (0 to 4 years) Preset Mix	Intermediate-term (5 to 11 years) Preset Mix	Long-term (12+ years) Preset Mix	Stock Only (12+ years) Preset Mix
Money Market	10%	0%	0%	0%
Short-term Bond	20%	10%	0%	0%
Intermediate Bond	25%	20%	15%	0%
Inflation Protected Bond	15%	10%	5%	0%
Large Company Index	14%	20%	28%	34%
Mid-company Value Stock	5%	8%	10%	13%
Mid-company Growth Stock	3%	8%	10%	13%
Small-company Value Stock	0%	6%	8%	10%
Small-company Growth Stock	0%	3%	4%	5%
International Value Stock	3%	6%	8%	10%
International Growth Stock	5%	9%	12%	15%

The Thrift Plan offers two approaches to investing: you may choose from one of Deseret Mutual's preset mixes or you may choose from among the mutual funds offered by the plan.

In both approaches, Deseret Mutual has a 15-day restriction on mutual fund trades. In other words, only one trade is permitted every 15 calendar days after the effective date of trade. That's because qualified plans like the Thrift Plan are not intended to be used as short-term trading vehicles.

Remember that the preset mixes have been developed by and are monitored by a professional investment team. Unless you have the knowledge, the time, and the confidence to create and monitor your own investment mix, we recommend that you use a preset mix.

See the **Savings Performance** table for expense ratios (fees) and historic returns. For updated investment information, please visit our Deseret Mutual Web site at [www.dmba.com](http://www.dmba.com).