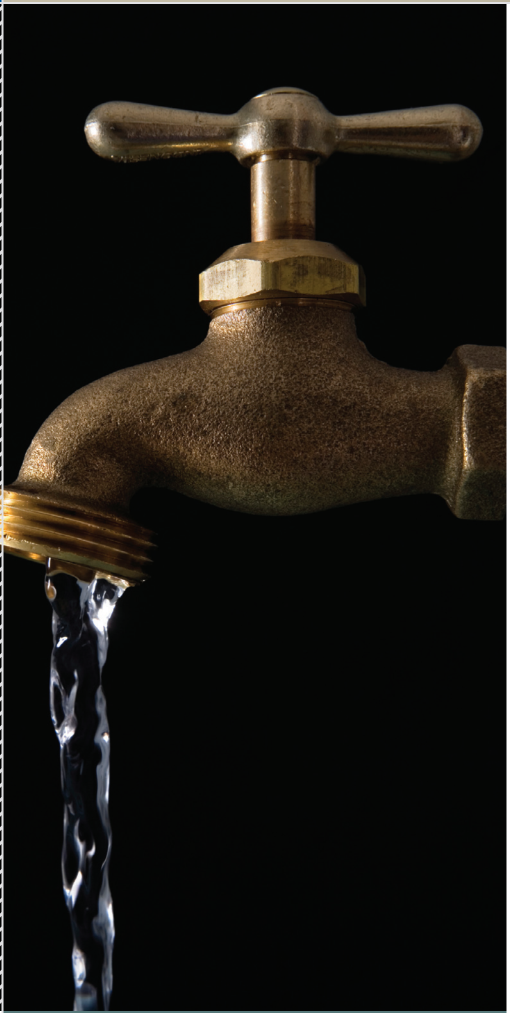
STRATEGIC RESEARCH REPORT



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MASTERING RETIREMENT DECUMULATION

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We have often suggested that the best way to help prepare employees for retirement is to get them in a retirement plan, get them saving enough, and get them invested well. Plan auto features combined with well-constructed default investment options will go a long way to help many participants, especially younger ones with time on their side, accumulate meaningful wealth for retirement. However, when it comes to retirement income generation—actually turning on the spigot when they cease to have income from work—many may not be so well prepared. And with roughly 10,000 baby boomers retiring every day for the next 16 years,[1] the "how" of retirement income generation is not a trivial challenge. While successful retirement income generation can be nuanced and doesn't lend itself to simple answers, the solution lies at the intersection of income replacement math, capital market expectations, and longevity.

We generally recommend that retirement savers accumulate enough wealth to replace at least 70 percent of their pre-retirement income as they enter retirement. To put this into perspective, an individual earning $50,000 a year should be in a position to replace at least $35,000 a year to be considered ready to retire without sacrificing lifestyle. If she assumes that $15,000, or approximately 30 percent of her retirement cash flow will come from Social Security, she will need to generate an additional $20,000 a year from her retirement portfolio.

Thirty years ago, she could have entered retirement invested in a safe, all-bond portfolio with long-term yields approaching 10 percent. Such a portfolio would have provided $10,000 per year for every $100,000 of savings. She would have needed approximately $200,000 in the all-bond portfolio to fund a 30-year retirement. Interest rates at those levels meant that retirees could live off of yield alone, ostensibly keeping their principal intact—albeit exposed to inflation's erosive effect and without a lot of upside potential for overall portfolio gains.

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Dear Readers,

We are long-standing Pittsburgh Steeler fans at the Freedman house, a byproduct of growing up in the 1970s and 1980s with a Cowboys fan for a big brother. With two games left to play in the regular season, this year's Steel Curtain needed eight things to occur for them to advance to the playoffs, and oddsmakers affixed a 1-in-100 chance of those permutations materializing. Seven of those very events did occur in the Steelers' favor; the eighth and final event appeared in our clutches before the San Diego Chargers clinched the final spot over the Black & Gold. It was a good lesson, I told my heartbroken son Conner: when you don't control your own outcome, too much falls to fate's fickle hands.

In this quarter's *Strategic Research Report*, we offer our audience ways to actively shape their destinies and those for whom they work. Spending during retirement remains a key defined contribution topic. Defined Contribution Practice Leader Scott Matheson teams with industry veteran John Curry to provide perspective on the key topic of withdrawal strategies—also known as decumulation—or spending in retirement. For nonqualified plan sponsors (or those contemplating starting one), our article on helping key executives bridge the gap between their retirement needs and the savings possible via traditional retirement plans is a must read. Phyllis Klein rounds out the retirement focus, highlighting *America Saves Week* and offering ways that may help companies encourage employees to take charge of their retirement outcomes.

For our endowment and foundation clients, Practice Leader Grant Verhaeghe and Investment Committee member Hunter Brackett join forces to discuss spending policies in light of a difficult investment environment vis-à-vis our forward-looking capital market assumptions. Finally, Hunter and I engage readers in a "stump the chumps" session, during which we address a few timely and frequently asked client investment questions.

We look forward to continuing to help you take charge and drive the outcomes you seek in the new year and, as always, welcome your feedback and questions. And please don't worry about Conner; he has already moved on to the Steelers' preseason schedule.

Onward,

Eric J. Freedman

CAPTRUST Chief Investment Officer

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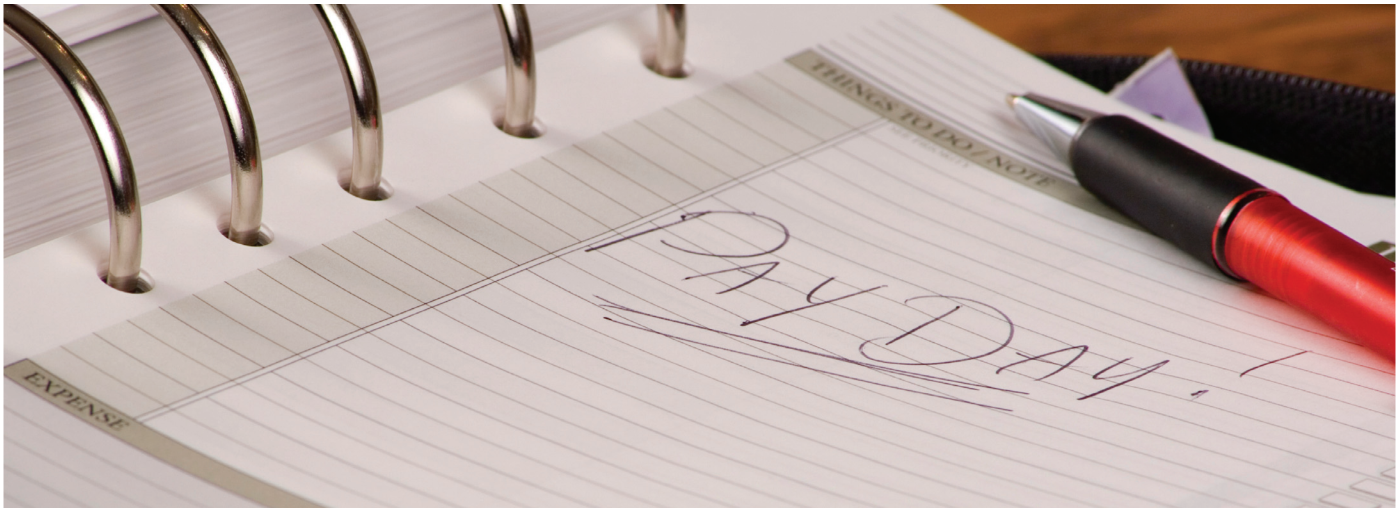

Since then, we have witnessed a prolonged bull market for bonds, as the yield on the 30-year Treasury bond has fallen from a high of 15.21 percent in October 1981 to a low of 2.45 percent in July 2012. The frequently quoted 10-year Treasury has followed suit, with its yield falling from 15.84 percent to 1.39 percent over a similar time period. Needless to say, the days of 10 percent yields are long gone, and most investors can no longer depend on yield alone to fund retirement spending.

Today's low-interest-rate environment requires a different approach to retirement investing and income generation. In fact, "income generation" is really a misnomer. It's actually more accurate to call it *withdrawal management*. This concept is also sometimes called *decumulation*, a recently coined term meaning the opposite of accumulation. Withdrawal management is defined as the orderly liquidation of retirement assets, generally a globally diversified portfolio combining stocks and bonds, over the course of one's retirement. Generally speaking, withdrawal management entails taking a formulaic approach to annual distributions from or liquidation of one's retirement portfolio. There are many schools of thought on the various formulae: which strategy is safest, which produces the most retirement cash flow, or which best models the reality of retirement spending. In the end, as with many things in life, what is "best" lies very much in the eye of the beholder.

Given CAPTRUST's long-term capital market expectations and a portfolio consisting of 40 percent market-driven or *directional* assets and 60 percent *non-directional* assets, withdrawal rates between 3 percent for a 30-year period of retirement and 4 percent for a 20-year period are reasonable according to our research. Put another way, every $100,000 of retirement savings should be able to reliably provide $3,000 per year of inflation-adjusted cash flow for 30 years of retirement or $4,000 per year for 20 years.

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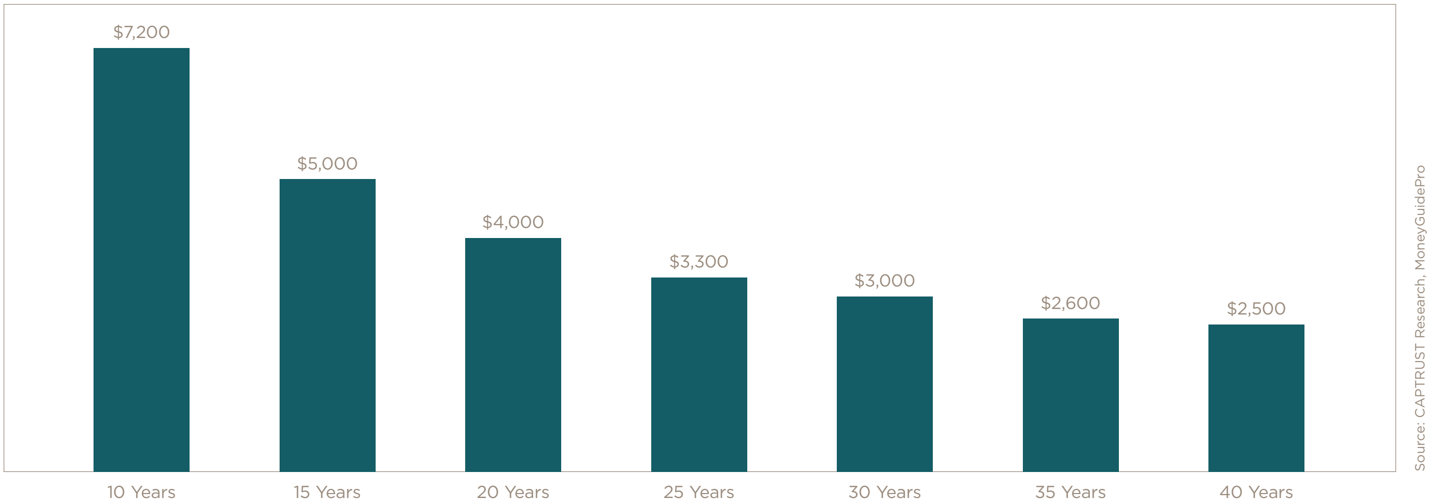
Figure One: Sustainable Withdrawal Amount per $100,000 Invested
40% Directional Portfolio | 90% Confidence Level



Hypothetical portfolio comprised of 17% S&P 500 Index, 10% MSCI EAFE, 50% Barcap U.S. Aggregate Bond Index, 20% HFRI Fund of Funds Conservative Index, and 3% Dow Jones U.S. Real Estate Index. This analysis has been prepared solely for informational purposes and illustrates forecast behavior of asset classes using indices as a proxy. This does not represent any actual account performance. Indices are unmanaged. Investors cannot invest directly in an index. This is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy.

Figure One shows the sustainable withdrawal amount associated with a range of periods, from 10 to 40 years. As you can see, a longer retirement period requires relatively low withdrawal amounts, while shorter retirement periods tolerate higher withdrawal levels.

The data in Figure One suggests that our hypothetical $50,000-a-year employee will need a portfolio between $500,000 ($20,000 divided by 0.04) and $667,000 ($20,000 divided by 0.03) to safely fund her income replacement, assuming she is planning for a retirement period that lasts between 20 and 30 years. That's two and a half to three times more retirement savings needed to fund the same income level than in the previous all-bond portfolio example.

Funding retirement via withdrawals from a total return portfolio is by necessity fundamentally different and riskier than simply harvesting yield from a bond portfolio. However, this approach can help to maximize the amount of retirement cash flow a retiree can generate, given today's low-interest-rate environment. Nonetheless, a few caveats:

- This analysis is based upon a series of simulations using forward-looking capital market return and risk assumptions, which could prove to be incorrect. In the words of baseball player and philosopher Yogi Berra, "It's tough to make predictions, especially about the future."[2]
- The simulations performed in our research provide an understanding of the range of possible outcomes for a variety

of time periods. For each period, we modeled 1,000 potential future outcomes. Some of the potential outcomes turn out well, with investment returns outpacing withdrawal needs. Others turn out not so well, failing to provide adequate cash flow for the complete time period. Our reliability measurement for a withdrawal strategy was a 90 percent likelihood of success generating inflation-adjusted withdrawals for the analyzed time period. In other words, we targeted withdrawal strategies that worked in 900 or more of the 1,000 simulations we ran.

- A retiree employing this type of strategy may invade or, in some cases, grow principal depending on how the capital markets behave. Growing principal too much may be looked at as a lost opportunity for retirement withdrawals or spending. Invading principal may be a lost opportunity to create a legacy for kids, grandkids, or a favorite charity.

Longevity, a topic detailed in last quarter's *Strategic Research Report*, is another issue to consider in retirement withdrawal management. The decline in availability of defined benefit pension plans means the elimination of widely available guaranteed retirement income (beyond that provided by Social Security). This forces individuals to plan for the probabilistic aspect of longevity by anticipating a longer-than-average lifespan and period of retirement. The life expectancy of a 65-year-old female in 1980 was 18.3 years; 14.1 years for a male. By 2010, those numbers had risen to 20.3 and 17.7,[3] respectively, meaning that individuals are now tasked with funding two or three additional years of retirement. To further compound the problem, life expectancy is expected to continue to increase in developed countries like the United States at a rate of 2.5 years per decade.[4]

The remedy to these concerns is recognizing that withdrawal management is not a set-it-and-forget-it endeavor. This is in distinct contrast to the accumulation phase, when putting a plan in place and sticking to it can be a primary determinant of success. But when it comes to decumulation, as the saying goes, "no plan survives contact with the enemy."[5] Any strategy put in place should be subject to change based upon market conditions, investment results, and changes in personal circumstances. For example, a few good years of investment results may create a larger portfolio that—all things being equal—could support a higher level of withdrawals. Keeping the

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withdrawal level the same on this larger portfolio will provide more outcome certainty and perhaps a larger legacy for beneficiaries or will allow the investor to reduce overall portfolio risk.

By the same token, spending patterns change over time, and withdrawals should be modified to address these changes. For example, the initial retirement years may include considerable travel and entertainment expenses—reflecting, perhaps, a newly retired couple's desire to take advantage of good health and financial wherewithal, following pursuits they may have neglected during their period of career work. During this early retirement period, they may exceed the 3–4 percent "speed limit" of a prudent withdrawal strategy, knowing that they are highly likely to slow down spending after this initial period of making up for lost time. And, of course, healthcare-related events throughout the course of retirement may negatively affect both lifestyle and household finances and may require further withdrawal adjustment.

The Pension Protection Act helped legitimize auto-enrollment, auto-escalation, and qualified default investment alternatives beyond capital preservation options—features that are helping plan sponsors get employees in a plan, saving enough, and invested well. Savings accrued over years of retirement plan participation, on top of a foundation of income expected from Social Security, may make retirement an attainable goal for many. However, it may not be sufficient to leave them successfully at the point of retirement. Retirement decumulation presents an additional challenge participants and plan sponsors should be aware of. The combination of capital market expectations, continued low current interest rates in particular, and increasing longevity will require participants to take a thoughtful and fluid approach to withdrawals to fund spending during retirement. We welcome the opportunity to speak with you more about this important topic. ■

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INSTITUTIONAL HIGHLIGHTS

CLOSING THE EXECUTIVE RETIREMENT GAP

John D. Curry
Senior Director, CAPTRUST Marketing

Events in Washington this year have caused many companies to dust off their nonqualified deferred compensation plans or, in some cases, consider offering one for the first time. In addition to the higher individual income tax rate passed into law earlier this year as part of the American Taxpayer Relief Act, high earners are also subject to the 3.8 percent Medicare contribution tax on net investment income and higher taxes on capital gains and dividends. However, beyond the obvious near-term benefit of tax savings, renewed focus on deferred compensation plans is a welcome development for many key executives for another reason—these plans may help bridge the "executive retirement gap."

Although they may not be aware of this issue, key executives and other high earners are likely to have a difficult time maintaining their lifestyles in retirement solely based upon payments from Social Security and withdrawals from defined contribution plans. Even contributing the maximum annual amount to a qualified plan will not allow workers earning more than $150,000 a year to accumulate sufficient wealth to replace the 70–80 percent of pre-retirement income recommended. In fact, the higher the individual's income level, the more severe the retirement income gap can be.

This executive retirement gap is a result of:

- ***Caps on employee contributions.*** Employees may defer a maximum of $17,500 into a defined contribution plan, such as a 401(k) and 403(b) plan, in 2014. Those turning age 50 and older can take advantage of a catch-up provision allowing them to set aside an additional $5,500, capping the total at $23,000 a year for deferrals.[1] Deferrals for higher-paid employees may also be limited as a result of top-heavy or nondiscrimination issues in a plan.
- ***Compensation limits.*** The maximum annual compensation level eligible for qualified retirement plan contributions and benefits in 2014 is $260,000, meaning compensation above this level is ineligible for employer-matching contributions.[2]
- ***De facto maximum on Social Security benefits.*** There is no explicit dollar cap on Social Security benefits. However, the program's progressive benefit formula, combined with the earnings amount on which workers pay taxes ($117,000 in 2014) and accrue credit toward future benefits, means that the program replaces a greater share of pre-retirement income for lower-paid workers than higher-paid ones.[3]

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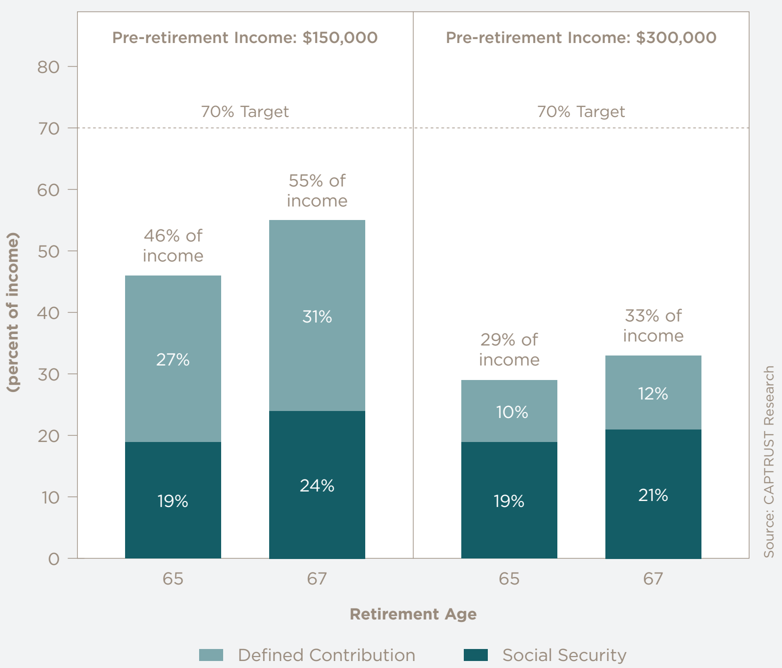
Figure One illustrates the impact of these limits: a 45-year-old executive earning $150,000 a year, deferring the $17,500 annual maximum into her 401(k), receiving a 4 percent employer match, and taking advantage of her catch-up contribution opportunity starting at age 50, will be able to replace approximately 27 percent of her income at age 65 with 401(k) plan withdrawals (assuming a 7 percent investment rate of return). Based upon its current formula, Social Security should provide an additional 19 percent, totaling 46 percent income replacement. If she delays retirement until age 67, those numbers rise to 31 percent replacement from her 401(k) and 24 percent replacement from Social Security for a total of 55 percent. Supplemented with additional personal after-tax savings, a 70–80 percent replacement rate is within reach.

Figure One: Replacement Rates at Ages 65 and 67



Assumptions: 45-year-old makes the maximum deferral each year and catch-up contributions starting at age 50, 4 percent matching contribution, and a 7 percent rate of return. Initial retirement plan balance is one year's salary. All contribution limits are indexed to a 2.5 percent rate of inflation.

For a more highly compensated executive earning $300,000 a year, twice the previous example, the total replacement rate drops to 29 percent and 33 percent at ages 65 and 67, respectively, leaving a significant retirement income gap. Deferring retirement a few years until age 70 has a modest impact, raising the replacement rate to 45 percent. Regardless, a significant gap remains to be funded, presumably from a combination of other company-sponsored savings programs, such as nonqualified deferred compensation, stock purchase, or stock option plans, and personal after-tax savings.

Executives and other high earners—like all American workers—are increasingly relying on defined contribution plans as their retirement cornerstone. However, they may be surprised to learn that maxing out their qualified retirement plan savings

A significant gap remains to be funded, presumably from a combination of other company-sponsored savings programs, such as nonqualified deferred compensation, stock purchase, or stock option plans, and personal after-tax savings.

opportunities, even on top of Social Security, will not provide sufficient income in retirement to maintain their lifestyles. Defined contribution limits and Social Security benefit formulae dictate that, as income levels rise from $150,000 to $300,000 and beyond, these programs replace a smaller proportion of pre-retirement pay. Some may believe that their current level of savings is enough; others may simply be unaware of how much they need. According to the Employee Benefit Research Institute, less than half (47 percent) of workers have completed a retirement needs calculation to determine how much money they will need in retirement and how much they will need to save to meet that goal.[4] While education designed to sensitize highly compensated employees to the executive retirement gap could help, plan sponsors may also want to consider providing or promoting their additional savings opportunities, such as a nonqualified plan, to help bridge the gap. We welcome the opportunity to discuss starting or optimizing a nonqualified deferred compensation plan strategy for your company. ■

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AMERICA SAVES!

Phyllis Klein
Senior Director, CAPTRUST Consulting Research Group

I recently had an opportunity to participate in a symposium in Washington D.C. hosted by the American Savings Education Council. The nonpartisan conference consisted of a cross section of for-profit, nonprofit, and government representatives who discussed ways to improve savings in America and how to educate and encourage all Americans to develop better savings habits, particularly for retirement. I was inspired by the attendees' knowledge level and passion to help Americans become better savers. The discussions covered everything from developing early financial literacy in schools and at home—to the ultimate vision of convincing Americans to set a goal, create a plan, and save automatically. These concepts are well aligned with what most employers are trying to emphasize with their 401(k), 403(b), or 457 plans.

For groups interested in promoting better savings habits, the week of February 24 through March 1, 2014, is "America Saves Week." The campaign, managed by the nonprofit Consumer Federation of America and the American Savings Education Council, has been designated to inform all Americans about how they can benefit from systematic savings and financial wellness. The organization's website contains all types of content to promote saving, from tweets to posters to ideas for challenging people to save for their future.

The week of February 24 through March 1, 2014, is "America Saves Week." The campaign has been designated to inform all Americans about how they can benefit from systematic savings and financial wellness.

Encouraging employees and helping them locate resources for dealing with financial stress will provide long-lasting effects. If you would like to participate in America Saves Week, visit www.americasavesweek.org, to review available content, including what other companies have done to encourage employee savings. ■

THE EARNINGS AND SPENDING CONUNDRUM FOR CHARITABLE ORGANIZATIONS

Grant Verhaeghe
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Defined Benefit Practice Leader

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Senior Manager, CAPTRUST Consulting Research Group

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) of 2006 provides a general fiduciary framework for charitable organizations. It offers two helpful guiding principles. The first principle suggests that assets be "allocated prudently in diversified investments that sought growth as well as income"; the second, that asset appreciation can "prudently be spent for the purposes of any endowment fund held by a charitable institution."[1] While these two principles are not fundamentally at odds, they do suggest that charitable organizations must find an appropriate balance of investment returns and spending to fulfill their charitable intent. Given rising interest rates and declining capital market assumptions—which may generate subdued investment returns in coming years, challenging current spending policies—these organizations may need to reassess their asset allocation strategies, spending policies, or both.

While UPMIFA requires many fiduciary considerations when determining investment policy, it suggests that "investment decisions be made in relation to the overall resources of the institution and its charitable purposes."[2] Any investment policy should consider time horizon, risk tolerance, tax considerations, and liquidity needs.

In addition, the return objective and its building blocks should also be considered:

- ***Spending.*** Charitable organizations develop spending policies based upon several factors, including Internal Revenue Service (IRS) guidelines, donor limitations, and a number of other objectives and constraints. According to the 2012 NACUBO-Commonfund Study of Endowments, the average annual effective spending rate for endowments was 4.2 percent.[3] Private foundations often focus their spending policies on the 5 percent IRS spending requirement. Regardless of the tax, regulatory, and structural differences between charitable organizations, 4–5 percent spending policies are commonplace.
- ***Inflation.*** For charitable organizations that seek the corpus of assets to support philanthropic efforts in perpetuity, inflation is an important consideration. Inflation, as measured by the Consumer Price Index, has averaged approximately 2.5 percent since 2000.[4]
- ***Nonqualified expenses.*** Asset management fees, generally between 0.5 and 1.0 percent, represent the largest nonqualified expense and vary widely based on asset allocation, use of alternatives, asset size, and other factors.

The breakdown below demonstrates why 7.5–8.0 percent investment return assumptions are commonplace.

SPENDING		INFLATION		NONQUALIFIED EXPENSES		**RETURN OBJECTIVE**
4.50%	+	2.50%	+	0.75%	=	**7.75%**

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Endowments and foundations have experienced strong investment returns since the financial crisis with the recovery in the capital markets. Figure One provides average net returns for small to midsize endowments and foundations, as reported in annual studies conducted by Commonfund Institute and the Council on Foundations.[5] For the latest fiscal year, three-year annualized returns were in the 7–10 percent range, and 10-year annualized returns were in the 6–7 percent range. Five-year returns are biased by the 2008 market sell-off, seen as representing a (hopefully) extreme market event. While the 3- and 10-year returns in Figure One are encouraging, some institutions may have difficulty maintaining that performance given their current asset allocation and our expectations for future capital market returns. Under these circumstances, we believe that now is the time for foundations and endowments to reassess their portfolio return expectations in conjunction with spending policy and make any necessary asset allocation adjustments.

Figure Two shows asset allocations for small and midsize endowments and foundations, based on the two previously cited studies. Expected return and risk are based on CAPTRUST's capital

Figure One: Average Net Returns for Endowments and Foundations for Fiscal Year 2012

	$51–100 million Endowments	Under $101 million Foundations
3-Year Annualized	9.7%	7.1%
5-Year Annualized	1.0%	1.2%
10-Year Annualized	5.7%	7.3%

Note: 2012 fiscal year for foundations ends on December 31, 2012, and the 2012 fiscal year for endowments ends on June 30, 2012.
Sources: 2012 Council on Foundations—Commonfund Study of Investments for Private Foundations, 2012 NACUBO—Commonfund Study of Endowments

Figure Two: Asset Allocation Comparison

	$51–100 M Endowments	Under $101 M Foundations	Hypothetical Portfolio 1	Hypothetical Portfolio 2
Cash	5%	5%	0%	0%
Core Fixed Income	22%	22%	12%	2%
U.S. High Yield Corporate	0%	0%	3%	3%
U.S. Equity	31%	32%	42%	49%
International Equity	18%	18%	18%	21%
Private Equity	4%	4%	7%	7%
U.S. Private Real Estate	3%	3%	3%	3%
Commodities	3%	3%	3%	3%
Hedge Fund of Funds	14%	13%	12%	12%
Total	**100%**	**100%**	**100%**	**100%**
Total Equity	49%	50%	60%	70%
Expected Return	5.6%	5.6%	6.5%	7.0%
Expected Standard Deviation	12.0%	12.1%	14.9%	17.0%
Risk-Adjusted Return	0.47	0.46	0.44	0.41

Sources: 2012 Council on Foundations—Commonfund Study of Investments for Private Foundations, 2012 NACUBO—Commonfund Study of Endowments, Zephyr, CAPTRUST Research

market assumptions, which cover a five- to seven-year time horizon, historically the length of a full capital market cycle. Our capital market assumptions use standard deviation, defined as the possible divergence of the actual asset class return from its expected return, as a measure of risk. However, investors also measure risk through other methods, such as permanent capital impairment or loss.[6] For further details on our capital market assumptions, please see our April 2013 position paper titled *Capital Market Assumptions: Opportunities in a More Challenging Environment*.

Based on our proprietary capital market assumptions, we expect endowment and foundation portfolio returns to range between 5.5 and 6.0 percent, which is lower than the historical returns cited in Figure One and the common return objective of 7.5–8.0 percent identified earlier. The primary driver of this performance differential is our expectation of subdued bond returns. While we continue to believe that bonds can perform well during times of economic stress, we are concerned that rising interest rates will pose a headwind for this asset class (since bond prices move in the opposite direction of rates). In contrast, our capital market assumptions maintain a favorable view on traditionally riskier asset classes, such as stocks.

Figure Two also shows two hypothetical portfolios, illustrating the asset allocation changes needed to achieve a return in the 6.5–7.0 percent range. Compared to the actual endowment and foundation portfolios, the hypothetical portfolios contain a higher allocation to stocks, funded from decreased allocations to bonds and cash. We also advocate for a larger allocation to private equity for those institutions able to access it, as investors can benefit from manager skill and the illiquidity premium associated with this asset class. By increasing allocations to traditionally riskier asset classes, we believe that endowments and foundations will have a better chance to meet their long-term return objectives; however, they must be willing to accept higher portfolio return variance. Our standard deviation assumptions for stocks and private equity are considerably higher than fixed income, thus charitable organizations should incorporate this factor into asset allocation decisions along with liquidity considerations.

Interestingly, the risk-adjusted return—or expected return divided by expected risk (as measured by standard deviation)—of the hypothetical portfolios shown in Figure Two are modestly lower than endowment and foundation allocations currently being employed. And while investors often focus on market risk associated with stocks, other types of risk also merit consideration. In particular, as interest rates rise from historically low levels, interest rate risk related to bonds deserves close attention. The bond market has been in a multi-decade bull market as interest rates declined,

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but that favorable backdrop is beginning to change. Every asset class contains inherent risks that deserve consideration; therefore, CAPTRUST stands ready to help charitable organization clients sort through this issue and determine which risk factors they are comfortable with in light of the capital markets environment.

We believe that charitable organizations should consider reevaluating current spending policies, risk tolerance, and return objectives in light of lower forward-looking return assumptions for fixed income.

Illiquidity and large losses in high-risk asset classes often occur at the same time philanthropic institutions need to spend the most. These organizations face the difficulty of reevaluating the perpetual nature of their commitment, spending too much (a fiduciary concern under UPMIFA), spending too little (failing to meet their philanthropic objectives), or taking on too much risk to support their spending needs.

We believe that charitable organizations should consider a balanced approach of reevaluating current spending policies (where possible), risk tolerance, and return objectives in light of lower forward-looking return assumptions for fixed income. They should also view risk tolerance in a comprehensive context, as opposed to risks that are only measured by standard deviation. While such statistical measures of risk do emphasize the potential downside of return-seeking behavior, they do not necessarily capture shorter-term capital market views or risks of failing to meet long-term objectives. These measures of risk also do not differentiate between permanent capital impairment and temporary market swings. Charitable organizations may find that more risky portfolios (in the traditional sense) and creative asset allocation solutions may be warranted to accomplish long-term objectives. ■

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FIRESIDE CHAT

2014's polar vortex, which extended from just east of the Rocky Mountains to parts of central Florida, represented the most severe cold snap in over 15 years. The chilly air prompted us to engage CAPTRUST Investment Committee members Eric Freedman and Hunter Brackett in a "fireside chat," where we sorted through some of the more frequently asked client questions regarding the current economic, political, and capital market environments.

Q: After such a strong run in global stocks last year, what should my return expectations be going forward?

A: We retain a favorable view on global stocks, particularly in the U.S., Japan, and parts of Europe, but believe that last year's pace is unsustainable. Our longer-term capital market assumptions factor in a high single-digit return expectation for global stocks over a full market cycle, which historically has been a five- to seven-year period. We are more comfortable with a longer-term forecast than a shorter-term guesstimate, but we would not be surprised to see stocks 8–10 percent higher at the end of this year.

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Q: What about bonds? Everyone talks about interest rates heading higher; doesn't that mean bond prices have to go lower? Why should I still own them in my portfolio?

A: Bond prices and bond yields do move in opposite directions. However, just because bond yields increase does not mean that a bond portfolio will lose money. If interest rates move up at a measured pace, cash payments to bondholders can offset the negative impact that rising yields can have on a portfolio. Several time periods exist when bonds delivered positive total returns despite interest rate increases. CAPTRUST expects interest rates to gradually increase versus a sharp move higher.

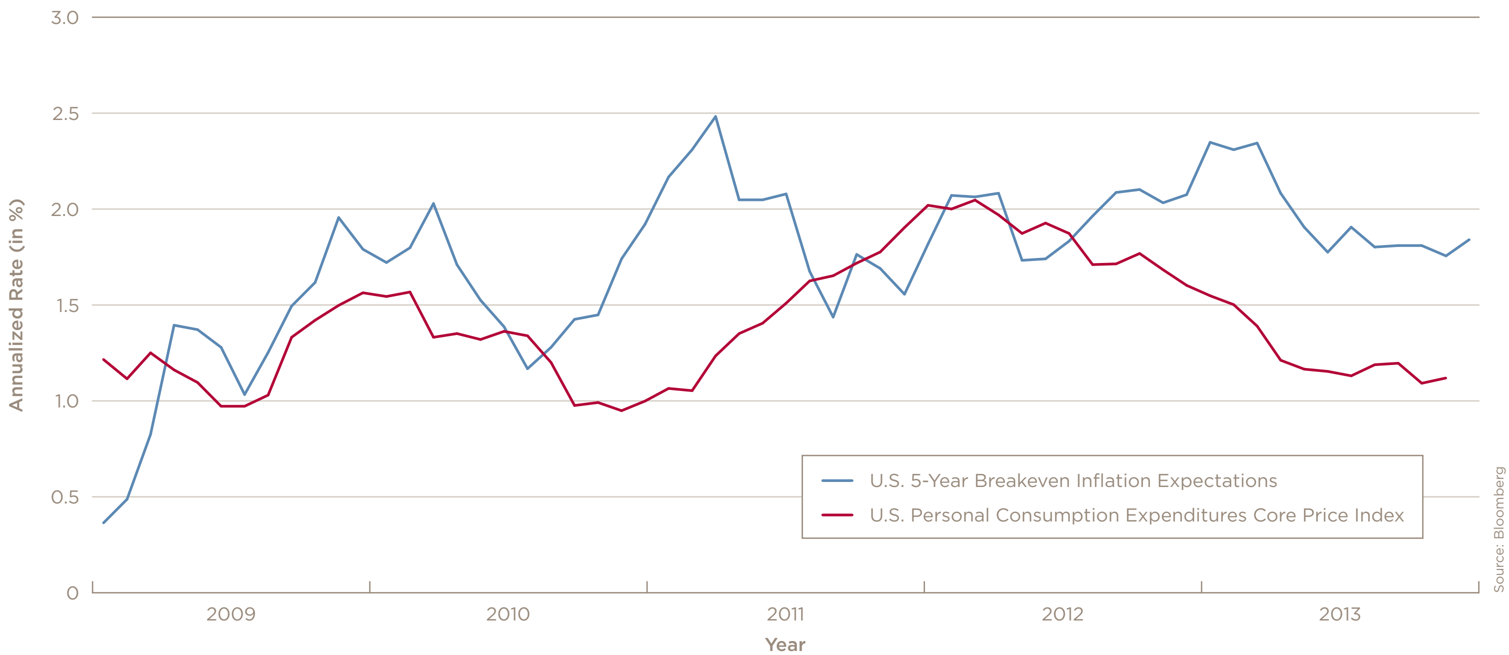
The broad portfolio question is a timely one. It's basketball season, so let's use a team analogy. All of the asset classes in your portfolio serve different roles: some are there to score points in the form of primary total return drivers (equities and riskier parts of the bond market like high yield), while others are better at playing defense (traditional bond sectors like government bonds or cash).

Bonds have traditionally benefited portfolios during periods of general economic stress, such as deflationary periods, weak gross domestic product and corporate earnings cycles, and other times when investors seek safety. Since no one rings a bell just before a risk event or period occurs, we always want to play some degree of portfolio defense. We recognize that interest rates are near historically low levels, so the right kind of bond market player should remain on the court. We have worked to incorporate bond strategies that can both provide defensive properties and not be overly susceptible to general interest rate movements. These are hard players to find in the current environment, but we have found several that have been helpful thus far, and we expect them to be in the future.

Q: How important will central bank activity be this year? Was that more of a 2013 story?

A: Central bank activity, particularly in U.S., Japan, and Europe, will remain the biggest market driver this year as governments seek to nudge growth higher but not create adverse side effects. Note that the major central banks have divergent intentions: the U.S. is paring back stimulus, Japan continues at a high level, and Europe remains more wait and see. While the U.S. Federal Reserve began its "tapering" process, or gradual slowdown to its bond buying program, it made clear (as clear as central bankers can be) that future Fed action is highly data driven, not on a preset or period-certain path. The U.S. economy has demonstrated recent strength, yet the Fed acknowledges that the recovery remains somewhat fragile. Japan continues to use unconventional methods to fight deflation, resulting in sharp movements in its stock market. The European Central Bank (ECB) has not committed to a formal asset purchase program to stoke growth, instead relying on low interest rates. Many analysts do not expect the ECB to stay on the sidelines for much longer. We see central banks retaining an accommodative stance as the year unfolds, a key tenet of why we favor global equities.

Figure One: U.S. Inflation Expectations and Actual Consumer Inflation, 2009–2013



Q: Aren't you worried about inflation if the Fed continues to provide stimulus? Weren't low interest rates for too long a significant contributor to the 2008–09 financial crisis?

A: The financial crisis was caused by lots of variables. Low interest rates certainly enabled excess lending and borrowing. However, while we agree that financial history has an uncanny habit of repeating itself, we are not yet seeing borrowing and lending trends at alarming levels. Some credit growth is a healthy and necessary agent to keep the economy expanding, and while some regions are seeing excess credit extension, like the Chinese residential property sector, Europe saw bank lending to corporations shrink at its fastest pace in history in late 2013.[1] The U.S. has seen improvement in general consumer leverage trends, with many households improving their personal balance sheets. According to a 2013 Federal Reserve Bank of New York study, since 2008, households have trimmed almost $1 trillion of debt, showing some resolve in learning from past mistakes.[2]

Inflation remains, as we have termed it for almost six years, a "high-class problem." Figure One graphically combines a gauge we use to assess investors' inflation expectations with the Fed's preferred tool for assessing actual consumer inflation. While inflationary expectations (blue line) have picked up since the 2008–09 financial crisis, they are currently below, but have trended near, the Fed's long-term 2 percent inflationary target. Actual inflation (red line) increased to the Fed's 2 percent comfort zone in late 2011/early 2012 but currently sits well below that target. We agree that low interest rates can contribute to inflationary pressures, but with major economies like the Eurozone, China, and Japan all growing well below their long-term trends, we are less concerned about inflation picking up for at least the next 12 months, which is when the U.S. Federal Reserve is expected to start raising interest rates to combat that very development.

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Q: On the topics of China and emerging markets in general, emerging market stocks had been very strong performers for a long time but have been more disappointing lately. What do you think about them now, and why have they lagged?

A: Emerging market stocks have been the last 10 years' star performer, returning almost 200 percent cumulatively since 2004 and 11.5 percent annualized, while U.S. large-cap and international developed stocks (as measured by the S&P 500 and MSCI EAFE indices, respectively) are up just over 100 percent. Despite a solid 2012, the last three years have been unkind to emerging market stocks. Valuation concerns, unstable currencies in the face of rising U.S. interest rates, policy makers unable to attract stickier foreign capital, and falling Chinese growth rates—reflecting that the "low-hanging fruit" attached to their shift from rural to urban areas has been realized—are all reasons for recent weakness.

We do find valuations becoming increasingly attractive in emerging markets, but our primary concern in the near term is that these assets have become increasingly sensitive to U.S. interest rates. When U.S. interest rates rose sharply last year from early May to early September, emerging market currencies, bonds, and stocks all fell. We don't expect such a sharp interest-rate rise again this year, but even a gradual move higher may rattle investors despite attractive historical valuations.

Q: Having a diversified portfolio doesn't seem to be working as it has in the past. Does diversification still work, or should I narrow my holdings to just a few asset classes?

A: That question reminds us of the old Warren Buffett quote, which goes something like "never ask a barber if you need a haircut." Since we spend a lot of our time on asset allocation work (and enjoy our jobs), our natural inclination is to say definitively "yes." Clearly the past few years have been very narrow in terms of what asset classes have worked, especially across larger and more liquid markets; meanwhile broad commodity and hedge fund indices have delivered disappointing absolute returns.

However, over longer periods of time, diversified portfolios have trumped narrower, domestic-only portfolios in delivering both better absolute and risk-adjusted returns. We are certain that one could counter that claim by showing an arbitrary period of time when it was not the case. But even over the last 10 years, when we have seen U.S. stocks rise by over 100 percent and U.S. bonds rise by over 50 percent, a diversified portfolio handily outperformed a 60/40 or 50/50 mix of U.S. stocks and bonds. A diversified portfolio also adds value by lowering return volatility: by dampening portfolio movement, a portfolio can compound more consistently, benefiting total returns.

Q: Finally, the two of you like rival ACC basketball teams, yet your offices are in close proximity to one another. How are tensions this time of year?

A: **Eric:** No tension. Very amicable relationship. I washed Hunter's car yesterday as an olive branch.

Hunter: Ask me again in April. ■

Sources:

[1] http://www.ecb.europa.eu/press/pr/stats/md/html/index.en.html

[2] http://www.newyorkfed.org/research/current_issues/ci19-2.html

INDEX RETURNS

2013 4TH QUARTER ASSET CLASS RETURNS

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Small Cap Value 22.83%	Small Cap Value 14.02%	Fixed Income 9.84%	Small Cap Growth 48.54%	Mid Cap Value 23.70%	International Equities 14.02%	International Equities 26.86%	Large Cap Growth 11.81%	Fixed Income 5.08%	Mid Cap Growth 46.29%	Small Cap Growth 29.09%	Fixed Income 7.84%	Mid Cap Value 18.51%	Small Cap Growth 43.30%
Mid Cap Value 19.18%	Fixed Income 8.96%	Cash 1.68%	Small Cap Value 46.03%	Small Cap Value 22.25%	Mid Cap Value 12.65%	Small Cap Value 23.48%	International Equities 11.63%	Cash 1.51%	Large Cap Growth 37.21%	Mid Cap Growth 26.38%	Large Cap Growth 2.64%	Small Cap Value 18.05%	Mid Cap Growth 35.74%
Fixed Income 10.12%	Cash 3.64%	Mid Cap Value -9.64%	Mid Cap Growth 42.71%	International Equities 20.70%	Mid Cap Growth 12.10%	Large Cap Value 22.25%	Mid Cap Growth 11.43%	Small Cap Value -28.92%	Small Cap Growth 34.47%	Mid Cap Value 24.75%	Large Cap Value 0.39%	International Equities 17.90%	Small Cap Value 34.52%
Large Cap Value 7.02%	Mid Cap Value 2.33%	Small Cap Value -11.42%	International Equities 39.17%	Large Cap Value 16.49%	Large Cap Value 7.05%	Mid Cap Value 20.22%	Fixed Income 7.39%	Large Cap Value -36.85%	Mid Cap Value 34.21%	Small Cap Value 24.50%	Cash 0.10%	Large Cap Value 17.51%	Large Cap Growth 33.48%
Cash 6.36%	Large Cap Value -5.59%	Large Cap Value -15.52%	Mid Cap Value 38.07%	Mid Cap Growth 15.48%	Large Cap Growth 5.26%	Small Cap Growth 13.35%	Small Cap Growth 7.05%	Mid Cap Value -38.44%	International Equities 32.46%	Large Cap Growth 16.71%	Mid Cap Value -1.38%	Mid Cap Growth 15.81%	Mid Cap Value 33.46%
Mid Cap Growth -11.75%	Small Cap Growth -9.23%	International Equities -15.66%	Large Cap Value 30.03%	Small Cap Growth 14.31%	Small Cap Value 4.71%	Mid Cap Growth 10.66%	Cash 4.71%	Large Cap Growth -38.44%	Small Cap Value 20.58%	Large Cap Value 15.51%	Mid Cap Growth -1.65%	Large Cap Growth 15.26%	Large Cap Value 32.53%
International Equities -13.96%	Mid Cap Growth -20.15%	Mid Cap Growth -27.41%	Large Cap Growth 29.75%	Large Cap Growth 6.30%	Small Cap Growth 4.15%	Large Cap Growth 9.07%	Large Cap Value -0.17%	Small Cap Growth -38.54%	Large Cap Value 19.69%	International Equities 8.21%	Small Cap Growth -2.91%	Small Cap Growth 14.59%	International Equities 23.29%
Large Cap Growth -22.42%	Large Cap Growth -20.42%	Large Cap Growth -27.88%	Fixed Income 4.31%	Fixed Income 3.04%	Cash 3.35%	Cash 5.08%	Mid Cap Value -1.42%	International Equities -43.06%	Fixed Income 5.24%	Fixed Income 5.89%	Small Cap Value -5.50%	Fixed Income 4.22%	Cash 0.07%
Small Cap Growth -22.43%	International Equities -21.21%	Small Cap Growth -30.26%	Cash 1.05%	Cash 1.44%	Fixed Income 1.58%	Fixed Income 4.08%	Small Cap Value -9.78%	Mid Cap Growth -44.32%	Cash 0.21%	Cash 0.13%	International Equities -11.73%	Cash 0.11%	Fixed Income -2.02%

- Small-Cap Value Stocks (Russell 2000 Value)
- Small-Cap Growth Stocks (Russell 2000 Growth)
- Large-Cap Growth Stocks (Russell 1000 Growth)
- Large-Cap Value Stocks (Russell 1000 Value)
- Mid-Cap Growth Stocks (Russell Mid-Cap Growth Index)
- Mid-Cap Value Stocks (Russell Mid-Cap Value Index)
- International Equities (MSCI)
- Fixed Income (Barclays Capital U.S. Intermediate Govt/Credit)
- Cash (Merrill Lynch 3-Month Treasury Bill)

Sources: Markov Processes Inc., Bloomberg, Mobius

2013 4TH QUARTER INDEX PERFORMANCE

INDICES	Q4 '13	2013	2012	2011	2010	2009	2008	1-YEAR	3-YEAR	5-YEAR	10-YEAR
S&P 500	10.51%	32.39%	16.00%	2.11%	15.06%	26.46%	-37.00%	32.39%	16.18%	17.94%	7.41%
Dow Jones Industrial Average	10.22%	29.65%	10.24%	8.38%	14.06%	22.68%	-31.93%	29.65%	15.71%	16.74%	7.44%
NASDAQ Composite	10.74%	38.32%	15.91%	-1.80%	16.91%	43.89%	-40.54%	38.32%	16.33%	21.51%	7.62%
Russell 1000	10.23%	33.11%	16.42%	1.50%	16.10%	28.43%	-37.60%	33.11%	16.30%	18.59%	7.78%
Russell 1000 Growth	10.44%	33.48%	15.26%	2.64%	16.71%	37.21%	-38.44%	33.48%	16.45%	20.39%	7.83%
Russell 1000 Value	10.01%	32.53%	17.51%	0.39%	15.51%	19.69%	-36.85%	32.53%	16.06%	16.67%	7.58%
Russell Mid-Cap Index	8.39%	34.76%	17.28%	-1.55%	25.48%	40.48%	-41.46%	34.76%	15.88%	22.36%	10.22%
Russell 2000	8.72%	38.82%	16.35%	-4.18%	26.85%	27.17%	-33.79%	38.82%	15.67%	20.08%	9.07%
Russell 2000 Growth	8.17%	43.30%	14.59%	-2.91%	29.09%	34.47%	-38.54%	43.30%	16.82%	22.58%	9.41%
Russell 2000 Value	9.30%	34.52%	18.05%	-5.50%	24.50%	20.58%	-28.92%	34.52%	14.49%	17.64%	8.61%
MSCI Europe, Australia, Far East	5.75%	23.29%	17.90%	-11.73%	8.21%	32.46%	-43.06%	23.29%	8.66%	12.96%	7.39%
Wilshire REIT Index	-0.83%	1.86%	17.59%	9.24%	28.60%	28.60%	-39.20%	1.86%	9.37%	16.69%	8.38%
Barclays Govt. Intermediate Bond	-0.42%	-1.25%	1.73%	6.08%	4.98%	-0.32%	10.43%	-1.25%	2.14%	2.20%	3.74%
Barclays Corporate IG Bond	1.11%	-1.53%	9.82%	8.15%	9.00%	18.68%	-4.94%	-1.53%	5.36%	8.63%	5.33%
Barclays Aggregate Bond	-0.14%	-2.02%	4.21%	7.84%	6.54%	5.93%	5.24%	-2.02%	3.26%	4.44%	4.55%
Barclays Intermediate Govt./Credit	-0.02%	-0.86%	3.89%	5.80%	5.89%	5.24%	5.08%	-0.86%	2.91%	3.96%	4.09%
Barclays High Yield	3.58%	7.44%	15.81%	4.98%	15.12%	58.21%	-26.16%	7.44%	9.32%	18.93%	8.62%
90-Day U.S. Treasury	0.02%	0.07%	0.11%	0.10%	0.13%	0.21%	2.06%	0.07%	0.10%	0.12%	1.68%
Consumer Price Index (Inflation)	-0.45%	1.52%	1.74%	2.96%	1.50%	2.72%	0.09%	1.52%	2.07%	2.09%	2.38%

Sources: Morningstar, Mobius, MPI

The information contained in this report is from sources believed to be reliable but are not warranted by CAPTRUST Financial Advisors to be accurate or complete. Index performance depicts historical performance and is not meant to predict future results.

U.S. EQUITIES

Market Performance, 4th Quarter 2013

	Q4 '13	2013
Large Value (R1000 Value)	10.01%	32.53%
Large Blend (S&P 500)	10.51%	32.39%
Large Growth (R1000 Growth)	10.44%	33.48%
Mid Value (Russell)	8.56%	33.46%
Mid Blend (Russell)	8.39%	34.76%
Mid Growth (Russell)	8.23%	35.74%
Small Value (R2000 Value)	9.30%	34.52%
Small Blend (R2000 Blend)	8.72%	38.82%
Small Growth (R2000 Growth)	8.17%	43.30%

Source: MPI Stylus Pro

- U.S. stocks continued their ascent higher in the fourth quarter, with the S&P 500 closing up 10.5%, accounting for almost one-third of 2013's 32.4% gain. 2013 represented the best year for the S&P 500 since 1997. Mid- and small-cap equities closed up 8.4% and 8.7%, respectively, for the quarter and finished the year up 34.8% and 38.8%, respectively.
- All ten major S&P 500 sectors were positive in the fourth quarter, led by industrials (+13.5%) and technology (+13.3%). Telecom and utility stocks, which tend to be sensitive to interest rate moves, were laggards for the quarter and year.
- Since the U.S. equity market touched its March 2009 low, large-caps, mid-caps, and small-caps are up 203%, 262%, and 262%, respectively, including reinvested dividends.

INTERNATIONAL EQUITIES

Market Performance, 4th Quarter 2013

	Q4 '13	2013
International Equities (MSCI EAFE)	5.75%	23.29%
Pacific Stocks (MSCI Pacific Ex-Japan)	0.31%	5.62%
European Stocks (MSCI Europe Ex-UK)	8.17%	28.74%
Japanese Stocks (MSCI Japan)	2.31%	27.35%
UK Stocks (MSCI UK)	7.42%	20.71%
Emerging Markets (MSCI EME)	1.86%	-2.27%

Source: MPI Stylus Pro

- Developed and emerging international equities both rose in U.S. dollar terms in the fourth quarter, with the former up 5.8% and the latter up 1.9%, bringing respective full-year total returns to +23.3% and -2.3%. The developed equity-focused MSCI EAFE Index has been higher 15 out of the last 19 quarters, while the MSCI Emerging Markets Index has been higher 14 out of the last 19.
- Europe was a standout performer for the quarter, with Germany up 13.3% and France up 6.2%. The Japanese stock market closed up 54.8% in 2013, but thanks to a weak yen it closed up half as much when translated back into U.S. dollars.
- Emerging markets could not rally to positive territory for the full year, hurt by Brazil (-15.8%), India (-3.8%), and other countries adversely impacted by rising U.S. interest rates during 2013.

FIXED INCOME

Market Performance, 4th Quarter 2013

	Q4 '13	2013
Broad Market (Barclays Capital U.S. Aggregate)	-0.14%	-2.02%
Barclays Capital U.S. Treasurys	-0.75%	-2.75%
Barclays Capital Mortgage Backed Securities	-0.42%	-1.41%
Barclays Capital Municipals	0.33%	-2.55%
Barclays Capital Intermediate Corporates	0.82%	0.08%
Barclays Capital High Yield	3.58%	7.44%

Source: MPI Stylus Pro

- The Barclays U.S. Aggregate Bond Index fell 0.1% in the year's final quarter, with the broad bond measure tallying a -2% return for 2013. Note that this is the bond market's first negative return in 13 years.
- Within the broad fixed income space, historically riskier parts of the bond market were rewarded in the quarter, with high yield up 3.6% and emerging markets increasing by 1.2%. Treasurys fell 0.8%, and inflation-protected bonds dropped 2% during the quarter; these subsectors fell 2.8% and 8.6%, respectively, for 2013.
- Research firm ICI's mutual fund flow data indicated that, at the end of November 2013, U.S. investors' taxable and municipal bond net holdings had both fallen modestly from start-of-year levels, perhaps foreshadowing a larger asset allocation trend away from bonds, although money market funds recorded very little change over the same period.

HEDGE FUNDS / PRIVATE EQUITY

Market Performance, 4th Quarter 2013

	Q4 '13	2013
HFRI Fund Weighted Composite Index	3.56%	9.24%
HFRI Equity Hedge Index	4.83%	14.44%
HFRI Relative Value Index	2.29%	6.98%
HFRI Fund of Funds Composite Index	3.54%	8.79%
HFRI Fund of Funds Conservative Index	2.67%	7.69%

Source: HFRI

- Hedge fund strategies posted positive returns in 2013, with the HFRI Fund Weighted Composite Index rising 9.2% despite a difficult August. Returns across sub-strategies were split during the year.
- Global macro remained a challenging sub-strategy (-1.8% for 2013) after losing 1% for 2012 and also registering weak 2010 and 2011 calendar years as global central bank policy and unstable trends continue to impact managers. Equity hedged strategies finished up over 14% for the year but have been unable to keep up with global equities given the latter's strong performance, particularly in the second half of this year.
- Research firm Prequin highlights that private equity fundraising was strong for 2013, with overall fundraising up 13% from 2012 and considerable growth in European-focused funds.

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COMMODITIES

Market Performance, 4th Quarter 2013

	Q4 '13	2013
Dow Jones UBS Commodity Index	-1.05%	-9.52%
S&P GSCI Commodity Index	-0.33%	-1.22%
Gold (Spot, $/oz)	-9.28%	-28.04%
Natural Gas (U.S. Spot Henry Hub)	24.36%	26.77%
Crude Oil (U.S. Spot, WTI Cushing)	-3.82%	7.19%

Sources: MPI Stylus Pro, Bloomberg

- The Dow Jones UBS Commodity Index fell 1.1% for the quarter and dropped 9.5% for 2013. Interest rate increases and Chinese demand concerns both impacted commodities throughout 2013. This is the third straight year in which commodities posted negative returns.
- At the sub-index level, energy and petroleum posted positive returns for 2013, but all other sub-indices lost value.
- Precious metals (e.g., gold and silver) were the major losers for 2013, losing 30.8% and highlighting how volatile commodity investing can be. Even factoring in this year's decline, precious metals are up 10.9% annualized over the past 10 years.

REAL ESTATE

Market Performance, 4th Quarter 2013

	Q4 '13	2013
MSCI U.S. REIT Index	-0.68%	2.47%
Wilshire REIT Index	-0.83%	1.86%

Source: MPI Stylus Pro

- Public real estate, as measured by the MSCI U.S. REIT Index, fell 0.7% in the fourth quarter but still managed positive full-year returns, up 2.5% for 2013. REITs underperformed U.S. equities for the sixth quarter out of the last 11. REITs are up a staggering 129% cumulative over the past 10 years ended December 31.
- Valuation and interest-rate sensitivity are two drivers of shaky REIT returns in recent months, particularly with interest rates closing out 2013 at their highest levels since summer 2011.
- Domestic commercial mortgage-backed security (CMBS) issuance, a gauge of property market deal volume, almost doubled from 2012 levels and had its strongest quarter in six years to close out 2013.

CAPTRUST NEWS

CAPTRUST GROWTH

CAPTRUST grew in the third quarter with the following new addition to the Financial Advisor team.

Brian Zito joined CAPTRUST in 2009 and serves as a vice president, financial advisor, responsible for providing retirement plan advisory services to corporate fiduciaries. Upon joining CAPRUST in 2009, Brian started as a senior client management consultant responsible for supporting our client service efforts on the institutional service team. Prior to joining the firm, Brian served as a financial consultant at Wachovia Securities and has worked in the industry since 2003. Brian earned a Bachelor of Science degree in business administration from the University of North Carolina at Chapel Hill and holds a Certified Financial Planner (CFP®) designation.

RECOGNITION

CAPTRUST's cofounder and CEO, **J. Fielding Miller**, was named one of the **"10 Most Innovative People in the DC Industry"** by *NAPAnet Magazine*, the official magazine of the National Association of Plan Advisors. According to *NAPAnet*, "CAPTRUST is the largest and perhaps most important DC advisory team of all, and has the greatest chance to not only innovate but also leverage innovation from other people and sectors." For more on the story, visit www.napa-net.org.

Additionally, **Miller** was named one of the **"Most Influential People in Defined Contribution in 2013"** by *The 401kWire*.

NEWS

Nicole Graham: Battling Cancer, Makes a Triple Play

Seventeen-year-old Nicole Graham, daughter of CAPTRUST Financial Advisor Bruce Graham, was recently recognized by *Ladies' Home Journal* as one of 16 "Women Who Made the World Happier This Year." Last year, Nicole learned she had leukemia. Although chemotherapy helped, she developed septic shock and hovered near death in a medical coma. After she awoke, her parents were told to expect years of rehab. Instead, Graham rebounded in just two months. Nicole embraces a quote from former North Carolina State basketball coach Jim Valvano, "Cancer can take away all of my physical abilities. It cannot touch my mind, it cannot touch my heart, and it cannot touch my soul." Now a senior, she's captain of three sports (lacrosse, track, and field hockey) at one of the largest high schools in Greenwich, Connecticut, and looking forward to college. "Nicole refused to let cancer defeat her, and with the support of the community and friends around her and some amazing doctors, she is winning the fight," says her father.

INDUSTRY INVOLVEMENT

January 9, 2014 | Dallas, TX
DFW ISCEBS January Luncheon
Getting the Most from Your Plan Advisor? Learn Best Practices for Conducting an Advisor Request for Proposal
Speakers: John Pickett, Financial Advisor, and Travis Whitten, Financial Advisor

January 22, 2014 | Raleigh, NC
Raleigh-Wake Human Resource Management Association
Retirement Planning Best Practices for HR Professionals
Speaker: Jake Connors, Financial Advisor

March 23–25, 2014 | New Orleans, LA
NAPA 401(k) Summit 2014
All of Me, Some of Me or None of Me?
Moderator: Phyllis Klein, Senior Director

Target Date Funds Analysis and Current Trends: Is it really "Set It and Forget It"?
Speaker: Scott Matheson, CFA, CPA, Senior Director

Build a Successful Retirement Practice by Leveraging Core Strengths and Expertise of Established Record Keeper and TPA Firms
Speaker: John Leissner, Senior Manager

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GIVING BACK

The CAPCommunity Foundation, a registered 501(c)(3) charity, was formally organized in 2007 to provide CAPTRUST employees with more opportunities to contribute as a group in community outreach efforts. The mission of the organization is to enrich the lives of children in communities we serve. The CAPCommunity Foundation made financial contributions to over 70 charitable organizations and raised a record dollar amount in 2013.

We are pleased to share that the CAPCommunity Foundation supported the Wildwood Hills Ranch in 2013, as part of its annual firm-wide fundraising initiative. Established in 2001, this 400-acre facility just south of Des Moines exists to transform lives and strengthen communities by providing healing, hope, and unconditional love to children and at-risk youth. Free summer camp and year-round retreats are offered to children ages 8 to 18. Kids are immersed in a fun, safe environment where character, leadership, and teamwork are modeled and taught. To learn more, visit www.wildwoodhillsranch.org.

Additionally, CAPTRUST supported these charities in the fourth quarter of 2013:

- Atlanta Community Ministries
- Boys & Girls Club of Raleigh
- Cornerpiece Kids Foundation
- East Carolina Elite
- Friendship Circle
- Gleaners Community Food Bank of Southeastern Michigan
- Habitat for Humanity of Summit County
- Hoban High School
- House of Providence
- Ronald McDonald House of Chapel Hill
- Ronald McDonald House of Des Moines
- Salvation Army Angels
- Samaritan's Purse
- Super Cooper's Little Red Wagon Foundation
- Toys for Tots
- Trinity Church Recreation Outreach Center
- Wes Helms Baseball Camp
- Wildwood Hills Ranch
- YMCA of the Triangle

We invite you to "Like" the CAPCommunity Foundation on Facebook.

CAPCOMMUNITY Foundation

CAPTRUST

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