RIVERNORTH RETIREMENT PLAN NEWS

2nd Quarter 2009

Term of the Quarter

GREEN SHOOTS

A term used to indicate signs of economic recovery during an economic downturn. The term was coined by Norman Lamont, the Chancellor of the Exchequer of the United Kingdom during the 1991 recession. The term was used more recently by Federal Reserve Chairman, Ben Bernanke in a 60 Minutes interview to describe recent positive economic data.

QUESTIONS ABOUT YOUR OTHER INVESTMENTS?

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The 1% Challenge

By Todd Francisco

Times are tough. The economy is struggling, and we have recently experienced one of the greatest stock market declines in history. Many 401k participants have stopped contributing to their plans and/or moved their accounts to more conservative investments. Emotion drives the decisions of many 401k participants that do not understand the history of these events. Participants also look at their 401k accounts on a short-term basis. These short-term decisions have a significant impact on your long term retirement savings success.

At RiverNorth Retirement Plan Services, we concentrate on the important on-going decisions that need to be made. We also help participants understand the long-term effects of these on-going decisions. During these troublesome times, it is very difficult to stick to a savings plan. It is even more difficult to increase your contribution.

Of all the techniques used to increase your chance of meeting your retirement goals, none has a greater impact than raising your retirement plan contribution by at least 1% each year. This is especially important during the early years of your career. One of the reasons that 401k plans are successful, is that the money is deducted from our paychecks before we have the chance to spend it. If you had to make a contribution after the cash was in your hands, it would be much harder to make that contribution. No matter what our retirement plan contribution is, we budget our spending based on our take home pay.

By making small, periodic increases to your contribution percentage, you lessen the impact of lowering your take home pay. One of the best times to increase your contribution is when you get a raise. If you give 1% of your raise to your 401k and keep the rest, you will still see your take-home pay grow. A 1% contribution increase for a person making $35,000 annually comes out to less than $7 per week. And remember, that 1% increase comes out before taxes are withheld. All-in-all it translates to about 75 cents a day. This may seem like a small amount but it has significant positive long term results.

Let's use an example to demonstrate the point: Joe and Bob make $35,000 annually. They both start contributing 4% to their 401k. They both invest in the stock market with an average rate of return of 10%.

Years	Contribution % Joe	Ending Balance Joe	Contribution % Bob	Ending Balance Bob
1	4%	$1,540	4%	$1,540
2	4%	$3,234	5%	$3,680
3	4%	$5,097	6%	$4,065
4	4%	$7,147	7%	$7,166
5	4%	$9,402	8%	$10,963
6	4%	$11,882	9%	$15,524
7	4%	$14,610	10%	$20,926
8	4%	$17,611	11%	$27,254
9	4%	$20,912	11%	$34,214
10	4%	$24,544	11%	$41,871
15	4%	$48,930	11%	$93,288
20	4%	$88,203	11%	$176,097
25	4%	$151,454	11%	$309,460
30	4%	$253,321	11%	$524,244

Bob increases his contribution 1% each year until he reaches 11%. As you can see from the table above, making a 1% increase each year really adds up throughout your lifetime. So take the 1% Challenge each year and you will have a much greater chance of accumulating the amount of money needed to fund your retirement years.

2nd Quarter 2009 Market Update

By: Chris Lakumb, CFA

During the 2nd quarter, the stock market continued the tremendous run that started back in early March. As reflected by the performance information below, most indexes are now in positive territory for 2009. 401(k) investors - depending on their investment elections - have probably seen one of the best quarterly statements they have seen in quite some time. On top of it all, many economists are referring to evidence of "green shoots."

This is the perfect opportunity for investors to get caught up in the hype that everything is back to normal. Although it is clear that the economy has stabilized (remember when everyone thought the World was ending last September?), we must be cautious with our investment strategy. This is why we always guide investors to develop a strategy, suitable for the long-run based upon their tolerance for risk.

Markets rarely move in smooth trends. In fact, they tend to be very volatile with several direction changes before establishing a longer-term trend. This is why it is extremely difficult to time the markets. Some economists are discussing the possibility of a "double-dip" recession where the economy returns to growth by early 2010, only to dip back into recession territory.

The global economy is out of our control, but we can develop an investment strategy that helps us to navigate volatile markets. If it's been more than one-year since you formally reviewed your tolerance for risk, please contact us using the information below to set-up an appointment.

Until next quarter...

MARKET INDEXES AND AVERAGES: JUNE 30, 2009

	1 MONTH	3 MONTHS	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS
Citigroup 3 Month T-Bill	**0.01%**	**0.05%**	**0.09%**	**0.78%**	**3.04%**	**3.02%**	**3.08%**
Short Term Bond (Money Market Index)							
Barclays U.S. Agg. Bond Index	**0.57%**	**1.78%**	**1.90%**	**6.05%**	**6.43%**	**5.01%**	**5.98%**
Diversified US Bond Index							
Dow Jones Ind. Avg.	**-0.41%**	**11.96%**	**-2.01%**	**-23.0%**	**-6.34%**	**-1.68%**	**-0.41%**
30 US Industrial Stocks							
S&P 500	**0.20%**	**15.93%**	**3.16%**	**-26.21%**	**-8.22%**	**-2.24%**	**-2.22%**
500 Large US Stock Index							
Russell 2000	**1.47%**	**20.69%**	**2.64%**	**-25.01%**	**-9.89%**	**-1.71%**	**2.38%**
US Small Company Index							
MSCI EAFE	**-0.77%**	**23.76%**	**5.64%**	**-33.55%**	**-10.49%**	**-0.32%**	**-1.04%**
Diversified International Stock Index							

Source: Morningstar

Questions?

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