

Pacific Lutheran University Ad-Hoc Retirement Committee Participant Communications

Announcements

The University has formed an ad-hoc retirement committee to manage the operational and investment aspects of your retirement plan. IRS regulations effective in 2009 require plan sponsors like the University to take on more responsibility in this regard on behalf of plan participants. The committee, working in conjunction with the plan's fiduciary consultants, has selected a core line-up of investment funds that all plan contributions must be invested in beginning January 1, 2009. These core funds are reviewed by the committee with the fiduciary consultant every quarter. The committee may decide to change the core funds based on this review. If a change is made, you will be notified of the change and any actions you need to take.

In addition to the core funds, many plan participants have funds in legacy investment funds. Legacy investment funds are funds that were available through the plan prior to 2009. The University cannot require participants to move out of these funds, although participants can voluntarily move out of these funds into the core funds unless the investment fund has restrictions (e.g., TIAA annuities). Legacy funds may be through TIAA-CREF, Fidelity, or Thrivent. The committee has no access to information on the funds that remain with Thrivent or Fidelity and provides no oversight on these investments. The committee does receive information on legacy TIAA-CREF funds, including the TIAA annuities. The committee does review information also on the financial soundness of TIAA, which serves as the guarantor of principal for the TIAA annuities. However, the University cannot take any action with regard to these legacy funds or any amounts invested in those funds. As a result, it is important that you understand that you are solely responsible for the investments and the monitoring of those investments in the legacy funds.

Current Stock Market and Bond Market Performance

Investors experienced quite a rollercoaster ride in 2009. The year opened amidst the worst down stock market of our lifetimes, the economy was in a full blown recession (if not a panic), and the confidence of most people was shaken. Investors were fleeing the market in droves; willing to accept near-zero percent interest on their cash and money market holdings rather than take on the risks of the stock or bond markets.

In the middle of all of that turmoil, few predicted we would finish 2009 as well as we did. In hindsight, we now know that the bear market ended when the stock market bottomed out on March 9th. Since then, we have experienced a strong bull market for risky assets (both stocks and high risk bonds such as junk bonds).

Internationally, the decline of the U. S. dollar relative to most other currencies and expected higher future growth rates overseas sent international equities higher.

In the bond markets, high –yield (junk) and corporate bonds showed strong returns, as investors once again were willing to take some risk and bought corporate bonds instead of government bonds. Government bonds in a turnaround from 2008 were actually one of the few asset classes to lose money in 2009.

Core Investment Funds

As of the end of 2009, all core funds are performing within policy expectations. No funds have been placed on the watch list nor have any funds been slated for replacement at this time. A fund may be watch listed if its performance begins to decline but the committee has not determined that the fund should be replaced. Being on the watch list means that a fund will be evaluated with an even higher degree of scrutiny each quarter until the fund is either replaced or its performance improves so that the committee determines that the fund no longer needs to be on the watch list.

Investment Return History

Attached to this summary are two investment return history pages. The first page shows the returns on the core funds for the most recent quarter along with year-to-date, 1 year, 3 year, 5 year and 10 year periods. Note that not all funds will have a 10 year history. In addition, the expense ratio is shown. The expense ratio is how much is deducted from the fund by the fund manager to operate the fund and reduces the net return that you receive. All performance numbers shown are net of the fund expenses.

The second page shows the same type of return information for the legacy funds which are not evaluated by the committee.

Note: This information is provided to plan participants to help them as they make their plan investment decisions and is not intended to constitute investment advice to any plan participant. Plan participants are solely responsible for the results of their plan investment decisions and are advised to consult with professional investment advisors if they are not comfortable with making these decisions on their own.

Please contact Teri Phillips at 253-535-7187 or phillitp@plu.edu if you have any questions about the information contained in this communication.

Pacific Lutheran University 403(b) Retirement Plan (open to new contributions)

	Qtr	YTD	Annualized Returns				Expense Ratio (%)	Ticker
			1 Yr	3 Yrs	5 Yrs	10 Yrs		
Money Market/Stable Value								
CREF Money Market	0.00	0.11	0.11	2.47	3.00	2.85	0.46	NA
<i>Merrill Lynch 3-Month T-Bill</i>	<i>0.04</i>	<i>0.21</i>	<i>0.21</i>	<i>2.40</i>	<i>3.02</i>	<i>2.99</i>		
Intermediate Bond								
PIMCO Total Return Admin	0.93	13.55	13.55	8.91	6.58	7.38	0.71	PTRAX
<i>Barclays Capital Aggregate Bond</i>	<i>0.20</i>	<i>5.93</i>	<i>5.93</i>	<i>6.04</i>	<i>4.97</i>	<i>6.33</i>		
Inflation Protected Bond								
TIAA-CREF Infl Link Bd Ret	1.77	9.28	9.28	5.99	4.15	NA	0.59	TIKRX
<i>Barclays Capital US TIPS</i>	<i>1.76</i>	<i>11.41</i>	<i>11.41</i>	<i>6.69</i>	<i>4.63</i>	<i>7.70</i>		
Moderate Allocation								
CREF Social Choice	3.71	22.41	22.41	-0.60	2.58	2.54	0.53	NA
<i>60%/40% Index</i>	<i>3.62</i>	<i>19.55</i>	<i>19.55</i>	<i>-0.31</i>	<i>2.87</i>	<i>2.89</i>		
Large Value								
Eaton Vance Large Cap Value A	5.54	17.01	17.01	-5.52	2.24	4.59	1.00	EHSTX
<i>Russell 1000 Value</i>	<i>4.22</i>	<i>19.69</i>	<i>19.69</i>	<i>-8.96</i>	<i>-0.25</i>	<i>2.47</i>		
Large Blend								
CREF Stock	4.98	32.04	32.04	-4.90	1.62	0.10	0.58	NA
TIAA-CREF Equity Index Ret	5.85	27.90	27.90	-5.62	0.59	-0.35	0.33	TIQRX
TIAA-CREF S&P 500 Index Ret	5.92	26.09	26.09	-5.86	0.11	NA	0.31	TRSPX
<i>S&P 500 Index</i>	<i>6.04</i>	<i>26.46</i>	<i>26.46</i>	<i>-5.63</i>	<i>0.42</i>	<i>-0.95</i>		
Large Growth								
American Funds Grth Fund of Amer R4	5.84	34.54	34.54	-3.13	2.86	2.33	0.70	RGAEX
<i>Russell 1000 Growth</i>	<i>7.94</i>	<i>37.21</i>	<i>37.21</i>	<i>-1.89</i>	<i>1.63</i>	<i>-3.99</i>		
Small Value								
Northern Small Cap Value	3.76	17.77	17.77	-6.28	1.36	7.17	1.00	NOSGX
<i>Russell 2000 Value</i>	<i>3.63</i>	<i>20.58</i>	<i>20.58</i>	<i>-8.22</i>	<i>-0.01</i>	<i>8.27</i>		
Small Blend								
TIAA-CREF Small Blend Idx Ret	3.85	26.53	26.53	-6.22	0.26	NA	0.35	TRBIX
<i>Russell 2000</i>	<i>3.87</i>	<i>27.17</i>	<i>27.17</i>	<i>-6.07</i>	<i>0.51</i>	<i>3.51</i>		
Small Growth								
Hartford Small Company HLS IB	5.45	29.01	29.01	-4.49	3.72	0.69	0.96	HDMBX
<i>Russell 2000 Growth</i>	<i>4.14</i>	<i>34.47</i>	<i>34.47</i>	<i>-4.00</i>	<i>0.87</i>	<i>-1.37</i>		
Direct Real Estate								
TIAA Real Estate	-5.05	-27.64	-27.64	-10.91	-1.67	3.07	0.81	NA
<i>NCREIF Fund Index - ODCE</i>	<i>-3.40</i>	<i>-29.71</i>	<i>-29.71</i>	<i>-9.81</i>	<i>0.71</i>	<i>5.01</i>		
International Large Cap								
American Funds EuroPacific Gr R4	3.38	39.13	39.13	-0.57	7.71	3.68	0.85	REREX
<i>S&P Developed x U.S. LargeMid Cap</i>	<i>2.68</i>	<i>36.09</i>	<i>36.09</i>	<i>-4.21</i>	<i>4.96</i>	<i>2.25</i>		

As of December 31, 2009

Pacific Lutheran University 403(b) Retirement Plan (open to new contributions)

	Qtr	YTD	Annualized Returns				Expense Ratio (%)	Ticker
			1 Yr	3 Yrs	5 Yrs	10 Yrs		
Target Date Funds								
T. Rowe Price Retirement 2005	3.28	24.55	24.55	1.09	3.99	NA	0.60	TRRFX
T. Rowe Price Retirement 2010	3.78	27.95	27.95	0.00	3.70	NA	0.64	TRRAX
T. Rowe Price Retirement 2015	4.23	31.35	31.35	-0.72	3.49	NA	0.69	TRRGX
T. Rowe Price Retirement 2020	4.73	34.24	34.24	-1.59	3.21	NA	0.73	TRRBX
T. Rowe Price Retirement 2025	4.97	36.31	36.31	-2.28	2.96	NA	0.76	TRRHX
T. Rowe Price Retirement 2030	5.29	38.03	38.03	-2.84	2.87	NA	0.78	TTRCX
T. Rowe Price Retirement 2035	5.48	39.06	39.06	-3.17	2.65	NA	0.79	TTRJX
T. Rowe Price Retirement 2040	5.50	39.12	39.12	-3.16	2.69	NA	0.79	TTRDX
T. Rowe Price Retirement 2045	5.47	39.06	39.06	-3.14	NA	NA	0.79	TTRKX
T. Rowe Price Retirement 2050	5.41	38.90	38.90	-3.16	NA	NA	0.79	TTRMX
T. Rowe Price Retirement 2055	5.47	39.02	39.02	-3.18	NA	NA	0.79	TTRNX
T. Rowe Price Retirement Income	2.89	22.07	22.07	1.86	4.04	NA	0.58	TTRIX

As of December 31, 2009

Pacific Lutheran University 403(b) Legacy Assets (not open to new contributions)

	Qtr	YTD	Annualized Returns				Expense Ratio (%)	Ticker
			1 Yr	3 Yrs	5 Yrs	10 Yrs		
Intermediate Bond								
CREF Bond Market	0.39	7.00	7.00	4.72	4.10	5.84	0.50	NA
<i>Barclays Capital Aggregate Bond</i>	0.20	5.93	5.93	6.04	4.97	6.33		
Inflation Protected Bond								
CREF Inflation-Linked Bond	1.84	9.58	9.58	6.11	4.14	7.24	0.49	NA
<i>Barclays Capital US TIPS</i>	1.76	11.41	11.41	6.69	4.63	7.70		
Large Value								
TIAA-CREF Large Cap Value Ret	1.77	30.59	30.59	-7.90	-0.20	NA	0.74	TRLCX
TIAA-CREF Lg Cp Val Idx Ret	4.10	19.41	19.41	-9.17	-0.56	NA	0.35	TRCVX
<i>Russell 1000 Value</i>	4.22	19.69	19.69	-8.96	-0.25	2.47		
Large Blend								
CREF Equity Index	5.81	27.86	27.86	-5.77	0.37	-0.56	0.48	NA
TIAA-CREF Growth & Income Ret	3.92	26.52	26.52	-0.88	3.82	0.13	0.75	TRGIX
TIAA-CREF Soc Choice Eq Ret	7.25	32.01	32.01	-4.44	1.14	-0.05	0.46	TRSCX
<i>S&P 500 Index</i>	6.04	26.46	26.46	-5.63	0.42	-0.95		
Large Growth								
CREF Growth	7.83	36.54	36.54	-1.36	1.31	-4.66	0.57	NA
TIAA-CREF Large Gr Idx Ret	7.85	36.92	36.92	-2.19	1.27	NA	0.34	TRIRX
<i>Russell 1000 Growth</i>	7.94	37.21	37.21	-1.89	1.63	-3.99		
Mid Cap Value								
TIAA-CREF Mid Cap Value Ret	4.24	37.10	37.10	-4.86	2.86	NA	0.77	TRVRX
<i>Russell Midcap Value</i>	5.21	34.21	34.21	-6.62	1.98	7.58		
Mid Cap Growth								
TIAA-CREF MidCap Growth Ret	7.39	46.53	46.53	-2.76	1.83	NA	0.81	TRGMX
<i>Russell Midcap Growth</i>	6.69	46.29	46.29	-3.18	2.40	-0.52		
Small Blend								
TIAA-CREF Sm Cap Eq Ret	4.01	26.58	26.58	-7.35	-0.70	NA	0.78	TRSEX
<i>Russell 2000</i>	3.87	27.17	27.17	-6.07	0.51	3.51		
Real Estate								
TIAA-CREF Real Estate Ret	9.33	24.40	24.40	-14.08	-2.03	NA	0.81	TRRSX
<i>DJ US Select Real Estate Secs Index</i>	9.01	29.01	29.01	-13.86	-0.26	10.46		
International Large Cap								
TIAA-CREF Intl Eq Idx Ret	1.89	29.25	29.25	-6.14	3.29	NA	0.36	TRIEX
TIAA-CREF Intl Eq Ret	4.71	31.52	31.52	-7.67	2.85	-0.03	0.79	TRERX
<i>S&P Developed x U.S. LargeMid Cap</i>	2.68	36.09	36.09	-4.21	4.96	2.25		
World Stock								
CREF Global Equities	4.53	32.91	32.91	-5.49	1.96	-1.25	0.64	NA
<i>S&P Developed BMI</i>	3.93	33.30	33.30	-4.93	2.97	1.65		

As of December 31, 2009

Pacific Lutheran University 403(b) Legacy Assets (not open to new contributions)

	Qtr	YTD	Annualized Returns				Expense Ratio (%)	Ticker
			1 Yr	3 Yrs	5 Yrs	10 Yrs		
Target Date Funds								
TIAA-CREF Lifecycle 2010 Ret	2.73	19.36	19.36	-0.13	2.39	NA	0.66	TCLEX
TIAA-CREF Lifecycle 2015 Ret	3.01	21.32	21.32	-1.01	2.04	NA	0.67	TCLIX
TIAA-CREF Lifecycle 2020 Ret	3.30	23.15	23.15	-2.14	1.60	NA	0.69	TCLTX
TIAA-CREF Lifecycle 2025 Ret	3.67	24.96	24.96	-3.14	1.13	NA	0.70	TCLFX
TIAA-CREF Lifecycle 2030 Ret	4.04	26.70	26.70	-4.19	0.61	NA	0.71	TCLNX
TIAA-CREF Lifecycle 2035 Ret	4.28	28.30	28.30	-4.53	0.58	NA	0.72	TCLRX
TIAA-CREF Lifecycle 2040 Ret	4.35	28.39	28.39	-4.33	0.85	NA	0.72	TCLOX

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