



CITY OF AURORA-POLICE
MONEY PURCHASE PENSION PLAN

retirement report



winter 2009

looking back to 2008 - a tough year for investors

by: **Margarita Hughes, CRC®** | Principal

There is no doubt that 2008 was a tough year for investors. The securities market experienced unprecedented volatility, and a record number of investors sold their stocks/stock mutual funds and moved their assets into more conservative investments such as money market funds. Without question, investors' short-term portfolio modifications were driven by the powerful emotions of fear and panic, rather than logical long-term perspectives. An already declining consumer confidence continued to drop on negative news from financial institutions. AIG, Lehman Brothers, Merrill Lynch, Washington Mutual and others expressed the need for a federal bailout, or found it necessary to file for bankruptcy protection. In addition, reports of higher unemployment, decreasing corporate earnings, increasing foreclosures, auto crises, oil/energy volatility and declining returns on investments further impacted consumer confidence. These events left participants asking themselves "What should I do now?"

First, it's important for participants to remain calm and be reassured that downturns in the market are common. Historically, investors have experienced volatility in the market, and we should expect more of the same in the future. Yes, in 2008, the Dow lost more than 700 points in one day; it lost 7% of its value. Compared to October of 1987 when the Dow went down 20%, 7% doesn't seem that bad. Participants should also remember that the market is cyclical, and, therefore, they should avoid having a present focus

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looking back to 2008 - a tough year for investors

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and should concentrate on a future focus when saving for retirement. Unfortunately, when the focus is on the present, participants tend to sell when the market is down and buy when the market is up – a classic mistake of individual investors. So don't be so quick to overact to downturns.

While it's natural for participants to be concerned and want to discontinue their savings during volatile times, it is important for them to take advantage of the benefits of buying more shares of the same mutual funds at a lower cost (compared to the previous quarter or year) while markets are depressed. In fact, one could easily make the argument that times like the present offer the most attractive buying opportunities.

In addition, saving the right amount for retirement is very important. It is critical that participants periodically calculate the amount needed and ensure they are saving enough. Retirement planning should be broad and include the number of years until retirement, current savings balance, future savings/contributions and anticipated withdrawal rate. The combination of these factors determines the accumulated balance required to sustain your desired retirement lifestyle. Participants are encouraged to make a commitment to revisit their retirement planning periodically, at least every other year.

2008 won't soon be forgotten. It was the year that reminder bells rang loud for investors. It reminded all investors that the stock market is cyclical and it will experience downturns – sometimes extremely significant downturns. In addition, 2008 emphasized the importance of having an appropriate investment strategy in place before downturns happen — in other words, all of the time. Successful investors maintain a long-term perspective and avoid reacting with emotion to volatile markets. The ups and downs can't be predicted; however, the impact of downturns can be minimized by keeping a future focus on retirement planning, continued savings/investing for retirement and the deliberation to stay the course.

who do I call for help?

investment questions

contact: Rick Rodgers, CRC

Innovest Portfolio Solutions
InSight EBC division

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account information

> balances

> investment changes

> change personal info

contact : Milliman

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Target-Date Portfolio 1990

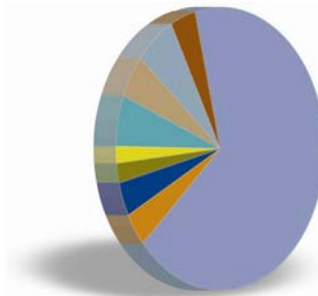
Selecting a Target-Date Portfolio

Target Age Group: over 67
Time Horizon: retired
Risk Level: Low
Expected Return: Low

Past Performance 12/31/08

Qtr.	YTD	1 Year
-2.47%	-6.84%	-6.84%
3 Years	5 Years	10 Years
2.42%	4.20%	5.63%

Portfolio Allocation



Stock & Growth Funds	26%
Artisan International	2%
Brandes International	3%
Wells Fargo Small-Cap Value	3%
Munder Mid-Cap Growth	2%
Marsico Growth	4%
Vanguard Instl Index	4%
Davis NY Venture	4%
ING Global Real Estate	3%
BlackRock High Yield Bond	1%
Income Funds	74%
PIMCO Total Return	6%
Wells Fargo Stable Return	68%

Target-Date Portfolio 2000

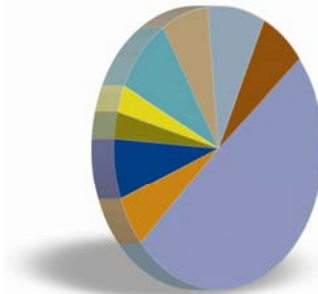
Selecting a Target-Date Portfolio

Target Age Group: 58 - 67
Time Horizon: retired
Risk Level: Low
Expected Return: Low

Past Performance* 12/31/08

Qtr.	YTD	1 Year
-4.76%	-13.05%	-13.05%
3 Years	5 Years	10 Years
0.90%	3.73%	5.44%

Portfolio Allocation



Stock & Growth Funds	42%
Artisan International	5%
Brandes International	6%
Wells Fargo Small-Cap Value	3%
Munder Mid-Cap Growth	3%
Marsico Growth	7%
Vanguard Instl Index	5%
Davis NY Venture	7%
ING Global Real Estate	3%
BlackRock High Yield Bond	3%
Income Funds	58%
PIMCO Total Return	10%
Wells Fargo Stable Return	48%

Target-Date Portfolio 2010

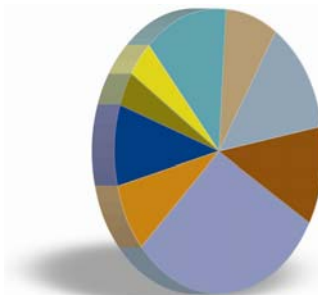
Selecting a Target-Date Portfolio

Target Age Group: 48 - 57
Time Horizon: 0 - 7 yrs.
Risk Level: Moderate
Expected Return: Moderate

Past Performance* 12/31/08

Qtr.	YTD	1 Year
-6.63%	-18.42%	-18.42%
3 Years	5 Years	10 Years
-0.44%	3.38%	5.39%

Portfolio Allocation



Stock & Growth Funds	57%
Artisan International	7%
Brandes International	8%
Wells Fargo Small-Cap Value	3%
Munder Mid-Cap Growth	3%
Marsico Growth	10%
Vanguard Instl Index	10%
Davis NY Venture	10%
ING Global Real Estate	3%
BlackRock High Yield Bond	3%
Income Funds	43%
PIMCO Total Return	15%
Wells Fargo Stable Return	28%

Target-Date Portfolio 2020

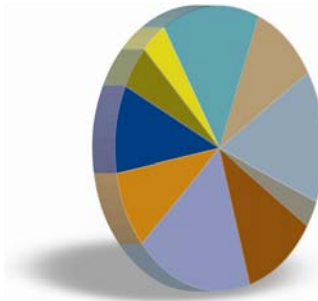
Selecting a Target-Date Portfolio

Target Age Group: 38 - 47
Time Horizon: 8 - 17 yrs.
Risk Level: Moderate
Expected Return: Moderate

Past Performance* 12/31/08

Qtr.	YTD	1 Year
-9.60%	-23.43%	-23.43%
3 Years	5 Years	10 Years
-1.94%	2.97%	5.47%

Portfolio Allocation



Stock & Growth Funds 72%

Artisan International	8%
Brandes International	9%
Wells Fargo Small-Cap Value	4%
Munder Mid-Cap Growth	4%
Marsico Growth	12%
Vanguard Instl Index	12%
Davis NY Venture	12%
PIMCO Commodities RR	4%
ING Global Real Estate	3%
BlackRock High Yield Bond	4%

Income Funds 28%

PIMCO Total Return	13%
Wells Fargo Stable Return	15%

Target-Date Portfolio 2030

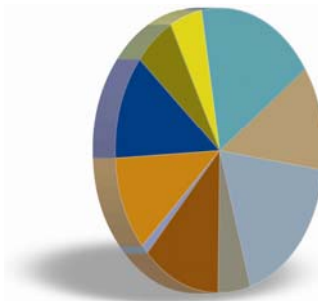
Selecting a Target-Date Portfolio

Target Age Group: 28 - 37
Time Horizon: 18 - 27 yrs.
Risk Level: High
Expected Return: High

Past Performance* 12/31/08

Qtr.	YTD	1 Year
-12.03%	-28.71%	-28.71%
3 Years	5 Years	10 Years
-3.54%	2.49%	5.33%

Portfolio Allocation



Stock & Growth Funds 88%

Artisan International	10%
Brandes International	11%
Wells Fargo Small-Cap Value	5%
Munder Mid-Cap Growth	5%
Marsico Growth	15%
Vanguard Instl Index	13%
Davis NY Venture	15%
PIMCO Commodities RR	5%
ING Global Real Estate	3%
BlackRock High Yield Bond	6%

Income Funds 12%

PIMCO Total Return	11%
Wells Fargo Stable Return	1%

Target-Date Portfolio 2040

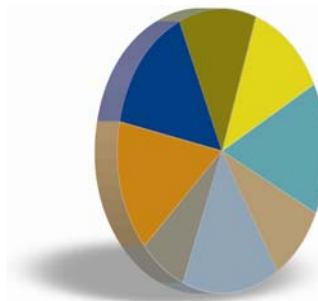
Selecting a Target-Date Portfolio

Target Age Group: under 28
Time Horizon: 28 - 33 yrs.
Risk Level: High
Expected Return: High

Past Performance* 12/31/08

Qtr.	YTD	1 Year
-14.27%	-32.77%	-32.77%
3 Years	5 Years	10 Years
-4.86%	2.25%	5.52%

Portfolio Allocation



Stock & Growth Funds 100%

Artisan International	11%
Brandes International	12%
Wells Fargo Small-Cap Value	8%
Munder Mid-Cap Growth	8%
Marsico Growth	17%
Vanguard Instl Index	15%
Davis NY Venture	17%
PIMCO Commodities RR	6%
ING Global Real Estate	4%
BlackRock High Yield Bond	2%

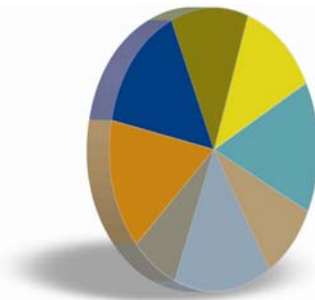
Target-Date Portfolio 2050

Selecting a Target-Date Portfolio

Target Age Group: Under 22
Time Horizon: 34+ years
Risk Level: Very High
Expected Return: Very High

Past Performance		12/31/08
Qtr.	YTD	1 Year
-14.00%	-33.01%	-33.01%
3 Years	5 Years	10 Years
-4.69%	2.51%	5.82%

Portfolio Allocation



Stock & Growth Funds	100%
Artisan International	14%
Brandes International	14%
Wells Fargo Small-Cap Value	8%
Munder Mid-Cap Growth	7%
Marsico Growth	15%
Vanguard Instl Index	15%
Davis NY Venture	15%
PIMCO Commodities RR	7%
ING Global Real Estate	5%

Who should use this portfolio?

Target Age Group: The range of investor ages (current) for which this portfolio is designed and managed.

Time Horizon: Indicates the number of years (time horizon) until the investor will begin spending the money in their retirement account.

Risk Level: The amount of risk in each portfolio varies based upon the size of the allocation to Stock Funds vs. Income Funds. Portfolios with greater allocations to Stock Funds are subject to more risk, and are more appropriate for investors with a longer time horizon. Risk is measured by the potential loss over a 12-month period that an investor might expect in these portfolios, and is calculated via a statistical process consistent with 95% probability.

Low: 0% to -6%

Moderate: -6% to -10%

High: -10% to -15%

Expected Return: The level of expected investment return from each portfolio also varies based upon the size of the allocation to Stock Funds vs. Income Funds. Portfolios with greater allocations to Stock Funds are subject to more risk, and offer opportunity for greater investment return. The range of returns shown below indicate the potential gain that an investor might expect each year, on average, over a 5-year period. This is also referred to as the "mean" return, and is calculated using a statistical process to determine a range of probabilities

Low: 5% to 6%

Moderate: 6% to 7%

High: 7% to 8%

Past Performance

Investment performance results shown above represent past performance and are not indicative of future results. Past performance is based upon current funds and allocations in each portfolio, which are modified periodically, thereby prohibiting reporting of actual historical performance. Please read the information contained in the applicable fund prospectuses carefully before investing money.

How is the portfolio diversified?

The pie chart and accompanying data shown for each portfolio illustrates the percentage allocated to Stock Funds and Income Funds, along with the percentage allocated to each fund within these two categories.

*The PIMCO Commodity Real Return Fund was substituted with the DJ AIG Commodity Index to calculate returns from 1/1/95 - 6/30/02.

Portfolio Expense Ratios

TDP 1990	0.52%
TDP 2000	0.61%
TDP 2010	0.72%
TDP 2020	0.77%
TDP 2030	0.86%
TDP 2040	0.97%
TDP 2050	0.97%