



Think Twice Before Taking a 401k Loan

Does the idea of a quick loan, with no credit score check and paying yourself back rather than a lending institution, sound like a great deal? Active participants in the Directed Account Plan (DAP) who are currently employed by Community America Credit Union (CACU) are eligible to take a loan from their account. For many people a loan against the balance in their 401k offers all those things, and with lending standards being tightened across the board, the idea of taking a loan from your 401k account can be tempting. However attractive it may seem on the surface, taking a loan from the DAP is rarely a good idea.

The downsides of taking a loan from your 401k:

- Even with the current relatively low interest rate of 3.25%, the most conservative DAP option – the Stable Value Option – has a higher return, at 3.74% over the last year and 5% over the last ten years.
- Most participants in the DAP who take a loan from the plan don't keep up their regular contributions to their account while repaying their loan, thereby forgoing any company matching funds that they could have received on those contributions.
- Repaying a 401k loan is done with post-tax money, as opposed to the pre-tax money originally contributed, and that money is taxed again when it is withdrawn in retirement.
- If you repay the loan at a time when the market is higher than when you took the loan, you will be paying more per share to get to the same level of share ownership that you were at before taking the loan.
- If the loan isn't repaid on time, or if you stop working for CACU at any point during the repayment term, you would have a very limited amount of time to repay the entire balance of the loan, or it would be treated as an early withdrawal and you would owe taxes on the amount of the loan, plus the possibility of owing a 10% penalty for early withdrawal.

Retirement savings is meant to be just that – for retirement. When you borrow money from a 401k account, that money isn't there to experience any potential tax-deferred appreciation the market may experience. Experts say that retirement savings should be a priority. If you're having problems with debt, look for ways to cut expenses first before considering an advance against your future by taking a loan from your 401k.

Minimum Required Distributions Are Back

Minimum required distributions (MRDs) from the Directed Account Plan were suspended for 2009 with the signing of the Worker, Retiree, and Employer Recovery Act in 2008. The MRD distribution will return in 2010 for those DAP participants born prior to July 1, 1940, certain spousal beneficiaries and non-spousal beneficiaries who have chosen the life distribution option.

If this is your first distribution after reaching 70 ½, then you can defer the 2010 distribution until April 1 of 2011. However, if you defer your 2010 distribution, you should know that in 2011 you will receive two distributions – 2010's distribution and 2011's distribution.

Fidelity will calculate and send your distribution in December 2010. For participants receiving monthly distributions, your December monthly distribution will be processed on the 1st or 2nd of December. Later in December (usually around the 15th) Fidelity's system will take into account all your monthly distributions for 2010 and if an MRD is needed Fidelity will process it at that time. For participants who have taken partial distributions in 2010, the sum of those distributions will be taken into account when calculating your 2010 MRD in December.

If you have questions about 2010's MRD, you may contact the DAP office at 314-739-7373 or you may call the DAP Fidelity Service Center at 877-489-2327.



DAP Welcomes Newest Board Member

The Directed Account Plan welcomes Brian Wells as a full voting member of the Board of Directors. Mr. Wells has served as an alternate member on the board since November of 2007. A former TWA pilot, Mr. Wells now works for American Airlines as an MD80 Domestic First Officer. He graduated from the University of Illinois flight/maintenance program and business school. In addition to his three years as an alternate on the DAP board, his investment background includes serving as an investment planner/broker and obtaining his Series 7, 66 and 63 licenses, life/health insurance licenses and a Chartered Mutual Fund Counselor Certificate.

Fund Performance

as of September 30, 2010 (in percentages)

Funds & Portfolios	2008	2009	3rd Quarter 2010	Ytd 2010	3 yr. avg.	5 yr. avg.	10 yr. avg.
Stable Value Fund	4.51	3.02	0.96	2.90	3.91	4.44	4.97
BC Govt. 1-3 Year	6.66	1.41	0.62	2.53	4.30	4.48	4.37
Value Stock Fund	-42.58	33.41	11.64	3.13	-8.09	1.09	2.70
Russell 1000 Value Index	-36.85	19.69	10.13	4.49	-9.39	-0.48	2.59
Equity Index Fund	-37.33	28.29	11.51	4.76	-6.63	0.83	-0.11
Russell 3000 Index	-37.31	28.34	11.53	4.78	-6.59	0.92	0.09
Growth Stock Fund	-39.62	37.93	12.53	5.93	-4.43	2.29	-1.74
Russell 1000 Growth Index	-38.44	37.21	13.00	4.36	-4.36	2.06	-3.44
International Stock Fund	-48.64	48.16	18.22	6.79	-6.81	5.72	3.60
MSCI EAFE Net Dividend	-43.38	31.78	16.48	1.07	-9.51	1.97	2.56
Div. Small Co. Stock Fund	-36.44	35.51	11.47	9.20	-4.11	1.55	3.56
Russell 2000 Index	-33.79	27.17	11.29	9.12	-4.29	1.60	4.00
Retirement Portfolio	n/a	n/a	3.31	0.83	n/a	n/a	n/a
Retirement Composite Index	n/a	n/a	2.98	2.78	1.83	3.75	3.76
Conservative Portfolio	-15.10	14.30	5.15	3.76	0.17	3.69	3.99
Conservative Composite Index	-10.83	10.45	4.71	3.37	-0.62	2.78	3.16
Moderate Portfolio	-26.59	24.52	8.63	5.16	-1.67	3.71	3.30
Moderate Composite Index	-22.27	19.18	8.19	3.95	-2.93	2.30	2.07
Aggressive Portfolio	-32.38	30.20	10.52	5.79	-2.96	3.46	3.02
Aggressive Composite Index	-28.82	23.27	10.05	4.54	-4.48	1.89	1.94

Past performance is no guarantee of future results.

Asset allocation and diversification do not ensure a profit or guarantee against loss.

Investment decisions should be based on an individual's own goals, time horizon, and tolerance for risk.

Investing involves risk, including risk of loss. Generally, among asset classes, stocks are more volatile than bonds or short-term instruments.

Foreign investments involve greater risk and may offer greater potential returns than U.S. investments. This risk includes political and economic uncertainties of foreign countries, as well as the risk of currency fluctuation.

Fund Component Weighting

These tables represent component weightings for individual investment funds as of September 30, 2010.

	Weight-ings	Net Value of Funds (\$MM)
Stable Value Fund		\$298.6
Dreyfus Cash Mgmt. Fund/CDs	14%	
Invesco Interest Income	46%	
Wellington Core Bond	40%	
Value Stock Fund		30.4
BGI Value Index	20%	
Neuberger Berman Partners	20%	
T. Rowe Price Value	20%	
JP Morgan Large Cap Value	15%	
Goldman Sachs Mid Cap Value Instl.	15%	
CGM Focus	10%	
Equity Index Fund		13.7
BGI US Equity Index	100%	
Growth Stock Fund		20.1
BGI Growth Index	20%	
Marsico Focus	20%	
Wellington Mid Cap Opportunities	15%	
Turner Midcap Growth	15%	
T. Rowe Price Growth Stock	15%	
Primecap Odyssey Growth	15%	
International Stock Fund		23.7
BGI EAFE Index	22%	
Am Century International Discovery	10%	
Am Century International Growth	10%	
Templeton Instl. Foreign Equity	12%	
Thornburg International Value	12%	
Marsico International Opportunities	12%	
Oppenheimer Intl. Sm. Co.	8%	
Dimensional Emerging Markets Value	8%	
Royce Global Value	6%	
Diversified Small Co. Stock Fund		30.8
BGI Small Co. Index	30%	
Dimensional US MicroCap Portfolio	15%	
Royce Opportunity	15%	
Third Avenue Small Cap Value	15%	
Brown Capital Mgmt. Small Co. Instl.	15%	
Buffalo Small Cap	10%	
Retirement Portfolio		7.7
Conservative Portfolio		56.1
Moderate Portfolio		192.8
Aggressive Portfolio		20.0
Fidelity Funds Window		71.6
Total		\$765.5

More Information and Plan Contacts

To get daily NAVs, account balance information, or to make transfers, you may call the DAP Service Center telephone voice response system, available 24 hours a day. Customer service representatives are available 8:30 a.m. to 8:30 p.m., Eastern time Monday through Friday. Call 1-877-4TWADAP (1-877-489-2327) or dial the AT&T direct country code and 877-833-9900 (call collect) outside the U.S. Use your Social Security number and PIN to access your account.

The intent of this communication is to provide useful information, not investment advice. Each participant in the Directed Account Plan is ultimately responsible to make his or her own investment decisions.

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