



DAP
A lifelong retirement plan

Heads Up



Directed Account Plan 401(k) Plan Quarterly Review

April 2018

What is Market Volatility?

Market volatility is a term used to describe the daily fluctuations, large or small, of the stock market. Volatility also describes the condition of a security, which is a general term used to describe an investment like a stock, bond or mutual fund. A security has a high volatility if its value fluctuates frequently over a period of time, and low volatility if its value remains relatively steady over a period of time. Normally, a security with a higher volatility indicates a riskier investment.

There are a wide range of factors that may affect market volatility such as world events, performance of certain sectors of the market, macroeconomic factors and natural disasters. Most of these factors are beyond anyone's control and happen unexpectedly.

Should I be worried about my savings during a volatile period?

When a drop in the stock market occurs, it's easy to become discouraged or even nervous about your retirement savings funds. But don't overreact.

Market volatility is a normal and inevitable part of the stock market cycle and should be factored into your long-term investment strategy. It's like experiencing a cramp while running a marathon; you may feel uncomfortable in the moment and begin to lose sight of the end goal, but staying the course is the best way to cross the finish line. Similarly, understanding your investment strategy and maintaining your focus through a volatile period may help you reach your retirement goals.

Familiarizing yourself with the history of the stock market may give you peace of mind if you are experiencing a period of market volatility. Historically, stock market drops have been followed by an eventual bounce and market growth. **Graph One** on page two shows that recovery periods have historically lasted longer than downturn periods.

How can I minimize risk?

Understand your risk tolerance

When determining an investment strategy that will help you meet your retirement goals, you may want to consider factors such as your current age, desired retirement age and current savings to determine the amount of risk or volatility you are comfortable with in your portfolio. If you have plenty of time before your planned retirement age, you may feel comfortable creating a more aggressive portfolio that, while typically characterized by high growth potential, could be subject to greater short-term fluctuations.

However, if you are nearing retirement, you may want to consider a more conservative portfolio. You may need access to your money sooner and therefore won't be exposed to potential market drops in the short term.

Diversify your portfolio

One step you can take to reduce the impact of market volatility on your investment portfolio is to allocate your assets across different asset classes in more than one market segment. This is called diversification. While one market may be experiencing a downturn, another could be growing. Therefore, you may be able to offset losses in one segment with gains or smaller losses in another segment.

Don't try timing the market

Taking your money out of the market in order to avoid the worst days may end up setting you back. **Graph Two** on page two shows the impact of missing out on the 10 best days of the stock market.

Plan Administration Fee Decrease

The DAP operating budget includes all of the plan administration expenses. These are the expenses to run your 401(k) Plan on an annual basis. The chart below shows the results of the cost saving measures taken over the past five years.

During this period, the DAP budget decreased 19.2%.

Plan Administration Budget

Year	Budget	Budget ▼
2014	\$1,331,943	
2015	\$1,288,344	▼ 3.3%
2016	\$1,189,252	▼ 7.7%
2017	\$1,154,127	▼ 3.0%
2018	\$1,076,745	▼ 6.7%
19.2% decrease over five year period		

All participants are charged an asset-based participant account maintenance fee to pay for administration expenses.

This fee is evaluated by the board. In December, the board determined that the participant account maintenance fee should be decreased, taking into consideration current plan assets, and expenses.

On March 1st, the annual participant account maintenance fee decreased to 0.16% or 16 basis points. This fee is deducted from your account balance on a monthly basis at a rate of 0.013% or 1.33 basis points.

The participant account maintenance fee compares favorably to the 0.50% to 2.0% asset-based annual fee from financial advisors to provide similar services. Participants receive a notice in the mail from the DAP thirty days in advance of any change in the account maintenance fee.

Example showing how this fee is charged to you:

March Average Account Balance: \$90,000
Participant Account Maintenance Fee: 0.0133%
Calculation: \$90,000 X 0.000133 = \$11.97
\$11.97 Fee paid from Account in April

The Investment Manager Fees are a separate fee charged to you through your investment return. These fees are listed on page two.



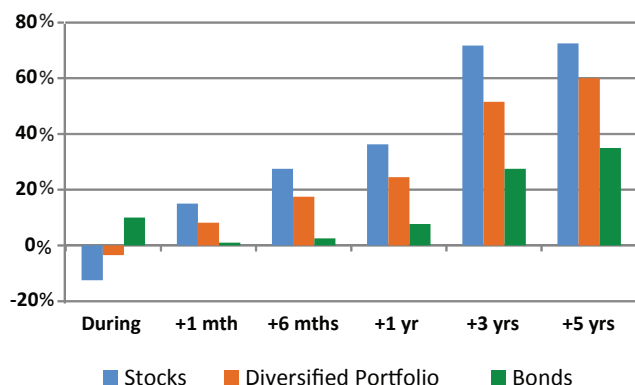
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Graph One:

Performance during and after recessions



For illustrative purposes only and not indicative of any investment. Recession data is from National Bureau of Economic Research (NBER). The average cumulative returns are calculated from the end of each of the longest four recessions in U.S. history (1929-2008). The four recession periods considered herein as defined by the NBER are as follows: August 1929-March 1933; May 1937-June 1938; November 1973-March 1975; and July 1981-November 1982. The recession that began in December 2007 and ended in June 2009 is not included in the analysis.

The Diversified Portfolio consists of 60% stocks and 40% bonds and is always rebalanced. Please keep in mind that diversification does not eliminate the risk of experiencing investment losses. Stocks are represented by the Standard & Poor's 500, which is an unmanaged group of securities and considered to be representative of the stock market in general. Bonds are represented by the 20-year U.S. government bond. Government bonds are guaranteed by the full faith and credit of the U.S. government as to the timely payment of principal and interest, while stocks are not guaranteed and have been more volatile than bonds. An investment cannot be made directly in an index. The data assumes reinvestment of income and does not account for taxes or transactions costs.

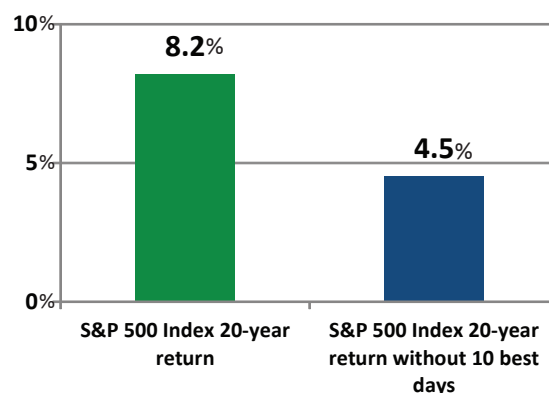
Simplify your financial planning!

If you are an active employee or a former TWA pilot and have outside retirement accounts, such as a 401(k) plan or IRA, you can consolidate them in one place - your Directed Account Plan.

Simply call the DAP office at 314-739-7373 or email msilberberg@dapretirement.com for help in consolidating your retirement assets.

Graph Two:

Missing out on the 10 best days of the stock market



For illustrative purposes only. Source: Morningstar Direct. S&P 500 returns January 1, 1985 through December 31, 2015. Returns are expressed as total returns. Past performance is not a guarantee of future results.

Account Access

To get daily NAVs, account balance information, or make transfers, you may call the voice response system, available 24 hours a day. DAP Retirement Specialists are available 9:00 a.m. to 8:00 p.m. ET Monday through Friday (excluding New York Stock Exchange holidays). Call 1-844-861-4327. Use your Social Security number and PIN to access your account. Log into your account at www.dap401k.com. Visit www.dapretirement.com for performance and additional Plan information.

DAP Investment Manager Net Expense Ratios as of 2/28/18

Tier I - Vanguard Target Retirement Funds

Target Income	0.13%	Target 2040	0.15%
Target 2015	0.13%	Target 2045	0.15%
Target 2020	0.13%	Target 2050	0.15%
Target 2025	0.14%	Target 2055	0.15%
Target 2030	0.14%	Target 2060	0.15%
Target 2035	0.14%	Target 2065	0.15%

Tier I - Target Risk Funds

Income	0.34%
Conservative	0.43%
Moderate	0.50%
Aggressive	0.54%

Tier II - Index Funds

Fixed Income Idx	0.05%
Infl-Prot Sec Idx	0.07%
All Cap Idx	0.05%
International Stock Idx	0.11%

Tier III - Actively Managed Funds

Stable Value	0.33%
Fixed Income	0.29%
Div. Infl./Real Rtn	0.26%
Large Cap Core Stock	0.54%
Small/Mid Cap Core Stock	0.80%
International Stock	0.72%

Tier IV - Specialty Funds

Vanguard Fed. Money Mkt	0.11%	AB Global Bond	0.51%	Janus Henderson Enterprise	0.67%	Boston Partners Global Eq.	0.95%
Metro West Total Rtn Bond	0.38%	Boston Partners Large Value	0.40%	Goldman Sachs Small Cap Value	0.95%	Lazard Intl. Strategic Eq.	0.82%
DFA US Infl-Prot Sec	0.12%	Fidelity Growth Company	0.85%	Fidelity Small Cap Growth	1.09%	Brandes Intl. Small Cap	1.00%
Columbia High Yield Bond	0.66%	Natixis Vaughan Nelson Value	1.13%	Lazard Global Managed Volatility	0.37%	Aberdeen Emerging Mkts.	0.85%

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