

Our Guild This Month

By dentists, for dentists

February 2007

If you have any questions or comments, please contact:
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Important Dates:

ALL Transactions *must* be received by 10:00 am.

Transfers or Terminations:
Monday, February 26,
2007

Contributions:
Wednesday, February 28,
2007

Avoid Common 401(k) Investment Mistakes

From the Executive Director:

Lately much has been written about 401(k) plans and the Pension Protection Act of 2006 which was signed into law in August of 2006.

The Act works to ensure greater retirement security by strengthening the Federal Pension Insurance System. It also includes provisions that encourage employees to save for retirement by making it easier for employers to include automatic enrollment provisions in their plans.

These changes and others included in the Act expand everyone's opportunities to build a reasonable retirement nest egg.

At least, that is what it is supposed to do. But unfortunately, sensible planning

isn't always the guiding principle when it comes to retirement planning.

Here are a few tips based on the mistakes I've seen made by Guild participants over the years.

Make sure to save enough. More than one third of all corporate employees don't join their company-sponsored retirement plans. The Pension Protection Act allows employers to automatically enroll you in a plan, forcing you to opt *out*, rather than *in*, to the plan.

Even when employees do join, they tend to not put enough aside — they save an average of only 6.9% of their pay. The contribution limit for 2007 is \$15,500 but the average annual contribution is about \$3,500. There is an addi-

tional possible contribution for those participants over 50 of \$5,000.

Maximize growth in your portfolio. One quarter of all plan participants have all of their money invested in a single fund — typically, some sort of stable asset account that will barely keep pace with inflation.

You need to focus on maximizing your investments by diversifying. The first step is understanding the difference between growth funds and those funds that will grow minimally yet provide the safest investment available.

For example, about 13% of 401(k) participants don't own any equities. With average life spans extending to the 80s, even retir-

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Guild Welcomes New Board of Directors Member

The Guild is pleased to announce Dr. Laurence Masuoka's appointment to the Board of Directors.

Larry is a longtime member of the Sacramento District Dental Society and cur-

rently runs a practice with his sister, Dr. Marleen Masuoka in Fair Oaks, California. Larry is also a current trustee of the San Juan Unified School District.

Welcome, Larry!



Larry Masuoka

Major Index Close: January 31, 2007
DJIA = 12,622 SPX = 1438 Nasdaq = 2464

Major Index Close: December 31, 2006
DJIA = 12,463 SPX = 1418 Nasdaq = 2415

QUALIFIED PLAN**As of 01/31/07**

<i>Fund</i>	<i>Unit Value</i>	<i>Asset Value</i>
TKF	2.1872	2,210,004
HBF	12.9533	1,651,089
SIF	24.3797	3,697,748
FEF	28.0684	6,703,551
MIF	29.5791	5,863,964
LGF	7.4149	1,534,792
LVF	13.9030	1,673,974
SRF	11.2859	545,139
SPF	10.9449	3,658,671
VEF	465.1501	37,427,640
REF	35.4712	6,806,939
AAF	181.5404	7,878,986
BIF	15.5260	3,066,657
GMF	11.4766	751,989
SAF	1.0000	6,330,115
CDF	1.0000	5,518,665
D15	10.1262	1,489,193
D25	10.9662	303,557
D35	10.8323	50,530
D45	10.9732	<u>131,288</u>

Total Qualified Retirement: \$97,294,492

IRA**As of 01/31/07**

<i>Fund</i>	<i>Unit Value</i>	<i>Asset Value</i>
ITK	2.1797	358,335
IHB	11.4715	257,659
ISV	49.2887	2,695,501
ILG	7.4044	572,715
ISP	19.3937	1,454,058
ILV	15.9365	572,000
IRE	27.2689	1,425,924
IBP	31.4057	1,697,784
IBF	10.6408	286,963
ISA	1.0000	<u>1,448,632</u>

Total IRA: \$10,769,571

Total Guild: \$108,064,063

Upcoming Events**February**

- 20 San Gabriel Dental Society Meeting
- 22 San Mateo Dental Society Meeting
- 27 Western Los Angeles Dental Society

March

- 2-3 University of the Pacific Annual Alumni Association Meeting, San Francisco
- 6 Los Angeles Dental Society Meeting
- 7 San Fernando Valley Dental Society Meeting, Studio City
- 8 Santa Clara Dental Society Meeting
- 13 Harbor Dental Society Meeting, Lakewood
- 13 Southern Alameda Dental Society Mini-Convention
- 22 San Mateo Dental Society
- 27 Western Los Angeles Dental Society Meeting, Culver City

April

- 10 Sacramento Dental Society
- 19-22 **CDG Annual Meeting**, Yosemite National Park

May

- 8 Sacramento Dental Society Meeting
- 3-6 CDA Spring Scientific Session, Anaheim

2007 Record Keeping Fees Due

Good News — 2007 Record Keeping Fees are again only \$50 per plan, per participant.

Please fill out the form included with your statement completely (we need the names of every participant) and send it with your check to Comerica Bank using the enclosed pre-addressed envelope.

If you have any questions about how to calculate your total fee, please contact the Guild office.

Record Keeping Fees are due by March 23rd, 2007.

**Note: If you do not send in a check, fees will be deducted from the participant's individual account.*

401(k) Mistakes

(Continued from page 1)

ees need to keep at least a third of their assets in equities to keep up with inflation. Don't forget: as you allocate assets within your 401(k), you need to take all of your investments into account. Be sure to review your whole retirement package.

Stay the course. Younger employees are often guilty of the sin of cashing out of their 401(k) plans when they change jobs. Not only does this send them back to the starting line of the retirement savings race, when they begin saving again, it is with a handicap.

When employees cash out early,

they can incur a 20% withholding fee, a 10% IRS penalty and state income taxes. So out of the \$5,000 that is in the 401(k), the participant only sees about \$3,000 of it.

If the same \$5,000 were rolled over into an IRA and left alone until retirement age, over the course of 40 years it could easily grow at the stock market's average return rate of 11%. The total, taking into account inflation, would be worth as much as \$400,000. That's the difference between buying your own beach retreat or just visiting someone else's beach retreat.

Resist borrowing against your retirement. This one is tempting, but taking a loan out against your

401(k) is almost never a good idea.

The interest you may pay on a new loan is less than the interest your money would have earned in a good equity investment over four or five years. In effect, however you use the money, you will ultimately lose money you could have made.

In addition, if you lose your job or switch employers, these loans must be repaid immediately.

Remember, for money invested at interest, time is the most powerful wealth-builder there is. A 401(k) can provide a comfortable retirement if you avoid making these common mistakes.

Guild Improves Statements

The Guild continues to make exciting changes. . .this time, we have made some improvements to your monthly statements in order to make them easier to read.

Some of the changes you'll see:

- **Codes Spelled Out.** For example, instead of **EEE**, the statement will now read **Employee**. Fund abbreviations will stay the same. (You can find a list of the funds in this

newsletter's Performance pages.)

- **Total Return on Investment Calculation.** Each participant's total rate of return will be calculated and printed at the bottom of each statement, (monthly as well as year-to-date). This is

specific to the participant's portfolio.

We hope these changes make reading and understanding your account balance easier.

Please be sure to pass this information on to your staff when you distribute the monthly statements.

If you have any questions about the new format, please call the Guild office. We'll be happy to walk you through it.

2007 Annual Meeting in Yosemite Coming Up

Rooms are sold-out at the Yosemite Lodge and the Ahwahnee for CDG's 2007 Annual Meeting of Shareholders in April.

We knew having our meeting at Yosemite National Park would be popular and you have proven that to be true.



If you currently have a room reservation, you will soon be receiving an invitation to the always fabulous Saturday Night Dinner. Please get that back to us as soon as you can, as there are not many other alternatives inside the Park.

If you do not currently have a reservation at the Yosemite Lodge or the Ahwahnee, the Park has a limited number of other options. Please call the Guild office for more information.

Can't wait to see everyone in April!