Chicago Blower Profit Sharing & 401(k) Plans – Mutual Funds
Participant Quarterly Report – March 31, 2011
Prepared by Compensation & Capital Incorporated

This newsletter is published by Compensation & Capital Incorporated, the independent investment advisor who helped the Plans' Trustees select (and continues to monitor and potentially replace as necessary) the mutual funds made available to you under the Plans. It is distributed in conjunction with release of quarterly Alliance Benefit Group account statements. The newsletter strives to: 1) keep you abreast of the funds' raw performances and rankings compared to their peers, 2) provide timely highlights on individual fund operations, 3) give you a snapshot of performance to date of major financial markets, and 4) share our thoughts on issues relevant to long-term investing for retirement. Your thoughts and questions are appreciated. Please submit any feedback or questions you would like us to explore to us through Gerry Ginter – (630) 858-2600.

Survived the Great Recession? Here Comes the Great Transition:

The State House protests over the past three months are harbingers of demographic class and generational conflict in America for several decades to come. They are the a graphic display of citizens from all walks of life, young and old, concerned over their future financial security. They are the confluence of a vast watershed of demographic trends, unfunded promises, less-than-responsible personal finance, and political opportunities squandered over the past 30 years. Thirty years is a long time from some perspectives; a blip in time from others. Through the lens of life planning and public policy it's generally what separates the generations. That's why the problems from which this conflict has sprung will thread through our national fabric for the next 30.

Coincidently, this year marks the 30th anniversary of the official start of the 401(k) Plan. At the time, America was reeling through a Recession of less-than "Great" (as we now know) though certainly severe proportions. Boomers were officially entering their second 30-year stage of life and beginning a spending and credit explosion that would propel the economy for the next 3+ decades. Middle East turmoil led to shortages and price spikes. Unemployment hit 10%. Mortgage interest rates were at historic levels; albeit highs, not lows like now. Banks and S&L's abused their legal mandate, rushed into real estate and forced a government bail-out of then-historic proportions. Sound vaguely familiar?

On the retirement planning front, corporations were quickly realizing what our politicians are finally waking up to now. Defined benefit pension plans look good only when there are more people paying IN than being paid OUT. (Note: this same condition flushed out Bernie Madoff.) Since corporations (unlike governments) must be run profitably, defined benefit plans quickly became dead men standing. Into that breach rushed the 401(k) – at least politically speaking that is. Problem is, it took about a decade for Boomers to wake up to the fact that for this new "plan" to work, they had to contribute to it. So, when they finally did, they were 40, or older.

Now for those of you in-tune with retirement planning axioms, you know the conventional wisdom that a 10% of gross pay contribution rate *throughout* one's working lifetime, appropriately invested for growth and inflation protection, should create sufficient wealth accumulation to allow replacement of around 40% of living expenses through 25+ years of retirement. Granted, there are lots of variables in this equation and plenty of risks that it does not cover. But in general, that 10% rate should work provided you start with your FIRST career paycheck in your early 20's and keep saving.

See the problem? The vast majority of Boomers started WAY later. At 40 to 50 years of age, that rate to cover 40% of retirement living expenses jumps to 20% to 30%. That's way beyond the average rate that participants over the age of 40 currently contribute, only around 10%, to 401(k)-type plans. And only HALF of employees over 40 even participate in a plan; the rest are saving 0%. This situation gives a lot of people a lot to feel insecure about since Social Security is designed to replace only about 40% of paycheck income for average earners; 60% for lowers, 30% for upper-middles.

If there is any good news to this picture it's that younger workers seem to get it. Participation rates among career-starters are climbing significantly. So, as with any change, the transition will be the most difficult to endure. Your cushion against the societal shock of that 30 years will be your savings and thrift. Do you have a handle on your cushion? Help's on the flip-side of this *Quarterly Report*.

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CBC Plans' Fund Performance Statistics *(periods ended March 31, 2011)*

Fund Name	Morningstar™ Category: Symbol[1]	10 Yr % Rank[2]	Actual Total Return for: 1 Qtr	YTD	1 Year	Average Annualized for Past 3 Yrs	5 Yrs	10 Yrs	15 Yrs
Morley CM Stable Value	n/a	n/a	0.6%	0.6%	2.5%	2.8%	3.4%	4.0%	n/a
PIMCO Total Return Fund	(Interm Bond)	4th	1.0%	1.0%	6.6%	8.0%	8.1%	6.9%	7.3%
Pennsylvania Mutual Fund	SB	12th	9.1%	9.1%	26.8%	8.6%	4.8%	11.2%	11.6%
Fidelity U.S. Equity S&P 500	LB	46th	5.9%	5.9%	15.6%	2.3%	2.6%	3.2%	6.7%
American Euro-Pacific R3 Fund	I-LB	12th	3.4%	3.4%	12.0%	0.3%	4.4%	7.7%	8.7%
T.R.Price Mid-Cap Value Fund	MV	12th	5.7%	5.7%	15.8%	7.9%	5.9%	10.6%	n/a
Vanguard Windsor II Fund	LV	35th	6.5%	6.5%	11.2%	2.2%	2.0%	4.5%	7.8%
Marsico Growth Fund	LG	31st	5.4%	5.4%	18.9%	2.4%	1.8%	3.7%	n/a
Baron Growth Fund	SG	8th	9.4%	9.4%	27.2%	7.3%	4.2%	9.9%	11.2%
Calamos Growth Fund	LG	4th	7.0%	7.0%	24.4%	4.3%	2.8%	6.6%	14.7%

[1] Stock fund categories for example: LV=Large Company Value, SG=Small Company Growth, I-LB=International Large Blend etc.
[2] 1st percentile is best, 100th percentile is worst of all funds *in that particular* Morningstar Category for the 10-year time period.

Estimating Your Retirement Cushion and Recommended Future Contribution Rate:

How much of the growing fear over poverty-stricken retirements is substantiated by the facts and how much is driven by the shear complexity of the equation is a viable question. A recent study noted that only 42% of its respondents had ever even *tried* to work out how much they might need to save before transitioning to a secure retirement. Why? A supportable conclusion might be that most of us are just simply too baffled by the exercise to try! Well, let's see if we can get you over that mathematical hurdle.

The best (and thankfully, the easiest) way to take the temperature of your retirement finances is to use a computerized financial calculator. Our continual review of retirement-related information resources, particularly on the Internet, recently led us to the ChooseToSave® BallparkE$timate. Armed with fairly limited personal financial information the calculator at http://choosetosave.org/ballpark/index.cfm tells you if you are on track with your current rate or, if not, the 'right rate' to get you there. It works for singles or households. You can also change inputs to consider "what ifs." All inputs are confidential; it's free and available in Spanish too.

Here are some hints (indexed to the Checklist's Item number) to quickly move you through the inputs: (4) Replacement Rate: Start with 80%. (6) Inflation assumption: 3.5% should be reasonably accurate. (7) Wage Growth: To be conservative, identical to inflation assumption. (8) Rate of Return Before: 6% to 8% should be realistic. (9) Rate of Return After: 5% to 7% should be realistic. (16) Be sure to use the Inflated Dollars amount.

Granted it's just an estimate. Once again, there are a whole army of ugly random events that could derail even the best plans. But it's a step in the right direction. And who knows? You just may be pleasantly surprised!

CBC Plans' Sample Portfolios Update:

Cumulative performance statistics for the three Compensation & Capital *Sample Portfolios* incorporating the CBC Plans' mutual fund alternatives beginning July 1999 – 11¾ years ago – are shown here. Our Long-Term Portfolio's total 11¾ year cumulative 78.9% *gain* compares very favorably to the 35.9% *gain* produced by the overall stock market, as measured by the Wilshire 5000 for the same period. These two 'portfolios' invest in a comparable range of stocks, but the Sample Portfolio limits risk by diversifying across many different kinds of stocks and some bonds, whereas, the Wilshire 5000 contains only the 5000 largest U.S. corporations' stocks and over-weights the largest corporations. The cumulative statistics shown in the table above assume only an initial investment at the July 1, 1999 start date with no further purchases ongoing. Past *Participant Quarterly Reports* have focused on the structure of each of these portfolios, their appropriate use by various types of investors, and the reasons why plan participants would want to adhere to their guidelines. Further information on the Plans' mutual funds and the Sample Portfolios specifically, is available from Gerry Ginter.

CBC Sample Portfolios Performance thru March 31, 2011

(by Investor Time Horizon)	1 Quarter	1 Year	5 Yrs	11¾ Yrs
Short-Term (3 to 5 years)	2.7%	8.2%	30.5%	96.8%
Medium-Term (5 to 12 years)	3.9%	12.7%	28.1%	83.8%
Long-Term (12+ Years)	5.5%	16.2%	24.2%	78.9%