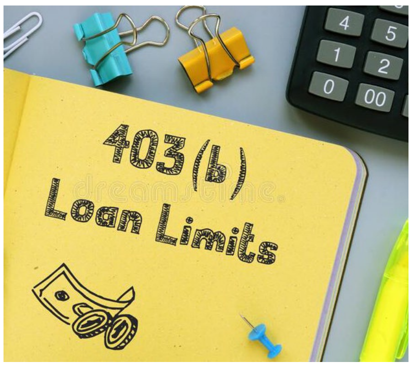
Borrowers Take Note: We've Updated the AHRP Loan Policy



Repaying the loan: How does that work?

Your repayments on a loan are made on an after-tax basis by electronic debits (ACH) to your checking or savings account. You must agree to these debits when you apply for your loan. You always have the option of paying off your loan in full at any time without an early payment penalty.

To make arrangements for an early loan payoff, just call the AHRP Retirement Center at 800-730-2477 and speak with a Retirement Center Representative. You may also repay your loan early by accessing your Account through the www.AHRP.com and electing a one-time direct debit repayment.

And what if I default on the loan?

Yes, there are adverse consequences if you are not timely with repayments and wind up defaulting on your loan. A loan will be in default if delinquent at the end of the calendar quarter that follows the calendar quarter in which the required payment was due. In that event, a 1099 will be issued for the calendar year that the loan defaulted and in the amount of the outstanding loan. Taxes and possible tax penalties could apply. And until the loan is repaid, the IRC code does not allow you to take another loan from any of your employer's sponsored retirement accounts. Also, interest will continue to accrue on the unpaid defaulted loan until repaid or discharged from the plan.

Coping Strategies for These Uncertain Times

Spooked by the swings in the market? Don't be. Remember that market ups and downs are normal and part of economic cycles. These pointers will help keep you steady:

Invest over time -- and "dollar cost average"

Market volatility is unpredictable and can be emotionally taxing. While you can't control the market, you can control your reaction to it. In fact, market volatility can be a good thing for long-term investors who dollar cost average -- meaning you contribute to your account on regular intervals over time. This averages your overall returns and helps offset market turbulence.

Get a plan you can live with—through market volatility—and stick with it.

Some front-end discipline can make all the difference. If you decide on a pre-determined asset allocation, you can avoid making emotional decisions about your investments when volatility hits. The longer you can remain invested in the market, the more time you'll have for your investment gains to compound, negating the impact of day-to-day market movements. The key is to make sure you have realistic expectations. It comes back to having a plan and sticking to it. The AHRP LifePath BlackRock Target Date Index Funds are an ideal investment strategy for most people. Pick the fund that represents the year closest to the year that you plan to retire. For example, if you are planning to retire 15 years from today, then you would use the LifePath BlackRock Target Date Index Fund 2035.

Focus on your time horizon in the market and your overall asset allocation. Not the one day, one month, one quarter or one-year returns.

The strategies and advice for this period of down volatility is the same as the last time. If you are a buyer (adding to your accounts regularly), stay the course and try to take advantage of the volatility. If you are a holder (neither adding to nor withdrawing from accounts), make sure you don't anticipate a need for invested capital for the next five years and sit tight. If you are a seller (withdrawing from accounts regularly), make certain you have short-term and intermediate-term accounts which are positioned conservatively and allow your other longer-term accounts to stay fully invested.

AHRP Adventist HealthCare Retirement Plans

Resist the temptation to time the market. Missing out on best days can be costly.

During periods of market volatility it’s never wise to try timing the market or to make big adjustments to your portfolio. Here’s why. If you were sitting on the sidelines in cash and missed the top days of the market recovery this is how much it would have cost:

TIMING THE MARKET IS DIFFICULT

S&P 500 Annualized Returns for the period 9/81-12/01

Over long periods of time “up markets” are considered volatile too.

It certainly “feels better” when the market is headed up rather than down, but it’s all part of the economic cycles. The Bulls pulled ahead over the past few years but at some point they always fall behind too. The good news is that, historically, the bulls beat the bears overall.

Unnerved by a Surge in Inflation?

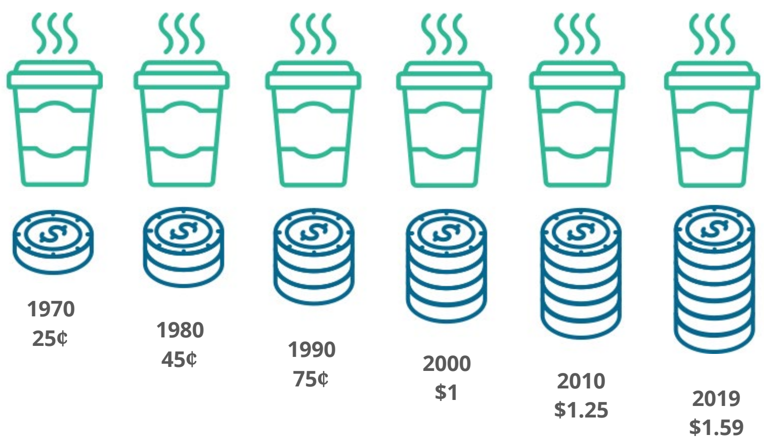
The more you know about its causes and effects, the better equipped you'll be to weather its impact. Let's start with the basics.

Inflation

Inflation is the rate at which the general level of prices for goods and services is rising and, consequently, the purchasing power of a currency is falling. Several forces can cause inflation, including an expansion of the money supply, a growing economy, increased regulation and exchange-rate fluctuations.

Ways inflation affects YOU.

HOW INFLATION HAS CHANGED THE PRICE OF A CUP OF COFFEE OVER TIME



- Inflation causes prices to go up
- Inflation can boost incomes
- Inflation can hike unemployment because the cost of keeping labor is more expensive due the growing cost of goods and services and increased wage pressure.
- Some inflation spurs spending

The Federal Reserve targets a benchmark inflation rate of about 2% per year. They could target an inflation rate of zero every year, but they don't because the Fed regards a little bit of inflation in the economy as a good thing. Most economists agree that, generally speaking, a small amount of inflation increases economic output and productivity while generating employment opportunities.

Inflation causes people to move money through the economy. People are more likely to spend and invest their money if they know that it will lose value the longer that it sits idle in unproductive cash accounts. There are other considerations too:

- Inflation can shrink debts in that inflation makes debts tend to lose their value over time.
- Inflation causes problems for those on a fixed income that do not have a COLA (Cost of Living Adjustment). The same goods and services cost more over time using more and more of that fixed budget on fixed expenses.

RETIREE'S PURCHASING POWER OVER 25 YEARS

If a retiree started with $1000 fixed monthly pension today, the buying power of his money would diminish over time (Inflation figures assume a Consumer Price Index of 3%)

Your bottom Line: Plan for inflation in retirement and know that goods and services will cost more over time. Craft your retirement income budgets to include cost of living adjustments over the years and don't make the mistake of allowing your money to sit idle by investing too conservatively.

If you want to become more familiar with inflation measures, here's additional Information for you:

The U.S. inflation rate is measured by the CPI, PPI and PCE indexes. Because no single index captures the full range of price changes in the U.S. economy, economists must consider these multiple indexes to get a comprehensive picture of the rate of inflation.

AVERAGE MARKET RETURNS AND INFLATION ADJUSTMENTS

- **CPI** - The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

  In June, the Consumer Price Index for All Urban Consumers rose 1.3 percent, seasonally adjusted, and rose 9.1 percent over the last 12 months, not seasonally adjusted. The index for all items less food and energy increased 0.7 percent in June (SA); up 5.9 percent over the year (NSA).

- **PPI** - The Producer Price Index (PPI) is a monthly measure of change in the prices received by domestic producers.

  The PPI for final demand increased 11.0 percent from April 2021 to April 2022. Producer prices for goods rose 16.3 percent, while prices for services rose 8.1 percent.

  The Producer Price Index for final demand increased 1.1 percent in June. Prices for final demand goods rose 2.4 percent, and the index for final demand services advanced 0.4 percent. Final demand prices moved up 11.3 percent for the 12 months ended in June.

- **PCE** - The Personal Consumption Expenditures (PCE) index is a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services. The PCE index is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior.

  Released each month in the Personal Income and Outlays report, the PCE index reflects changes in the prices of goods and services purchased by consumers in the United States. Quarterly and annual data are included in the GDP release.

The PCE price index for May increased 6.3 percent from one year ago, reflecting increases in both goods and services (table 11). Energy prices increased 35.8 percent while food prices increased 11.0 percent. Excluding food and energy, the PCE price index for May increased 4.7 percent from one year ago.

Source: US Bureau of Labor and Statistic