Managing Your 401(k) Plan in an Unpredictable Market

The truth is, no one knows whether the market will rocket, plummet or just move sideways for a while. So it doesn’t make sense to invest based on what you think the market may or may not do over the short term. A smarter plan is to follow the basic, unchanging rules of investing:

1. **Invest early, and invest more** — Starting sooner and contributing more to your 401(k) plan increases the odds that you’ll be able to retire with a comfortable nest egg. Always try to put in at least enough to secure the full Company match (5%) — it’s “free money.” Beyond that, how much is enough? Your goal probably should be at least 10% of your pay, although 15% would be much better.

2. **Keep your holdings diversified** — You wouldn’t want to live in a house built on top of a single thin column, would you? Too risky! By the same token, it may not be wise to let any one position in your portfolio grow too large. Diversify over at least the major asset classes — large U.S. companies, small U.S. companies, foreign companies, fixed income and cash — so that your portfolio isn’t hostage to the performance of any one.

3. **Leave the money alone.** — You may be able to borrow from your 401(k) plan for various purposes — but should you? Borrowing (even from “yourself,” in the form of your own account) may be risky both in the short term and the long term. It’s generally better to leave the money alone to increase the opportunity for growth over time.

4. **Ignore the market’s daily fluctuations** — The more attention you pay to short-term results, the more likely you are to make a mistake. Keep focused on long-term performance, because that’s what will — or won’t — pay your bills in retirement.

Subject to eligibility and vesting requirements

Make Tax Time Easier with a Discount on Tax Preparation

Leave the tax forms to the experts—and pay less. As a Home Depot associate, you’ll receive discounts through H&R Block and Jackson Hewitt when you have your return prepared at one of their participating locations and follow the directions below. Discounts on online and software tax products also are available. Note that these offers expire on April 15, 2012. **Note**: Does not apply to USVI or Guam.

**H&R Block offers:**
- Free Federal Form 1040EZ preparation through February 29
- $99: Federal Form 1040A (with no children/dependents)
- $20 off tax preparation: All other Federal Forms 1040 & 1040A

Visit www.hrblock.com/Partner/homedepot to download and print a coupon, or for special pricing on software and online programs. You also can call 1-800-786-3429.

**Jackson Hewitt offers:**
- $30 off tax preparation or $50 less than you paid someone else to do your taxes last year for new customers. Tax preparation fees paid last year must be at least $150; proof is required.

For more information or to print coupons, visit www.JacksonHewitt.com/homedepot/ or call 1-800-234-1040.

*Note: the “P” in Partner must be capitalized in the URL.*
W-2 Wage and Tax Statements for 2011 are available online

Beginning Jan. 16, associates can go to myTHDHR.com > Employee Self Service to access their W-2s. Associates will be able to view and print their W-2s within the privacy of their homes and also may choose to stop the automatic printing/mailing of their W-2s for all future years.

Note: W-2 Wage and Tax Statements for 2011 will be available at work locations beginning Jan. 20 or 27, depending on pay cycle. W-2s for nonstore associates and associates on leave of absence will be mailed to their homes beginning Jan. 20 or 27, depending on pay cycle. W-2s for former Home Depot associates will be mailed to their homes starting Jan. 27.

Benefits Summary Update

We will not be issuing new Benefits Summaries for 2012 because changes from 2011 were very minor. The “Benefits Summary Supplement,” a summary of the minimal changes that impact the full-time hourly and salaried associate Benefits Summary, is posted at http://usfulltime.livetheorangelifecom/benefits/summaries/ and was mailed to full-time hourly and salaried associates. The Benefits Summary Supplement should be read in combination with the 2011 Benefits Summary until the next Benefits Summary is issued. No changes were issued for the Part-Time Hourly Benefits Summary.

Professional financial guidance is now available through Ayco

Comprehensive financial education and counseling are now available to THD associates at a highly discounted rate through Ayco’s Money in Motion® program. You can get help with planning around life events such as getting married, having a baby, buying a house, preparing for retirement, cash flow and budget planning, managing debt, investing, tax and insurance planning and more!

The program provides unlimited financial counseling by phone with professional financial counselors and access to a website full of helpful tools and resources. The program is available for a highly discounted rate of $200 per year, which can be paid directly through payroll deductions.

Visit livetheorangelifecom to watch a video about the program and take the “Check your Moneypulse” quiz to see where you could use the help of a professional financial adviser. Choose General Information, choose your employment type and then click on Ayco’s Money in Motion® program in the Learn more about these new benefits box.

You can sign up today for an annual membership. To enroll, visit livetheorangelifecom, or call Ayco at 1-800-437-6383.

New for 2012 — Commuter Benefits

Program Overview

If you travel to work using public transportation (such as trains, buses, subways, ferries or van pools), you can now save tax dollars on commuting expenses. That’s because a portion of your monthly commuting expenses can be deducted from your paycheck on a before-tax basis, which means you’ll PAY LESS in taxes each year! Pre-tax deductions are allowed up to the limit of $1251 per month for transit and $2401 per month for parking. You can, however, order products that total more than this limit and pay with after-tax payroll deductions. The program also applies to associates who pay for parking at or near work.

Passes are conveniently mailed directly to your home. That means no more standing in line to purchase fare cards.

Note: Mileage, tolls, fuel, car pooling, and business travel are not eligible for the commuter program.

How Do I Order?

Using the commuter program is easy. First, determine your eligible commuting and/or parking expenses. Then log on to Your Benefits Resources from livetheorangelifecom and choose Commuter Benefits from the Health and Insurance menu to order your passes. Simply create your account and order by the 10th of the month for the next month’s pass. You also can order by calling the Benefits Choice Center at 1-800-555-4954.

1 Subject to change in accordance with IRS guidance. Congress may take action to change this limit.

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