

Inflation

COULD DIMINISH THE VALUE OF YOUR SAVINGS

Inflation is the rate at which the price of goods and services increases. Over time, the compounding effect of inflation can erode the value of your savings and reduce your purchasing power, making it difficult to afford today's goods and services at tomorrow's prices.

Historically, as the chart to the right illustrates, stocks have not only outpaced inflation, they also have outperformed all other investments over long periods of time.

A sensible, long-term investment plan — one that includes stocks — may help you fight inflation, extend the purchasing power of your savings and build a retirement nest egg that will last as long as you do.

Inflation also can have the same negative impact on investment returns. That's why it's important to include investments in your portfolio that exhibit the growth potential you need to overcome the effects of inflation.

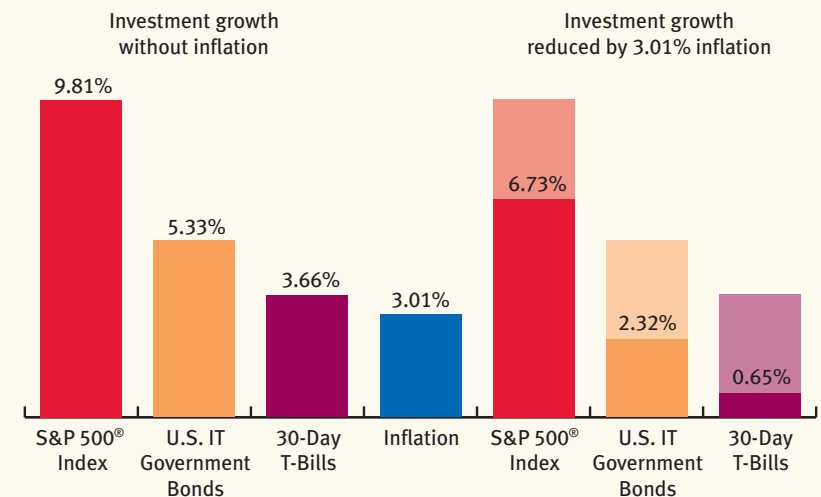
INFLATION MAY INCREASE THE COST OF GOODS AND SERVICES YOU USE

YOU MAY HAVE TO PAY THIS MUCH FOR:	TODAY	IN 30 YEARS
Prescription co-pay	\$30	\$84
Tank of gas	\$50	\$140
Cable TV (monthly)	\$100	\$281
Groceries (monthly)	\$600	\$1,684

These prices are estimates, calculated and extrapolated based on average prices today and an annual inflation rate of 3.5%.

STOCKS CAN HOLD UP AGAINST INFLATION

DECEMBER 1926 - DECEMBER 2009



Past performance does not guarantee future results. This chart is for illustrative and educational purposes only and does not represent the performance of any of the BB&T Funds. Stocks are more volatile than bonds and T-bills. Government bonds and T-bills are guaranteed by the U.S. government, and offer a fixed rate of return and principal value if held to maturity. It is not possible to invest directly in an index. Source: Ibbotson Associates, Inc., 2010.

- **S&P 500® Index** represents the total return for the Standard & Poor's 500 Index, an unmanaged index generally representative of the U.S. stock market. The S&P 500 Index is a registered trademark of Standard & Poor's, a division of The McGraw-Hill Companies, Inc. All rights reserved.
- **U.S. Intermediate Government Bonds** represents the total return for intermediate government bonds, an unmanaged index generally representative of the bond market.
- **U.S. (30-Day) Treasury Bills** represents the total return for Treasury bills generally representative of the rate of return on a savings investment.
- **Inflation** represents the consumer price index, an approximate indicator of inflation. Investors cannot invest directly in an index.

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