



January 20, 2009

Dear Northern Funds Shareholder:

On December 23, 2008, the Worker, Retiree and Employer Recovery Act of 2008 was signed into law. The legislation, which waives required minimum distributions (RMDs) for the 2009 tax year from IRAs and employer-sponsored defined contribution retirement plans, is designed to provide investors some relief given the recent market downturn.

The waiver applies to all IRA owners subject to RMD rules, plan participants and beneficiaries of deceased IRA owners. For living IRA owners, if you are age 70½ or older in 2009, your next required RMD is due by December 31, 2010. However, IRA owners who turned 70½ in 2008 must still take their 2008 RMDs by April 1, 2009, to meet 2008 tax year requirements.

Any distribution made from an IRA in 2009 will not be considered an RMD payment unless the distribution is used to satisfy an RMD requirement for 2008 tax year. However, if you have already received a distribution from an IRA in 2009, you can return it to your account within 60 days from the time of receipt to have it considered a rollover contribution with no tax consequences. Only one such IRA rollover is allowed in a 12-month period.

If you are receiving automatic distributions from your IRA and would like to discontinue these payments or reduce them, please contact us at your earliest convenience. If we do not hear from you, your automatic payments will continue as previously agreed.

If you have not established an automatic withdrawal from your Northern Funds IRA account, we will not make distributions from your IRA in 2009 unless we receive a written direction from you to do so. Please call us if you would like to take distributions from your IRA this year. Even though you are not required to take distributions, there may be tax reasons to do so, and we suggest you consult with your tax advisor before making this decision.

RMD Suspension Options

Northern Funds IRA holders who have set up an automatic withdrawal to comply with RMD rules can take the following actions:

- Continue to take your RMD – no action is required, and the RMD distribution will be delivered to you as planned
- Suspend 2009 RMD withdrawals – your systematic distribution will resume in 2010
- Cancel systematic withdrawals – to reestablish distributions on your account at a later date, a completed IRA Distribution form will be required

Please return the enclosed form if you would like to suspend or cancel RMD withdrawals. Or you may call the Northern Funds Center at **800-595-9111** weekdays from 7 a.m. to 7 p.m. Central time.

We appreciate the opportunity to serve you.

Sincerely,

A handwritten signature in cursive script that reads "Lisa Shea". The signature is written in black ink on a light blue rectangular background.

Lisa Shea
Vice President
Northern Funds Center

Enclosure

This letter does not constitute legal or tax advice; see your professional adviser for advice on your particular situation.

IRS CIRCULAR 230 NOTICE: To the extent that this information concerns tax matters, it is not intended to be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law. For more information about this notice, see northerntrust.com/circular230.

NOT FDIC INSURED

May lose value / No bank guarantee

RMD SUSPENSION OPTIONS 2009

For your convenience, please use this form and the enclosed envelope as a simple means to notify us if you would like to suspend or discontinue your scheduled distribution.

Please check the appropriate box:

- Please suspend my scheduled 2009 distribution. The distribution will resume on the same scheduled date in 2010.

- Please discontinue my scheduled 2009 distribution and all future distributions. (To reestablish distributions on your account at a later date, a completed IRA Distribution form will be required.)

PRINT NAME

SIGN NAME

ACCOUNT NUMBER

