

My Plan Connection

You know that you pay fees for your retirement plan, but you may not know what you are getting for those fees.

If you're a savvy shopper, you want to make sure you're getting your money's worth. Because your retirement plan is serviced by a full disclosure provider, you've seen your plan expenses on your statement and online. Your natural next question should be: "What am I getting for these fees?" The

Most important, your 403(b) plan gives you the ability to contribute on a pre-tax basis more than 3 times as

It's True.
Your Plan is not free.
But it will be the best
money you ever spend.

much as you could contribute to an IRA. By contributing on a PRE-TAX basis, you are saving potentially thousands in tax payments. For instance, if you are in a 20% tax bracket and contribute the maximum amount to your 403(b) account, you will save approximately \$3,300 in taxes each year. In addition, if your employer matches your contribution, you are getting an instant return on your investment that would not be available in a different savings vehicle.

Through your employer's retirement plan, you also have access to mutual funds and share classes that are often unavailable on a retail or individual basis.

Many individual investors are invested in B and C share classes with operating expense ratios significantly higher than that which is available to institutional investors like your employer's retirement plan. In addition, individual



investors are often subject to significant transaction fees as well as front- or back-end fees when they make purchases or transfer funds. As a result, if you were to compare the true costs of investing as an individual investor versus investing within your 403(b) plan, you may be surprised how cost-effective your retirement plan is.

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There are also **great services** available within the plan. First, your plan sponsor engages professional investment advisors to select and monitor the investment menu available to the plan. This ensures that the investment options from which you select are pre-screened for quality and appropriateness. When an investment option is no longer performing or no longer deemed to be appropriate for retirement plan investing, the investment option is replaced with a more appropriate investment choice. This means that when you select your investment elections, you can be confident that you are picking from great options. And the difference between an okay investment menu and an excellent investment menu can be the difference between mediocre investment returns and great returns.

Second, for no additional cost, you have the opportunity to consult with a **professional investment advisor** to help you select from among the investment options available to the plan. This personalized investment advisory service helps you create an asset allocation appropriate for your age, risk tolerance, and financial situation. If you were to engage a professional investment advisor on your own, you can expect to pay a management fee equal to 1.0% of your portfolio's value.

Finally, your plan makes it easy for you to save by deducting and investing your contributions **each pay period**, without incurring transaction expenses or front-end loads. This enables you to “set it and forget it”. No trips to the bank or to your broker. No broken resolutions to save more next pay period. Once you have enrolled in your plan, your employer takes it from there. Without you lifting a finger, your contributions are deducted from your pay (pre-tax!), sent to the plan custodian, and invested in the investment options you have selected. It's easy, fast, and reliable.

Your employer has selected a “full disclosure” plan so that you always know what you are paying. This empowers you to compare the costs of your retirement plan with your other savings alternatives. After you have considered all of your options, invest your money in the vehicle that is most likely to maximize your retirement income.

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The information in this article is intended to be educational and to provide you with information that might help you make better use of retirement savings opportunities in realizing your retirement goals. Different assumptions concerning earnings, taxes, investment rates of return, and retirement age will generally yield different results. Examples in this article do not reflect actual returns for any specific investments, and are not intended to imply or guarantee future results. All examples are hypothetical and for illustration purposes only. Actual returns may be higher or lower, and will fluctuate over time. Returns are assumed to be the same each year. Actual values may increase or decrease in any given year. Because the value of your investment will fluctuate with market conditions, you should consider your ability to continue to invest during periods of low price levels. Regular investing does not guarantee a profit or protect against a loss in a declining market. No taxes are applied to plan balances. Plan balances are fully taxable at withdrawal. Withdrawals made prior to age 59½ may trigger an additional 10% early withdrawal penalty tax. This information does not describe all plan features or their applicability to any plan participant. It is provided for general information only and is believed to be accurate and reliable as of the date of printing but may be subject to change. All information in this article is provided for illustrative purposes only and should not be considered tax, investment, or legal advice. Participants should seek professional advice for their particular situation. Contributions to tax-sheltered accounts may not exceed plan or regulatory limits. Additional plan information is available from your plan administrator.