

## MRIC Employee Single Source and Core Retirement Plan Information for Tax Sheltered Accounts

Investment Provider	Name and Type of Plan	Annual Service, Contract, or TPA Fee	Annual Advisory, Separate Acct or M&E Fee (% of assets)	Fund Management Expense Ratio (range) <sup>1</sup>	# Of Funds / Fund Families Load/ No-Load/ /Load Waived and/or Institutional Share Classes <sup>1</sup>	Services Provided (All include a toll-free call center and 24 hour web-based account access)
Midwest Capital Advisors	MCA Managed Models (6 Risk-managed Portfolios)	\$20 MRIC TPA Fee	.38 - .18% <sup>2</sup> before fund expense rebates <sup>3</sup>	.15% - 2.52%	Typically 15 funds per model No-load / Load-waived Institutional/retirement class shares	Professional model portfolio management by participant objective. Retirement planning & assistance in choosing appropriate models
Midwest Capital Advisors	MCA Select Funds (No-load Mutual Funds)	\$20 MRIC TPA Fee	.38 - .18% <sup>2</sup> before fund expense rebates <sup>3</sup>	.15% - 2.52%	50 + No-load / Load-waived Institutional/retirement class shares screened & ranked from various families	Establishment, monitoring, & updating of <i>Select Funds</i> & assistance in choosing appropriate funds
Midwest Capital Advisors	MCA Fund Universe (Self-directed Mutual Funds)	\$20 MRIC TPA Fee	.38 - .18% <sup>2</sup> before fund expense rebates <sup>3</sup>	.15% - 2.52%	25,000+/480+ Share class dependent on participant needs/desires	Self-directed. Ability to hold/trade virtually all funds requested, using lower cost share classes when available
Legend Group	Strategic Asset Management (5 Risk-managed Portfolios)	0	2 - 2.25%	.35% - 3.11%	800 /16 load & load-waived (Consult advisor for share classes available and pricing)	Professionally managed portfolios, representative assistance & support, customized retirement planning guide
Legend Group	Premier Custodial Account (Mutual Funds with Representative Assistance)	0	1%	.35% - 3.13% (Rydex "specialty" funds available ranging from 1.20 - 4.44%)	800 /16 load & load-waived (Consult advisor for share classes available and pricing)	Representative assistance & support, customized retirement planning guide
Legend Group	Basic Custodial Account (Self-directed Mutual Funds)	\$15	0	.35% - 2.25%	800 /16 load & load-waived (Consult advisor for share classes available and pricing)	Online enrollment & self-directed
MEA Financial Services	Prudential TDA 6978/1165 Fixed/Variable Annuity <sup>4</sup>	\$20 MRIC TPA Fee	1%	1.66% - 2.84% Will be reduced 1% by the separate account fee	27 / 8 No-load	Personal financial services representative is assigned to each district
MEA Financial Services	Prudential 403(b)(7) Mutual Fund Program 7000	\$20 MRIC TPA Fee	0	.45% - 2.00%	129 / 24 No-load / Load-waived	Personal financial services representative is assigned to each district
PlanMember	PlanMember Elite Index and Hybrid (10 Risk-Managed Portfolios)	\$25 for accounts < \$100,000	1.5 - 1.0% <sup>3</sup>	.10% - .34% depending on portfolio option chosen	40 / 4 No-load / Load-Waived	Managed portfolios, representative assistance & support. Retirement planner with annual review
PlanMember	PlanMember Select (Mutual Funds with Representative Assistance)	\$35 one fund family \$50 two or more fund families	0	A shares .47 - 2.53% B shares 1.13- 3.03% C shares 1.04- 3.02%	600+ / 15 Loaded A shares- max purchase fee 5.75% B shares- max CDSC 5% C shares- max CDSC 1%	Representative provides assistance & ongoing support
PlanMember	PlanMember Direct (Self-directed Mutual Funds)	.35%	0	.18% - 1.86%	300+ / 10 No-Load / Load-waived	Web account access with links to web-based research
PlanMember	Symetra Daily Value Fixed Annuity Account	0	0	NA	NA	Option available with all plans. Guaranteed minimum interest rate 1.5% <sup>5</sup>
PlanMember	Symetra Flex Premium Plus Fixed Annuity Account <sup>4</sup>	0	0	NA	NA	Option available with all plans. Guaranteed minimum interest rate 3.0% <sup>5</sup>
VALIC	Portfolio Director Fixed & Variable Annuity <sup>4</sup>	\$20 MRIC TPA Fee	1.25 - .75%	.23% - 1.35%	60 No-load funds w/ 20+ family managers	Personal rep provides full service & retirement planning
VALIC	Profile (Self-directed Mutual Funds with Fixed Annuity Option)	\$40 + \$20 MRIC TPA Fee	0	.35% - 1.54%	90 No-load funds w/ 20+ fund family managers	Online enrollment & self-directed
Waddell & Reed	Nationwide Platform Mutual Funds	\$21+ \$20 MRIC TPA Fee	.49 - 0% <sup>3</sup>	.33% - 1.9%	45 / 23 No-load / load-waived	Personal financial planning. Ongoing advisor support & annual reviews. Online enrollment available

## Key to Retirement Plan Information

### Investment Product Types:

- **Mutual Fund:** A collection of stocks, bonds, and/or other securities offered to a group of investors by a registered investment company (**Fund Family**). Each investor owns shares, which represent a portion of the holdings of the fund. An **index mutual fund** uses a passive form of fund management with a portfolio constructed to match or track the components of a market index, such as the Standard & Poor's 500 Index (S&P 500), the largest 500 US based companies. A **managed mutual fund** is directed by one or more portfolio manager who attempts to buy stocks, bonds, and/or other securities that will outperform a particular market index. Because the manager is actively choosing the investments, the management fee is generally higher than for a passively managed indexed fund.
- **Loaded Mutual Fund:** Funds in which a sales fee or commission is charged to the investor when buying or redeeming shares. Shares of these funds are most often labeled as A, B, or C shares. **Front-end loads** represent the upfront fee, often 5.75% that an investor pays when purchasing A shares of a fund. With a \$1,000 investment and a 5.75% front-end load, an investor will pay \$57.50 for the sales charge and \$942.50 will be invested in the fund. A **Back-end load** is the fee paid on B or C shares if sold within a certain period, often stated as **contingent deferred sale charges (CDSC)**. A typical example is a 6% back-end load on a B share that decreases to 0% in the seventh year or 1% on a C share disappearing after one year. Note that the ongoing fund management fee is generally higher for B and C shares and lower for A shares.
- **Load-Waived Fund:** The normal sale charges are waived by the retirement plan.
- **No-Load Fund:** Shares are sold without a commission or sales charge. Charging an annual account service or investment advisory fee may compensate vendors that offer these funds.
- **Institutional / Retirement Class Shares:** Have lower management costs than retail funds and generally are only available through larger pension companies.
- **Annuity:** A product sold by financial institutions designed to accept and grow investments and can, when desired, provide a steady cash flow for an individual (annuitant) during their retirement years. The average cost of a variable annuity contract is 2.148% (source: VARDS report 3-31-06). A **Fixed Annuity** is an insurance contract that guarantees that money invested will accumulate at a minimum specified rate of interest, or higher, depending on the market rate. A **Variable Annuity** allows the participant to invest in different subaccounts, such as stocks and bonds, and the value of the account is dependent on the return of the investments.

### Common Fees and Charges Associated with Investment Products:

- **Surrender Charge:** The charge on money withdrawn from an annuity within a certain period after a purchase payment (typically within six to twelve years). Generally, the charge is a percentage of the amount withdrawn, and declines gradually over a period of several years, known as the "**surrender period**." Often, contracts will allow an annual withdrawal of 10% of the account value without a surrender charge.
- **Service Fee:** Charged by the investment company for maintaining a mutual fund account.
- **Contract Fee:** Charged by an insurance company for maintaining an annuity contract.
- **Advisory Fee:** Charged by the investment provider for professional advisory services. For example, a participant may pay an annual fee of 1% of the total assets under management.
- **TPA Fee:** Charged by MRIC and TSACG (Third Party Administrator) for their services, and passed on to the employee by the investment provider.
- **Separate Account Charge:** The fee for a managed investment account. In the context of variable annuities, these are payments made to an insurance company for investing in securities.
- **Fund Management Fee** (also termed **expense ratio**): The cost of having assets professionally managed by the mutual fund manager. The fee pays the expenses involved for research and the selection of the investments, and to provide information to the investors about the fund's holdings and performance. Expense ratios range from as low as 0.09%, usually for index funds, to as high as 4.44% for managed funds. The average equity (stock) mutual fund charges 1.32% (source Morningstar 6-30-06). This fee is deducted from the overall return of the fund and is reflected in the fund performance.
- **12b-1 Fees:** An annual marketing or distribution fee on some mutual funds, included in a fund's expense ratio, usually between .25 and 1% of a fund's assets. These fees are generally higher for B and C shares, and lower for A shares.

## Plan Information for District Wildcards

*Since MRIC is currently unable to provide employees with information on plans offered by the various wildcard providers throughout the state, this chart may be useful in interviewing and evaluating your district wildcard provider(s).*

Name of Wildcard Investment Provider	Type of Plan Offered: Fixed or Variable Annuity Load, No-Load, and/or Load-Waived Mutual Funds	Annual Service, Contract, &/or TPA Fee	Annual Advisory, Separate Acct or M&E Fee (% of assets)	Fund Management Expense Ratio (range)	# Of Funds / Fund Families Load/ No-Load/ /Load Waived and/or Institutional Share Classes	Assistance Provided by Vendor & Additional Information

### Enrolling with a new vendor:

Contact your chosen vendor. Some provide electronic enrollment forms online. A representative can also help with the enrollment process and with the transfer of existing 403(b) accounts. Previous accounts may also remain “frozen” with the current company. For comprehensive information refer to your *Personalized Retirement Benefits Guide* provided by TSACG and distributed through your local school district. Also visit the TSACG website, <https://www.tsacg.com/index.htm>. Employees can access their employer specific web page by utilizing the "District/College Pages" in the left menu at the above address. The form required for approval of transactions by TSACG, such as transfers, hardship withdrawals, loan requests and distributions is at [https://www.tsacg.com/documents/Transaction\\_Routing\\_Request\\_form.pdf](https://www.tsacg.com/documents/Transaction_Routing_Request_form.pdf)

Once you have established your new plan, you will need to sign a new salary reduction agreement with your school district.

***Disclosure (Applies to all companies and products described in this document):*** Plan information has been provided by an authorized company representative. Before investing with any company, contact a representative for up to date plan information and current interest rates credited to fixed accounts. Before investing in any mutual fund, carefully read the prospectus(es) which contain information about investment objectives, risks, charges, and expenses, all of which should be carefully considered before investing. For current prospectus(es) call the company. Investing involves risk. The investment return and principal value will fluctuate and, when redeemed, the investment may be worth more or less than the original purchase price. Asset allocation, or the use of an investment advisor, does not ensure a profit nor guarantee against a loss.

### Table Notations

<sup>1</sup> Review individual prospectus and consult with an advisor for current fund fees, share classes available, and pricing.

<sup>2</sup> 12-b fees and similar fund distribution and service fees are rebated to plan participants, thereby reducing the advisory fee. Effective fee reduced by 25% for period ending 06/30/09.

<sup>3</sup> As total value of assets invested by an individual and/or combined group assets of all MRIC participants increase, annual fee may decrease.

<sup>4</sup> Surrender fees may apply.

<sup>5</sup> Contact the company representative for current credited interest rates. Rates are subject to change.