



MSRP

Magazine

457(b)

Roth 457(b)

401(k)

Roth 401(k)

403(b)

Volume 2. Issue 1. Spring 2022

**Real People.
Real Stories.**

Angela Anderson

*The financial playground issue.
All about the online tools available
to help you plan for your future*



Dan Wrzesien
Program Director

Welcome to the financial playground

In this issue of *MSRP magazine*, we take a look at the cool stuff on MarylandDC.com—found on the *Tools and Calculators* section on our homepage as well as post login. These tools might prove you're more capable of achieving financial independence than you thought.

We invite you to reach out with any questions or help walking-through any account management tasks. A directory of local Retirement Specialists is included on the last page of this magazine. And if you're not already a member, we'd love to have you. Enroll at MarylandDC.com, or by using the *EZ enrollment form* tucked inside, or contact Customer Service at 800-545-4730, or contact your Retirement Specialist.



Congratulations to Team MSRP on their First Place Eddy Award for our COVID-19 response

MarylandDC.com

Automated Voice Response Unit
800-545-4730

Individual Customer Service
800-545-4730
Monday through Friday 8 am to 11 pm
Saturday 9 a.m. to 6 p.m.

Personal assistance from your local Retirement Specialist
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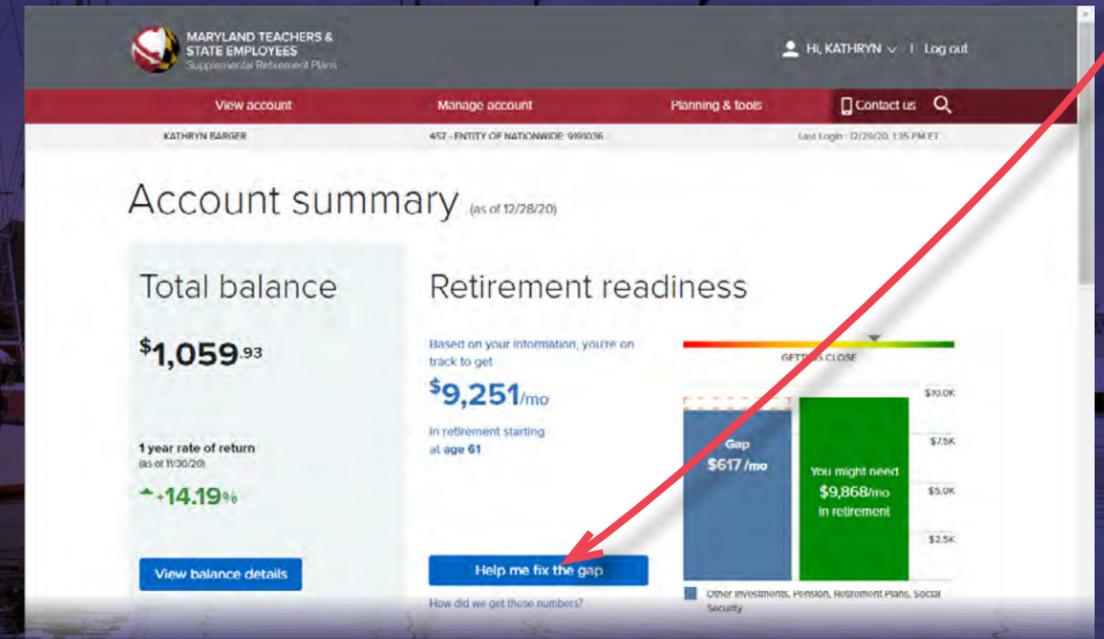
MSRP provides supplemental retirement plans like 457(b), Roth 457(b), 401(k), Roth 401(k), 401(a), and 403(b) plans to help Maryland state employees save for their future. If that sounds like a bunch of alphabet soup to you, no worries, we're here to help sort it out. The point is, getting in empowers people to play an active role in their own financial freedom.

Membership in MSRP is voluntary. This means our members call the shots. They decide how much money is transferred from their paycheck to their account(s)—and can start, stop, or change as their life changes. Money in MSRP accounts belongs to members, not the state, so members are in control of how it's invested and distributed.

Supplemental retirement plans were created by congress to facilitate long-term savings. This makes them different from savings accounts because IRS rules govern how much can be contributed annually as well as when and how the money can be accessed. Bottom line: distributions can begin at a designated time/age (usually retirement), but MSRP offers unforeseeable emergency, hardship, and loan provisions for members who need money sooner.

Push the blue button

People who do are more likely to be more retirement ready than those who don't¹



Retirement is about more than money. It's about spending time the way you want and achieving your dreams. *My Interactive Retirement PlannerSM* can help you discover how your financial decisions, assets and planning may affect your future.

My Interactive Retirement Planner is available both from the *Forms and Calculators* section of MarylandDC.com **AND** also after you log into your online account. Access it after you log in to have your account balances and current contributions pre-loaded into the tool.

Go beyond generic future value illustrations by:

- Pulling pension and Social Security estimates, based on employer, automatically
- Including spouse's income/assets
- Showing how changing contribution amounts might affect savings over time
- Recommending ways to improve your readiness

After answering a series of questions, the tool will generate a customized Retirement Readiness

Report. You can download and save the report, or dive right in to implementing changes within your MSRP plan account.

If you'd like more help deciding **how** to invest, for example in a target-date collective investment trust (CIT), a professionally-managed account, or selecting individual investment options, schedule a consultation with your local Retirement Specialist found on the last page of this magazine.

Results are a hypothetical view of what your retirement may look like, based on the information you provided. Please note future retirement income is not guaranteed.

¹ Nationwide Research. 2018.

Fuel your fun with MarylandDC.com planning tools.



How do you predict how much money you will need for your retirement? Don't forget about potential health care costs.

There's plenty to explore in the "TOOLS & CALCULATORS" section of MarylandDC.com to help you get a better idea of what you will need.

From the home page, scroll nearly to the bottom and look for it on the right side in desktop view and on the left in mobile view.

Once you've logged into your account, you will find even more tools that can help you.



Visit this Wizard of Oz themed playground at Watkins Regional Park in Upper Marlboro Maryland

Photos by Robin Sommer MidAtlanticPhotographic.com

Roth analyzer

Here are the comparison results:

When take home pay remains the same

	Traditional	Roth
Available for Contribution ¹ :	\$1,500	\$1,230
Balance at Retirement:	\$764,602	\$626,973
Retirement Payment ² :	\$44,175	\$50,310

Trying to decide between Roth (after-tax) and traditional (pre-tax)? The Roth Analyzer tool can help. Be prepared to plug in:

- Your current annual income
- The amount of your current deferral
- Expected salary growth rate
- Your current tax rates. It's okay to guess, 24% falls right in the middle of the federal tax brackets. You can find your exact bracket at <https://www.nerdwallet.com/article/taxes/federal-income-tax-brackets>.
- Your estimated target rate of return. We use 7% for pre-retirement earnings and 5% after for our illustrations.

The analyzer provides a side-by-side comparison based on the information you provide.

Paycheck Impact Calculator

General inputs

Current gross salary: \$ 0

Paychecks per year: Monthly (12 per year)

Number of exemptions: 0

Federal withholding status: Single

State of employment: Alabama

State withholding status: Single

Is Social Security withheld from your paycheck? Yes No

Current contribution to employer-sponsored plan: Percent 0% Dollar \$ 0

With a pre-tax account, more money goes into your account than comes out of your take-home pay. See how much money you can afford to save with the *Paycheck Impact Calculator*.

2 Your estimated health care costs in retirement

Female
Current age: 56
Retirement age: 68
Health rating: ♥♥♥

Your estimate is based on these inputs: 55 year old female with a selected health rating of Average, retiring at age 65 in Maryland, and assumes a life expectancy to age 83.

ESTIMATED AVERAGE HOUSEHOLD Health Care Costs

\$1,147 /mo

• in future dollars
• in today's dollars

It's no surprise that health care is one of the biggest expenses for retirees.

Knowing your health care costs in retirement is the first step to planning for these expenses. *My Health Care Estimator* on MarylandDC.com is a good place to start.

- Answer 4 questions about you and your spouse.
- Get an estimate of your projected health care costs in retirement.
- See how health care costs fit into your overall retirement budget.

Diversification or Worsification?

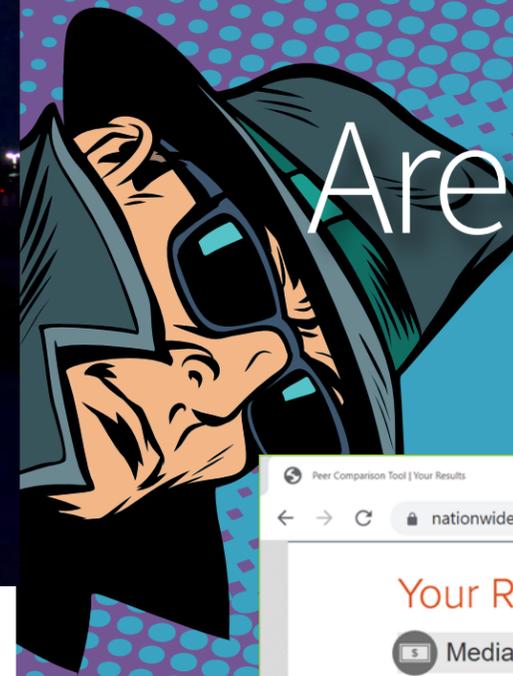
It's only natural for our investments to go up and down. Some find it thrilling. It makes others queasy. Asset Allocation, sometimes referred to as diversification, is an investment strategy that aims to help smooth drastic ups and downs by dividing contributions across different types of funds. For example, a certain percentage in smaller companies, another percentage in larger companies, another for bonds, etc. Keeping in mind, there is no strategy, including asset allocation, that can guarantee profits or prevent losses.

So far so good, but what happens when it's time to figure out what goes where? Do you think you're properly allocated, but you're not? Test your knowledge with this quiz.

Take the quiz

Important disclosure: *The table below contains some common misconceptions about asset allocation and investing.* The statements may or may not be true. Please see the explanation on the inside back cover for answers as well as important disclosures about investing.

	Maybe	True	False	This is a good example of asset allocation.
1				40 year-old Titus can't stand the thought of losing money, so he invests everything in the fixed account because its the safest.
2				25 year-old Jeremiah really liked the returns he saw for Mid-Cap funds in the Investment performance report, so he divided his contribution equally among all them. He saw a risk/return diagram in the Basics and figures Mid-Cap hits right about where he wants to be.
3				52 year-old Ocie has all their money in a single CIT.
4				36 year-old Fatin has three different retirement accounts from former employers. She's properly diversified because each account is managed by a different company.
5				38 year-old Bayodele learned about asset allocation when she was hired ten years ago. She used My Investment Planner on MarylandDC.com to help her select her investments and has been letting it ride ever since. She's in it for the long-term.
6				22 year-old Brittany has always been good with numbers and has a solid understanding of investing. They designed a moderately aggressive model that includes small, medium and large cap funds but no international funds.
7				43 year-old Kevin contributes 5% in every fund in the MSRP plan



Are you ahead of the pack?

Find out how you are doing

The Peer Comparison Tool enables you to see how much people like you are contributing and saving for retirement, and how your progress stacks up against your peers. Comparisons are based on Nationwide® 457(b) and 401(k) retirement plan data.

Just enter your information and you will see a snap-shot of where you stack up.

<https://www.nationwide.com/cps/nrs-peer-comparison-tool.html>

No snooping required

Meet Angela Anderson

Angela Anderson is currently a *Member Services Education Specialist* for MSRP, but *more importantly*, she's been a member of MSRP since 2008. Before working for the state, she saw firsthand the struggles most households experience due to their lack of sufficient financial education. "At 20 years old, my manager **insisted** I start saving in a 401(k). Of course, this didn't make much sense to me then, but I did it. And today I'm so very thankful. Once I saw my account begin to grow and compound, I realized this was one of the best decisions I could make for my future self."

Angela is eager to share what she's learned over the course of a long, successful financial services career. She believes with the proper knowledge and tools people can make a difference, to change their destiny. MSRP provides not only a way to save for retirement, but also the "why." Helping members understand how to budget, set goals, create a financial plan, and calculate what they need to do today to be prepared for the future is what she loves about working for MSRP. MSRP's educational webinars, seminars, and individual appointments help change the lives of so many state employees.

*"At 20 years old, my manager **insisted** I start saving in a 401(k). Of course, this didn't make much sense to me then, but I did it."*

"There's nothing more rewarding than encouraging a young employee entering the workforce to enroll, just like I did. Or encouraging someone to create a spending plan to help be free of unnecessary debt. Or provide the education needed to help a member build financial security one paycheck at a time."

There are so many tools and videos on MarylandDC.com, like *My Interactive Retirement PlannerSM*, that can help our members determine if they're on track to meet their goals. "I can only imagine the impact this tool could have made in my own retirement account balance if I had access to it sooner" says Angela. MSRP's Board, Executive Director, Ronda Butler Bell, and the Member Services Education Team strive to consistently provide the most updated information and resources to help state employees conquer and reach their financial goals. It's never too early or too late to start saving for retirement; you just need to take the first step in saving just like Angela.



The person who overcame debt and retired earlier

Claire* walked up to Angela after a presentation and asked if she remembered her from 5 years ago. She said that after an educational workshop they met to discuss debt and her goal to retire in 10 years even though she didn't think it was possible.

During the meeting that day they discussed the tools and suggestions shared at the workshop and created a debt elimination plan.

Exactly 5 years later, Claire attended a Pre-Retirement seminar with her husband because she was retiring within the next 6 months! She introduced Angela to her husband and said "This is the person I always talk about who helped us get on the right track so that I can retire 5 years sooner."

MSRP's financial education seminars are designed to empower state employees to help reach their financial goals. Find one at msrp.maryland.gov.



EZ enrollment

457(b)
401(k)

PERSONAL INFORMATION

(please print)

Name _____ Male Female

Address _____

City _____ State _____ Zip _____

Home Phone _____ Work Phone _____

Email Address _____

Date of Birth ____/____/____ Hire Date ____/____/____

Gasp I'm ready to retire? Now what?

By Abby Kuo

This is the moment you've been waiting for: Retirement! You've worked. You've saved. You've done all the right things (hopefully), and you're ready for what's next. Or are you? It can feel a little scary leaving your job behind. Knowing what to expect, based on your situation, can go a long way to reassure you during the transition.

Marilyn is getting ready to retire this July but wanted help to determine if she and her husband, John would have enough retirement income to meet their financial obligations after she left state employment. After talking to her Personal Retirement Consultant®, Abby, Marilyn was given the task of obtaining her state pension and Social Security statements. Once she had these documents ready, a virtual appointment was scheduled to complete the My Interactive Retirement PlannerSM. During the meeting, Abby showed the couple their sources of retirement income and anticipated expenses particularly how Marilyn's MSRP accounts would cover their discretionary expenses. The detailed Retirement Readiness report was sent

to Marilyn and John, which provided reassurance that they were on track to meet their financial expenses now and in the future. Not only that, John was delighted to learn that he would have enough to buy a boat and Marylin was able to plan for major, post-retirement home repairs.

Note: This story reflects typical interactions between people nearing retirement and their Personal Retirement Consultant, and not specific to any individual investor.



Schedule an appointment with one of our Personal Retirement Consultants at 443-886-9402 to help you navigate the road ahead.

SIGN ME UP!

I want to enroll in the MSRP Program and begin contributing:

\$25 per pay period OR \$_____ per pay period

Paperless Delivery I am consenting to receive statements, confirmations, terms, agreements and other information provided in connection with my retirement plan electronically.

I acknowledge that I will receive a full Memorandum of Understanding in the mail. I will be enrolled into the 457(b) plan unless I am currently 55 or older, in which case I will be enrolled in the 401(k) plan. Your payroll deduction will be invested in the T. Rowe Price Retirement Trust closest to the year in which you turn age 65.

Social Security Number _____

Signature _____ Date _____

Beneficiary _____ Relationship _____ / _____ %

Please be sure to provide your Social Security Number, signature, and date.

Investing involves market risk, including possible loss of principal. While Team MSRP cannot offer investment, tax or legal advice, we can help you understand the risks you may face and strategies that may help you deal with them. Not investing for retirement—or not investing enough—involves risk too. Talk with a Team MSRP Member about your options through the Maryland Supplemental Retirement Plans.

Please fill in the information below and fax this form to: 443-886-9403 or mail to: Nationwide, 11350 McCormick Rd, Exec Plaza 1, Ste 400, Hunt Valley MD 21031

Number of pay periods per year _____ Agency Code: _____ Work Address: _____

Payroll Type (circle answer): Regular University Contractual Other Payroll Center Name (circle answer): _____ Central University Other

Easy increase form

Use this form to change or increase your contribution to your MSRP. **If you have more than one account, you must use one form for each plan type.**

 Fax completed form to 443-886-9403

 Mail to:
Nationwide
11350 McCormick Rd
Executive Plaza 1
Suite 400
Hunt Valley MD 21031

PERSONAL INFORMATION

Name _____
Address _____
City _____ State _____ Zip _____
Home Phone _____ Work Phone _____
Email Address _____
Date of Birth ____/____/____

PLAN TYPE select only one per form

457(b) Roth 457(b) 401(k) Roth 401(k) 403(b)

EMPLOYMENT INFORMATION

Regular Contractual University of Maryland 26 pays Monthly Other: _____
Place of employment: _____
Agency Code (found on the top left corner of the pay stub) _____

CONTRIBUTION CHANGE

Old Contribution Amount: \$ _____ New Contribution Amount: \$ _____

Check if this is an **age 50 catch-up contribution**

Check if this is a **special 457 catch-up contribution**

In accordance with my signed contract with Nationwide Retirement Solutions, the Third Party Administrator for the Maryland Teachers and State Employees Supplemental Retirement Plans, I authorize the State of Maryland to deduct from my salary the above amount and to forward it to Nationwide Retirement Solutions. This deduction will begin on the pay period specified above and will continue until written notice to change or cancel is submitted for me through Nationwide Retirement Solutions on a new authorization form. Some mutual funds may impose a short-term trading fee. Please read the underlying prospectuses carefully

Social Security Number _____

Signature _____ Date _____

Please be sure to provide your Social Security Number, signature, and date.

Maximum deferral and paycheck impact*					
Under age 50		Age 50+ Catch-up		Special 457 Catch-up	
Maximum deferral	Paycheck impact	Maximum deferral	Paycheck impact	Maximum deferral	Paycheck impact
\$750	\$585	\$1000	\$780	\$1,500	\$1,170

*Assumes 22% tax bracket



A closer look: Collective Investment Trusts (CITs)

Target date funds are a type of asset allocation fund that is rebalanced over time to become more conservative as retirement approaches. MSRP offers CITs which are very much like their similarly-named T. Rowe Price Target Date Fund counterpart, only with lower fees. Here's how they differ:

- A collective investment trust (CIT) is a tax-exempt, pooled investment fund, available mainly in employer-sponsored retirement plans.
- While they are similar in structure to mutual funds, CITs are unregulated by the Securities and Exchange Commission (SEC).
- CITs have a growing presence in 401(k) plans, due in large part to their lower management and operating costs.
- CITs typically have lower expenses than mutual funds because in many cases they have lower marketing costs, no SEC filing requirements, no board of directors and generally lower overhead.
- CITs are also offered only by banks and trust companies for retirement plans and not available to the general public, unlike mutual funds, which investors can purchase directly or through a financial intermediary, such as a broker.
- While CITs do not have publicly-available ticker symbols, you can find information about each trust using the CUSIP symbol found on the Investment Performance Report.
- The oversight of CITs is usually delivered by managers employed by the trustee, whereas mutual funds are led either by a mutual fund manager or group of managers as approved by a board of directors.
- CITs have a separate set of regulators from mutual funds and typically are restricted from making fund information available to the general public, though participants invested in CITs can access fund information from their plan's website.
- CITs cannot be rolled over into IRAs or other accounts, members need to first convert their CIT to cash before rollout.

Target date funds and T. Rowe Price CITs invest in a wide variety of underlying funds to help reduce investment risk. So, in addition to the expenses of the target date funds, you pay a proportionate share of the expenses of the underlying funds. Target date funds are designed for people who plan to withdraw funds during or near a specific year. Like other funds, target date funds are subject to market risk and loss. Loss of principal can occur at any time, including before, at or after the target date. There is no guarantee that target date funds will provide enough income for retirement.

GET THE 411 on 401(k)s, 403(b)s, and 457(b)s



Retirement Specialists are available to assist with enrollment, account management, and understanding investment options. Schedule an online consultation, or contact your Retirement Specialist via phone or email.



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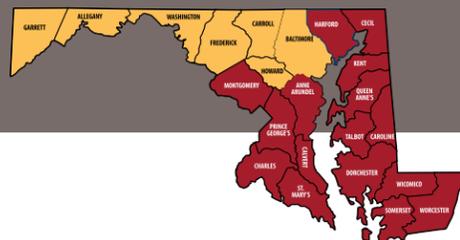


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Diversification or worsification answers

- False.** Having 100% in a fixed account may mean that savings isn't keeping pace with inflation.
- False.** There are two things wrong with this strategy: 1) past performance doesn't indicate future success, so basing picks on what's already happened doesn't make sense. 2) The idea behind asset allocation is that losses in some funds will be offset by gains in others. Multiple funds in the same category, like large-cap, may share many of the same underlying investments, like Amazon stock. If Amazon got some bad news, it could also be bad news more than one large-cap fund.
- True.** Even though it's a single fund, asset allocation is built in.
- Maybe.** It's possible to have three different accounts and be well allocated. However, it may be trickier to determine if investments are unbalanced, i.e., too many investments in fund category A and not enough in fund category B. Some investors choose to consolidate multiple accounts into a single account to make managing investments simpler.
- True and False** could both be correct. Starting out with a properly allocated account could still be balanced after ten years. However, over time investments tend to drift from their original allocations. Investors' needs typically change over time, so this investor should consider evaluating and re-balancing their account.
- True.** A balanced account doesn't have to include every fund category.
- Maybe.** This approach doesn't seem to take risk/reward potential into account.

MSRP has ways to implement an asset allocation strategy:

- Choose an investment model and monitor, adjust and rebalance as needed. Our [My Investment Planner](#) tool can help.
- Choose a CIT based on your date of birth.
- Enroll in ProAccount. For an additional charge, professionals will manage your account for you based on your age and risk tolerance.

MSRPle

Can you guess the word?

Instructions

- The letter is not in the word
- The letter is in the word but is in the wrong place
- The letter is in the word in the correct place

b	e	a	c	h
r	a	v	e	n
c	r	a	b	s
p	e	i	r	s

Have you heard about the latest online puzzle craze Wordle? To play, you get six tries to guess a five-letter word. A new puzzle is released each day by the *New York Times*. You can play it at nytimes.com/games/wordle/index.html.



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NRM-19391M2-MD

Need help mapping out retirement?



MSRP can help you get there. Contact your Rep for one-on-one guidance.

Member experiences within may not be representative of the experience of other members. These experiences are not a guarantee of future performance or success.

Nationwide Investment Advisors, LLC (NIA) provides investment advice to account holders enrolled in Nationwide ProAccount. NIA is an SEC-registered investment adviser and a Nationwide affiliate.

NIA has retained Wilshire® as an Independent Financial Expert for Nationwide ProAccount. Wilshire provides investment allocation portfolios based on participant ages and their personal tolerance for investment risk.

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