MSRP Magazine

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

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Real People. Real Stories.

Rematch: Tortoise & the Hare

State employees & Social Security

Tipping the balance between contributions and account growth

Dan Wrzesien
Program Director

Welcome to our first edition of *MSRP Magazine*

MSRP is here to help State of Maryland employees and contractual employees have brighter futures. It's in that spirit that we're launching MSRP Magazine to provide you with information you can use, when you can use it—and celebrate what we love about Maryland while we're at it.

This issue's theme is the importance saving enough as quickly as possible to help have the maximum amount of time for compounding to really make a difference. Compounding is like a rocket, it's slow going in the beginning, but with enough fuel, momentum builds until fuel is no longer needed to keep moving forward.

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.

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
800-966-6355

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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.

Race to 100k

ONCE UPON A TIME, a hare contributed $578/mo to his MSRP account. After 10 years, no more contributions—it's goof off time. He's a sprinter not a distance runner after all.

At the same time, a slow and steady tortoise entered the race with a $200/mo contribution. He's going the distance, so he just keeps on contributing all the way to retirement.

The moral of this story: *At the 100k milestone, compounding can potentially begin to outpace contributions.* Compounding did most of the work for the hare helping him finish ahead.

This illustration is a hypothetical compounding calculation. It is not intended to serve as a projection or prediction of the investment results of any specific investment. Investments are not guaranteed. Depending on your underlying investments, your return may be higher or lower. No taxes or fees are reflected in this example, which would lower the results displayed. Investing involves market risk, including possible loss of principal.
Source: Compound interest calculator at investor.gov assumes 7% return compounded monthly.

10 years / contributions
20 years / *Goofing off*

30 years / contributions

Slow and steady or quick as can be, there are no wrong moves as long as you're taking action to save for your future. Team MSRP can help. Contact us at 800-545-4730.

WATCH VIDEO on MarylandDC.com

State employees & Social Security

As you approach retirement, you are likely to face a host of decisions that could significantly impact your financial future. One of the critical decisions you'll make is filing for your Social Security benefits, a choice that plays an important role in your broader retirement income plan. Your Social Security decision will certainly impact the amount of essential and discretionary income you have during retirement. And the decision you make is largely permanent (although you do have a 12-month window to change your decision).

Regardless of your income level, Social Security benefits are a significant component of your overall portfolio, and they provide an opportunity you don't want to overlook. As a portion of your lifetime retirement income — and one that is indexed for inflation — Social Security takes on added importance as pensions and personal assets continue to decline.

For many years, 65 was the default age for retirement, because that's when full Social Security benefits used to begin.

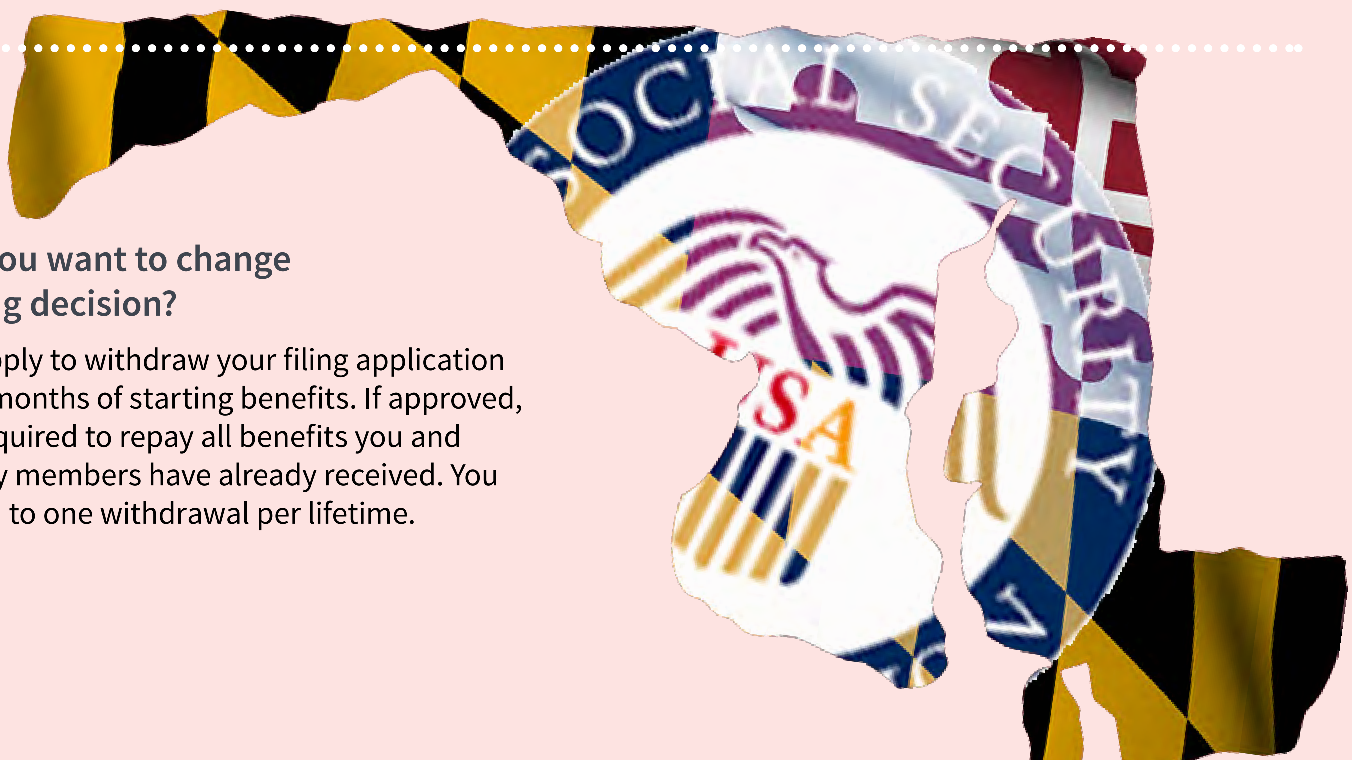
Times have changed. Today, full Social Security benefits start between age 66 and 67 for most Americans. Plus, you now have the options to get reduced benefits as early as age 62 or to delay taking your benefits up to age 70 to increase your monthly Social Security income.

Filing early may make sense for some people, but it's important to understand the limitations and the opportunity that you may miss to increase your Social Security income.

Longer life expectancies mean you are likely to need Social Security income for a longer period. So it may make sense to take advantage of delaying rules that can grow your monthly benefit, while helping you accumulate more benefits over the course of your retirement.

There are times, however, when it makes sense to start Social Security benefits sooner, even if they're reduced. For everyone, there is a break-even point — typically between 12 and 15 years from the start of Social Security benefits — where accumulating higher benefits over a shorter period outweighs collecting smaller benefits over a longer period.

For a single person, life expectancy primarily determines when this break-even point may occur. For a couple, a break-even analysis is complicated by the different life expectancies of each individual. Typically, this analysis would look at all possible life expectancy combinations and focus on a strategy that would provide the largest lifetime benefit to both spouses for as long as either spouse is alive.



What if you want to change your filing decision?

You can apply to withdraw your filing application within 12 months of starting benefits. If approved, you are required to repay all benefits you and your family members have already received. You are limited to one withdrawal per lifetime.

When's the time to start planning?

As you look ahead to your life before and during retirement, you will see many pivotal decisions about your retirement finances and income. The choices you make will impact the direction your retirement takes.

Starting at age 55 is generally the best time to start planning for Social Security and all of the other financial decisions that will soon follow.

- AGE **50** — Catch-up contributions permitted for 401(k)s, 457(b)s and IRAs
- AGE **55 to 62** — **Plan for your Social Security filing decision**
- AGE **59½** — Earliest age to withdraw IRA and 401(k) assets without penalty
- AGE **62** — Earliest age to begin Social Security benefits (at reduced amount)
- AGE **65** — Medicare eligibility
- AGE **66 to 67** — Full Social Security benefit eligibility
- AGE **70** — Maximum Social Security benefits
- AGE **72** — Must take RMDs (required minimum distributions) from IRAs

OLD BAY® crab cakes

This simple crab cake recipe features OLD BAY Seasoning. French's Classic Yellow Mustard, parsley flakes, mayo, and egg form the flavorful base for a deliciously golden brown crabmeat filled patty. Serve with a fresh slice of lemon, tomatoes and lettuce for a refreshing yet savory dish.

10m prep time | 10m cook time | 206 calories | 7 ingredients | 4 servings

Ingredients

2 slices white bread, crusts removed and crumbled

2 tablespoons mayonnaise

2 teaspoons OLD BAY® Seasoning

2 teaspoons McCormick® Parsley Flakes

1/2 teaspoon French's® Classic Yellow Mustard

1 egg, beaten

1 pound lump crabmeat

Instructions

Mix bread, mayonnaise, OLD BAY, parsley, mustard and egg in large bowl until well blended. Gently stir in crabmeat. Shape into 4 patties.

Broil 10 minutes without turning or fry until golden brown on both sides. Sprinkle with additional OLD BAY, if desired.

MSRP thanks OLD BAY® for graciously giving permission to reprint this recipe from their website.

Make tax time a little less taxing

Saving for retirement in this economy is a unique challenge. Decreased income security and increased market volatility can leave long-term and short-term investors alike feeling shaken.

But did you know there's a way to invest in your future while actually decreasing your spending money by less than you'd expect? That is exactly the benefit that pretax deductions can give you.

If you already have an IRA, you can choose to roll it over to MSRP at any time to keep all your account balances in one convenient place.

What are pretax deductions? Pretax deductions supply you with a benefit and they can decrease the amount you pay in taxes. These benefits may include things like life insurance, short- and long-term disability insurance, and retirement savings.

How do they work? Before your employer calculates how much money you owe in taxes for each paycheck, they pay for each benefit using a paycheck deduction. You become the owner of the benefit, and the money spent to purchase it is simply subtracted from your taxable income.

How do they reduce taxes? When you decide to use your pretax dollars to fund these items, that amount is removed from your gross-income—before most of your taxes are calculated. This reduces your tax burden by reducing the amount of income being taxed.

MSRP utilizes pretax payroll deductions to make it simple for you to build your retirement sustainably and on your terms. If you have a stimulus check or a tax refund, and would like to bump up your contribution temporarily, contact your local Retirement Specialist (Find the full list on the back page of this magazine).

MSRP also provides Roth 457(b) and Roth 401(k). These plans have higher contribution limits than Roth IRA, and unlike Roth IRA, there are no income restrictions, so anyone can have one. Although they don't utilize pre-tax dollars, they do offer the benefit of tax-free earnings as long as you follow the IRS rules for withdraw.

It's time to jump-start your retirement savings and enjoy the tax benefits with MSRP. Schedule a session with one of our Retirement Specialists for more information on these benefit as there are IRS limitations to consider when using pretax deductions and opening new accounts. We're here to support you as you build your financial future.

There are generally several considerations relevant to evaluating whether you might rollover outside assets or leave the money where it is currently invested. Qualified retirement plans, deferred compensation plans and individual retirement accounts are all different, including fees and when you can access funds. Assets rolled over from your account(s) may be subject to surrender charges, other fees and/or a 10% early withdrawal tax if withdrawn before age 59½. It's important to understand retirement account differences and similarities, such as fees, services, investment options, etc., before making any rollover decisions.

This material is not a recommendation to buy, sell, hold or roll over any asset, adopt an investment strategy, retain a specific investment manager or use a particular account type. It does not take into account the specific investment objectives, tax and financial condition or particular needs of any specific person. Investors should work with their financial professional to discuss their specific situation.

Mystery of the lost IRA

If you've had more than one employer in your life, chances are you have more than one retirement account. In 1992 at the age of 23, Linda began work with the local Board of Realtors. The Board was a small employer and didn't have an employer-sponsored retirement plan. Instead, they paid each employee $2,000 for deposit into an IRA. Linda opened an IRA with her local bank and deposited $2,000 per year for five years—and forgot about it. Her next two employers *did* offer retirement plans, and as time went on, she had a 401(k), a 401(a), a 403(b), and a thrift plan, in addition to her very first IRA.

Things seemed to be getting a little complicated with all those accounts so she combined them into a single account. All of them, that is, except for her IRA. By the time she was in her fifties, she had moved to a new home, and the bank where she opened her first IRA was no longer around. She had no idea where the money went.

Linda is not alone. A 2009 PenChecks report found almost $151 million of unclaimed retirement benefits for over 58 million missing participant accounts.[1] If you're having trouble locating a retirement account from a previous employer, the first step to finding it is to contact the employer and ask for help. If you're like Linda and can't do that, you can look search the National Registry of Unclaimed Retirement Benefits at UnclaimedRetirementBenefits.com. Search for lost IRAs at missingmoney.com.

Forgot where your booty lies?

UnclaimedRetirementBenefits.com
MissingMoney.com

When you move from job to job, it's easy to lose track of your previous retirement accounts, especially if former employers change names, are bought out or cease to operate. Combining your eligible retirement accounts may make managing your money and planning for retirement easier. Consolidating may seem like a hassle, but we've been helping members do it for a long time. We'll do the work for you.

As you consider combining assets into your retirement account, bear in mind that qualified retirement plans, deferred compensation plans and individual retirement accounts are all different, including fees and when you can access funds. Assets rolled over from your outside account(s) may be subject to surrender charges, other fees and/or a 10% tax penalty if withdrawn before age 59½. Team MSRP Retirement Specialists do not give legal or tax advice. Please contact your legal or tax advisor for such advice.

1Millions of Dollars Available in Unclaimed Retirement Benefits, http://www.prlog.org/10230235-millions-of-dollars-available-in-unclaimed-retirement-benefits.html, May 5, 2009

Nadine Countess “Saving through MSRP will provide me with a safety net to ensure my family will not need to use their personal income to take care of me in my later years.”

Real people. Real stories.

We asked state employees why they save with MSRP. Here’s what they had to say...

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

Elvira Smith “I started saving because it was easy and effortless. My money started growing. It’ll be another resource for me to use in retirement. ”

Ashley Harvin “MSRP has helped me save and invest a lot of money with its low fees and easy to use online access. With a touch of my phone, I can increase what I invest from my pay, decreasing my taxable income each year. It’s a great program to be a part of for planning your financial future.”

Matthew Levin “I started saving with MSRP because I wanted to diversify my investments in a tax-sheltered retirement account. Many of my friends aren’t saving because they don’t plan to retire until they are in their 70s. I suggest to them to start saving a small amount. Getting started is what counts.”

Rollover to MSRP

Rollover from	457(b)	Roth 457(b)	403(b)	401(k)	Roth 401(k)
457(b)	Yes	Yes[20]	Yes	Yes	No
Roth 457(b)	No	Yes	No	No	Yes
403(b)	Yes	No	Yes	Yes	No
401(k)	Yes	No	Yes	Yes	Yes[17]
Roth 401(k)	No	Yes	No	No	Yes
Roth 403(b)	No	Yes	No	No	Yes
IRA	Yes	No	Yes	Yes	No
Roth IRA	No	No	No	No	No
Simple IRA	Yes	No	Yes	Yes	No
SEP IRA	Yes	No	Yes	Yes	No
Pension	Yes	No	Yes	Yes	No
Thrift savings plan	Yes	No	Yes	Yes	No

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[17] The money rolled over is taxable at distribution.

457(b)

401(k)

MSRP

EZ enrollment

PERSONAL INFORMATION
(please print)

Name____ ☐ Male ☐ Female

Address____

City ______________________________ State __________ Zip _______________

Home Phone________________________ Work Phone ________________________

Email Address____

Date of Birth ____/_____/______ Hire Date ____/_____/__________________________

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

Saving for retirement is like building a snowman

There are few things more satisfying to the kid in all of us than the crunch of snow beneath a massive snowball rolling towards the perfect place to build a snowman. You can start a snowman from any size snowball—but you probably wouldn't start with ping-pong-ball-sized snowball. Why? Time is limited, starting with the biggest possible ball before rolling gets you further faster.

The same is true with investments in MSRP. No matter where you are on your journey, there's a limited amount of time to accumulate value. Starting with a small balance and no plans to build it up quickly is like rolling around a ping-pong-sized snowball. Your contributions are responsible for the bulk of account growth until there's enough to tip the balance. Eventually, growth results more from compounding than from contributions. At that point, investors can stop contributing altogether and let compounding do its thing.

For example, hypothetically, an investor begins contributing $146 per bi-weekly paycheck with compounding kicking in an additional 7% per month. After 15 years, the account balance reaches just over $100,000 with compounding responsible for a whopping 43% of the total account value.

Build your future on a strong foundation. Together, we can help you reach your milestones. Log into your MSRP account on MarylandDC.com and click the "change contribution" link located to the right of your account balance to give yourself a little boost.

This example is not intended to serve as a projection or prediction of investment results of any specific investment. Investments are not guaranteed. Depending on underlying investments, your return may be higher or lower. No taxes or fees are reflected in this example, which would lower the results displayed. Investing involves market risk, including possible loss of principal.

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.

Scan to schedule virtual appointment

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Raths5@nationwide.com
West of Charles St. & Rt. 83

Amy Lillis-Konopacki
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Lillia2@nationwide.com
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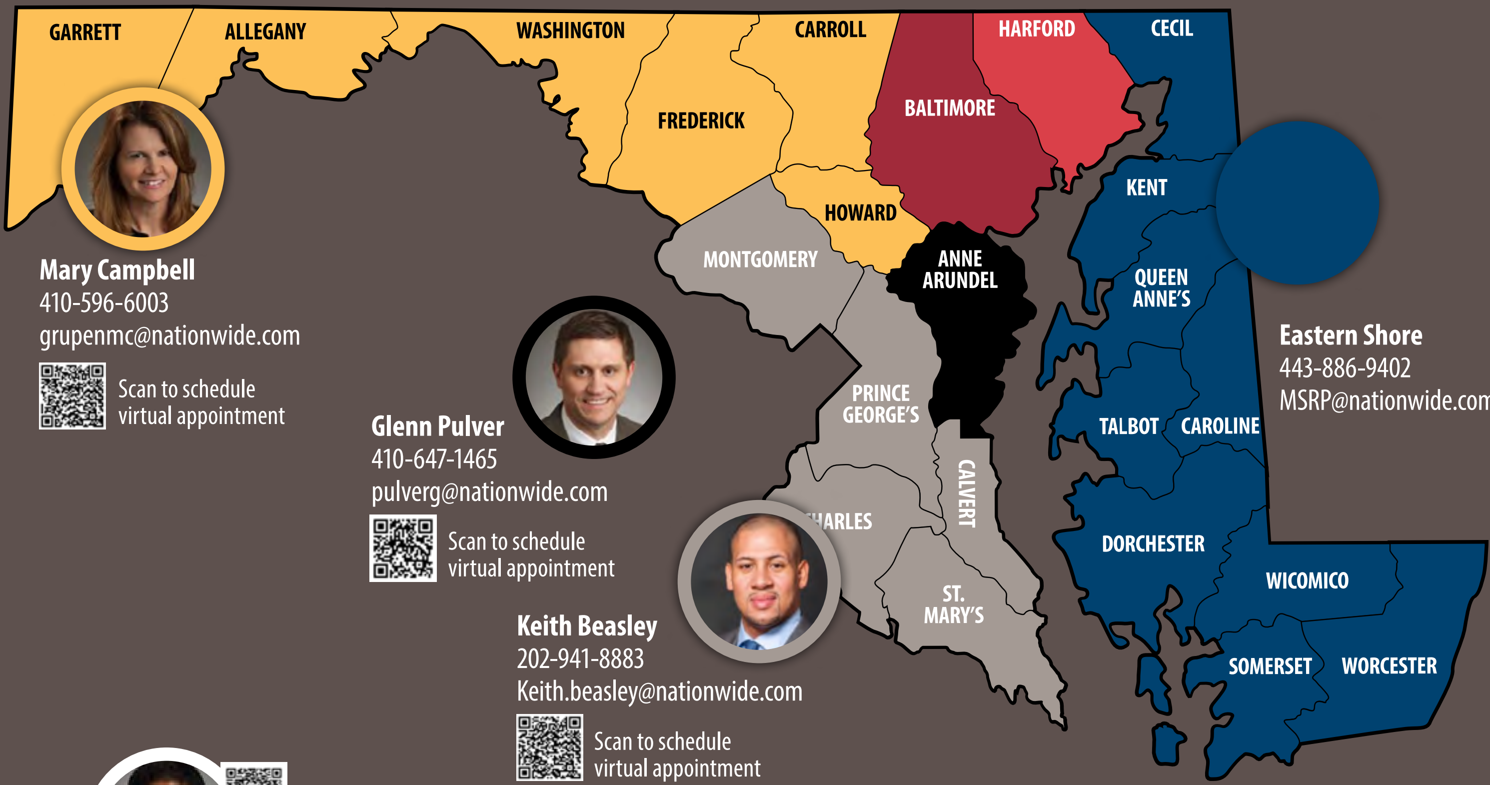

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Personal Retirement Consultants specialize in helping retirees and people within 5 years of retirement.

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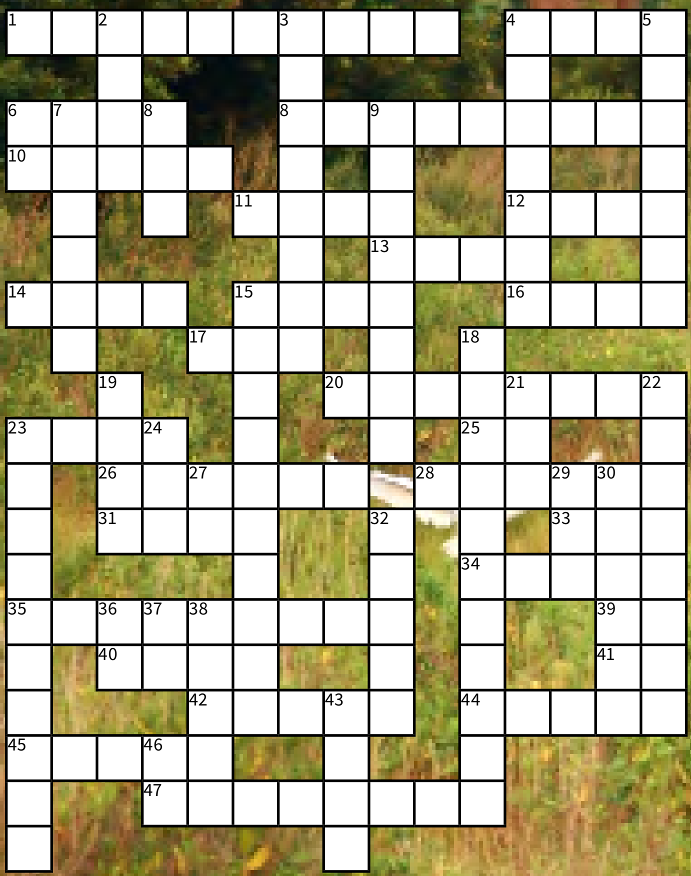
"I think I saved too much money."

—Nobody Ever



ACROSS

1 horse island
4 democrat color
6 Annapolis ship
8 tortoises
10 Atlantic
11 camping shelter
12 entry
13 very small amount
14 consolidate ____over
15 two
16 going in circles
17 electric measure
20 paycheck contribution
22 kick
25 New Mexico
26 bird
28 hide text
31 bird arm
33 Maryland poet
34 get consequence
35 Maryland food
39 vocalist note
40 457(b) provider
41 Deferred Comp
42 earlier
44 lineup
45 employee collective
47 Social ____

DOWN

2 keep
3 Maryland battlefield
4 having two legs
5 assures
7 doing
8 hairy cow
9 former workers
15 picture
18 named account heir
19 winter precipitation
21 required payment
22 understand numbers financial ___
23 managed account
24 three prefix
27 opposite out
29 all purpose cure
30 woulda ____shoulda
27 located
36 morning
37 false
38 long-necked bird
43 atmosphere
46 bone

show answers

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