Being an informed investor: Rollovers

MSRP

Tax laws allow for rollovers among 457(b), 401(k), 403(b) arrangements and IRA.

Therefore, it is important to understand the differences and the similarities of these arrangements, such as fees, services, investment options, etc., before making any rollover decisions. To better educate you, we have put together some items to consider when comparing and contrasting your options.

Rollover to MSRP

Rollover from	457(b)	Roth 457(b)	403(b)	401(k)	Roth 401(k)
457(b)	Yes	Yes[1]	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[1]
Roth 401(k)	No	No	No	No	Yes
IRA	Yes	No	Yes	Yes	No
Roth IRA	No	No	No	No	No
Simple IRA	Yes[2]	No	Yes[2]	Yes[2]	No
SEP IRA	Yes	No	Yes	Yes	No
Pension	Yes	No	Yes	Yes	No
Thrift savings plan	Yes	No	Yes	Yes	No

[1]Ignores Roth conversion. In other words, the money rolled over remains taxable at distribution.

[2]After 2 years, only one rollover in any 12-month period.

Don't close out your MSRP participation just because you can!

Whether you are thinking about rolling money into the Maryland Supplemental Retirement Plans, or rolling out, here are some of the many questions you may want to ask:

- What investment options are available?
- How often can I make exchanges? Are there charges to make exchanges?
- What services are available? 24-hour account access? Internet access? Quarterly statements? Investment performance reports? Financial education?
- Who oversees administration of the plan? And what are their qualifications?
- Can I contribute to the account?
- When can I begin distribution of the plan without penalty? How and at what age can I withdraw the money?
- Can I take a loan from my account? Are hardship withdrawals available?
- What are the costs? Any charges or commissions?

For rollover forms contact Team MSRP at **800-545-4730**, or log on to the Plan website at **MarylandDC.com**. To contact the Maryland Supplemental Retirement Plans, see below.

The information contained in this publication serves as a general explanation and is not meant as individual tax advice. Employees should contact their accountant, tax advisor or IRS publications for further details about tax credits and deductions. Employees can contact a Team MSRP representative for determination of eligibility and maximum contribution amounts.

Consider all factors before making a decision to move any retirement assets. Moving retirement assets from one plan to another may have unintended surrender, fee or tax consequences.

Neither Team MSRP, Nationwide nor any of its representatives provide tax or legal advice.

Note: Higher education state employees may have available more than one supplemental retirement account provider. For more information, please contact your employee benefits office or your supplemental retirement account provider.

Consider fees when changing providers.

Fees can be charged in many ways, some are less apparent, often termed "invisible" to the uninformed investor. However, if you know what to look for, digging beneath the surface can prove beneficial.

Here are explanations of different fees that may be charged. Providers may charge one or a combination of these fees:

- **Front-end load:** A sales charge paid by the customer to purchase shares of a mutual fund or investment company product. The charge generally serves as a commission for the registered representative who sold the fund.
- **Back-end load:** A sales charge paid by the customer upon redemption (sale) of mutual fund shares. The charge generally serves as a commission for the registered representative who sold the fund.
- **Mutual fund operating expense/expense ratio:** A charge equal to the percentage of assets deducted each year for operating expenses, management fees, including 12b-1 fees, and all other asset-based costs incurred by the fund. The amount will vary depending on the mutual fund or investment option selected, and the class of shares available to you.
- **12b-1 fee:** The annual charge deducted from fund assets for advertising and marketing expenses.
- **Contingent deferred sales charge:** Typically associated with fixed or variable annuities, a contingent deferred sales charge (or surrender penalty) is a charge levied by the insurance company when an investor withdraws money in excess of the acceptable amount before a specified date.
- **Commissions related to product:** The amount paid for the services of a financial advisor or planner. This may be paid out of the rollover amount or by the mutual fund or annuity company.
- **Annual maintenance fee:** A charge typically expressed as a flat annual dollar amount or percentage of assets that covers general expenses associated with the administration of the investment product.
- **Adviser or asset management fee:** A charge, usually expressed as a percentage of assets managed, that a financial adviser or money manager assesses annually.
- **Payments from mutual funds:** A percentage of assets invested in participating mutual funds are deposited back into your account on a quarterly basis. The amount varies based on the mutual funds selected, but is equal to or exceeds any 12b-1 fee. This is a benefit of the MSRP that may not be offered by other retirement programs.

Example of fees — Use this chart for comparison

	MSRP	Other providers		
Front-end Load	0.00%			
Back-end Load	0.00%			
Mortality & Expense	0.00%			
Contingent Deferred Sales Charge	0.00%			
Account Administration Fee[2]	0.14%			
Flat fee per account (annual) over $500	$6.00			
Mutual Fund Operating Expense / Expense Ratio[3]	0.02%-0.95%			
Advisor or Investment Management Fee	0.00%			
Payments from Mutual Funds[4]	+0.10% to +0.25%			

[2] *MSRP plan administration fee as of 1/1/2013 is $1.40 per $1,000 account value (capped at $2,000 per account).*

[3] *Institutional shares, with lower than retail expenses, are arranged whenever available.*

[4] *Payments from Mutual Funds are added to your account rather than a fee subtraction.*