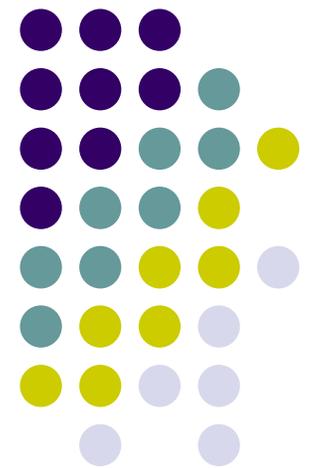


Maximizing Your 401(k) Plan Investments With New Fee and Investment Disclosures





Who we are & what we do

- EBSA is responsible for administering and enforcing the Employee Retirement Income Security Act or ERISA, that governs private sector employment-based retirement and health benefit plans.
- Among the plans we oversee are 512,000 401(k)-type plans which cover 72 million participants and hold \$3 trillion in assets.

Workers with 401(k)-type plans



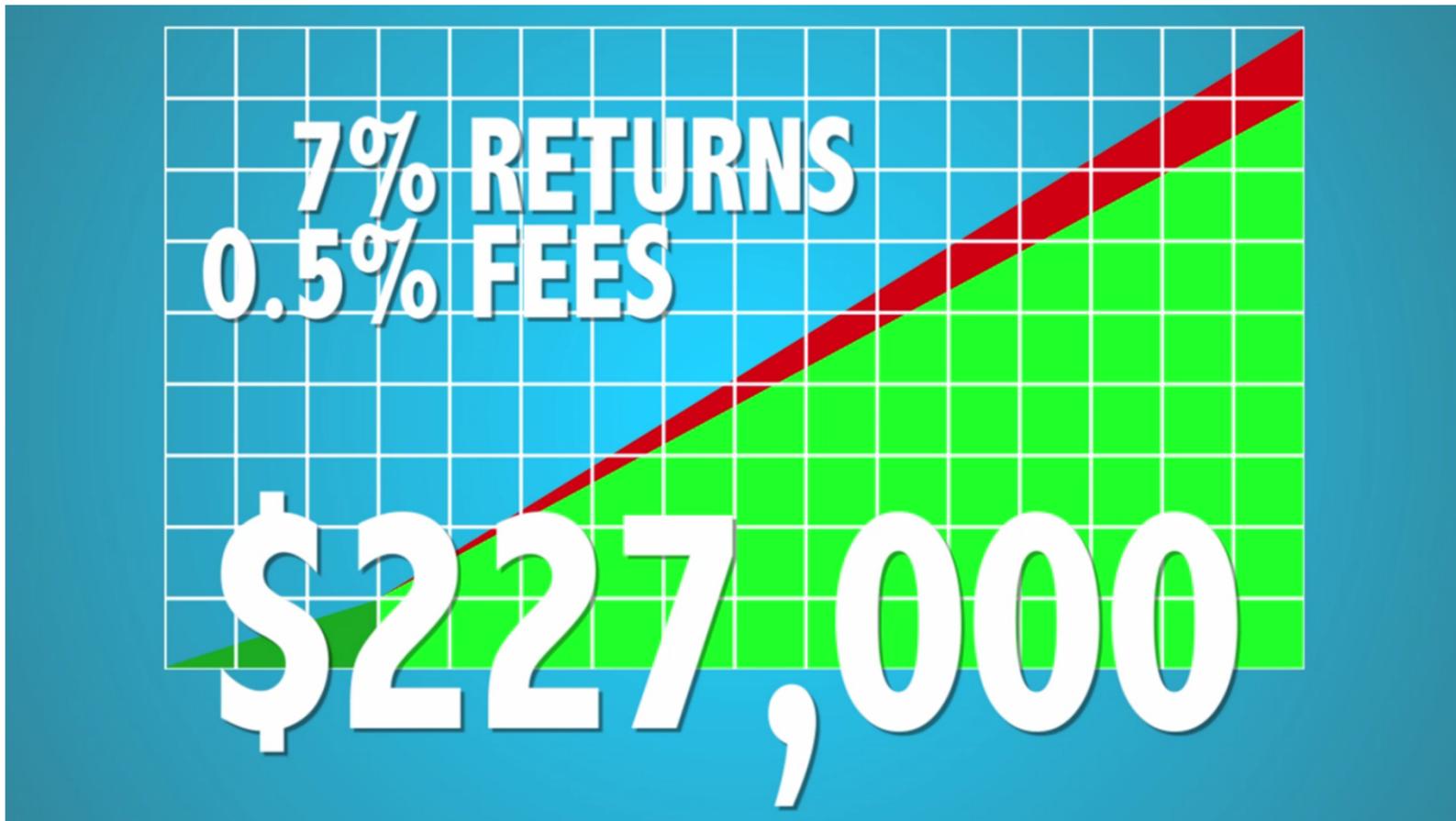
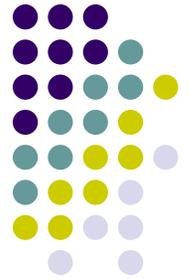
- Workers in these plans often are responsible for making investment decisions.
- These decisions are an important part of your retirement planning because they affect your retirement income.

Why is it important to understand fees and expenses

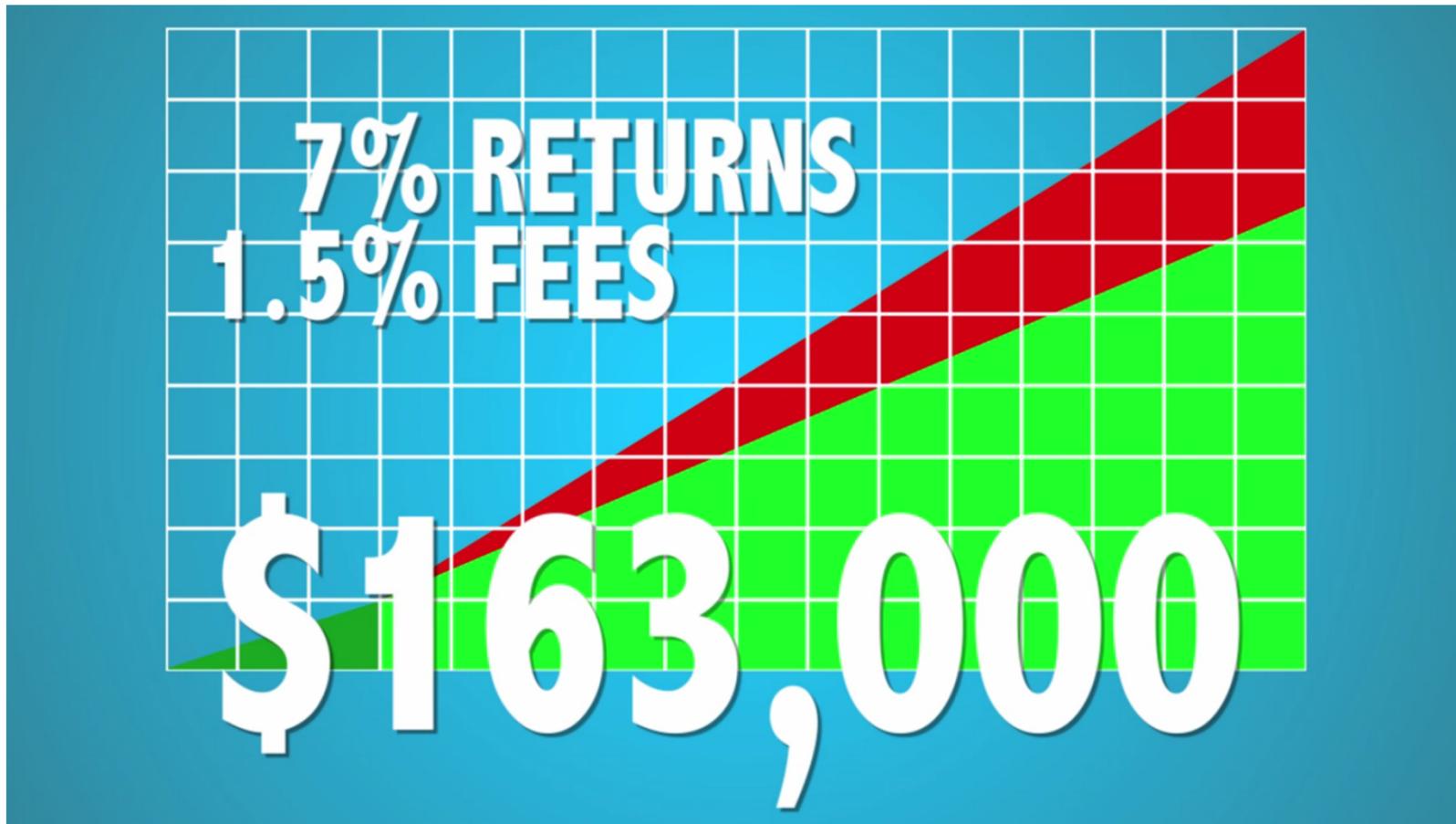


- 401(k) fees have a significant impact on your retirement income.
- Yet many Americans don't realize they are paying fees.

Example



Example

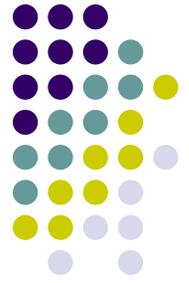


Example



The 1% increase in fees and expenses would **REDUCE** your account balance at retirement by 28%.

Understand the costs to increase your savings



- Fees are one of a number of factors to consider in evaluating your plan's investment choices
- Under new rules from the Department of Labor, you will start getting information to help you understand these factors, including costs

For the first time workers will receive:



- Information about their plan and its investment options in a format that helps them compare options
- The same investment information for each of the investment options to allow for “apples-to-apples” comparisons
- New, clearer information about fees and expenses actually deducted from their account each quarter

Who receives the new information?



- Participants or beneficiaries with the right to direct the investment of their plan accounts
- Individuals eligible to participate in the plan (even if not yet enrolled)

When is the information provided?



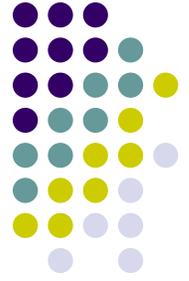
- Annually:
 - plan-related information and
 - investment-related information
- Quarterly:
 - statement of fees actually charged against your account.

What is the new plan-related information?



- General plan operation and identification information.
- Examples:
 - how to give investment instructions,
 - a current list of the plan's investment options,
 - a description of any "brokerage windows" or similar arrangement that allows you to choose investments beyond those designated by the plan.

What is the new plan-related information?



Administrative Expenses Information

- An explanation of any fees and expenses for general plan administrative services that may be charged to all individual accounts and how they are allocated.
- Includes fees and expenses for:
 - legal services,
 - accounting, and
 - recordkeeping.

What is the new plan-related information?



Individual Expense Information

- An explanation of any fees and expenses that may be charged to your individual account based on your actions.
- Examples:
 - Expenses associated with plan loans
 - Making qualified domestic relations orders determinations

What is the new investment-related information?



- The investment-related information must be in a comparative chart or similar format.
- The comparative chart will include:
 - Performance data
 - Benchmark information
 - Fee and expense information
 - Glossary
 - Website address for further information

Model Comparative Chart



Table 1—Variable Return Investments								
Name/ Type of Option	Average Annual Total Return as of 12/31/XX				Benchmark			
	1yr.	5yr.	10yr.	Since Inception	1yr.	5yr.	10yr.	Since Inception
Equity Funds								
A Index Fund/ S&P 500 www. website address	26.5%	.34%	-1.03%	9.25%	26.46%	.42%	-.95%	9.30%
					S&P 500			
B Fund/ Large Cap www. website address	27.6%	.99%	N/A	2.26%	27.80%	1.02%	N/A	2.77%
					US Prime Market 750 Index			
C Fund/ Int'l Stock www. website address	36.73%	5.26%	2.29%	9.37%	40.40%	5.40%	2.40%	12.09%
					MSCI EAFE			
D Fund/ Mid Cap www. website address	40.22%	2.28%	6.13%	3.29%	46.29%	2.40%	-.52%	4.16%
					Russell Midcap			
Bond Funds								
E Fund/ Bond Index www. website address	6.45%	4.43%	6.08%	7.08%	5.93%	4.97%	6.33%	7.01%
					Barclays Cap. Aggr. Bd.			
Other								
F Fund/ GICs www. website address	.72%	3.36%	3.11%	5.56%	1.8%	3.1%	3.3%	5.75%
					3-month US T-Bill Index			
G Fund/ Stable Value www. website address	4.36%	4.64%	5.07%	3.75%	1.8%	3.1%	3.3%	4.99%
					3-month US T-Bill Index			
Generations 2020/ Lifecycle Fund www. website address	27.94%	N/A	N/A	2.45%	26.46%	N/A	N/A	3.09%
					S&P 500			
					23.95%	N/A	N/A	3.74%
					Generations 2020 Composite Index*			

What is the new investment-related information?



Performance Data

- Participants must be provided information about the performance of each investment option over specific periods of time – from a snapshot of the past year to a pattern over many years.
- The average annual total return that is provided allows for comparison across investments.

What is the new investment-related information?



Performance Data

- 1, 5 and 10-year returns (or life of the investment if shorter) must be provided for investment options such as mutual funds that do not have fixed rates of return.
- For investment options that have a fixed rate of return, the annual rate of return and the term of the investment must be disclosed.

Performance Information



Table 1—Variable Return Investments								
Name/ Type of Option	Average Annual Total Return as of 12/31/XX				Benchmark			
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C Fund/ Int'l Stock	36.73%	5.26%	2.29%	9.37%	40.40%	5.40%	2.40%	12.09%
					MSCI EAFE			

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Performance Information

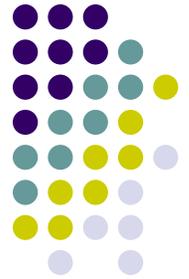


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D Fund/ Mid Cap www. website address	40.22%	2.28%	6.13%	3.29%				

What is the new investment-related information?



Benchmark Information

What is a benchmark?

- A tool to help you evaluate an investment's performance
- For example, when buying a home, you look at recent sales prices of homes similar to the home you are looking to buy in the neighborhood where you are looking to buy

What is the new investment-related information?



Benchmark Information

For investment options with returns that vary, such as mutual funds, the name and returns of an appropriate broad-based securities market index (the benchmark) must be provided for the same time periods as the performance data to allow comparison.

What is the new investment-related information?



Benchmark Information

For example, for the international fund in our model chart, the performance over 10 years was 2.29%. Compare that to the benchmark for international funds which shows a 2.40% return over the same time period.

Benchmarks



Table 1—Variable Return Investments

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B Fund/ Large Cap www. website address	27.6%	.99%	N/A	2.26%	2					
C Fund/ Int'l Stock www. website address	36.73%	5.26%	2.29%	9.37%	4					
D Fund/ Mid Cap www. website address	40.22%	2.28%	6.13%	3.29%	4					
Bond Funds										
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Other										
F Fund/ GICs www. website address	.72%	3.36%	3.11%	5.56%		26.46%	.42%	-.95%	9.30%	S&P 500
G Fund/ Stable Value www. website address	4.36%	4.64%	5.07%	3.75%		27.80%	1.02%	N/A	2.77%	US Prime Market 750 Index
Generations 2020/ Lifecycle Fund www. website address	27.94%	N/A	N/A	2.45%	2	40.40%	5.40%	2.40%	12.09%	MSCI EAFE
					2	46.29%	2.40%	-.52%	4.16%	Russell Midcap

Benchmarks



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					Russell Midcap			

What is the new investment-related information?



Fee and Expense Information

- For investment options with a varying return, the total annual operating expenses expressed as both:
 - a percentage of assets and
 - a dollar amount for each \$1,000 invested,
 - Plus any shareholder-type fees such as commissions, sales loads, sales charges, surrender charges, account fees, etc.
- For investment options that have a fixed rate of return, any shareholder-type fees or restrictions on your ability to purchase or withdraw from the investment.



Fees and Expenses

Part II. Fee and Expense Information

Table 3 shows fee and expense information for the investment options listed in Table 1 and Table 2. Table 3 shows the Total Annual Operating Expenses of the options in Table 1. Total Annual Operating Expenses are expenses that reduce the rate of return of the investment option. Table 3 also shows Shareholder-type Fees. These fees are in addition to Total Annual Operating Expenses.

Table 3—Fees and Expenses			
Name / Type of Option	Total Annual Operating Expenses		Shareholder-Type Fees
	As a %	Per \$1000	
Equity Funds			
A Index Fund/ S&P 500	0.18%	\$1.80	\$20 annual service charge subtracted from investments held in this option if valued at less than \$10,000.
B Fund/ Large Cap	2.45%	\$24.50	2.25% deferred sales charge subtracted from amounts withdrawn within 12 months of purchase.
C Fund/ International Stock			5.75% sales charge subtracted from amounts invested.
D Fund/ Mid Cap ETF			
Bond Funds			
E Fund/ Bond Index			
Other			
F Fund/ GICs			
G Fund/ Stable Value			

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Fees and Expenses

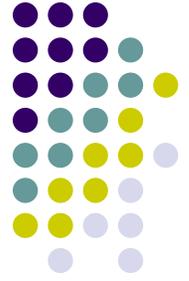
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B Fund/ Large Cap	2.45%	\$24.50	2.25% deferred sales charge subtracted from amounts withdrawn within 12 months of purchase.
C Fund/ International			5.75% sales charge subtracted from amounts invested.

What is the new investment-related information?



Glossary

- A glossary of investment and financial terms to help you understand the investment choices offered by the plan
- May be provided with investment information on the comparative chart or on a website

Glossary



<p>www. website address</p>	<p>period of time, based on your account balance in the Generations 2020 Lifecycle Fund.</p> <p>This option is available through a variable annuity contract that your plan has with ABC Insurance Company.</p>	<p>joint and survivor annuity, or a life annuity with a term certain, but the payment amounts will vary based on the benefit you choose. The cost of this right is included in the Total Annual Operating Expenses of the Generations 2020 Lifecycle Fund, listed in Table 3 above.</p> <p>The cost also includes a guaranteed death benefit payable to a spouse or beneficiary if you die before payments begin. The death benefit is the greater of your account balance or contributions, less any withdrawals.</p>	<p>Maximum transfer fee of \$30 for each transfer over 12 in a year.</p> <p>Annual service charge of \$50 for account balances below \$100,000.</p>
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Please visit www.ABCPlanglossary.com for a glossary of investment terms relevant to the investment options under this plan. This glossary is intended to help you better understand your options.

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What is the new investment-related information?



Website Address

- Specific Website address where you can find additional information about each investment option.
- Information includes:
 - Investment's objectives and goals
 - Principal strategies and risks
 - Portfolio turnover

Website Address



Table 1—Variable Return Investments

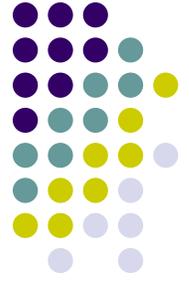
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	5yr.	10yr.	Since Inception	1yr.	5yr.	10yr.	Since Inception
Equity Funds							
A Index Fund/ S&P 500 www. website address	5%	-1.03%	9.25%	26.46%	.42%	-.95%	9.30%
	9%	N/A	2.26%	27.80%	1.02%	N/A	2.77%
B Fund/ Large Cap	5%	5.26%	2.29%	9.37%	40.40%	5.40%	2.40%
							12.09%

What is the new quarterly information on actual fees and expenses?



- Statements provided at least quarterly will show the dollar amount of the plan-related fees and expenses (administrative or individual) actually charged your account
- Will also provide a description of the services
- May be included in quarterly benefit statements

Tips for Using the New Fee and Investment Information



- Consider your retirement goals and how long you have to reach them
- Review all of the information about each investment option before you invest including the additional information on the websites provided

Tips for Using the New Fee and Investment Information



- Compare the performance data to the benchmark for the same time periods to see how the investment options have performed compared to the market and over time. The past year performance, while the most recent, may reflect the impact of a specific event. Longer term performance includes periods of ups and downs.

Tips for Using the New Fee and Investment Information



- Use the performance data and information on each investment option's objectives and strategies to assess the risks. Consider the risks in comparison to the performance and the level of risk you are comfortable with

Tips for Using the New Fee and Investment Information



- Review and compare fees and expenses paid out of your account to determine if they are reasonable but don't consider fees in a vacuum – they are one part of the bigger picture.
- When you receive periodic fee and investment information from your plan, review your investments, your retirement goals, and the investment options offered by your plan to see if you want to make any changes.



EBSA contact information

U.S. Department of Labor,
Employee Benefits Security Administration

www.dol.gov/ebsa

www.dol.gov/ebsa/publications/understandingretirementfees.html

www.askebsa.dol.gov or 1-866-444-3272 for
publications or questions

Questions

