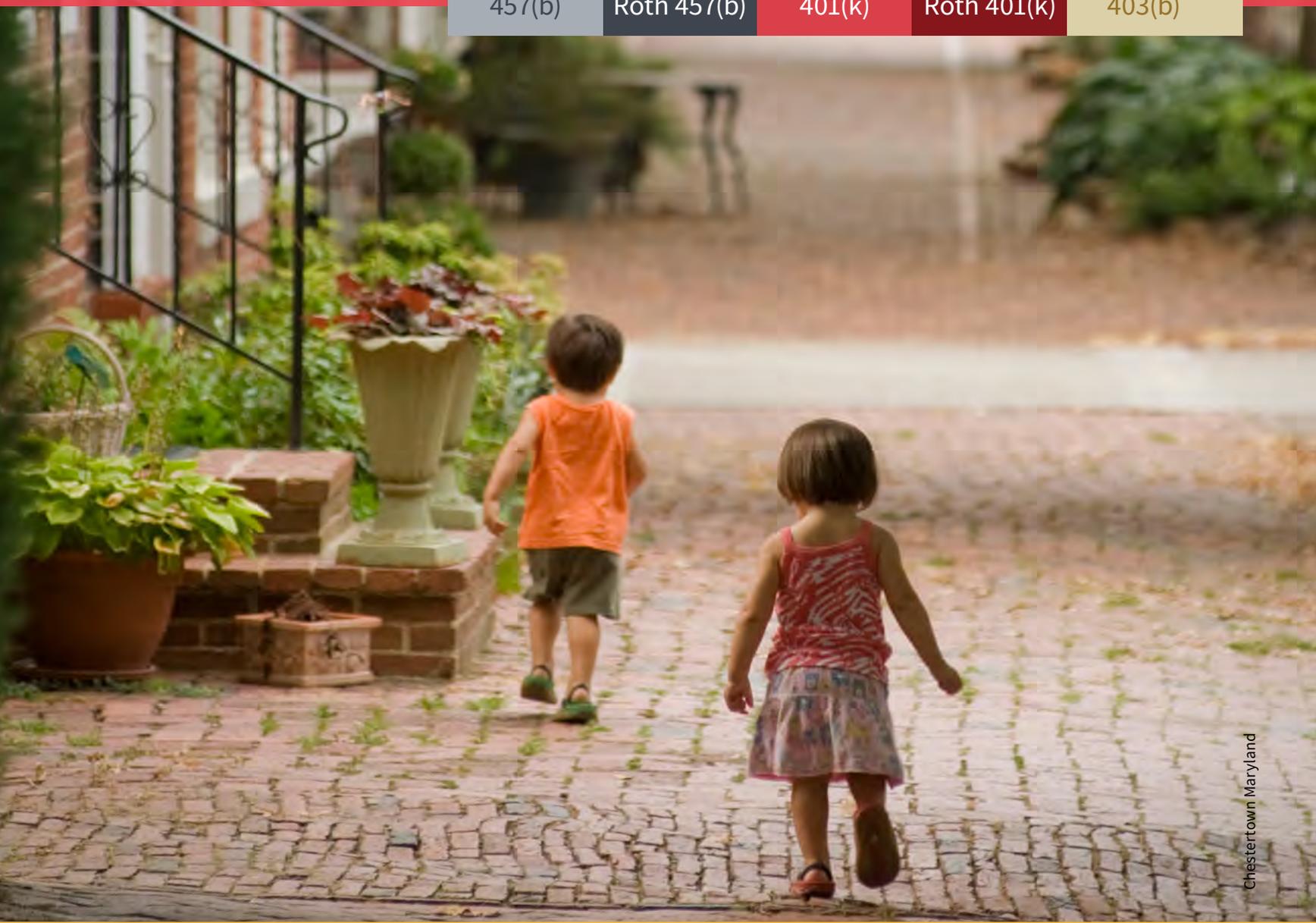




# The Basics **MSRP**

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



Chestertown Maryland



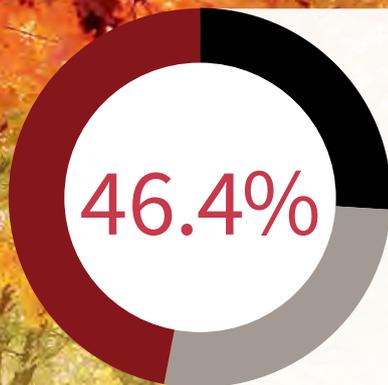
# Welcome to MSRP



*Joining your supplemental retirement plan(s) is a smart step for a more secure financial future.*

## Contents

Getting started . . . . .	4	Compounding . . . . .	10	Asset allocation questionnaire . . .	16
Differences between pre-tax and after-tax Roth plans . . . . .	6-7	Plan contribution limits . . . . .	12	Target Retirement Date Funds . . .	18
Plans comparison charts . . . . .	8-9	Investment types . . . . .	14	Plan costs . . . . .	20
		Investment approaches . . . . .	15	Distribution options . . . . .	22



### Average public employee retirement income replacement sources<sup>1</sup>

- 26.4% Social Security
- 27.2% Pension
- 46.4% Other (like MSRP, savings etc.)

# Plans with you in mind

*MSRP membership includes four supplemental retirement plans<sup>2</sup> – the 457(b), 401(k), 403(b) and 401(a) Match. All the plans offer you the following advantages:*

- Competitive plan fees
- Diversified investment options
- Flexible payout options
- Easy online account access
- People who help you—Team MSRP: Retirement Specialists and Financial Field Representatives during employment, and Personal Retirement Consultants when you’re within five years from retirement or in retirement.

## Who is eligible?

All employees of the State of Maryland, including contractual employees, are eligible to participate in the 457(b) and 401(k) plans. State employees who work for a State educational institution are also eligible to join the 403(b) plan.

## The 401(a) plan

If funding is provided in the State budget, Maryland law authorizes a matching payment for most employee contributions to State-sponsored supplemental retirement accounts. The status of the match program may change from year to year through legislative action.

*Please keep in mind that MSRP participation involves investing, and investing involves market risk, including possible loss of principal. Nationwide Retirement Specialists and Personal Retirement Consultants cannot offer investment, tax or legal advice. For these services, you should consult your own advisors. We can help you understand market risk and other risks you may face and strategies that may help you deal with them through participation in MSRP.*

<sup>1</sup> Source: *How Prepared are State and Local Workers for Retirement?* Center for Retirement Research at Boston College. 2011. NOTE: This study reflects public plans including State, Local, City and County plans in the United States and is not specific to Maryland State Employees. It is for illustrative purposes only and may not be representative of your personal situation.

<sup>2</sup> Refer to the Plans comparison charts on pages 8-9 for details about each plan.

# Investing doesn't have to be complicated.

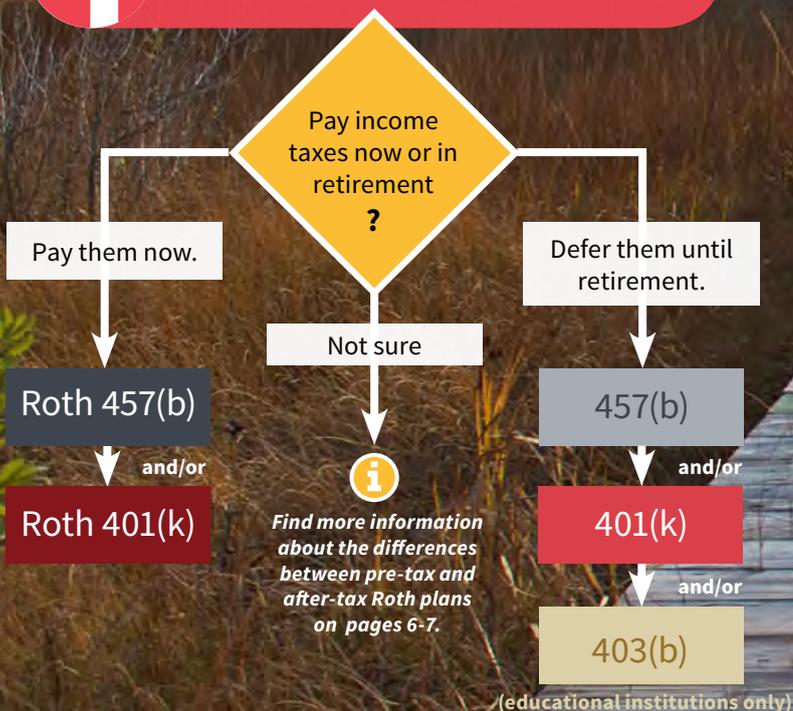
Getting started with MSRP is as easy as ABC and 1-2-3.

1

Pick a plan (or two)

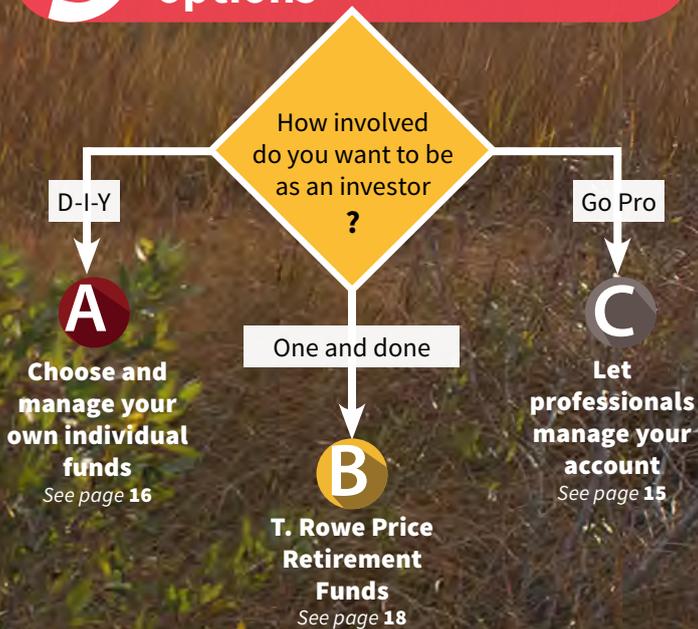
2

Decide how much to contribute per pay



Find more information about the differences between the different kinds of plans on the Plans comparison charts on pages 8-9.

### 3 Choose investment options



Once your decisions are made, simply record them on the *Participation Agreement* included in the back of this booklet. They will be effective as soon as administratively feasible, subject to any required timing restrictions.



You can also join online on [MarylandDC.com](http://MarylandDC.com) or by calling Team MSRP at **800-545-4730**.

Grabshanty near Rhodes Point, Maryland

*T. Rowe Price Retirement Funds are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. Therefore, in addition to the expenses of the T. Rowe Price Retirement Funds, an investor is indirectly paying a proportionate share of the applicable fees and expenses of the underlying funds.*

*Target date funds are designed for people who plan to withdraw funds during or near a specific year. These funds use a strategy that reallocates equity exposure to a higher percentage of fixed investments over time. 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 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 or that asset allocation, diversification or any investment strategy will assure a profit or avoid losses.*

**Please consider the fund's investment objectives, risks, and charges and expenses carefully before investing. The prospectus contains this and other important information about the investment company. Prospectuses are available by calling 800-545-4730. Read the prospectus carefully before investing.**

# The MSRP **tax** advantage

*You are unique. That's why MSRP offers both: pre-tax [traditional 401(k), 457(b) and 403(b)] options and after-tax [Roth 457(b) and Roth 401(k)] options to help you choose the most advantageous options for your situation now and in the future. Whether you choose to pay income taxes now, later or a combination, both kinds of options offer these convenient features:*

- Join and start or change your contributions within time restrictions
- It's easy to invest — contributions are automatically deducted from your pay
- Money can stay tax-deferred until payout — **even after** you separate from State service
- Your MSRP membership will continue regardless of your employment status as long as you have an account balance



## Is a Roth right for you?

You may want to consider making Roth contributions if you:

- Anticipate tax brackets will increase before you retire and want to take advantage of the potential tax-free<sup>3</sup> withdrawals
- Are younger, with many working years ahead
- Are unable to contribute to a Roth IRA because of your income

*Neither Nationwide nor its representatives may offer tax or legal advice. Consult with your own counsel before making any decisions about contributing or converting your Plan assets to Roth.*

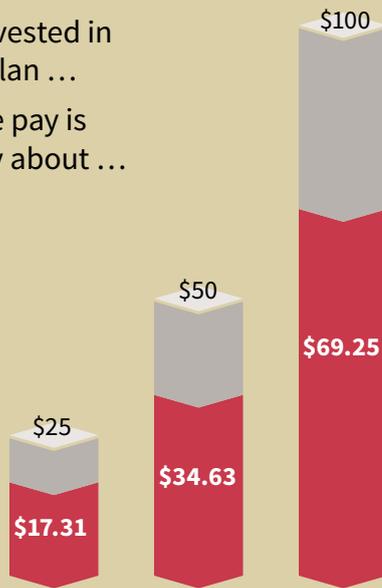
<sup>3</sup> Earnings are not taxable in the year distributed assuming all contributions have been held in the Roth account for five years after the first Roth contribution was made AND the distribution is made after age 59½ [and separation from State service for a Roth 457(b)]; or for death or disability.

## What's the difference?

	Traditional (pre-tax) 457(b) or 401(k)	Roth (after-tax) 457(b) or 401(k)
Annual contribution limit <sup>4</sup>	Combined \$18,000	
Annual catch-up contribution limit — for those age 50 and older	Combined \$6,000	
Contribution taxable in year contributed	No	Yes
Contribution taxable in year distributed	Yes	No
Earnings taxable in year distributed	Yes	No <sup>5</sup>

## Pre-tax features

- Amount invested in a pre-tax plan ...
- Take-home pay is reduced by about ...



## The paycheck advantage

Here's an example of potential impact on take-home pay based on a 25% federal and 5.75% state tax rate.

You get a jump start on your traditional 401(k), 403(b) or 457(b) investment through payroll deduction versus investing after income taxes are taken.

- Contributions are pre-tax—so federal and possibly state taxable income is reduced by the amount of money contributed to your plan.
- Contributions and any earnings grow tax-deferred until you make withdrawals. Withdrawals are then taxed as ordinary income.

*Example assumes biweekly pay periods. These are approximate based on current salary, marital status, and W-2 tax deduction assumptions. Take-home figures are rounded.*

## After-tax features

In a Roth 401(k) or a Roth 457(b) account, contributions occur after income taxes are taken. Additionally, any earnings may avoid income taxes under certain circumstances.<sup>5</sup>

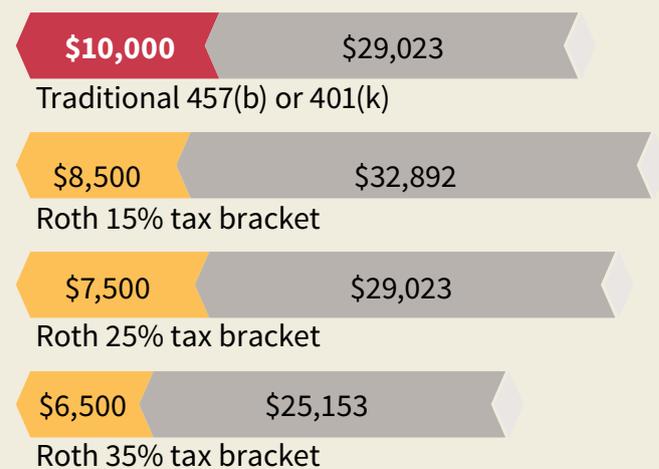
- Net total contribution
- Net distribution

*These examples are hypothetical in nature and assume a 25% tax bracket at distribution. It also assumes that the retirement plan's value earns an average total return of 7% compounded annually. Investment return is not guaranteed and will vary depending upon the investments and market experience.*

*A single contribution of \$10,000 will be worth the same amount in 20 years if the tax bracket remains the same.*

*However, if the future tax rate is greater, the amount distributed from the Roth account will be greater than the post-tax amount distributed from the traditional 457(b) or 401(k) account.*

## \$10,000 invested in a pre-tax vs. an after-tax Roth for 20 years



<sup>4</sup> Individuals participating in both the 401(k) and 403(b) plans, combined annual contributions to the plans may not exceed \$18,000.

<sup>5</sup> Earnings are not taxable in the year distributed assuming all contributions have been held in the Roth account for five years after the first Roth contribution was made AND the distribution is made after age 59½ (and separation from State service for a Roth 457(b)); or for death or disability.

# Plans comparison chart

Pre-tax plans	Traditional 457(b) Deferred Compensation Plan	Traditional 401(k) Savings & Investment Plan	403(b) Tax Deferred Annuity Plan
Who's eligible to participate?	All regular and contractual State employees		State educational institution employees
Who's eligible for the State match?	All State employees in the State Employees' Alternate Contributory Pension or Reformed Contributory Pension Plans		
Are payroll deductions pre-tax?	Yes (after FICA deduction)		
What's the minimum I may contribute?	\$5 per biweekly pay		
What's the maximum I may contribute?	\$18,000 effective this calendar year (may be adjusted in future years for inflation) <sup>6</sup>		
May I "catch-up" in a later year?	Age 50 or older catch-up: \$6,000 per calendar year. Special 457(b) catch-up provision available in the three years prior to the year of retirement. These two provisions may not be used in the same year. <sup>6</sup>	Age 50 or older catch-up: \$6,000 deferral per calendar year <sup>6</sup>	
May I contribute to more than one Plan at the same time?	Yes – but with the following limitations: <ul style="list-style-type: none"> <li>• \$18,000 457(b) and/or Roth 457(b) + \$18,000 401(k) and/or Roth 401(k) = \$36,000/yr<sup>6</sup></li> <li>• \$18,000 457(b) and/or Roth 457(b) + \$18,000 403(b) = \$36,000/yr<sup>6</sup></li> <li>• \$18,000 457(b) and/or Roth 457(b) + combination of 403(b) &amp; 401(k)/Roth 401(k) not to exceed \$18,000 = \$36,000/yr<sup>6</sup></li> </ul>		
How often may I change my contribution amount?	Unlimited, effective within timing restrictions		
What are the costs to participate?	0.14% of your account value a year, capped at \$2,000 per year, plus 50 cents per month per account <sup>7</sup>		
What are the current investment options?	Investment Contract Pool Mutual Funds T. Rowe Price Retirement Funds		Vanguard Money Market Mutual Funds T. Rowe Price Retirement Funds
May I roll over money from other retirement accounts into my Maryland Supplemental Retirement account? <sup>8</sup>	Yes – from a 457(b), 401(k), 403(b), thrift savings plan or IRA into your supplemental retirement account		
May I roll over my supplemental retirement account to another type of retirement account, like an IRA?	Yes – to a 457(b), 403(b), 401(k) or IRA, upon leaving State service	Yes – to a 457(b), 403(b), 401(k) or IRA, upon leaving State service or obtaining age 59½	
May I withdraw money from my account while employed?	Yes, but only at age 70½ or older, or qualify for an unforeseeable emergency withdrawal	Yes, but only at age 59½ or older, or qualify for a hardship withdrawal	
When may I begin withdrawals from my account without an additional 10% early withdrawal tax? <sup>9</sup>	When you leave State employment, regardless of age	If you leave State employment at age 55 or older, or at age 59½ regardless of employment. Other exceptions may apply. Consult your tax or legal advisor for more information	
May I change my withdrawal option, amount or frequency once I start payout?	Yes, excluding purchased annuities		
Must I elect my payout date when I leave State employment?	No – payouts not required until 70½ and separated from State service		
Is there a loan provision and a hardship/emergency provision?	Yes		

**NOTE:** 401(a) Plan: The withdrawal rules are the same for the 401(a) and 401(k) plans except that in the 401(a) plan, distributions are not permitted until separation from State service.

**Money market funds: Investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other federal government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in a money market fund.**

T. Rowe Price Retirement Funds are asset allocation funds that are based on a targeted date as to when an investor plans to begin to withdraw money. These funds use a strategy that reallocates equity exposure to a higher percentage of fixed investments over time. As a result, the funds become more conservative over time as you approach retirement. It's important to remember that no strategy can assure a profit or prevent a loss in a declining market. The principal value of the fund(s) is not guaranteed at any time, including at the target date.

<sup>6</sup> Source: IRS.gov

<sup>7</sup> In addition, each of the mutual funds offered by the plan has fund expenses that are netted directly from the mutual fund's daily price. These will vary based upon the mutual fund selected. Also, some mutual funds may impose a short-term trade fee. Please read the underlying prospectuses carefully. NOTE: some mutual funds pay reimbursements that offset fees, see our "Mutual Fund Savings" pamphlet and your account statement for more information.

<sup>8</sup> As you make decisions about rolling over assets, especially qualified retirement plans and IRAs, keep in mind that each type of account has different rules about fees, when you can access your funds, surrender charges and additional early withdrawal taxes.

<sup>9</sup> Withdrawals are taxed as ordinary income.

## After-tax plans

	Roth 457(b) Deferred Compensation Plan	Roth 401(k) Savings & Investment Plan
Who's eligible to participate without income restrictions?	All regular and contractual State employees (including employees in higher education institutions)	
Who's eligible for the State match?	All State employees in the State Employees' Alternate Contributory Pension or Reformed Contributory Pension Plans	
Are payroll deductions pretax?	No	
What's the minimum I may contribute?	\$5 per biweekly pay	
What's the maximum I may contribute?	\$18,000 effective this calendar year (may be adjusted in future years for inflation) <sup>10</sup>	
May I "catch-up" in a later year?	Age 50 or older catch-up: \$6,000 per calendar year. Special 457(b) catch-up provision available in the three years prior to the retirement year. These two provisions may not be used in the same year. <sup>10</sup>	Age 50 or older catch-up: \$6,000 deferral per calendar year <sup>10</sup>
May I contribute to more than one Plan at the same time?	Yes – but with the following limitations:	<ul style="list-style-type: none"> <li>• \$18,000 457(b) and/or Roth 457(b) + \$18,000 401(k) and/or Roth 401(k) = \$36,000/yr<sup>10</sup></li> <li>• \$18,000 457(b) and/or Roth 457(b) + \$18,000 403(b) = \$36,000/yr<sup>10</sup></li> <li>• \$18,000 457(b) and/or Roth 457(b) + combination of 403(b) &amp; 401(k)/Roth 401(k) not to exceed \$18,000 = \$36,000/yr<sup>10</sup></li> </ul>
How often may I change my contribution amount?	Unlimited, effective within timing restrictions	
What are the costs to participate?	0.14% of your account value a year, capped at \$2,000 per year, plus 50 cents per month per account <sup>11</sup>	
What are the current investment options?	Investment Contract Pool Mutual Funds T. Rowe Price Retirement Funds	
May I roll over money to or from other retirement accounts into my Maryland Supplemental Retirement account? <sup>12</sup>	Yes – but only a direct rollover from another Roth 457(b) account	Yes – but only a direct rollover from another Roth 401(k) account
Will my distributions be taxed?	Qualified distributions are not subject to federal or Maryland income tax. If not a qualified distribution, investment earnings are subject to ordinary income tax and possibly an additional 10% early withdrawal tax <sup>13</sup>	
When may I begin withdrawals from my account without an additional 10% early withdrawal tax? <sup>9</sup>	When you leave State employment, regardless of age	If you leave State employment at age 55 or older, or at age 59½ regardless of employment. Other exceptions may apply. Consult your tax or legal advisor for more information
May I change my withdrawal option, amount or frequency once I start my payout?	Yes, excluding purchased annuities	
Must I elect my payout date when I leave State employment?	No – payouts not required until 70½ and separated from State service	
Is there a loan provision and a hardship/emergency provision?	Yes	

**NOTE: 401(a) Plan:** The withdrawal rules are the same for the 401(a) and 401(k) plans except that in the 401(a) plan, distributions are not permitted until separation from State service.

**Fund prospectuses can be obtained by calling 800-545-4730. Before investing, carefully consider the fund's investment objectives, risks, and fees and expenses. The fund prospectus contains this and other important information. Read prospectuses carefully before investing.**

<sup>10</sup>Source: irs.gov

<sup>11</sup>In addition, each of the mutual funds offered by the plan has fund expenses that are netted directly from the mutual fund's daily price. These will vary based upon the mutual fund selected. Also, some mutual funds may impose a short-term trade fee. Please read the underlying prospectuses carefully. NOTE: some mutual funds pay reimbursements that offset fees, see our "Mutual Fund Savings" pamphlet and your account statement for more information.

<sup>12</sup>As you make decisions about rolling over assets, especially qualified retirement plans and IRAs, keep in mind that each type of account has different rules about fees, when you can access your funds, surrender charges and additional early withdrawal taxes.

<sup>13</sup>Generally, a Roth 401(k) or Roth 457(b) distribution is a qualified distribution if: 1) the first Roth contribution has been in the account for 5 years (the five-year period begins January 1 of the year a member first makes a Roth contribution into the account); and 2) a member is age 59½, (and for the Roth 457(b) has separated from State service) or has died or become disabled under IRC section 72(m)(7). Distributions made prior to these requirements being met are nonqualified distributions, and earnings could be taxable.

# It's never too late to start, but...

*... the sooner you join MSRP and begin investing, the better opportunity you have to grow your MSRP account to help meet your needs for retirement income. Will you have enough money in retirement to live the life you want?*

## Consider how long you'll need income

Today's 65 year old can expect to live another 20 years. But the average retirement age for public workers is 60; for a public school teacher, 59. Police and firefighters often retire at even earlier ages.<sup>14</sup> The point is: You need to financially prepare for a retirement that may last 30 years or more.

The cost of living will probably increase considerably. Your other resources may not meet all your needs for retirement income. That's where your MSRP membership can help.



<sup>14</sup> How old is old? Is 80 the new 65? Weldon Cooper Center for Public Service, Average retirement age for public workers: 60, Orange County Register, May 11, 2011.

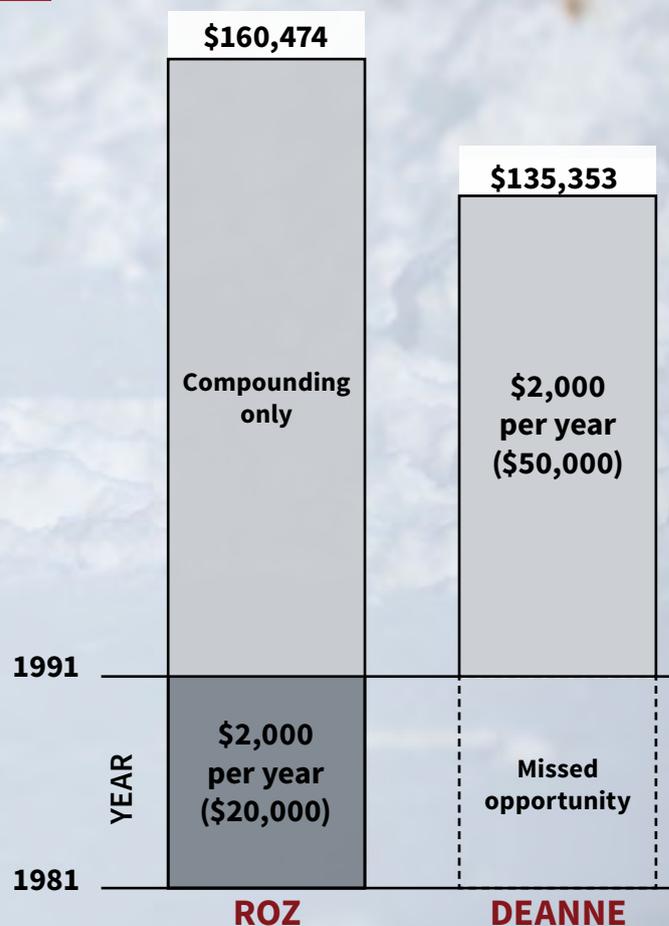
## The snowball effect of compounding

### Consider how much waiting can cost

Both Roz and Deanne began working in 1981. Roz began contributing \$2,000 annually but stopped in 1991. Deanne waited 10 years until 1991 and contributed \$2,000 per year until she retired at age 65 in 2016.

Because Roz's money had more time to grow, her account balance was higher than Deanne's even though Deanne contributed more for a longer period of time.

Imagine what Roz would have if she'd continued her contributions until retirement! Start early. Start now!



*This illustration is a hypothetical compounding calculation assuming a 7% annual rate of return. 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. Interest compounded annually based on beginning-year contributions. No taxes or fees are reflected in this example, which would lower the results displayed. Source: Hewitt Associates, 2008.*

# How much can you contribute?

You may contribute up to 100% of your compensation but not more than \$18,000 to a 457(b) plan **and** \$18,000 to either a 401(k) or 403(b) plan. In addition, you may qualify for one but not both of the Catch-up provisions outlined below.

	Maximum deferral limit	Deferral limit plus Age 50 Catch-up	Special 457(b) Catch-up deferral limit <sup>15</sup>
<b>This calendar year</b>	If you're less than age 50 this year, you may defer as much as ...	If you're at least age 50 this year, you may defer as much as ...	If you have three years until you retire, you may be eligible to defer as much as ...
<b>457(b), Roth 457(b) plan</b>	\$18,000	\$24,000	\$36,000
<b>401(k), Roth 401(k) 403(b) plan<sup>16</sup></b>	\$18,000	\$24,000	\$24,000 (use Age 50 Catch-up)
<b>TOTAL</b>	<b>\$36,000</b>	<b>\$48,000</b>	<b>\$60,000</b>

<sup>15</sup> Individuals cannot use the Special 457(b) Catch-up and age 50 Catch-up in the same year, however, an individual can use the Special 457(b) Catch-up in the 457(b) plan and the age 50+ Catch-up in either the 401(k) plan or 403(b) plan. See additional details on page 13.

<sup>16</sup> Individuals participating in both the 401(k) and 403(b) plans, combined annual contributions to the plans may not exceed \$18,000.



### 50 and over Catch-up

Employees age 50 and over who contribute the maximum deferral amount allowed each year may also make catch-up contributions up to \$6,000 to that plan.

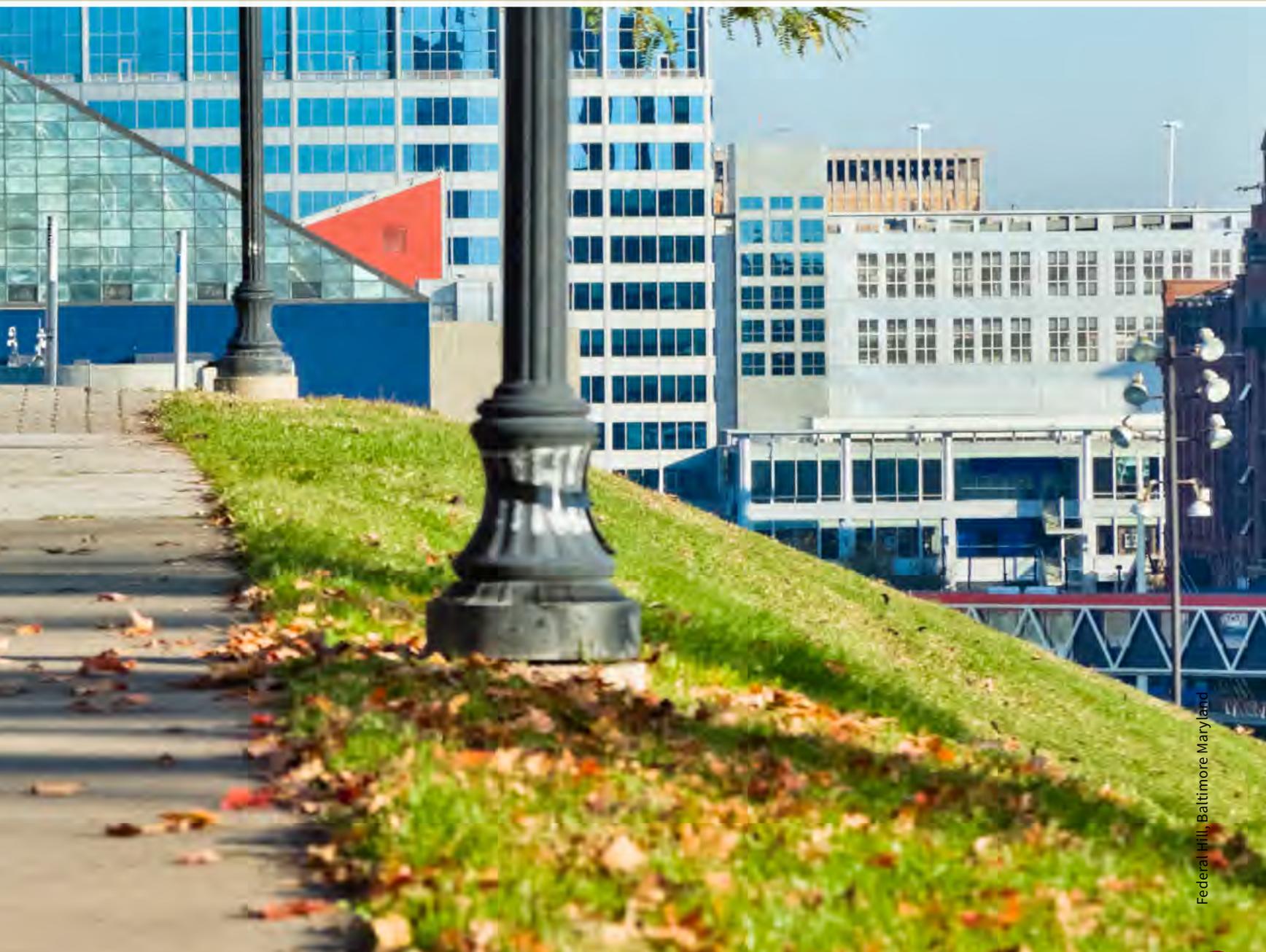
### The Uniformed Service Employment & Reemployment Rights Act (USERRA)

USERRA allows military personnel who leave their employer for service in the U.S. military to make up the missed contributions when returning to their former employer. Please contact Team MSRP at **800-545-4730** for details regarding this law.

### Special 457(b) Catch-up

In the three years prior to—but not including—the year you plan to retire, you may be able to contribute up to double the maximum deferral limit in effect for each year affected.

This provision assumes you have deferred less than the maximum amount to the 457(b) plan in previous years. Let Team MSRP help. Call your Personal Retirement Consultant toll-free at **800-966-6355**.



Federal Hill, Baltimore Maryland

# Introduction to investment types

*The underlying types of investments in the MSRP plans are the same whether you choose options A, B or C as your investment approach.*

## Investment types

**MSRP Investment Contract Pool** seeks to deliver stable positive returns that, over time, may be higher than cash investments such as money market funds. MSRP Investment Contract Pool includes investment contracts that obligate the issuer of the contract to maintain principal value. Most investment contracts invest in high-quality fixed income investments (bonds) that are owned by the plan or trust.

**Bond funds** invest in a selection of bonds. A bond is a loan by investors to a private company or the government, that pays regular interest income over a specified period of time. The borrower repays the principal (the amount borrowed) at the end of that period. The return of a bond fund is a blend of the interest earned by each of the bonds held by the fund and any gain (or loss) from selling bonds before they mature. Bond funds are subject to the same credit, inflation and interest rate risk as the underlying bonds.

**Stock (equity) funds** invest in a selection of stocks issued by several different companies. The return comes from dividends, if any, the appreciation in the value of the shares held, and gains (or losses) from the sale of the stocks by the fund.

- **Small-cap stocks** are issued by companies whose capitalization (the total value of the company's outstanding common stock shares) is less than \$1.6 billion
- **Mid-cap stocks** are issued by companies whose capitalization is between \$1.6 billion and \$8.9 billion
- **Large-cap stocks** are stocks of companies whose capitalization is more than \$8.9 billion
- **Balanced funds** invest in a selection of both bonds and stocks
- **Stocks** are shares of ownership in a company

*Investment types sort different kinds of investments by similar risk and return potential.*

*The mutual funds that are available for investment also have fees, which are disclosed in the fund prospectuses and deducted from investment returns. Some of the mutual funds, however, refund part of the fees back to the plans, according to negotiated agreements with the MSRP Mutual Fund Savings Program. At the Board's discretion, the savings are reinvested in the applicable funds and then distributed to invested members' accounts. Also, as a large State retirement savings plan, MSRP maintains far greater assets in a fund than the average investor. Our substantial assets allow us to take advantage of less-expensive share classes, which means your invested contributions can potentially compound more earnings. Some mutual funds may impose a short term trade fee. Additional information on mutual fund fees are contained in the prospectus for the particular mutual fund.*

# Investment approaches

There's no right or wrong way to invest—only choices. This booklet is divided into three investing approaches: A - Do-it-yourself, B - One and done, and C - Go Pro. Remember, you're not on your own. We can help you understand market risk and other risks you may face and strategies that may help you deal with them through membership in MSRP.

**A Do-it-yourself**  
**Your own strategy:** choose your own asset allocation mix of MSRP investment options. Review your investments and gradually change your overall strategy as you near retirement, and/or use an asset allocation model based on your age and risk tolerance.

Turn the page to complete an asset allocation questionnaire designed to guide you to an asset allocation model for fund selection. The questionnaire can also be accessed online at MarylandDC.com by clicking on Learning Center > Tools & Calculators > Launch Asset Allocation Tool.

*The use of asset allocation does not guarantee returns or insulate you from potential losses. Asset allocation is a rational strategy for investment selection. Simply put, it is the process of diversifying your investment dollars across different asset classes. It helps you maximize your return potential while helping to reduce your risk.*

**B One and done**  
**T. Rowe Price Retirement Funds** are lifecycle funds—one-step portfolios where you select a target retirement date and the fund that matches the date is automatically adjusted over the years by a professional money manager. Each fund is rebalanced and adjusted over time to become increasingly conservative as they approach their target date and beyond.

Turn to page 18 for more information about T. Rowe Price Retirement Funds.

*Targeted Retirement Funds are managed by T. Rowe Price and are composed of other T. Rowe Price mutual funds.*

*There are many considerations when planning for retirement. Your retirement needs, expenses, sources of income, and available assets are some important factors for you to consider in addition to the Retirement Funds. Before investing in one of these funds, also be sure to weigh your objectives, time horizon, and risk tolerance. All funds are subject to market risk, including the possible loss of principal.*

**C Go Pro**  
 With **Nationwide ProAccount®**, investments are selected for you by professional investment managers based on your age and risk tolerance, then monitored and adjusted to keep on target with your goals.

Wilshire, a leading provider of investment products and services, actively manages your account, including periodic rebalancing, according to the information you provide.

Ask your Team MSRP member for a Nationwide ProAccount kit to learn more about this approach.

*Nationwide Investment Advisors LLC (NIA), a SEC registered investment advisory firm affiliated with Nationwide, has retained Wilshire Associates Incorporated (Wilshire®) as the Independent Financial Expert for Nationwide ProAccount. Wilshire Associates Incorporated is not an affiliate of NIA or Nationwide.*

<b>A</b>			Define your own investment strategy, select & manage your own investments
<b>A</b>		<b>C</b>	Choices guided by personal risk tolerance
	<b>B</b>	<b>C</b>	Professional asset allocation
<b>A</b>	<b>B</b>	<b>C</b>	Automatic re-balancing ( <i>Option A must opt-in for this service</i> )
	<b>B</b>	<b>C</b>	Professional investment selection, monitoring, management and adjustments

**Please consider the fund's investment objectives, risks, and charges and expenses carefully before investing. The prospectus contains this and other important information about the investment company. Prospectuses are available by calling 800-545-4730. Read the prospectus carefully before investing.**



# Asset Allocation Questionnaire

**1. Your current age is:**

- Over 70 (1 point)
- 60-70 (4 points)
- 50-59 (8 points)
- 35-49 (12 points)
- 34 or younger (16 points)

**2. When do you anticipate taking regular cash distributions from your account?**

- Less than 5 years (2 points)
- 5 – 9 years (5 points)
- 10 – 15 years (7 points)
- More than 15 years, or I do not anticipate taking cash distributions (10 points)

**3. In addition to your current employer-sponsored retirement plan, do you have other retirement plan benefits such as a defined benefit pension or defined contribution profit sharing plan?**

- No (0 points)
- Yes (20 points)

**4. If \$100,000 was invested at the beginning of the year, which example best describes your tolerance for risk?**

- Portfolio A (\$95,000–\$115,000) 1 point
- Portfolio B (\$90,000–\$125,000) 4 points
- Portfolio C (\$85,000–\$140,000) 7 points
- Portfolio D (\$80,000–\$150,000) 10 points

**5. While riskier than bond investments, stock investments offer the potential of higher long-term investment returns. What is your feeling about investing a portion of your money in stock investments?**

- I am concerned that stock investments are too risky and would prefer a higher allocation to bonds (1 point)
- I understand there is additional risk with stock investments and would consider a more balanced allocation to stocks and bonds (5 points)
- I understand there may be some additional risks in stock investing, but the opportunity to achieve long-term growth with a higher allocation to equities is worth a serious consideration (9 points)
- I understand the risks, but recognize there are growth opportunities in stock markets, and would like to maximize those opportunities (12 points)

**6. Given the volatility of the capital markets, your account value will fluctuate over time. The three choices below show potential account value ranges after a three year investment period. If you were to invest \$50,000, which portfolio would you select?**

- Account value range of \$48,000–\$53,000 (2 points)
- Account value range of \$45,000–\$58,000 (6 points)
- Account value range of \$40,000–\$60,000 (10 points)

	Points
<b>Question 1</b>	_____
<b>Question 2</b>	_____
<b>Question 3</b>	_____
<b>Question 4</b>	_____
<b>Question 5</b>	_____
<b>Question 6</b>	_____
<b>TOTAL</b>	=====

Total points:	58 - 78 = Aggressive	40 - 57 = Moderate/ Aggressive	27 - 39 = Moderate	17 - 26 Moderate/ Conservative	0 - 16 = Conservative
Asset Class	Aggressive	Moderately Aggressive	Moderate	Moderately Conservative	Conservative
<b>International</b>	<b>30%</b>	<b>24%</b>	<b>19%</b>	<b>14%</b>	<b>9%</b>
<b>Small-cap</b>	<b>5%</b>	<b>5%</b>	<b>4%</b>	<b>2%</b>	<b>1%</b>
<b>Mid-cap</b>	<b>11%</b>	<b>9%</b>	<b>7%</b>	<b>6%</b>	<b>4%</b>
<b>Large-cap</b>	<b>44%</b>	<b>37%</b>	<b>30%</b>	<b>23%</b>	<b>16%</b>
<b>Bonds</b>	<b>7%</b>	<b>18%</b>	<b>28%</b>	<b>38%</b>	<b>40%</b>
<b>Capital preservation</b>	<b>3%</b>	<b>7%</b>	<b>12%</b>	<b>17%</b>	<b>30%</b>



**Aggressive.** Appropriate for an investor with both a high tolerance for risk and a long time horizon. The main objective of this portfolio is to provide high growth without providing current income.



**Moderately Aggressive.** Designed for an investor with a high tolerance for risk and a longer time horizon. This investor has little need for current income and seeks above-average growth from his/her investable assets.



**Moderate.** Best suits an investor who seeks relatively stable growth and a low level of income. The investor will have a higher tolerance for risk and/or a longer time horizon than a conservative or moderately conservative investor. The main objective is to limit fluctuations to less than those of the overall stock market.



**Moderately Conservative.** Appropriate for an investor who seeks both modest investment value increases and income from his/her portfolio. This investor will have either a moderate time horizon or a slightly higher risk tolerance than someone who chooses a Conservative profile.



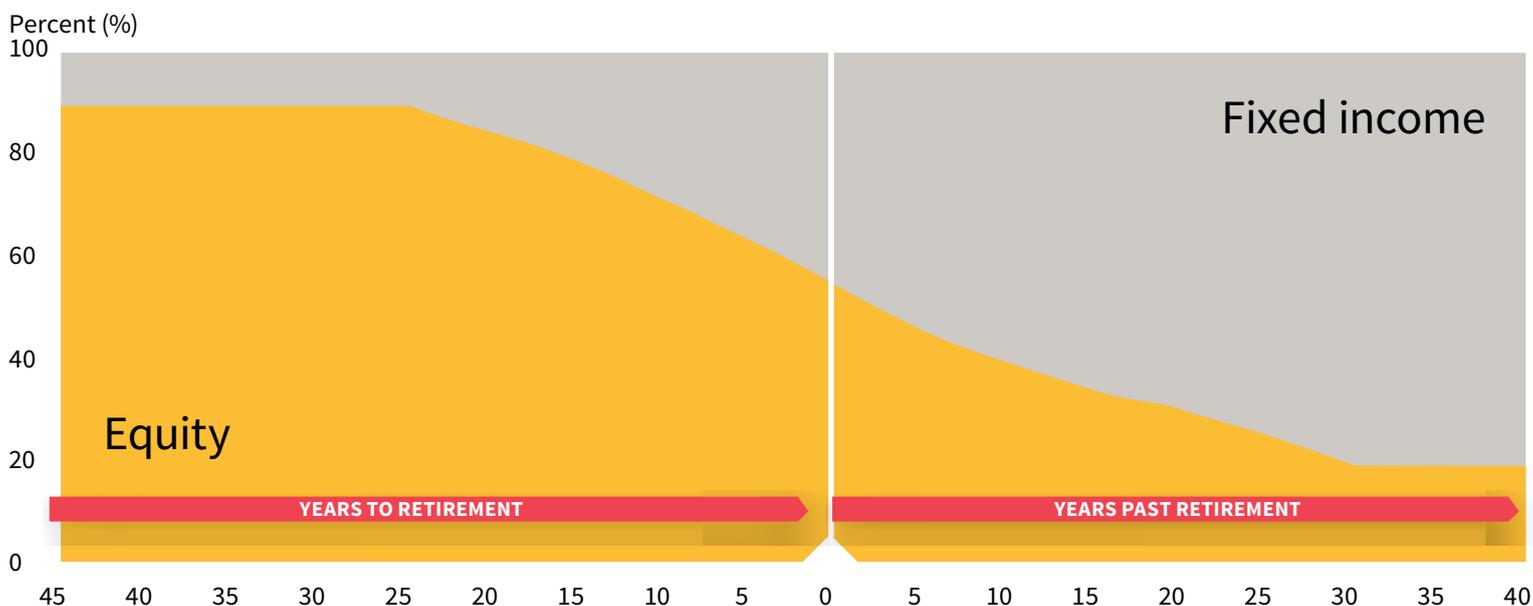
**Conservative.** Designed for an investor with a low risk tolerance and/or a short time horizon. It is targeted toward the investor seeking stability and whose main objective is to preserve capital while providing income. Fluctuations in the value of these portfolios are minor.

*The Asset Allocation Tool presented is available through a license agreement between Wilshire Associates and Nationwide. Its sole purpose is to assist you in determining your general attitudes towards investment risk. This questionnaire does not consider all factors necessary in making an investment decision (e.g., personal and financial information and investment objective). In no way should this questionnaire be viewed as investment advice or establishing any kind of advisory relationship with Wilshire Associates. Wilshire Associates does not endorse and/or recommend any specific financial product that may be used in conjunction with the asset allocation models that are presented. Please consult with your financial professional and obtain the financial product's prospectus (or its equivalent) and read it carefully prior to investing.*

*This material is not a recommendation to buy, sell, hold, or rollover 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.*

*The use of asset allocation does not guarantee returns or insulate you from potential losses in a down market. Investing involves market risk, including possible loss of principal, and there is no guarantee that investment objectives will be achieved.*

# T. Rowe Price Retirement Funds



T. Rowe Price Retirement Funds offer the power of a diversified set of mutual funds in a single fund, with the added benefit of professional asset allocation.

They have an asset allocation mix among stocks, bonds and short-term instruments that is more aggressive when you're younger and gets more conservative as you approach retirement or the year you plan to start taking withdrawals. Choose one fund with a target retirement date closest to when you want to retire or take income or turn age 65, and the expert money managers do the rest.

## Automatically adjusted over time

The Retirement funds' allocations are actively managed for 30 years after their target retirement date. Retirement funds geared toward a longer time horizon, such as 30 years or more, start out with a more aggressive risk/return potential (the potential to earn or lose money), which gradually becomes more conservative (less risky) over time.

## One and done

Due to the design of T. Rowe Price Retirement Funds, investors selecting this approach normally designate 100% of their funds to one fund (e.g. 100% in Retirement Fund 2025).

These funds may appeal to investors who feel they do not have the time, knowledge or inclination to pick and choose a portfolio on their own. They prefer to have the selection and monitoring of their portfolio done for them.

T. Rowe Price Retirement Funds are managed by T. Rowe Price and are composed of other T. Rowe Price mutual funds.

*Each of the T. Rowe Price Retirement Funds are part of the MSRP Mutual Fund Savings (reimbursement) program, which reduces member fees.*

*There is no guarantee that the investment objective of any fund will be achieved. The T. Rowe Price Retirement Funds are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. Therefore, the funds have partial exposure to the risks of many different areas of the market and you are indirectly paying a proportionate share of the applicable fees and expenses of the underlying funds.*

*The T. Rowe Price Retirement Funds are mutual funds and, as with any mutual fund, you should examine the prospectus as part of your investment decision. The prospectus will contain the most complete description of the strategies and risks associated with the funds. **Fund prospectuses can be obtained by calling 800-545-4730. Before investing, carefully consider the fund's investment objectives, risks, and charges and expenses. The fund prospectus contains this and other important information. Read the prospectuses carefully before investing.***

# Ready to sign up?

Just fill in a few lines of personal information and check a box on the EZ enrollment form included in the back pocket.



Baker Park in Frederick Maryland

## Are T. Rowe Price Retirement Funds right for you?

No Yes

<input type="checkbox"/>	<input type="checkbox"/>	1 I consider myself a beginner investor.
<input type="checkbox"/>	<input type="checkbox"/>	2 I review investments online or in the newspaper less than once a month.
<input type="checkbox"/>	<input type="checkbox"/>	3 I have not developed a long-term retirement investment strategy.
<input type="checkbox"/>	<input type="checkbox"/>	4 I'm not interested in reading about my account and investments.
<input type="checkbox"/>	<input type="checkbox"/>	5 I prefer to choose an investment option that's already premixed and diversified.
<input type="checkbox"/>	<input type="checkbox"/>	6 I don't want to spend time learning about different investment opportunities.
<input type="checkbox"/>	<input type="checkbox"/>	7 I'm not confident in my ability to make investment choices.

If you have more *Yes* than *No* answers, the approach offered by T. Rowe Price Retirement Funds may be appropriate for you. If you have more *No* answers it may be more appropriate for you to select your own portfolio.

If you were born... This T. Rowe Price Retirement Fund may be right for you...

In 1993 or after	2060 Fund
1988–1992	2055 Fund
1983–1987	2050 Fund
1978–1982	2045 Fund
1973–1977	2040 Fund
1968–1972	2035 Fund
1963–1967	2030 Fund
1958–1962	2025 Fund
1953–1957	2020 Fund
1948–1952	2015 Fund
1943–1947	2010 Fund
In 1942 or before	2005 Fund

MSRP Fund Profiles can be obtained in the *Investment Info* section of [MarylandDC.com](http://MarylandDC.com).

# The value of MSRP Membership

MSRP is among the 200 largest retirement plans in the entire country. The MSRP Board of Trustees uses its volume purchasing power to negotiate lower fees than you may be able to find on your own.

	A Do-it-yourself Your own strategy	B One and done T. Rowe Price Retirement Funds	C Go Pro Nationwide ProAccount®	
Front-end Load	0.00%	0.00%	0.00%	
Back-end Load	0.00%	0.00%	0.00%	
Mortality & Expense	0.00%	0.00%	0.00%	
Contingent Deferred Sales Charge	0.00%	0.00%	0.00%	
Account Administration Fee <sup>17</sup>	0.14%		0.14%	
Flat fee per account (annual) over \$500	\$6.00		\$6.00	
Fund Operating Expense / Expense Ratio <sup>18</sup>	0.02%–0.80%	0.59%–0.76%	0.02%–0.80%	
Advisor or Investment Management Fee	0.00%	0.00%	Account Balance	Fee
			The first \$99,999.99	0.50%
			The next \$100,000–\$250,000	0.45%
			The next \$250,001–\$400,000	0.40%
			The next \$401,000–\$500,000	0.35%
Assets \$500,001+	0.30%			
Reimbursements <b>from</b> Mutual Funds <sup>19</sup>	+0.10% to +0.25%	+0.15%	+0.10% to +0.25%	

## What are the fees to members?

Maryland law requires that the members in the supplemental retirement plans pay all costs associated with the plans. The Board of Trustees meets these costs by charging fees to participating employees per account and per asset value. The Board collects a monthly fee of 50 cents from each 457(b), 401(k) and 403(b) account over \$500. The annual asset fee is currently 0.14% of a member's account value, paid monthly. Part of this fee, 0.05% pays for services provided by the Board. The remainder, 0.09%, pays for services provided by Nationwide. MSRP fees are assessed monthly and reported on your quarterly account statement. The maximum asset fee this calendar year is \$2,000 per account. Additional Plan account fees may be assessed at the Board's discretion. Impacted members will be notified of any changes in fees prior to assessment.

<sup>17</sup> MSRP plan administration fee is \$1.40 per \$1,000 account value (capped at \$2,000 per account).

<sup>18</sup> Institutional shares, with lower than retail expenses, are arranged whenever available.

<sup>19</sup> Reimbursements from mutual funds are added to your account rather than a fee subtraction.

# Consolidate & simplify

Consolidating your accounts may seem like a hassle, but we've been helping members do it for a long time. We've figured out how to keep the consolidation process as simple as possible.

You may benefit when you consolidate your assets because of:

- The convenience of working with a single plan provider
- Simplified paperwork
- Fewer annual account fees
- Potentially lower MSRP fees
- Help from Team MSRP Personal Retirement Consultants now and after you retire

## Rollover to MSRP

	457(b)	Roth 457(b)	403(b)	401(k)	Roth 401(k)
457(b)	Yes	Yes <sup>20</sup>	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 <sup>20</sup>
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

Rollover from

Smith Island Maryland

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 Personal Retirement Consultants do not give legal or tax advice. Please contact your legal or tax advisor for such advice.

<sup>20</sup> The money rolled over is taxable at distribution.



## Options available upon separation from State service

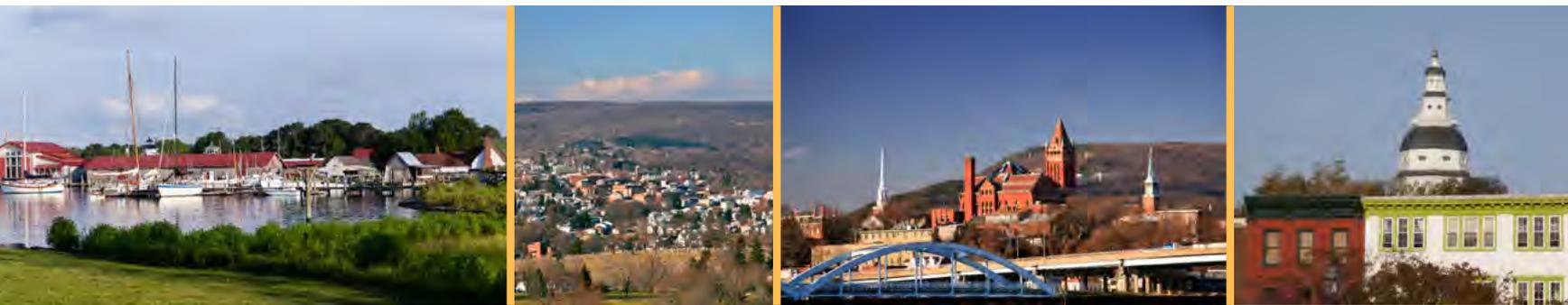
- At separation, you may contribute your annual leave payment to your MSRP account. Call Team MSRP representative
- Leave assets to potentially grow in your MSRP account, annual minimum distributions are required beginning at age 70½
- Total or partial distribution payment at any time
- Installment payments for a fixed period that may be changed at your request
- Installment payments of a fixed amount paid monthly, quarterly, semiannually or annually subject to your requirements

*Enjoy MSRP membership, regardless of employee status, for as long as you have an account balance.*

- Purchase a guaranteed income annuity with all or part of an MSRP account

You may begin withdrawals of assets in the 457(b) plan without an excise tax when you leave State employment. You may begin withdrawals of assets in the 401(k) and 403(b) plans without an excise tax after age 59½ or, if you have separated from State employment, at age 55 or older. Designated Roth assets must have been held in the plan for at least five years for a tax-free distribution after age 59½.

Purchasing annuities are irrevocable and not able to be changed. Payments from annuities are subject to the claims paying ability of the issuing insurance company.



*TRADING POLICY: To protect the interests of all members, Nationwide has taken steps to limit excessive and other trading abuses by employing this policy for all accounts administered by Nationwide.*

- *If 6 or more trade events occur in one calendar quarter, we will notify you by U.S. Mail that the level of trading activity in your account has characteristics of market timing*
- *Once 11 trade events occur across 2 consecutive calendar quarters, we must require all trade requests for the remainder of the calendar year to be submitted in paper form via regular U.S. Mail*

- *Once 20 trade events are reached in a calendar year, we must require all trade requests for the remainder of the year to be submitted in paper form via regular U.S. Mail*

*We reserve the right to restrict trades made under any account, and may be required by a fund manager to take other actions.*





JOIN ONLINE

## Easy access to your account

... 7 days a week, 24 hours a day.

### MarylandDC.com

Immediate, personalized account access for joining the plan, exchanges, allocation changes or changes to deferral amount. Plus, up-to-date information about funds, policies and benefits is always featured

### Automated Voice Response Unit

**800-545-4730**

24-hour account access for exchanges and allocation changes.

## Professional financial services and resources

### Individual Customer Service

**800-545-4730**

Monday through Friday 8 a.m. to 11 p.m.  
Saturday 9 a.m. to 6 p.m.

Personal assistance  
from your local Retirement Specialist

**800-966-6355**

### News and Education

Team MSRP provides members with quarterly educational, consolidated account statements, booklets, information kits, workshops and one-on-one education at or near your place of work.



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[twitter.com/msrp](https://twitter.com/msrp)

### Nationwide, plan administrator for MSRP

11350 McCormick Road  
Executive Plaza 1, Suite 400  
Hunt Valley, MD 21031

**800-545-4730**  
**MarylandDC.com**

### MSRP Board of Trustees and Staff

Wm. Donald Schaefer Tower  
6 Saint Paul Street, Suite 200  
Baltimore, MD 21202

**800-543-5605**  
**MSRP.Maryland.gov**

This document was created to help educate State employees about the Maryland Supplemental Retirement Plans and is intended only to provide a general summary of the Plans and their features. In the event there are any inconsistencies between this document and the Plan Documents, the Plan Documents will govern.

Nationwide is the administrator for MSRP. Nationwide Investment Services Corporation (NISC), member, FINRA. NISC is an affiliate of Nationwide, provides educational and enrollment services on behalf of MSRP. Financial & Realty Services, LLC may provide education and marketing support services on behalf of Nationwide. Its Retirement Consultants are registered representatives of FSC Securities Corporation (FSC), member FINRA, SIPC. FSC and Financial & Realty Services, LLC are not affiliated with MSRP, Nationwide or NISC.

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