

2015 **V**oluntary **S**eparation **P**rogram

Maryland Supplemental Retirement Plans

Your 401(k), 457 and 403(b)



Maryland Teachers & State Employees

Supplemental Retirement Plans

William Donald Schaefer Tower

6 Saint Paul Street, Suite 200

Baltimore, Maryland 21202

Tel: (410)767-8740

Toll-Free: 1(800) 543-5605

www.MSRP.maryland.gov

This presentation is for educational purposes and should not be construed as tax, legal or investment advice.



Agenda

- Annual Leave Deferral
- Distribution Considerations
- Beneficiaries
- Account Changes
- Your Personal Retirement Consultant



Annual Leave

- If Annual Leave is paid directly to you the payment will be taxed immediately.
(VSP payout will be taxed immediately and cannot be deferred into your plan)
- If you defer your Annual Leave Payment into your plan(s) taxes will be due upon distribution at your tax rate at that time.
- You can open an account just to defer your Annual Leave Payment.



To defer your Annual Leave into your MSRP Plan(s)

- Follow directions on back of attached Participation Agreement. (You must stay within the contribution limits - \$18,000 if under 50, \$24,000 if 50 or older. You can open a second account if necessary.)
- Write **VSP** in large letters in section 3.
- Form should be submitted by fax to 443-886-9403 no later than 5/6/15.



When you leave state service you may:

- Keep your money in your MSRP account: at 70½ a minimum distribution is required at least annually, if separated from State service (see MSRP Withdrawal Requirements for more information).
- Make a tax-free transfer to purchase service credit through the pension system. Call the State Retirement Agency at 410-625-5555.
- No post employment contributions are permitted



Distributions

(access to your money)

457

- You may begin distributions regardless of age, without penalty, upon separation from service

[No in-service distributions (exception for hardships)]

401(k), 403(b), 401(a)

- You may begin distributions without penalty, if separated from service in the calendar year that you turn 55 or later.
- You may begin distributions at 59½ without penalty if separation occurs before age 55
- You may begin in-service distributions at age 59 ½

[No in-service distributions for 401(a)]

Note: Distributions of Pre-tax Contributions will be taxable income.
See “MSRP Withdrawal Requirements” in attachments for tax treatment of Roth distributions.



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Payout Requests

- Request on Agency Letterhead confirmation of separation date (Documentation needed regardless of when distribution will be taken. Note: document can be marked “for future use” and sent to Nationwide now)
- Payout Request Form - be sure to initial bottom of form near signature line, otherwise your payment will be delayed by 30 days.
- Fax or mail completed form to:
11350 McCormick Road
Executive Plaza I, Suite 400
Hunt Valley, MD 21031 Fax #: 443-886-9403
- Funds will be available in 5-7 business days from receipt of form. (submit W-4P federal tax withholding form and direct deposit form if desired, available at www.MarylandDC.com)

NOTE: Automatic 20% federal and 7.75% state income tax withholding required. (Except for Qualified Roth Distributions). You will receive a 1099R showing distribution amounts and tax withholding.



Distribution Options

- **Lump Sum or Partial Lump Sum**
- **Systematic Withdrawal Options:**
 - **Designated amount**
 - **Designated period**



You may choose distribution frequency:
monthly, quarterly, semi-annually or annually

You may start and stop your withdrawals at any time. You may make changes to your withdrawal method or amount as often as you like.

- **Annuity purchased with all or part of your money**
 - An annuity provides a guaranteed income stream for life or a specific period of time.
 - Higher income payments expected through an institutional fixed income annuity (which is commission free) with our plan vs. an individually-purchased retail fixed income annuity.



Why consider an Annuity?

Did you know that retirees in Maryland have a 78% probability of outliving their retirement savings? ¹

Consider buying a fixed income annuity through MSRP with part of your account balance:

- If you are uncomfortable with investment risk
- If you have essential expenses that exceed your Pension and Social Security payments
- To provide income to your spouse or other beneficiary after you are gone
- To keep you from outliving your money if you have a long life expectancy
- To avoid the temptation to give too much of your retirement money to your children/grandchildren

See Annuity Overview handout for more information. Check the box on the Survey to request a personalized annuity illustration.

¹ Ernest & Young LLP for Americans for Secure Retirement, 2009



Pre-tax Rollover Options

Roll INTO MSRP from:	Roll OUT of MSRP to:
Other employers' plans	Other employers' plans
Traditional IRAs	Traditional IRA
	Roth IRA (taxable event)

- Money coming into a plan generally follows the most restrictive rules. Use caution rolling out 457 money prior to 59 ½.
- Compare fees, reimbursements and investment options. (see **Being An Informed Investor: Rollovers**)

Note: Rollovers of a Roth 401k/457b are allowed with certain restrictions.



Beneficiaries

Are your beneficiary designations up-to-date (*and shown on your statement*) and beneficiaries informed?

- Update Beneficiaries by using the Participation Agreement Form or online.
- Accounts pass outside of will
- Beneficiary designation determines who will receive account or be given the opportunity to disclaim account in favor of contingent beneficiary
- Beneficiaries can take distributions over their life expectancy (See IRS Publication 590)



www.MarylandDC.com

- **Set up account to make changes online**
- **About MSRP click “What are my investment options?”**
 - Fund performance
 - Fund Profile = Morningstar Report
- **Learning Center**
 - **Tools and Calculators**
 - Future Value
 - Paycheck Impact
 - Pay out
 - Ibbotson Asset Allocation Tool**
 - Roth Analyzer Tool
 - **Find Your Path** (for tips for those near retirement)





EDUCATION & TOOLS

About MSRP

Enroll

Learning Center

Support & Forms

CONTACT US

Have questions? Give us a call.

1-800-545-4730

Send us an e-mail

Contact Us

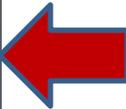
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Log In



My Interactive Retirement PlannerSM

Personalized comprehensive planning & insight to help you prepare for retirement
Learn more

Explore Important Plan Updates And Announcements

Balance history

View account balances month by month

Rate of return

View account performance over time

In the Spotlight

- Connect With Us on Facebook and Twitter
- Team MSRP Retirement Specialist calendar

Latest Headlines

- IRS Contribution Limits
- Saver's Tax Credit Limits
- Q3 2014 statements now available
- Get Informed About Rollovers (PDF)

Previous headlines...



Are you prepared for retirement?

Find out with the *On Your Side* Interactive Retirement PlannerSM

STEVE MITCHELL
4319Q - CITY OF COLUMBUS: 8079723

401(K) Overview

My Balance as of 12/05/2013

Fund balance:	\$40,000.00
Outstanding loan balance:	\$1,248.49
Total account balance:	\$41,248.49

Will you have enough?

Retiring at 65 may give you

\$414/month

(from your 401k account)

How is this calculated?

My Retirement Planner

Need more \$?



Account Activity Balance History Rate Of Return Contributions My Funds

RECENT TRANSACTIONS

Effective Date	Transaction	Confirmation Number	Amount
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Use the *Interactive Retirement Planner* to see if you are on track for the retirement you want!



Free Personal **Retirement Consultants**



THE PRCs ARE OUR MAIN POINT OF CONTACT FOR THE VSP. THEY CAN HELP YOU WITH YOUR ANNUAL LEAVE DEFERRAL AND HELP EVALUATE THE PROS AND CONS OF THE VSP.

Make an appointment within 5 years of retirement (consultation services available during retirement too!)

- The PRC will review all of your options, investments and show you payouts based on your account balance
- Take estimated Social Security and pension benefit statements for you and your spouse
- Request a Profile Forecaster for a comprehensive financial plan for retirement
- **Call 800-966-6355 or see the attached map to make an appointment with the Personal Retirement Consultant for your region (who will come meet with you at your worksite) or with a Personal Retirement Consultant in the Hunt Valley Office.**



Account Changes



- Internet Access - www.MarylandDC.com
- Nationwide currently administers MSRP accounts [401(k), 457, 403(b) and 401(a)]
- To exchange investments or to check your balance call Customer Service 1-800-545-4730
- Live assistance 8:00am – 11:00pm Monday - Friday
- Use attached **Participation Agreement** to change name, address, deferral amount (including deferral of annual leave) and update beneficiary information.



Things to keep in mind

- Keep as much of your money as possible invested for retirement.
- Employ a long time horizon, average retirement is 28 yrs.
- Aim for 80% of your current income at retirement.
- You can still change your investments by doing exchanges.
- You still can consult with the PRCs after you leave state service.



Things “To Do”

1. On Agency Letterhead get Separation of Service Letter and send to Nationwide for future use
2. Call payroll for annual leave dollar amount and date of pay period
3. Complete Participation Agreement to defer annual leave payout
4. Update beneficiaries using Participation Agreement
5. Fax Participation Agreement to (443) 886-9403 no later than 5/6/15



Follow up contacts

- Maryland Supplemental Retirement Plans 410-767-8740 or 1-800-543-5605 www.MSRP.maryland.gov
- Info.MSRP@maryland.gov for follow-up questions from today or Baltimore Office of Nationwide at 443-886-9402 during regular business hours.
- All forms are available on the www.MarylandDC.com website.

MSRP Withdrawal Requirements, Options & Beneficiaries



You have been deferring into your account for many years, and retirement is just around the corner. How might this money be distributed? What options are available to you? What are the requirements? Answers to these questions and more can be found here.

Requirements and restrictions for plan withdrawals are essentially the same across all of the MSRP plans. The basic rule is that the employee may not withdraw money if he or she is still employed. Once employment has terminated, the account value may be withdrawn, transferred to another plan or IRA, or left to accumulate additional earnings. The basic rule does have certain important details and exceptions.

Withdrawal Requirements

Minimum Withdrawals at Age 70½

All of the plans follow federal tax law, which requires all plan participants to begin withdrawals at age 70½, unless they are still employed by the State. The amount of the required minimum annual withdrawal is determined by IRS regulations that take into account life expectancy and estimated earnings from the account. The same required minimum amount is calculated annually for IRA accounts. The participant may withdraw greater amounts, but is not required to do so.

Withdrawals Permitted

In-Service Distribution at age 59½

The 401(k) and 403(b) plans allow participants to withdraw account values after age 59½ even if they are still employed. The 457 plan only allows such withdrawals if still employed by the State at 70½ years of age. This type of in-service withdrawal is not available in the 401(a) Match plan.

Unforeseen Emergency or Hardship Distributions

The 457, 401(k) and 403(b) plans allow for emergency or hardship distribution even if the participant is still employed. These kinds of distributions are not encouraged, but if there is a documented financial hardship emergency the participant may be eligible for this type of withdrawal. This type of withdrawal is

subject to ordinary income tax, and may be subject to a 10% penalty tax if paid from the 401(k) or 403(b) plan. Withdrawals like these are not available in the 401(a) Match plan.

457 Unforeseen Emergency Standards: The financial emergency must be severe, and come from an unforeseeable event which produces an unbudgetable expense. Sudden unreimbursed medical expenses may qualify; automobile repairs generally will not, unless they are required because of an accident.

401(k) and 403(b) Hardship Standards: The need must be equally severe, but it need not be unforeseeable. In addition, payment of college tuition and purchase of a primary residence automatically qualify for hardship distribution under these plans. Except for the college and home reasons, the employees must document the hardship and his or her general financial status to qualify for a distribution. This includes showing that the hardship may not be alleviated by other assets or resources, or by stopping contributions to the plan.

Penalty Tax on Withdrawals Before 59½

All plan withdrawals are subject to State and federal ordinary income tax unless they are rolled over to another eligible plan or IRA. In addition, withdrawals prior to age 59½ from the 401(k), 403(b) or 401(a) plans are subject to a 10% penalty in addition to regular income tax. Exceptions to the 10% penalty may apply in the case of rollovers, death, disability, certain extended payouts, or payments on termination of employment in the year the employee turns 55 years or older. Withdrawals from the 457 plan are usually not subject to the 10% penalty tax.

Withdrawal Options

Your options for payment are Systematic Withdrawals, Purchased Annuities, and Lump Sum. Direct deposit to your financial institution account is preferred.

Systematic Withdrawal Options

Systematic withdrawal options allow you the flexibility and control over the money you have worked so hard to save. The benefits include the ability to select from a broad choice of investment options and the continuing freedom to change investments. Keep in mind your account continues to be subject to market risk, including possible loss of principle. You will receive a confirmation letter to verify your withdrawal selection. You continue to pay the same charges, including asset fees, paid by a regular participant. If you die before your account is exhausted, the remainder of your account is available to be paid to your beneficiary(ies).

1. Designated Amount Systematic Withdrawal.

This option allows you to request a constant stated dollar amount. The amount of earnings on your investments and the amount of your withdrawal determine how long your money will last. Your payments can be received monthly, quarterly, semiannually or annually.

2. **Designated Period Systematic Withdrawal.** If you are concerned about how long your investment will last, this may be the option for you. You can state the number of years you wish your money to last. The amount you receive each year depends upon the number of years you select and how many are remaining, in addition to the performance of your investments. For example, suppose you choose a designated period of five years. Your annual disbursement would be one-fifth of the balance in the first year, one-fourth of the balance in the second year, and so on. The full balance along with any investment return would be depleted in the stated time period.

Changing Systematic Withdrawals

With the systematic withdrawal option, you may change your payout at any time. Most importantly, though, participants over age 70½ must receive at least the IRS calculated required minimum distribution. Systematic payments are accounted for on an automated system. So, if you wish to stop or

increase a payment you should contact the MSRP customer service center well in advance of the date the payment would ordinarily be made. Just call 1-800-545-4730.

If you die before receiving all of your payments under the systematic withdrawal options, your remaining accumulation is available to be paid to your primary beneficiary(ies). If the primary beneficiary is no longer living, the payments are made to any contingent beneficiary(ies).

Purchased Annuity Options

Available from Nationwide Life Insurance Company and Metropolitan Life Insurance Company

With the purchased annuity options using your total account balance, your account records are removed from MSRP's record keeping system, and your balance is used to purchase an annuity contract. You no longer receive quarterly account statements - instead you receive payments on the annuity contract directly from the insurance company. When you buy an annuity, you will receive an annuity certificate stating the terms of the contract. Purchase rates, the amount it takes to buy a set amount of monthly income, are subject to change monthly. However, once you have purchased an annuity, the benefit amount remains the same for the life of the annuity. Payments can be received monthly, quarterly, semiannually, or annually. You may also purchase an annuity with just part of your account balance.

1. **Single Life Annuity.** This option maximizes the payment received. You receive a guaranteed lifetime income. All payments stop upon your death. There is no named beneficiary. Amounts are based on your age and your purchase amount.

2. **Life Income With Payment Certain Annuity (5, 10, 15, 20, 25 or 30 Years).** This option provides equal payments over your lifetime and guarantees payments for a stated period. If you receive at least the minimum number of payments, distributions continue for your lifetime. If you die before the end of the stated period, any remaining payments will go to your named beneficiary(ies). Amounts are based on your age and your account balance.

3. **Joint & Survivor Annuity (50, 66, 67, 75 or 100%).** This provides you and a beneficiary (usually a spouse) income for life. Payments to your beneficiary, if you should die prior to him/her, may be a percentage (50, 66, 67, 75 or 100%) of the original payments. Amounts are based on your age, your survivor's age and your account balance.

4. **Designated Period Annuity.** This option provides fixed payments over a specified period. If you should die before the end of the period, your named beneficiary(ies) receives the remaining payments. The payout period cannot exceed your actuarial life expectancy and can be anywhere from three to 20 years. Payments are based on your account balance, the number of years requested, and a pre-determined rate of return.

5. **Designated Amount "Cash Refund" Annuity.** This option provides payments of a stated dollar amount. If you should die before receiving all of the stated income, any remaining income will be paid to the beneficiary(ies). Payments are based on your account balance, the amount requested, and the predetermined rate of return.

NOTE: Guarantees discussed as part of the annuity contract are subject to the claims paying ability of the issuing insurance company.

Lump Sum Payments

You can request a Lump Sum payment of a portion of your account or the entire account balance.

1. **Lump Sum Withdrawal.** This option pays the entire account balance in a single payment.

2. **Partial Lump Sum Withdrawal.** This option pays a portion of the account balance in a single payment. There is no limit to the number of partial withdrawals you may make.

Retirement Consultation

As you near retirement, you can call Team MSRP's Personal Retirement Consultants at 443-886-9402 or 1-800-966-6355 to set up your free retirement consultation. You may request an appointment when you are within 5 years of retirement or after retirement.

Payment Illustrations

As an added service to participants, Team MSRP offers payment illustrations at no additional charge. Payment illustrations summarize the potential future value of your account, given available payment schedules. You can request payment illustrations by calling the Hunt Valley office for Team MSRP at 443-886-9402 or toll-free at 1-800-966-6355 or the Team MSRP Customer Service Center toll-free at 1-800-545-4730.

Withdrawal Forms

To get the necessary forms for selecting your payment date and/or method, or for changing a previous election, call the Hunt Valley office for Team MSRP at 443-886-9402 or toll-free at 1-800-966-6355. You may also download the forms at www.MarylandDC.com, click on Support & Forms in the left-side index.

Payments

Benefit payments can be sent to you by mail or by direct deposit to your financial institution. Payment requests must be received at least 30 days before you want your payments to begin. For systematic withdrawals, the date on which your first check is issued or your first direct deposit is made is the issue date of all subsequent checks or direct deposits. For purchased annuity withdrawals, the issue date of your payments depends upon the annuity provider.

Taxes and Withholding Requirements

Pre-tax Accounts

Withdrawals from the 457, 403(b), 401(k) and 401(a) plans are considered taxable income and subject to federal withholding in the years they are received. In these plans, the IRS requires a 20% federal income tax withholding on most withdrawals, unless you elect a systematic withdrawal extending over ten years or more. You may choose to have more than 20% withheld. You use Form W-4P to designate federal income tax withholding on most withdrawals. State income tax withholding is mandatory at a rate of 7.75% if the recipient is a Maryland resident and the payment is subject to 20% federal withholding. You may request to have withholding to states other than where you reside or if you reside outside of Maryland. You also can use Form MW507P to designate Maryland state income tax withholding for amounts

that are not subject to mandatory withholding. You will receive a 1099R in January of each year for any withdrawals made in the prior year. You should file this tax statement with your income tax return. For an additional 1099R copy or other reports, log into your account at www.MarylandDC.com, select which Plan and click on Statements & Documents in the left-side index, then look for the Tax Documents tab. You should always consult your accountant, lawyer or tax advisor for individual guidance.

After-tax Roth Accounts

Qualified withdrawals from Roth accounts are not subject to federal or Maryland taxation. A qualified withdrawal occurs when:

- A) the distribution is withdrawn 5 years or more after the year of the initial Roth 401(k) or Roth 457(b) contribution; AND
- B) the Roth 401(k) participant has attained age 59 ½ or becomes disabled or dies, OR the Roth 457(b) participant separates from service **and** attains age 59 ½ or becomes disabled or dies.

If a non-qualified withdrawal is made, the portion attributable to earnings will be subject to federal and Maryland taxation.

Working Beyond Age 70½

In all plans, you may postpone taking payments from your account as long as you are employed by the state of Maryland and have not yet retired, regardless of your age. If you work for the state of Maryland past age 70½ please note that when you stop working, you must begin payments of your account by April 1 of the calendar year following the calendar year in which you retire.

Social Security

According to current tax laws, payments from your supplemental retirement accounts are considered non-wage income, and therefore do not affect your Social Security benefits. However, payments from your plan(s) may affect the amount of federal income taxes assessed on your Social Security benefits. Social Security benefits are not subject to Maryland state income taxes.

Rollover to IRA

Amounts paid from the 457, 401(k) 403(b) or 401(a) plans may generally be "rolled over" or transferred to

an Individual Retirement Account (IRA). They may also be rolled over or transferred to another 457, 401(k), or 403(b) plan as long as that plan agrees to accept the rollover. Required minimum distributions to participants over 70½ as well as certain systematic long-term withdrawals are not eligible for rollovers. If you meet the qualifying rollover rules of the tax code, the transaction is tax-free, and you then pay tax when you withdraw the account from the IRA or new plan. If you request a rollover into a Roth IRA, this will not be a tax-free distribution and is reportable as income. Rollover money could be subject to a 10% tax penalty if withdrawn from the new plan prior to age 59½. To arrange a rollover you must either a) arrange a direct transfer from the plan to the IRA or eligible plan; or b) deposit the money into the IRA or new plan within 60 days. If the withdrawal is paid to you directly, federal tax withholding is required; so to have a completely tax free rollover you will need to: a) arrange a direct transfer, or b) replace the 20% withholding amount withheld with your own funds. See your Team MSRP representative for details on which distributions are eligible for rollover, and how a rollover can be accomplished.

Beneficiaries

You are required to name a beneficiary of your account when you enroll in the plans. You may change your beneficiary designation at any time. You are entitled to name any person as the beneficiary. You may download the form at www.MarylandDC.com by clicking on Support & Forms in the left-side index.

Death without beneficiary designation

If the participant dies without a beneficiary, the account is distributed according to terms of the plan. The plans provide that the account is distributed to the surviving spouse; if no surviving spouse, to surviving children; if no surviving descendants, to surviving parents; and if no parents, to the participant's estate.

Distribution to beneficiaries

Distribution to beneficiaries under all of the plans is controlled by the tax rules under Internal Revenue Code 401(a)(9). Under these rules beneficiaries may elect a withdrawal at any time. Most beneficiaries must take certain minimum annual distributions from the account. The basic rule is that the beneficiaries are required to take annual minimum distributions that begin in the year after the participant's death. The

amount of the required distribution is calculated by IRS actuarial tables that take into account the age of the beneficiary and an expected investment return. There are two important exceptions to this rule. First, if the beneficiary is the surviving spouse, he or she does not have to take any distribution until the year the participant would have turned age 70½. The second exception occurs if the participant dies prior to reaching age 70½. A beneficiary can then elect to take no distribution until five years after the participant's death. In that case, however, all of the account must be distributed within five years after death.

Spousal Rollover

If your beneficiary is your spouse under any of these plans [457, 403(b) or 401(k)], he/she may also choose to roll over the account to an Individual Retirement Account (IRA) or to any other eligible plan. A non-spousal beneficiary cannot roll over the account.

Uniform Required Minimum Distribution

No later than April 1 of the year after which you turn 70½ you must take distributions at the stated rate from your supplemental retirement plans and Traditional IRAs. If you wait until after December 31 of the year in which you turn 70½ to take your distribution, you would have to take two minimum distributions that calendar year (one for age 70, and one for age 71).

**Excerpt from Table III - (Uniform Lifetime) IRS Publication 590
(Account Value divided by “divisor” = required withdrawal)**

AGE	DIVISOR	AGE	DIVISOR	AGE	DIVISOR
70	27.4	79	19.5	88	12.7
71	26.5	80	18.7	89	12.0
72	25.6	81	17.9	90	11.4
73	24.7	82	17.1	91	10.8
74	23.8	83	16.3	92	10.2
75	22.9	84	15.5	93	9.6
76	22.0	85	14.8	94	9.1
77	21.2	86	14.1	95	8.6
78	20.3	87	13.4		

To Request Forms To request the appropriate beneficiary designation/change forms, call the Nationwide Customer Service Center toll-free at 1-800-545-4730. You may download the forms at www.MarylandDC.com, click on Support & Forms in the left-side index.

To Make A Claim To make a claim, call the Hunt Valley office for Team MSRP at 443-886-9402 or 1-800-966-6355.

For more complete information including charges and expenses, please consult the fund prospectus(es). These should be read carefully before investing and can be obtained by calling the Team MSRP Hunt Valley Office at 443-886-9402 or 1-800-966-6355.



Maryland Teachers and State Employees Supplemental Retirement Plans
William Donald Schaefer Tower • 6 Saint Paul Street • Suite 200 •
Baltimore, Maryland 21202-1608

Phone: 410-767-8740 Toll Free: 1-800-543-5605 Website: <http://MRSP.maryland.gov>

An Overview of Fixed Income Annuities and Guaranteed Income for Life

What is a fixed income annuity and what are the benefits?

A fixed income annuity is a contract issued by an insurance company that provides guaranteed income payments to you for as long as you live. It is a safe, secure way to generate retirement income that is immune to market fluctuations and guaranteed for the rest of your life – no matter how long you live. Fixed income annuities also allow you the option to ensure that your joint annuitants and/or beneficiaries are provided for should you pass away sooner than expected. Benefits of fixed income annuities include that they:

- provide you with a consistent income stream that is guaranteed for the rest of your life;
- help cover your fixed, non-discretionary expenses (i.e. mortgages, rent or utilities that are essential to the operation of your home or business);
- protect you against the two major risks in retirement: longevity risk and market risk;
- provide a range of income options designed to fit your personal circumstances; and
- allow you to provide income to a joint annuitant or beneficiary.

What is the cost?

An institutional fixed income annuity is commission-free. By purchasing an institutional fixed income annuity, your income payments are likely to be higher than they would be if you purchased a retail fixed income annuity. This is because retail fixed income annuities have high commission fees.

What benefit would three typical account balances provide?

Illustrative Annuity Quotes (As of 12/1/2014)

\$50,000 Premium		\$75,000 Premium		\$100,000 Premium	
Annuity Type	Monthly Benefit	Annuity Type	Monthly Benefit	Annuity Type	Monthly Benefit
Single Life	\$275	Single Life	\$411	Single Life	\$555
100% Joint and Survivor	\$230	100% Joint and Survivor	\$350	100% Joint and Survivor	\$465
Single Life Cash Refund	\$240	Single Life Cash Refund	\$366	Single Life Cash Refund	\$495

*Assuming annuitant is aged 65. For illustrative purposes only. Your actual annuity quotes may vary based on your individual data and other circumstances.

Please see reverse side to learn more about the different fixed income annuity options.

By choosing a **single life annuity**, you will receive fixed payments for the rest of your life, no matter how long you live. All income payments will cease upon your death and no further benefit payments will be due. The single life annuity offers the highest benefit payment.

By choosing a **100% joint and survivor annuity**, you will receive fixed payments for the rest of your life. When you die, if your spouse is still alive, then he or she will continue to receive the income payments for the rest of his or her life. You may name anyone as your survivor when you purchase a joint and survivor annuity.

By attaching a **cash refund** to your annuity, also known as a return of premium guarantee, you ensure that if upon your death the amount of money you paid for your annuity is greater than the total dollar amount of all the benefit payments you received, the insurance company will pay the difference to your beneficiary in a lump-sum payment.

You may consider attaching a **guarantee period** to your annuity as another option. A guarantee period ensures that you will receive payments for as long as you live with the assurance that should you, pass away before your guarantee period ends, payments will continue to your beneficiary for the remainder of the period (between 5 and 30 years).

If interested in an annuity quote, please call TEAM MSRP at 1-800-966-6355.



Being an informed investor: Rollovers

MSRP

Tax laws allow for rollovers among 401(k), 403(b) arrangements and IRAs.²

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.

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?

¹ Ignores Roth conversion. In other words, the money rolled over remains taxable at the year of the conversion.

² The American Taxpayer Relief Act of 2012 recently expanded the ability for participants to complete a Roth conversion, even while in active employment.

		Rollover to							
		457(b)	Roth 457(b)	403(b)	401(k)	Roth 401(k)	IRA	Roth IRA	Simple IRA
Rollover from	457(b)	Yes	Yes ¹	Yes	Yes	No	Yes	Yes	No
	Roth 457(b)	No	Yes	No	No	No	No	Yes	No
	403(b)	Yes	No	Yes	Yes	No	Yes	Yes	No
	401(k)	Yes	No	Yes	Yes	Yes ¹	Yes	Yes	No
	Roth 401(k)	No	No	No	No	Yes	No	Yes	No
	IRA	Yes	No	Yes	Yes	No	Yes	Yes	No
	Roth IRA	No	No	No	No	No	No	Yes	No
	Simple IRA	No	No	No	No	No	No	No	Yes

- 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**.

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.

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%			
Adviser 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.

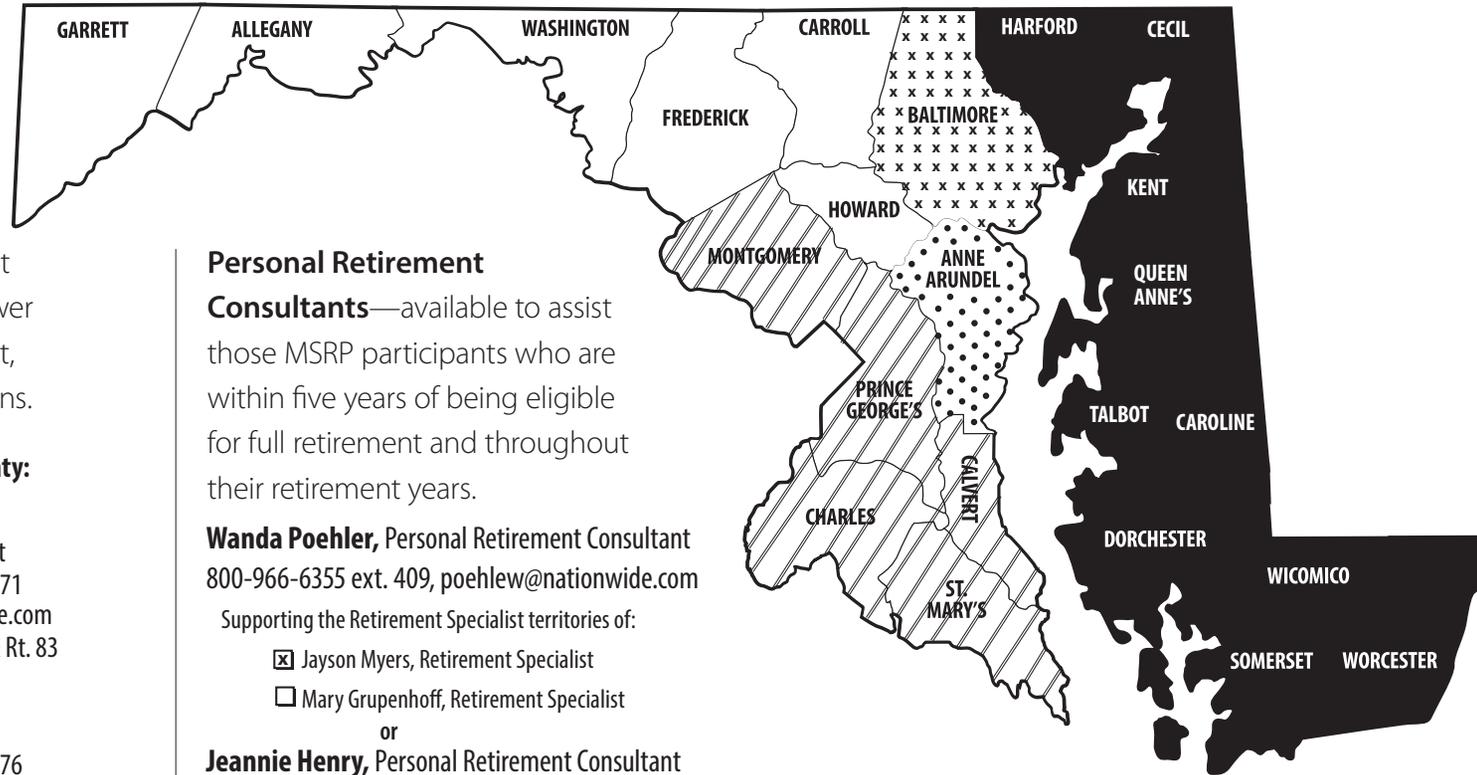
Nationwide Retirement Solutions, Inc. (NRS) is the administrator for MSRP. Nationwide Investment Services Corporation (member, FINRA), an affiliate of NRS, provides educational and enrollment services on behalf of MSRP. Financial & Realty Services, LLC may provide education and marketing support services on behalf of NRS. 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, NRS or NISC.

Nationwide Retirement Solutions and Nationwide Life Insurance Company (collectively “Nationwide”) have endorsement relationships with the National Association of Counties, and the International Association of Fire Fighters-Financial Corporation. More information about the endorsement relationships may be found online at www.nrsfor.com.

MARYLAND SUPPLEMENTAL RETIREMENT PLANS (MSRP)



Team MSRP Retirement Specialists by County



Retirement Specialists—available to assist you with enrollment in the Plan(s) and answer any questions you have about your account, investments, or any of the MSRP plan options.

Counties:

Mary Grupenhoff
Retirement Specialist
800-966-6355 ext. 168
grupenmc@nationwide.com

Dan Wrzesien
Sr. Retirement Specialist
800-966-6355 ext. 155
wrzesid@nationwide.com

Daniel Sargent
Retirement Specialist
800-966-6355 ext. 178
sarged1@nationwide.com

Glenn Pulver
Retirement Specialist
800-966-6355 ext. 157
pulverg@nationwide.com

Baltimore City & County:

Suzanne Cooke
Retirement Specialist
800-966-6355 ext. 171
cookes2@nationwide.com
West of Charles St. & Rt. 83

Jayson Myers
Retirement Specialist
800-966-6355 ext. 576
myerj4@nationwide.com
East of Charles St. & Rt. 83
Exceptions:
Dept. of Education,
200 W. Baltimore St.
Reisterstown Plaza

Exceptions:

Glenn Pulver, Retirement Specialist
800-966-6355 ext. 157
pulverg@nationwide.com
Lottery, 1800 Washington Blvd.
Environment, 1800 Washington Blvd.
SHA, 707 N. Calvert St.

Personal Retirement

Consultants—available to assist those MSRP participants who are within five years of being eligible for full retirement and throughout their retirement years.

Wanda Poehler, Personal Retirement Consultant
800-966-6355 ext. 409, poehlew@nationwide.com

Supporting the Retirement Specialist territories of:

- Jayson Myers, Retirement Specialist
- Mary Grupenhoff, Retirement Specialist

or

Jeannie Henry, Personal Retirement Consultant
800-966-6355 ext. 164, henrj2@nationwide.com

Supporting the Retirement Specialist territories of:

- Dan Wrzesien, Sr. Retirement Specialist
- Glenn Pulver, Retirement Specialist

or

Deborah Tuckson, Personal Retirement Consultant
800-966-6355 ext. 584,

DeborahTuckson@fscadvisor.com

Supporting the Retirement Specialist territories of:

- Suzanne Cooke, Retirement Specialist
- Daniel Sargent, Retirement Specialist

Bob Hergenroeder, Personal Retirement Consultant

800-966-6355 ext. 407, Mon - Fri

hergenh1@nationwide.com

In-house Hunt Valley office

Information from Retirement Specialists and Personal Retirement Consultants is for educational purposes only and should not be considered investment advice.

Nationwide Retirement Solutions and Nationwide Life Insurance Company (collectively "Nationwide") have endorsement relationships with the National Association of Counties and the International Association of Fire Fighters-Financial Corporation. More information about the endorsement relationships may be found online at www.nrsforu.com.

Nationwide Retirement Solutions, Inc. (NRS) is the administrator for MSRP. Nationwide Investment Services Corporation (NISC), (member FINRA), an affiliate of NRS, provides educational and enrollment services on behalf of MSRP. Retirement Specialists are registered representatives of NISC. Financial & Realty Services, LLC, may provide education and marketing support services on behalf of NRS. 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, NRS or NISC.



STATE OF MARYLAND

Participation Agreement

for Pre-Tax and Roth Retirement Savings Accounts

Please note that, once made, contributions and/or rollovers to a Roth account may not be reversed. In the event you wish to make changes, only future contributions and/or rollovers can be redirected.

<input type="checkbox"/> 457(b) PRE-TAX	<input type="checkbox"/> 457(b) ROTH*
<input type="checkbox"/> 401(k) PRE-TAX	<input type="checkbox"/> 401(k) ROTH*
<input type="checkbox"/> 403(b) PRE-TAX	*Contributions to Roth are made on a post-tax basis.

PLEASE READ THE REVERSE SIDE OF THIS FORM BEFORE SIGNING.

I HAVE OTHER PRE-TAX INVESTMENTS AND/OR ROTH INVESTMENTS THAT I WOULD LIKE TO ROLL INTO THIS PLAN

1. Personal Information

Social Security Number --

Date of Birth --

Sex M F

Name _____
Last First MI

Address _____
Number & Street Suite/Apt. No.

City _____ State _____ Zip Code _____

Home Phone (____) _____ Work Phone (____) _____ Ext. _____

Date of Hire _____ Agency Code _____ Payroll Type: Regular University Contractual Other

Salary _____ Payroll Center Name: Central University Other

2. Type of Request

- New Reinstatement
 Change Amount Change Direction of Future Contributions

4. Contribution Frequency

- Bi-Weekly (Z)-26 Weekly (W)-52 Monthly (M)-12
 Semi-Monthly (X)-24 Other _____

5. Catch-up Provision Utilized: (NOTE: The 3 year prior to retirement provision is only available for the 457 plan -- it is not applicable for the 401(k) plan.)

- No Yes (50 and over)
 Yes (3 years prior to Normal Retirement Age - worksheet attached)

3. Contribution Summary Per Pay

	AMOUNT
Pre-Tax Contribution Amount Per Pay	\$ _____
Roth Contribution Per Pay*	\$ _____
Special Amount Per Pay	\$ _____
TOTAL CONTRIBUTION PER PAY	\$ _____

*Contributions to Roth are made on post-tax basis.
 Contribution to begin on pay period ending date: _____
 Special Pay-Period Date Range: Start Date _____ End Date _____
 (Special Amount Only) # of Pay Periods _____

Enroll me in asset rebalancing. I agree to comply with and be bound by the terms and conditions of the service including any restrictions imposed by the investment options. I understand I can obtain more information about the service, its terms and conditions by contacting the NRS Service Center.

6. Funding Options - PLEASE NOTE: TOTAL OF ALL FUNDING OPTIONS MUST EQUAL 100% (WHOLE % ONLY)

FIXED INCOME OPTION	SMALL CAP
_____% Investment Contract Pool (457(b) & 401(k) only)	_____% T. Rowe Price Small Cap. Stock Fund
_____% Vanguard Prime Money Market Fund (403(b) only)	_____% Vanguard Small Cap Growth Index
BONDS	_____% Vanguard Small Cap Value Index (Institutional Shares)
_____% PIMCO Total Return Fund (Institutional Shares)	INTERNATIONAL
_____% Vanguard Total Bond Market Index Fund (Institutional Shares)	_____% American Funds - EuroPacific Growth Fund (R6 Shares)
BALANCED	_____% Vanguard Total International Stock Index Fund (Institutional Shares)
_____% Fidelity Puritan Fund	TARGETED RETIREMENT FUNDS
LARGE CAP	_____% Retirement Income Fund (for those born in 1937 or before)
_____% American Century Equity Growth Fund (Institutional Shares)	_____% Retirement 2005 Fund (designed for those born between 1938-1942)
_____% American Funds - The Growth Fund of America (R6 Shares)	_____% Retirement 2010 Fund (designed for those born between 1943-1947)
_____% Goldman Sachs Large Cap Value Fund (Institutional Class)	_____% Retirement 2015 Fund (designed for those born between 1948-1952)
_____% Parnassus Equity Income Fund (Institutional Shares)	_____% Retirement 2020 Fund (designed for those born between 1953-1957)
_____% Vanguard Institutional Index Fund	_____% Retirement 2025 Fund (designed for those born between 1958-1962)
_____% Vanguard Value Index Fund (Institutional Shares)	_____% Retirement 2030 Fund (designed for those born between 1963-1967)
MID CAP	_____% Retirement 2035 Fund (designed for those born between 1968-1972)
_____% T. Rowe Price Mid Cap Value Fund	_____% Retirement 2040 Fund (designed for those born between 1973-1977)
_____% Morgan Stanley Institutional Fund Trust - Mid Cap Growth Portfolio - (Class I)	_____% Retirement 2045 Fund (designed for those born between 1978-1982)
_____% Vanguard Mid Cap Index Fund (Institutional Plus Shares)	_____% Retirement 2050 Fund (designed for those born between 1983-1987)
	_____% Retirement 2055 Fund (designed for those born in 1988 or after)

7. Beneficiary Designation (Please attach separate sheet if there are additional beneficiaries)

Apply Change To: 457(b) 401(k) 401(a) 403(b) ALL PLANS

Primary Contingent

Name (Please Print)	Address	Date of Birth	% Split (in whole percentages*)
Social Security#	Phone Number	Relationship	

Primary Contingent

Name (Please Print)	Address	Date of Birth	% Split (in whole percentages*)
Social Security#	Phone Number	Relationship	

* Split must equal 100%

I authorize my employer to reduce my salary by the above amount which will be credited to the State of Maryland 457 Plan, 401(k), and/or 403(b) Plan as applicable. The reduction will continue until otherwise authorized in accordance with the plan. The withholding of my contributed amount by my employer and its payment to the designated investment option(s) will be reflected in the first pay period after the processing of this application by the Plan Administrator in conjunction with the set-up time required by my payroll center, however, in no case prior to the beginning of the month following the month this form is signed. The reduction is to be allocated to the investment options in the percentages indicated above. Current pre-tax investment election and allocation will be used for Roth contributions.

All changes will be processed when received by the Product Provider. By signing below, you acknowledge receipt of a copy of the applicable prospectus covering the options to which your funds will be allocated. By signing below, you authorize Nationwide Retirement Solutions, as the Plan Administrator, to make the changes indicated above.

8. Signature of Participating Employee

I HAVE READ AND UNDERSTAND EACH OF THE STATEMENTS ON THE FRONT AND BACK OF THIS FORM, WHICH HAVE BEEN DRAFTED IN ACCORDANCE WITH THE APPLICABLE PROVISIONS IN THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. I ACCEPT THESE TERMS AND UNDERSTAND THAT THESE STATEMENTS DO NOT COVER ALL THE DETAILS OF THE PLAN OR PRODUCTS.

_____ PARTICIPATING EMPLOYEE'S SIGNATURE	_____ DATE	_____ PRINCIPAL
_____ RETIREMENT SPECIALIST SIGNATURE	_____ FSR NO.	_____ SALES DIRECTOR NO.

MAIL TO: Nationwide Retirement Solutions
11350 McCormick Road
Executive Plaza 1 - Suite 400
Hunt Valley, MD 21031
For assistance with completing this form, please call 443-886-9402 or toll-free at 1-800-966-6355. Fax number: 1-443-886-9403