



# Retirement on the Brain

What You Need to Know About Retirement Plan Fees

Standard Retirement Services, Inc.







## Fees and your retirement plan

To get the most out of your retirement plan, it's important that you make informed decisions about the available investment options and how fees affect investment earnings.

Fees are not new. They have always been a part of retirement plan savings vehicles. The Department of Labor requires service providers to disclose certain plan fee and investment information to plan participants and beneficiaries.

The requirements are intended to help retirement plan investors make more informed decisions when choosing among available investment options in their retirement plan as well as when using services that incur additional fees (for example, loans and withdrawals). Compliance with the regulations depends on the way fees are displayed in your plan materials.

The Standard has always had full fee transparency and remains committed to this practice.

## Your retirement plan's benefits

Many people find that their employer's retirement savings plan is the most cost-effective way to put aside money for the future. It offers tax advantages and saving benefits that are not typically available to individual investors. Still, like any informed investor, you'll want to know what fees you'll pay while participating in the plan.

By participating in your employer's retirement savings plan, your pre-tax contributions can result in immediate tax savings. In addition, your earnings have the chance to grow without being reduced by current taxes.<sup>1</sup> Your plan also offers advantages that you would likely not have access to as an individual investor.

**Buying power:** Because a plan contains the retirement assets of many investors, employers can often negotiate lower fees from the plan provider and mutual fund providers.

**Access to funds:** Plans often provide access to a diverse lineup of quality mutual funds that are carefully selected and closely monitored to ensure they perform as expected.

**Higher contribution limits:** When comparing a retirement plan to an IRA, you have higher contribution limits in your retirement plan. This means you cannot set aside as much in an IRA as you can in a retirement plan.

**Regulatory oversight:** Retirement savings plans are administered under strict legal guidelines and with multiple levels of oversight that are intended to protect you. As part of this oversight, your employer is required to consider the fees and expenses paid by the plan to ensure that they are reasonable for the services provided. Your employer also needs to regularly review and assess fees for competitiveness.

## Fees pay for services

Your employer has gone through a rigorous process to develop plan services and provide investment options designed to help you meet your retirement planning goals. To keep your plan running, it takes a team of professionals that might include investment advisors, the recordkeeper, asset custodians, trustees and other professionals who provide legal, audit, education and reporting services. Fees help pay for their services.

What you may not realize is that the fees you pay directly affect your bottom-line returns. Keeping plan fees down even in small ways can make a big difference in how much money you eventually accumulate.

### Two types of fees

There are two basic types of fees: those related to investment options and those associated with running the plan. The second type is better known as administration fees.

### This guide will help you learn:

- How plan fees work
- How to keep your costs down
- How to better understand the fees you are paying
- How to determine which fees offer good value



Fees are associated with all investment options, whether they're offered through a retirement savings plan or through an individual account.

<sup>1</sup> Withdrawals from tax-deferred accounts are subject to federal, and if applicable, state income tax.





## Where to find fee information

You will see the fee detail:

- Annually, in a notice
- Quarterly, on your account statement
- Any time you wish by going online at [www.standard.com/retirement](http://www.standard.com/retirement)

## Investment fees

Most of the fees you are charged are investment or asset-based fees. They cover a variety of investment management services, such as buying and selling stocks and bonds within the mutual funds, regularly monitoring the mutual funds, and allocating the interest earnings every day. With mutual funds, your net total return is your return after investment fees have been deducted.

Some fund companies and providers charge transaction fees. The amount of and conditions for these fees vary by each investment option. Check with your employer about the type of fees that apply to the investment options in your plan.

**Redemption fees** are sometimes charged when a fund is sold. They are intended to discourage the practice of frequent trading by investors who trade investment option shares more often than specified by the investment company. These fees may be reduced or eliminated after a given period of time.

You can see redemption fees online at the Personal Savings Center website and on your quarterly account statements. You might be able to avoid paying these fees by waiting to sell this type of investment until after the redemption fee time period has passed.

## Additional services

**Brokerage windows** are optional services offered by some employers to give employees access to a greatly increased lineup of investment options. In the case of brokerage windows, investors can invest in individual stocks, bonds and other investment products not usually available through a retirement savings plan.

Generally there are annual as well as transaction fees associated with these services. For most people, the investment options offered through their basic plan services provide the diversification they need to meet their retirement planning goals.<sup>2</sup>

**Investment advice** is sometimes offered as an optional service to people participating in retirement plans. It can be a cost-effective alternative to expensive private financial and investment counseling.

**Account management services** are offered by some plans, often at a fraction of what it would cost to obtain similar services elsewhere. The fees associated with investment management services may be money well spent for investors who want to eliminate time and worry.



<sup>2</sup> Diversification does not ensure a profit or protect against a loss in a declining market.





## Administration fees

Some fees pay for services that directly benefit you, such as the Personal Savings Center website where you can manage your account online, your quarterly account statement, and enrollment and education materials and sessions. For more information, visit us online at [www.standard.com/retirement](http://www.standard.com/retirement).

Other fees pay for services that happen behind the scenes like those related to investment options and keeping the plan in compliance with mandatory government regulations. These fees are generally shared by you and your employer. Sharing this cost is not uncommon. For example, you and your employer share in the fees for Social Security as well as your health-care benefits.

## Best practices

Here are a few best practices that can help keep your costs down and maximize opportunities for savings growth.

### Know what fees you are paying

Know and understand the fees charged to your account. For example, you may be able to avoid paying unnecessary redemption fees by holding securities for the required minimum period whenever possible.

### Decide what services you need

Decide whether additional or enhanced services represent a good value for you. Cheap isn't always better. It may be in your best interests to pay more for added or better services.

## Get the maximum value from your plan

To summarize, Social Security may not be enough to fully fund your retirement income. With a retirement plan, you save pre-tax dollars. Your employer may provide a contribution match, which can help to boost your savings. And, it's free money.

You can also tap into the power of compounding interest. The money you save in your retirement plan earns interest. Then, you can earn interest on the money you saved plus on the interest you've accumulated. The more you save now, the longer your money has to grow.

These simple steps can go a long way toward helping you get the maximum benefits from your retirement savings plan.









*Employers and plan participants should carefully consider the investment objectives, risks, charges and expenses of the investment options offered under the retirement plan before investing. The prospectuses for the individual mutual funds and each available investment option in the group annuity contain this and other important information. Prospectuses may be obtained by calling 877.805.1127. Please read the prospectus carefully before investing. Investments are subject to market risk and fluctuate in value.*

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