

# FREQUENTLY ASKED QUESTIONS

## Fee Disclosures for Plan Participants



**If you haven't already, you'll soon be receiving a lot of information about your retirement plan fees, expenses and investments. Learn how to use this information to make the best decisions about your retirement plan investments.**



Why am I getting all this information? I've never received it before.



Are these new plan expenses? Am I paying them?



What should I do with all this information about the plan's investment options

# GETTING ANSWERS YOU NEED

The Department of Labor (DOL) has issued new regulations that require you be given specific information about your retirement plan fees, expenses and investments. You are required to receive this information by August 30, 2012 and annually thereafter. You'll also see the dollar amount of the plan-related fees and expenses that have been charged to or deducted from your account, along with descriptions of the services for any charges or deductions that were made, on your quarterly benefit statement. Get more information at [www.randall-hurley.com](http://www.randall-hurley.com).

## ABOUT PLAN FEES & EXPENSES

### **Q. Are these fees and expenses new?**

A. No. There have always been costs associated with your retirement plan—and with most retirement plans like yours. What is new is the communication you'll receive, which will summarize the different fees and expenses associated with the plan.

### **Q. Why does the plan pay fees?**

A. There have always been costs associated with retirement plans. Generally, there are three types of fees that apply:

- Investment-related costs, such as fund operating expenses, investment management and shareholder-type fees (such as sales charges, redemption fees and surrender charges).
- Plan administration expenses, such as fees for recordkeeping, accounting and legal services required to operate the plan in compliance with IRS and DOL regulations.
- Fees for any services provided to you individually, such as processing a plan loan. If you don't use the services, these fees won't apply.

These fees and expenses are not unique to your plan. Most retirement plans have them in one form or another. And when you invest—whether inside or outside of your retirement plan—there are usually costs involved.

### **Q. Why am I being charged fees?**

A. Depending on your plan provisions, you may pay your portion of these plan expenses. You may also pay for individual fees incurred solely for your benefit, like a loan processing fee or a withdrawal fee. It's important to remember that these are not new fees. The only thing that's new is the way this information is communicated.

### **Q. What are “administrative expenses?”**

A. On the expense disclosure included in your quarterly statement, you may see charges for “administrative expenses.” These are fees charged for the ongoing operation and administration of the plan as a whole. Your portion of these fees may be deducted pro rata (based on your percentage of plan assets) or per capita (divided equally among all participants). Alternatively, your employer may be paying these costs for you (in which case, they won't appear on your quarterly statement).

### **Q. What are “individual expenses?”**

A. “Individual expenses” shown on your expense disclosure included in your statement are fees charged for any plan services provided to you individually, such as processing a plan loan. If you don't use the services, these fees won't apply.

### **Q. How do I know if the plan fees are reasonable?**

A. Plan officials regularly review fees and expenses to make sure they are reasonable and competitive.



*We hope you find the new fee and investment information useful. Although your retirement plan does have costs, it also has many valuable features. Take advantage of the opportunity your plan offers to save and invest for your future.*

## ABOUT INVESTMENT INFORMATION

### **Q. What kind of information will I see and how will it help me?**

A. The communication you receive will list all your plan investment options, as well as past performance data. For variable return investment options, you'll be able to see how the investments have performed in the past over various time frames and review the costs associated with them. (Past performance doesn't guarantee future results.) If there are fixed return investment options, you'll find information about the rates they pay and applicable fees. If your plan offers one or more annuity options, you'll be able to review information about payouts, pricing, restrictions, and fees.

### **Q. Does that mean I'll be able to see performance information about all my plan's investment options in one place?**

A. Yes—and the information will be presented in a user-friendly format. For example, the historical return information for investments with variable returns will be presented in a way that will allow you to compare the investments with each other and with the performance of an appropriate benchmark index. The investment returns you'll see have already been adjusted to reflect operating expenses, so the figures provided represent net returns. An Internet address will also be provided so that you can obtain additional information.

### **Q. How do I know if the plan fees are reasonable?**

A. Plan officials regularly review fees and expenses to make sure they are reasonable and competitive.

### **Q. Are low fees the most important factor in choosing my investments?**

A. Not necessarily. Fees are just one of the factors you should weigh when choosing investments for your retirement account.

Your risk tolerance, investing time frame, and personal goals are also important factors to consider. Note that somewhat higher fees and expenses for specific investments may be appropriate, given what you receive for your money. Bear in mind, however, that higher investment management fees do not necessarily mean better investment performance. You should be aware of an investment's objectives and strategy, as well as its performance history and how that history compares to an appropriate benchmark. If that investment better satisfies your own objectives, a somewhat higher fee structure might be appropriate.

### **Q. Why is this important?**

A. Having the right information will help you manage your retirement account wisely. Fees and expenses affect the returns of your investments and the size of your account balance. Over time, the cumulative impact of fees and expenses can be substantial, so you'll want to take them into consideration when you are making investment and other decisions about your plan account.

## HOW TO USE THIS INFORMATION

All of this information can be overwhelming. What you really need to know can be summarized into two main points:

- 1** All employee benefit programs have associated costs, like health insurance benefits. And just like health insurance, employees often share in the costs associated with retirement programs. The good news is these costs are usually much lower than if you were to establish an individual retirement account.
- 2** Comparing the investment options available in your plan will allow you to make the best possible decisions about how to manage your retirement plan account. Many factors should be considered when making your investment selections, including risk tolerance, investing time frame, personal goals *and* investment expenses.

## NEED HELP?

We're here to help you! Contact a representative for assistance.

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