

Understanding Retirement Plan Fees

Your Plan Administrator will soon provide you with a Participant Fee Disclosure Statement that summarizes the fees and expenses that may apply to you when participating in your retirement plan.



Soon, you will receive a Participant Fee Disclosure Statement annually from your employer that summarizes the fees that may be applicable to you as a participant in your retirement plan.

Understanding these fees can help you make informed decisions about your retirement planning. Fees and expenses are a part of every retirement plan. Keep in mind that saving for your future financial security is important and fees are just one of many factors to consider when making decisions about saving and investing for your retirement.

Types of Fees and Expenses

There are primarily three types of fees and expenses: administrative, individual, and investment related fees. Some may be paid by your employer and others you will be responsible for paying.

Administrative expenses.

These expenses are charges for services that are necessary to operate the plan. Record keeping, legal, accounting and trustee services are considered administrative expenses.

These fees may be paid by your employer or charged to the plan. If they are charged to the plan they may be shared among and paid by all of the participants in the plan. These fees, if applicable to you, would be reflected on your quarterly account statement.

Individual expenses

This expense type includes charges for services that are specific to transactions you have requested as a participant. Some examples include plan loan fee, or charges for a final distribution or withdrawal.

These are transaction and service-based fees charged only if you elect to use a service or feature where a fee would apply. For example, if your plan offers loans and you take one, the loan fee would be deducted from your account. These fees are deducted directly from your account.

Investment related expenses

These expenses are charges for the investment management and the operation of the investment options that are available under the plan. There are primarily three types of investment expenses:

- **Operating expense.** This is the annual cost for operating and managing a specific investment option, and is often referred to as the fund “expense ratio”. This expense is not charged separately to participant accounts but instead it reduces the investment return that investors may receive from a fund. These types of expenses are common whether you are investing through a retirement plan or outside of a plan. Expense ratios are often calculated as gross and net expense ratio:
 - Gross expense ratio. The gross expense ratio represents an investment option’s total operating cost before any fee waivers or reimbursements have been deducted. When applicable, fee waivers will reduce the actual cost of investing in the fund.
 - Net expense ratio. The net expense ratio is the gross expense ratio reduced by any fee waivers that may be in effect. This represents the actual cost to invest in a fund.

$$\text{Gross Expense Ratio} - \text{Fee Waivers or Reimbursements} = \text{NET EXPENSE RATIO}$$

Expense ratios are reported as percentages and may also be shown as a dollar cost per \$1,000 invested. For example, an investment option with a net expense ratio of 1.10% has an annual cost of \$11 per \$1,000 invested.

You can find fund expense ratios on the plan performance summary that was provided at an enrollment meeting, on your account statement and on the participant website. Fund operating expenses can vary widely depending on the type of investment product and investment manager, so be sure to review this expense information carefully when choosing your investments. Generally, investment products that require significant investment management will likely charge higher fees.

- Redemption fees.** To discourage short term trading and market timing, many firms have established excessive trading and/or redemption fee policies for certain investments. For example, some investment options may require you to hold shares for a minimum amount of time, such as 90 days, and some may also restrict how often you can buy and sell shares within a certain period of time. For these investments, a redemption fee may be charged when an investment is sold or redeemed. Generally, this fee is charged directly to the your account and typically is a percentage of the assets that were sold. The investment options available in your plan may or may not charge redemption fees. If these fees are applied to your account, they will appear on your quarterly account statement.

EXAMPLE OF ANNUAL FEES CHARGED TO A HYPOTHETICAL ACCOUNT:

Total Account Assets.....	\$20,000
Account Balance in Fund 1.....	\$20,000
Fund 1 Expense Ratio.....	1.27%
Total Annual Investment Related Expenses.....	= \$254 (\$20,000 x .0127)
Loan Setup Fee for Loan Taken This Year	= \$125
Total Fees and Expenses Charged to this Account for the Year:	\$379

This is a hypothetical illustration and does not reflect any specific account, plan or investment option. Calculation assumes a constant balance of \$20,000 on each day of the year (i.e., no investment gains or losses). Actual expenses charged against an investment fund will vary based on the daily balance in the fund. For information about the specific fees and expenses that may apply to your plan, see the Participant Fee Disclosure Statement provided by your Plan Administrator.

ADDITIONAL INFORMATION

Available on your plan website:

- Performance, fact sheets and other general information about the investment options in your plan
- Fund prospectuses or information statements
- Investment and financial education materials and tools
- Glossary of terms

You can also see your Plan Administrator for additional information about retirement plan fees and expenses.

- **Shareholder-type fees.** This type of fee may include commissions, sales loads, surrender charges and exchange fees. They are charged directly against your investment and are not included in the fund's annual operating expenses. The investment options available in your plan may or may not charge these types of fees. Generally, shareholder-type fees will not apply to your plan account.

Important Considerations When Choosing Investments

Information about plan fees and expenses is important and there is a great deal of information available to you. However, remember that when making decisions about saving and investing for retirement there is more to consider than just fees. You should also take into account other factors like the historical performance of an investment option and its investment objectives, strategies and risks. Your individual situation, your risk tolerance (which is your ability and willingness to lose some or all of an investment in exchange for greater potential returns), your time horizon, and the other financial resources you may have outside of the plan should also be a part of your personal retirement plan.

For complete information about a particular fund, please read the fund prospectus (or information statement, in the case of commingled funds). You should carefully consider an investment option's objectives, risks, charges and expenses before investing. The prospectus (or information statement, as applicable) contains this and other important information about the investment option and investment company. Please read the prospectus/information statement carefully before you invest or send money.

You can get help with your retirement planning and make changes to your account on your plan website.

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