

Understanding Plan Fees and Expenses

We know that saving for retirement is important to you. Accumulating the savings you'll need is a big goal. Your retirement plan is not only a convenient way for you to build up your savings, but it also offers tax benefits that can help your account grow.

We are committed to providing you with the information you need to make the most of your retirement plan. That's why we want to call attention to a new communication you'll receive soon regarding plan fees, expenses, and investments.

Q. Why is this important?

A. We want you to have all the information you need to 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.

Q. I didn't know there were plan fees and expenses. Are they new?

A. No they aren't. There have always been costs associated with your retirement plan — and most plans like yours. What *is* new is the communication you'll receive, which will provide a clearer picture of the different fees and expenses associated with your participation in the plan.

Q. What costs do I pay?

- A.** You may be paying three different types of costs:
- Investment-related costs, such as fund operating expenses and shareholder-type fees (such as sales charges, redemption fees, surrender charges, and account fees).
 - Plan administration expenses, such as fees for recordkeeping, accounting, and legal services required to operate the plan as a whole.
 - Fees for any plan services provided to you individually, such as processing a plan loan or distribution. If you don't use the services, these fees won't apply.

These fees and expenses are not unique to your plan. All 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. How do I know the plan's fees and expenses aren't too high?

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

Q. Is there anything else I should know?

A. The communication you'll receive will list all your plan investment options and give you information to help you compare your choices. The investment options will be grouped in categories — those that offer variable returns, such as most funds, those that offer fixed returns, and annuities. Note that not all plans offer these different options. Also, the communication will provide you with information about certain rights you have with respect to the plan.

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Q. How will the investment information help me?

A. The information is designed to help you make better, more informed decisions about how to invest your account. 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 (for example, the S&P 500, an index that is often used as a performance benchmark for large company stock investments). The investment returns you'll see have already been adjusted to reflect operating expenses, so the figures provided represent net returns.

If you would like additional information about your investment alternatives, an Internet address will be provided.

Q. Are low fees the most important factor in choosing 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. Is this new communication a one-time thing?

A. Actually, no. You'll receive a similar statement every year. In addition, you'll receive quarterly statements that show the dollar amount of the plan-related fees and expenses (administrative and individual) that have been charged to or deducted from your account, along with descriptions of the services for any charges or deductions that were made. These may be included with your quarterly benefit statements.

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.



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