

CONSIDERING ROLLING MONEY OUT OF THE PLAN



Questions to Ask Before Moving Your Money

Advantages of Keeping Your Money in Deferred Comp

THE BASICS

- You have the opportunity to roll money into deferred comp and to consolidate retirement savings plans from previous employers, like an IRA, 401(k), 403(b), or 457 plan.
- You have **penalty-free** access to your 457 contributory source funds before age 59½ once you leave state employment. **If you decide to roll 457 dollars over to an IRA, 401(k), 403(b) plan, or an annuity and make a withdrawal prior to age 59½, the withdrawal may no longer be penalty-free.**
- Earnings on your pretax savings grow tax-free until they are withdrawn from the plan.
- The MO Deferred Comp Plan offers a streamlined investment lineup designed to make your investment choices easier. The lineup includes the Missouri Target Date Funds (only available to deferred comp savers), a fixed income fund, and a brokerage window.
- Enjoy easy and flexible withdrawals in retirement.
- You have access to the plan's financial education professionals before and during retirement.
- **Deferred comp is one of the lowest-cost plans in the nation!**

PLAN COSTS

- **Administration:** \$1.75 a month, plus 0.08% of assets
- **Investment Management:** 0.08% to 0.21%



If you retire or leave state employment, you can still keep your money in the MO Deferred Comp Plan.

Investment Product Questions

Administrative and investment fees aren't always disclosed, but rest assured you are paying fees when you invest in the market, and these **fees do matter**. The graph on the back of this publication highlights the effect fees can have on your savings over a long period of time.

FEE QUESTIONS

- ☐ What is the administrative fee to participate in the retirement savings account?
- ☐ What is the investment management fee associated with a prospective investment?
- ☐ Will the prospective investment include a front- or back-end load fee?¹

ANNUITY QUESTIONS

- ☐ Is the prospective investment an annuity? If so, what type of annuity structure is it: fixed, indexed, or variable?
- ☐ What is the real cost of the annuity? Is there an upfront sales charge?
- ☐ Is any portion of the account value available for withdrawal? If so, what percentage?
- ☐ How are the underlying assets of the annuity invested?

- ☐ What are the stability and rating of the insurer providing and guaranteeing the annuity product?
- ☐ What happens if the insurance company goes bankrupt and can no longer make my payments?

IRA QUESTIONS

- ☐ Is any portion of the IRA available for withdrawal?
- ☐ Are there any fees if I take a withdrawal due to an unexpected shortfall?
- ☐ Will all of my stocks, bonds, and mutual fund investments held within the IRA be available for rollover if I get another job and want to roll them into my new employer's plan?
- ☐ Who will monitor the investments in the IRA?
- ☐ If I roll money into a Roth IRA, how much income tax will I owe in the current year? Will I be in a higher tax bracket for the year?

¹ A load fee is a one-time sales charge (up to 5.75% at purchase or sale) on an investment.

Questions for Your Financial Professional

The terms financial professionals use to describe their roles may vary. Asking the right questions about their titles, responsibilities, fee structure, and credentials will shed more light on the services you can expect to receive.

1. Which title best describes you? (choose one)	☐ Investment Advisor ☐ Financial Planner ☐ Financial Advisor	☐ Broker/Broker Dealer ☐ Registered Representative ☐ Insurance Agent	☐ Registered Investment Advisor
2. What standard of care do you follow — the suitability standard or fiduciary standard?	☐ Fiduciary Standard: Requires them to put their client's interests above their own. Required to disclose conflicts of interest. ☐ Suitability Standard: Makes recommendations that are consistent with the best interests of the underlying customer. Sometimes discloses conflicts of interest, though not required.		
3. Is your "duty of loyalty" to me or your company?	☐ "Duty of loyalty" is to client first and foremost. ☐ "Duty of loyalty" is to the company he or she works for.		
4. How do you charge for your services? (Choose all that apply)	☐ Flat fee (fee-based). ☐ A percentage of assets under management (fee-based). ☐ Commission on products and transactions (sales-based).		
5. Do you invest in the same products that you will place my money in?	☐ Yes ☐ No	 Be wary of any professional who answers "No" or has difficulty answering this question. It could mean they are selling you an unsuitable product simply to earn a commission on the investment.	
6. What certifications do you hold?	☐ Certified Financial Planner™ (CFP®) ☐ Chartered Life Underwriter (CLU)	☐ Chartered Financial Consultant (ChFC®) ☐ Chartered Financial Analyst (CFA®)	☐ Other _____

Additional Resources

FINRA BROKER CHECK

<http://brokercheck.finra.org>

FINRA oversees the people and firms that sell stocks, bonds, mutual funds, and other securities. Enter your current or prospective broker's name to see employment history, certifications, and license — as well as regulatory actions, violations, or complaints you might want to know about.

ANNUITY FAQs

<http://insurance.mo.gov/consumers/life-annuities/AnnuitiesFAQ.php>

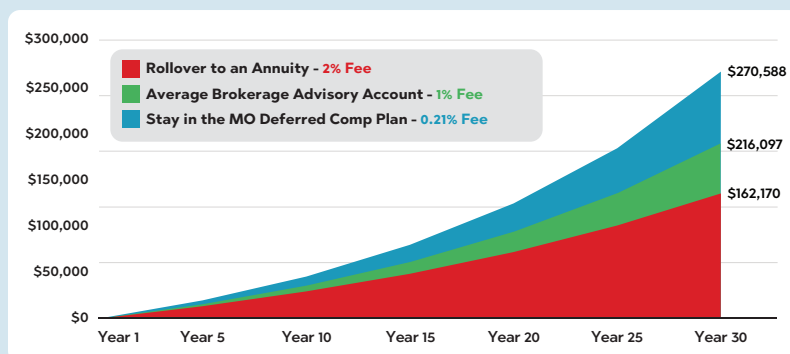
The Missouri Department of Insurance provides a number of useful resources to help savers better understand annuity products. Included on their website is a feature to submit insurance complaints and search complaints by other consumers.

BUYERS BEWARE

Missouri law allows consumers a "free look" period. If you are unsatisfied with an annuity product within 10 days of receiving your policy or contract, you can cancel the policy and get a return of all premium payments.

Before Rolling Money Out, Consider the Fees

In the example below, we see the impact of fees on an investor's account balance after 30 years. In this example, if you consider a starting balance of \$50,000, staying in the MO Deferred Comp Plan can mean a difference of more than \$106,000!



Graph assumes a 6% average annual return before fees in the plan, the annuity product, and the retail funds; assumes no monthly or annual payments; assumes no additional contributions. The final account balances assume a 2%¹ fee for the annuity product, a 1% fee for the average brokerage advisory account, and a 0.21% fee for the plan's total average cost (if invested in a custom target date fund). Fee levels shown are for illustrative purposes only; actual fee levels will vary by product and company. Consult your advisor before making any investment decision. Investment return and principal value will fluctuate, so when shares are redeemed they may be worth more or less than the original cost. ¹ Average fund management and mortality and expense fees for a variable annuity. <https://www.annuity.org/annuities/fees-and-commissions/>