

Are your bases covered? Managing investment volatility

MARYLAND TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS



MSRP



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Investing doesn't have to be complicated

Today we will...

- Define asset allocation and why it's important to you
- Explain how asset allocation works
- Find out what kind of investor you are
- Show you how to apply asset allocation to your Maryland Supplemental Retirement Plans account

Nationwide Retirement Solutions and Nationwide Life Insurance Company (collectively "Nationwide") have endorsement relationships with the National Association of Counties, and the International Association of Fire Fighters-Financial Corporation. More information about the endorsement relationships may be found online at www.nrsforu.com.

What is asset allocation?

Spreading the money in your account among different types of investments

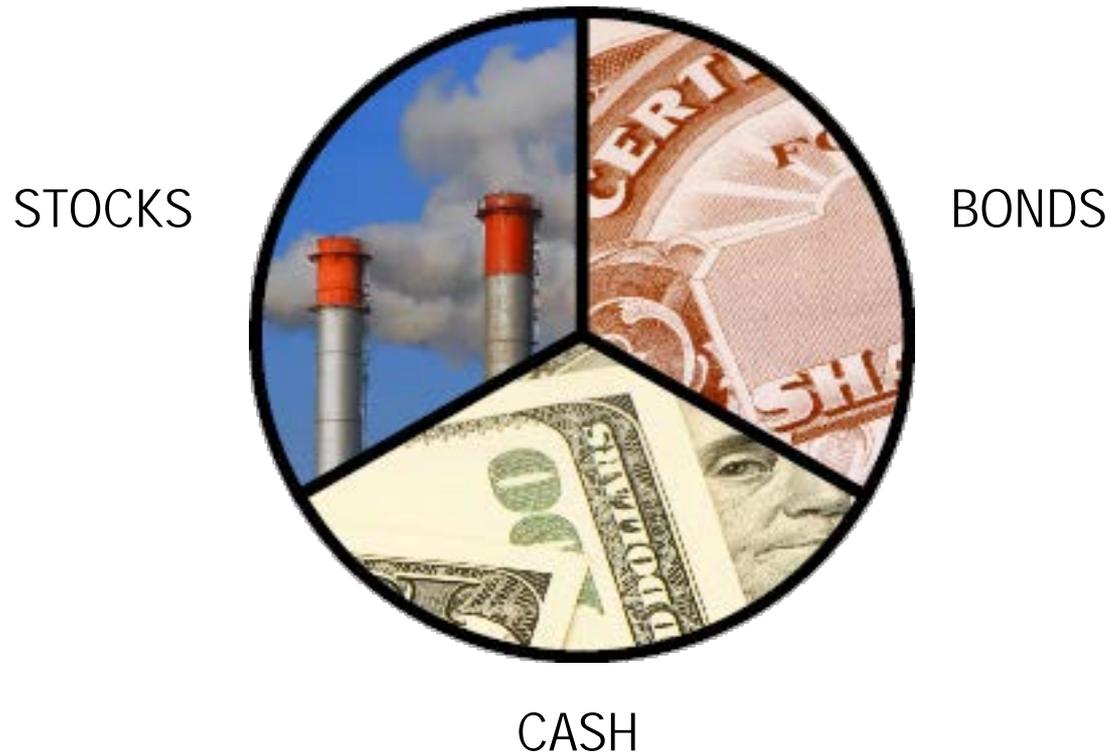
Asset allocation does not guarantee returns or insulate against potential losses.



Types of investments

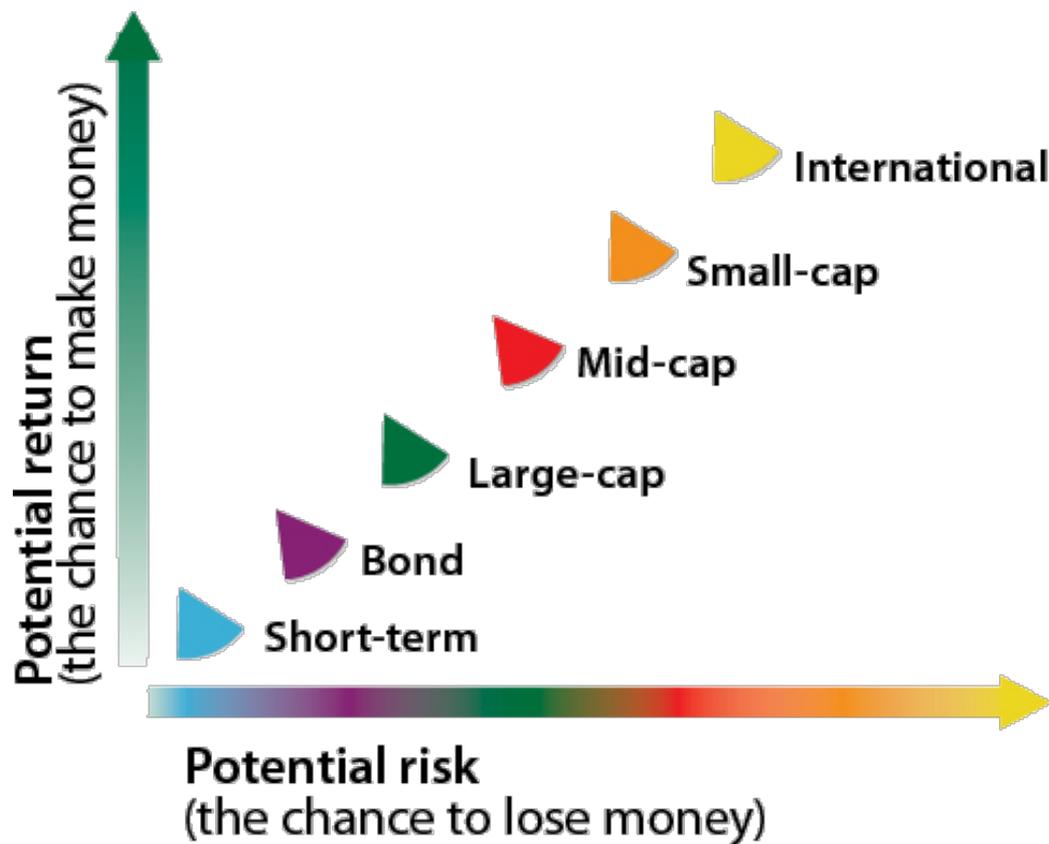
Broad asset classes

Investment types



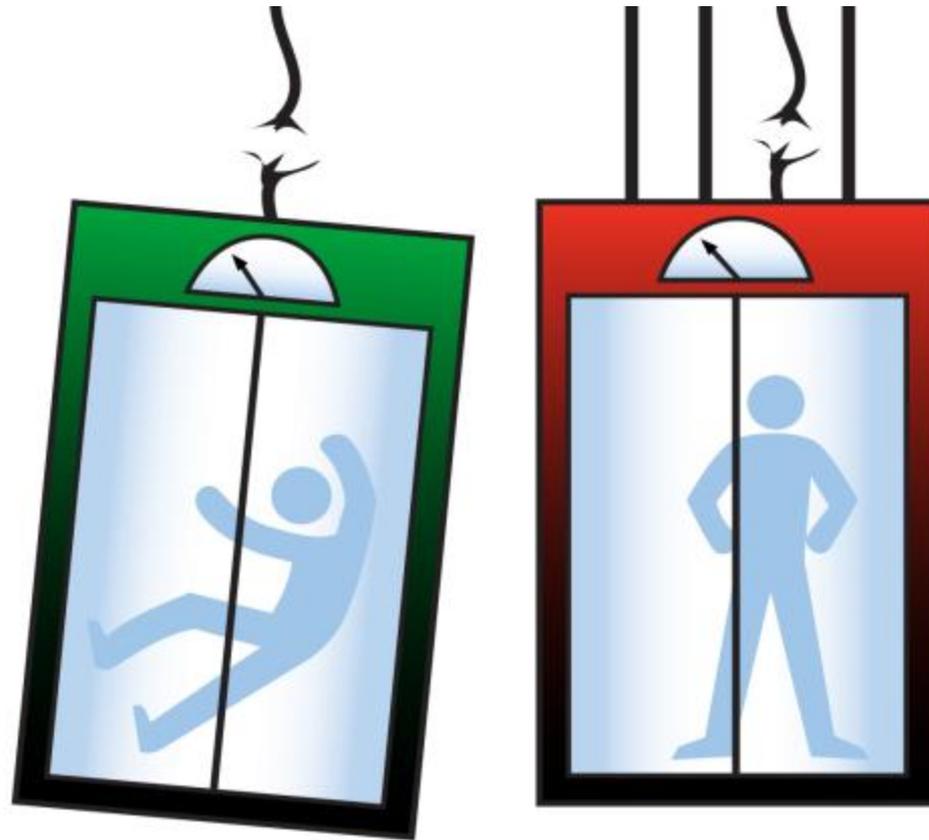
Understanding asset class

Risk vs. Return



Please remember that, because markets are unpredictable, using an asset allocation strategy does not guarantee profits or insulate against potential losses. But it can help you manage risk.

Which elevator would *you* choose?



Source: West, Saylor and Anthony. The Financial Professional's Storybook, Advisor Insights Press, 2003.

Is your account well-balanced?

- Use asset allocation to design your investment mix.
- MSRP provides a diverse variety of investment options to choose from.



Investment approaches

	Option A: Targeted Retirement Funds	Option B: Traditional
Confident choosing & managing investments		✓
Want complete control of level of risk		✓
Want professional asset allocation	✓	
Want automatic re-balancing	✓	✓

Fund prospectuses can be obtained by calling 800-545-4730. Before investing, carefully consider the fund's investment objectives, risks, and charges and expenses. The fund prospectus contains this and other important information. Read prospectuses carefully before investing. Investing involves market risk, including possible loss of principal.

Target Maturity Funds are designed for people who plan to retire or need income during or near a specific year. These funds use a strategy that reallocates equity exposure to a higher percentage of fixed investments over time. As a result, the funds become more conservative over time as you approach retirement. It's important to remember that no strategy can assure a profit or loss in a declining market. Please note that choice of this fund does not assure you will reach your desired retirement plan goal.

Traditional investment approach

- Investment options listed from most conservative to most aggressive in *Spectrum of Investment Options*
 - American Funds, Fidelity, Goldman Sachs, Morgan Stanley, Parnassus, PIMCO, T. Rowe Price, and Vanguard
- Create a mix that corresponds with your risk level using an asset allocation model

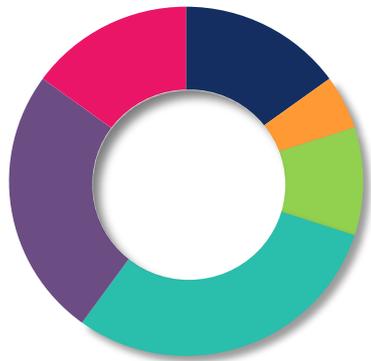
Asset allocation is a strategy of investment selection that seeks to increase earning potential while decreasing the potential risks. Asset allocation does not guarantee profits nor insulate from potential losses in a down market.

Before investing, carefully consider the fund's investment objectives, risks, and charges and expenses. The fund prospectus contains this and other important information. Read prospectuses carefully before investing. Investing involves market risk, including possible loss of principal. Fund prospectuses can be obtained by calling 800-545-4730.



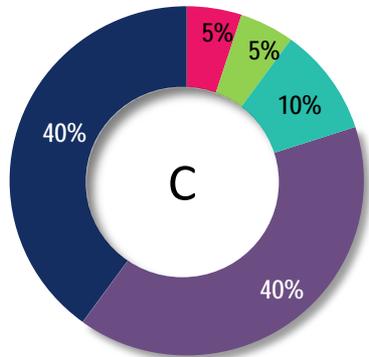


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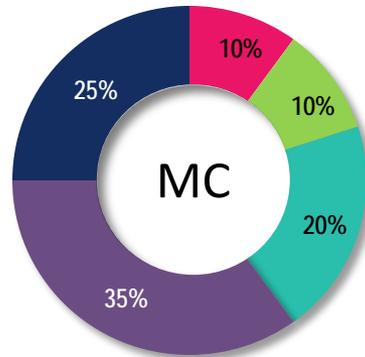


Traditional investment approach

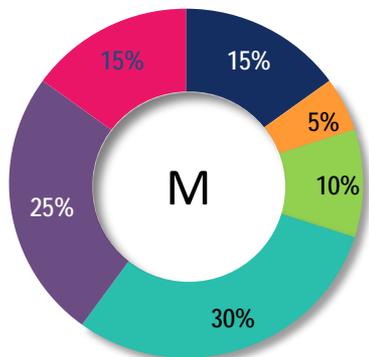
Match your funds to an asset allocation model



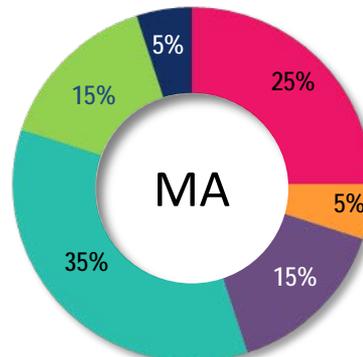
Conservative



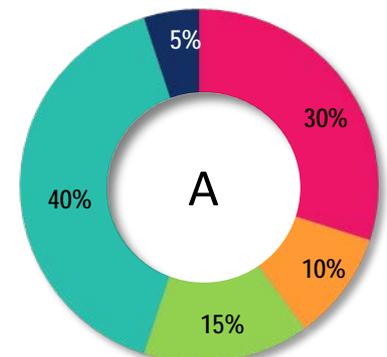
Moderately Conservative



Moderate



Moderately Aggressive

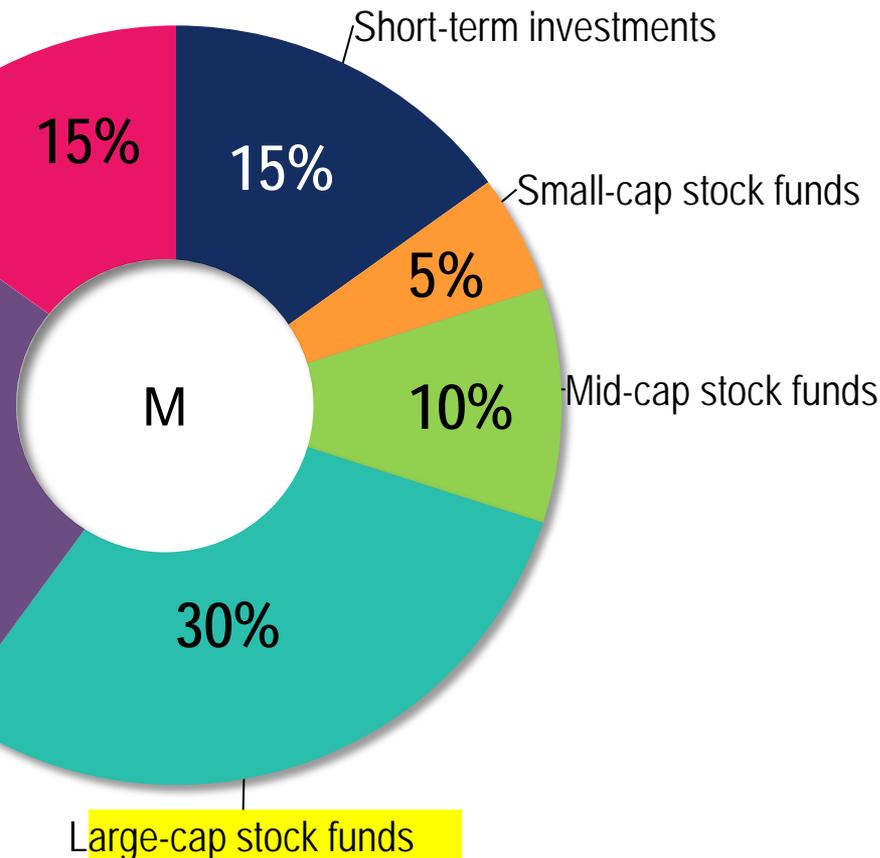


Aggressive

Asset allocation models provided by Ibbotson Associates Advisors, LLC. Neither MSRP nor its Board of Trustees endorses any particular asset allocation strategy.

Traditional investment approach

Match your funds to an asset allocation model



Enroll me in asset rebalancing. I agree to comply with the restrictions imposed by the investment options. I understand that I may be contacted by the NRS Service Center.

6. Funding Options - PLEASE NOTE: TOTAL

FIXED INCOME OPTION

- _____ % Investment Contract Pool (457(b) & 401(k) only)
- _____ % Vanguard Prime Money Market Fund (403(b) only)

BONDS

- _____ % PIMCO Total Return Fund (Institutional Shares)
- _____ % Vanguard Total Bond Market Index Fund (Institutional)

BALANCED

- _____ % Fidelity Puritan Fund

LARGE CAP

- _____ % American Century Equity Growth Fund (Institutional Shares)
- 10** % American Funds - The Growth Fund of America (R6 Shares)
- _____ % Goldman Sachs Large Cap Value Fund (Institutional Shares)
- 10** % Parnassus Equity Income Fund (Institutional Shares)
- _____ % Vanguard Institutional Index Fund
- 10** % Vanguard Value Index Fund (Institutional Shares)

MID CAP

- _____ % T. Rowe Price Mid Cap Value Fund
- _____ % Morgan Stanley Institutional Fund Trust - Mid Cap Growth (Class I)
- _____ % Vanguard Mid Cap Index Fund (Institutional Plus Shares)

7. Beneficiary Designation (Please attach separate form)

Apply Change To: 457(b) 401(k) 401(a) 403(b)

Target Date Funds

T. Rowe Price



Retirement Funds



Retire with confidence®

October 21 and 22, 2013
Presenter: Rob Sumner

T.Rowe Price 
INVEST WITH CONFIDENCE

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Welcome



Sit Back – Relax – Ask Questions – Get Info – ACT!

T. Rowe Price



- Established in 1937
- Over \$614 billion under management worldwide*
- Manages \$89 billion in target date assets*
- Leading provider of retirement services

* As of June 30, 2013

What we'll cover today



- Investing in the T. Rowe Price Retirement Funds
 - Overview of the one-step Retirement Funds
 - How to choose the right fund
 - Importance of equity exposure

What are my investment choices?



- T. Rowe Price Retirement Funds
 - Professionally managed portfolios
 - Easy for retirement investing
 - Diverse portfolio combining stocks, bonds, and other securities
 - Adjust for approximately 30 years after the target date

The principal value of the Retirement Funds is not guaranteed at any time, including at or after the target date, which is the approximate date when investors turn age 65. The funds invest in a broad range of underlying mutual funds that include stocks, bonds, and short-term investments and are subject to the risks of different areas of the market. The funds emphasize potential capital appreciation during the early phases of retirement asset accumulation, balance the need for appreciation with the need for income as retirement approaches, and focus more on income and principal stability during retirement. The funds maintain a substantial allocation to equities both prior to and after the target date, which can result in greater volatility.

Funds of funds



- Mutual funds made up of other mutual funds
- Diverse mix of stocks—large and small companies, domestic and foreign
- Funds chosen for both individual performance and how well they work together

The performance and risks of each Retirement Fund correspond to the performance and risks of the underlying funds in which it invests.

Select one and your decision is done

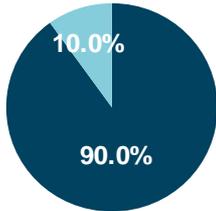
Participants born:	May select:
In 1988 or after	Retirement 2055
Between 1983 and 1987	Retirement 2050
Between 1978 and 1982	Retirement 2045
Between 1973 and 1977	Retirement 2040
Between 1968 and 1972	Retirement 2035
Between 1963 and 1967	Retirement 2030
Between 1958 and 1962	Retirement 2025
Between 1953 and 1957	Retirement 2020
Between 1948 and 1952	Retirement 2015
Between 1943 and 1947	Retirement 2010
Between 1938 and 1942	Retirement 2005
In 1937 or before	Retirement Income

How Retirement Funds are managed

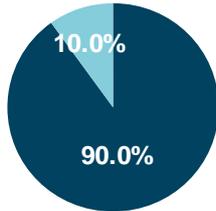
Stocks

- Emerging Markets Stock
- Equity Index 500
- Growth Stock
- International Growth & Income
- International Stock
- Mid-Cap Growth
- Mid-Cap Value
- New Horizons
- Overseas Stock
- Real Assets
- Small-Cap Stock
- Small-Cap Value
- Value

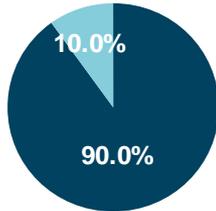
Retirement 2055 Fund



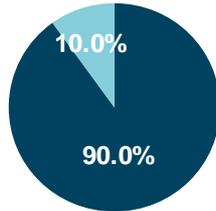
Retirement 2050 Fund



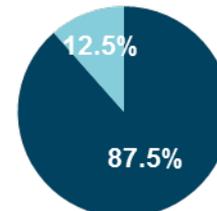
Retirement 2045 Fund



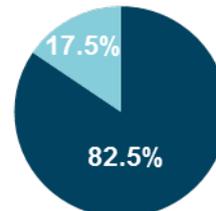
Retirement 2040 Fund



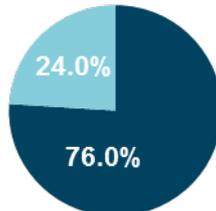
Retirement 2035 Fund



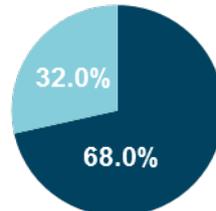
Retirement 2030 Fund



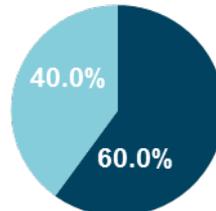
Retirement 2025 Fund



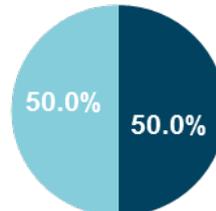
Retirement 2020 Fund



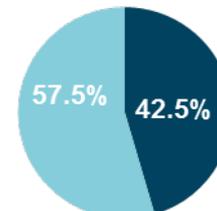
Retirement 2015 Fund



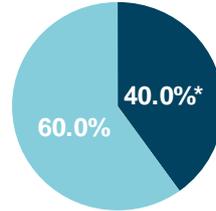
Retirement 2010 Fund



Retirement 2005 Fund



Retirement Income Fund



Bonds

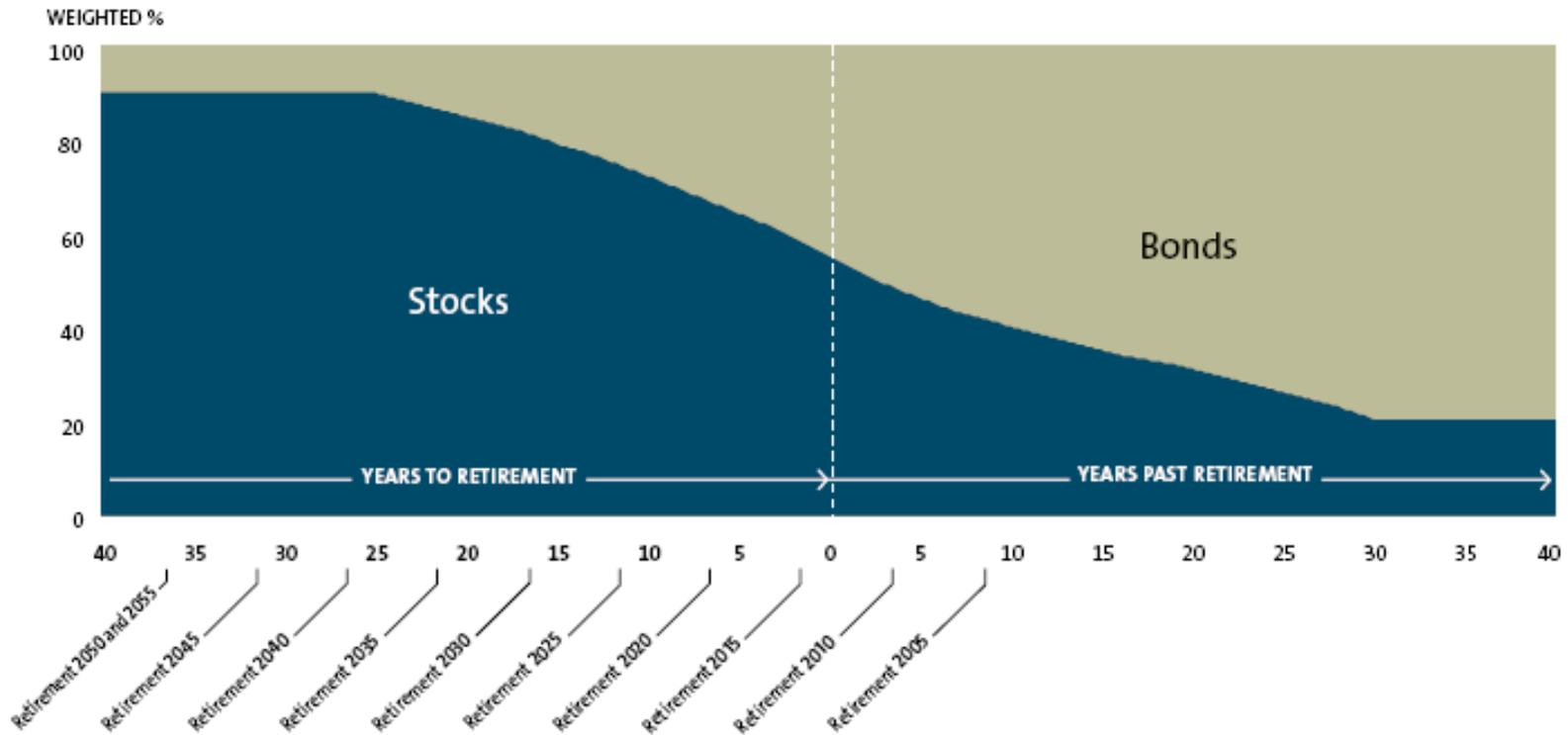
- Emerging Markets Bond
- High Yield
- Inflation Focused Bond
- International Bond
- New Income

Underlying funds as of 1/1/13.

*Does not invest in the Growth Stock Fund or the Value Fund.

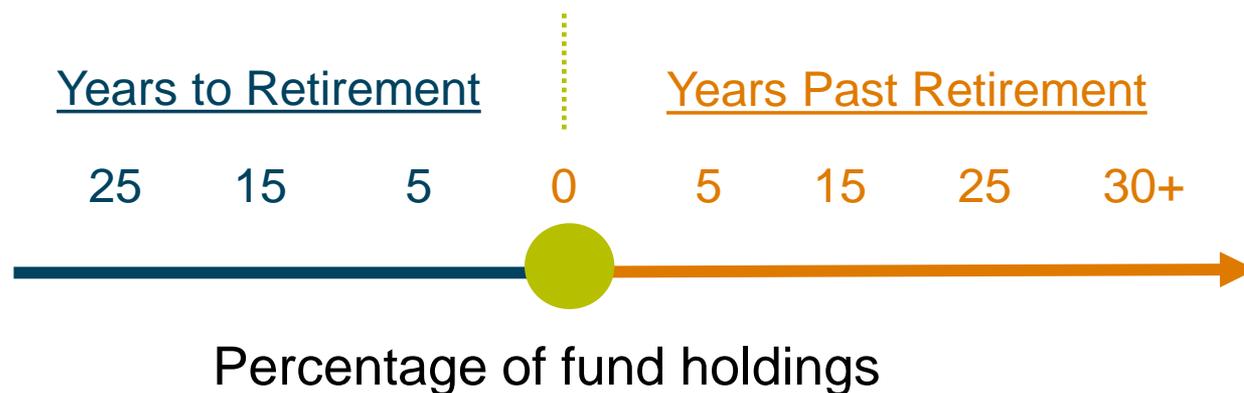
This chart shows the long-term neutral allocations for the funds as of January 1, 2013. The allocation for each fund may vary from the long-term neutral allocation. Call 1-800-922-9945 for the most current asset allocation.

How your investment mix changes over time



The performance and risks of each Retirement Fund will directly correspond to the performance and risks of the funds in which it invests. By investing in many underlying funds, the Retirement Funds have partial exposure to the risks of many different areas of the market, including possible loss of principal.

Asset allocation strategy

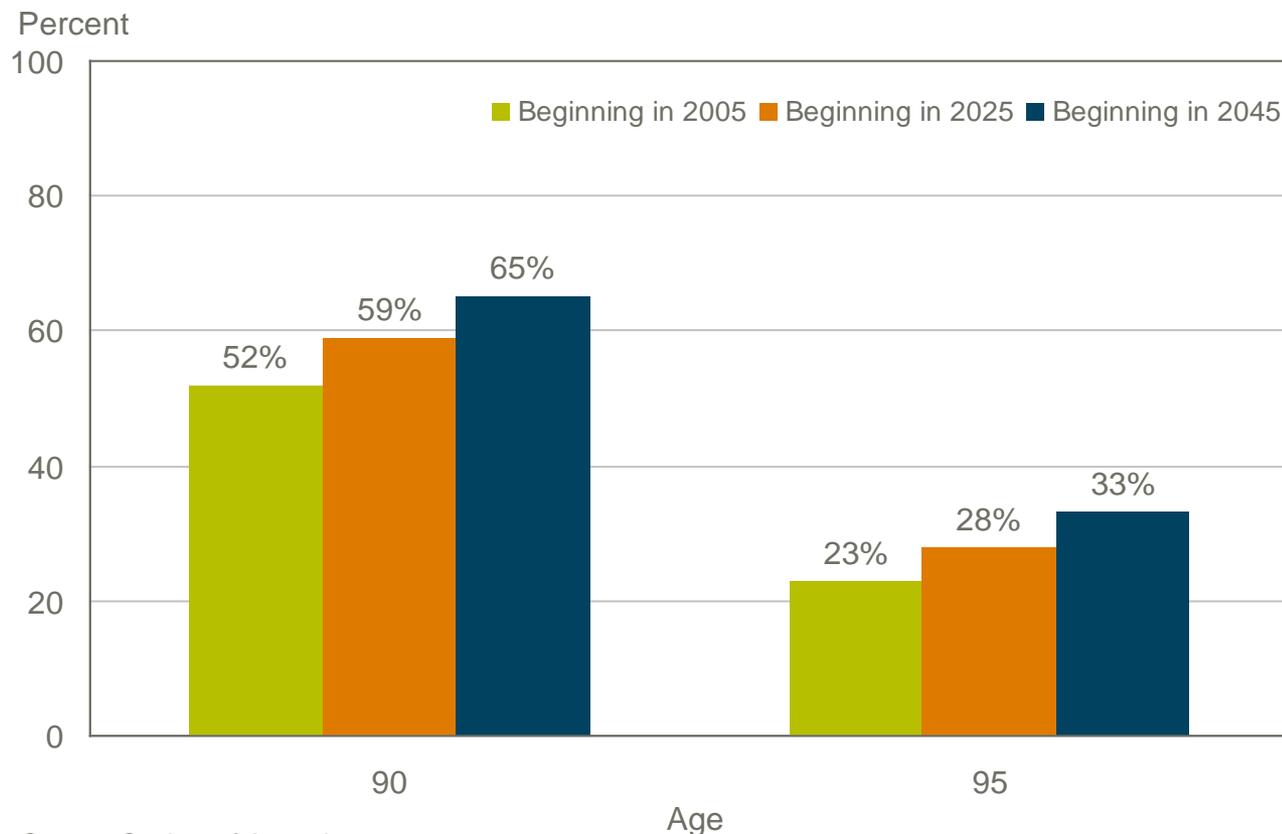


	Years to Retirement				Years Past Retirement				
	25	15	5	0	5	15	25	30+	
Fixed Income	10	21	36	45	54	66	74	80	
Stocks	90	79	64	55	46	35	26	20	

- Retirement Funds do not reach a static mix at or near expected retirement
- Continues to reallocate to more conservative allocations over time for 30 years past expected retirement date
- Minimum equity exposure of approximately 20% reached at 30 years after expected retirement date

Longevity: Underlying driver of retirement risk

Odds of at least one member of a 65-year-old couple living to age...



Source: Society of Actuaries.

Retirees face an increasing risk of “living too long” rather than “dying too soon.”

Asset allocation strategy

- The Asset Allocation Committee may overweight or underweight asset classes based upon their outlook for the stock and bond markets:
 - Stocks \pm 5%
 - Bonds \pm 5%

Asset Allocation Committee



- Senior managers from both the fixed income and equity divisions
- Oversight of all T. Rowe Price asset allocation products
- Approves all strategic and tactical changes within the Retirement Funds
- Committee has been providing asset allocation oversight for T. Rowe Price since 1990

Retirement Funds Investment Management Team

- Lead investment manager and two asset allocation analysts
- Complementary investment expertise
- Responsible for day-to-day management/oversight of the Retirement Funds

What differentiates the T. Rowe Price Retirement Funds



- Maintain higher equity allocations based on proprietary asset allocation modeling and research
- Allocations continue to shift during retirement
- Tactical allocations to incorporate market outlook
- Solid performance record of underlying funds
- No asset allocation overlay fee and competitive expenses

What differentiates the T. Rowe Price Retirement Funds



- We believe:
 - The risk of outliving retirement assets should be the key driver of managing retirement portfolios
 - Time horizon should drive asset allocation through an investor's life
 - Long-term performance can be enhanced through active management

In summary...

- T. Rowe Price Retirement Funds provide an easy, one-step approach to investing
- Each T. Rowe Price Retirement Fund offers:
 - Convenience
 - Professional diversification
 - Stock exposure
 - Automatic rebalancing



rps.troweprice.com
troweprice.mobi

To invest in the T. Rowe Price Retirement Funds, contact your plan's recordkeeper.

Call T. Rowe Price at 1-800-225-5132 to request a prospectus, which includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

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