MUTUAL FUND SAVINGS
&
MUTUAL FUND REIMBURSEMENT PROGRAM

Helping to make the Maryland Supplemental Retirement Plans affordable and more productive for all State employees.

The Board of Trustees for the Maryland Supplemental Retirement Plans, through successful negotiations, has developed an original and effective Reimbursement Program for their supplemental retirement plan participants. The reimbursement program is designed to refund participants for part of the fund's annual operating expenses. This benefit of the Maryland Supplemental Retirement Plans is not typically offered by other retirement savings programs.

At the Board's direction, reimbursements (also known as mutual fund savings) are used to buy additional shares in the applicable funds on a regular basis. These shares are then distributed to participants' accounts on a quarterly basis. In fiscal year 2008, the mutual funds in the MSRP plan refunded $2.8 million back to participant accounts, over $22 million has been returned to MSRP participants since 1995, when the Mutual Fund Reimbursement Program began. State participants can look for their reimbursements on their account statement under the heading "Mutual Fund Savings".

The Reimbursement Program is part of the continuous effort by the Board of Trustees to make the Maryland Supplemental Retirement Plans affordable and viable for all Maryland State Employees.

Maryland Teachers & State Employees Supplemental Retirement Plans
6 Saint Paul Street • Suite 200 • Baltimore, MD 21202-1608
410-767-8740 • 1-800-543-5605

FREQUENTLY ASKED QUESTIONS

Who pays reimbursements?

Reimbursements are paid by the sponsors and distributors of the mutual funds used in this and similar programs -- T. Rowe Price, Fidelity, etc.

Why do they pay them?

Reimbursements are paid when a person or investor, like Nationwide Retirement Solutions, performs administrative detail that would otherwise be done by the fund sponsor. This normally includes, at a minimum, preparation of a statement, distribution of a prospectus, and general service to the investor.

Who gets them?

Mutual funds do not pay reimbursements to individual investors. They do pay reimbursements (or similar allowances) to Trustees, brokers and plan administrators. Those persons then decide whether to keep the reimbursements or distribute them.

Who gets them in Maryland?

You do. The Board restricts its administrator from receiving reimbursements from any fund, so that the administrator will have no incentive to favor one fund over another. When the Board began its reimbursement program, it decided that the refunds should be passed through directly to investors in the particular fund that pays the reimbursement. The calculation and distribution is done for any quarter if there are reimbursements available for distribution. The precise amount shows up on your statement under the heading “Mutual Fund Savings.”

How much are they?

Reimbursements are a good example of how small percentages can add up to big dollars. Since 1995 over $21 million has been collected from mutual funds and redistributed to participants. The precise amount varies from fund-to-fund; there is no standard reimbursement amount, and the precise refund is negotiated by the Board and the mutual fund. A typical reimbursement will run between 10 and 20 basis points a year (0.1-0.2%). For example, if you have $50,000 in a mutual fund that pays a 10 basis point rebate, your savings would be $50 a year. Not all funds pay reimbursements; if you want to know the most current reimbursement for a particular fund, please refer to the chart on the back of this publication.

How do reimbursements affect investment decisions?

Reimbursements are best viewed as part of your investment return/investment expense ratio. A participant in the MSRP gets an investment return, and pays his/her share of expenses necessary to earn that return. Reimbursements reduce those expenses. For some funds, reimbursements pay most of the administration expense for NRS and the Board; other options (ex.: Vanguard Index Fund; Investment Contract Pool) do not pay reimbursements but have very low expense ratios. Standard financial planning advice looks at both elements—expected return and investment expense—in choosing one investment option over another. This is particularly true if you are estimating total expenses, or comparing expenses inside the plan to expenses for a different retirement option, such as an IRA account.

2008/01

MSRP Mutual Fund Savings & Expense Ratios

Operating Expenses as a Percentage of Average Net Assets (From Prospectus)
reduced by Reimbursements to Participants (arranged by MSRP Board of Trustees)

Traditional Spectrum of Investment Options

Mutual Fund Name	Ticker Symbol	Prospectus Date	Expense Ratio*	Mutual Fund Savings Agreement
Fidelity Puritan Fund	FPURX	10/30/2009	0.67%	0.25%
Neuberger Berman Partners Fund – Inst'l Class	NBPIX	12/14/2009	0.70%	0.10%
Vanguard Institutional Index Fund – Inst'l Plus	VIIIX	04/29/2009	0.025%	none
Growth Fund of America – Class R6	RGAGX	11/01/2009	0.37%	none
Goldman Sachs Large Cap Value Fund – Inst'l Class	GSLIX	12/29/2009	0.79%	0.15%
Vanguard Value Index Fund – Investor Class	VIVAX	04/29/2009	0.26%	none
Dreyfus Midcap Index Fund	PESPX	03/01/2010	0.50%	0.30%
Vanguard MidCap Index Fund – Inst'l Shares	VMCIX	04/29/2009	0.09%	none
Van Kampen MidCap Growth Fund – Class A	VGRAX	07/31/2009	1.40%	0.40%
T. Rowe Price Mid-Cap Value Fund	TRMCX	05/01/2009	0.83%	0.15%
Vanguard Small-Cap Growth Index Fund – Inst'l Shares	VSGIX	04/29/2009	0.09%	none
T. Rowe Price Small Cap Stock Fund	OTCFX	05/01/2009	0.93%	0.15%
Vanguard Small-Cap Value Index Fund – Inst'l Shares	VSIIX	04/29/2009	0.09%	none
EuroPacific Growth Fund – Class R6	RERGX	06/01/2009	0.51%	none
Vanguard Total International Stock Index Fund	VGTSX	02/26/2010	0.32%	none
Bond				
PIMCO Total Return Fund – Institutional Class	PTTRX	10/01/2009	0.64%	none
Money Market *[403(b) only]*				
Vanguard Prime Money Market Fd - Inst'l Class	VMRXX	12/23/2009	0.10%	none

Targeted Retirement Funds

Mutual Fund Name	Ticker Symbol	Prospectus Date	Expense Ratio*	Mutual Fund Savings Agreement
T.Rowe Price Retirement Income Fund	TRRIX	10/01/2009	0.58%	0.15%
T.Rowe Price 2005 Retirement Fund	TRRFX		0.60%	
T.Rowe Price 2010 Retirement Fund	TRRAX		0.64%	
T.Rowe Price 2015 Retirement Fund	TRRGX		0.69%	
T.Rowe Price 2020 Retirement Fund	TRRBX		0.73%	
T.Rowe Price 2025 Retirement Fund	TRRHX		0.76%	
T.Rowe Price 2030 Retirement Fund	TRRCX		0.78%	
T.Rowe Price 2035 Retirement Fund	TRRJX		0.79%	
T.Rowe Price 2040 Retirement Fund	TRRDX		0.79%	
T.Rowe Price 2045 Retirement Fund	TRRKX		0.79%	
T.Rowe Price 2050 Retirement Fund	TRRMX		0.79%	
T.Rowe Price 2055 Retirement Fund	TRRNX		0.79%	

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Phone: 410-767-8740 or 1-800-543-5605 **Fax:** 410-659-0349
E-mail: info@msrp.state.md.us **Web Site:** http://www.MSRP.state.md.us

2010.04.16

* Reported fund returns are net of these expenses, including investment advisory, shareholder servicing, custodial, accounting , legal, auditing, prospectus and shareholder reports, registration, proxy and annual meeting directors; and where applicable, 12(b)1 fees.