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Plan Highlights

457(b)

Roth 457(b)

401(k)

Roth 401(k)

403(b)



What's a 457(b)? ...or a 401(k), Roth or 403(b)?

You've probably heard of the different types of retirement plans: 457(b) Deferred Compensation, 401(k), 403(b), 401(a) and Roth 457 or Roth 401(k) Plan Account. As a State of Maryland employee, there are plans created specifically for you.

MSRP offers a variety of retirement plans for employees like you to put aside money from each paycheck toward retirement. These plans can help bridge the gap between what you have in your pension and Social Security, and how much you'll need in retirement. The available plans include:

- **457(b)** Deferred Compensation Plan – tax-deferred, available to all State of Maryland employees, and also includes an after-tax Roth 457 option
- **401(k)** Savings and Investment Plan – tax-deferred, available to all State of Maryland workers, and also includes an after-tax Roth 401(k) option
- **403(b)** Tax Deferred Annuity Plan – tax-deferred, and available to employees of Maryland State educational institutions.
- **401(a)** If funding is provided in the State budget, Maryland law authorizes a matching payment for most employee contributions to State-sponsored supplemental retirement accounts. The status of the match program may change from year to year through legislative action.

What does tax-deferred mean?

Basically, you don't pay income taxes on your plan contributions or earnings until you retire and/or begin to take payments from your account. This may lower your taxable income currently.

What does after-tax, or Roth, mean?

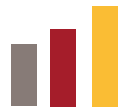
Unlike tax-deferred contributions, after-tax contributions are taxed before they are invested in your plan. Then the withdrawals that you take in retirement are tax-free, as long as certain conditions are met.

¹ The median 401k/IRA balance for ages 55–64. Source: Center for Retirement Research at Boston College.

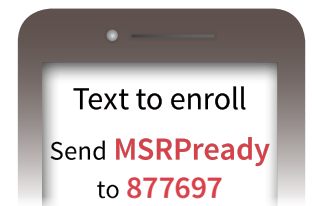
² Source: "How much should people save?" Center for Retirement Research at Boston College. 2014.



Start saving. Average 401(k) balance in U.S. \$111,000¹



People who use My Interactive Retirement PlannerSM on MarylandDC.com are better prepared for retirement²



Text to enroll

Send **MSRPreedy** to **877697**



ENROLL ONLINE

Each of the plans feature:

- Automatic payroll deduction
- Minimum \$5 biweekly contribution
- Maximum \$22,500 contribution per year¹
- Age 50 Catch-up provision of additional \$7,500 per year.¹ See MarylandDC.com for detailed information on plan contribution limits
- Can contribute to more than one plan
- Change contributions anytime (effective within timing restrictions)
- Cost to participate is 0.12% of your account value a year, capped at \$2,000 per year plus 50 cents per month per account²
- MSRP accepts rollovers from other qualified retirement accounts³
- Change payout amount/frequency as desired, except with purchased annuities
- Withdrawals are not required until age 72
- Loan, hardship/emergency withdrawal provisions

| | 457(b) | Roth 457(b) | 401(k) | Roth 401(k) | 403(b) |
|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Who can join? | All regular and contractual State employees | All regular and contractual State employees, with no income limits | All regular and contractual State employees | All regular and contractual State employees, with no income limits | State educational institution employees |
| Taxation | Pre-tax contributions with withdrawals taxed as ordinary income. | After-tax contributions with qualified ⁴ withdrawals not subject to federal or Maryland income tax. | Pre-tax contributions with withdrawals taxed as ordinary income. | After-tax contributions with qualified ⁴ withdrawals not subject to federal or Maryland income tax. | Pre-tax contributions with withdrawals taxed as ordinary income. |
| When withdrawals can begin without incurring a 10% early withdrawal tax | Except for loans and emergencies, no withdrawals may be made while still employed with the State (unless age 72). Withdrawals can be made upon leaving State service at any age. | Withdrawals may begin at age 59½ as long as the first Roth contribution has been in the account for 5 years. | Withdrawals during employment can be made beginning at age 59½. ⁵ | Same rules as 401(k) , additionally, the first Roth contribution must have been in the account for 5 years. ⁵ | Withdrawals during employment can be made beginning at age 59½. ⁵ |

¹ Source: IRS.gov

² In addition, each of the mutual funds offered by the plan has fund expenses that are netted directly from the mutual fund's daily price. These will vary based upon the mutual fund selected. Also, some mutual funds may impose a short-term trade fee. Please read the underlying prospectuses carefully.

³ There are generally several considerations relevant to evaluating whether you might rollover outside assets or leave the money where it is currently invested. Qualified retirement plans, deferred compensation plans and individual retirement accounts are all different, including fees and when you can access funds. Assets rolled over from your account(s) may be subject to surrender charges, other fees and/or a 10% early withdrawal tax if withdrawn before age 59½. It's important to understand retirement account differences and similarities, such as fees, services, investment options, etc., before making any rollover decisions.

This material is not a recommendation to buy, sell, hold or roll over any asset, adopt an investment strategy, retain a specific investment manager or use a particular account type. It does not take into account the specific investment objectives, tax and financial condition or particular needs of any specific person. Investors should work with their financial professional to discuss their specific situation.

⁴ Generally, a Roth 401(k) or Roth 457(b) distribution is a qualified distribution if: 1) the first Roth contribution has been in the account for 5 years (the five-year period begins January 1 of the year a member first makes a Roth contribution into the account); and 2) a member is age 59½, (and for the Roth 457(b) has separated from State service) or has died or become

disabled under IRC section 72(m)(7). Distributions made prior to these requirements being met are nonqualified distributions, and earnings could be taxable.

⁵ Other exceptions may apply. Check with your tax or legal advisor for more information.

⁶ T. Rowe Price Collective Investment Trusts: Target Maturity trusts are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. Therefore, in addition to the expenses of the trusts, an investor is indirectly paying a proportionate share of the applicable fees and expenses of the underlying funds.

Target Maturity trusts are designed for people who plan to withdrawal funds during or near a specific year. These trusts use a strategy that reallocates equity exposure to a higher percentage of fixed investments over time. Like other funds, target date trusts are subject to market risk and loss. Loss of principal can occur at any time, including before, at or after the target date. There is no guarantee that target date trusts will provide enough income for retirement at any time, including before, at or after the target date. There is no guarantee that target date trusts will provide enough income for retirement or that asset allocation, diversification or any investment strategy will assure a profit or avoid losses. CIT's available in 457(b), 401(k), and 401(a). Not available in 403(b).

⁷ Investment advice for Nationwide ProAccount is provided to plan participants by Nationwide Investment Advisors, LLC (NIA), a SEC-registered investment advisory. NIA has retained Wilshire Associates as the Independent Financial Expert for Nationwide ProAccount. Wilshire Associates is not an affiliate of NIA or Nationwide.

Investing with MSRP is as easy as ABC

Choosing investments is like planning a meal. Spend all day shopping and cooking from scratch, pick up a frozen meal, or get a fresh, from-scratch meal from a personal chef. MSRP offers these three approaches for cooking up your recipe for retirement readiness:



Type A: Do-it-myself

Choose your own funds (start from scratch)

- Define your investment goals and strategy.
- Select funds from MSRP's full spectrum of investment choices.
- Create your investor profile using our Asset Allocation Tool to help you choose.
- Opt for automatic rebalancing to keep investments in line with your goals.
- Spend the time and discipline to manage your own investments.



Type B: All-in-one

T. Rowe Price Collective Investment Trusts (CITs)⁶ (ready-made)

- Pick one and you're done.
- Invest in one trust closest to the year in which you expect to retire or take a distribution.
- The trust is managed, automatically rebalanced, and designed to become gradually more conservative as the selected date approaches.



Type C: Pro

Nationwide ProAccount^{®7} (personal chef)

- A managed account service designed to help take the guesswork out of investing.
- MSRP investment options are selected by professional investment managers based on your age and risk tolerance, then monitored and adjusted to keep on target with your goals.
- Nationwide Investment Advisors (NIA) actively manages your account, including periodic rebalancing, according to the information you provide.
- Pay for this service through an additional asset management fee deducted from your account balance each quarter.

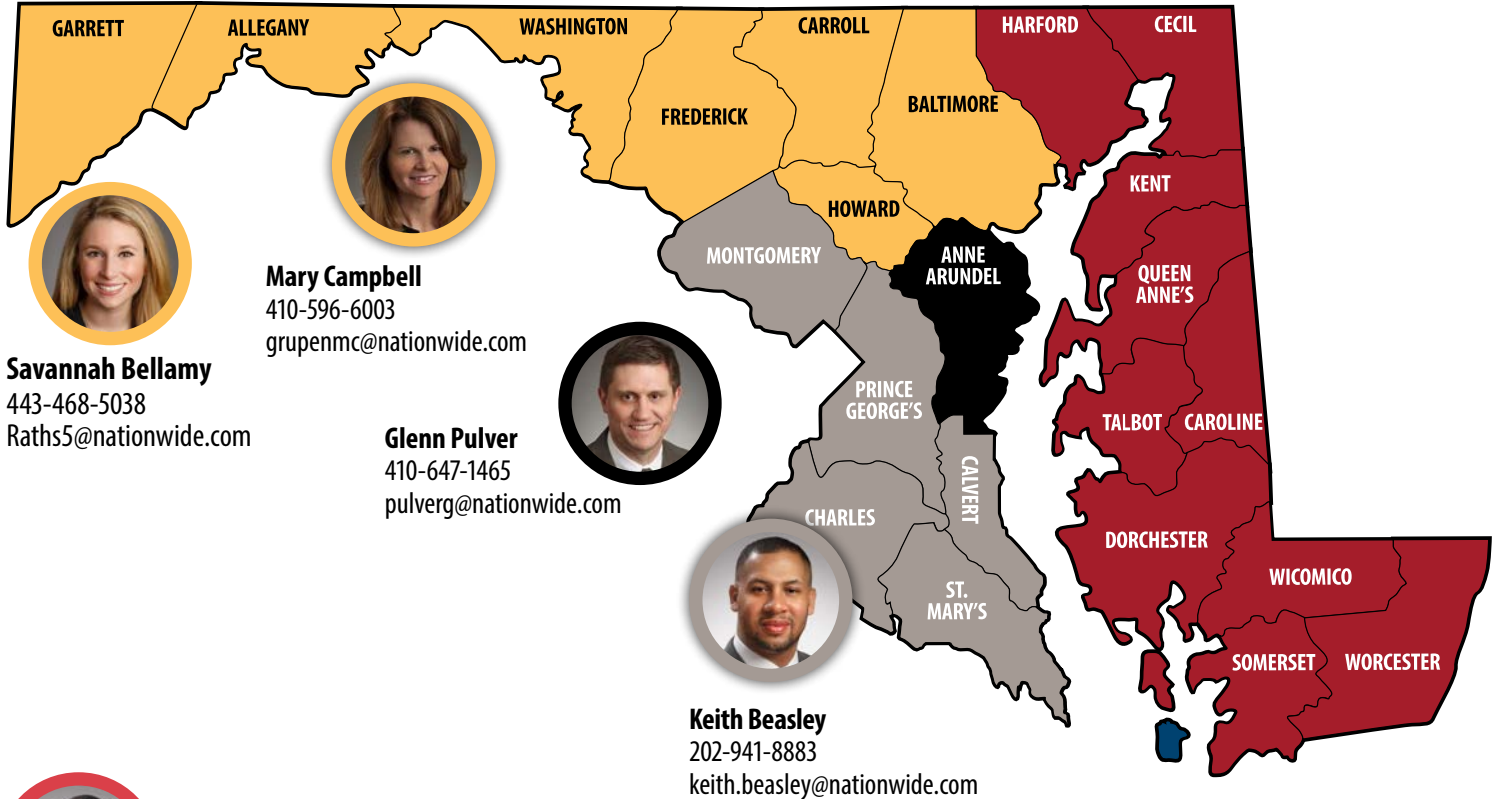




Retirement Specialists are available to assist with enrollment, account management, and understanding investment options. Schedule an online consultation, or contact your Retirement Specialist via phone or email.



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Personal Retirement Consultants specialize in helping retirees and people within 5 years of retirement.



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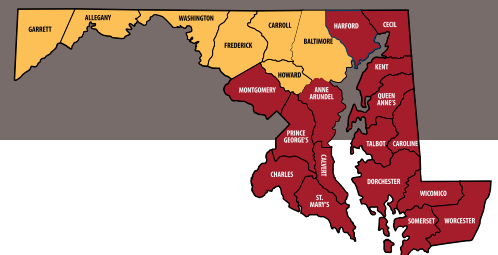
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Investing involves market risk, including possible loss of principal. While Team MSRP cannot offer investment, tax or legal advice, we can help you understand the risks you may face and strategies that may help you deal with them. Not investing for retirement—or not investing enough—involves risk too. Talk with a Team MSRP Member about your options through MSRP.

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