ADP Retirement Services

FEES AND EXPENSES

Understanding retirement plan fees and expenses

Understanding the fees in your retirement plan can help you make informed decisions about your retirement planning. Fees and expenses are a part of every retirement plan. There are primarily three types of fees and expenses: administrative, individual, and investment related fees. Some may be paid by your employer and others you will be responsible for paying.

Administrative expenses

These expenses are charges for services necessary to operate the plan. Record keeping, legal, accounting and trustee services are considered administrative expenses.

These fees may be paid by your employer or charged to the plan. If they are charged to the plan they may be shared among and paid by all of the participants in the plan. Any such fees applied to your account would be reflected on your quarterly account statement.

Individual expenses

These are charges for services specific to transactions you request as a participant. Some examples include plan loan fees, or charges for a final distribution or withdrawal.

Investment related expenses

These are charges for the management and the operation of the investment options available in the plan. There are primarily three types of investment expenses:

Operating expense. This is the annual cost for operating and managing a specific investment option, and is often referred to as the fund "expense ratio." This expense is not charged separately and reduces the investment return investors may receive from a fund. Expense ratios are often calculated as gross and net expense ratio:

- **Gross expense ratio.** The gross expense ratio represents an investment option's total operating cost before any fee waivers or reimbursements have been deducted. When applicable, fee waivers will reduce the actual cost of investing in the fund.
- **Net expense ratio.** The net expense ratio is the gross expense ratio reduced by any fee waivers that may be in effect. This represents the actual cost to invest in a fund.

Gross Expense Ratio - **Fee Waivers or Reimbursements** = **Net Expense Ratio**

Expense ratios are reported as percentages and may also be shown as a dollar cost per $1,000 invested. For example, an investment option with a net expense ratio of 1.10% has an annual cost of $11 per $1,000 invested.

Redemption fees. To discourage short-term trading and market timing, many firms have established excessive trading and/or redemption fee policies for certain investments.

Generally, this fee is charged directly to the your account and typically is a percentage of the assets that were sold. The investment options available in your plan may or may not charge redemption fees. If these fees are applied to your account, they will appear on your quarterly account statement.

Shareholder-type fees. This type of fee may Include commissions, sales loads, surrender charges and exchange fees. They are charged directly to the investment and are not included in the fund's annual operating expenses. The investment options available in your plan may or may not charge these types of fees. Generally, shareholder-type fees will not apply to your plan account.

An expense ratio is a fund's annual operating expenses expressed as a percentage of average net assets and Includes management fees, administrative fees, and any marketing and distribution fees. Expense ratios directly reduce returns to investors. The expense ratio typically Includes the following types of fees: accounting, administrator, advisor, auditor, board of directors, custodial, distribution (12b-1), legal, organizational, professional, registration, shareholder reporting, sub-advisor, and transfer agency. The expense ratio does not reflect the fund's brokerage costs or any investor sales charges.

Always Designing for People®

Important considerations when choosing investments

As part of your overall retirement planning, it's important to understand the fees and expenses associated with your plan's investments. The following information can be found on your plan website:

- Performance, fact sheets and other general information about the plan's investment options
- Fund prospectuses or information statements
- Investment and financial education materials and tools
- Glossary of terms

Example of Annual Fees Charged to a Hypothetical Account:

Total Account Assets		$20,000
Account Balance in Fund 1......................		$20,000
Fund 1 Expense Ratio		1.27%
Total Annual Investment Related Expenses .... (*$20,000 x .0127*)	=	$254
Loan Setup Fee for Loan Taken This Year	=	$125
Total Fees and Expenses Charged to this Account for the Year:		$379

This is a hypothetical illustration and does not reflect any specific account, plan or investment option. Calculation assumes a constant balance of $20,000 on each day of the year (i.e., no investment gains or losses). Actual expenses charged against an investment fund will vary based on the daily balance in the fund. For information about the specificfees and expenses that may apply to your plan, see the Participant Fee Disclosure Statement provided by your Plan Administrator.

Your Plan Administrator will soon provide you with a Participant Fee Disclosure Statement that summarizes the fees and expenses that may apply to you when participating in your retirement plan.

ADP RETIREMENT SERVICES 71 Hanover Road, Florham Park, NJ 07932

Always Designing for People®