

Lansing School District Employee Guide for 403(b) Tax Sheltered Retirement Plans

The Michigan Retirement Investment Consortium, MRIC: In an effort to comply with the new federal 403(b) regulations effective 1/1/09, the Lansing School District has become part of a consortium. MRIC districts are using six common vendors and one third party administrator, TSA Consulting Group (TSACG), which handles the administration of these plans. The Lansing School District has also approved 14 additional district specific (wild card, noncore) vendors.

403(b) Tax Sheltered Accounts: These saving plans allow employees of educational institutions to set aside money for retirement on a pretax basis through a salary reduction agreement with their employer. A \$100 contribution to a 403(b) reduces federal income taxes by \$28, assuming a 28% marginal tax bracket. In effect the immediate cost of \$100 contribution is \$72. An elective deferral of \$100 per pay period (\$2400 per year) will save \$672 in current year federal income taxes. Earnings grow tax-free until time of withdrawal (assumed to be at retirement), at which time they are taxed as ordinary income. For 2009, workers may contribute the lesser of \$16,500 or 100% of includable compensation. Persons age 50 or over can contribute an additional \$5,500.

Choosing a Vendor for Your 403(b) Account:

Understand Your Options: Review the plan options that have been approved for your district in the *Vendor Plan Comparison Chart* presented on the following pages. The first page compares the six core providers common to all MRIC districts, and the last two list the wild cards specific to the Lansing School District. For greater understanding and more detailed information, refer to the *Vendor Plan Information Packet* available on your school employee website or from the district business office. This document provides an outline of your district approved plans as well as a key to understanding product terminology and typical fees that may be charged. Visit the vendor's website and always contact the company for current information about products and services. Your district *Vendor Contact Sheet* will have phone numbers and/or email addresses for company representatives.

Ask the vendors questions such as:

Disclosure (Applies to all companies and products described in this document): *The following plan information has been provided by the company representative listed, as of the verification date indicated, in the LSD Vendor Plan Information Packet. Before investing with any company, contact a representative for up to date plan information and current interest rates credited to fixed accounts. Before investing in any mutual fund, carefully read the prospectus(es) which contain information about investment objectives, risks, charges, and expenses, all of which should be carefully considered before investing. For current prospectus(es) call the company. Investing involves risk. The investment return and principal value will fluctuate and, when redeemed, the investment may be worth more or less than the original purchase price. Asset allocation, or the use of an investment advisor, does not ensure a profit nor guarantee against a loss.*

1. What are my investment choices?

The underlying investments will usually be mutual funds or fixed annuities. Mutual fund accounts and variable annuities should include funds in varying asset classes to allow for portfolio diversification. Ask about the performance record of these funds and how each compares to its appropriate benchmark. Several companies are offering model portfolios or target date retirement funds that allow for a single portfolio of investments ranging from conservative to aggressive.

2. Will I be penalized for pulling my money out?

A company may assess a "surrender" charge on money withdrawn within a certain period after a purchase payment. Generally the charge is a percentage of the amount withdrawn and declines gradually over a period of several years, known as the "surrender period." Always be aware of surrender fees involved with your plan.

3. What fees will I pay?

All investments have fees since company representatives must receive compensation for their services. In general, higher service models will offer "loaded" funds or charge higher service, advisory, contract, or separate account fees. Consider the level of service desired and understand the fees involved with the plan.

Enrolling with a new vendor:

Contact your chosen vendor. Some provide electronic enrollment forms online. A representative can help with the enrollment process and with the transfer of existing 403(b) accounts. Any previous account may also remain "frozen" with the current company. Visit the TSACG website, <https://www.tsacg.com/index.htm> for further information regarding plan enrollment. Employees can access their employer specific web page (may be under construction) by utilizing the "Employee Services" button. The form required for approval of transactions by TSACG, such as transfers, hardship withdrawals, loan requests and distributions is at https://www.tsacg.com/documents/Transaction_Routing_Request_form.pdf Once you have established your new plan, you will need to sign a new salary reduction agreement with your school district.

MRIC Core Vendor Comparisons

Vendor	Plan	Annual Service, Contract, &/or TPA Fee*	Annual Advisory, Separate Acct or M&E Fee (% of assets)*	Fund Management Expense Ratio (range)*	# Of Funds / Fund Families Load/ No-Load/ /Load Waived and/or Institutional Share Classes*	Assistance Provided by Vendor & Additional Information
MEA Financial Services	Prudential TDA 6978/1165 Fixed/Variable Annuity **	\$20	1%	1.38% - 2.52% Will be reduced 1% by the separate account fee	27/8 No-load	Personal financial services representative is assigned to each district ****
MEA Financial Services	Prudential 403(b)(7) Mutual Fund Program 7000	\$20	0	.35% - 1.49%	38/5 No-load / Load-waived	Personal financial services representative is assigned to each district
Midwest Capital Advisors	MCA Managed Models (6 Risk-managed Portfolios)	0	.38% - .18% ***	.15% - 2.52%	Typically 15 funds/ model No-load / Load-waived Institutional/retirement class shares	Establishment, updating and rebalancing of models and assistance in choosing appropriate models
Midwest Capital Advisors	MCA Select Funds (No-load Mutual Funds)	0	.38% - .18% ***	.15% - 2.52%	50 + No-load / Load-waived Institutional/retirement class shares screened & ranked from various families	Establishment monitoring and updating of <i>Select Funds</i> and assistance in choosing appropriate funds
Midwest Capital Advisors	MCA Fund Universe (Self-directed Mutual Funds)	0	.38% - .18% ***	.15% - 2.52%	25,000+/480+ Share class dependent on participant needs/desires	Self-directed. Ability to hold/trade virtually all funds requested, using lower cost share classes where available
The Legend Group	Strategic Asset Management (10 Risk-managed Portfolios)	0	2% ***	.35% - 3.11%	800 /16 load & load-waived A shares- max purchase fee 5.75% B shares- max CDSC 5% C shares- max CDSC 1%	Personal advisor can provide customized retirement planning guide. Web-based account access
The Legend Group	Premier Custodial Account (Mutual Funds with Representative Assistance)	0	1% ***	.35% - 3.13% (Rydex "specialty" funds available ranging from 1.20 - 4.44%)	800 /16 load & load-waived A shares- max purchase fee 5.75% B shares- max CDSC 5% C shares- max CDSC 1%	Personal advisor can provide customized retirement planning guide. Web-based account access
The Legend Group	Self Directed Mutual Funds	\$15	0	.35% - 2.25%	800 /16 load & load-waived A shares- max purchase fee 5.75% B shares- max CDSC 5% C shares- max CDSC 1%	Online enrollment & self-directed. Web-based account access
PlanMember	PlanMember Elite (5 Risk-Managed Portfolios)	\$25 for accounts < \$100,000	1.5% - 1.0% ***	.10% - .40% depending on option chosen	40/4 No-load/Load-Waived	Managed portfolios, rep assistance & support, retirement planner with annual review. Call center/web account access
PlanMember	Optifund Select (Mutual Funds with Representative Assistance)	\$35 one family \$50 two+ families	0	A shares .47 - 2.53% B shares 1.13- 3.03% C shares 1.04- 3.02%	600+/15 Loaded A shares- max purchase fee 5.75% B shares- max CDSC 5% C shares- max CDSC 1%	Representative provides assistance & ongoing support. Free call center /web account access
PlanMember	Optifund Select (Self-directed Mutual Funds)	.35%	0	.18% - 1.86% avg. .89%	300+/11 No-Load / Load-waived	Toll-free call center & web account access with links to web-based research
PlanMember	Symetra Daily Fixed Annuity Account	0	0	NA	NA	Option available with all plans. Guaranteed interest rate of 1.5% ****
PlanMember	Symetra Flexible Premium Plus Fixed Account **	0	0	NA	NA	Option available with all plans. Guaranteed interest rate of 3.0% ****
VALIC	Portfolio Director Fixed & Variable Annuity**	\$20 TPA fee	1.25% - .75% ***	.23% - 1.35%	60/AIG no-load funds w/ 20+ family managers	Personal rep provides full service & retirement planning ****
VALIC	Profile Self-directed Mutual Funds	\$40 + \$20 TPA fee	0	.35% - 1.54%	90/ no-load AIG funds w/ 20+ fund family managers	Online enrollment & self-directed Includes fixed annuity option ****
Waddell & Reed	Nationwide Platform Mutual Funds	\$41	.49% - 0% ***	.33% - 1.9%	45/23 no-load/load-waived	Personal financial planning with advisor

Lansing School District Specific (Non Core/Wild Card) Vendor Comparisons

Vendor	Plan	Annual Service, Contract, &/or TPA Fee*	Annual Advisory, Separate Acct or M&E Fee (% of assets)*	Fund Management Expense Ratio (range)*	# Of Funds / Fund Families Load/ No-Load/ /Load Waived and/or Institutional Share Classes*	Assistance Provided by Vendor & Additional Information
Ameriprise	RiverSource Retirement Advisor 4 Advantage VA **	\$30 for accts < \$50,000	.85%	.72% - 2.89%	69/21 no-load	Personal financial rep., 5 model portfolios Fixed & guaranteed acct options****
Ameriprise	RiverSource Retirement Advisor 4 Select VA **	\$30 for accts < \$50,000	1.10%	.72% - 2.89%	69/21 no-load	Personal financial rep., 5 model portfolios Fixed & guaranteed acct options****
Ameriprise	RiverSource Retirement Advisor 4 Access VA **	\$30 for accts < \$50,000	1.25%	.72% - 2.89%	69/21 no-load	Personal financial representative
AXA Equitable	EQUI-VEST® TSA **	\$30 for accts < \$25,000	1.34%	.38% - 1.68%	76/40 no-load	Personal financial representative On-line access
CG Financial Services/Capitol Group	Mutual Fund Program w/ Representative Assistance	\$40 +.10%	.75%	.14 % to 1.21%	Thousands of no-load/institutional funds from hundreds of families	Rep assistance. 5 risk based & 9 age based portfolios. List of 60+ ranked funds. Toll-free call center
Consolidated Financial Great American	Mutual Fund Program w/ Representative Assistance	\$25	NA	Varies	1300/48 loaded A shares- max purchase fee 5.75%	Michigan-Based Advisors On-line access
Fidelity	Self-Directed Mutual Funds	\$20	0	.08% - 1.31%	175+ no-load Fidelity funds	Toll-free call center. Web account access. On-line educational tools
First Investors	Mutual Fund Program w/ Representative Assistance	0	0	A&B shares .50-.98% 12b-1 fees: A shares 0.30% B shares 0.75- 1%	13 First Investors loaded funds A shares- max purchase fee 5.75% B shares-max CDSC: 4%	Local financial services representatives
GLP	Mutual Fund Program w/ Representative Assistance	\$10 - \$15	0	.46 % - 2.48% vary by share class, fund & account	500 + / 15 + A shares- Front end fee: 0 - 5.75% B shares- CDSC: 0 - 5% C shares- CDSC 0 - 1%	Personal service representative. Comprehensive retirement planning. Online acct access. Toll-free service
GLP	Fixed Annuity Plans from ING with guarantees **	0	0	0	NA	Services as above. Guaranteed minimum interest rate: 2%. Loans available. Return of premium provision ****
Horace Mann	Group Variable Annuity **	\$25 for accounts < \$25,000	0.85%	0.35% - 2.07% (12b-1 fees included)	37/13 No-load	Local Michigan-based representatives. Toll-Free call center. Web account access. Online educational tools. Seminars
Horace Mann	Group Fixed Annuity **	0	0	NA	NA	See Above ****
Lincoln Financial Group	Individual Multi-Fund Select **	0	Included under fund expense ratios	1.542% - 2.442%	41/14 No-Load 1 Fixed Account	Toll-free call center & web account access ****
Mass Mutual	Mass Mutual Artistry **	0	1.18%	.42 – 1.44%	40 funds / 20 managers	Representative Assistance, Free Call Center, Web Account Access

Wildcard Vendors Continued

Vendor	Plan	Annual Service, Contract, &/or TPA Fee*	Annual Advisory, Separate Acct or M&E Fee (% of assets)*	Fund Management Expense Ratio (range)*	# Of Funds / Fund Families Load/ No-Load/ /Load Waived and/or Institutional Share Classes*	Assistance Provided by Vendor & Additional Information
MetLife	MetLife Financial Freedom Select Variable Annuity**	\$30	1.15% -1.55% + .25% for American Funds	.52% - 1.27%	57/20+ No-Load	Full Representative Service
MetLife	MetLife Preference Account Plus Variable Annuity **	\$20	1.25%	.28% - 1.17%	57/20+ No-Load	Full Representative Service
PFS Investments Inc., an affiliate of Primerica Financial Services	Mutual Fund Program * w/ Representative Service**	\$20	0	.37% - 2.27%	550 loaded funds *** A shares: max front-end charge 5.75% B shares: max CDSC 5%	Representative support. Complimentary Morningstar Portfolio Builder
PFS Investments Inc., an affiliate of Primerica Financial Services	MetLife Investors Prime Elite IV Variable Annuity w/ Representative Service**	\$30 for accounts < \$50,000	.80-1.20 M&E, .15% admin fee	.53% - 1.52%	39 Sub account options	Representative support. Complimentary Morningstar Portfolio Builder Optional death benefit fee up to 1.75%. Optional living benefit rider fee .25% - 1.5%
Thrivent Financial for Lutherans	Flexible Premium Deferred Variable Annuity **	\$30 per acct < \$15,000 or if premiums paid < \$2,400	1.25% ***	.36% - 1.80%	31 Sub accounts No-Load	Local financial service representatives. Investment and retirement education using tools & calculators. Toll free customer service. Web access available.
Thrivent Financial for Lutherans	Multi-Year Guarantee (MYG) Series, Flex Premium Annuity **	0	0	NA	NA	Services offered- see above ****
Thrivent Financial for Lutherans	Security Plus - Flexible Deferred Annuity **	Lesser of \$30 or 2% per acct < \$5,000 on 3 rd & subsequent anniv..	0	NA	NA	Services offered - see above Guaranteed min interest rate of 2% ****
Thrivent Financial for Lutherans	Thrivent Investment Management Mutual Funds	\$15 per acct. < \$50,000	0	.69% - 1.45%	28 Thrivent Mutual Funds. Maximum front-end sales charge of 5.5% - 0 ***	Services offered - see above

* Ask the representative and/or consult the prospectus for more detailed information on separate account fees, applicable sale charges, short-term trading fees, break points, surrender fees, and/or individual fund management fees.

** Surrender fees may apply

*** Fee is dependent on the total value of assets invested by individual and/or group combined assets of all MRIC participants

**** Contact the company representative for current interest rates