FREQUENTLY ASKED QUESTIONS

Q: What is the CSD Retirement Trust?

A: The Trust was created **for educators by educators** to provide the best Supplemental Retirement Program, 403(b) & 457(b), for K-12 Employees. The Trust is a consortium of 56 school districts/charters/educational assoications that have come together to improve retirement planning and outcomes for their employees, and to reduce employee fees. The Trust also saves member organizations time and money while ensuring compliance with 403(b) and 457(b) regulations. 7,600 active and retired employees with $183M+ in plan assets make up the Trust.

Q: Why should my district join the Trust?

A: The Trust is a single provider, consortium approach to providing 403(b) and 457(b) programs to districts/charters and their employees. That approach benefits participants as follows:

1. As a single provider the focus is on education and retirement planning for participants, not on selling products.
2. The consortium approach dramatically lowers investment management fees and administrative expenses thus, all things being equal, retirement balances are higher.
3. The provider selection process was rigorous, thorough and objective resulting in a provider and plan that best fits the retirement needs and culture of K-12 participants.

Q: What kind of advice can I expect if my district joins the Trust?

A: First, your financial advisor (FA) will work with you to forecast your monthly defined benefit, if applicable, for your state's program, and determine if you want additional monthly income. Next, your FA will help advise you on the amount of salary to defer each payroll period and investment options that best suit you based on return needed and your risk tolerance. Your FA will meet with you periodically or, if you prefer, you can monitor your account using the Website or toll-free number. The FAs compensation is not affected by a participant's choice of investment(s) therefore the focus is on helping participants improve retirement outcomes not on selling products.

Therefore, their advice is not impacted by an investment option's fee structure but on what is in your best interest.

Q: What kind of education can I expect if my district joins the Trust?

A: The FA assigned to your district will conduct ongoing seminars at your district. Some may be "lunch and learns," as well as at other times. In addition, the Trust conducts education workshops that focus on how to optimize your State's pension benefits and Social Security and how those benefits interface with your 403(b) and/or 457(b) programs. These programs are open to all employees and are presented after school. The Trust's education program also focuses on how to increase salary deferrals in the three years prior to retirement to increase your retirement balance.

Q: How is the Trust able to significantly lower costs compared to other providers?

A: Individual investors pay retail prices when investing just as you do when going to a store. Because they buy large quantities, stores pay wholesale prices when they buy from a manufacturer, and the more they buy, the lower the price. That's the way the Trust works. Investment options (mutual funds) provide lower investment management fees for entities that have larger investments, e.g. a decrease in the investment management fee when the total investment is $5M. Although an individual participant may have $2,000 invested in a specific fund, the total investment by all participants might be $5M (***Trust has over 7,500 participants***) so all participants receive the lower fee. ***Since the Trust started in January 2010 through December 31, 2019, 94% of the investment options have lowered their fees.*** Currently, annual investment management fees range from 0.04% to 0.93% based on the fund(s) you choose. The weighted average investment fee, based on what current participants invest in, is 0.17%, less than 2/10 of 1 percent. If you invest in the fixed-income option, there is no investment management fee and the current yield is 2.05%. Also, as the Trust assets increase (***currently $183M***) administrative fees decrease because of our buying power. When the Trust began in 2010 a participant with a $10,000 account balance paid $118 annually in administration fees. Today a participant with a $10,000 account balance pays $52 annually, a 56% decrease. In a traditional multi-provider environment, that same participant would pay more.

Q: Other than the fees and expenses noted above, will participants pay any other fees?

A: No, unless a participant chooses the Guided Portfolio Service which provides a professional account manager at a reduced fee.

Q: How do I know how much I'm paying?

A: The Trust promotes transparency in fees. The Trust shows the investment management fee for each fund on the PPT slide presentation. Participants receive a quarterly account statement showing prior quarter balance, contributions during the quarter, change in market value of your investments and the administration fees for each investment you have.

Q: Lower fees are great but are my choices limited by being with a single provider, and how have the Trust's investment options performed?

A: It is important to draw the distinction between provider choice and investment choice. Provider choice means a participant can choose between various providers that hold assets, etc. Investment choice is not a product of the number of providers, per se. Investment choice is concerned with the quality and quantity of investments (mutual funds) available to participants. Provider choice typically leads to much higher employee fees. Having a single provider but retaining investment choice is in the participant's best interest. While the Trust is a single provider, it provides 32 diversified investment options including actively managed, index and age-appropriate target date funds covering all major retirement investment categories. At the end of each calendar quarter the Trust reviews the performance of its investment options against several standards and has replaced only two funds in over nine years. ***Since the Trust launched in January 2010 through December 31, 2019, 100% of its investment options have outperformed their investment category.***

Q: If participants are currently working with an advisor, how will their current relationship be affected? What happens to their account? Is it automatically transferred to the new provider(s)? What about future payroll contributions?

A: We realize many employees are working with a financial advisor and understand that these long-term relationships are valuable. Participants have the choice of leaving their current 403(b)/457(b) assets where they are now or rolling them into the Trust. That is their choice. It is very important that employees confirm with their current provider that there are NO surrender charges or termination fees associated with moving their account to the Trust. It is only the new contributions that will be directed to the Trust.

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Q: Are there other benefits to the Trust for the participant?

A: Yes, if a participant wants to roll funds out of their 403(b) or 457(b) to purchase service credits in their state retirement program, there are no rollover fees. The Trust offers both a ROTH (post-tax contribution) as well as a traditional (pre-tax contribution) 403(b) & 457(b) plan. The Trust also offers a managed account overseen by a professional investment advisor for participants who prefer that, and a program that enables retirees to convert assets into additional guaranteed monthly income with tax benefits.

For additional information, please contact Stephen Keyser, Managing Director, CSD Retirement Trust. **Call him at 314.265.6192 or email him at skeyser@csdretirementtust.com.**