ISD 279
OSSEO AREA SCHOOLS
UNITING COMMUNITIES OF EXCELLENCE

Map Your Future

Your 403(b) Retirement Planning Guide

Advanced Capital Group
50 South Sixth Street | Suite 975
Minneapolis | Minnesota | 55402

How to use this booklet to help map your retirement future:

To enroll in this plan, you must complete and return an enrollment form to the District's Payroll Department. The enrollment form is separate from this booklet.

The purpose of this booklet is to give you the information you need to complete the 403(b) enrollment form. If you have questions about the form, please contact either the Payroll or Human Resources department.

How this enrollment booklet is organized:

MetLife

Introduction to MetLife

MetLife is the record keeper and administrator for Osseo Area Schools 403(b) Plan.

MetLife is trusted to provide products and services to some of Fortune's top 100 companies. With over 100 years of retirement plan experience, MetLife has strength, stability, and experience you can trust.

ADVANCED
CAPITAL GROUP

Introduction to Advanced Capital Group

Advanced Capital Group is an independent *Registered Investment Advisor* (RIA).

Since 1998 Advanced Capital Group has uniquely positioned itself among retirement plan consultants and is an independent investment advisor. Being an independent advisor means, in part, that it has no affiliation with investment companies, insurance companies or banks. ACG works exclusively for, and gives advice to, the plan and plan participants themselves. ACG is local and one of its partners had four children graduate from Osseo Area School District high schools.

Investment Advisory Services

Our Investment Services consist of the following steps:

The first step was to work with the Investment Committee at the District to ensure that we understood the employee demographics. Using that information we began to design a customized plan that will be the best fit.

Next, we helped select the “core” funds to be used in this plan. The core funds are the individual stock, bond, international and specialty mutual funds or separate accounts that are available to you within the 403(b) retirement plan. It is also important to note that, when applicable, <u>all mutual fund sales charges have been waived</u>. These core funds are used to construct your Custom Model Portfolios.

The Custom Model Portfolios are specific allocations using core funds. We construct an assortment of model portfolios, from conservative to aggressive to match your risk tolerance and investment objectives. Our primary focus while constructing Custom Model Portfolios is to reduce risk while maintaining quality risk adjusted returns.

Our final step is to continually monitor the plan investments and model portfolios, remove any manager that is not performing up to the appropriate standards, and adjust the asset allocation of the portfolios to maintain the optimal mix of investments for your account.

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403(b) Plan Highlights

Who may participate?	You are eligible to participate in your plan effective immediately
What are the benefits of pre-tax savings?	Contributing to the Plan in pre-tax dollars is a powerful advantage because it reduces your current taxable income every year and your contributions and earnings are not taxed until you withdraw them.
How do I contribute to the plan?	Through payroll deduction you may make a pretax contribution up to $23,000 in 2024. Age 50 Catch Up: If you are over the age of 50 by December 31. You may also be eligible to make an additional "catch-up" contribution in the amount of $7,500. 403(b) Catch Up: You may be eligible for the 403(b) regular catch up if you have completed 15 years of service with Osseo Area Schools. The plan also accepts rollover contributions from previous employee plans, such as 401(k), 403(b) and 457 plans. You may also rollover assets from your existing district 403(b) plan.
Can I stop or change my contributions?	You may stop, start or change your level of contributions at any time.
Will I receive a contribution from Osseo Area Schools?	Osseo Area Schools may make a contribution to your account. Please check the Terms and Conditions of Employment for further information. If you do not defer money into the plan, you will not receive any match dollars from the District.
Can I take a loan against my account?	Loans are permitted. The amount you may borrow is limited by the rules under the Internal Revenue Code. All loans will be based on the vested account balance. There is a loan application fee of $75.
Fees and Costs	All sales charges and transaction fees have been waived on the plan's core funds and model portfolios. MetLife charges **0.05% annual asset fee** on all money in the plan's core funds. Core funds DO NOT include any fund purchased through the Charles Schwab self-directed brokerage account (SDBA). Separate fees apply when purchasing funds made available in the SDBA.

Why invest in the 403(b) Retirement Plan?

Everyone knows the importance of saving money for retirement. The earlier you start saving, the more you'll have in retirement. Easy enough. Now the question becomes where should you invest your hard earned money? The 403(b) retirement plan may be one of the best answers. Follow along as we show you all the benefits the 403(b) retirement plan can provide.

It's Automatic

You decide what dollar amount of your pay you want to deduct from each paycheck and the plan handles the rest.

Your Income Taxes may be Affected

If you make traditional pre-tax contributions you won't pay taxes on your contributions or your earnings until you withdraw them, generally at retirement. If you make after-tax Roth contributions, your current income taxes will be unaffected but earnings on your contributions and withdrawals may become completely tax-free.

The Employer Match is Free Money

In other words, you get paid just for participating.

Deferring Current Taxes

If you make traditional pre-tax contributions, your contributions are not taxed until you withdraw them, generally at retirement. The following table is a general illustration showing the potential effect of making traditional pre-tax contributions on your annual income taxes.

You May Save in Taxes		
Personal Information	Tax Deferred Savings	No Tax Deferred Savings
Annual salary	$40,000	$40,000
Annual pre-tax contribution (6%)	$2,400	$0
Taxable income	$37,600	$40,000
Taxes you pay	$9,400	$10,000
Reduction in current taxes	$600	$0

This example is hypothetical and does not represent the performance of any plan, product or investment. Taxes are based on an assumed marginal tax rate of 25% on ordinary income. Tax rates are subject to changes in the tax law, and your marginal tax rate may vary from year to year. Pre-tax contributions may also reduce state income taxes due, depending on where you reside. Ordinary income taxes are due upon withdrawal from a tax deferred account. Withdrawals made prior to age 59½ may also be subject to a 10% federal tax penalty and are subject to plan restrictions. The amount of pre-tax contributions each year is limited under federal and state income tax law. There is no guarantee that a retirement savings program can create the results stated in the chart above.

Let's Take Action

Action Item 1

Identifying your Investment Profile

As we have discussed, we feel the best approach to managing your investment risk is to own a blend of assets. What combination of cash, bond funds and stock funds is right for you? This questionnaire will help you determine the right investing style for you.

Remember, you are in a marathon, not a sprint. Your goal is a successful retirement: Doing what you want, when you want to, and being able to afford that lifestyle. This questionnaire is designed to measure your long term risk.

A) Time Horizon

1. In how many years do you expect to retire or begin making withdrawals from your investment account?

    a. Less than 2 years (0)
    b. 2 - 4 years (2)
    c. 5 - 6 years (5)
    d. 7 - 10 years (8)
    e. More than 10 years (11)

2. Once you begin making withdrawals, how many years do you expect them to continue?

    a. Lump-sum withdrawal (0)
    b. 1 - 4 years (1)
    c. 5 - 6 years (3)
    d. 7 - 10 years (4)
    e. More than 10 years (6)

B) Risk Tolerance

1. Investing involves a trade off between risk and return. Historically, investors who have received higher long-term returns also experienced major changes in the value of their investments. Higher long-term returns come with a greater chance of loss. Which of the following statements best describes your main investment goal?

    a. Protect the value of my account. I am willing to accept lower long-term returns in order to limit my chance for loss. (0)
    b. Limit risk while trying to achieve slightly higher returns. I still prefer to invest most of my investments in low-risk assets. (4)
    c. I am equally concerned with reducing risk and achieving higher long-term returns. (7)
    d. Achieve moderately high long-term returns on my investments. Therefore I am willing to accept a high level of instability in the value of my investments. (10)
    e. Maximize long-term investment returns. I am willing to accept large and sometimes dramatic changes in the value of my investments to achieve higher returns. (13)

2. How would you respond to the following statement? Protecting my portfolio from losing money is more important to me than earning high returns.

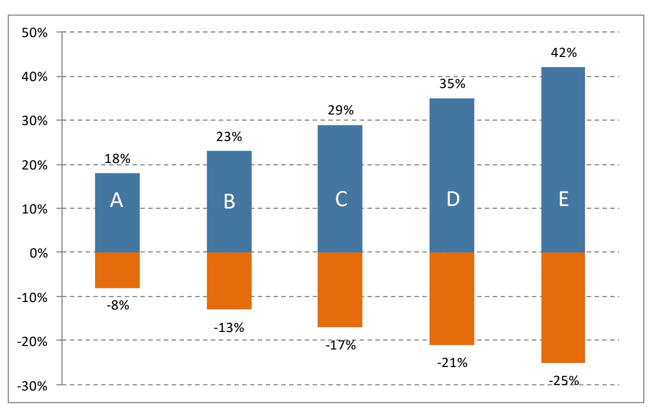
    a. Strongly agree (0)
    b. Agree (4)
    c. Risk and return are equally important (7)
    d. Disagree (10)
    e. Strongly disagree (14)

3. The stock market has seen large price swings and extended price drops throughout history. When the market starts going down, it is difficult to know how long the downturn will last. Suppose your investments lost 20% in two months. Assuming similar investments lost the same amount, how would you react?

    a. Do nothing (10)
    b. Wait at least 1 year before changing to more conservative options (7)
    c. Wait at least 3 months before changing to more conservative options (4)
    d. Immediately change to more conservative options (0)

4. The graph to the right shows the best and worst case return for 5 sample groupings of investments, or portfolios, over a 1 year period. In which portfolio would you be most comfortable investing?

    a. Portfolio A (0)
    b. Portfolio B (4)
    c. Portfolio C (7)
    d. Portfolio D (10)
    e. Portfolio E (13)



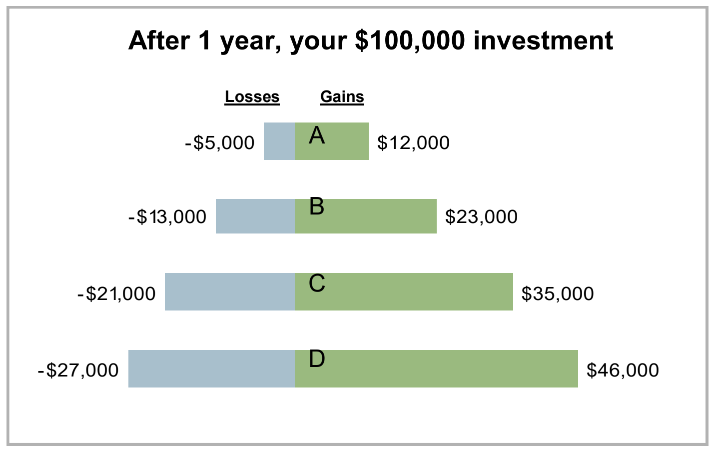
5. The table to the right shows the possible gains and losses for 3 hypothetical portfolios over the next 20 years. As your potential for gain increases, your potential for loss also increases. In which hypothetical portfolio would you want to invest?

   a. Portfolio A (10)
   b. Portfolio B (5)
   c. Portfolio C (0)

	Probable Average Annual Return	Potential Worst Annual Loss
Portfolio A	+10%	-27%
Portfolio B	+8%	-17%
Portfolio C	+5%	-5%

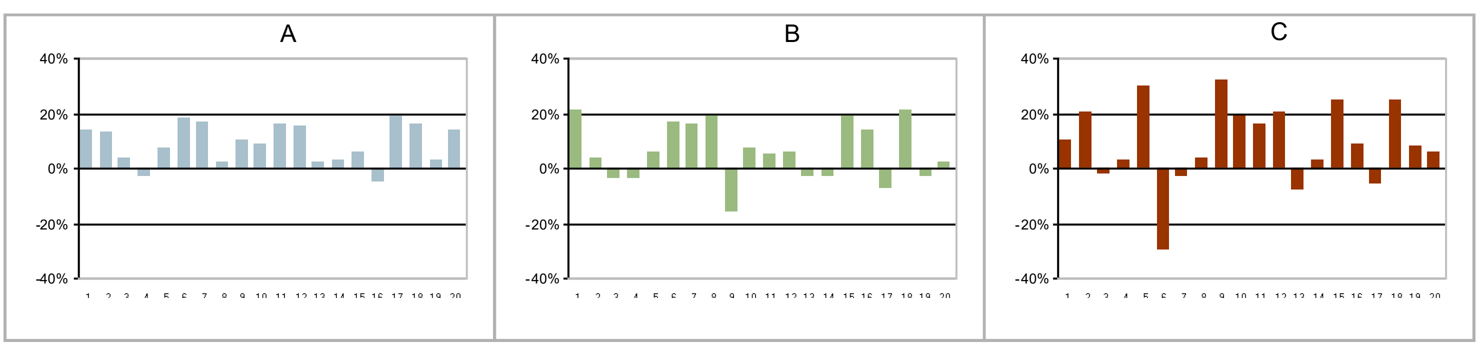
6. If you had $100,000 to invest, in which of the portfolios to the right would you be most comfortable investing in if, after one year, the possible gains or losses fell within the ranges shown.

   a. Portfolio A (0)
   b. Portfolio B (4)
   c. Portfolio C (9)
   d. Portfolio D (13)



7. Investments will go up and down over time. The graphs below show annual returns of 3 hypothetical portfolios over a 20 year period. Each bar represents 1 year's return. Investments with a greater chance of gain also have a greater chance of loss. More stable investments have lower expected returns, but with that they also experience less severe and less frequent losses. In which portfolio would you feel most comfortable investing?

   a. Portfolio A (0)
   b. Portfolio B (7)
   c. Portfolio C (14)



8. Inflation, a rise in prices, can weaken the returns of your investments. For example, assume your investments had a return of 7% last year while the inflation rate was 4%. The actual gain would be 3% (real return). Historically, investments that have much higher returns than inflation have been associated with high levels of risk. Which of the following best describes your feelings on investment risk and the effects of inflation?

   a. I am not willing to risk the value of my investments, regardless of the effects that inflation may have on my investments. (0)
   b. I am willing to accept moderate risk in order to potentially keep my returns above the inflation rate. (4)
   c. I am willing to accept substantial risk in order to potentially keep my returns above the inflation rate by a sizeable amount. (9)
   d. Achieving high returns is my most important goal, regardless of the risk involved with such investments. (13)

Time Horizon Score	Risk Tolerance Score
1. _____	1. _____
2. _____	2. _____
	3. _____
	4. _____
	5. _____
	6. _____
	7. _____
	8. _____
Total _____	Total _____

What type of investor are you?

Locate where your time horizon and risk tolerance scores intersect to find out what type of investor you are. For example: If your time horizon score was 8 and your risk tolerance score was 65, you would be a moderate investor.

Risk Tolerance Score \ Time Horizon Score	0-4	5-8	9-12	13-17
70-100				**(F) Aggressive**
52-69				**(E) Growth**
36-52				**(D) Moderate**
18-35				**(C) Conservative**
0-17				**(B) Income**

Action Item 2

Selecting your portfolio

The pie charts and the tables on the next two pages show different options you may select if you choose to use one of the custom model portfolios that have been developed by Advanced Capital Group. We have taken years of experience and institutional quality investment tools to construct these model portfolios to fit the investment style for a variety of investor profiles. These custom model portfolios are not dependent on your age or the number of years until you reach retirement. Rather, they focus on your emotional reaction to volatility as measured by your investment profile in Action Item #1.

The custom model portfolios on the next two pages are examples of Strategic Asset Allocation. Asset Allocation is simply dedicating a certain percentage of your contribution into different asset classes. Why is this important? When we see one investment gain, we expect to see another post a loss. This is what we expect to see, and this is what we want to see. Think of it this way: We believe that all asset classes will not go up and down together, rather they will take turns, with Large Cap Growth (for example) leading the way at one point and then Small Cap Value taking over the lead for some time. Over the course of your working career and into retirement, different asset classes will lead and lag at different times. Since no one knows which asset class will lead or lag at any given time, we need to allocate our assets into several different classes to ensure we have all our bases covered. You know the old adage of not putting all of your eggs in one basket; you should treat your retirement plan the same way. The purpose of Strategic Asset Allocation is for you to have a portfolio which suits your investment style, whether that style is conservative, aggressive or somewhere in between.

Asset Allocation Model Portfolio Disclosures

1. The five (5) asset allocation model portfolios that follow (pp. 12-13) are constructed based on generally accepted investment theories that take into account the historic returns of different asset classes (e.g., equities, bonds, or cash) over defined periods of time.
2. The construction of each model portfolio option is based on statistical analysis of risk and volatility. A participant's choice of using a model portfolio and, more specifically, which portfolio to use is driven by the assessment (pp. 7-9) which helps match an individual participant's tolerance for risk, volatility, and time horizon with an appropriate model portfolio suggestion.
3. The models are created from investment options made available in the plan. Other investment alternatives having similar risk and return characteristics may be available under the plan. Information about all the plans investment options can be found by logging on to www.mlr.metlife.com.
4. Participants and beneficiaries should consider all other assets, income and investments in addition to their interests in the plan before selecting one of the model portfolios.

Matching your investment type

Using your investment profile choose one of the following Custom Model Portfolios. You may also choose to allocate your own portfolio from the investment choices to fit your investment objectives.

Please remember that these Custom Model Portfolios were assembled by our experts taking the risk/return equation into account for each investment profile. Minimizing the potential risk while trying to maximize your return. Please also keep in mind that each portfolio can, at your option, be rebalanced periodically by using MetLife's Rebalancing Program (see page 14 for a brief description of rebalancing).

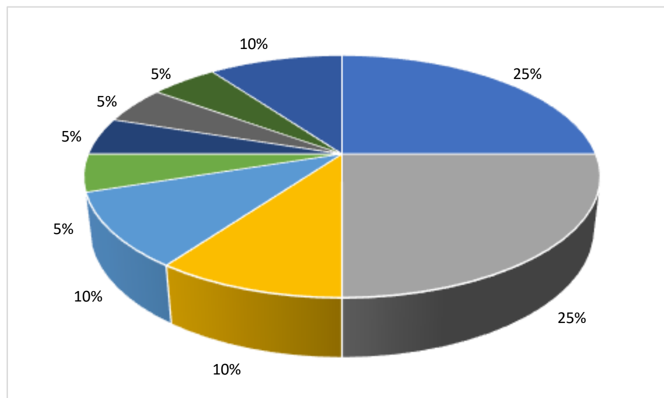
While the overall investment objective and strategy of each Custom Model Portfolio will remain the same over time, the allocations shown here may change from time to time to reflect changes in stock market conditions and/or a change to the plan's investment lineup.

Although asset allocation strategies are considered valid and prudent investment techniques, they do not assure you of a profit or guarantee you from loss. All asset allocations, no matter how conservative, have the potential to lose money.

In applying particular asset allocation models to your own individual situation the Department of Labor advises that you should consider your other assets, income and investments (e.g. equity in a home, IRA investments, savings accounts and interests in other qualified and non-qualified plans) in addition to your interest in this plan.

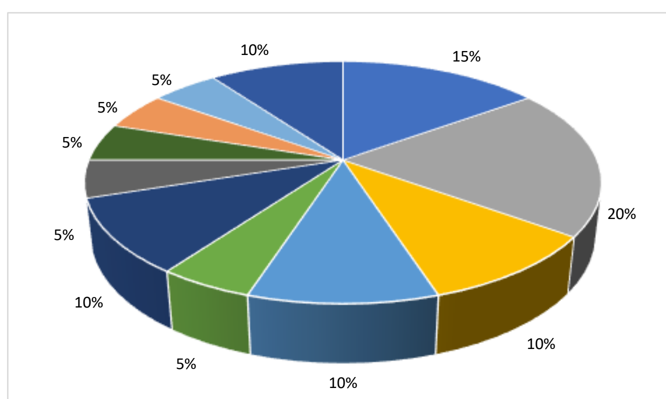
Income Portfolio (B)

MetLife Guaranteed Asset Account	25%
Baird Core Plus Bond Inst (BCOIX)	20%
PIMCO High Yield A (PHDAX)	10%
American Funds Washington Mutual R3 (RWMCX)	10%
Nationwide S&P 500 Index A (GRMAX)	10%
American Funds AMCAP R4 (RAFEX)	5%
Vanguard Selected Value Inv (VASVX)	5%
Northern Small Cap Value (NOSGX)	5%
Invesco Real Estate A (IARAX)	10%



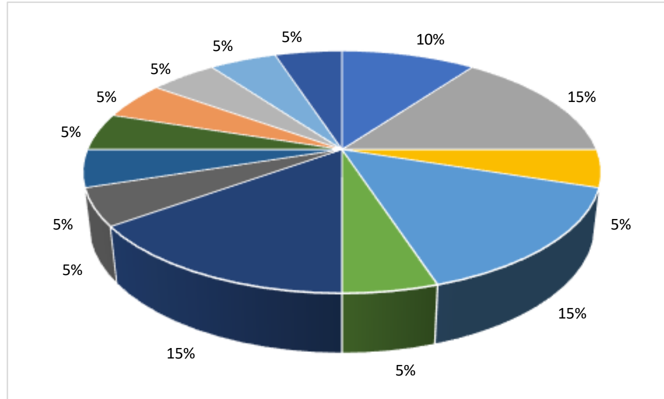
Conservative Portfolio (C)

MetLife Guaranteed Asset Account	15%
Baird Core Plus Bond Inst (BCOIX)	15%
PIMCO High Yield A (PHDAX)	10%
American Funds Washington Mutual R3 (RWMCX)	10%
Nationwide S&P 500 Index A (GRMAX)	10%
American Funds AMCAP R4 (RAFEX)	10%
Vanguard Selected Value Inv (VASVX)	5%
Northern Small Cap Value (NOSGX)	5%
Baron Small Cap Retail (BSCFX)	5%
Dodge & Cox International Stock I (DODFX)	5%
Invesco Real Estate A (IARAX)	10%



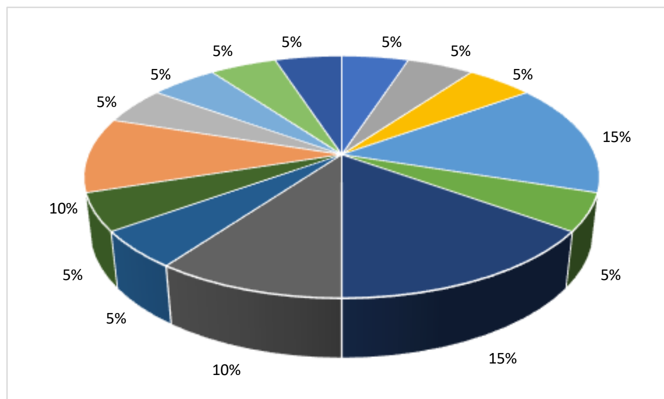
Moderate Portfolio (D)

MetLife Guaranteed Asset Account	10%
Baird Core Plus Bond Inst (BCOIX)	10%
PIMCO High Yield A (PHDAX)	5%
American Funds Washington Mutual R3 (RWMCX)	15%
Nationwide S&P 500 Index A (GRMAX)	10%
American Funds AMCAP R4 (RAFEX)	15%
Vanguard Selected Value Inv (VASVX)	5%
Eaton Vance Atlanta Capital SMID-Cap A (EAASX)	5%
Northern Small Cap Value (NOSGX)	5%
Baron Small Cap Retail (BSCFX)	5%
Dodge & Cox International Stock I (DODFX)	5%
Artisan International Investor (ARTIX)	5%
Invesco Real Estate A (IARAX)	5%



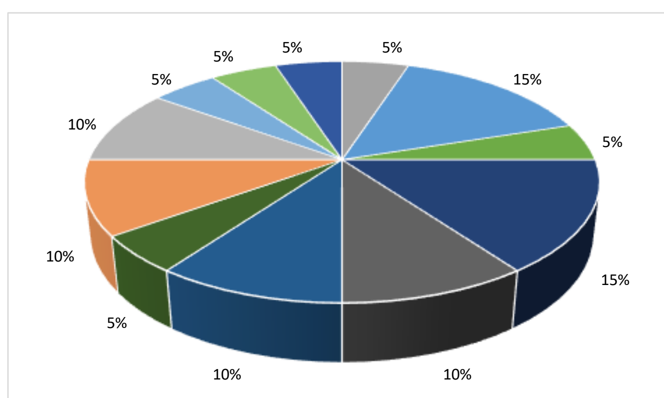
Growth Portfolio (E)

MetLife Guaranteed Asset Account	5%
Baird Core Plus Bond Inst (BCOIX)	5%
PIMCO High Yield A (PHDAX)	5%
American Funds Washington Mutual R3 (RWMCX)	15%
Nationwide S&P 500 Index A (GRMAX)	5%
American Funds AMCAP R4 (RAFEX)	15%
Vanguard Selected Value Inv (VASVX)	10%
Eaton Vance Atlanta Capital SMID-Cap A (EAASX)	5%
Northern Small Cap Value (NOSGX)	5%
Baron Small Cap Retail (BSCFX)	10%
Dodge & Cox International Stock (DODFX)	5%
Artisan International Investor (ARTIX)	5%
DFA International Small Cap Value I (DISVX)	5%
Invesco Real Estate A (IARAX)	5%



Aggressive Portfolio (F)

Baird Core Plus Bond Inst (BCOIX)	5%
American Funds Washington Mutual R3 (RWMCX)	15%
Nationwide S&P 500 Index A (GRMAX)	5%
American Funds AMCAP R4 (RAFEX)	15%
Vanguard Selected Value Inv (VASVX)	10%
Eaton Vance Atlanta Capital SMID-Cap A (EAASX)	10%
Northern Small Cap Value (NOSGX)	5%
Baron Small Cap Retail (BSCFX)	10%
Dodge & Cox International Stock (DODFX)	5%
Artisan International Investor (ARTIX)	10%
DFA International Small Cap Value I (DISVX)	5%
Invesco Real Estate A (IARAX)	5%



Rebalancing

Portfolio rebalancing is the process of returning your portfolio to the original mix of stocks, bonds and cash when they no longer reflect the original portfolio design. Why does it change?

Because of changes in the stock and bond markets. Over time you may find that the portfolio you either chose, or created, is different than your original design. Here is an example. You create a portfolio that is made up of 50% stock funds, 40% bond funds and 10% cash. If you start with $1,000 you have $500 in stock funds, $400 in bond funds and $100 in cash (chart 1). One year later, you realize your stock funds did quite well. You now have $700 in your stock funds but your bond and cash funds remained the same at $400 and $100, respectively (chart 2). Your account is now worth $1,200. So, what's the problem?

The problem is that the market moved you to a portfolio with a level of risk you may find unacceptable. This is where rebalancing is beneficial. If you select MetLife's **Rebalancing Program**, the accounting system will periodically check your account to sell some amount of your highest performing funds and buy more of others to put your account back into the portfolio design you originally chose.

Chart 1

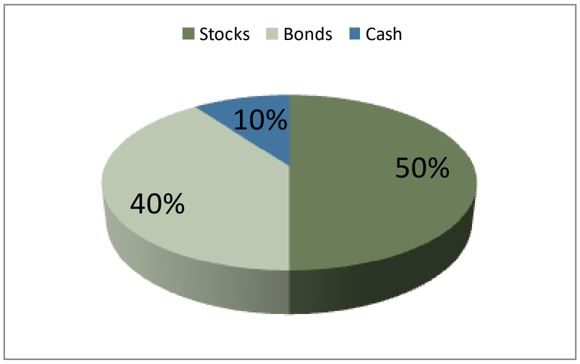
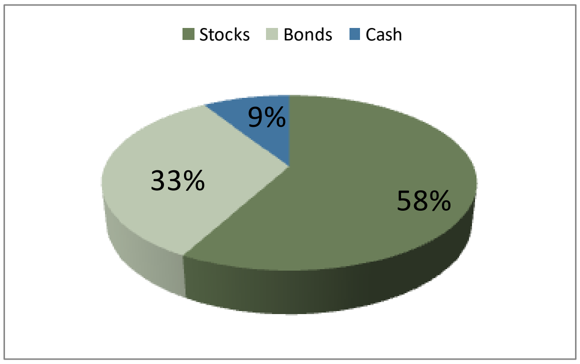


Chart 2



Guaranteed Asset Account (10/1/2023 to 9/30/2024)	
General Account	All assets in the Guaranteed Asset Account are invested in the MetLife General Account with all of MetLife's assets.
Current Crediting Rate	2.50% until 9/30/2024
Participant Level Administrative Fee	None
Participant level withdrawal provisions	No withdrawal charges, unrestricted. (within IRS and plan guidelines).
Transfers between the fixed option and mutual funds	Unlimited

The Guaranteed Asset Account is a group fixed annuity issued by Metropolitan Life Insurance Company 200 Park Avenue, New York, NY 10166 and distributed by MetLife Investors Distribution Company member FINRA, 5 Park Plaza, Suite 1900, Irvine, CA 92614. Guarantees are based on the financial strength and claims-paying ability of the issuing insurance company. Like most insurance policies and annuity contracts, MetLife's policies and contracts contain exclusions, holding periods, termination provisions, limitations, reduction of benefits, surrender charges and terms for keeping them in force. Please see your representative for complete costs and details.

Accessing MetLife...

ACCOUNT ACCESS

VIRTUALLY 24/7

www.mlr.metlife.com

Or

800-543-2520

IN TOUCH WITH YOUR Retirement

It is important for you to have access to your account information virtually 24 hours a day, 7 days a week. You have two ways to access your account: the internet and toll-free telephone service.

By logging onto **www.mlr.metlife.com** or
by calling **800-543-2520**, you can obtain your account information or make account transactions.

You can obtain:

- Monthly fund prospectuses
- Monthly mutual fund performance reports
- Fund fact sheets
- Account balances
- Contribution amount (deferral amount)
- View contribution history
- See current allocations
- Pending transfers
- Transfer history
- Check automated investment strategies

You can also:

- Use the retirement income calculator
- Redirect future contributions
- Transfer money between funding options
- Rebalance money
- Begin dollar cost averaging
- Change contribution amount (deferral amount)
- Change Personal Identification Number (PIN)

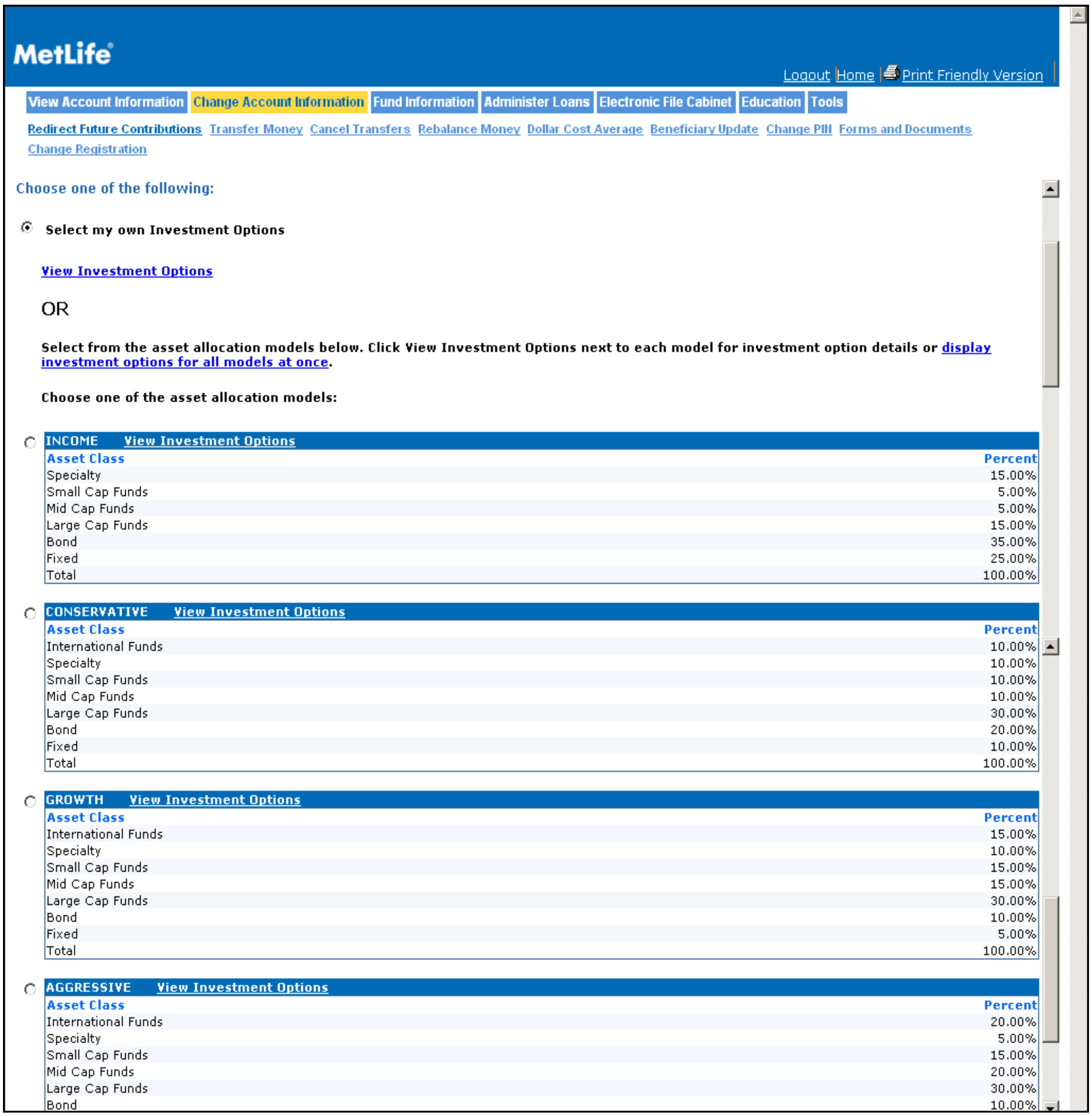
In addition, you can speak to a Client Service Representative, Monday through Friday from 8:00 a.m. to 10:00 p.m. (ET) and Saturdays from 9:00 a.m. to 5:30 p.m. (ET).

Take Action — Get Started Today!
All employees who wish to join the MetLife 403(b) Retirement Savings Plan can enroll on the MetLife Participant website **mlr.metlife.com**.

If you would like to discuss plan investments and your customized investment strategy call **Advanced Capital Group** at **612-230-3000.**

Model Portfolios on MetLife's Website

A sample MetLife website screenshot:



MetLife

Logout | Home | Print Friendly Version

View Account Information | Change Account Information | Fund Information | Administer Loans | Electronic File Cabinet | Education | Tools

Redirect Future Contributions Transfer Money Cancel Transfers Rebalance Money Dollar Cost Average Beneficiary Update Change PIN Forms and Documents Change Registration

Choose one of the following:

Select my own Investment Options

View Investment Options

OR

Select from the asset allocation models below. Click View Investment Options next to each model for investment option details or display investment options for all models at once.

Choose one of the asset allocation models:

INCOME View Investment Options

Asset Class	Percent
Specialty	15.00%
Small Cap Funds	5.00%
Mid Cap Funds	5.00%
Large Cap Funds	15.00%
Bond	35.00%
Fixed	25.00%
Total	100.00%

CONSERVATIVE View Investment Options

Asset Class	Percent
International Funds	10.00%
Specialty	10.00%
Small Cap Funds	10.00%
Mid Cap Funds	10.00%
Large Cap Funds	30.00%
Bond	20.00%
Fixed	10.00%
Total	100.00%

GROWTH View Investment Options

Asset Class	Percent
International Funds	15.00%
Specialty	10.00%
Small Cap Funds	15.00%
Mid Cap Funds	15.00%
Large Cap Funds	30.00%
Bond	10.00%
Fixed	5.00%
Total	100.00%

AGGRESSIVE View Investment Options

Asset Class	Percent
International Funds	20.00%
Specialty	5.00%
Small Cap Funds	15.00%
Mid Cap Funds	20.00%
Large Cap Funds	30.00%
Bond	10.00%

DOL Interpretive Bulletin 96-1 "Statements of Assumption:

29 CFR Part 2509 Interpretive Bulletin 96-1
"Statement of Assumptions"

<u>2509.96-1(d)(4): Interactive Investment Materials:</u>

Risk Tolerance Questionnaire:

1. ACG's Asset Allocation Models' Questionnaire attempts to discern a participant's risk vs. return tolerance by illustrating historical risk vs. return averages. In this context, risk is characterized by the generally accepted measurement of standard deviation and return is illustrated in geometric absolute terms. (It is worth noting that participants may also want to take into consideration Monte Carlo simulations when projecting into the future historical measurements of risk and return).
2. The results of ACG's questionnaire are objective in two fundamental ways: a) ACG is not compensated more or less depending upon whether one of its recommended Asset Allocation Models is actually used, and b) its questionnaire is not age-dependent, e.g. the focus is on when the monies will be needed (as well as risk tolerance) rather than simply how old is the participant.
3. This questionnaire can be used by participants and beneficiaries independently to design and assess multiple asset allocation models.

Retirement Calculator:

1. In retirement plans it is a common technique to discuss benefits in terms of monthly annuity amounts. For our purposes, we have addressed this issue as if we are trying to calculate the benefit of an annuity that would begin to payout immediately at age 65, would be based on a single "life" and would have no inflation adjustment made to it.
2. It is important for participants to understand that retirement calculations are necessarily imprecise because they are trying to project into the future various factors including but not limited to rates of return, inflation, and annuity factors. Thus, it is important that this exercise not be done just once. A case in point is the annuity factor. This changes with interest rates so it is important to repeat the underlying calculation periodically. Ideally, participants would do so at least once a year.
3. Importantly, this retirement calculator assumes that the annuity will not have an inflation factor built into it. Thus, if inflation is an important consideration to the participant s/he needs to account for that separately from this retirement calculator.
4. Many retirement-plan recordkeepers have on their internet site retirement calculators. Most, and perhaps all, of them do take into account the effect of inflation on needed retirement savings. That is a very valid perspective and it is expressly not the intent of this calculator to replace any of those inflation-based retirement calculators. Rather, this calculator is intended to help participants at least achieve their "minimum" funding needs via the purchase of an annuity. Certainly, it is a good idea to plan for inflation and they are encouraged to do so and to consult with a financial planner of their choice to determine an inflation-adjusted retirement calculator.
5. It is also the goal of this retirement calculator to enable participants to actually test the underlying assumptions themselves. To that end, the following are a list of sources whereby they can check our "assumptions."
    a. Social Security: Our calculator is not intended to be a Social Security benefit calculator. Given the state of the social security system we encourage participants to formulate their own conclusions as to how social security will affect their retirement. The graph we have included is to be used as a general guide for the anticipated retirement benefit to be received by participants in various income categories. Our citation to www.ssa.gov/retire2.calculator.htm is for participants wishing to generate a detailed analysis of their predicted social security benefit. Participants may also opt to utilize the report that the Social Security Administration mails to individuals around their birth date.
    b. Annuity Factor: Our citation to www.lifeannuity.net is merely a convenience. That is, we have no affiliation with that site. And, annuity factors are regularly published in other sources which you are free/encouraged to use.
    c. Future Value Factors: These tables represent standard finance industry statistics and are widely available in academic textbooks and on the internet. The reference to the source we drew from is "Basic Financial Management" Martin, Petty, Keown and Scott - 5th Edition Prentice & Hall (1991).

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"Statement of Assumptions"

<u>2509.96-1(d)(3): Asset Allocation Models:</u>

1. ACG's Asset Allocation Models are available to all plan participants and beneficiaries.

2. ACG's Asset Allocation Models are based on generally accepted investment theories. In particular they are based on the generally accepted investment theory that diversification may, over time, reduce risk and increase return. One journal article that is widely cited on this subject is <u>Determinants of Portfolio Performance</u>, Gary P. Brinson, Financial Analysts Journal (July-Aug. 1986); <u>Determinants of Portfolio Performance II, An Update</u>, Financial Analysts Journal (May-June 1991). In the construction of its Asset Allocation Models, ACG uses Frontier Analytics to model a spectrum of efficient frontier portfolios. Once the market portfolio is selected on the efficient frontier, ACG uses Steele Systems to upload data concerning the Plan's actual investment options. This data includes absolute return criteria (over different periods of time) and risk indices such as beta, alpha and standard deviation. Further data on these software systems is available on-line from them directly or by contacting ACG at 866-225-5224.

3. Should you decide not to use ACG's Asset Allocation Models, you will have available other individual fund options from which you can build your own Asset Allocation Models. In combination, those other individual fund options may have similar risk and return characteristics to those of ACG's Asset Allocation Models. Information on those individual fund options are available from your plan's investment provider. Your investment provider will be able to provide you with or direct you to prospectuses and other investment related information concerning your plan's individual fund options.

4. In applying ACG's Asset Allocation Models to individual situations, participants or beneficiaries should consider their other assets, income, and investments (e.g. equity in a home, IRA investments, savings accounts, and interests in other qualified and non-qualified plans) in addition to their interests in the plan.

Charles Schwab SDBA Option

MetLife makes available a self-directed brokerage option through Charles Schwab. Through the Charles Schwab Self-Directed Brokerage Account ("SDBA"), participants will have access to a broad range of mutual fund investments to help them pursue their financial goals. Participants will have access to more than 13,000 mutual funds, which include more than 1,300 no-load, no transaction fee ("NTF") mutual funds. This is a voluntary feature to the retirement program, in addition to the core fund investment options within the 403 (b) plan at MetLife.

Requirements to Participant

There is a $2,500 minimum account balance that must remain in the core mutual funds and a $1,000 minimum required for initial and subsequent transfers to the SDBA. Charles Schwab does not have a limitation except for the investment specific restrictions such as minimums on mutual funds. If a participant falls below the minimum amount to be retained in the core funds, transfers to SDBA will be blocked. The participant will get an error message saying that the transfer would bring the core account below the minimum required. Both transfers of existing balances as well as ongoing contributions can be allocated to the brokerage option.

Cost to Participate

If you establish a SDBA with Charles Schwab through the retirement plan, there will be an annual charge of $60. This charge is applied against your retirement plan assets and assessed in quarterly installments of $15 per quarter, for each quarter that there is an account balance within the SDBA account.

Additional fees from Charles Schwab will apply dependent upon the type of mutual fund elected through the brokerage option or any assistance requested on trades. Please request a fee sheet from a MetLife representative if you are interested in the Charles Schwab brokerage option.

For More Information

If you are interested in participating in the Charles Schwab SDBA option, you may obtain the information directly online through the MetLife website for your account. On the participant website, www.mlr.metlife.com, you will notice the row of blue tabs at the top of the page. The third option from the right is for the Self-Directed Brokerage Account. This link allows you to learn more about SDBA, enroll in an SDBA account, transfer into or out of an existing SDBA account, or link to your SDBA provider's website. By clicking on the link, you can access the enrollment form or a fact sheet about the program features.

Choosing a SDBA Advisor or Authorized Agent

As it relates to choosing investments in the SDBA:

- Osseo Area Schools, along with delegates from each bargaining unit, has established the core mutual fund lineup in their 403(b) plan. This Committee monitors the performance of those selected investment options as part of an ongoing due diligence routine. The Committee also monitors the asset allocation model portfolios in the 403(b), which were created from the core mutual funds for participants who want investment guidance without paying additional fees.
- As a participant taking advantage of an optional plan feature such as the SDBA, ***you are responsible for selecting and monitoring your own investments***. Osseo Area Schools has no duty or responsibility to supervise or monitor your trading; whether the activity is by you, an Authorized Agent, or Advisor affiliated with your Charles Schwab SDBA account.

a. **What is an Authorized Agent?** An Authorized Agent is a person or entity you appoint and authorize to act on your behalf in your SDBA. This designated role allows them to give instructions to Charles Schwab. In other words, you give someone you trust the authority to make trades or transactions for you. Generally, an Authorized Agent will not get paid a fee and you will need to complete and sign a *Limited Trading Authorization for Plan Participant Accounts* form.
b. **What is an Advisor?** An Advisor is a person or entity you appoint and authorize to act on your behalf in your SDBA. This designated role allows them to give instructions to Charles Schwab. In other words, you give someone you trust the authority to make trades for you. Generally, an Advisor gets paid a fee and you will need to complete and sign a *Fee Payment and Limited Trading Authorization for Participant Accounts* form.
c. **Do you need to use an Authorized Agent or Advisor with a Charles Schwab SDBA?** No

Please be aware:

- Osseo Area Schools has **no** duty to supervise or monitor trading of your chosen Authorized Agent, Advisor or you.
- Osseo Area Schools has **no** duty to supervise or monitor any mutual fund chosen in your SDBA.
- **No** Authorized Agent or Advisor is affiliated with, controlled by, or is employed by Osseo Area Schools.
- **No** Authorized Agent or Advisor is approved, recommended or endorsed by Osseo Area Schools.
- The **participant** of the Osseo Area Schools 403(b) plan **is solely responsible** for investigating and selecting either their Authorized Agent or Advisor.
- Osseo Area Schools **will not** give investment advice to any participant, Authorized Agent or Advisor.
- Osseo Area Schools makes the **option** to use an Authorized Agent or Advisor available as a **convenience** to 403(b) participants.

Advisor Fees

If you choose to use an Advisor, as defined by Charles Schwab, you will need to complete a *Fee Payment and Limited Trading Authorization for Participant Accounts* form. As stated above, if you hire an Advisor, you are solely responsible for investigating, supervising and monitoring that person or firm and as part of this advisory relationship, you will likely pay additional fees. It is common for these fees to be stated as percentage points and they will be deducted from your account on a quarterly basis.

Advisor Fee Example:

An Advisor tells Mary that his fee for managing Mary's SDBA is 1.00% (or 100 basis points) per year and that the fee is deducted from Mary's account on a quarterly basis. This means if Mary's account is valued at $10,000 at the end of the quarter; $25 will be deducted.

Here's the arithmetic and remember that 1.00% (or 100 basis points) ÷ 4 quarters = 0.25% (or 25 basis points).

- If the account is valued at $10,000 at the end of a quarter, the calculation will be: $10,000 x 0.25% = $25.00. $25.00 will be deducted from Mary's account that quarter.
- If the SDBA grows to be $11,000 at the end of the following quarter, the fee deducted will be based on $11,000 x 0.25% or $27.50.
- Conversely, if the SDBA goes down to $9,000 by the end of next quarter; $22.50 will be deducted because $9,000 x 0.25% = $22.50.

The value of your SDBA and the Advisor's fee schedule has an impact on the amount you pay. Any Advisory fee is ***in addition*** to the fees, or expense ratios, of any mutual fund Mary uses and the applicable Charles Schwab account and trading fees.

All employees who wish to join the MetLife 403(b) Retirement Savings Plan can enroll on the MetLife Participant website mlr.metlife.com.

ADVANCED

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