



OHIO DEFERRED COMPENSATION

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

OHIO457.ORG ■ 877-644-6457

How fees affect your retirement account

Fees are everywhere. You pay credit cards fees, airline fees, bank fees, and fees for your retirement account.

You save for retirement for many years, so it's important to know what you're paying in fees. Higher fees could reduce your account significantly, while lower fees lead to greater returns for you.

The United States Department of Labor says a difference of only 1% in fees can make a huge change in your retirement income. The example below illustrates that effect.

Investor A

Time until retirement: 35 years

Current balance: \$25,000

Average rate of returns: 7%

Fees and expenses: 0.5%

Account balance at retirement: \$227,000

Assume investor A has 35 years until retirement and a current retirement account balance of \$25,000. If returns on investments over the next 35 years average 7%, and fees and expenses are 0.5%, the account balance will grow to \$227,000 at retirement, even with no further contributions to the account.

Investor B

Time until retirement: 35 years

Current retirement balance: \$25,000

Average rate of returns: 7%

Fees and expenses: 1.5%

Account balance at retirement: \$163,000

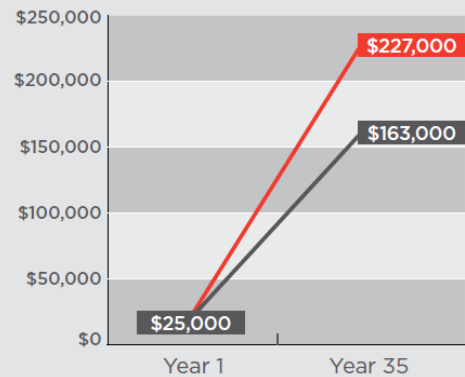
If investor B's fees and expenses are 1.5%, the account balance will grow to only \$163,000. **The 1% difference in fees and expenses would reduce the account balance at retirement by \$64,000 or 28%.**

It's important to know how much you're paying for financial services. Sometimes it's difficult to locate fees with providers. Be sure to read the fine print and ask questions.

Ohio Deferred Compensation is a supplemental retirement plan offering all Ohio public employees the opportunity to accumulate tax-deferred assets to meet their long-term financial goals. For more information, visit Ohio457.org.

Effect of Fees

■ 0.5% fees ■ 1.5% fees



The hypothetical example above is not intended to predict or project investment results of any specific investment. The calculation illustrates the principle of time and compounding. It assumes neither taxes on contributions or earnings, nor any account withdrawals, which would reduce the results shown. Investing involves market risk, including possible loss of principal. Information from Account Executives is for educational use only and should not be considered investment advice.