

**DATE:** April 1, 2012  
**SUBJECT:** TD AMERITRADE SELF-DIRECTED BROKERAGE ACCOUNT

### **Core Fund Investment Options**

Osseo Area Schools has established the core mutual fund lineup within the 403(b) plan. The Retirement Investment Advisory Committee (RIAC), which is comprised of representatives from all employee groups, monitors the performance of those selected investment options as part of ongoing due diligence. The RIAC Committee monitors the model portfolios in the 403(b), which were created from the core mutual funds for participants who want investment guidance without paying additional fees.

### **Optional Plan Feature**

In addition to the core mutual funds, the 403(b) plan through MetLife has available a self-directed brokerage account option through TD AMERITRADE, Inc. Through the TD AMERITRADE Self-Directed Brokerage Account (SDBA), participants will have access to a broad range of mutual fund investments. 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 new voluntary feature to the retirement program, in addition to the core fund investment options within the 403(b) plan at MetLife.

### **Requirements to Participant**

To establish the Optional Plan Feature through the TD AMERITRADE SDBA, a minimum balance of \$3,500 must be available in the Core Fund Investment Option (original MetLife account). Once this balance is obtained, a minimum of \$1,000 is required for the initial setup of the TD AMERITRADE SDBA leaving a \$2,500 balance in the original MetLife account. A minimum of \$1,000 is required for all subsequent transfers to the TD AMERITRADE SDBA. A balance of \$2,500 must be maintained in the original MetLife Account going forward. TD AMERITRADE 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 core 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 TD AMERITRADE through the retirement plan, there will be an annual charge of \$60, in addition to specific trading fees on the fund. 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 TD AMERITRADE 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 TD AMERITRADE brokerage option.

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## Participant Responsibility

As a participant in the TD AMERITRIDE 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 or an Authorized Agent or Advisor affiliated with your TD AMERITRADE SDBA account.

**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 and this designated role allows them to give instructions to TD AMERITRADE. 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.

**What is an Advisor?** An Advisor is a person or entity you appoint and authorize to act on your behalf in your SDBA and this designated role allows them to give instructions to TD AMERITRADE. 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. **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, and you will likely be required to 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.

**Do you need to use an Authorized Agent or Advisor with a TD AMERITRADE SDBA?** No

## Key Points

- 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 403(b) participant convenience.

**Advisor Fee Example:**

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

Below is the calculation (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:  
 $\$10,000 \times 0.25\% = \$25.00$ . \$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  $\$11,000 \times 0.25\%$  or \$27.50.
- Conversely, if the SDBA goes down to \$9,000 by the end of next quarter; \$22.50 will be deducted because  $\$9,000 \times 0.25\% = \$22.50$ .

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 TD AMERITRADE account and trading fees.

**For More Information**

If you are interested in participating in the TD AMERITRADE SDBA option, you may obtain the information directly online through the MetLife participant website. Log onto the participant website at [www.mlr.metlife.com](http://www.mlr.metlife.com). Once you are logged on, click on the Investments tab and then click on the Self-Directed Accounts. 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.