



## Understanding Plan and Investment Fees: A Glossary of Key Terms

New fee disclosure rules will make it easier for participants in employer-sponsored retirement plans to find out how much they are paying to participate in their plan. But the terminology can be confusing. Below is a handy glossary that can help you interpret all those items on your quarterly account statement, fund fact sheet, or fee disclosure statement.

**12b-1 Fee** -- A charge assessed to mutual fund shareholders to cover that fund's shareholder servicing, distribution, and marketing costs.

**Administration/Recordkeeping Fees** -- Costs for providing recordkeeping and other plan participant administrative-type services.

**Advisor Fees** -- Paid to an advisor for services provided to the plan, including selection of investment options and any participant advice or guidance.

**Basis Point (bps)** -- A unit of value that is equal to 1/100 of 1%. For example, 10 basis points is equal to 0.10%.

**Benchmark** -- A standard by which a particular security or mutual fund can be measured. For mutual funds, the benchmark is typically a broad market index, such as the S&P 500, for a fund that invests primarily in large U.S. equities.

**Brokerage Fees** -- Charges for the administration and maintenance of a self-directed brokerage account.

**Commission** -- A fee paid to a broker or other intermediary for executing a trade.

**Contract Administration Fee** -- A charge for costs of administering an insurance or annuity contract. This charge can include costs associated with the maintenance of participant accounts and all investment-related transactions initiated by participants.

**Distribution Fees** -- The costs typically associated with processing paperwork and issuing a check for a separation-of-service distribution, retirement distribution, hardship withdrawal, or other in-service withdrawal.

**Expense Ratio** -- The cost of investing and administering assets, including management fees, in a mutual fund or other collective fund. This fee is expressed as a percentage of total assets.

**Loan Fees** -- Separate fees may be assessed for the origination, processing, and maintenance of a loan.

**Management Fee** -- Fee charged for the management of pooled investments such as collective investment funds, insurance/annuity products, mutual funds, and individually managed accounts.

**NAV (net asset value)** -- The per-share value of an investment, such as a mutual fund or exchange-traded fund.

**QDRO (qualified domestic relations order)** -- A legally binding order that creates or recognizes an alternate payee's (such as former spouse or a dependent child) right to receive all or a portion of a participant's retirement plan benefits.

**Sales (Load) Charge** -- A front-end load is a charge assessed when an investment in a mutual fund is made. A back-end load is a charge that is due upon the sale or transfer of the investment. A back-end load may be reduced and/or eliminated over time.



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**Separate Account** -- An asset account established by a life insurance company, separate from other funds of the life insurance company, offering investment funding options for pension plans.

**Surrender/Transfer Charges** -- Fees an insurance company may charge when either an employer terminates a contract (in other words, withdraws the plan's investment) before the term of the contract expires or a participant withdraws an amount from the contract.

**Wrap Fee** -- An inclusive fee generally based on the percentage of assets in an investment program, which typically provides asset allocation, execution of transactions, and other administrative services.

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