



CSD Retirement Trust: "A Great Program Gets Better... Fees Drop Again"

Administrative fees paid by participants in the CSD Retirement Trust are dropping again because of the Trust's asset growth and a renewed agreement with VALIC as the single provider of retirement planning services.

The VALIC renewal followed a competitive process during which the Retirement Trust evaluated other providers and chose VALIC based on its adviser-based program, low fees and quality of service. Administrative fees cover the cost of financial advisors, government compliance requirements, recordkeeping and oversight of investments.

Since the Retirement Trust began in January, 2010, annual administrative fees have decreased 36 percent to 0.76 percent. That means a participant with a \$10,000 mutual fund balance pays just \$19 in quarterly fees.

Also during that time fees for investors in 17 of the 24 mutual funds have decreased. The weighted average management fee for mutual funds in the Trust is 0.20 percent; therefore the average mutual fund participant pays less than 1 percent annually for all expenses. That is substantially less than most employees of other districts that are not members of the Trust. Participants pay no fees for the fixed income fund, which currently yields 2.25 percent annually.

"Early on the Trust recognized that the only factor it could control is investment expenses," said Steve Keyser, Managing Director of the Trust.

In a May 2014 article entitled LOWER YOUR FEES, BOOST YOUR RETURNS Morningstar wrote "To quote from the book of Bogle: You get what you don't pay for. Vanguard (low-cost mutual fund firm) founder Jack Bogle has pointed out that markets don't have to be efficient for low costs to work. We know that mutual funds as a whole will get roughly the market's return minus fees and trading costs. Those that charge less are naturally more likely to outperform than those with high costs."

The Trust focuses on providing the best investment options possible and recently replaced one underperforming fund option with a more successful one.

"Since it began in January, 2010 through December 31, 2013, the Trust's investment options outperformed others in the same categories in 24 of the 26 investment groups," Keyser said.

In addition to low fees and well-performing mutual funds, participants can contribute funds before or after paying taxes on them. Also, qualifying employees can purchase additional time in the PSRS and PEERS retirement systems for no additional fees.