

# Murphy & Associates 401k Plan Introduction and FAQ

Murphy & Associates offers 401k plan to all eligible employees paid on a W2. We have partnered with EPIC Advisors ([www.epic1st.com](http://www.epic1st.com)) and MCM ([www.mcmnw.com](http://www.mcmnw.com)) to give you access to a thoughtful and flexible way to save for your retirement.

Through our 401k plan you will be able to contribute pre-tax dollars to an account where you will be able to invest them for your future retirement. The amount you are able to contribute is established by the IRS each year. Murphy & Associates does not match employee contributions.

EPIC Advisors will be providing recordkeeping services for our 401k Plan. The custodian of the plan assets is Charles Schwab & Co. Through the EPIC platform you will be able to allocate your paycheck contributions between 20 core mutual funds selected by Murphy & Associates and MCM. The EPIC site also gives you access to an advisor tool that will help you identify an allocation that makes the most sense for you.

MCM through the expertise of our investment advisor, Rich Hultquist, has helped us develop the core list of mutual funds. Rich is a Registered Investment Advisor who specializes in qualified retirement plans. Rich will continue to monitor this core group and will advise if changes need to be made to the list. Rich is also available to talk with you about your investments in the plan. Please feel free to call Rich at 206-343-4178 or email at [rhultquist@mcmnw.com](mailto:rhultquist@mcmnw.com).

MCM will also be conducting educational services, mostly through web meetings, to give you a foundation in which to create a solid mix of retirement assets that will best fit your retirement needs.

If you prefer to select investment options on your own, there is a Participant Controlled Retirement Account (PCRA) option available to you. A separate self-directed account will be established at Charles Schwab and linked to the core account at EPIC. The PCRA will give you access to invest in every stock, mutual fund, ETF and Bond that Charles Schwab offers. An additional \$37.50 / quarter fee will be associated with these accounts.

There are also fees to maintain a 401k account through EPIC. Murphy & Associates will be paying the majority of the fees, but an annual fee of no more than 5 basis points is assessed on each account. This equates to .05% of your account assets or \$50 per year per \$100,000 in assets. The plan is to reduce these fees as the size of the plan grows.

### **Frequently Asked Questions:**

#### 1) When can I sign up?

We are on a quarterly schedule – January, April, July, and October. For example, if you were to come on board with us after January, then you would be eligible to enroll in April. As soon as your eligibility date passes you will receive an email invite to join the plan. You are eligible to sign up at any point after that date.

#### 2) How do I sign up?

We will send you a 401k Plan Salary Deferral Agreement. This is the basic agreement that you need to enter into to get started. Since this is a new plan, you would need to check the “New Agreement” box. All the other information on this form should be pretty self-explanatory.

Please return the completed 401k Plan Salary Deferral Agreement to Murphy & Associates via fax, mail or email (scanned and attached).

After you return this form, we will upload your information to EPIC Advisors. EPIC will mail a PIN number to your home address to give you access to the EPIC website.

#### 3) How do I indicate fund choices?

On the EPIC site you will also be able to specify how you want to allocate your paycheck contributions to the 401k plan between the 20 different mutual funds. There is also an Advisor tool that can help you identify an allocation that makes the most sense for you.

By default, your payroll contributions will be invested in the Schwab MarketTrack Balanced Fund, ticker symbol SWBGX. You can change this default destination for your contributions on the EPIC site. However, if you choose to start contributing right away, depending on where we are in the

payroll cycle, there is a chance that your first payroll contribution will be sent to EPIC before you get the chance to log on and change the default destination. If you really want to avoid this happening, you should select Zero under Deferral Election and then submit another Salary Deferral Agreement form with your changed deferral election once you have had a chance to access the EPIC site.

- 4) What is the maximum contribution that I can add? Is there a maximum or minimum per paycheck?

The contribution limit for 2009 is \$16,500. If you are over 50, then you can contribute an extra \$5,500 as a "catch-up" contribution for a total of \$22,000. The requested amount is withheld from your paycheck as a pre-tax amount, thus giving you "tax-free" money to invest for your retirement.

No there is no minimum or maximum amount per paycheck. You can contribute a set amount or a percentage. The only limit is the \$16,500 total contribution this year. The IRS has stated that the contribution limit will be subject to cost of living adjustments after 2009.

- 5) If the maximum amount is \$16,500 for the 2009 401k, can you have automatic transfers from your bi-weekly paychecks into the 401k *AND* contribute to it independent of the bi-weekly transfers?

All of your contributions to the 401k plan must be made through Murphy & Associates payroll. The 401k contributions are pre-tax so you would want them to come through the payroll anyway.

- 6) Can I change my contribution percentage or amount at any time?

Yes, you can change it each paycheck if you like. We will require a signed 401k Plan Salary Deferral Agreement from you each time authorizing the change.

- 7) How do I access my accounts?

Through EPIC Advisors site <http://www.epic1st.com/>. After enrollment, we will send you instructions and a website user guide.

8) Are there any fees?

Murphy & Associates will be paying a portion of the fee, but we will be passing on part of the fee to all the participant's accounts. The plan is to reduce these fees as the size of the plan grows.

You will be charged 5 basis points annually. This equates to \$50 per every \$100,000 you have invested. For example, if your account value was \$16,500 at the end of the year then you would pay  $\$16,500 * .0005 = \$8.25$ .

9) What if I want to sign up for other accounts and what are the associated fees?

You will have access to 20 different mutual funds as part of the core menu offered on the EPIC Advisors web site. There are no transaction fees when moving money between these funds. However, if you wanted to buy something not offered among the 20 different mutual funds, then you have the option of a PCRA (participant controlled retirement account).

If you wish to have a PCRA, which is basically a self-directed account that allows you to buy stocks and mutual funds not on the list with EPIC, you will need to complete an application from Charles Schwab. There is an additional fee of \$37.50 per quarter to maintain this self-directed account.

Within that PCRA account, you would be responsible for transaction fees associated with buying and selling the stocks and mutual funds. Typically it is \$12.95 per transaction for stocks and several mutual funds can be traded with no fees.

10) What are the fees if I want to take a loan out?

There is a \$125 loan fee if you want to take a loan out against your account balance.

11) How do I roll-over my previous 401k(s) into this account?

There is a form to roll over other 401k plans into our plan on the EPIC Advisors site.

12)After I end employment, what are the fees if I want to roll-over my account to another personal IRA or another company's 401k?

There is a distribution fee of \$25 if upon the end of your employment you want to move your 401k account to a personal IRA account or another company's 401k account.

13)Is there matching?

No, there is no matching at this time.