

MEMORANDUM OF UNDERSTANDING

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The purpose of this memorandum is to provide key highlights, restrictions, and costs for participating in Ohio Deferred Compensation (Ohio DC); however, it does not cover all details of the Plan. Refer to the Plan Document for specific details. Please read each statement carefully.

Investment Disclosure

Below is information about the investment options currently offered by Ohio DC. Carefully read all investment information and prospectuses or fund profiles before deciding where to invest.

Stable Value Option

1. The primary objective of this fund is stability of principal.
2. Please see the Investment Performance Report for annualized interest rate. This rate is subject to change quarterly.

Other Investment Options

The return on Ohio DC account balances is dependent on the investment results of the individual option(s) selected. These results could be either positive or negative, and account balances might be worth more or less than contributions at any given time.

Investment Expenses

Ohio DC collects no sales or load charges, commissions, or sales expenses; however, each investment has underlying expenses or management fees that will reduce the investment results and Ohio DC account balances. Expenses are an important part of the decision to invest; however, there are many factors to consider when making an investment decision. Information on these expenses is in the prospectus or fund profile, and in the Ohio DC Investment Performance Report at Ohio457.org.

Administrative Fees

An annual administrative fee of 0.0014 or 0.14% is charged to each participant. Administrative fees will be charged each quarter and are based on the total of a participant's account balance(s). Administrative fees will be waived if the total of a participant's account balance(s) is below \$5,000. Administrative fees will be capped at \$55 per quarter, per participant.

Before investing in a fund, carefully consider its objectives, risks, and charges and expenses. This information and other important facts can be found in the prospectus or fund profile at Ohio457.org. Read them carefully before investing.

Contribution Limits

The total contribution amount to all 457(b) plans is the lesser of the maximum annual 457(b) contribution limit or 100% of the participant's includible compensation. This amount may be adjusted annually. More information on the maximum contribution limits can be found at IRS.gov. Under certain circumstances, additional amounts above the limit may be contributed if (1) the participant attains age 50 or older during the current calendar year, or (2) the participant is within three calendar years of normal retirement age and did not contribute the maximum amount to the 457(b) plan in prior years. Contributions in excess of maximum amounts are not permitted and will be refunded. It is the participant's responsibility to ensure contributions to all 457(b) plans (pre-tax and Roth) in which the participant participates, regardless of employer, do not exceed the annual limit.

General Provisions

- Plan assets are not personal property. Ohio DC holds account balances in trust on behalf of employers for the exclusive benefit of participants or beneficiaries.
- Quarterly Statements are provided after the end of each statement period. A comprehensive Annual Statement may be provided.
- A participant's estate will be their primary beneficiary for each account. To update your beneficiary information, log in to your account at Ohio457.org, or complete a Beneficiary Change Form.
- Participants may change their beneficiary(ies) online at Ohio457.org or by completing the form provided by Ohio DC.
- Ohio DC may require minimum contribution amounts per pay period and minimum allocations to any investment option.
- Participants may change the amount contributed at any time. **Changes will be effective on your first payroll date at least 14 days after your request.**
- Participants may change future investment option allocations at any time.
- If a participant requests exchanges four times in any 45-day period, the participant will lose electronic trading privileges and will be restricted to one mail-in exchange every five days for the following 12-month period.
- Some investment option providers restrict future trading of investors who engage in excessive trading. This information and other important facts can be found under the "Investments" section at Ohio457.org.
- Newly enrolled participants may cancel participation before their forms are processed by calling the Service Center within one week of the date the enrollment paperwork is signed.

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Withdrawals

The IRS imposes rules limiting when participants receive withdrawals from a deferred compensation account. Funds may be withdrawn from Ohio DC only upon:

1. Separation from employment (including termination or death),
2. An unforeseeable emergency (as defined by Section 457(b) of the Internal Revenue Code as outlined below and approved by Ohio DC), or
3. A small balance distribution (a one-time election to receive distribution of an account balance under \$5,000, provided no contributions have been made for the past two years).

Withdrawals may begin after separation from employment and Ohio DC's receipt of the employer's verification of separation, final contribution, and Withdrawal Form.

Withdrawals of pre-tax contributions are taxable as ordinary income and subject to income tax in the year received.

Roth contributions are made on an after-tax basis, which means they will not be subject to income taxes when distributed at a later time. As opposed to the withdrawal of earnings on pre-tax contributions, though, the earnings on Roth contributions are generally not subject to future taxes as long as the distribution from the Roth account satisfies the requirements to be a "qualified distribution." In order to be a qualified distribution, the distribution must be made five or more years after January 1 of the first year the participant made Roth contributions and must be made on or after the attainment of age 59½, the participant's death, or the participant's disability. If the Roth withdrawal is non-qualified, the portion attributed to the Roth contributions is not subject to income tax since it was already taxed when it was made. The growth (net earnings) portion of the withdrawal would be taxable. For example, if 25% of the Roth account value was due to growth, 25% of any withdrawal would be considered taxable.

Withdrawals must commence no later than December of the calendar year participants reach the age for Required Minimum Distribution as defined by the IRS or December of the year of separation from employment, whichever happens later. Withdrawals must satisfy certain minimum requirements upon reaching the age required by the IRS. **Failure to meet these requirements can result in the payment of excise taxes and penalties.**

Participation in Ohio DC is for long-term retirement savings and participants should maintain separate available emergency funds to cover day-to-day, unanticipated, financial shortages; however, participants may be eligible for a withdrawal in the event of a severe financial hardship that results from an unforeseeable emergency.

An unforeseeable emergency is defined as a severe financial hardship of the participant or beneficiary resulting from a sudden and unexpected illness or accident of the participant or beneficiary, the participant's or beneficiary's spouse, or the participant's or beneficiary's dependent (as defined in section 152(a) of the Internal Revenue Code); loss of the participant's or beneficiary's property due to a casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant, which hardship cannot be relieved by reimbursement or compensation (by insurance or otherwise); liquidation of the participant's assets (to the extent the liquidation would not itself cause severe financial hardship); or cessation of contributions under the Plan. Except as provided above, an unforeseeable emergency under IRS Regulations applicable to this type of plan does not include money for college tuition or purchase of a home. The events resulting in the financial hardship must have occurred within the last 24 months. The decision by the Ohio DC Board as to whether an unforeseeable emergency exists is based on the Board's interpretation of the Internal Revenue Code Regulations and shall be final and conclusive. (Definition subject to change by the IRS.)

Transfers

Account balances in other pre-tax 457(b), 403(b), 401(k), or 401(a) retirement plans or traditional IRAs may be eligible to be rolled over to Ohio DC.

The funds in an Ohio DC account may be eligible for rollover to a traditional IRA, Roth IRA or to an eligible retirement plan upon separation from employment. Participants expressly assume the responsibility for tax consequences relating to any transfer, and neither the Plan nor the Plan Administrator shall be responsible for those tax consequences.

While still employed, participants may be eligible to transfer any portion of an Ohio DC account to another eligible 457(b) deferred compensation plan offered by their employer upon proper written request.