



Participant Information

Name: \_\_\_\_\_ SSN: \_\_\_\_\_
Date of Birth: \_\_\_\_\_ Phone: \_\_\_\_\_ Employer: \_\_\_\_\_
Street Address: \_\_\_\_\_
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Plan Type (select one)

[ ] 457(b) Deferred Compensation Plan [ ] 401(a) Employer Matching Plan

Memorandum of Understanding

This Memorandum of Understanding (MOU) represents the terms and conditions upon which you, as a participant in Hoosier START and, if applicable, the State of Indiana Deferred Compensation Matching Plan (the "Plan") are permitted to use the Plan's Personal Choice Retirement Account (PCRA) feature.

The purpose of this MOU is to ensure that you understand and agree to the major requirements and provisions associated with the Schwab PCRA. This MOU is your binding agreement.

This MOU does not cover all PCRA details. You are encouraged to review all the PCRA information available to you before you enroll in PCRA.

Please review the following PCRA participation agreement:

- 1. You will be required to achieve and maintain a minimum of \$10,000 in your core retirement account. The minimum dollar amount or percentage is subject to change. You will need to maintain a \$10,000 minimum balance in your core retirement account at all times to continue investing in PCRA.
2. Your Retirement Plan Service Provider may require you to transfer assets from your PCRA to your core retirement account to ensure that you have sufficient core retirement account assets to meet your retirement plan obligations. Failure to transfer assets as requested means that your Retirement Plan Service Provider may liquidate sufficient PCRA investments and/or transfer assets from your PCRA to your core retirement account on your behalf.

Examples of retirement plan obligations may include the following:

- Maintenance of minimum dollar amount in your core retirement account
• A Qualified Domestic Relations Order that requires the division of your PCRA assets due to divorce
• Contribution refunds necessary to satisfy IRS testing requirements
• PCRA administrative fees
• Payroll adjustments or other corrections of your account balance
• Commencement of installment or age 73 required minimum distributions

- 3. You may only fund your PCRA by transferring money from your core retirement account. You will be subject to initial and subsequent transfer minimums. The initial transfer minimum is \$2,500 and the subsequent transfer minimum is \$500. The initial and subsequent transfer minimums are subject to change.

This means you will need \$12,500 or more in your core retirement account to be eligible to enroll in PCRA. This includes the \$10,000 minimum core account balance and a \$2,500 minimum initial transfer amount.

- 4. Transfers to and from your PCRA will result in assets that are "out of the market" or not invested for a certain period to allow for processing. For example, transfers to your PCRA may require up to two processing days and transfers from your PCRA may require up to three processing days.
5. Transfers to and from your PCRA must be self-initiated through your Retirement Plan Service Provider. Do not contact Schwab to initiate transfers.
6. Any excessive trading restrictions and/or equity wash provisions applicable to the investment options within the core account will apply to transfers to or from the PCRA.
7. Transfers to your PCRA are first deposited into the Schwab cash sweep feature. You may only use assets invested in the Schwab cash sweep feature to place trade orders in your PCRA by contacting Schwab.

For example, if you transfer \$5,000 to your PCRA, the Schwab cash sweep feature in your PCRA will reflect a \$5,000 investment once the transfer process is completed. You may use this \$5,000 to place a trade order for an investment that you've chosen by contacting Schwab via Web or phone.

**Memorandum of Understanding (continued)**

8. Transfers from your PCRA back to your core retirement account must be funded with cash that includes money invested in the Schwab cash sweep feature. This may require you to place sell orders to liquidate investments and allow time for the trade to settle to ensure that adequate cash is available.
9. Purchases and sales in your PCRA are placed through Schwab and subject to Schwab's commissions and transaction fees. Contact Schwab for more information about commissions and transaction fees in your PCRA. You may find details about these costs by navigating to [www.schwab.com/pcra](http://www.schwab.com/pcra) and clicking on the link for the pricing guide.
10. Retirement plan fees will continue to be assessed on your account and will be deducted from your core retirement account balance.
11. Your Retirement Plan Service Provider will assess fees for opening and/or maintaining a PCRA to cover costs associated with PCRA administration. This fee will be \$50 once you make your first transfer to the PCRA and \$50 annually thereafter assuming there is still a balance held in the PCRA. The Retirement Plan Service Provider's fees for opening and/or maintaining a PCRA will be deducted from your core retirement account. Retirement Plan Service Provider fees for opening and/or maintaining a PCRA are subject to change.
12. Your Retirement Plan Service Provider's quarterly statements will show the amount invested in your PCRA as an aggregate total. You will receive separate statements from Schwab detailing your PCRA activity, holdings and performance.
13. Neither the Plan Sponsor, the Plan administrator, the State of Indiana Deferred Compensation Committee, nor any Plan service provider or custodian is responsible for monitoring or evaluating your PCRA investment choices. PCRA offers many advantages, but it does require time and effort to research, choose and monitor your PCRA investments. As with the investments in your employer-sponsored retirement plan, none of the investments available in your PCRA are guaranteed in any way.
14. You agree to hold harmless and indemnify the Plan Sponsor, the Plan administrator, the State of Indiana Deferred Compensation Committee, and any Plan service provider and custodian from and against any of the following:
  - Losses associated with investments in your PCRA
  - Losses associated with failure to complete instructions in proper form
  - Untimely receipt of original written instructions (provided that untimely receipt is not the sole result of the indemnified party's negligence)
  - Signing below acknowledges the following:
    - You have read, understand and agreed to the PCRA participation agreement above
    - You have read and understand all of the PCRA information available to you
    - You recognize that there may be changes to the PCRA participation agreement in the future
    - You assume responsibility for reading future PCRA participation agreement changes
    - You have read and understand that investments available to me through PCRA have not been evaluated by the Plan Sponsor, the Plan administrator, the State of Indiana Deferred Compensation Committee, and any Plan service provider

**Note:** Your Plan Sponsor, Trustees, Retirement Plan Service Provider or the Institution may not consent to open your PCRA if you do not sign below.

**Participant Signature:** \_\_\_\_\_

Full Name (please print): \_\_\_\_\_ **Date:** \_\_\_\_\_

**Form Return**

**By mail:** Nationwide Retirement Solutions  
PO Box 182797  
Columbus, OH 43218-2797

**By fax:** 1-877-677-4329

**By email:** [rpublic@nationwide.com](mailto:rpublic@nationwide.com)

## Money Source Ratio Calculation for SDO Transfers

Because Charles Schwab does not track Money Sources of assets that we send to them, Nationwide has adopted the following process. Nationwide will calculate Source Ratios to identify the amount of assets in each Money Source held by Charles Schwab. Nationwide will update these ratios each time money is sent to Schwab. The most recent Stored Source Ratios will be used to identify the Money Source for transactions received from Schwab, e.g. - Purchase or SDO Transfer.

The following calculations will be used.

### Initial Transfer to SDO

On the initial Transfer to SDO, Nationwide will calculate the Ratio for each Source as:

**Source Transfer Amount ÷ Total Transfer Amount**

*Example:*

Total Transfer Amount = \$1,000

Source Transfer Amounts: \$800 Salary Contribution; Rollover Source \$200

**Salary Contribution Ratio:**  $\$800 \div \$1,000 = 80\%$

**Rollover Source Ratio:**  $\$200 \div \$1,000 = 20\%$

### Transfer from SDO

On Transfer from SDO, Nationwide will calculate the Purchase Amount for each Source as:

**Total Transfer Amount × Source Ratio**

*Example:*

Total Transfer Amount = \$500

Stored Source Ratios: 80% Salary Contribution; 20% Rollover Source

**Salary Contribution Purchase Amount:**  $\$500 \times 80\% = \$400$

**Rollover Source Purchase Amount:**  $\$500 \times 20\% = \$100$

### Subsequent Transfer to SDO

On subsequent Transfers to SDO, Nationwide will calculate the Updated Ratio for each Source as:

**$[(\text{Most Recent SDO Balance} \times \text{Stored Source Ratio}) + (\text{Source Transfer Amount})] \div (\text{Most Recent SDO Balance} + \text{Total Transfer Amount})$**

*Example:*

Most Recent SDO Balance = \$550

Stored Source Ratios: 80% Salary Contribution; 20% Rollover Source

Source Transfer Amounts: \$100 Salary Contribution; \$900 Rollover Source

**Updated Salary Contribution Ratio:**  $[(\$550 \times 80\%) + \$100] \div (\$550 + \$1000) = 35\%$

**Updated Rollover Source Ratio:**  $[(\$550 \times 20\%) + 900] \div (\$550 + \$1000) = 65\%$

### Reversals of Transfers to SDO

Nationwide will update the Source Ratios for these transactions using the same formula as above for Subsequent Transfers to SDO.