# Ohio Deferred Compensation Program
# 457(b) Deferred Compensation Plan
# Summary Plan Description

## INTRODUCTION

In 1976, Ohio Deferred Compensation first began to offer Ohio's state and local government employees a supplemental retirement program administered in accordance with Internal Revenue Code Section 457. Therefore, Ohio Deferred Compensation is called a “457 plan.”

The Program's oversight body is a 13-member board as required by Ohio Revised Code Chapter 148. The Board is comprised of a member of the Ohio House of Representatives, a member of the Ohio Senate, and the 11 members of the Ohio Public Employees Retirement System (OPERS) Board.

The Program staff provides administrative oversight and recordkeeping. All investment options offered through the Program are professionally managed by external managers. The investment options are selected and monitored by the Board and its independent investment consultant. The Program contracts with Nationwide Retirement Solutions (NRS) to provide enrollment, education, and customer service.

The combined expertise and oversight of these resources provides an assurance that due diligence is being performed, and the Program is operated with Ohio public employees' best interests in mind.

Ohio Deferred Compensation is one of the largest 457 plans in the country. The Program has a long history, including trusted, superior service and investment options that have helped the Program grow to more than 196,000* participant accounts from 1,800* Ohio employers. Program assets are approximately $7.3 billion*. As a result of the Program size, plan expenses are very low. **Program numbers as of December 2009.*

**What is a 457 deferred compensation plan?** A government 457(b) deferred compensation plan is a voluntary retirement savings plan that allows eligible employees to supplement any existing retirement/pension benefits by saving and investing pre-tax dollars through payroll deferrals. Contributions and any earnings are tax-deferred (both federal and state income taxes) until money is withdrawn. Withdrawals are taxed at ordinary income levels.

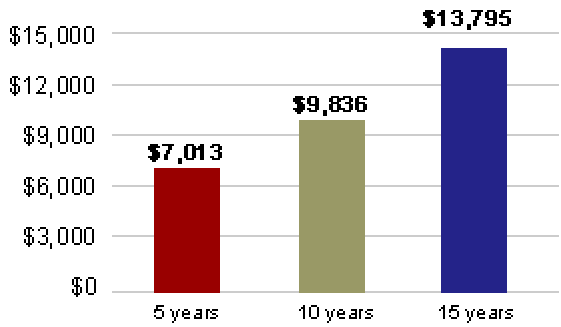
Please keep in mind that due to IRS regulations, you normally cannot withdraw your retirement savings from the Program until you have terminated employment or qualify for an unforeseeable emergency. You can receive a small balance distribution ($5,000 or less) if you have stopped deferring for at least two years, but are still a public employee. However, once you do this, you can’t re-enroll in the Program for at least one year and you can never take another small balance distribution.

**Who is eligible to enroll?** Any public employee who is eligible for membership in one of the state's statutory retirement systems (including the City of Cincinnati retirement system) is eligible to enroll.

**Why should I participate in the Program?** As a supplement to other retirement benefits or savings that you may have, this voluntary program allows you to save and invest extra money, tax-deferred, for retirement. If you are interested in saving and investing additional money for retirement, and/or reducing the amount of current federal and state income taxes you pay each year, Ohio Deferred Compensation may be an excellent tool to help make your future more secure. Investing involves market risk.

Another reason to participate is the impact that compounding and time may have on your investments. Although it's never too late to start saving, waiting can be expensive. Use time to your advantage.

## The growth of a one-time investment of $5,000




This illustration is a hypothetical compounding calculation. It is not intended to serve as a projection or prediction of the investment results of any specific investment. It assumes a one-time investment of $5,000 at 7% interest at the beginning of the year. No fees or taxes are reflected in this example. Taxes will be due when withdrawn and will lower the totals shown. Investments are not guaranteed and return will vary, particularly for long-term investors. Depending on the underlying investments, the rate of return may be higher or lower.

**Is there any reason why I should not participate in the Program?** Participation may not be advantageous if you are experiencing financial difficulties, have excessive debt, or do not have an adequate emergency fund (typically three to six months of income in an easy-to-access account, such as a savings account).

**How do I enroll?** Just choose one of these easy options:

- By phone, toll-free at 1-877-644-6457.
- On the internet at www.Ohio457.org. Click"Enroll Now."
- By completing an EZ Enrollment form, which youcan print from our website under "Enroll Now."

- At a worksite presentation that can berequested by you or your employer. Please bring a recent paycheck stubwith you and an Account Executive can assist you.
- At our Service Center.An Account Executive can assist you at our Columbus Service Center.
- You can also enroll in the SMarT plan, whichwill increase your deferrals each year by the date and amount you choose.Click on the SMarT link on our website to get a form.

**I am a school employee and I already participate in a 403(b) plan. Can I also participate in a 457 plan?** Yes; you can participate in both a 403(b) and a 457 plan at the same time. And, you can defer the annual maximum deferral amounts into <u>both accounts</u>, which would lower your taxable income.

**How are the Program's assets protected from bankruptcy?** Your Ohio Deferred Compensation account is protected from personal bankruptcy, as are most retirement plans.

All assets are held in trust by the Board on behalf of your employer for the exclusive benefit of Program participants and their beneficiaries. This means that Program assets are not subject to the claims of your employer's creditors in the event of your employer's bankruptcy.

**Does participation in the Program affect my pension or reduce my pension or retirement benefits?** No. This is a supplemental plan that does not replace or reduce your pension and/or retirement benefits.

**What is the minimum and maximum contribution amount?** The minimum contribution amount is $15 per pay for participants who get paid bi-weekly or twice a month, and $30 per pay if you get paid once a month. In 2010, you can contribute up to $16,500, or 100% of your includible income per year, whichever is less. There are also two different opportunities to "catch-up" and contribute more.

- Age 50-plus catch-up allows participants tocontribute an additional $5,500 in 2010, for a total of $22,000.
- Normal catch-up allows participants tocontribute more in the three years prior to normal retirement age. You maycontribute up to double the normal limit ($16,500) for a total of $33,000in 2010. This limit is subject to the amounts you were allowed tocontribute in previous years, but did not. An Account Executive cancalculate and explain your annual deferral limits.

The 50-plus catch-up and the normal catch-up provisions cannot be used at the same time.

**What are my investment option choices?** You can choose from a variety of investment options. Please see an Investment Performance Report for current investment choices. The Investment Performance Report can be found on our website under "Participant Services," and then "Fund Information."

**How do I keep track of my account?** You can view your account on the website at www.Ohio457.org, or get any information regarding your account by calling an Account

Executive at 1-877-644-6457. Ohio Deferred Compensation will also send you a quarterly statement showing your account balance and activity. Along with your quarterly statements, you will receive the *Focus* newsletter that has important Program news and information. Any account with a balance over $5,000 will also receive an annual statement in addition to the quarterly statements.

**How do I change my deferral or make investment option changes?** You can make these changes on the website, via our automated phone system, or by calling an Account Executive.

## ROLLOVERS AND TRANSFERS

**May I roll over my account from my former employer's plan?** Yes. Your balances from pre-tax 457, 403(b), 401(k), or 401(a) plans or traditional IRAs may be rolled over to Ohio Deferred Compensation.

**May I roll over my account if I leave employment with my current employer?** You have several options. You can continue to invest with the Program when you leave your public employer and throughout retirement. Under this option, you can withdraw money without penalty, regardless of your age (all withdrawals are subject to ordinary income taxes).Or you can roll over your account balance to a 457, 403(b), 401(k), or 401(a) plan if your new employer accepts this type of rollover. You may also roll over your account balance to a traditional or Roth IRA.

Qualified retirement plans, deferred compensation plans, and individual retirement accounts are all different, including fees and rules regarding when you can access funds. Assets rolled over from your pre-tax 457 account(s) to another type of retirement account may become subject to surrender charges, other fees, and/or a 10% tax penalty if withdrawn before age 59½. Neither NRS nor any of its representatives give legal or tax advice. Please contact your legal or tax advisor for such advice.

**May I purchase service credit for my pension plan?** You may purchase service credit for prior years of service or additional permissive years within your current pension plan by transferring some or all of your 457 account balance on a pre-tax basis. Contact your retirement system to see if you qualify.

## VESTING

**When am I vested in the Program?** Vesting refers to the percentage of your account you are entitled to receive upon distribution from the Program. Your contributions to the Program are always 100% vested (including transfers from previous employers), plus or minus any earnings or losses they generate.

## LOANS

**May I take a loan from my account?** Ohio Deferred Compensation does not offer a loan provision.

## WITHDRAWALS

**When can I withdraw from my account?** You may withdraw funds only when you:

- Retire
- Terminate employment (as defined by InternalRevenue Code provisions)
- Suffer an unforeseeable emergency (as definedby IRS code)
- Have an account balance that is less than$5,000 and you have not contributed to your account for two years(referred to as a small balance distribution)

All withdrawals are subject to ordinary income tax.

**What are my withdrawal options?** If you are eligible to withdraw because you retire or terminate employment, you have three choices:

1. Leave the value of your account in the Programuntil you reach age 70½. At 70½, you will be required to withdraw aminimum distribution each year.
2. Receive:
   - Full lump sum withdrawal
   - Partial lump sum withdrawal
   - Periodic withdrawals made monthly, quarterly, semi-annually, or annually based on a dollar amount, fixed time period, or fixed percentage. You can stop and start these withdrawals at any time.
3. Transfer or roll overto another 457 plan or rollover to a 403(b), 401(k), or 401(a) plan ifallowed by your new employer, or roll over to a traditional or Roth IRA.

**Is there a penalty for withdrawing before age 59½?** No. Unlike 401(k) and 403(b) plans, there is no penalty for withdrawing prior to age 59½

**What happens to my money when I die?** Your designated beneficiary(ies) will receive the remaining value of your account, if any. Your beneficiary(ies) must contact the Service Center to transfer the account. Trusts can also be named as a beneficiary. If no individual(s) or trust is named, the account value will be transferred to your estate.

## TAXES

**How does my participation in the Program affect my taxes?** Because your deferrals are taken out of your paycheck before taxes are calculated, you pay less in current income taxes. You do not report any earnings from your account on your current income taxes either. Your account is tax-deferred until you withdraw money after separation from employment. Withdrawals from this Program are taxable as ordinary income during the years in which they are paid to you or to your beneficiary(ies).

**What fees do I pay to participate in the Program?** When it comes to investments, fees matter. Ohio Deferred Compensation has a history of low fees. Participants pay investment fund fees, called expense ratios, to the portfolio managers for their costs. Recordkeeping fees can also be added to the expense ratios for separate accounts and commingled funds.

No recordkeeping fees are added to the Program mutual funds. These fees are deducted from the investment performance of every option and are listed on the quarterly Investment Performance Report (IPR). The IPR is always included on page 5 of your quarterly *Focus* newsletter that arrives with your account statement. All returns are shown net of all fees. The Program does not pay commissions or use investments that charge front or backend loads, and there are no surrender fees.

## HOW DO I GET MORE INFORMATION?

Visit the website at www.Ohio457.org or call the Service Center at 1-877-644-6457. You can also find the Program's complete Plan Document under "Program Information" on the website. If descriptions here conflict with provisions in the Plan Document, the terms of the Plan Document and governing statutes prevail.

The website has information regarding the Program, *Focus* newsletters, investment options, financial education information, and calculators to help you manage your account.

You can also stop by our Service Center. For directions, please visit our website under "Contact Us." Walk-in office hours are 8:00 a.m. to 4:30 p.m. Eastern Standard Time.

Field Account Executives also provide group meetings and seminars at employer worksites around the state and will be available to answer your Program-related questions.

Retirement Planning Specialists are available to answer your retirement planning questions including how to:

- Determine your retirement income needs
- Evaluate your current financial picture
- Evaluate combining all your assets into oneprogram
- Choose the withdrawal option that's right foryou

Please call 1-877-644-6457 to set up an appointment.
Information provided by retirement specialists is for educational purposes only and is not intended as investment advice.