



The State of New Mexico

Deferred Compensation Plan

# ENROLLING IN THE PLAN IS VERY EASY!!

To better serve your needs when enrolling please complete the form as shown.

**Section I:** Always include your Social Security Number, Name, Home Address and all other identifying and contact information to help us correctly establish your new account. If you are reporting a change in your name, acceptable legal proof of the change must accompany this form. (E.g., Copy of marriage certificate, driver's license, order of legal name change from court).

**Section III, IV:** Mark the "Type of Request" and list the dollar amount you wish to change from (under "OLD") and the dollar amount you wish to change to (under "NEW"). Also, you may write in the date you wish to have your first deferral take effect. (Generally, deferrals can start or increase no earlier than the first day of the month following the month this application is signed.)

**Section VIII:** The Fund Section is only for new enrollments. We can help you select your fund choices. Call us at 1-866-827-NMEX (6639).

**Section IX. Beneficiary Selection:** Be sure to complete this area. If you have more than two beneficiaries, you may include a signed attachment.

**Section II:** Please print the Employer (Entity) Number, Name and Address of your department and payroll contact information to ensure that your form will be sent to the proper payroll office. If you need assistance with this information, please call us at 1-866-827-NMEX(6639).

**Section V:** Please check the box that applies to how often you are paid.

**Section VI:** If an increase in the Universal Life coverage or a change in smoker status is requested, you may be required to complete a new long form application.

**Section VII:** Not sure about the "Catch-Up"? Check your Plan Document for provisions or call us at 1-866-827-NMEX(6639) for assistance.

**Note:** You may consolidate other pre-tax retirement plan assets into your Deferred Compensation Plan. For more information, check the box to have a Retirement Specialist contact you to discuss your options.

**Signature Section:** To eliminate processing delays, please be sure to sign and date this form before mailing it. All unsigned forms will be returned to you for your signature.

The form is titled "PARTICIPATION AGREEMENT, PAYROLL DEDUCTION AUTHORIZATION and SERVICE REQUEST for DEFERRED COMPENSATION PLAN". It is divided into several sections:

- I. PERSONAL INFORMATION:** Social Security Number, State ID Number, Date of Birth, Name (Last, First, Middle), Address, Home Phone, Work Phone, Occupation, Hire Date, Sex, Salary, and Email Address.
- II. ENTITY NUMBER:** Fields for Employer Name, Agency Name, Employer Address, Payroll Center Name, and Payroll Center Phone #.
- III. TYPE OF REQUEST:** Options for New, Change, or Reinstatement.
- IV. DEFERRAL SUMMARY:** Table for Amount to Funding Options (Universal Life, SPECIAL, TOTAL DEFERRAL) with columns for OLD and NEW amounts, and a field for Start Date.
- V. PAYROLL FREQUENCY:** Options for Weekly (W)-52, Bi-Weekly (Z)-26, Monthly (M)-12, Other, or Semi-Monthly (X)-24.
- VI. CHANGES IN UNIVERSAL LIFE COVERAGE:** Options to Increase, Decrease, or Cancel/Transfer Cash Surrender Value to Core Accounts.
- VII. CATCH-UP PROVISION UTILIZED:** Options for Yes (3-year or Yes, Age 50+) or No.
- VIII. FUNDING OPTIONS:** Asset Allocation table with categories like Life Cycle, International, Small Cap, Mid Cap, and Bonds, listing various investment funds.
- IX. BENEFICIARY SELECTION:** Fields for Primary and Contingent Beneficiary names, Social Security Numbers, Relationships, and Dates of Birth.

Please keep the last copy of this form for your records.

Call us at 1-866-827-NMEX(6639) for assistance.

Mail completed form to:

Nationwide Retirement Solutions, P. O. Box 2007, Santa Fe, NM 87504-2007



PARTICIPATION AGREEMENT, PAYROLL DEDUCTION AUTHORIZATION and SERVICE REQUEST for DEFERRED COMPENSATION PLAN

Deferred Compensation Plan

II. ENTITY NUMBER:

Employer Name

Agency Name

Employer Address

Payroll Center Name

Payroll Center Phone #

PLEASE READ THE REVERSE SIDE OF THIS FORM PRIOR TO COMPLETION

I. Social Security Number, Date of Birth, Sex, State ID Number, Salary

Name, Address, Home Phone, Work Phone, Email Address, Occupation, Hire Date

III. TYPE OF REQUEST: New, Change, Reinstatement

Generally, deferrals can start or increase no earlier than the first day of the month following the month this application is signed.

IV. DEFERRAL SUMMARY

Table with 3 columns: Amount, OLD, NEW. Rows for Funding Options, Universal Life, SUB TOTAL, SPECIAL, TOTAL DEFERRAL.

SPECIAL PAY PERIOD ENDING DATES: Start, Stop, (Annuity only) # of Pay Periods

VI. CHANGES IN UNIVERSAL LIFE COVERAGE

Increase, Decrease, Cancel, Policy #, Old Face Amt, New Face Amt.

INDICATE CHANGES IN DEFERRAL AMOUNTS IN THE DEFERRAL SUMMARY. LIFE INSURANCE OPTIONS ARE NOT AVAILABLE TO NEW APPLICATIONS.

V. PAYROLL FREQUENCY:

Weekly (W)-52, Monthly (M)-12, Semi-Monthly (X)-24, Bi-Weekly (Z)-26, Other

VII. CATCH-UP Provision Utilized:

Yes, 3-year, Yes, Age 50+, No, Expected retirement date

VIII. FUNDING OPTIONS - Only for New Business or Allocation Changes - Must be in Whole % and Total 100%

Table with columns: ASSET ALLOCATION, INTERNATIONAL, SMALL CAP, MID CAP. Lists investment options with percentages.

Table with columns: LARGE CAP, BALANCED, BONDS, FIXED/CASH. Lists investment options with percentages.

1. IF AN ALLOCATION IS MADE TO A CLOSED OR UNAVAILABLE INVESTMENT OPTION, THE ALLOCATION WILL BE MADE TO THE DEFAULT OPTION, THE NEW MEXICO STABLE VALUE FUND. 2. IF THE TOTAL INVESTMENT OPTION ALLOCATION PERCENTAGE EQUALS LESS THAN 100%, THE DIFFERENCE WILL BE INVESTED IN THE DEFAULT OPTION, THE NEW MEXICO STABLE VALUE FUND. 3. IF THE TOTAL INVESTMENT OPTION ALLOCATION PERCENTAGE IS GREATER THAN 100%, YOUR APPLICATION WILL BE REJECTED AND YOUR ALLOCATIONS WILL NOT BE PROCESSED.

IX. Check here if this is a change of beneficiary. (Any changes in the beneficiary designations supersede any prior beneficiary designations). All percentages must be in whole percentages and equal 100%.

Primary Beneficiary, Contingent Beneficiary, Name (Please Print), Social Security Number, Relationship, Date of Birth, Split %

Attach a separate sheet if you have more primary or contingent beneficiaries. Check this box if a separate sheet is attached.

Please contact me regarding transferring my other pre-tax retirement plans.

I authorize my Employer to reduce my salary by the above amount which will be credited to the State of New Mexico Plan. The reduction will continue until otherwise authorized in accordance with the Plan.

I have read and understand each of the statements on the front and back of this form, which have been drafted in compliance with the Internal Revenue Code. I accept these terms and understand that these statements do not cover all the details of the Plan or products.

Participating Employee's Signature, Date, Retirement Specialist's Signature/Number, Sales Director's Signature/Number, Principal's Signature

**THE STATE OF NEW MEXICO DEFERRED COMPENSATION PLAN  
MEMORANDUM OF UNDERSTANDING**

**The purpose of this memo is to ensure that you fully understand the major terms, restrictions and costs of the State of New Mexico Deferred Compensation Plan. However, it does not cover all the details of the Plan. Please refer to the Plan Document for specific details.**

I understand and acknowledge the following:

- I. I understand that my participation in the Plan is governed by the terms and conditions of the Plan Document.
- II. The product information brochure and fund prospectuses were made available to me and can be obtained upon request.
- III. The total annual deferral amount to all 457 plans is the lesser \$15,500 for 2008 or 100% of includible compensation. Under certain circumstances, additional amounts above the limit may be deferred into the Plan if (1) I will obtain age 50 or older during the calendar year, or (2) I am within three years of Normal Retirement Age and did not defer the maximum amount in prior years. The Plan Document provides additional details about deferral limits. Deferrals in excess of maximum amounts are not permitted and will be considered taxable income when refunded. It is my responsibility to ensure my deferrals do not exceed the annual limit. Contributions to other Section 457 plans may limit the maximum amount I may defer under the Plan.
- IV. I understand that all funds held pursuant to the Plan are held in a custodial account for my exclusive benefit or the benefit of my beneficiaries. I may withdraw funds from the Plan only upon severance from employment; at age 70 1/2 (if deferrals have stopped); upon an unforeseeable emergency approved by the Plan; or I may take a one time in-service withdrawal if my account value is \$5,000 or less (as adjusted) and I have not deferred into the Plan for two or more years. In some cases withdrawal for purchase or repayment of service credits in a governmental defined benefit plan (pension) may be permitted. Additionally, funds may be withdrawn upon my death. All withdrawals of funds must be in compliance with the Internal Revenue Code and applicable regulations, some of which are expressed in the Plan Document. Amounts rolled into the Plan from another eligible retirement plan that are maintained in a separate Rollover Account may be distributed at any time, upon request.
- V. Generally, my distributions must begin no later than April 1st following the year I reach age 70 1/2. If I work beyond age 70 1/2, generally, my distributions must begin no later than April 1st following the year I have a severance from employment or retire. Please consult your plan document for further details. All distributions are taxable as ordinary income and subject to income tax in the year received. My distributions must be made in a manner that satisfies the minimum distribution requirements of IRC Sec. 401(a)(9), which currently requires benefits to be paid at least annually over a period not to extend beyond my life expectancy. **Failure to meet minimum distribution requirements may result in the payment of 50% federal excise tax.**
- VI. The funds in my account may be eligible for rollover to a traditional IRA or to an eligible retirement plan. The "Special Tax Notice Regarding Plan Payments" provides detailed information about my options. Due to important tax consequences related to distributions, I have been advised to consult a tax advisor. I expressly assume the responsibility for tax consequences relating to any distribution, and I agree that neither the Plan nor the Plan Administrator shall be responsible for those tax consequences.
- VII. No more than 25% of deferrals can be used to purchase life insurance.
- VIII. I understand that all products are optional. The Life Insurance Option is not available to new participants.
- IX. If an allocation is made to a closed or unavailable investment option, the allocation will be made to the default option, the New Mexico Stable Value Fund. If the total investment option allocation percentage equals less than 100%, the difference will be invested in the default option, the New Mexico Stable Value Fund. If the total investment option allocation percentage is greater than 100%, my application will be rejected and my allocations will not be processed.

#### **ASSET ALLOCATION OPTIONS**

The LifeCycle portfolios are comprised of underlying investment strategies available in the Plan on a stand alone basis. The Portfolios themselves are not registered investment options. The LifeCycle portfolios are administered by Nationwide Retirement Solutions according to direction provided by the Board of the Public Employees Retirement Association of New Mexico based on advice from Mercer Investment Consulting, Inc.

The LifeCycle portfolios are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying investment strategies that are made available in the Plan on a stand alone basis. Asset allocation does not guarantee returns or insulate you from potential losses. There are no additional fees associated with the LifeCycle portfolios, but you are indirectly paying a proportionate share of the applicable fees and expenses of the underlying investment strategies in each portfolio.

#### **STABLE VALUE OPTION**

- I. The State of New Mexico Stable Value Fund is composed of investments with Dwight Asset Management.
- II. These assets, and all new money (effective July 1, 2000), will be invested with Dwight Asset Management in the SEI Stable Asset Fund.
- III. The projected performance for the Dwight contracts will be combined to provide a blended return.

#### **MUTUAL FUND OPTIONS**

- I. I understand that the Net Asset Value of a mutual fund changes on a daily basis and that there is no guarantee of principal or investment return.
- II. The value of amounts allocated to mutual fund options will vary depending upon the value of the chosen mutual funds and could result in either a gain or loss. I have received and reviewed the participating fund prospectuses. Some mutual funds may impose a short term trade fee. Please read the underlying prospectuses carefully.
- III. I understand that pursuant to the Plan Document, deferred amounts will be invested per my selection of funding options specified on the Participation Agreement or as otherwise amended.
- IV. Nationwide receives payments from mutual fund companies or their affiliates. You can find more detail about this at NRSforu.com.

#### **UNIVERSAL LIFE INSURANCE OPTION (Closed to new participants)**

- I. A cost of insurance is deducted monthly from the policy based on current mortality charges. This charge is based on the 1980 COM-MISSION STANDARD ORDINARY tables. Also deducted monthly is a \$2.50 administration expense charge and an expense charge of 3% of total premium.
- II. A surrender charge may be assessed at the time of withdrawal.
- III. Any withdrawals or death benefit proceeds are taxable as ordinary income. Upon transfer of policy ownership, the cash surrender value will be taxed as ordinary income. The life insurance surrender value, in case of distribution under the Plan, may be less than the total contribution to the date of distribution under this life insurance option. **Universal Life is designed as a long-term contract, not to fulfill short-term savings or short-term life insurance needs.**
- IV. If the life insurance policy terminates because of a deficiency in premium, my continuing deferrals will be credited to the my account based on my then current allocation (unless I notify the Plan Administrator otherwise).
- V. The life insurance surrender value, in case of distribution under the Plan, may be less than the total contribution.
- VI. I understand my policy may lapse due to insufficient premium relating to changes in my deferral flow.