



# City of Mesa Fire and Medical Deferred Compensation Plan Participation Agreement

## Memorandum of Understanding For Enrollment in the Self-Directed Brokerage Option

We're pleased to offer the Schwab Self-Directed Brokerage Option® (SDO)—a self-directed brokerage account available through the Deferred Compensation Plan.

Schwab's Personal Choice Retirement Account (PCRA) is a self-directed brokerage option designed to integrate into your Employer's Deferred Compensation Plan and supplement that Plan's core fund menu. It provides a wealth of expanded investment choices for participants who seek more flexibility, increased diversification and a greater role in managing their retirement savings.

### How do I enroll in a SDO?

If you decide that a SDO is the right choice for you, you must complete and sign the NRS Self-Directed Brokerage Option Memorandum of Understanding. This form is used to open your account with Schwab. The completed and signed form must then be returned to Nationwide Retirement Solutions (NRS) via USPS mail or fax for establishing your SDO.

About 10 days after you send in your forms, you will receive a Schwab SDO Welcome Kit containing your SDO number and other information that will help you make more informed investment decisions in your account.

Once this kit is received, you will need to visit the following website to establish the ability to trade in your SDO account. [schwab.com/PCRAopen](http://schwab.com/PCRAopen).

Username: 0057743

Password: 1234

SSN: This is required to confirm your account number is established.

You will need to complete a Limited Power of Attorney (LPOA) Form to give you the authority to place trade orders in your Schwab PCRA. If you do not wish to establish your Limited Power of Attorney (LPOA) online with Schwab, you may call their customer service line 888-383-PCRA (7272) and they will assist you in completing their necessary paperwork to establish the ability to trade in your SDO account.

### Please Note:

Your Employer's Deferred Compensation Plan may limit the types of investments offered through your SDO. Please contact the Nationwide Customer Service Center for a detailed listing of the types of investments in the Schwab SDO Option.

# Contact Information

## Contact checklist:

Charles Schwab & Co., Inc.  
888-393-PCRA (7272)  
schwab.com

Nationwide  
Retirement Solutions  
800-598-4457  
mesafiredc.com

### If you want to:

Open an SDO Account		✓
Make transfers between the SDO and core account(s)*		✓
Make transfers within the core accounts(s)		✓
Place trades within your SDO	✓	
Obtain your SDO balance	✓	✓
Obtain your entire plan balance (core investments plus SDO)**		✓
Obtain SDO investment information	✓	
Request a loan or withdrawal		✓
Ask retirement plan questions		✓
Take advantage of additional Schwab services	✓	
Close out my PCRA and transfer all assets to my 457(b) Deferred Compensation Plan core account	✓	✓

\*You must move all assets into the Schwab cash feature before requesting transfer back to Core.

\*\*Information about your SDO will be current as the most recent New York Stock Exchange closing.



**City of Mesa Fire and Medical  
Deferred Compensation Plan**  
Memorandum of Understanding for Enrollment in  
the Schwab Self-Directed Brokerage Option® (SDO)

**Participant Information**

Name: \_\_\_\_\_

SSN: \_\_\_\_\_ Date of Birth: \_\_\_\_\_ Phone: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

**Memorandum of Understanding**

The purpose of this memorandum is to ensure you understand and agree to the major requirements and provisions associated with the self-directed brokerage options (SDO) offered by your Deferred Compensation Plan ("Plan"). It does not cover all of the details of the SDO, and you are encouraged to read the brochures, available upon request before you enroll in the SDO.

**Core Account:** Deferred Compensation Plan account administered by Nationwide Retirement Solutions

**SDO Account:** Investment account with Charles Schwab & Co., Inc. with Self-Directed Investment Choice

1. I am eligible to enroll in the SDO if my account is \$3,000 or more. I must maintain \$500 in the core account at all times.
2. Once I have established an account, I can only invest in the SDO as an exchange from my core account or as a recurring transfer from my payroll contribution. If a recurring transfer is established and is less than the full value of your payroll contribution, the remainder will be invested in your core account.
3. Exchanges into the SDO and/or back to the core account will result in the transferred assets being "out of the market" (not invested) for a one-day period.  

Exchanges requested from the core account into the SDO by 4:00 p.m. Eastern Time on normal business days require two business days to process.

Exchanges requested from the SDO into the core account by 4:00 p.m. Eastern Time on normal business days require three business days to process.
4. Exchanges from the core account into the SDO are first deposited into a cash feature. Once the dollars are deposited into this account, I can trade among the options available in the SDO by contacting the brokerage option provider. To transfer assets from the SDO back to the core account I must first liquidate investments in the SDO and transfer them to the cash feature before the trade back to the core account can be processed.
5. Once an SDO account has been established, I must contact the SDO provider directly to place trades. There may be transaction fees, front and back end loads, sales charges, etc., assessed to my account invested in the SDO, and it is my responsibility to be aware of and understand these fees and charges.
6. There is an initial fee of \$50 and an annual fee of \$50 will be assessed. I understand that the Plan may establish additional fees for participation in the SDO that may be assessed to my account in the future should there be costs associated with administration of the SDO.
7. Quarterly statements will show the total amount invested in the SDO as one aggregate total. I will receive separate statements from the SDO provider that itemize my transactions and account balances in the SDO.
8. The account balance invested in the SDO continues to be subject to the requirements of the Internal Revenue Code. Dollars cannot be transferred or distributed directly from the SDO. To transfer to another plan or receive a distribution, I must transfer assets from the SDO back to my core account.
9. If I begin a periodic distribution from my account, I must maintain a minimum balance in the core account that is equal to (or greater than) the sum of all payments scheduled to be made to me during a one-year period plus the \$500 minimum core account balance. If I fail to maintain this balance, Nationwide is authorized to stop my distribution payments.
10. The Plan has selected the brokerage provider to offer additional investment options for investment of my account balance. The Plan and Nationwide are not responsible for monitoring or evaluating the investment options that are made available through the SDO. I understand that it is my responsibility to determine if the investment options available in the SDO are suitable for my personal retirement savings plan.

## Participant Acknowledgment and Certification

I hereby acknowledge, understand and agree to the following regarding the City of Mesa and its Fire and Medical Department, officers, employees, officials and agents (collectively "Mesa"), the Fire & Medical Department 457(b) Deferred Compensation Plan, and the Self-Directed Brokerage Account (SDBA):

1. My decision to participate in the SDBA is completely voluntary and made upon my own initiative.
2. My selection of particular investments available through the SDBA will in no event be based now or in the future, upon any information or advice provided by Mesa.
3. It is my responsibility to evaluate the investments available through the SDBA and to select those investments that are most suitable for my financial needs, taking into account my personal financial circumstances and tolerance for risk.
4. Mesa will not review or analyze any investments that I have selected.
5. I choose to utilize the advice and services of an advisor regarding the SDBA, Mesa is not responsible for the investment recommendations or any other actions of such advisor.
6. I am responsible for the losses and gains of selected investments.

I hereby release Mesa any fiduciary (or other) liability and responsibility for any losses incurred or other adverse consequences experienced in connection with my SDBA investment decisions.

My signature on this form acknowledges that I have read, understand and agree to the SDO participation requirements above. I recognize that there may be changes to these requirements in the future. I will be notified of any major changes, and it is my responsibility to read and be aware of these. I have been provided and read the applicable brochures, available upon request regarding the SDO and understand this information.

SSN: \_\_\_\_\_ Signed: \_\_\_\_\_

Date: \_\_\_\_\_

### Return completed form to:

Nationwide Retirement Solutions    **Toll Free:** 877-677-3678  
PO Box 182797                            **Fax Number:** 877-677-4329  
Columbus, Ohio 43216-2797