



# SchoolsFirst Retirement Planning

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

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

Schwab's Personal Choice Retirement Account (PCRA) is a self-directed brokerage option designed to integrate into your Employer's Plan and supplement the 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 an SDO?

If you decide that an SDO is the right choice for you, you must complete and sign the attached 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](https://www.schwab.com/PCRAopen).

**Retirement Plan ID:** 457(b): 63209001  
403(b): 63209003  
401(a): 63209002

**Plan Access Code:** 1234

**Social Security Number:** 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 1-888-393-7272 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 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.

Please keep a copy of this page for your records

# Contact Information

	Charles Schwab & Co., Inc. 1-888-393-7272 www.schwab.com	Nationwide Retirement Solutions 1-833-725-3477 www.schoolsfirstrp.com
<b>If you want to:</b>		
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 your PCRA and transfer all assets to your 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.



Plan Type (select one)

403(b) 457(b) 401(a)

Participant Information

Name: SSN:

Street Address:

City: State: Zip:

Email: Phone:

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 Plan ("Plan").

Core account: Plan account administered by Nationwide

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

- 1. I am eligible to enroll in the SDO if my account is \$12,500 or more. I must maintain \$10,000 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...
3. Exchanges from the core account into the SDO are first deposited into a money market sweep account.
4. Once an SDO account has been established, I must contact the SDO provider directly to place trades.
5. An asset management charge of .73% is assessed against your account balance.
6. An initial fee of \$50 and an annual fee of \$50 will be assessed.
7. Quarterly statements will show the total amount invested in the SDO as one aggregate total.
8. The account balance invested in the SDO continues to be subject to the requirements of the Internal Revenue Code.

**Memorandum of Understanding (continued)**

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 \$10,000 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 Certification**

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.

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

Signature: \_\_\_\_\_ 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

## 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:**  $[(\$550 \times 80\%) + \$100] \div (\$550 + \$1000) = 35\%$

**Update 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 Transfer to SDO.