

State of New Mexico Participation Agreement for Deferred Compensation Plan

Things to Remember

- Please print Payroll Center/Plan Name to ensure that your account will be set up with the proper NM-PERA Paycenter.
- The Fund Section is for new enrollments and allocation changes. We can help you select your fund choices. Call us at 1-866-827-NMEX (6639).
- Complete the Authorization section, and remember to sign and date this Participation Agreement.
- Enclose the completed Participation Agreement, and any other documentation in the business reply envelope included with this booklet.
- Remember to have the allocation of your funding options total 100%, in whole percentages, when completing the Funding Options section. If allocations do not total 100% the remaining amounts will be allocated to a LifeCycle fund closest to the year in which you turn 65 based upon criteria contained within the Memorandum of Understanding.
- For your beneficiary designation, the percentage split must total 100% for each category of beneficiary.

Please note that the information provided on this Participation Agreement will supercede any prior information provided, such as allocations, contribution amounts, contribution types, and/or beneficiary information.

Personal Information

| | |
|---|--|
| Employer Name: | Payroll Center ID (Internal Use Only): |
| Name: | Social Security Number: |
| Address: | City, State, & Zip Code: |
| Date of Birth: | Home Phone Number: |
| Gender: <input type="checkbox"/> Male <input type="checkbox"/> Female | Work Phone Number: |
| Email Address: | |

Paperless Delivery

Paperless Delivery: By providing your email address you are consenting to receive statements, confirmations, terms, agreements and other information provided in connection with your retirement plan electronically. Unless you choose to have statements, account documents and other documents sent in connection with your retirement plan delivered via US Mail to the mailing address of record by checking the box below, these documents will be made available to you electronically. **I wish to receive my statements and account documents via US Mail.**

Deferral Summary & Payroll Frequency

| | Old | New |
|--|-----|-----|
| Amount To Funding Options | \$ | \$ |
| Universal Life (not available to new participants) | \$ | \$ |
| Total | \$ | \$ |

Start Contribution on: _____

Payroll Frequency: Please select your payroll frequency to insure timely processing.

Weekly Monthly Semi-Monthly Bi-Weekly Other _____

Beneficiary Designation

Check here if this is a change of beneficiary. (Beneficiaries listed below replace any prior designation)

PLEASE NOTE: Percentage split must total 100% for each category of beneficiary.

If additional space for beneficiaries is required, attach additional sheets and mark this box:

Primary Beneficiary(ies) (must total 100%):

| | | | |
|---------|--------------|-------------------|---------|
| Name | Relationship | Social Security # | Phone # |
| Address | | Date of Birth | % Split |
| Name | Relationship | Social Security # | Phone # |
| Address | | Date of Birth | % Split |

Total = 100%

Contingent Beneficiary(ies) (must total 100%):

| | | | |
|---------|--------------|-------------------|---------|
| Name | Relationship | Social Security # | Phone # |
| Address | | Date of Birth | % Split |
| Name | Relationship | Social Security # | Phone # |
| Address | | Date of Birth | % Split |

Total = 100%

Funding Options (for New Business of Allocation Changes only)

Automatic Increase: Dollar Increase*: \$ _____

*If selected, this dollar increase will automatically occur annually in July. This option is not available through all payroll centers. Please check with your payroll center prior to selecting this option.

Enroll me in asset rebalancing. I agree to comply with and be bound by the terms and conditions of the service including any restrictions imposed by the investment options. I understand I can obtain more information about the service, its terms and conditions by contacting the NRS Service Center.

PLEASE NOTE: If you do not specify an allocation percentage, your pre-tax payroll deduction amount will be invested in a LifeCycle fund closest to the year in which you turn 65. If you wish to specify your own asset allocation, please ensure that the total of all funding options equal 100%.

| | | | |
|-------------------------|--|-------------------|---|
| Asset Allocation | | Mid Cap | |
| _____ % | LifeCycle Conservative Portfolio | _____ % | Fidelity Low Priced Stock Fund |
| _____ % | LifeCycle 2020 Portfolio | _____ % | Principal Investors Fund Inc. - |
| _____ % | LifeCycle 2025 Portfolio | _____ % | Principal MidCap Blend Fund |
| _____ % | LifeCycle 2030 Portfolio | _____ % | T. Rowe Price Institutional Mid-Cap Equity |
| _____ % | LifeCycle 2035 Portfolio | | Growth Fund |
| _____ % | LifeCycle 2040 Portfolio | Large Cap | |
| _____ % | LifeCycle 2045 Portfolio | _____ % | Dodge & Cox Stock Fund |
| _____ % | LifeCycle 2050 Portfolio | _____ % | Fidelity Contrafund |
| _____ % | LifeCycle 2055 Portfolio | _____ % | Vanguard Institutional Index Fund |
| Specialty | | Balanced | |
| _____ % | Invesco Global Real Estate Fund | _____ % | Oakmark Equity Income Institutional Fund |
| International | | _____ % | Principal Diversified Real Asset Fund |
| _____ % | Aberdeen Emerging Markets Equity Fund | Bonds | |
| _____ % | American Funds-EuroPacific Growth Fund * | _____ % | Blackrock Inflation Protected Bond Fund |
| _____ % | Fidelity* Diversified International Fund | _____ % | Templeton Global Bond Fund |
| _____ % | Vanguard* Total International Stock Index Fund | _____ % | Vanguard Total Bond Market Index Fund |
| Small Cap | | Fixed/Cash | |
| _____ % | DFA U.S. Small Cap Fund | _____ % | New Mexico Stable Value Fund |
| | | 100% | Total for both columns must equal 100%^{1,2} |

1. If the total investment option allocation percentage is greater than 100%, your application will be rejected and your allocations will not be processed.
 2. Specific share classes may be associated with some funds - please visit the plan website (newmexico457dc.com) under "About Deferred Compensation" for more information.

- Please send me a copy of the Informational Brochure/Prospectus(es).
- Please contact me about my other pre-tax investments that I would like to roll into this plan.
- Please send me forms regarding the Catch-Up Provision.

Authorization

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. The withholding of my deferred amount by my Employer and its payment to the designated investment option(s) will be reflected in the first pay period contingent on the processing of this application by the Plan Administrator in conjunction with the set-up time required by my payroll center. The reduction is to be allocated to the funding options in the percentages indicated above.

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.

| | |
|----------------------------------|---------------|
| Participant Signature: | Date: |
| Retirement Specialist Signature: | Agent Number: |

Form Return

MAIL TO: Nationwide Retirement Solutions
 3600 Rodeo Lane, Suite B1
 Santa Fe, NM 87507
 Fax: (505) 989-4991
 For assistance with completing this form, please call 1-866-827-NMEX (6639)

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:

1. I understand that my participation in the Plan is governed by the terms and conditions of the Plan Document. The product information brochure and fund prospectuses are available upon request at www.newmexico457dc.com or by calling 1-866-827-NMEX(6639).
2. The total annual deferral amount to all 457 plans is the lesser \$18,500 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.
3. I understand that by selecting the automatic increase option, my payroll contributions will automatically increase annually in July, by the dollar or percentage amount selected. I may stop the automatic increases at any time by calling 1-866-827-NMEX (6639), or by completing a new Participation Agreement.
4. 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.
5. 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.
6. 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.
7. To that and a corresponding, no more than 25% of deferrals can be used to pay life insurance premiums. Life insurance is not available to new participants.
8. I understand that all products are optional.
9. If an allocation is made to a closed or unavailable investment option, the allocation will be made to the default option, the Lifecycle Portfolio fund closest to the year in which the participant would turn 65, based upon the following criteria:

| Birth Date/Year Range | Fund |
|------------------------------|-------------------------------------|
| 1953 and prior | New Mexico Conservative Portfolio |
| 1953-1957 | New Mexico LifeCycle 2020 Portfolio |
| 1958-1962 | New Mexico LifeCycle 2025 Portfolio |
| 1963-1967 | New Mexico LifeCycle 2030 Portfolio |
| 1968-1972 | New Mexico LifeCycle 2035 Portfolio |
| 1973-1977 | New Mexico LifeCycle 2040 Portfolio |
| 1978-1982 | New Mexico LifeCycle 2045 Portfolio |
| 1983-1987 | New Mexico LifeCycle 2050 Portfolio |
| 1988 and after | New Mexico LifeCycle 2055 Portfolio |

10. If the total investment option allocation percentage equals less than 100%, the difference will be invested in the default option. If the total investment option allocation percentage is greater than 100%, my application will be rejected and my allocations will not be processed.

Memorandum of Understanding

11. The earliest your enrollment or contribution change can start is the first day of the month following your completed request. Please remember, your employer's processing schedule will determine the actual effective date of the contribution. It is the Plan Sponsor's/Pay Center's responsibility to ensure deferrals do not commence too early.

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 the Plan's investment consultant.

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

1. The State of New Mexico Stable Value Fund is composed of investments managed by Galliard Capital Management
2. These assets, and all new money (effective July 1, 2012), will be invested and managed by Galliard Capital Management
3. The projected performance of the underlying securities in the portfolio will be combined to provide a blended return.

MUTUAL FUND OPTIONS

1. 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.
2. 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.
3. 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.

ADMINISTRATION FEE

The quarterly administrative fee and plan asset fees related to the Plan's third-party administration, investment consultant and PERA administration is taken directly from your account(s) quarterly, as seen on your quarterly statement. Administrator's fee \$7.50 (quarterly), Annual Plan Asset Fee of 0.135% (not to exceed \$18.50 quarterly). For new participants, this fee is waived for the first two quarters or until your account balance has reached \$1,000; whichever occurs sooner.

CONSENT TO PAPERLESS DELIVERY AND ACCESS

By providing your email address here, you are agreeing and consenting to receive and view plan benefit statements, correspondence and confirmations, and other communications electronically. These materials will be provided through an email message notifying you that electronic documents are available online for you to view and print. This replaces all written communication associated with your Retirement Plan(s) serviced by Nationwide and you will no longer receive these documents via U.S. Mail. By providing your consent to electronic delivery, you are acknowledging and confirming that you are consenting to receive Plan Communications electronically, as they are now available or as they may be required or become available in the future and that you have access to view and print your documents electronically from the website and to save them from your computer or other electronic device. If you would like to receive the above referenced documents in paper form via U.S. Mail you can do so by contacting Customer Service at 1-866-827-NMEX (6639) and requesting paper. You may opt out of electronic delivery of your plan related documents at any time. There is no additional cost to receive documents in paper format via U.S. Mail.

CHANGING YOUR EMAIL ADDRESS AND YOUR PAPERLESS DELIVERY PREFERENCES

You are able to update your email address or change your Paperless Delivery Preferences anytime either on the website or via Customer Service.

YOUR RIGHT TO REVOKE CONSENT

You have the right to revoke your consent to receive documents electronically. Your consent shall be effective until you revoke it by changing your delivery preferences on the website or via Customer Service by selecting U.S. Mail delivery.

