

## Kentucky Deferred Comp (KDC) – What does it cost to participate?

Because KDC is a public plan with no profit incentive, you may pay less with KDC than if you were investing on your own. The KDC Board of Trustees is committed to the ongoing review of Program expenses in an effort to keep them as low as possible. Our participation costs are listed below.

### Plan Administrative Costs

Each participant is assessed a \$1 fee per month, except for new participants who are in their first year of participation. In addition, the costs noted below are taken as applicable. These costs cover the expense of administering the Plans and future service enhancements.



#### Mutual Fund Account Balance

You will incur an administrative cost on the first \$125,000 of your total account balance of all mutual funds (excludes the Fixed Contract Fund) based on a tiered schedule (as shown in the chart to the left). This will be deducted from your account on a monthly basis. You will not incur administrative costs on your mutual fund balance until one year after the date of your first contribution.<sup>1</sup>

#### Fixed Contract Fund 3 Balance

The annual recordkeeping and administrative cost is a flat .32 percent. In addition, fund management costs, including wrap provider costs, are .35 percent. The credited interest rate reported on your quarterly statement has already been adjusted for these annual costs.

### Service Costs

- Qualified Domestic Relations Orders (QDRO): \$300 (split equally between parties, when possible).
- Transfers to the various retirement systems for purchase of service credit: \$100 per transfer.
- Loan origination: \$100 per loan, deducted from the participant's account on a pro-rata basis, and an interest rate on the outstanding loan balance also applies.
- Loan default: \$50
- Insufficient funds (NSF) for returned check or failed ACH attempt: \$10 per returned check or ACH failure.

### Inactive Low Balance Account Cost

\$6 per month is charged on all accounts of \$5,000 or less that have been inactive for six consecutive months. This does not apply to participants on military leave, those in active periodic payout status, beneficiaries or alternate payee accounts.

<sup>1</sup> All underlying mutual fund management costs still apply.

## Investment Options Costs

Investment Option (listed from Tier 1 to Tier 4 as in the Tiered Spectrum) <i>All data as of June 30, 2020</i>	Mutual Fund Company Annual Expense as % of Assets <sup>1</sup>	Administrative Cost as % of Assets <sup>2</sup>	Total Participant Cost as % of Assets (Annually)	Total Participant Cost per \$1,000 <sup>3</sup> (Annually)
<b>Tier 1 – Target Date Funds, Balanced Fund</b>				
Vanguard Target Retirement Income Fund <sup>4</sup>	0.09	0.32	0.41	\$4.10
Vanguard Target Retirement 2015 Fund <sup>4</sup>	0.09	0.32	0.41	\$4.10
Vanguard Target Retirement 2020 Fund	0.09	0.32	0.41	\$4.10
Vanguard Target Retirement 2025 Fund <sup>4</sup>	0.09	0.32	0.41	\$4.10
Vanguard Target Retirement 2030 Fund <sup>4</sup>	0.09	0.32	0.41	\$4.10
Vanguard Target Retirement 2035 Fund <sup>4</sup>	0.09	0.32	0.41	\$4.10
Vanguard Target Retirement 2040 Fund <sup>4</sup>	0.09	0.32	0.41	\$4.10
Vanguard Target Retirement 2045 Fund <sup>4</sup>	0.09	0.32	0.41	\$4.10
Vanguard Target Retirement 2050 Fund <sup>4</sup>	0.09	0.32	0.41	\$4.10
Vanguard Target Retirement 2055 Fund <sup>4</sup>	0.09	0.32	0.41	\$4.10
Vanguard Target Retirement 2060 Fund <sup>4</sup>	0.09	0.32	0.41	\$4.10
Vanguard Target Retirement 2065 Fund <sup>4</sup>	0.09	0.32	0.41	\$4.10
Vanguard Wellington (Admiral Shares)	0.17	0.32	0.49	\$4.90
<b>Tier 2 – Passively Managed Index Funds</b>				
Vanguard Inflation Protected Securities Fund (Instl Shares)	0.07	0.32	0.39	\$3.90
Vanguard Total Bond Mkt Index (Instl Shares)	0.04	0.32	0.36	\$3.60
Vanguard Institutional Index Fund (Instl Plus Shares)	0.02	0.32	0.34	\$3.40
Vanguard Mid-Cap Index (Instl Shares)	0.04	0.32	0.36	\$3.60
Vanguard Small-Cap Index Fund	0.04	0.32	0.36	\$3.60
Vanguard Total Intl Stock Index Fund – Institutional Shares	0.08	0.32	0.40	\$4.00
<b>Tier 3 – Actively Managed Funds</b>				
Invesco Government & Agency Portfolio	0.16	0.32	0.48	\$4.80
MetWest Total Return Bond Fund	0.37	0.32	0.69	\$6.90
Pimco All Asset Fund (Instl Shares)	1.25	0.32	1.57	\$15.70
T Rowe Price Mid-Cap Equity Growth (Instl Shares)	0.61	0.32	0.93	\$9.30
AMG GW&K Small-Cap Core Fund (Class Z)	0.90	0.32	1.22	\$12.20
Dodge & Cox International Stock Fund	0.63	0.32	0.95	\$9.50
<b>Tier 4 – Specialty Funds</b>				
Fixed Contract Fund <sup>5</sup>	0.35	0.32	0.67	\$6.70
Fidelity Contrafund	0.85	0.32	1.17	\$11.70
Fidelity Growth Company Fund	0.83	0.32	1.15	\$11.50
American Funds EuroPacific Growth Fund (Class R6)	0.49	0.32	0.81	\$8.10
DFA International Small Company Fund	0.52	0.32	0.84	\$8.40
Aberdeen Emerging Markets Fund (Instl Shares)	1.16	0.32	1.48	\$14.80

**FOOTNOTES:**

<sup>1</sup> Mutual fund company annual expense as % of assets. Operating expenses shown are gross costs as of June 30, 2020, except as noted. Expense ratios reported reflect those gross costs reported per the most recent prospectus available for each fund and do not include the impact of any waivers, interest expense, or other voluntary adjustments authorized by the management of each fund group, which are by their nature temporary and must be periodically reauthorized. The impact of such adjustments would be a lower expense charged. Expense ratios are subject to change. Consult the relevant prospectus or fund fact sheet for more detailed information regarding actual net costs incurred by investors in any given period.

<sup>2</sup> .32% represents the highest percentage fee which can be assessed and applies only to the first \$25,000 of mutual fund assets, excluding the Fixed Contract Fund. Administrative fees for the mutual funds reduce thereafter in accordance with tiered fee schedule. See front side for details.

<sup>3</sup> Total asset-based participant cost is applicable to the first \$25,000 of the participant's total account balance. Costs reduce thereafter for mutual fund totals in accordance with the chart on the front of this document. Please see the Program Summary for full details on the tiered asset fee.

<sup>4</sup> The Vanguard Target Retirement Funds invest in a wide variety of underlying funds to help reduce investment risk. Their expense ratio represents a weighted average of the expense ratios and any fees charged by the underlying mutual funds in which the Vanguard Target Retirement Funds invest. The Vanguard Target Retirement Funds do not charge any expense or fees of their own. Like other funds, Vanguard Target Retirement Funds are subject to market risk and loss. Loss of principal can occur at any time, including before, at or after the target date. There is no guarantee that target date funds will provide enough income for retirement.

<sup>5</sup> Fund Management fees include wrap provider fees. Fund management fees will change over time as assets grow and new contracts are established. Note: Fixed Contract Fund 3 is not a mutual fund.

Please consider the fund's investment objectives, risks, and charges and expenses carefully before investing. The prospectus contains this and other important information about the investment company. Prospectuses are available by calling 502-573-7925 or 1-800-542-2667. Some mutual funds may impose a short-term trading fee. Some funds may be subject to a trade restriction policy. Please read the prospectus carefully before investing.