

Any investing involves costs

In all probability, you'll find our costs are much lower than those you would incur investing on your own.

The maximum annual fee that any participant can be charged is \$237!

(\$12 administrative fee and \$225 maximum for mutual fund asset costs)

KDC is attached to the Personnel Cabinet and was created by statute to provide a supplemental retirement savings plan for Kentucky state, education and local government employees. As such, we receive no financial support, and participants share our operating costs through administrative and account fees.

Administrative and account fees

Administrative — All participants pay \$1 per month (\$12 per year) except new 457(b)/401(k) enrollees in their first year of participation. This exception does not apply to the IRA.

Mutual fund — Each participant is assessed a portion of the annualized¹ cost based on the first \$125,000 of the total balance in all mutual funds in which they invest, but \$225 is the most any participant can be assessed. **See the chart to the right.**

Reminder: Fund management companies also assess all investors a per-fund fee to cover their costs. These costs are reported as operating expenses. See the operating expenses noted on Page 2.

Fixed Contract Fund 3 — Participants invested in this Fund are assessed an annualized¹ fee of 0.32% of assets. The credited interest rate reported in quarterly statements is adjusted for this cost.

Inactive account — A monthly \$6 inactive account fee is assessed to accounts with a balance of \$5,000 or less and that haven't received a contribution for six consecutive months. This fee does not apply to accounts of individuals who are:

- On military leave
- In active periodic payout status
- Beneficiaries
- Alternate payees

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

Total Balance	Cost
\$0	0.32% of first \$25,000
\$25,000	0.26% of next \$25,000
\$50,000	0.13% of next \$50,000
\$100,000	0.06% of next \$25,000
\$125,000	No additional cost for amounts over \$125,000

Investment Options (fund class, inception date)	Mutual Fund Company Annual Expense as % of Assets ¹	Administrative Cost as % of Assets ²	Total Participant Cost as % of Assets (Annually)
Target Date Funds			
Vanguard Target Retirement 2015 Fund ³	0.09	0.32	0.41
Vanguard Target Retirement 2020 Fund ³	0.09	0.32	0.41
Vanguard Target Retirement 2025 Fund ³	0.09	0.32	0.41
Vanguard Target Retirement 2030 Fund ³	0.09	0.32	0.41
Vanguard Target Retirement 2035 Fund ³	0.09	0.32	0.41
Vanguard Target Retirement 2040 Fund ³	0.09	0.32	0.41
Vanguard Target Retirement 2045 Fund ³	0.09	0.32	0.41
Vanguard Target Retirement 2050 Fund ³	0.09	0.32	0.41
Vanguard Target Retirement 2055 Fund ³	0.09	0.32	0.41
Vanguard Target Retirement 2060 Fund ³	0.09	0.32	0.41
Vanguard Target Retirement 2065 Fund ³	0.09	0.32	0.41
Vanguard Target Retirement Income Fund ³	0.09	0.32	0.41
International Stock Funds			
American Funds EuroPacific Growth Fund (Class R6)	0.46	0.32	0.78
Dodge & Cox International Stock Fund	0.63	0.32	0.95
Small – Mid (SMID) Cap Funds			
T Rowe Price Mid-Cap Equity Growth (Institutional Shares)	0.61	0.32	0.93
Principal Small-MidCap Dividend Income Fund (Class R6)	0.79	0.32	1.11
Vanguard Extended Market Index	0.04	0.32	0.36
Large Cap Funds			
Fidelity Growth Company Fund	0.45	0.32	0.77
JPMorgan Equity Income	0.47	0.32	0.79
Vanguard Institutional Index Fund (Institutional Plus Shares)	0.02	0.32	0.34
Stable Value Fund			
Fixed Contract Fund 3 ⁴	0.35	0.32	0.67
Bond Funds			
Vanguard Total Bond Market Index (Institutional Shares)	0.04	0.32	0.36
MetWest Total Return Bond Fund	0.38	0.32	0.70
Invesco Government & Agency Portfolio	0.16	0.32	0.48
Balanced Fund			
Vanguard Wellington (Admiral Shares)	0.17	0.32	0.49

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.

¹ Mutual fund company annual expense as % of assets. Operating expenses shown are gross costs as of March 31, 2022, 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.

² 0.32% 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 the tiered fee schedule. See front side for details.

³ 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.

⁴ 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.

KDC Retirement Specialists cannot offer investment, tax or legal advice. Consult your own counsel before making decisions regarding participation in the KDC Plans. Retirement Specialists are registered representatives of Nationwide Investment Services Corporation, member FINRA, Columbus, Ohio. NRM-9561KY-KY.18 (09/22)