KENTUCKY PUBLIC EMPLOYEES' DEFERRED COMPENSATION AUTHORITY

DEEMED IRA ACCOUNTS

2024 DISCLOSURE STATEMENT

This Disclosure Statement summarizes the provisions relating to the deemed IRA program offered by the Kentucky Public Employees' Deferred Compensation Authority ("KDC") under the Kentucky Public Employees' 401(k) Deferred Compensation Plan ("401(k) Plan"). Except as otherwise stated herein or as may be stated in the Deemed IRA Participation Agreement, your Deemed IRA Account is held pursuant to the terms and conditions of the 401(k) Plan and the Kentucky Public Employees' Deferred Compensation Authority Deemed IRA Trust ("Deemed IRA Trust"). Your Deemed IRA Account is, therefore, subject to applicable terms of the 401(k) Plan and the Deemed IRA Trust. Please see the Program Summary posted on KDC's website for more information about the 401(k) Plan.

An individual retirement account ("IRA") is a personal savings plan that gives you tax advantages for setting aside money for retirement. References to the "Code" in this Disclosure Statement shall mean the Internal Revenue Code of 1986, as amended.

For purposes of this Disclosure Statement, references to your "Deemed IRA Account" refer to your interest in the Deemed IRA Trust. You may open either or both a Deemed traditional IRA or Roth IRA Account. Your Deemed traditional IRA Account will be subject to the provisions of Code Section 408, and a Deemed Roth IRA Account will be subject to Code Section 408A, and, in both cases, applicable IRS requirements under such Code sections.

You are strongly urged to read this Disclosure Statement before contributing to a Deemed IRA Account. This Disclosure Statement is not intended to be a definitive or comprehensive statement of the terms and conditions of deemed IRAs. Furthermore, tax rules are subject to change by act of U.S. Congress and issuance of federal regulations. Each statement herein is subject to qualification in its entirety by the terms and conditions of the 401(k) Plan, the Deemed IRA Trust, and applicable federal and state law.

Additional information about IRAs is available from IRS Publications 590-A and 590-B; obtain a copy from the IRS website, www.irs.gov, click on "Forms and Instructions."

SAVER'S CREDIT. You may be able to claim a retirement savings contribution credit depending on your income and IRS limits. If you make eligible contributions to your deemed IRA, you may be able to take a credit of up to $1,000 ($2,000 if filing jointly). There are eligibility rules and qualifying conditions explained in IRS Publication 590-A, and you should consult with your tax adviser about the tax credit.

I. REVOCATION.

You may revoke your Deemed IRA Account(s) within seven calendar days after the Account has been established by written notice of revocation made to:

Kentucky Public Employees' Deferred Compensation Authority
Kentucky State Office Building
501 High Street, 2nd Floor
Frankfort, KY 40601-5404
Phone: 1-800-542-2667
Attn: Deemed IRAs

Any notice of revocation shall be deemed mailed on the date of postmark (or if sent by certified or registered mail, the date of certification or registration) if deposited in the U.S. mail, first-class postage prepaid and properly addressed. If you revoke your Deemed IRA Account(s) in this manner during this seven-day period, you are entitled to a return of the entire amount of the consideration paid by you for the Deemed IRA Account(s), without adjustment for any sales commissions, administrative expenses, or fluctuation in market value. If your Deemed IRA is revoked, KDC will report the contribution on Form 5498 and revoked distribution (plus any earnings) on Form 1099-R.

Deemed IRA contributions shall initially be invested in the Fixed Contract Fund. Once the seven calendar day revocation period has expired, your deemed IRA contributions will be automatically exchanged into the funds selected on your enrollment form, if different from the Fixed Contract Fund. After this seven-day period, you may not revoke your Deemed IRA Account(s), but you may request withdrawal at any time.

II. STATUTORY REQUIREMENTS.

A. **Deemed Traditional IRA.**

(1) Your contributions to your Deemed IRA Account must be made in cash.

(2) The annual contributions you make to ALL your traditional IRAs (including your Deemed IRA Account and any Roth IRA accounts) may not exceed the lesser of (a) 100% of your compensation or (b) the maximum amount allowed for such year. The following table shows the maximum dollar amount for traditional IRAs:

Deemed Traditional IRAs

Taxable Year	Contribution Limit For Taxpayers Under Age 50	Contribution Limit for Taxpayers Age 50 and Over
2024	$7,000	$8,000

The annual limit is subject to cost-of-living increases in increments of $500. The age 50 catch-up contribution is also subject to cost-of-living increases. In addition to these amounts, you may make additional contributions specifically authorized by statute -- such as payments of a qualified reservist distribution. Your compensation for this purpose means salary and wages paid to you by one of KDC's participating public employers; without such compensation, annual contributions to the Deemed IRA Program are not permitted. However, if you have a total KDC account balance of at least $5,000, you may rollover an existing IRA account to the Deemed IRA Program.

(3) Your annual contributions for any taxable year may be deposited at any time during that taxable year and up to the due date for filing your federal income tax return for that taxable year without extension. This generally means April 15 of the following year. Direct pay contributions received between January 1 and April 15 will be credited for the tax year of receipt unless at the time of deposit you indicate that the contributions should be credited for the prior year. Direct pay contributions received in the KDC office after April 15 will be credited to the current year and not the <u>prior year.</u>

(4) Your interest in your Deemed IRA Account is nonforfeitable at all times.

(5) No portion of your Deemed IRA Account may be invested in life insurance contracts or collectibles.

(6) Your interest in your Deemed IRA Account must begin to be distributed to you by the April 1 following the calendar year of your Required Beginning Date (RBD), regardless of whether you continue your employment. Your RBD is based on your age, as follows:

Your Date of Birth	Your RBD
June 30, 1949 and before July 1,	age 70-1/2
1949 - December 31, 1950 January 1,	age 72
1951 — December 31, 1958 January	age 73
1, 1959 and after	age 75

If distributions are less than the required minimum distribution (RMD) for the year, you may have to pay a 25% tax for that year on the required amount not paid. **If a minimum distribution is required from your Deemed IRA Account, KDC will automatically calculate and distribute that amount to you regardless of whether you have other traditional IRAs.**

(7) Your Deemed IRA contributions may be made by payroll deduction if your employer agrees. The minimum payroll deduction contribution is $30.00 per month for each Deemed IRA Account established. You may also make direct payment to KDC; the minimum per check amount is $100.00 for each Deemed

IRA Account established. Your check should be made payable to: "Kentucky Deferred Compensation." Your check must also indicate the year in which the contribution is to be applied. If not provided, the contribution will be applied to the current year. Also include the last 4 digits of your social security number.

(8) Retired or terminated participants may not make annual contributions to KDC Deemed traditional or Roth IRA accounts. However, a retired or terminated participant may rollover/transfer an existing IRA to the KDC Deemed IRA Program, provided the participant has maintained an aggregate balance of at least $5,000 in his existing KDC account(s).

(9) You may invest your Deemed IRA contributions in any funds listed in the 401(k) Plan's Investment Guide, subject to initial investment in the Fixed Contract Fund as explained on page 2.

(10) As explained below, fees charged on your Deemed IRA Account will be based on your total account balances held for your benefit by KDC.

(11) You will receive one combined quarterly statement reporting activity and value of your account balances, including your Deemed IRA Account. You must notify KDC in writing of any change to your name or mailing address.

(12) Nondeductible deemed traditional IRA contributions must be reported by you on Form 8606, as attached to your individual federal income tax return, for the year of contribution. If you do not file Form 8606 and you make nondeductible contributions, you may have to pay a penalty. Deductible deemed traditional IRA contributions must be reported by you on your federal income tax return. KDC does not separately account for any nondeductible amounts held in your Deemed IRA.

(13) You may withdraw your Deemed IRA Account at any time upon proper written request to KDC.

B. **Deemed Roth IRA.** A Deemed Roth IRA Account is a type of IRA, and therefore, except as otherwise specifically noted with respect to Roth IRAs, a Deemed Roth IRA Account is likewise subject to the rules and requirements which apply to a Deemed traditional IRA Account.

(1) Your contributions to your Deemed Roth IRA Account must be made in cash.

(2) The annual contributions you make to ALL Roth IRAs you own (including your Deemed IRA and any traditional IRA accounts) may not exceed the lesser of (a) the maximum amount allowed as a deduction for a traditional IRA for such year, or (b) 100% of your compensation; as further reduced by contributions you made to any other IRAs, Roth or traditional. The following table shows the maximum dollar amount for Roth IRAs:

Deemed Roth IRAs

Taxable Year	Contribution Limit For Taxpayers Under Age 50	Contribution Limit For Taxpayers Age 50 and Over
2024	$7,000	$8,000

The annual limit is subject to cost-of-living increases in increments of $500. The age 50 catch-up contribution is also subject to cost-of-living increases. Notwithstanding these dollar limits, you may make additional contributions specifically authorized by statute -such as repayments of a qualified reservist distribution.

All contributions (including age 50 catch-up contributions) to a Deemed Roth IRA Account are nondeductible. The contribution limits shown above must be reduced by any amounts which you contribute to your Deemed traditional IRA Account, any other traditional IRA or Roth IRA which you own. Further, the amount of your Roth contribution limit is phased out at certain levels of your adjusted gross income ("AGI"). The phase-out will apply for 2024 only if you are a single taxpayer with an AGI of at least $146,000, or if you are a married taxpayer filing jointly with an AGI of at least $230,000. The maximum (2024) yearly contribution that can be made to a Deemed Roth IRA Account phases-out as follows:

(a) for single taxpayers with modified AGI between $146,000 - $161,000
(b) for married taxpayers, filing jointly, with modified AGI between $230,000 - $240,000
(c) for married, filing separate returns with modified AGI between $0 - $10,000

Note: The minimum contribution to your Deemed Roth IRA is $200.

Contributions to your Deemed Roth IRA Account are permitted as long as you have compensation from a KDC participating employer as an active employee, subject to the AGI limits above. Please see Internal Revenue Service ("IRS") Publication 590-A for more information regarding Roth IRA contribution limits.

(3) Your interest in your Deemed Roth IRA Account is nonforfeitable at all times.

(4) No portion of your Deemed Roth IRA Account may be invested in life insurance contracts or collectibles.

(5) See additional requirements pertaining to your Deemed Roth IRA Account under comments (7) - (10) on page 3 above.

III. STATEMENTS.

If you (or your beneficiary) engage in a prohibited transaction under the Code with respect to your Deemed IRA Account, the account will lose its exemption from tax, and you must include in gross income, for the taxable year during which you (or your beneficiary) engage in the prohibited transaction, the fair market value of your Deemed IRA Account.

If you use all or any portion of your Deemed IRA Account (traditional or Roth) as security for a loan, then the portion so used is treated as distributed to you, and you must include such distribution in taxable income.

A minimum distribution is required for Deemed traditional IRA Accounts under Code Section 408(a)(6). A minimum distribution is not required for a Deemed Roth IRA Account during your lifetime. The minimum distribution will be an amount calculated in accordance with IRS regulations and payable to you beginning in the year you attain your RBD. See the RBD chart on page 3 for your RBD. In general, the amount will be based on your Deemed traditional IRA Account value divided by your life expectancy as determined in accordance with IRS tables. In addition, minimum required distributions will be made from your Deemed IRA Account in accordance with the 401(k) Plan. If the amount distributed from your Deemed traditional IRA Account during a taxable year is less than the minimum required during such year, an excise tax, which shall be paid by you, is imposed under Code Section 4974, in an amount equal to 25% of the excess of the minimum required to be distributed over the amount actually distributed during the year.

An excise tax is imposed under Code Section 4973 on excess contributions for each year the excess remains in your Deemed IRA Account. The tax is equal to 6% of the amount of excess contributions to your Deemed IRA Account unless withdrawn by the date your return for the year is due (including extensions). Generally, an excess contribution is the amount contributed to your Deemed IRA for the year that is more than the lesser of (1) the applicable contribution limit or (2) your taxable compensation for the year. Earnings attributable to excess contributions are taxable at ordinary income tax rates for the year in which the contribution was made. You must pay the 6% tax each year on excess amounts that remain in your IRA at the end of your tax year.

You must file Form 5329 (Additional Taxes on Qualified Plans Including IRAs and Other Tax-Favored Accounts) with the IRS to report amounts you received as an early distribution under your Deemed Roth or Deemed traditional IRA Account, or if your contributions are more than allowable for the tax year involved.

Your Deemed IRA Account has been approved by the IRS as to form for use as a Deemed IRA Account. IRS approval is a determination only as to the form of the account and does not represent a determination of the merits of such account.

Proceeds from your Deemed IRA Account may be used by you as a 60-day rollover contribution to another IRA account in accordance with the provisions of Code Section 408(d)(3).

- Further information can be obtained from any district office of the IRS.

IV. INCOME TAX CONSEQUENCES.

The following is a summary of federal income tax consequences relating to the Deemed IRA Program with respect to your contributions to a Deemed IRA Account. This summary is not exhaustive of all potential tax consequences and is not intended as individual tax advice to you; you should also consider Kentucky income tax rules. Applicable tax rules under federal and state law are complex. Application of the tax rules may vary according to an individual's particular facts and circumstances. KDC makes no representation or assurance, express or implied, that the IRS will accept the particular conclusions expressed in this summary. You should seek the advice of your own independent tax adviser to discuss your individual circumstances.

KDC adopted the Deemed IRA Program to obtain federal income tax benefits provided under Code Sections 408 and 408A. This summary is based on relevant provisions of the Code in effect as of January 1, 2024. The U.S. Congress, the Treasury Department, the IRS, and state taxing authorities may take actions which could adversely affect the tax consequences described herein, and any such adverse effects may be retroactive.

A. Deemed Traditional IRA.

Tax Status of Account. Amounts held in a Deemed IRA Account which meet all applicable IRA rules are exempt from federal and state income tax, and earnings are exempt from federal and state income tax until distribution. Exemption from taxation continues unless your Deemed IRA Account ceases to meet the conditions under Code Section 408.

Distributions. You may withdraw amounts from your Deemed traditional IRA at any time by total or partial lump sum. Except for RMDs as explained on page 3, KDC will not make any distribution from your Deemed IRA Account until it has received your (or your beneficiary's) direction in a form and manner acceptable to KDC. Distributions from a Deemed IRA Account are taxed as ordinary taxable income in the taxable year in which distribution is received. Generally, distributions are subject to federal income tax withholding. You may elect not to have withholding apply to your Deemed IRA distribution. If you make no election, KDC will withhold 10% for federal income tax for non-periodic distributions. You may elect additional withholding by using IRS Form W-4R. If you have made nondeductible contributions to your Deemed IRA Account, a certain portion of your distribution may be nontaxable, as computed and elected by you. The calculation for determining the nontaxable amount is completed by using IRS Form 8606. KDC does not account for any nondeductible contributions, and therefore, on distribution, it is up to **YOU** to report any such return as a nontaxable amount.

<u>Early Withdrawals.</u> **If you receive a distribution from your Deemed IRA Account prior to age 59-Y2, a 10% additional tax may be imposed on the amount of taxable distribution. This tax is in addition to regular income tax on the taxable portion of your distribution. To claim any exemption from the 10% tax, you must file IRS Form 5329. Certain exceptions to the 10% additional tax may apply, including distribution on account of:**

(a) **death;**
(b) **disability;**
(c) **payments made as part of a series of substantially equal periodic payments made at** least annually over your life (or life expectancy), or over the joint lives (or joint life expectancies) of you and your designated beneficiary;
(d) **payments for medical care to the extent such** distributions do not **exceed amounts allowable as a deduction under Code Section 213;**
(e) **health insurance premiums for unemployed individuals;**
(f) payment of qualified higher education expenses as defined under Code SectiOn 72(t)(7) for you, your spouse, your children or grandchildren;
(g) payment **of qualified first-time home buyer distributions as defined under Code Section 72(t)(8), $10,000 lifetime limit;**
(h) **distribution of** a qualified reservist distribution;
(i) distribution due to IRS levy;
(j) **qualified birth/adoption distribution;**
(k) **qualified disaster recovery distributions (QDRDs);**
(1) **withdrawals for emergency expenses;**
(m) withdrawals in case of domestic abuse; and
(n) distributions to a terminally ill individual

<u>**QDRDs.**</u> **A QDRD is a distribution which meets** these conditions:

(1) the total amount for all years does not exceed $22,000;
(2) **the distribution is made within a 6-month window beginning with the date FEMA declares a disaster;**
(3) your principal place of abode is located within the FEMA disaster area; and
(4) you have sustained economic loss due to the disaster.

You should be **prepared to substantiate to the IRS any application of these exceptions.**

<u>**RBD and Death.**</u> **Minimum** distributions are required from your Deemed traditional **IRA Account upon your attainment of your RBD. See RBD chart on page** 3 for **your RBD; please see explanation above on page 5 and 401(k) Plan Section 7.6. In addition, special rules apply in the event of your death depending on whether you die before or after any minimum required distributions have** commenced. Your beneficiary will be paid in accordance with applicable 401(k) Plan provisions in the event of your death. Please see 401(k) Plan Section 7.6 which provides **that in the event of your death, payment of your Deemed traditional IRA Account must be completed (and paid in full to your beneficiary) no later than the December 31 of the year containing the fifth** anniversary of your death regardless of who you name as beneficiary.

Generally, there are two Tax Code compliance rules for RMDs: the 5-year rule and life expectancy payments. The 401(k) Plan follows the 5-year rule, as explained above. The life expectancy rule allows for payment of RMDs over the beneficiary's life expectancy, which could be significantly longer than the 5-year period of the 401(k) Plan. Generally, to comply with the life expectancy rule, an RMD must be taken each year beginning with the year following year of death. KDC does not keep track of life expectancy payments for beneficiaries. If you wish to comply with the life expectancy rule, YOU must make request to KDC for inception of RMDs on a timely basis. KDC will follow the 5-year rule and WILL NOT initiate payments for compliance with the life expectancy rule.

<u>Rollovers.</u> A rollover is an amount from an eligible retirement plan to another qualifying retirement plan or IRA which meets the rules of Code Section 408(d)(3) for distribution on a tax-free basis. You are required to make an irrevocable election indicating that the transaction will be treated as a rollover contribution. These general rules apply to rollovers:

(a) **The rollover must be completed no later than the 60th day after the day on which you receive the distribution.**

(b) **If you make a tax-free rollover from a Deemed traditional IRA, you cannot within a one-year period make a tax-free rollover of a later distribution from your Deemed IRA Account.**

(c) **If you inherit a Deemed IRA Account, you may roll over the Deemed traditional IRA Account if you are the surviving spouse.**

<u>Nonspouse Beneficiaries.</u> If you are a beneficiary other than the surviving spouse, you may choose to have a payment that can be rolled over, paid as a DIRECT ROLLOVER. You <u>may not</u> roll over the payment yourself or to an eligible employer plan. The distribution must be a direct trustee-to-trustee transfer to a traditional or Roth IRA, and the receiving IRA will be treated as an inherited **IRA subject to minimum distribution rules applicable to beneficiaries.**

(d) If you **have attained your RBD, you must receive minimum required distributions from your Deemed traditional IRA Account, and you may not rollover an amount which is your minimum required distribution. See RBD chart on page 3 for your RBD.**

(e) **You may make partial rollovers of your Deemed traditional IRA Account.**

<u>Availability of Rollovers Into Deemed IRA Account.</u> You may make a rollover from **funds of any of the following into your Deemed traditional IRA Account:**

(i) **traditional IRA/SEP (deductible and nondeductible amounts).**

(ii) **qualified plan, such as 401(k), profit sharing or other retirement** plan tax-quali **Pied under Code Section 401(a) ("Qualified Plan") (deductible** and nondeductible **amounts).**

(iii) **eligible deferred compensation plan under Code Section 457 which is maintained by a government or state agency ("Government 457 Plan").**

(iv) tax-sheltered annuity/403(b) (deductible amounts only).

If you rollover after-tax (nondeductible) contributions into your Deemed traditional IRA, **you** are required to keep track of such amounts as required by the IRS. This will enable you to calculate the nontaxable amount of future distributions from your Deemed traditional IRA. KDC does not separately account for nondeductible amounts rolled into your Deemed IRA Account. Incoming rollovers may be subject to a minimum amount established by KDC. The Plan will not accept nonspouse beneficiary rollovers under Code Section 402(c)(11) or an inherited (whether spousal or nonspousal) IRA.

<u>Availability of Rollovers From Deemed traditional IRA Account.</u> You may make a tax-free distribution from your Deemed traditional IRA Account to any of the following:

(i) another IRA which you own but not a Roth IRA.
(ii) Qualified Plan which accepts rollovers.
(iii) Government 457 Plan.
(iv) tax-sheltered annuity/403(b).

Any amount which represents the principal amount of a nondeductible IRA contribution may not be rolled over to a Qualified Plan. See IRS Publication 590-A for more information about rollovers to and from IRAs.

<u>Transfers.</u> You may transfer all or a portion of your Deemed traditional IRA to another traditional IRA at any time. A transfer means a direct deposit from one IRA trustee/custodian to another without payment to you or access by you to any funds. Transfers are not taxable or reportable. If you direct distribution to another IRA, KDC will treat the distribution as a transfer.

B. <u>Deemed Roth IRA.</u>

<u>Tax Status of Account.</u> Amounts held in a Deemed Roth IRA Account which meet all applicable Roth IRA rules are exempt from federal and state income tax, and earnings are exempt from application of federal and state income tax.

<u>Distributions.</u> You may withdraw amounts from your Deemed Roth Account at any time by total or partial lump sum. A distribution from your Deemed Roth IRA Account is not subject to federal income tax if it is a "qualified distribution." You also do not include as taxable income the return of your regular contributions from your Deemed Roth IRA. A qualified distribution is one that is **BOTH —**

(a) made after a five-taxable year period; and
(b) a distribution --

(i) made on or after the date on which you attain age 59-$^{1}/_{2}$;
(ii) made to a beneficiary after your death;
(iii) attributable to your disability as defined in Code Section 72(m)(7); or
(iv) for qualified first-time home buyer expenses (up to $10,000 lifetime limit).

The five-taxable year period begins with the first taxable year for which you made a contribution to your Deemed Roth IRA Account or another Roth IRA (or if your spouse made a contribution to your Roth IRA). The five-taxable year period ends on the last day of such fifth taxable year. Under this rule, each Roth IRA owner has only one five-taxable year period for all Roth IRAs (including your Deemed Roth IRA Account) for which you are the owner. KDC does not keep a record of your five-year Roth period.

Non-qualified distributions are taxable to the extent distribution is attributable to income earned in the Deemed Roth IRA Account. Non-qualified distributions are treated as taken from the non-taxable portion first (your Roth contributions) until aggregate distributions exceed aggregate contributions. In effect, any amount distributed from your Deemed Roth IRA is treated as made first from your contributions, then taxable earnings. It is up to you to report properly the tax effect of your Roth distribution on your federal income tax return. **KDC will not determine if any portion of your distribution is taxable.**

In addition, the 10% early withdrawal tax under Code Section 72(t) will apply to any taxable distribution, unless an exception is available. You may be required to file IRS Form 8606 on distributions from your Deemed Roth IRA Account; please see IRS Publication 590-B for more details. Generally, Deemed Roth IRA distributions are not subject to withholding except on the earnings portion of excess contributions.

RBD and Death. Unlike the rules mentioned above for Deemed traditional IRA Accounts, you are not required to begin distributions from your Deemed Roth IRA Account upon your attainment of your RBD. Payment of your Deemed Roth IRA Account in the event of your death will be completed (and paid in full to your beneficiary regardless of who you name as beneficiary) no later than the December 31 of the year containing the fifth anniversary of your death, consistent with 401(k) Plan Section 7.6.

Transfers. Distributions from one Roth IRA can be transferred tax-free to another Roth IRA, meaning that you may transfer your Deemed Roth IRA Account to another Roth IRA. For more information, see the transfer rules mentioned above pertaining to Deemed traditional IRA Accounts.

Rollovers. You may also roll over the following amounts into your Deemed Roth IRA Account: Roth IRA and Roth 401(k) contribution account (held in a qualified plan or tax sheltered annuity, (TSA)). Incoming rollovers may be subject to a minimum amount established by KDC. The Plan will not accept nonspouse beneficiary rollovers under Code Section 402(c)(11) or an inherited (whether spousal or nonspousal) IRA. Distributions from Qualified Plans, TSAs and Government 457 Plans may be rolled over directly into your Deemed Roth IRA Account, subject to restrictions that apply to rollovers from a traditional IRA into a Roth IRA. Roth income limits do not apply to qualified rollover contributions. Furthermore, such a rollover is not tax-free. You may make an in-plan rollover from your account balance held in the 401(k) Plan and/or KDC 457 Plan.

V. **LIMITATIONS ON** DEDUCTIONS.

You may or may not be allowed to deduct your Deemed traditional IRA contributions on your federal and Kentucky income tax return. You should consult your own accountant or adviser to determine the deductibility of your Deemed traditional **IRA** contributions. KDC makes no representation or assurance that the following information will be complete and accurate for your own individual tax situation; the following is a general description only. Please see IRS Publication 590-A for more information regarding deductibility and how you should account for and report your Deemed traditional IRA contributions. Deemed Roth IRA contributions are not deductible.

Limits on Deductibility. Whether you may deduct your Deemed traditional IRA contributions depends on whether you are an active participant in an employer-maintained retirement plan, your income level, filing status and tax year. Generally, you can deduct the lesser of:

(1) contributions to your Deemed traditional IRA Account for the year, or
(2) the general contribution limit explained above (please see page 2)

However, if you or your spouse were covered by an employer retirement plan during the tax year of your Deemed traditional IRA contribution, then you may not be able to deduct this amount. For purposes of this limit, the term "active participant" means an individual who is an active participant in a:

(1) tax-qualified plan under Code Section 401(a);
(2) plan established for its employees by a state, its agencies or instrumentalities or the U.S. government (but not a governmental 457 plan);
(3) 403(a) or 403(b) tax-sheltered annuity;
(4) SEP plan under Code Section 408(k); or
(5) simple retirement account under Code Section 408(p).

Limit if Covered by an Employer Retirement Plan. If you or your spouse were covered by an employer retirement plan, you may be entitled to only a partial (reduced) deduction or no deduction at all, depending on your income and your filing status. The Form W-2 you receive from your employer has a box used to indicate whether you were covered for the year. The "Retirement Plan" box should be checked if you were covered.

Your deduction limit for Deemed traditional IRA contributions begihs to decrease (phase-out) when your income rises above a certain amount and is eliminated altogether when it reaches a higher amount. These amounts vary depending on your filing status.

To determine if your deduction is subject to the phase-out, you must determine your modified adjusted gross income (AGI) and your filing status. Once you have determined your modified AGI and your filing status, you can use the following table to determine if a phase-out applies; for further explanation review IRS Publication 590-A.

Effect of Modified AGI on Deduction if Covered by a Retirement Plan at Work.

For 2024 Tax Year **[IRS website]**

IF your filing status is:	**AND** your modified AGI is:	**THEN** you can take:
Single or head of household	Less than $77,000	a full deduction
	More than $77,000 deduction but less than $87,000	a partial
	$87,000 or more	no deduction

IF your filing status is:	**AND** your modified AGI is:	**THEN** you can take:
Married filing jointly or qualifying widow (widower)	Less than $123,000	a full deduction
	More than $123,000 but less than $143,000	a partial deduction
	$143,000 or more	no deduction
Married filing separately	Less than $10,000	a partial deduction
	$10,000 or more	no deduction

Special rules apply for married taxpayers to determine if the minimum compensation requirement is met (explained above on page 2). If you or your spouse were covered by an employer retirement plan at any time during the year for which contributions were made, you can figure your reduced Deemed traditional IRA deduction by using worksheets published in IRS Publication 590-A for that purpose. These worksheets are not republished here.

Nondeductible Contributions. By Form 8606, you may designate a portion or all of your Deemed traditional IRA contribution as a "nondeductible contribution" if amounts do not exceed the lesser of 100% of your compensation or the Deemed traditional IRA contribution limit. You are required to designate such amount on Form 8606, as explained above on page 4. If the deductibility of your Deemed traditional IRA contribution is limited due to application of any of the above-mentioned rules, then any amount contributed above the deductible amount (as capped by the annual dollar contribution limit) will be considered a nondeductible contribution. Nondeductible deemed traditional IRA contributions represent money in your Deemed traditional IRA Account which has already been taxed. Therefore, when you receive a distribution, a portion will be treated as a tax-free return of your nondeductible contribution. KDC, however, does not record any amount as nondeductible, and YOU are responsible for maintaining a record of any nondeductible contribution. **There is no need to inform KDC if any amount of your Deemed traditional IRA Account should be considered nondeductible.**

You may elect to increase your nondeductible IRA contribution limit by difficulty of care payments you receive. Such payments are a type of qualified foster care payment. For details, read IRS Pub. 590-A.

Contribution Deadline. The contribution deadline for a Deemed traditional or Roth IRA Account is April 15 of the year following the taxable year of contribution.

VI. REPORTING.

KDC's recordkeeper will send you and the IRS a Form 5498 for each year that you contribute or make a rollover into your Deemed IRA Account(s). The deadline for mailing Form 5498 is May 31 of the year following the year of your contribution. This form reports amounts contributed and the value of your Deemed IRA Account(s) as of the preceding December 31. KDC will not record or calculate your tax basis (the taxed amount) in your Deemed IRA(s). KDC will not report whether an amount distributed to you is taxable or nontaxable; KDC's recordkeeper will only report the gross distribution amount.

Except for transfers, all withdrawals from a Deemed traditional IRA Account or Deemed Roth IRA Account will be reported to the IRS by Form 1099-R. This form is mailed in January of the year following the year of distribution. You have sole responsibility for correctly reporting withdrawals on your income tax returns. You should keep proper records of your contributions for reporting income tax.

Generally, you must use Form 5329 to report tax due on excess contributions, early distributions and insufficient distributions.

VII. FINANCIAL DISCLOSURE.

A. Fees assessed on Deemed IRA Accounts shall be made on the same basis and rate as charged on balances held in the 401(k) Plan. In addition, all of your account balances held under the 401(k) Plan and the Kentucky Employees' 457 Deferred Compensation Plan, including your Deemed IRA Account(s), will be aggregated for fee purposes. Below are the plan administrative charges and fees applicable to the respective investment options:

Fixed Contract Fund. The annual recordkeeping and administrative fee is .32%. The credited interest rate reported on your quarterly statement is already adjusted for this annual fee.

Mutual Funds. There is an annual recordkeeping and administrative fee, based on the first $125,000 of your total balance in all mutual funds. This fee is described below:

- .32 percent on the first $25,000
- .26 percent on up to the next $25,000
- .13 percent on up to the next $50,000
- .06 percent on up to the next $25,000
- no additional fee on amounts over $125,000.

A portion of this fee is collected each month. In addition, a $6.00 per month administrative fee applies to accounts of $5,000 or less that have been inactive for six consecutive months, except for participants on military leave, alternate payees, beneficiaries, and participants receiving periodic payments. This monthly fee does not apply if a participant is deferring at least $30.00 per month. Each participant is assessed an administrative fee of $1.00 per month, except for new participants who are in their first year of participation. No other administrative fees or charges will apply to Deemed IRA Accounts. Underlying fund management fees still apply as reported in each investment option prospectus. Prospectuses can be obtained from KDC or consult KDC's website (kentuckyplans.com).

B. Annual investment returns will be allocated to your Deemed IRA Account based on the investment option which you select -- similar to the manner in which investment results are determined and allocated to your 401(k) Plan account. See the Investment Guide or consult KDC's website (kentuckyplans.com) for further information about how annual earnings are computed and allocated under the 401(k) Plan. Investments are not insured or guaranteed by the FDIC or any other governmental agency.

The value of your Deemed IRA Account(s) will be solely dependent on the performance of the investments which you select. Growth in value of your Deemed IRA Account(s) is neither guaranteed nor projected.

Information in this Disclosure Statement is subject to change without prior notice.

Please contact KDC should you have any questions or if you need further information regarding the Deemed IRA Program offered by KDC.

The statements contained in this summary are for informational purposes only; KDC makes no representation, express or implied, that participants or any other person should rely on this summary. Individual tax situations vary greatly, and KDC does not provide legal or tax advice. Payment of any tax liability is the responsibility of the participant and not KDC. Please consult your tax adviser concerning the legal and tax implications resulting from opening a Deemed IRA Account(s).

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