

SELF DIRECTED INVESTMENT ACCOUNT APPLICATION

PERSONAL DATA

Name (Please Print)

Social Security Number

Home Address

Date of Birth

City

State

Zip Code

Home Telephone Number

Employer Name

Work Telephone Number

PARTICIPATION AGREEMENT & MEMORANDUM OF UNDERSTANDING

The purpose of this memorandum of understanding is to ensure that you understand and agree to the major requirements and provisions associated with the Self Directed Investment Account administered through the New York State Deferred Compensation Plan (Plan). This memorandum does not cover all of the details of the Self Directed Investment Account or the Plan, and you are encouraged to read the brochures included with your enrollment package before you decide to enroll in the Self Directed Investment Account.

1. You are eligible to enroll in the Self Directed Investment Account if your balance in the Plan's core investment options (Core Plan Account) is \$10,000 or more at the time of your initial transfer of assets to the Self Directed Investment Account.
2. Once a Self Directed Investment Account has been established in your name, you may only invest in the Self Directed Investment Account after transferring funds from your Core Plan Account to the Self Directed Investment Account. You cannot have your payroll contribution amounts deferred directly into the Self Directed Investment Account. Your initial transfer to the Self Directed Investment Account must be at least \$2,500.
3. Subsequent transfers from the Core Plan Account will be permitted to the extent that the balance of your Core Plan Account equals or exceeds the balance in your Self Directed Investment Account at the time of the requested transfer. For example, if your Core Plan Account balance equals \$20,000 and your Self Directed Investment Account balance equals \$15,000, you may transfer up to \$2,500 to the Self Directed Investment Account, leaving a \$17,500 balance in each account at the time of the transfer. Each subsequent transfer into the Self Directed Investment Account must be at least \$500.
4. Assets transferred to the Self Directed Investment Account or from the Self Directed Investment Account back to the Core Plan Account will be "out of the market," or not invested, for the following periods of time:
 - Transfers requested by 4:00 p.m. Eastern Time on normal business days to the Self Directed Investment Account require two business days to process; and,
 - Transfers from the Self Directed Investment Account back to the Core Plan Account require three business days to process.
5. Transfers from your Core Plan Account to the Self Directed Investment Account are first deposited into a money market sweep account of the Self Directed Investment Account provider. Once assets are deposited in this money market account, trades may be made among the options available through the Self Directed Investment Account **only** by contacting the Self Directed Investment Account provider. To transfer assets from the Self Directed Investment Account back to your Core Plan Account, assets must first be transferred to the money market sweep account of the selected Self Directed Investment Account provider before a trade back to the Core Plan Account can be processed. If you do not contact the Plan, your assets will remain in the money market sweep account of the Self Directed Investment Account provider.
6. Once a Self Directed Investment Account has been established in your name, you must contact the Self Directed Investment Account provider directly to place trades through the Self Directed Investment Account. Please be aware that you **cannot** execute trades through the Self Directed Investment Account by calling the Plan's voice response system, HELPLINE, or the Plan's Web site. Depending on the particular mutual funds or Exchange Traded Funds (ETFs) that you invest in, there may be transaction fees, front and back end loads, sales charges, and other fees assessed to your Self Directed Investment Account. These fees are automatically deducted from your Self Directed Investment Account as they are incurred. It is your responsibility to be aware of and understand

these fees and charges, as described in the commission schedule provided by the Self Directed Investment Account provider and the prospectus of any mutual fund.

7. A one-time \$15 set-up fee and a \$15 annual maintenance fee will be deducted from the assets in your Core Plan Account immediately after your Self Directed Investment Account has been established. The \$15 annual maintenance fee will be deducted from your Core Plan Account each year on the anniversary date of the establishment of your Self Directed Investment Account. These fees are in addition to the annual administrative fee imposed by the Plan for standard Plan services. The New York State Deferred Compensation Board (Board) may pass through additional fees for participation in the Self Directed Investment Account that may be deducted from your Core Plan Account in the future should there be additional costs associated with the administration of the Self Directed Investment Account.

8. Your quarterly Plan statement will indicate the aggregate amount invested in the Self Directed Investment Account. You will receive separate statements from the Self Directed Investment Account provider that will itemize your transactions and account balance in the Self Directed Investment Account.

9. Your Self Directed Investment Account balance continues to be subject to the requirements of Section 457 of the Internal Revenue Code and the Plan. Assets cannot be transferred or distributed directly from the Self Directed Investment Account. To transfer to another qualified retirement plan or to receive a withdrawal or distribution, you first must transfer assets from the Self Directed Investment Account back to the Core Plan Account as described in item 5 above.

10. Upon commencement of a distribution of benefits from the Plan, you must maintain a balance in your Core Plan Account that will be sufficient to cover distribution payments scheduled to be made during a one-year period. You will be notified by the Plan in the event that assets need to be transferred from your Self Directed Investment Account back to your Core Plan Account to meet this requirement. If you do not maintain the required minimum balance in your Core Plan Account, the Plan is authorized to automatically liquidate assets from your Self Directed Investment Account and transfer those assets to your Core Plan Account to meet this requirement.

11. The Board has selected the Self Directed Investment Account provider to offer you the opportunity to invest a portion of your account balance in additional investment options offered through the Self Directed Investment Account. The Board, its Financial Consultant, the State of New York, participating employers of the Plan, and the Administrative Service Agency are not responsible for monitoring or evaluating the investment options that are made available through the Self Directed Investment Account nor are they liable for any loss that results from your investment choices under the Self Directed Investment Account. You are solely responsible for monitoring and evaluating the investment options that you invest in through the Self Directed Investment Account to assure that they are proper investments for your personal long-term retirement savings plan.

12. Mutual funds that are available as a core investment option under the Plan and tax-exempt mutual funds will not be made available through the Self Directed Investment Account. The Board, at any time, may restrict access to other mutual funds available through the Self Directed Investment Account.

13. Mutual funds and ETFs offered through the Self Directed Investment Account are not obligations of or insured by the FDIC or any other government agency. Any investments made through the Self Directed Investment Account are not endorsed or guaranteed by the Plan or the Board and are subject to risks, including the possible loss of the principal amount invested. The risks of investing in particular mutual funds and ETFs are described in the fund prospectus, that you should read before investing. Your investment values may fluctuate so that when it is sold, your investment may be worth more or less than when it was purchased. An investment's past performance should not be considered an indication or guarantee of its future results.

I acknowledge that I have read, understand, and agree to the Self Directed Investment Account participation requirements as set forth above. I accept and understand that the Board may change these requirements at any time. I will be notified of any major changes, and it is my responsibility to read and be aware of these changes. I have been provided with and read the applicable brochures regarding the Self Directed Investment Account enclosed with my enrollment package and I understand this information. I also understand that my participation in the Self Directed Investment Account is subject to the completion of additional enrollment forms required by the Self Directed Investment Account provider and that the Self Directed Investment Account provider may have additional requirements regarding my participation in the Self Directed Investment Account.

Participant Signature

Date

Return to: New York State Deferred Compensation Plan
Administrative Service Agency
P.O. Box 182797
Columbus, OH 43218-2797

Overnight Address: New York State Deferred Compensation Plan
Administrative Service Agency, DSPF-F2
3400 Southpark Place, Suite A
Grove City, OH 43123-4856

OR Fax to: 1-877-677-4329

When faxing paperwork, please allow two hours from receipt for it to be processed.

If your fax is sent after 3 p.m. your paperwork will be processed on the next business day.