DEFERRED COMPENSATION
Agency Liaison Manual

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FORMS INDEX

All forms for any transaction in the Deferred Compensation Program can be obtained from the Deferred Compensation Office, Department of Central Management Services, 801 S. 7th St, 2 Main P.O. Box 19208, Springfield, Illinois 62794-9208 (Phone 1-800-442-1300, 217/782-7006 or TDD 800-526-0844. Fax - 217/782-7640) or at the website, www.state.il.us/cms/employee/defcom.

The names of the forms in use in the program are:

Authority and Purpose — Procedure 01-A

1. The Illinois State Employees Deferred Compensation Plan is established in accordance with Chapter 108 1/2, Section 22A-111.1 and Article 24 of the Illinois Revised Statutes, (as amended) and Section 457 of the United States Internal Revenue Code.

2. The newest version of the Plan was amended at 39 Ill. Reg 4506, effective March 16, 2015. These rules are on file with the Secretary of State under the name of the Illinois State Board of Investment.

3. All employees of the State of Illinois who are receiving salary for personal services are eligible to participate in the Plan. This includes, but is not limited to, State University employees, Judges, part-time employees, Legislators and elected State Officers. Also included is any person under contract for personal services with a State Agency.

4. The purpose of the Plan is to provide an optional benefit to employees whereby a designated amount of the employee's salary is withheld each pay period in order to defer the tax liability on that portion of salary OR to contribute after tax dollars to provide tax-free withdrawals when taking a qualified distribution. It may be invested at the discretion of the Illinois State Board of Investment (the Board). The deferred money and any investment earnings are not taxable by the Federal government until received by the employee--generally at separation from State service when the employee may be in a lower tax bracket. The deferrals and earnings are not currently taxed by the State of Illinois.

Administration — Procedure 01-B

1. The Plan is administered centrally by the Illinois Department of Central Management Services (the Department), subject to the general supervision of the Illinois State Board of Investment, through a network of Agency Liaisons.

   a. All questions regarding Deferred Compensation should be directed to the Deferred Compensation Office, Department of Central Management Services, 801 S. 7th St, 2 Main, P.O. Box 19208, Springfield, Illinois 62794-9208 (1-800-442-1300, 217/782-7006, or TDD 800-526-0844).

   b. All questions directly affecting processing the payroll vouchers should be directed to the Comptroller's Office Payroll Section.

   c. The Agency Liaison is appointed by the Head of each State Agency. The Agency Liaison coordinates the Deferred Compensation activities in that Agency and works with the participants, Personnel Office and Payroll Office of that Agency as well as the Deferred Compensation Office.

2. The Plan, according to statute, must be self-supporting and State costs will be reimbursed through a participant account asset charge.

1. The official participant files for the Illinois State Employees' Deferred Compensation Plan are located in the Department of Central Management Services, Deferred Compensation Office, 801 S. 7th St, 2 Main, P.O. Box 19208, Springfield, Illinois 62794-9208.

2. All requests for information regarding any participant's Deferred Compensation account, beneficiary election or benefit payment election should be directed to the Department of Central Management Services, Deferred Compensation Office, at the above address.

3. An Agency Liaison is authorized to discuss a Deferred Compensation file only with the participant, the Agency Payroll and/or Personnel Office or the Deferred Compensation Office. Authorized representatives of the participant should be directed to the Department of Central Management Services, Deferred Compensation Office.

4. An Agency Liaison should never reveal the names of participants -- whether or not they are in that Agency -- to anyone. "Name dropping" about who does or does not participate is inappropriate.

5. The Deferred Compensation Office will observe the following in releasing information.

   a. The Deferred Compensation Office will give out a participant's name, the monthly deferral amount and the amount deferred to date to anyone if asked in writing. A notice of the inquiry will be sent to the participant. This is the only information the Department will disclose.

   b. When a participant requests copies of Deferred Compensation documents in her/his file and provides the correct social security number, the copies will be sent to the home unless otherwise specified.

   c. Account statements and all form letters will be sent to the home address. In addition, Beneficiary Forms, which must be returned to the participant for correction, will be sent to the home address.

   d. Beneficiary information is totally confidential to the participant until death.

   e. Upon the participant's death, a written request to the Deferred Compensation Office by an immediate family member, named beneficiary, or attorney representing such party shall release the names of all beneficiaries and the amount of benefit payable to each. Letters of Administration or Letters of Testamentary received from an Executor of the deceased's estate and directed to the Deferred Compensation Office shall also release the beneficiary information to the inquiring party.

   f. A written authorization from a participant directing release of beneficiary information (or any other information) to a named designee shall be honored at the Deferred Compensation Office.

There are certain legal requirements, which must be met prior to and as a part of the process of enrolling. The procedures in this Section, if followed, will meet those requirements.

1. The employee obtains the enrollment information from the Agency Liaison, the Deferred Compensation Office or on-line. The enrollment information may be obtained from the Deferred Compensation website at www.state.il.us/cms/employee/defcom. Information can also be sent by the Deferred Compensation Office to the home of any employee requesting it. It may also be sent to the Agency Liaison for delivery to an employee.

2. Prior to enrolling or re-enrolling in the Plan, a prospective participant should review the material available from the Plan or on-line. Enrollment material provides information about each of the investment options. It also contains the Forms required for enrolling and designating beneficiaries. The Plan Document also contains the rules and procedures of the Plan.

3. The Agency Liaison should encourage the employee to carefully review the Plan rules and investment information and fund prospectus because the employee certifies by signing the enrollment form that he/she understands that deferrals remain in a custodial account and that he/she has received and read the prospectuses.

4. The Enrollment Form is used to enroll in the Plan. This form is used by both employees and contractors. However, contractors should use a form which has the word "contractor" written at the top of the form. There are other additional requirements for contractors which are explained in Section 03-C.

5. Employees may enroll at any time. An employee must determine if they wish to enroll in the before-tax, after-tax or both options. If enrolling in both, two enrollment forms must be completed. One for each option. However, according to Federal law, contributions can begin no sooner than the first pay period of the month following approval by the Department. This requirement also applies to changes in contribution amount. Forms may be faxed to the Deferred Compensation Office at 217/782-7640. If a form is faxed, it is not necessary to mail the original.

6. Each employee who becomes a participant in the Plan must agree to contribute a minimum of $10.00 per pay or $20.00 per month, which ever is greater. For those persons paid semi-monthly (24 pays per year) or bi-weekly (26 pays per year with only 24 contributions being taken), the minimum will be $10.00 per pay. Participants paid monthly must contribute at least $20.00 per pay. Participants paid semi-monthly must indicate a semi-monthly amount. Those paid monthly need to indicate a monthly amount.

7. The employee decides how much to contribute, if the contributions are to be before-tax, after-tax or both and in what options to invest. If both options are chosen, the same investment mix will apply to both.

8. The employee completes the Enrollment Form/Forms (and payroll authorization card, if required by his/her Agency) and the Beneficiary form and signs and submits them to the Agency Liaison.

9. The Agency Liaison reviews the forms for accuracy, completes the Liaison section of the Enrollment Form, indicates the date the form was received and sends all copies of all forms to the Deferred Compensation Office.

10. When checking that the forms submitted by participants are completely and accurately filled out, the Liaison should make sure they are typed or printed clearly in ink and that all copies are legible. **<u>All corrections, additions, deletions or changes in ink must be initialed by the participant</u>.**

11. If the forms are correct, the Deferred Compensation Office will process and distribute to the Agency Liaison.

12. The Agency Liaison sends a copy to the participant with the SSN redacted if they wish and notifies the Payroll Office when to start the contributions and the amount of the contribution.

13. If the approved form has not been sent back to the Agency Liaison or participant within two weeks of the contribution beginning date, the Liaison should contact the Deferred Compensation Office to determine that it has not been lost or mislaid. The contribution should not be started without an approved copy of the form.

14. Once the election to contribute has been made, the election is continued as long as the employee is receiving State compensation, unless the participant revokes participation.

Enrollment Procedure 03-B

How to complete Enrollment Form - Employees

THIS FORM IS TO BE USED FOR ENROLLING AND RE-ENROLLING ONLY. CHANGES SHOULD BE MADE ON THE CHANGE FORM.

1. The employee should fill in her/his name (1), social security number (2), date of birth (3), home address (4), Agency (5), office phone number (6), home phone number (7), work address (8), and Payroll Code number (9).

2. Check the box "Initial Enrollment" or "Re-enrollment" in Section A (10).

3. Check the box "Pre-tax Deferred Compensation" or "After-tax Roth" (11) in Section B. Two forms must be completed if enrolling in both, one for each option.

4. In Section C, enter the amount she/he wants to contribute from each pay check (12). Be sure to check whether the contribution should start with the first or second pay period in the month (13). Note: If paid monthly, there is only one pay period (i.e., first and only).

5. Indicate the beginning date of the effective pay period (14). The earliest effective pay period (because of U.S. Treasury Regulations) can be no earlier than the first pay period of any month following the month the Form is received by the Department for approval. Therefore, a form cannot be completed for the current month.

6. Under "Investment Request" (15), the employee should indicate the percentage he/she wants invested in each of the investment options. All may be put in one Fund or the deferral may be split among two or more of the Funds. Use whole number percentages (not fractions); for example, use 34%, 33%, 33%, not fractions 1/3, 1/3, 1/3.

7. Any **corrections, additions, deletions and/or changes must be initialed by the employee** before the form can be approved.

8. The employee must sign and date the form (16) and forward all copies to the Agency Liaison.

9. The Agency Liaison completes the Liaison section (17) and makes sure that the form is dated as to when it was received in the Liaison's office and then sends the form to the Deferred Compensation Office.

10. See Section 05-A, for further steps in the enrollment process.

State of Illinois
Department of Central Management Services

STATE EMPLOYEES' DEFERRED COMPENSATION PLAN ENROLLMENT FORM

Type or print clearly in ink. Initial any corrections, additions, deletions or changes in pen. For more information, call the Deferred Compensation Office at 1-800/442-1300, 1-217/782-7006 or TDD 1-800/526-0844.

Scan forms to: CMS.Ben.DefComp@illinois.gov
Fax: 217-782-7640 ~ Office: 217-782-7006

1 ______ Last Name ______ First Name ______ Middle Initial ______ SSN 2 ______

4 ______ Street ______ City ______ State ______ ZIP Code ______ Birth Date 3 ______

5 ______ Agency or University ______ Work Phone 6 ______ Home/Cell Phone 7 ______

8 ______ Work Address ______ Payroll Code # (5 digits — see your pay stub) 9 ______

SECTION A: TRANSACTION TYPE ☐ Initial Enrollment ☐ Re-enrollment of a Former Participant 10

SECTION B: DESIGNATE A PLAN - A separate Change Form is required if you wish to make a contribution amount change in both the pre-tax and Roth (after-tax) accounts. ☐ Pre-tax Deferred Compensation ☐ After-tax Roth 11

SECTION C: AMOUNT OF CONTRIBUTION - The minimum contribution is $10 per pay period or $20 per month, whichever is greater. Indicate the amount to be deducted from each paycheck in the space below. Contributions can begin no sooner than the first pay period of the next month. By completing this section and signing this form you are electing to participate in the State Employees' Deferred Compensation Plan and are authorizing the State of Illinois to defer from your total compensation the following from each pay period until your termination, modification or revocation of this amount:

12 ______ per pay period beginning with the ☐ First 13 ☐ Second pay period in 14 ______ (mo./yr.)

SECTION D: INVESTMENT REQUEST - Select one or a combination in which to invest your contributions. **The percentages must total 100% and must be in whole numbers with no fractions.** You may have only one investment contribution mix if you contribute to both pre-tax and after-tax accounts. I hereby request that my Deferred Compensation and/or Roth contributions be invested in the following manner:

These funds are one-step options that make it easy for you to invest for retirement. Simply choose the fund with a target date closest to the year in which you plan to retire and your funds will be managed for you.

T. Rowe Price Retirement Funds:

- ___ % Retirement 2060 Active Trust
- ___ % Retirement 2055 Active Trust
- ___ % Retirement 2050 Active Trust
- ___ % Retirement 2045 Active Trust
- ___ % Retirement 2040 Active Trust
- ___ % Retirement 2035 Active Trust
- ___ % Retirement 2030 Active Trust
- ___ % Retirement 2025 Active Trust
- ___ % Retirement 2020 Active Trust
- ___ % Retirement 2015 Active Trust
- ___ % Retirement 2010 Active Trust
- ___ % Retirement 2005 Active Trust
- ___ % Retirement Balanced Active Trust

15

Total %

These funds are the options if you want to select your own investment mix.

- ___ % Vanguard Prime Money Market Fund Inst. Shares/VMRXX (money market)
- ___ % INVESCO Stable Return Fund (stable value)
- ___ % Vanguard Total Bond Market Index Fund/VBTIX (core fixed income)
- ___ % T. Rowe Price Bond Trust I (core fixed income)
- ___ % Fidelity Puritan Fund/FPURX (U.S. balanced)
- ___ % Vanguard Institutional Index Fund, Institutional Plus Shares (VIIIX) (large company core)
- ___ % LSV Value Equity (large-company value)
- ___ % Wellington Trust Diversified Growth Portfolio (large-company growth)
- ___ % Franklin Small Cap Growth Fund, R6/FSMLX (small-company growth)
- ___ % Ariel Fund Separate Account (mid-sized company value)
- ___ % INVESCO International Growth Equity Trust (non-U.S. large company growth)
- ___ % William Blair Int'l Small Cap Growth Fund/WISIX (non-U.S. small-co growth)
- ___ % Northern Trust ACWI ex US Fund (non-U.S. large company core)
- ___ % Northern S&P 400 Index Fund (mid-sized company core)
- ___ % Northern Trust Russell 2000 Index Fund (small-company value)

READ THIS INFORMATION COMPLETELY BEFORE SIGNING

I hereby acknowledge receipt of a copy of the Plan and agree to the terms and conditions. I hereby acknowledge that I have received and read a prospectus for each mutual fund in which I am investing. I understand and acknowledge that all amounts of compensation deferred pursuant to the Plan and all income attributable to such amounts shall be held in one or more custodial accounts for the exclusive purpose of participants and beneficiaries under the Plan. I understand that participation in the Deferred Compensation Plan is a benefit offered by the State of Illinois. In return for this benefit, I and my heirs, successors, and assignees shall hold harmless the State and its employees, officials, agents, assignees, and successors from any liability for all acts in good faith.

Signature X 16 ______ Date ______

Send this completed form to your Agency Liaison - or send directly to the Department of Central Management Services.

Liaison Name 17 ______ Agency ______

Date ______ Phone Number ______

Approval of Deferred Compensation Office required before any transaction takes place.

Date ______ By ______

In compliance with the State and Federal Constitution, the Illinois Human Rights Act, the Americans with Disabilities Act and Section 504 of the Federal Rehabilitation Act, the Department of Central Management Services does not discriminate in employment, contracts, or any other activity.

Central Management Services requests disclosure of information that is necessary to establish its obligations, primarily the statutory purposes under the State Employee Group Insurance Act (5 ILCS 375). Disclosure of the information requested on this form is mandatory, and failure to provide requested information may result in rejection of this form or delay in making a change of address. Social Security numbers are used in the application process to properly identify members and their dependents, if any. Confidentiality of Social Security numbers obtained through this change of address process will be preserved as prescribed by 5 ILCS 179 et seq.

Enrollment Contractors	Procedure 03-C

1. A person under a personal services contract (hereafter referred to as "contractor") with a State Agency is eligible to participate in the Plan.

2. The contractor executes the Enrollment Form or two Forms if doing both the before-tax and after-tax options, indicating "Contractor" across the top of the Form. The contractor should follow the procedures for completing the Enrollment form.

3. The contractor should submit the Beneficiary Election Form along with the Enrollment Form. See Section 04 for instructions.

4. If a terminated "regular" State employee who was participating in Deferred Compensation enters into a contract within 30 days of their termination date, that participant will not be considered eligible for a distribution of their account. As an employee under a contract, they may revoke participation in the Deferred Compensation Plan at this point or complete the Change Form marked "Contractor" as if they were transferring between State agencies.

5. The personal services payment to the contractor must be reduced by the amount that is to be deferred if doing the before-tax option. If the participant is not paid on a contractual payroll through the Comptroller's Office, the payment for personal services will then be made by the Agency through two vouchers: a C-02 Contractual Services Voucher payable to the contractor and a C-13 Invoice-Voucher to the contractor in care of the Deferred Compensation Plan Fund.

*Note: Contractual contributions can be invested only after they are received in the Deferred Compensation Office. Deferred Compensation cannot be responsible for delays within the participant's agency or in the Comptroller's Office.

   a. The reduced amount will be paid, minus any appropriate tax withholding, to the contractor by the Comptroller's Office after the C-02 voucher is generated and submitted by the Agency. The contribution amount may be subject to Medicare, depending upon when the contractor began employment. Detail the gross amount and the amount of the contribution in Box 9 of the C-02.

   b. The contribution amount will be paid to the Department of Central Management Services by processing an invoice voucher, Form C-13, payable to the contractor in care of the Deferred Compensation Plan, 801 S. 7th St, 2 Main, P.O. Box 19208, Springfield, Illinois 62794-9208.

6. This payment should be charged to the same appropriation account code and obligation number as the payment of the C-02 voucher. The vendor number on the contribution voucher (the C-13) should be the contractor's Social Security Number. The detail object code (in Box 18) should be 1265. The contractor's name and Social Security Number and related pay period should be entered in Box 10 of the C-13.

7. Both the C-02 voucher and the C-13 voucher should be submitted simultaneously.

8. Each voucher should cross-reference the other regarding pay period, name, Social Security Number and voucher number.

9. Contractors are subject to the same maximum contributions as regular participants.

   a. The contractor can indicate a dollar amount or 7.5% of his/her earnings as a contribution amount. Only 7.5% can be used. **No other percentage will be accepted.** If 7.5% is not equal to or more than $20 per month, the deferral **must** be adjusted to total $20 per month.

   b. The tax year, not fiscal year, is used when computing the actual contractual earnings and contributions.

Maximum Deferral — Procedure 03-D

The combined amount contributed to all designated Roth accounts and traditional, pre-tax accounts in any one year for and individual is limited (under IRS Section 402(g).

1. The following maximum contribution limits apply:

<u>TAX YEAR</u>

2016	=	18,000
2015	=	18,000

Beginning in 2007 the maximum was tied to Consumer Price Index (CPI)

2. It is the participant's responsibility to monitor and regulate the contributions so as to stay within the maximum. However, the Agency Liaison has a responsibility also to work with and assist participants to assure that they stay within the maximum.

3. For one or more of the three taxable years immediately preceding the tax year in which a participant reaches Normal Retirement Age (See Section 2700.510 of the Plan), a limited special "Catch-up" is allowed if, in previous years, the participant was eligible but did not contribute or did not contribute the full amount allowable. The maximum amount that can be contributed for any taxable year under both the normal maximum <u>and</u> the "Catch-up" rule cannot exceed twice the regular maximum contribution rate.

4. AGE 50 Catchup Provision. A participant age 50 or more may contribute additional amounts beyond the regular deferral maximum as follows:

<u>TAX YEAR</u>

2016	=	6,000	Total	=	$24,000
2015	=	6,000	Total	=	$24.000

Beginning in 2007 the maximum was tied to Consumer Price Index (CPI)

No application is required for this provision. Participants **may not** take advantage of both catch-up provisions simultaneously.

5. If the Deferred Compensation Office is notified by our record keeper that a contribution has been received that would result in the participant going over the maximum contribution limit, <u>that</u> contribution <u>will be</u> withheld from investment and the liaison will be requested to refund the amount to the participant.

It is the participant's responsibility to monitor his/her own contributions. When the maximum is reached, they should revoke participation by filling out the revocation section of the Change Form. The Agency Liaison should notify the Deferred Compensation Office of any over-deferrals and plan the corrective action. Over-deferrals should be corrected promptly. Any overages will be returned as soon as possible.

Beneficiary How to complete Beneficiary Election Forms	Procedure 04

<u>For new participants: this form should never be submitted without the enrollment form.</u>

1. Complete the top of form clearly, stating last name, first name, middle initial, social security number and pay code. If the pay code is unknown, refer to your agency liaison, or check payroll warrant. In the absence of pay code, Deferred Compensation staff will furnish the information upon arrival of the form and before approving the form. The form <u>cannot</u> be completed in pencil. If it is, it will be returned to the participant along with a blank form to be completed in pen or on-line and printed.

2. List primary beneficiaries first by indicating a "P" on first line provided. Regardless of the number of listings in this category, if percentages are used, the total of each category must total 100%. If extra room is needed, the participant can use a second form, or attach an extra sheet with the proper information for each additional designee. <u>All attachments must be signed and dated by the participant</u>. All corrections, additions, deletions or changes in pen must be initialed. All information is needed for the form to be properly executed.

3. List contingent beneficiaries second by indicating a "C" on first line provided. All guidelines for primary beneficiaries apply. Contingent beneficiaries become applicable <u>only</u> upon the death of <u>all</u> primary beneficiaries.

4. Participants may name their estate by indicating "Estate" or "According to my Will". If a participant designates a trust, the trust must be established at the time of submission and an address must be indicated.

5. The participant may name primary and contingent beneficiaries only. Tertiary beneficiaries (only upon the death of all primary and contingent beneficiaries) cannot be accepted.

6. Groups of people or unnamed individuals, i.e. "my two nieces" are not acceptable. All information is necessary for every beneficiary and a percentage must be assigned to each. Each category of beneficiaries must total 100% (Primary 100% and Contingent 100%).

7. The word "all" is acceptable if only one beneficiary is designated

8. The most recent approved form will override any previously approved form.

9. If an employee improperly completes the Beneficiary Form, it will be returned to the employee to correct and re-submit.

10. In the event an invalid form is returned for correction, the participant is treated as if there is no beneficiary on file during that time period.

11. If a participant dies with no valid form on file, the participant's estate becomes the beneficiary.

12. Participants may only submit one form to identify the Beneficiaries for all account sources; pre-tax, Roth, beneficiary, and QDRO. Multiple Beneficiary Forms will not be accepted

State of Illinois
Department of Central Management Services

STATE EMPLOYEES' DEFERRED COMPENSATION PLAN
BENEFICIARY ELECTION FORM

Scan forms to: CMS.Ben.DefComp@illinois.gov
Fax: 217-782-7640 ~ Office: 217-782-7006

Last Name ______ First Name ______ M.I. ______ SSN ______ Payroll Code # ______

BENEFICIARIES (A beneficiary may be a person, trust, estate, or other legal entity.) The percentages for both the Primary Beneficiaries and the Contingent Beneficiaries should each total 100%.

- Designate "P" or "C" for Primary or Contingent Beneficiary. List all Primary Beneficiaries first.

☐ P ☐ C
Last Name ______ First Name ______ M.I. ______ Relationship ______ Date of Birth ______ SSN ______
Street ______ City ______ State ______ ZIP Code ______ Percent to Receive ______

☐ P ☐ C
Last Name ______ First Name ______ M.I. ______ Relationship ______ Date of Birth ______ SSN ______
Street ______ City ______ State ______ ZIP Code ______ Percent to Receive ______

☐ P ☐ C
Last Name ______ First Name ______ M.I. ______ Relationship ______ Date of Birth ______ SSN ______
Street ______ City ______ State ______ ZIP Code ______ Percent to Receive ______

☐ P ☐ C
Last Name ______ First Name ______ M.I. ______ Relationship ______ Date of Birth ______ SSN ______
Street ______ City ______ State ______ ZIP Code ______ Percent to Receive ______

☐ P ☐ C
Last Name ______ First Name ______ M.I. ______ Relationship ______ Date of Birth ______ SSN ______
Street ______ City ______ State ______ ZIP Code ______ Percent to Receive ______

☐ P ☐ C
Last Name ______ First Name ______ M.I. ______ Relationship ______ Date of Birth ______ SSN ______
Street ______ City ______ State ______ ZIP Code ______ Percent to Receive ______

READ THIS INFORMATION COMPLETELY BEFORE SIGNING

1. Participants may designate primary and contingent beneficiaries. Contingent beneficiaries become effective only after the death of all primary beneficiaries prior to the death of the participant. Once a primary beneficiary becomes entitled to the benefits, the contingent designation by the participant is no longer in effect.
2. If more than one beneficiary is named in either category, benefits will be paid according to the following rules:
   a. Beneficiaries can be designated to share equally or to receive specific percentages.
   b. If a beneficiary dies before the participant, the benefits will be paid only to the surviving beneficiaries. If more than two beneficiaries are originally named to receive different percentages of the benefits, surviving beneficiaries will share in the same proportion to each other as indicated in the original designation.
   Example: Original designation is: John Doe, 10%; Mary Doe, 50%; and William Doe 40%. If Mary Doe dies before the participant, John Doe will be entitled to receive 20% of the benefits and William Doe, 80%.
3. Beneficiary designations may be changed at any time by filing a new form with the department. The new designation will be effective when received by the department.
4. If a beneficiary has not been designated, or all designated beneficiaries have died prior to the participant's death, or the designation is ineffective for any reason, the estate of the participant will be the beneficiary.

I hereby elect my beneficiary(ies) as named above. This designation of beneficiaries supersedes all prior designations of beneficiaries I have made.

Signature X ______ Date ______

Send this completed form to your Agency Liaison - or send directly to the Department of Central Management Services at P.O. Box 19208, Springfield, IL 62794-9208.

In compliance with the State and Federal Constitution, the Illinois Human Rights Act, the Americans with Disabilities Act and Section 504 of the Federal Rehabilitation Act, the Department of Central Management Services does not discriminate in employment, contracts, or any other activity.

Central Management Services requests disclosure of information that is necessary to establish its obligations, primarily the statutory purposes under the State Employee Group Insurance Act (5 ILCS 375). Disclosure of the information requested on this form is mandatory, and failure to provide requested information may result in rejection of this form or delay in making a change of address. Social Security numbers are used in the application process to properly identify members and their dependents, if any. Confidentiality of Social Security numbers obtained through this change of address process will be preserved as prescribed by 5 ILCS 179 et seq.

1. Although deferred compensation is a salary deferral rather than a payroll deduction, it is procedurally expedient to be identified as a deduction amount. It is handled very much like a savings bond deduction except that deferred compensation reduces taxable gross income, Roth does not. Investment companies to whom deferred compensation will be remitted will not have to be identified on the payroll voucher by the Agency Payroll Office or by the Comptroller's Office. A deduction will be made for the total amount the employee has elected to defer each pay period.

2. Employees may not make direct payments to Deferred Compensation, either to the State or to the companies involved. Contributions must be made by salary reduction.

3. The amount by which the participant's compensation has been reduced for Deferred Compensation will be identified on the pay stub as Def. Comp. The amount by which the participant's compensation has been reduced for Roth 457 will be identified on the pay stub as Roth. Those deductions will be included in the year to date gross. The year-to-date gross portion of the pay stub will not reflect Deferred Compensation deductions. In addition, remember that additional non-taxable income may include M-Cap, D-Cap and non-taxable insurance that an employee may have.

4. Taxable income is reduced by Deferred Compensation, NOT Roth 457. PARTICIPANTS SHOULD REPORT THE WAGES SHOWN IN BOX 1 ON THEIR W-2 STATEMENT ON THE INCOME TAX FORM. Box 1 wages have been reduced by the total amount of deferrals, applicable contributions to the retirement system, and the amount paid in optional tax-free State-sponsored health, life, and dental insurance.

   W-2 statements will reflect contributions to the Deferred Compensation Plan (457) or a Tax Sheltered Annuity (403B) in Box 12 as "G". If the "DEF COMP" box in the lower right-hand corner of the W-2 is marked "YES", this indicates that there were contributions to one (or both) of the two programs and the amounts(s) contributed. This information is now required on the W-2 by the Tax Reform Act of 1986. PARTICIPANTS SHOULD NOT ENTER THEIR DEFERRED COMPENSATION DEFERRALS ANYWHERE ON THEIR INCOME TAX RETURN. Roth 457 (after-tax) deductions will be reflected in Box 12 as "EE".

   Participants receiving distribution payments will receive a separate Form 1099R from the recordkeeper T. Rowe Price to enclose with their tax return. At the time of distribution, Deferred Compensation, plus any earnings, is taxable as ordinary income. A qualified distribution from a designated Roth account is not included in gross income.

5. When making a standard calculation of a warrant amount:

   a. Calculate the retirement contribution on total gross pay according to the latest procedures of each retirement system,

   b. Compute FICA deduction on total gross pay in accordance with the State Employees' Retirement System Bulletin,

   c. Compute life insurance premiums on total gross pay,

   d. Subtract the Retirement System contribution, Deferred Compensation and/or Tax Sheltered Annuities from the total gross pay giving a new basis for Federal and State tax calculations, and

   e. If there are insufficient funds to make the other deductions, Deferred Compensation will have priority over all miscellaneous deductions except for maintenance, child support, garnishments, bankruptcy, 210.05's (when an employee owes the State money), tax levies and involuntary deductions (retirement, FICA, State and Federal taxes).

6. Standard procedures should be followed for those employees paid in whole or in part from local or university funds.

   a. The University should send a check for the Deferred Compensation/Roth amount, made payable to the Deferred Compensation Plan Fund, to the Department of Central Management Services, Deferred Compensation Office, 801 S. 7th St, 2 Main, P.O. Box 19208, Springfield, Illinois 62794-9208. The vendor number is 100041620.

   b. The University should send a supporting list of participants (including social security number and amount for each type of deduction, pre or post tax, for each participant) representing the total amount of the check to the same address given above.

7. If there is insufficient gross pay to make all authorized deductions, the Agency should contact the employee to remind her/him of the opportunity to revoke participation, change the miscellaneous deductions, or change the amount of contribution as early as the first pay period of the following month to prevent the situation from re-occurring.

8. If the gross wages of an employee are not sufficient to withhold the Deferred Compensation amount, the entire gross, less the retirement contribution, then becomes subject to Federal and State withholding taxes and no contribution is made. The Agency (Liaison or Payroll Office) should <u>immediately</u> call the Department and send a memo explaining the problem and when the wages will again be adequate to sustain the contribution. <u>Partial contributions will not be accepted.</u>

9. As contributions can only be taken from current salary the employee with insufficient wages will not be allowed the opportunity to make up the missed contributions. (This should not be confused with contributions not taken because of error.)

10. When an error occurs, the Agency (Liaison or Payroll Office) must IMMEDIATELY arrange for correction of the error and then send a memo to Deferred Compensation explaining how it is being corrected. Types of errors include:

    a. Contribution taken from the wrong person

    b. The wrong amount taken

    c. Contribution did not start on time (either early or late)

    d. Change in contribution amount not done on time (either early or late)

    e. Revocation not done on time (either early or late)

    See Procedure 05-B for more information.

11. Standard payroll adjustment procedures will be followed when correcting payroll errors. The Department should be called and a memo sent explaining the problem and how the error will be corrected. In most payroll systems the erroneous contribution should be put on the payroll as a "minus" in order to reverse the error in the next pay cycle.

12. When a reversal is being made on the payroll, the Deferred Compensation Office should be notified immediately by using the PAYROLL TRANSACTION form. The liaison should complete the form with the participants name, social security number, pay code, original pay period of the check being reversed, issue date of original check, date the check was reissued if applicable, contribution amount and the reason for the reversal. It should be noted whether the reversal will be for the pre-tax, post-tax or both deductions. This should be faxed to the Deferred Compensation Office (217/782-7640) as soon as possible in order to prevent a delay when the negative is received in the Deferred Compensation Office. If you wait until the pay date to inform Deferred Compensation, it will be too late. The negative will have already been received.

13. If there is an insufficient amount being contributed on a payroll voucher or there are other reasons why standard payroll adjustments can't be followed, the Agency can redeposit the warrant and process a supplemental payroll. The Agency must process a Form C-65 for each pay period the error occurred after the money is received from Deferred Compensation.

14. If the employee is no longer on the payroll or there are other problems, call the Deferred Compensation Office or the payroll supervisor in the Comptroller's Office for specific direction in correcting the error.

1. When the Department has determined that a participant has contributed compensation in excess of the maximum allowable, the Deferred Compensation Office will request the agency to return the overage to the participant. The allowable maximum is a combination of both pre-tax and post-tax contributions. If the amounts were invested the participant bears the liability for any price changes.

2. The Department has developed a contribution report which targets overages. However, this system cannot project salary or contributions. It reflects only earnings and contributions as of the indicated pay period.

    a. The Deferred Compensation Office will periodically send a copy of the report to the agency liaison for review and corrective action.

    b. The agency liaison should project the salary and contributions for participants on the list for the remainder of the year and then inform the participant of the potential overage.

    c. The agency liaison should then call the Deferred Compensation Office about the corrective action for each potential overage.

3. A potential for over-deferral exists when the amount contributed per pay check, if continued throughout the entire tax-year, would cause the participant to exceed the maximum contribution amount for the tax-year.

4. The payroll system in some Agencies is set up to stop a deduction if it will overdefer a participant. If this is the case, it will be necessary for the participant to complete a Change form indicating a revocation of contributions for the applicable pay period. They then would need to complete an Enrollment form to re-enroll for the following tax year. If the automatic revocation is on the last pay period of the tax year, contributions can be resumed the first pay period of the new tax year without the revocation/re-enrollment.

1. Generally, contribution errors will be any one or a combination of the following types:

   a. Starting an initial contribution, making a change in a contribution amount or stopping a contribution during a pay period other than the one authorized;

   b. Starting an initial contribution for, or changing a contribution, to an incorrect amount;

   c. Contributing from the wrong person and/or

   d. Over-deferring.

2. All over-deferral errors must be corrected. Other errors are corrected as the participant wishes.

3. If at all possible, the errors must be corrected in the same tax year in which they occur.

4. All corrections should begin with the pay period following discovery.

5. The pay periods in which the error can be corrected are generally limited to the next three.

6. Errors must be reported IMMEDIATELY to the Deferred Compensation Office (1-800-442-1300 or 217/782-7006). The Agency (Liaison or Payroll Office) should then send a Payroll Transaction Form (see next page) which describes the situation and notes what, if any, corrective action will be taken and the pay period(s) when the action(s) will occur. The Agency will send the affected employee(s) a copy of the memo as well as the Agency Liaison or Payroll Office, whichever the case may be.

7. If the participant doesn't want the errors corrected, call the Deferred Compensation Office to see what forms have to be voided, executed, or changed. The participant must waive corrective action in writing to the Deferred Compensation Office.

8. Payroll adjustment procedures will be followed to correct erroneous contributions. Please refer to Section 05 for more detailed instructions.

PAYROLL TRANSACTIONS AFFECTING DEFERRED COMPENSATION

Complete ALL Information

Fax this form to D.C. at 217/782-7640

___Termination ___Payroll Reversal ___Payroll Refund ___Leave of Absence

Name of Participant ______________________________

Social Security Number ______________________________

Pay Code ______________________________

Termination Date ______________________________

LOA Date ______________________________

Return from LOA Date ______________________________

Death Date ______________________________

Pay Period of Incorrect Check ______________________________

Issue Date of Incorrect Check ______________________________

Date Check Reissued ______________________________

Deferral Amount ______________________________

Reason for Reversal or Refund ______________________________

____

____

This form should be submitted to Deferred Compensation as soon as you know a reversal will be forthcoming. **DO NOT WAIT UNTIL THE PAYROLL IS PROCESSED AND YOU RECEIVE YOUR TURN AROUND. WE WILL RECEIVE THE REVERSAL AS SOON AS IT IS ENTERED ON PAYROLL.**

1. For any participant granted a leave of absence there shall be no contributions while the participant is in "no-pay" status.

2. Contributions will resume when the participant returns to pay status and at the same rate as the contributions were taken prior to the leave of absence unless the participant has revoked participation or a change of the contribution amount has been approved by the Deferred Compensation Office.

3. The Agency Liaison should notify the Deferred Compensation Office of any participant who is granted a leave of absence

4. If a participant separates State service while on an approved leave of absence, the Liaison should call the Deferred Compensation Office immediately. The Liaison should then send a copy of the personnel transaction form

5. The Agency Liaison should notify the Deferred Compensation Office of any participant who returns from leave of absence and send a copy of the personnel transaction form.

   The Liaison must then advise the Agency Payroll Office to resume the contributions (see paragraph 2 of this Section) unless the participant has revoked.

Investment Allocations — Procedure 06-A
Changes of Past Investments

1. Changes in the allocation of contributions already invested (past deferrals) may be made at any time with no limit in number of the changes per year. Each individual investment fund may have its own frequent trading restriction. See the fund's prospectus for that information

2. A request for a change in the investment of past contributions and/or future contributions is made by telephone (Plan Account Line 1-888-457-5770 (voice automated) or TDD 1-800-521-0325). If you do not have a PIN number, say "Representative" when prompted. Participants may also make changes or review their accounts on-line with personal computers by requesting a PIN number from T. Rowe Price at 1-888-457-5770. Investment change requests received by 3 p.m. (Central time) will be processed the same business day. Requests received after 3 p.m. will be processed the next business day.

3. For changes of past investments, the participant will request when telephoning the exchange:

    a. Which fund or funds the investment is being moved out of by:

        (1) Either the dollar amount or the number of shares to be moved for a partial liquidation or

        (2) The word "all" for a full liquidation. Participants should not try to use the dollar values or the number of shares as shown on their statements to liquidate a fund. Those values and share balances change almost daily because of additional dividends, fees and changes in share prices.

    b. Which fund(s) the investment is being moved into by using the dollar amount or percentage. When percentages are used, they must equal 100%.

NOTE: If contributing from both pre-tax and after-tax options, the participant has the choice of moving the amounts in each option to other funds.

The "Investment Allocation Change Form" is obsolete. Please discard any forms you may have in your office as they do not indicate the full range of investment options available.

Investment Allocations Changes of Future Investments	Procedure 06-B

1. Changes in the investment allocation of future contributions may be made at anytime without charge and no limit on the number of changes allowed. Moving past contributions will not change the investment mix for future contributions. If a participant wishes to change both past and future investments, the service representative must be told to make changes for both past and future contributions or they must complete both transactions if processing on-line.

2. For changes in how future contributions are invested the participant will request the new allocation in whole number percentages. The total must equal 100%.

3. If a participant is contributing to both the pre-tax and after-tax plans, only one contribution investment allocaton mix is allowed. A change to the mix will change how the contributions are invested in both plans.

1. Any change affecting a participant should be sent to the Deferred Compensation Office immediately on the form prescribed in the following list.

   a. Use Change Form to change name, address, Agency, contribution amount or revoke. If contributing under both options and you want to change both, two forms must be completed, one for each option. The participant is to fill in name, social security number, pay code and complete **only the sections that are changing.**

   b. To change the investment of past and/or future contributions, participants may call the Plan's record keeper on the Plan Account Line, 1-888-457-5770 or TDD 1-800-521-0325 and request a past or future investment change. See Section 06-A and B. Similar changes may be made by on-line access via personal computers.

   c. Use Beneficiary Election Form to change any data regarding beneficiaries; such as name, address, additions, deletions or other pertinent data. The Agency Liaison does not sign this form.

2. All forms are checked by the Agency Liaison (the Enrollment and Change Forms have sections to be completed by the Agency Liaison) and sent to the Deferred Compensation Office. See Section 05-A, for more information.

3. If the person making the change is still a State employee, all copies are to be forwarded through the Agency Liaison for proper handling. If the person is not a State employee (retired, left state service or a beneficiary), the forms may be sent directly to the Deferred Compensation Office.

For Deferral Changes:

1. The Change Form must be used and **submitted the month prior to the effective date** of the change. In Section A, be sure to make either pre-tax or after-tax. Complete two forms if changing both. Contribution changes on Enrollment Forms or old forms will not be accepted. Please use the most current form to avoid delays in changes.

2. Complete the name, social security number and pay code.

3. Indicate the type of transaction in Section B.

4. In Section C, enter the new contribution amount, indicate the first or second pay period of the month (monthly payrolls are always the first) and enter the month and year the change is to be effective.

For Revocations:

1. A participant may, at any time, revoke their election to contribute by notifying the Deferred Compensation Office on the Change Form. **The month prior rule does not apply to revocations**. Complete two forms if revoking from both the pre-tax and after-tax option.

2. The Change Form should be completed by the participant (filling in name, social security number, Section A and D, signature and date) and submitted to the Agency Liaison who will then check the form for accuracy and completeness, sign it and send it to the Deferred Compensation Office. Payroll Revocation Cards are not required by the Department or the Comptroller's Office. If the Agency requires one the Liaison is responsible for getting one from the participant.

3. The Deferred Compensation Office will review the form and, if appropriate, approve it. The normal distribution of the form parts will then be made.

4. Upon receipt of the approved form, you should notify your payroll office and send a copy of the approved form to the participant.

State of Illinois
Department of Central Management Services

STATE EMPLOYEES' DEFERRED COMPENSATION PLAN
CHANGE FORM

Type or print clearly in ink. Initial any corrections, additions, deletions or changes in pen. Fill out your name, social security number and payroll code number; complete additional information only if it reflects a change. For more information, call the Deferred Compensation Office at 1-800/442-1300, 1-217/782-7006 or TDD 1-800/526-0844.

Scan forms to: CMS.Ben.DefComp@illinois.gov
Fax: 217-782-7640 ~ Office: 217-782-7006

Last Name ____ First Name ____ Middle Initial ____ SSN ____

Street ____ City ____ State ____ ZIP Code ____ Birth Date ____

Agency or University ____ Work Phone ____ Home/Cell Phone ____

Work Address ____ Payroll Code # (see your pay stub) ____

SECTION A: DESIGNATE A PLAN - A separate Change Form is required if you wish to make a contribution amount change in both the pre-tax and Roth (after-tax) accounts.

☐ Pre-tax Deferred Compensation ☐ After-tax Roth

SECTION B: TRANSACTION TYPE - Check Appropriate Box(es)

☐ Change in Contribution Amount (Complete Section C
☐ Change of Mailing Address (Home)
☐ Name Change (State Previous Below) ____
☐ Revocation (Complete Section D)
☐ Change of Work Address
☐ Transfer to New Agency (Effective Date) ____

SECTION C: AMOUNT OF CONTRIBUTION - The minimum amount of contribution is $10 per pay period or $20 per month, whichever is greater. Indicate the amount to be deducted from each paycheck. Contribution changes can be effective no sooner than the first pay period of the next month.

☐ I hereby elect to participate in the State Employees' Deferred Compensation Plan. I authorize the State of Illinois to deduct from my total compensation, the amount stated below, each pay period until my termination, modification or revocation of this amount, beginning on the pay period designated below:

Amount to be deducted each pay period: ____ ☐ First Pay Period ☐ Second Pay Period in ____

SECTION D: REVOCATION OF CONTRIBUTION

☐ I hereby revoke my election to participate in the State Employees' Deferred Compensation Plan, effective the pay period beginning with the choice below:

☐ First Pay Period ☐ Second Pay Period in ____

READ THIS INFORMATION COMPLETELY BEFORE SIGNING

1. I am aware that the change in my contribution amount may be effective no sooner than the first pay period of the next month.
2. I am aware that my contributions will continue to be invested as previously instructed, and that if I wish to make an investment allocation change I may do so by calling the Plan's record keeper (T. Rowe Price) at 1-888-457-5770.
3. I am aware that my revocation may be effective immediately following approval by the Department.
4. I am aware that any Name, Address, or Agency change will be effective upon approval of this form.

Signature X ____ Date ____

Send this completed form to your Agency Liaison - or send directly to the Department of Central Management Services.

Liaison Name ____ Agency ____	Approval of Deferred Compensation Office required before any transaction takes place.
Date ____ Phone Number ____	Date ____ By ____

In compliance with the State and Federal Constitution, the Illinois Human Rights Act, the Americans with Disabilities Act and Section 504 of the Federal Rehabilitation Act, the Department of Central Management Services does not discriminate in employment, contracts, or any other activity.

Central Management Services requests disclosure of information that is necessary to establish its obligations, primarily the statutory purposes under the State Employee Group Insurance Act (5 ILCS 375). Disclosure of the information requested on this form is mandatory, and failure to provide requested information may result in rejection of this form or delay in making a change of address. Social Security numbers are used in the application process to properly identify members and their dependents, if any. Confidentiality of Social Security numbers obtained through this change of address process will be preserved as prescribed by 5 ILCS 179 et seq.

1. Participants may contribute more than the normal maximum contribution in the last three years before the year in which you reach your "normal retirement age". Interested participants should be directed to contact the Deferred Compensation Office.

2. The Deferred Compensation Office will complete the "Catch-up Form" using information provided by the participant and the retirement system and send it to the participant for review and signature. The signed form, to be returned by the participant, is then reviewed and signed by the Deferred Compensation Office if all conditions have been satisfied. The participant should verify the catch-up eligibility period prior to signing the form, and elect a Normal Retirement Age (usually 65) or an Alternative Normal Retirement Age that provides maximum utilization of the Catch-up provision. The participant should then complete a Change Form to increase their contribution amount for the provisions of the Catch-Up amount unless one has already been completed.

3. A letter acknowledging approval of the Catch-up form will be sent to the Agency Liaison. No over-deferral should be allowed unless the you have this letter, or you have been instructed by the Deferred Compensation Office that the form is being prepared and will be forwarded.

State of Illinois
Department of Central Management Services

STATE EMPLOYEES' DEFERRED COMPENSATION PLAN
CATCH-UP APPLICATION

Scan forms to: CMS.Ben.DefComp@illinois.gov
Fax: 217-782-7640 ~ Office: 217-782-7006

Last Name ______________________ First Name ______________________ Middle Initial ______ SSN ______________

Birth Date __________ Agency or University ______________________ Year you started state service __________ Payroll Code # (5 digits — see your pay stub) __________

Years you want to participate in Catch-up

☐ 2016 ☐ 2017 ☐ 2018

Normal/Alternative Retirement Date __________ Retirement System __________

	Gross Salary	Deferred Comp.	403(b)	Employee Paid Ins.	Flexible Spending	Retirement
1979				X	X	
1980				X	X	
1981				X	X	
1982				X	X	
1983				X	X	
1984				X	X	
1985					X	
1986					X	
1987						
1988						
1989						
1990						
1991						
1992						
1993						
1994						
1995						
1996						
1997						
1998						
1999						
2000						
2001						
2002			X	X	X	X
2003			X	X	X	X
2004			X	X	X	X
2005			X	X	X	X
2006			X	X	X	X
2007			X	X	X	X
2008			X	X	X	X
2009			X	X	X	X
2010			X	X	X	X
2011			X	X	X	X
2012			X	X	X	X
2013			X	X	X	X
2014			X	X	X	X
2015			X	X	X	X

Sample

Central Management Services requests disclosure of information that is necessary to establish its obligations including the statutory purposes under the Internal Revenue Code Section 457(b). Disclosure of the information requested on this form is mandatory, and failure to provide requested information may result in rejection of this form or delay in making a determination of eligibility. Social Security numbers are used to properly identify participants and report withholding information to the IRS as necessary. Confidentiality of Social Security numbers obtained through this change of address process will be preserved as prescribed by 5 ILCS 179 et seq. For more information, call the Deferred Compensation Office at 800-442-1300, 217-782-7006 or TDD 800-526-0844.

The State of Illinois Deferred Compensation Plan, which is overseen by the Illinois State Board of Investment (ISBI) allows for distributions to participants (or their beneficiaries) in the event of an "unforeseeable emergency", as defined in Section 457 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (collectively, the "Code"). ISBI, as the Plan sponsor, recognizes that extraordinary and unforeseeable circumstances arise as a result of events beyond the control of the Plan participants (or their beneficiaries) and has chosen to allow distributions from the Plan in those cases.

In accordance with the Code, allowing a distribution from the Plan on account of unforeseeable emergency is a means of a last resort; therefore, assets in the Plan may not be distributed if any of the following conditions are feasible:

a. The financial hardship can be relieved by stopping elective contributions to the Plan;

b. The financial hardship can be relieved by insurance reimbursement or compensation from insurance or otherwise;

c. The financial hardship can be relieved by distributions from the plans maintained by the participant/beneficiary's employer and any other company, or by borrowing from commercial resources on reasonable commercial terms, **including a loan from the participant's Plan**; or

d. The financial hardship can be relieved by the liquidation of assets (including those of the participant/beneficiary's spouse and minor children), to the extent the liquidation would not itself cause an immediate and heavy financial need.

Therefore, before a participant will be allowed to apply for a hardship, they must initiate a loan from their Deferred Compensation account.

1. A participant desiring a distribution by reason of a serious unforeseeable emergency must first complete an application and demonstrate that:

   a. The financial circumstances being experienced are unforeseeable;

   b. The financial situation is beyond the control of the participant, and....

   c. The circumstances constitute a real emergency which is likely to cause the participant great financial hardship.

2. A participant's contributions will automatically be revoked upon application for a hardship distribution. The Financial Hardship Form itself constitutes a revocation and a copy of the pertinent portions of the Form will be sent to the Agency Liaison who is responsible for notifying the Payroll Office of the revocation.

3. If the application is approved, the participant cannot re-enroll for six months from the date of revocation.

4. In the event the participant is not satisfied with the decision on an application for an unforeseeable emergency distribution or change in distribution, the participant may appeal in writing to the State Board of Investments within 15 days of receipt of the Hardship Committee's decision.

5. Application forms for unforeseeable emergency (Financial Hardship) are available from the recordkeeper, T. Rowe Price at 888-457-5770.

6. The completed application for an unforeseeable emergency distribution is to be submitted <u>by the applicant directly</u> to:

<u>Regular Mail</u>	<u>Overnight/Express Mail</u>
T. Rowe Price Retirement Plan Services	T. Rowe Price Retirement Plan Services
Special Attn: Forms Enclosed	Mail Code: 17215
P.O. Box 17215	4515 Painters Mill Road
Baltimore, MD 21297-1215	Owings Mills, Maryland 21117-4903

7. In general, the Agency Liaison should not get involved in preparing the Form or advising the participant in the completion of the Form. Involvement by the Agency Liaison should be limited to informing the participant, upon request, of where to obtain an application and in providing work related facts.

8. The applicant will be notified if additional information is required.

9. <u>All information contained in a application for an unforeseeable emergency distribution remains completely confidential.</u>

Effective January 2, 2013, the Illinois State Board of Investment approved allowing employees with a balance in the 457 Plan to take a loan from their accounts. This service is available on the website at rps.troweprice.com or through a T. Rowe Price representative. Only one loan from any state-run retirement plan is permitted at a time, and employees will be asked to self-certify that they have no other outstanding loans prior to initiating a loan from the 457 Plan. (Participants will also be asked to provide their highest outstanding loan balance in the last 12 months.) Therefore, a university employee or anyone else eligible to participant in a 403(b) plan with an outstanding loan in that plan may not take a loan from the 457 Plan.

Features of the loan provision are:

a. A loan may be taken for any purpose

b. Prior to submitting a hardship distribution request, participants are required to apply for a loan

c. There is a loan initiation fee of $75

d. The minimum loan amount you may borrow is $1,000

e. The maximum you may borrow is the lesser of 50% of your vested account balance OR $50,000 minus your highest outstanding loan balance (a total of all of your Plan loans, including 403(b) plans) from the preceding 12 months

f. Loans are available to actively working employees but they may not be taken from certain sources in the account (e.g., installment, divorce settlement, etc)

g. Participants on a leave of absence are eligible to take loans

h. You may not have more than one loan at any time from any state-run retirement plan (including 403(b) plans)

i. The interest rate on a loan remains fixed throughout the life of the loan; loan refinancing is prohibited

j. Loans must be taken for at least one year up to five years; failure to pay off the loan within the time period prescribed by the terms of the loan may result in certain tax ramifications

k. Loan repayments will be made via ACH from the participant's bank account, and all loan payments will be debited from the account on the first day of every month

l. The Participant has the right to pay the entire loan balance before its due date

m. The Plan does not permit partial pre-payment or partial advance payment of future loan payments.

n. Loans are not permitted on Roth accounts, however the Roth balance will be used to calculate the available loan amount if participating in pre- and after-tax plans.

o. To initiate a loan, the Participant must contact T. Rowe Price at 888-457-5770 or visit the website at rps.troweprice.com

Transfers Between State Agencies — Procedure 11

1. Once the contributions have commenced, all contributions must be taken, as long as the employee is on pay status and there is sufficient amount of pay to take the deduction, unless participation has been revoked.

2. When a participant moves to another State Agency, he or she must complete the Change Form indicating only the change in payroll, Agency, work address and the effective date of the action. If required by the new Agency, a new payroll authorization card must be completed and sent with the Change Form.

3. The old Agency should transfer the information to the new Agency the same as they do with insurance information to ensure that contributions are not missed.

4. If the transfer occurs in mid-month, the Agency Liaison from the new Agency should call the Deferred Compensation Office before the effective date of the personnel action to request a copy of the current enrollment form to assure that contributions are not interrupted.

5. The new Agency Liaison must complete and check the documents and send all of them to the Deferred Compensation Office for approval.

6. After the documents are approved:

   a. the Deferred Compensation Office will send the new Agency Liaison a copy of the original form along with the new form showing the change;

   b. the Deferred Compensation Office will also send the payroll authorization card, if there is one, to the new Agency Liaison; and

   c. the new Agency Liaison must notify the Payroll Office

7. Should the move occur in the middle of a pay period either the old Agency or the new Agency should take the entire pay period contribution. Generally, the Agency with the greater amount of pay will take the contribution. The decision can be made by the two Liaisons working together with the participant.

   Changing pay codes or funding arrangements within the same agency is not considered a transfer and Deferred Compensation does not require transfer forms. Liaisons can copy existing documents to authorize deductions on the other pay code.

8. Should a contribution be missed during the transfer, the liaison should contact the Deferred Compensation Office on how to correct.

1. Participants may purchase service time from the State Retirement Systems or any reciprocal retirement system in Illinois. The participant needs to contact the appropriate retirement system and request a calculation of the cost of the purchase. Some reciprocal retirement systems also have an additional form that needs to be completed by the participant and the Deferred Compensation division.

2 Examples of service time that can be purchased are: probationary time, military time, time taken off during a unpaid leave of absence, prior service time when a refund was taken, missed deductions for a irrevocacable payroll deduction purchase during a unpaid leave of absence, and the payoff amount after separation from state service for a irrevocacable payroll deduction purchase.

3. To use Deferred Compensation pre-tax or after-tax monies for the purchase of service time, the participant must complete the Permissive Service Credit Authorization Form. The completed form, a copy of the retirement system's letter showing the cost of the purchase and the retirement system's form (if applicable) should be sent to:

   Department of Central Management Services
   Deferred Compensation Office
   801 S. 7th St, 2 Main
   P.O. Box 19208
   Springfield, Illinois 62794-9208

4. Forms should be received by the end of the month prior to the month of purchase. The appropriate retirement system is notified of the upcoming purchase. The amount of the purchase is deducted from the participant's account on the 20th of the month. If the 20th is on a weekend, the deduction is made on the Friday prior to the 20th.

5. After the deduction is made, the money is wired to the State Retirement System or a check is sent to one of the reciprocal retirement systems. If the purchase is with the State Retirement System, they will send a letter to the participant verifying that the purchase has been made and the time has been credited.

6. If the liaison or the participant have any questions about the service credit purchase with their Deferred Compensation, they should contact Judy Whitnall at 217/524-6218 or Jason Musgrave at 217/785-1955.

CMS ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
P.O. Box 19208, Springfield, IL 62794-9208

STATE EMPLOYEES' DEFERRED COMPENSATION PLAN
PERMISSIVE SERVICE CREDITS AUTHORIZATION

Please read and complete the following information pertaining to the tax free transfer of Section 457 plan assets to an eligible qualifed pension plan to purchase permissive service credits.

Last Name	First	Middle Initial	Social Security Number
Street		City/State	Zip Code
Agency or University		Office Phone Number ( )	Home Phone Number ( )
Work Address			

RETIREMENT SYSTEM TO RECEIVE TRANSFER

Name of Illinois Retirement System ______________________________

I, ______________________________, authorize and certify to the State of Illinois Employees' Deferred Compensation Plan of my intention to purchase creditable service with the named retirement system, covered under the State of Illinois Reciprocal Act. I understand the purchase will occur from my Deferred Compensation contributions from which Federal income taxes have not been paid and the full dollar amount specified by said retirement system of $______________ is required to purchase this service credit. I understand this form must be received by the Deferred Compensation Division no later than the 1st business day of the month of which I am requesting this transfer to occur. Furthermore, I, and not the State of Illinois Employees' Deferred Compensation Plan, assume the responsibility in making this decision and the responsibility of any tax or reporting consequences that may result from this purchase of service credits.

SIGNATURE X ______________________________ DATE ______________

This completed form and a copy of the retirement system purchase agreement should be returned to:

Department of Central Management Services
Deferred Compensation Division
P.O. Box 19208
Springfield, IL 62794-9208

This information may also be faxed to 217-782-7640.

Roll-In from Other Retirement Plans — Procedure 13

1. Accounts under different types of retirement plans can be rolled into the Illinois Deferred Compensation Plan. Pre-tax or after-tax money may be rolled over but not Roth IRA accounts. Examples of other eligible plans are:

Other 457 plans	401K plans	Roth 457(b)
Tax Sheltered Annuities under 403b	Traditional IRA's	Roth 401(k)
Refunds from pension plans	Tax Savings Plan	Roth 403(b)
Survivor Benefits from retirement system		

2. Please note that a state employee may rollover their previous retirement plan prior to or after enrolling as a participant in the plan. The employee needs to complete the Deferred Compensation Plan Form for Direct Rollover Into Illinois Plan. The form is similar in format to the Enrollment Form. If the employee is not currently a participant, the employee should review the material available in the "Enrollment Packet". This contains the Plan document and provides information about each of the investment options. The Agency Liaison should encourage the employee to carefully review the Plan rules, investment information and fund prospectus because the employee certifies by signing the roll-in form that he/she understands that deferrals remain in a custodial account and that he/she has received and read the prospectuses.

3. The completed form should be sent to:

   Department of Central Management Services
   Deferred Compensation Office
   801 S. 7th St., 2 Main
   P.O. Box 19208
   Springfield, Illinois 62794-9208

4. The prior retirement plan is then notified by our office that the employee has requested a rollover into the Illinois plan. In most cases this is sufficient for the prior retirement plan to send a check for the amount of the employee's account. However, the employee should also contact the prior retirement plan to see if they have any additional requirements.

5. Once the check has been received, the amount of the check is generally invested within 2-3 business days. Once invested, the rollover money is identified separately from the salary deferral money in the participant's account.

6. The participant is then notified by mail that the investment has been made and the rollover is completed.

7. If the liaison or the participant have any questions about the rollover into the Illinois plan, they should contact Jason Musgrave at 217/785-1955 or Pam Giacomini at 217/524-1555.

CMS ILLINOIS DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

P.O. Box 19208, Springfield, IL 62794-9208

STATE EMPLOYEES' DEFERRED COMPENSATION PLAN
FORM FOR DIRECT ROLLOVER INTO ILLINOIS PLAN

Please type or print clearly in ink. Initial any corrections, additions, deletions or changes in pen. Complete all sections.
For more information call the Deferred Compensation Office at 800/442-1300, 217/782-7006 or 800/526-0844

To be updated

Last Name	First	Middle Initial	Social Security Number	Date of Birth
Street		City/State		Zip Code
Agency or University		Office Phone Number ( )		Home Phone Number ( )
Work Address				

SECTION A: PRIOR RETIREMENT PLAN INFORMATION NOTE: Only pretax amounts can be accepted.

Name of Prior Employer ______________________

Plan Administrator ______________________

Address of Plan Administrator ______________________

____

Type of prior plan:

☐ 457 ☐ 401k
☐ 403b ☐ Traditional IRA
Other ______________

Contact Person ______________________ Phone Number ______________

Estimated value of transfer $______________

SECTION B: INVESTMENT REQUEST - Select one fund or a combination in which to invest your transferred account. **The percentages must total 100% and must be in whole numbers without fractions.** I hereby request that my account transfer be invested in the following manner:

These funds are one-step options that make it easy for you to invest for retirement. Simply choose the fund with a target date closest to the year in which you plan to retire and your funds will be managed for you.

T. Rowe Price Retirement Funds:

______ % Retirement 2060 Active Trust
______ % Retirement 2055 Active Trust
______ % Retirement 2050 Active Trust
______ % Retirement 2045 Active Trust
______ % Retirement 2040 Active Trust
______ % Retirement 2035 Active Trust
______ % Retirement 2030 Active Trust
______ % Retirement 2025 Active Trust
______ % Retirement 2020 Active Trust
______ % Retirement 2015 Active Trust
______ % Retirement 2010 Active Trust
______ % Retirement 2005 Active Trust
______ % Retirement Balanced Active Trust

These funds are the options if you want to select your own investment mix.

______ % Vanguard Prime Money Market Fund Inst. Shares/VMRXX (money market)
______ % INVESCO Stable Return Fund (stable value)
______ % Vanguard Total Bond Market Index Fund/VBTIX (core fixed income)
______ % T. Rowe Price Bond Trust I (core fixed income)
______ % Fidelity Puritan Fund/FPURX (U.S. balanced)
______ % Vanguard Institutional Index Fund/VINIX (large company core)
______ % LSV Value Equity (large-company value)™
______ % Wellington Trust Diversified Growth Portfolio (large-company growth)
______ % Franklin Small Cap Growth Fund, R6/FSMLX (small-company growth)
______ % Ariel Fund Separate Account (mid-sized company value)
______ % Invesco International Growth Equity Trust (non-U.S. large company growth)
______ % William Blair Int'l Small Cap Growth Fund/WISIX (non-U.S. small-co growth)
______ % Northern Trust ACWI ex US Fund (non-U.S. large company core)
______ % Northern S&P 400 Index Fund (mid-sized company core)
______ % Northern Trust Russell 2000 Index Fund (small-company value)

TO BE COMPLETED BY DEFERRED COMPENSATION STAFF

Total amount of plan transfer ______________ Date transfer monies received ______________ Date invested ______________

READ THIS INFORMATION COMPLETELY BEFORE SIGNING

I hereby acknowledge receipt of a copy of the Plan and agree to the terms and conditions. I hereby acknowledge that I have received and read a prospectus for each mutual fund in which I am investing. I understand and acknowledge that all amounts of compensation deferred pursuant to the Plan and all income attributable to such amounts shall be held in one or more custodial accounts for the exclusive purpose of participants and beneficiaries under the Plan. I understand that participation in the Deferred Compensation Plan is a benefit offered by the State of Illinois. In return for this benefit, I and my heirs, successors and assignees shall hold harmless the State and its employees, officials, agents, assignees and successors from any liability for all acts in good faith

SIGNATURE X ______________________ DATE ______________

Termination — Procedure 14

Termination includes the following types of actions;

a. Retirement,

b. Layoff, unless there is a designated date for return to pay status.

c. Discharge,

d. Expiration of contract and no new contract for one year, appointment or term of office, unless renewed, or

e. Resignation or other form of permanent severance.

Termination Regular Employee — Procedure 14-A

1. The employment status of all employees eligible for health benefits under the Group Insurance system are updated automatically in the record keeper's database. Once a change in employment status is made in the Group Insurance database, that information is automatically transferred to the T.Rowe Price recordkeeping system at the end of the week following the successful update. No notification to the Deferred Compensation office is necessary in this case.

2. Any Agency, Board or Commission whose employees are not receiving Group Insurance benefits must notify the Deferred Compensation office of this change in employment status. The Agency Liaison should send proof of termination as soon as possible, in most cases this can be a copy of the final personnel transaction form (CMS-2, DOT'S PAF form, etc.) or the termination paper submitted to the Retirement System (such as SERS form 2000). If neither is available, a letter from the Agency Head or Liaison advising the Deferred Compensation Office of who the employee is and the termination date will be accepted. <u>As the employee may change his or her mind about separating any time prior to separation, the letter must be written after the effective date of the termination.</u>

3. For purposes of the Plan, if the participant has been off the State payroll 30 days or longer, prior to separation without ever returning to work (such as a leave of absence), the participant is considered terminated on the effective date and is then eligible for a distribution.

Termination Contractors	Procedure 14-B

1. Upon the expiration of a contract that is not renewed, the Agency Liaison or Fiscal Officer should write a letter to the Deferred Compensation Office, after the date the contract expired, stating the date the contract expired and whether the contract will be renewed.

2. The participant (contractor) cannot be in any employment relationship with the State for 12 consecutive months to be considered "terminated" under the terms of the Plan. This means a total of one year and 30 days altogether. A break in service of less than 12 months does not constitute "termination". If a participant (contractor) is over age 70 1/2, or is in reality a temporary employee, the 12 month wait does not apply. Distribution of the participant's account may begin 30 days following "termination".

3. As soon as the Agency Liaison learns of an employee's pending separation, the Agency Liaison should check that the employee has not and will not over defer for the year.

1. A participant must be off active payroll for a period of 30 days before being eligible for the distribution process.

2. At age 70 ½, a participant must start some form of distribution, unless they are still actively employed by the State, in order to comply with the Internal Revenue Service Code.

DISTRIBUTION METHODS:

1. A participant may elect to start distribution by contacting T. Rowe Price Services at 888-457-5770 and selecting one of the following methods:

    a. A lump sum cash distribution of all of the balance of the account based upon the value of the participant's account as of the accounting date.

    b. A partial lump sum distribution followed by installment payments or resuming further distribution at a later date.

    c. Installments payments may be chosen in regular increments of monthly, quarterly, semi-annual or annual payments based on calculations as follows:

        1. Payments paid over recalculated life expectancy, or

        2. Payments paid over a fixed number of years, or

        3. Payments in a fixed dollar amount.

    d. As a rollover to another 457 Plan, Traditional IRA, 401(k) Plan or 403(b) Plan. All money transferred will assume the characteristics of the receiving Plan.

2. If a Deferred Compensation account, on the date the participant separates from State service, is equal to or less than $5,000, the participant may elect to wait to take distribution, receive a lump sum payment or rollover the account to another retirement Plan. In addition, if an account has been "inactive" (no deferrals) for a two year period or longer and is equal to or less than $5,000, the participant may request distribution.

3. Installment distributions may be electronically deposited to the participant's financial institution. Annual payments are made in either January or July; semi-annual payments are made in January and July; quarterly payments are made in the month subsequent to the end of the calendar quarter.

4. Any portion of the Deferred Compensation account which has not been distributed shall continue to be credited and/or debited with earnings and fees.

5. Withholding tax statements (Form 1099R) will be sent to the participant or beneficiary(ies) by the record keeper each January for any Deferred Compensation distributions made in the prior year.

6. If a participant who has begun to receive distribution returns to State service, the payments may continue or be stopped by the participant. The participant may; however, wish to re-enroll in Deferred Compensation to offset the tax liability of future distributions. If possible, the Agency Liaison should advise the Deferred Compensation Office if the participant returns to State service.

1. Statements are prepared and either sent electronically or mailed to each participant that had an account balance at the end of the quarter covered by the statement. If a participant is not receiving a hard copy in the mail, this feature is turned off at the recordkeeper. The participant can call the recordkeeper to get a statement mailed to their address on record.

2. The statements follow the period of a normal calendar quarter.

3. The statements are provided to each participant for two reasons. They are:

   a. To inform the participant of the name and address on file in the Deferred Compensation Office, of the total value of the participant's account along with the value of each of the options into which the participant's contributions are invested and of all the transactions which occurred in the account during the quarter; and

   b. To provide the participants ample opportunity and information for informing the Deferred Compensation Office of any errors affecting the individual accounts.

4. The correction of errors is of utmost importance and this is reflected in Section 2700.650 (c) of the Plan which states that "Participants are responsible for notifying the Department in writing of any investment or other error within 14 days of the receipt of any statement".

5. It is the responsibility of the participant to check the contributions (from pay check stub), the investments (from quarterly statement) and personal data on the quarterly statement for errors. The Agency Liaison should inform the participant of this responsibility.

6. Administrative errors affecting the value of a participant's account will be corrected, at no cost to the participant. They must be reported by the participant in writing to the Deferred Compensation Office within 14 days of the receipt of the statement on which the error first appeared.

7. All other errors will also be corrected whenever discovered and/or requested to be corrected by the participant.

8. In addition to quarterly statements, a participant may request a Statement on Demand from the recordkeeper at any time. The statement will reflect transactions in the account to the date requested by the participant.

Death — Procedure 17

1. If the Agency Liaison learns of the death of a participant, the Agency Liaison should immediately call the Deferred Compensation Office or inform the family of the deceased to call the D.C. office at 217/782-7006.

2. Beneficiaries are ultimately responsible for notifying the Deferred Compensation Office of the death of the participant and supplying the Deferred Compensation Office with a certified copy of the death certificate. Upon receipt of notification of death, the Deferred Compensation Office will mail a letter and the appropriate forms to the beneficiary(ies).

3. Upon the death of the participant, any beneficiary entitled to the value of the Deferred Compensation account under the provisions of this Section shall become a "Vested Beneficiary" and have all the rights of the participant with the exception of making any contributions.

4. Within 90 days of the date of the death of a participant, the beneficiary(ies) must submit a distribution form to transfer the account into their own name and social security number.

   A spousal beneficiary has all the same distribution options as a participant.

   Non-spousal beneficiary(ies) are limited to the choice of a lump sum distribution, payments over a five-year period, the beneficiary's life expectancy or a rollover to an "Inherited IRA". There are very specific guidelines to setting up the inherited IRA and all questions or inquiries should be directed to the appropriate staff in the Deferred Compensation Office.

5. No payment will be made until the Deferred Compensation Office has a certified copy of the death certificate and the appropriate Social Security or FEIN Number of the beneficiary(ies).

6. The sections of the Plan which directly govern or affect the distribution of an account of a deceased participant are: 2700.700, 2700.710, 2700.720, 2700.730, 2700.740, 2700.750, 2700.810, 2700.820 and such other sections of the Plan which govern or affect the accounts of all participants and beneficiaries.

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