


Executive Compensation 457(b) Plan

SAMPLE PAYMENT ELECTION FORM AND INSTRUCTIONS


The sample payment election form has been prepared to assist with the administration of your co-op's Executive Compensation 457(b) Plan. We suggest putting this form on your co-op's letterhead and modifying the payment elections to align with your plan provisions. Participants should use this form to elect the time and form of distributions when they enroll in the plan and for subsequent changes.


 This election form is not a notification to begin distributions. The form is to be completed (to the best of the participant's ability) when the participant enters the plan to choose the time and form of future payment distribution(s).

Participants may make changes to their payment elections up until their last day of employment. If the participants have submitted a payment election form prior to separation, they may have two additional opportunities to change their payment election(s):

1. Within 30 days of their last day of service, participants may choose to revise their time and form of distribution by submitting a revised payment election form [please confirm that this option exists in your plan document].
2. Participants may delay (but not accelerate) the start of their payments by written election at least 30 days before payments are to begin.

IMPORTANT: 457(b) plan distributions are subject to Required Minimum Distributions ("RMD"). Participant RMD age may be 70.5, 72, or 73. Refer to your plan document to confirm RMD ages for your co-op, and revise the form as needed to reflect your plan provisions.

 The information set forth in this election form does not constitute legal advice. Prospective participants should consult an attorney or personal tax advisor to develop a tax strategy before electing their form of payment or taking any other action with respect to their participation in a nonqualified deferred compensation plan.

 Retain the original, signed copy of the payment election form in your co-op's records, as the U.S. Department of Labor may request copies.

If you have any questions, please contact the Homestead Advisers Deferred Compensation team at deferredcomp@homesteadadvisers.com.

IMPORTANT: Homestead Advisers offers nonqualified deferred compensation plans as an additional service to members for their employees and directors and provides certain administrative support services; however, Homestead Advisers does not sponsor or act as the plan administrator of these plans, assume liability for their operation, or provide legal or tax advice in conjunction with the plans. Co-ops and participants are responsible for any tax or legal consequences associated with their adoption, operation or participation in nonqualified deferred compensation plans.

SAMPLE: Executive Compensation 457(b) Plan Payment Election Form

The Executive Compensation 457(b) Plan allows you to elect the time and form of payment that best meets your personal needs. Distributions will be paid to you in the future, according to your payment elections and plan provisions. Distributions are subject to income tax (federal, state and local as applicable), withheld by your employer and reportable on W-2 form. You should consult an attorney or personal tax advisor to develop a tax strategy before electing your form of payment.

IMPORTANT: Refer to your plan document or ask your plan administrator to determine your co-op's distribution rules.

Select the time and form of payment:

- Payment is to begin in the month of _____ in **the year I retire** or terminate employment.
or
- Payment is to begin in the month of _____ in **the year after I retire** or terminate employment.
or
- Payment is to begin in the month of _____ in the year _____.

The amount in my deferred compensation account is to be paid to me as indicated below:

- 1. Single-sum, cash payment
or
- 2. A series of installments:* (*installment options are at the plan sponsor's discretion*)
 - A. Annual installments (specify the number of installments) _____
 - B. Quarterly installments (specify the number of installments) _____
 - C. Monthly installments (specify the number of installments) _____

**Installments will be calculated as the reciprocal fraction of the number of remaining installments times the remaining Homestead Funds account balance until all amounts are paid.*

- or*
- 3. Single cash payment plus a series of installments:
 - A. Indicate amount of single cash payment \$ _____
and
 - B. Annual installments (specify the number of installments) _____
 - C. Quarterly installments (specify the number of installments) _____
 - D. Monthly installments (specify the number of installments) _____*or*
- 4. Transfer in-kind: Transfer of ownership of the plan account established for my benefit from the co-op to me. This transfer will be taxed as a single-sum, cash distribution.

(continued)

Benefits under this plan are subject to the required minimum distribution rules established by the Internal Revenue Service (IRS) and are therefore limited based on the IRS's Single Life Expectancy Table. The required amount is calculated by dividing the account value as of December 31 of the previous year by your life expectancy, which is based on your age as of December 31 of the current year.

Required minimum distributions are the mandatory amounts that you must withdraw annually — and pay applicable federal and state tax on the amount distributed — once you reach a certain age. In any year you don't take the full mandatory distribution, you may be subject to an IRS penalty equal to 50% of the amount required but not taken from your account.

In any event, required minimum distribution payments shall be made at such time and amount as required by section 457(d) of the Internal Revenue Code.

IMPORTANT: The required beginning date is the the date you reach the RMD age in your plan or have a severance from service.

I have read this form and I have chosen to have my benefit paid to me as indicated. I understand that once payments have begun, my election is irrevocable and no change may be made.

Participant's Name (Please Print)

Date

Participant's Signature

Participant's Social Security Number