Investing In Your Future

Important Information on Plan Features and Enrollment

CALIFORNIA 457 BENEFITS

Plan Administration & Investment Advice

Plan Highlights & Enrollment Form

CALIFORNIA 457 BENEFITS
Plan Administration & Investment Advice

Deferred Compensation—What makes CA 457 different?

- ✓ **Investment Options.** Our lineup is not the same as our competitors! We have hand-picked our investment options and we are constantly monitoring them to provide you with our best ideas. In addition to actively managed mutual funds, we offer several index and sector funds. We also offer six Lifestyle portfolios, which are based on your risk tolerance and time horizons.

- ✓ **Single point of contact**. Your plan representative is your primary contact for service requests like enrollment, distributions, loans as well as advice on managing your portfolio. You will not be transferred from department to department to get the answers or service you need.

- ✓ **Fast, responsive service**. Our focus is on meeting the needs of our participants and our aim is to provide qualified and objective personalized service to help you achieve your retirement objectives. When you contact us, your inquiries and service needs will be responded to within 1 business day.

- ✓ **CFP® professional advice at no extra cost**. Our plan representatives are licensed Certified Financial Planner™ certificants. If you have questions about other assets or financial planning issues, feel free to ask.

- ✓ **RIA firm.** Based locally in Mission Viejo, CA 457 is a Registered Investment Advisor with the Securities and Exchange Commission. This means we are obligated to act as a fiduciary for the Plan, its trustees and its participants.

1. CA 457 is a fee-only investment advisor and we disclose all our fees and any rebates that are credited back to the plan.
2. CA 457 has never offered proprietary funds with high hidden costs.
3. CA 457 does not offer commission-based products, annuities or insurance products that have high withdrawal restrictions.
4. CA 457 does not try to upsell you on expensive asset managers who you will never meet. As mentioned above, with us, you already have access to local Certified Financial Planner™ professionals and money managers.

- ✓ **Fees.** Our fees are low and very competitive. After mutual fund expense rebates, the typical cost for participants is 0.0028 of their account balance per year. Annual fee is 0.0034 of account balance per year.

Get Started today! Contact your CA 457 representative, Warren Isenberg, CFP® & Nick Walker, CFP® at 800-770-0457 or warren@walkerfinancial.com & nick@walkerfinancial.com.

CALIFORNIA 457 BENEFITS
Plan Administration & Investment Advice

To: City of Costa Mesa Employees

Subject: Deferred Compensation Plan Enrollment

Thank you for your interest in CA 457. As a full-time employee, you have the ability to participate in city's Section 457(b) Deferred Compensation Plan. This pre-tax retirement savings program is a supplement to PERS, guaranteed to reduce your taxes and, at the same time, save for your retirement income needs.

Contributions reduce your taxable income and are conveniently deducted from your paycheck. This provides you with the discipline to pay yourself first and invest systematically for retirement. You may contribute up to $24,500 annually (i.e., $907.41 per paycheck over 27 biweekly pay periods). The tax-deferred compounding of all interest, dividends and appreciation can enable you to accumulate a significant nest egg for retirement.

CA 457 is proud to offer you the expertise of highly qualified Certified Financial Planner™ professionals and one of the best menus of investment and LifeStyle model portfolio options in the industry. Please take a few moments to review the enclosed description of the features and benefits of our plan. 24/7 account access and additional information are available on our website, www.ca457.com.

I am available to help you enroll, provide advice on your personal investment allocation, and assist you with transfers from other providers and previous employers. My available on-site hours are each Tuesday prior to payday from 9:00 a.m. until 10 a.m. at the Police Department's 2nd floor conference room and 10 a.m. until 11:00 a.m. at City Hall's 3rd Floor conference room 3B (near Central Services). Please utilize our appointment scheduler on www.ca457.com or email me for a meeting.

I may be reached at 800-770-0457 or via email at nick@walkerfinancial.com. You may also reach my associate Warren Isenberg at warren@walkerfinancial.com I look forward to hearing from you.

Best regards,

California 457 Benefits

Nick Walker, CFP®
Deferred Comp. Specialist

Enclosures

CALIFORNIA 457 BENEFITS
Plan Administration & Investment Advice

How does your retirement savings stack up against your peers?

Contributing to a traditional Governmental 457(b) Deferred Compensation plan is an effective way to save for retirement: You lower your current taxable income, enjoy tax-advantaged compounding of growth on your investments and the money you contribute is automatically taken from your paycheck before you have the chance to spend it.

Consistent contributions can even make you a millionaire. In fact, the number of Governmental 457(b) and 401(k) accounts with a balance of $1 million or more recently hit a record of 442,000, up 10 percent from last year.

To give you an idea of how your retirement savings stack up against your peers, check out the average Governmental 457(b) and 401(k) balances and contribution rates, as of the first quarter of 2022, broken down by age:

Average Governmental 457(b) Deferred Compensation and 401(k) plan balance by age:

20 to 29	$10,500
30 to 39	$38,400
40 to 49	$93,400
50 to 59	$160,000
60 to 69	$182,100

Source: Fidelity

The average Governmental 457(b) Deferred Compensation and 401(k) plan contribution rates by age:

20 to 29	6.8% of salary
30 to 39	7.6%
40 to 49	8.4%
50 to 59	10%
60 to 69	11.1%

Source: Fidelity

Is this enough for me? How much should I be saving for retirement?

The answers to these questions are highly personal and depends on your lifestyle and spending habits, but there are a few basic guidelines to follow if you want to retire comfortably.

For starters, many experts recommend setting aside at least 10 percent of your income as soon as possible. A 2021 report from Fidelity Investments finds that people should be saving at least 15 percent, and ideally more like 20 percent, of your income if you want "to achieve an adequate retirement income," which it defines as 70 percent of your earnings throughout your working life.

Fidelity recommends having 10 times your final salary in savings if you want to retire by age 67, and it suggests a timeline to use in order to get to that magic number:

By age 30:	Have the equivalent of your current annual salary saved
By age 35:	Have two times your salary saved
By age 40:	Have three times your salary saved
By age 45:	Have four times your salary saved
By age 50:	Have six times your salary saved
By age 55:	Have seven times your salary saved
By age 60:	Have eight times your salary saved
By age 67:	Have 10 times your salary saved

The bottom line: Don't wait before it's too late. Submit a Change Form today to increase your contributions!

Frequently Asked Questions About 457 Plans

What is a Section 457(b) Government Deferred Compensation Plan?

- A 457(b) Plan is a retirement plan offered by government employers that allows employees to make contributions on a pre-tax basis through salary reductions. It is the public sector equivalent of the 401(k) plans.

Who is allowed to participate in the Plan?

- Full-time employees and members of the City Council.

How do I establish a Section 457 account?

- You will find an enrollment form in this packet, along with a menu of approved plan investment choices. Our investment professionals/representatives are available to assist you in implementing a suitable investment plan and completing the enrollment form.

How much can I contribute to my 457 account?

- Contribution limits are established by the IRS. For 2026 you are allowed to contribute 100% or your compensation up to a maximum of **$24,500**. This limit is indexed to adjust with the cost of living in the future. 457 Plan contribution levels are significantly higher than IRA levels, thereby offering you the potential for greater tax savings

Are there any special rules for participants near retirement age?

- Special rules apply if you are within 3 years of "normal retirement age". This is called your "Special Catch-Up" period which may commence three years prior to your Normal Retirement (Highest Benefit Formula) Age as specified on your CalPERS Annual Member Statement. If you contributed less than your maximum in one or more of the prior calendar years in which you participated in the Plan, you can elect to make up some or all of those missed contributions up to a maximum of **$49,000** in 2026. For those who are over 50 and do not qualify for this "Special Catch-Up" provision, you may contribute up to **$32,500** in 2026, indexed to adjust with the cost of living in the future. Additionally, for those turning age 60, 61, 62, or 63 in 2026; you may contribute a maximum of **$35,750** in 2026.

Does the City of Costa Mesa offer an employer contribution to my 457 account?

- Depending on your employee bargaining unit, you may be eligible for an employer matching contribution up to 0.5% of your of annual base salary for the payroll calendar year. The contribution will be calculated by a Payroll Supervisor and made in December. If at the time of the employer contribution, you have already contributed the maximum allowable amount per the IRS limit, the contribution will be issued as earnings. We advise you to contact your Payroll Supervisor for details of eligibility and a precise employer contribution amount.

I heard my employer owns the Plan assets. Is this true?

- Governmental entities are exempt from ERISA, the Department of Labor regulations that prohibit employers from owning or controlling plan assets. The assets in a Section 457 Plan are owned and controlled by your employer; however, employers that are part of state and local governments are required to protect Plan assets in a trust for the exclusive benefit of the Plan's participants. Under this arrangement, the creditors of the City cannot seize Plan assets, should the City experience financial difficulties.

What responsibilities does my employer have toward the Plan?

- Your employer has agreed to sponsor a 457 Plan and adopted a written Plan Document that describes the plan provisions, withdrawal restrictions, normal retirement age, and payout options. This document governs how the Plan will be administered. Your employer has named a Plan Administrator who is responsible for administering the Plan in accordance with IRS regulations and the Plan Document.

What happens if I contribute too much?

- The excess contribution is taxable income in the year it was contributed and must be withdrawn from the Plan.

How often can I change my deferrals?

- Changes are allowed at any time. Simply complete a 457 Change Form and submit to CA 457 or the City's Payroll Coordinator. Please note, change forms must be received the week prior to payroll processing. If received the week of payroll, your change will be processed for the following pay period.

Can I participate in the Plan again if I stop my deferrals?

- Yes, as long as you are still employed with the City. Simply complete a new salary reduction form with CA 457 or the City's Payroll Coordinator.

Can I access my account in the event of an emergency?

- A withdrawal may be taken only in the event of a death, disability, separation from service, retirement, or an unforeseeable emergency. Your account is intended for retirement purposes, so the IRS imposes regulations to ensure that a true emergency exists before you are allowed withdraw money from your account. This means that it must be a severe financial hardship resulting from a sudden or unexpected illness or accident to you, your spouse or dependent. Loss of your property due to casualty, or other similar extraordinary and unforeseeable circumstance would qualify. Requesting funds to pay off debt, buy property, or pay college tuition will not qualify as an emergency. Also, the amount withdrawn may not exceed the need.

May I take a loan against my account?

- Yes. The 457 Plan Document your employer has adopted allows for plan loans for full-time employees with account balances of $2,000 or more. Loans are funded directly from the cash-out of your pre-tax contributions in your account. Repayments are funded with after-tax dollars and begin approximately one month after the loan is made. Visit www.ca457.com for more information about 457 plan loans.

Do I have to pay taxes on distributions as I take money out of the Plan?

- Amounts received are taxed as ordinary income to you in the year in which you receive them. The annual amount you receive each year will be reported to you on an IRS form 1099-R. The balance of your account remains tax deferred.

When I leave my job, can I begin taking money out?

- Yes. This payout election may be the amount and frequency of payments you wish, or you might choose to defer payments until a later age. The payout choices include lump sum withdrawal or periodic payments. Unlike IRAs, 401(k)s, and 403(b)s, you will not be assessed a 10% early withdrawal penalty if you are under the age of 59 ½.

Is there an age that I must begin taking distributions?

- Yes, you must begin taking mandatory required distributions by April 1st following the later of: the year in which you reach age 73 or the year in which you retire. CA 457 will assist you with your distribution schedule.

Can I transfer my account to another service provider or an IRA?

- You may transfer to another 457(b) Governmental Plan provider only if a written request form with your signature is submitted to CA 457. In addition, all Plan disbursement forms must be signed by the plan administrator, or designated official. Transfers to IRAs, 401(k)s, or 403(b)s are only allowed once you separate from service with your employer. CA 457 Benefits specializes in IRA rollovers to Charles Schwab & Co., Inc. Feel free to contact CA 457 Benefits for updated information on rollovers.

What happens to my account upon my death?

- Designated beneficiaries will be paid survivor benefits due at death. Beneficiaries may be designated on your enrollment form. If you are married, your spouse must be designated as the account's primary beneficiary unless the spouse expressly forgoes this right by written consent.

For clarification on any questions or comments, feel free to call CA 457 at 800-770-0457 or visit www.ca457.com.

Your Deferred Compensation Plan - A Great Savings & Investment Tool

Why is deferred compensation better than conventional savings and investing?

First, deferred compensation gives you a significant tax break. With a credit union or bank savings account, you pay taxes on the income and invest after-tax money. Deferred compensation savings are pre-tax, which allows you to invest the full amount. Tax money that would have gone to the government instead gets invested in your account. Second, you will not pay any taxes on interest, dividends or capital gains while you contribute. And the advantage grows the longer you can invest in the plan, as illustrated below:

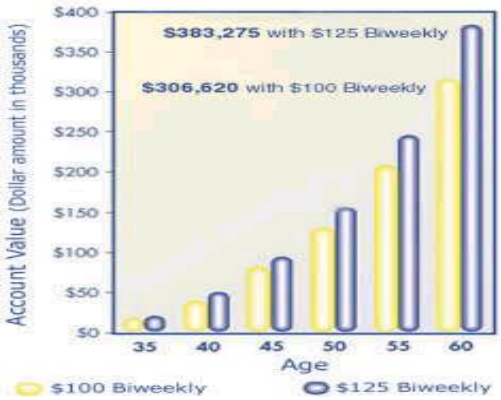
(Deferred compensation vs. conventional savings account estimate of amount left for investment assumes you're in the 28 percent federal tax bracket. Comparison of returns over time assumes you contribute $200 monthly and earn 8%. State of CA income tax savings may enhance benefits. For illustrative purposes only. Actual results may be higher or lower.)

Does it matter when I begin saving?

It makes a huge difference. If you begin saving $100 biweekly today and earn an average of 8% annually, in 25 years you'll have $206,908 available. But if you wait five years to start, your account would have only $128,079. (See table on next page.) That's more than a $78,000 difference in your account. Over time, compounding of earnings does most of the work for you.

How much should I contribute?

You should contribute as much as you can afford to put away for retirement, because every extra dollar you save will have an enormous impact over the long term. Say you are 30 years old and contribute $100 biweekly into your account. At age 60, if you earned 8% on your investment, you would have $306,620. But if you contributed just $25 more biweekly, you would have $383,275. As the graph below shows, a little extra goes a long way toward securing your retirement.



Deferred Compensation Guide

Compounding of Earnings Can Build Your Wealth

First while you are working…

How much would you have if you invested the following amounts assuming an 8% compound annual return?

Contribution Per Paycheck	Number of Years Until Retirement	Actual Money Invested (Assuming no return)	Amount of Money Accumulated for Retirement (Assuming 8% return)
$100	10	$26,000	$39,740
$100	20	$52,000	$128,079
$100	**25**	**$65,000**	**$206,908**
$250	10	$65,000	$99,353
$250	20	$130,000	$320,197
$250	**25**	**$162,500**	**$517,270**
$500	10	$130,000	$198,706
$500	20	$260,000	$640,394
$500	**25**	**$325,000**	**$1,034,540**
$750	10	$195,000	$298,059
$750	20	$390,000	$960,591
$750	**25**	**$487,500**	**$1,551,810**

Note: The 2026 maximum for those under the age of 50 is $907.41 per paycheck. If you are over age 50, you may contribute up to $1,203.71 per paycheck.

As you can see from the table above, compounding of earnings does most of the work for you over long time periods.

Then when you are in retirement…

How much would you receive per month in retirement assuming you made a more conservative 5% compound annual return?

Amount of Money Accumulated at Retirement	Monthly income over		
	10 Years	15 Years	20 Years
$100,000	$1,060	$790	$660
$200,000	$2,120	$1,581	$1,320
$300,000	$3,180	$2,370	$1,980
$400,000	$4,240	$3,163	$2,640
$500,000	$5,300	$3,950	$3,300
$1,000,000	$10,600	$7,900	$6,600

Disclaimer: The assumed rates of return are hypothetical for illustration only. They do not imply or guarantee future returns on any investment option. Monthly income numbers assume depletion of principal to zero at the end of term. Amounts withdrawn are subject to ordinary income tax.

Your deferred compensation plan can mean the difference between an adequate retirement and the retirement you want. Don't delay! Contact your dedicated CA 457 deferred compensation representative **Warren Isenberg** & **Nick Walker** to enroll or increase contributions today. We can be reached at 800-770-0457 or warren@walkerfinancial.com & nick@walkerfinancial.com.

DO YOU HAVE A RETIREMENT GOAL?

Congratulations - you have a long retirement ahead of you! One of the most important questions you need to answer is,"How much money do I need to save for retirement?"

People today are living longer than ever - thanks to healthier lifestyles and medical advances. You'll need to make sure you have enough money to last all those years. It is wise to start planning now.

AGE	CURRENT INCOME	AMOUNT NEEDED AT RETIREMENT
21 - 30	$25,000 $35,000 $50,000 $75,000	$641,000 $981,000 $1,491,000 $2,341,000
31 - 40	$25,000 $35,000 $50,000 $75,000	$441,000 $692,000 $1,071,000 $1,700,000
41 - 50	$25,000 $35,000 $50,000 $75,000	$294,000 $479,000 $756,000 $1,219,000
51 - 60	$25,000 $35,000 $50,000 $75,000	$186,000 $320,000 $521,000 $855,000

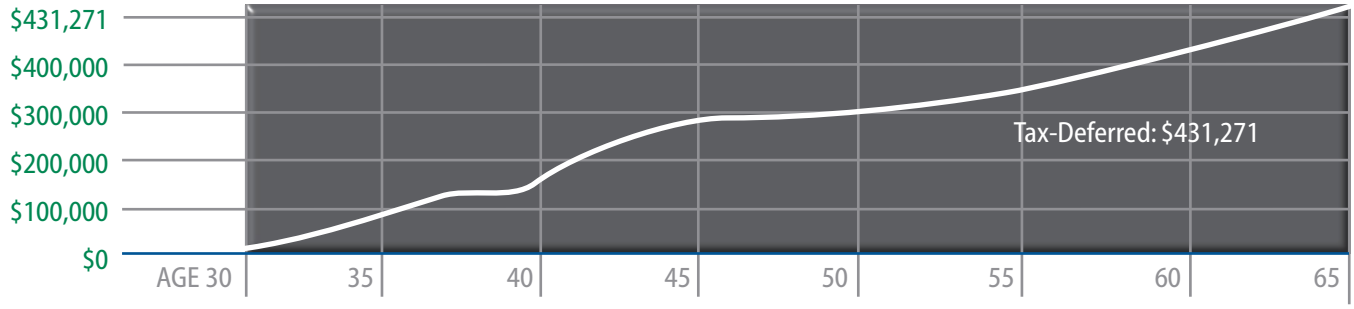
Assumptions: Retirement age 65. Length of retirement 25 years. Annual inflation rate 3%. Annual growth rate before and during retirement of 8%. Tax rate during retirement of 20%. Assumes tax deferred investments in retirement plan. Social Security Benefit of $1000 per month starting at age 65. Annual inflation rate on Social Security of 1%. Assumes that a person will spend an average of 60% of their current salary in retirement. Balance at death of zero dollars. These are examples only and are not intended as a projection or guarantee. Actual results may vary.

WHAT ARE THE ADVANTAGES OF A RETIREMENT PLAN?

THE POWER OF TAX DEFERRAL

In a retirement plan, your money is not taxed until you withdraw it, usually at retirement.

This means you pay no current taxes on your investment, or the earnings it generates, until you take money out of your retirement account. If you combine tax deferral with compounding, the results can be dramatic.



INVESTING $200 A MONTH FOR A TOTAL INVESTMENT OF $84,000.

This chart illustrates an example using a 30 year-old person who plans to retire at age 65 and invests $200 a month into their retirement plan.

Assumes an 8% annual rate of return. These examples are hypothetical. Calculations have been simplified for illustrative purposes. The investment return and principal value of many investment options will fluctuate so that an investor's units, when redeemed, may be worth more or less than the original cost.

Tax deferral can significantly increase your retirement account value.

PRE-TAX SAVINGS

When you contribute to your employer's retirement plan, your benefits begin immediately and are typically in the form of pre-tax savings.

The money you contribute is deducted from your pay before federal taxes are taken out, thus reducing your taxable income - and your income taxes! While taxes will be due when you withdraw the money, you may then be retired and possibly in a lower income tax bracket.

BENEFITS OF SAVING PRE-TAX DOLLARS

	Pre-Tax Savings	After-Tax Savings
Gross Semi Monthly Income	$1,000	$1,000
PreTax Contribution	-$100 (10% of Pay)	-0-
Taxable Income	$900	$1,000
25% Tax Rate	-$225	-$250
Take Home Pay	$675	$750
Taxable Savings	0	-$100
Total Savings	**$100**	**$100**
Money Left to Spend	$675	$650
Total Savings - 12 Month	**$2,400**	**$2,400**

Conclusion: Saving in your retirement plan versus saving in an after-tax savings program may reduce taxes and increase your net take home pay.

DOLLAR COST AVERAGING

Dollar-cost averaging: Investing a fixed amount at regular intervals of time.

Dollar-cost averaging may allow investors to more effectively navigate the ups and downs in the market. A person who invests the same dollar amount each period will buy more shares of an investment when the market price is low and fewer when its price is high. As a result, the average purchase price may be lower than the average of the market prices over the same period of time. Dollar-cost averaging is a technique that eliminates the anxiety of trying to time the markets.

Investment Date	Amount Invested	Share Price	Number of Shares Purchased
January	$200.00	$10.00	20.000
February	$200.00	$9.00	22.222
March	$200.00	$9.10	21.978
April	$200.00	$8.50	23.529
May	$200.00	$7.50	26.667
June	$200.00	$8.00	25.000
July	$200.00	$8.75	22.857
August	$200.00	$10.25	19.512
September	$200.00	$10.00	20.000
October	$200.00	$10.90	18.349
November	$200.00	$10.50	19.048
December	$200.00	$10.25	19.512
Total Invested / Total Shares	$2,400.00		258.674
Average Price Per Share		$9.40	
Average Cost Per Share			$9.27

INFLATION IS THE SILENT THIEF!

Do you realize the devastating effect of inflation?

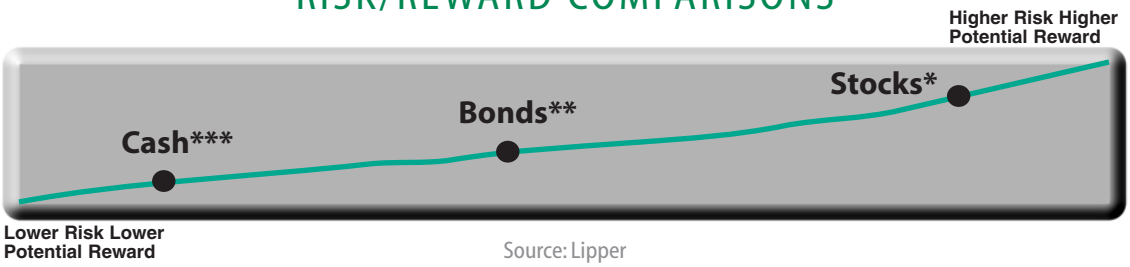
	TODAY	AT RETIREMENT	AT AGE 90
Green Fees & Cart	$80	$225	$471
Bottle of Aspirin	$3.85	$10.83	$22.68
Ford Minivan	$24,850	$69,924	$146,406

Assume current age of 30 and inflation rate of 3% annually and 65 years old at retirement.

WHICH INVESTMENTS ARE RIGHT FOR YOU?

The combination of investments you select has the greatest impact on the growth of your money.

RISK/REWARD COMPARISONS



Source: Lipper

* S&P 500 ** Intermediate Government Bonds *** 30-Day T-Bills

There are three major types or classifications of investments to understand. Being able to understand these basics will put you well on the way to preparing for your financial future.

3 MAJOR TYPES OF INVESTMENT OPTIONS

STOCKS

Stocks represent shares of ownership in a public company. The market value of a stock is determined in large part by the success or earnings potential of the company. Historically, stock investments have provided the highest long-term returns when compared to other major investment options. Stocks also have the highest level of risk, since their price movement can be unpredictable and can fluctuate widely.

BONDS

A bond is simply a loan from an investor to a corporation or government. The borrower pays interest over a specified period of time to the investor and pays back the principal at maturity. There are 3 major types of bonds, Corporate, Municipal, and Treasury. Treasury bonds are issued and guaranteed by the U.S. Government. Municipal bonds are issued by local and state municipalities. Corporate bonds are issued by companies. Bond prices will fluctuate with movements in interest rates and other factors.

CASH

Cash and money market, or fixed interest securities, are short-term interest bearing investments. They generally provide a lower return with less risk. Some conservative funds are also called stable value funds because the money you put into them generally will not fluctuate up or down. The greatest risk may come from the potential inability of cash to provide long-term returns greater than the rate of inflation, thereby decreasing the investor's purchasing power over time.

Investment returns will fluctuate, cannot be guaranteed and do not predict the future performance of any investment. The principal value of an investment in mutual funds will fluctuate with changes in market conditions. Mutual fund shares, when redeemed, may be worth more or less than their original cost. An investment in mutual funds involves certain risks including possible loss of the principal amount invested. No assurance can be provided that a funds' objective will be achieved. Mutual fund shares are not insured by the FDIC and are not deposits of, obligations of, or guaranteed by any bank.

WHAT INVESTMENTS SHOULD YOU SELECT?

DON'T PUT ALL YOUR EGGS IN ONE BASKET.

Each different type of investment carries a level of risk and reward. Generally, the greater the risk, the greater the potential return. It also means you are exposed to the greatest risk of loss.

You should focus on the potential risks and rewards of the various asset classes or types of investments and develop your own investment plan according to the level of risk and potential reward you are willing to accept.

DIVERSIFY, DIVERSIFY, DIVERSIFY

Diversification simply means spreading out your money among different types of investments that have different characteristics. This is often called "Asset Allocation."

Generally, when one type or class of investment does well, another type or class may not. For instance, when stocks perform well, typically, bonds do not. It is important that you consider investing in different types of assets. This may allow you to lower your total account risk with a goal of experiencing smoother overall investment performance.

GETTING STARTED IS AS EASY AS 1..2..3..

STEP 1:
DECIDE HOW MUCH TO SAVE EACH PAYCHECK

Use the chart below to identify your age, approximate pay, and the amount you may have already saved to determine your contribution percentage.

CURRENT AGE	ANNUAL SALARY	AMOUNT ALREADY SAVED	SUGGESTED MINIMUM CONTRIBUTION
21 - 30	$25,000 $35,000 $50,000 $75,000	$0 $0 $0 $0	9-11% 10-12% 10-12% 11-13%
31 - 40	$25,000 $35,000 $50,000 $75,000	$15,000 $25,000 $50,000 $75,000	9-11% 11-13% 10-12% 11-13%
41 - 50	$25,000 $35,000 $50,000 $75,000	$35,000 $70,000 $110,000 $190,000	11-13% 10-12% 11-13% 11-13%
51 - 60	$25,000 $35,000 $50,000 $75,000	$35,000 $70,000 $110,000 $190,000	9-11% 9-11% 10-12% 11-13%

Circle the percentage from the last column and use that as your Salary Reduction Percentage. If you are over 30 years of age and have not saved any money for retirement, you need to save as much as possible.

STEP 2:
SELECT YOUR INVESTMENTS

I am comfortable with investing

Option 1: Build Your Own Portfolio (Proceed to Step 3)

I would prefer to talk with an investment professional

Option 2: Call your Financial Advisor's office, and ask to speak to a participant representative.

STEP 3:
SUBMIT YOUR SELECTIONS AND START SAVING FOR RETIREMENT

Using the investment information on the fund fact sheets, along with the Retirement Goal Calculator, complete the enrollment form at the end of this section to start planning for your retirement.

Retirement Planning Guide

Assumptions: Retirement age 65. Length of retirement 25 years. Annual inflation rate 3%. Annual growth rate before and during retirement of 8%. Tax rate during retirement of 20%. Assumes tax deferred investments in retirement plan. Social Security Benefit of $1000 per month starting at age 65. Annual inflation rate on Social Security of 1%. Assumes that a person will spend an average of 60% of their current salary in retirement. Balance at death of zero dollars. These are examples only and are not intended as a projection or guarantee. Actual results may vary.

RETIREMENT GOAL CALCULATOR

The first step in any retirement plan is to set a goal. Use this worksheet to help you to determine how much money you need for retirement and the percentage you need to save to get there.

		Example	You
1.	Your annual income	$40,000	$_____
2.	Annual Income needed in retirement in today's dollars. (80% of $40,000)	$32,000	$_____
3.	Approximate amount of Social Security. Multiply Line 1 by .25 up to a maximum of	$10,000	$_____
4.	Income shortfall that will need to be made up from your personal savings. Subtract Line 3 from Line 2	$22,000	$_____
5.	Now adjust your shortfall for inflation by Multiplying Line 4 by the inflation multiplier from the table below. For this example, we assume 25 years remaining until retirement. Therefore, multiply $22,000 by 2.09	$45,980	$_____
6.	Investments already accumulated adjusted for future growth. (Example: $60,000 multiplied by investment multiplier of 6.84)	$410,400	$_____
7.	Amount you will need at retirement to get the amount needed in Line 5? Multiply Line 5 by 12.5. (Assume 3% inflation, 8% investment return, and that you will need 20 years of retirement income)	$574,750	$_____
8.	Subtract Line 6 from Line 7 to determine how much you will need to save	$164,350	$_____
9.	Amount you will need to save each year to achieve a goal of $164,350? Divide Line 8 by the present value multiplier in the table below. (Example: $164,350 divided by 73.11)	$2,247	$_____
10.	Amount you need to save each month. Divide Line 9 by 12.	$187 Monthly Investment	$_____
11.	The percentage you need to deduct monthly from your paycheck. (Example: $187 divided by $3,333 = .056).	5.6% Monthly Investment	$_____

Number of years until retirement:

	5	10	15	20	25	30	35	40
Inflation Multiplier: (3% inflation)	1.16	1.34	1.56	1.81	2.09	2.43	2.81	3.26
Investment Multiplier: (8% return)	1.46	2.15	3.17	4.66	6.84	10.06	14.78	21.72
Present Value Multiplier: (8% return)	5.87	14.49	27.15	45.76	73.11	113.28	172.32	259.06

ASSET ALLOCATION QUESTIONNAIRE

Successful investors adhere to a disciplined investing process. To determine which investment process is appropriate for you and your retirement plan assets, answer the following questions regarding your time horizon, risk tolerance, and investment objectives. The result will lead you to an asset allocation strategy that may be appropriate for your particular financial needs and objectives.

Diversification through asset allocation attempts to balance the level of risk with which you are comfortable and the level of return you would like to receive. *Diversification does not guarantee against a loss, and there is no guarantee that a diversified portfolio will outperform a non-diversified portfolio.

Question 1

When do you expect to begin withdrawing money from your investment account?

A. Less than 1 year
B. 1 to 2 years
C. 3 to 4 years
D. 5 to 7 years
E. 8 to 10 years
F. 11 years or more

Score ***(please circle one)***
A. 0
B. 1
C. 3
D. 7
E. 9
F. 11

Question 2

Once you begin withdrawing money from your investment account, how long do you expect the withdrawals to last?

A. I plan to take a lump sum distribution
B. 1 to 4 years
C. 5 to 7 years
D. 8 to 10 years
E. 11 years or more

Score ***(please circle one)***
A. 0
B. 2
C. 4
D. 5
E. 6

Question 3

Historically, investors who have received high long-term average returns have experienced greater fluctuations in their account values than investors in more conservative investments. Considering the above, which statement best describes your investment objectives?

A. Protect the value of my account
B. Keep risk to a minimum
C. Balance risk and return
D. Maximize long- term investment returns

Score ***(please circle one)***
A. 0
B. 5
C. 10
D. 15

Question 4

Suppose you owned a well-diversified portfolio that declined 20% in a short period of time in a volatile market environment. Assuming you still have 10 years until you begin taking withdrawals, what, if any, action would you take?

A. I would **not** change my portfolio
B. I would **wait at least a year**
C. I would **wait at least three months**
D. I would make a change **immediately**

Score ***(please circle one)***
A. 15
B. 10
C. 5
D. 0

Question 5

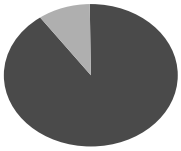
How do you feel about this statement — I am comfortable with investments that may frequently experience large declines in value if there is a potential for higher returns?

A. Agree
B. Disagree
C. Strongly disagree

Score ***(please circle one)***
A. 15
B. 8
C. 0

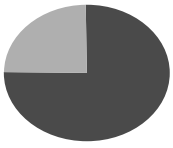
Total Score _____

Aggressive Growth
Score between 55 - 62



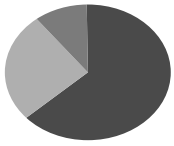
Equities 90%
Fixed Income 10%
Stable/Money Market 0%

Growth
Score between 43 - 54



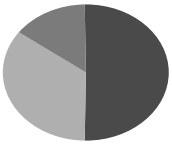
Equities 75%
Fixed Income 25%
Stable/Money Market 0%

Moderate Growth
Score between 29 - 42



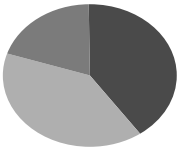
Equities 65%
Fixed Income 25%
Stable/Money Market 10%

Conservative Growth
Score between 17 - 28



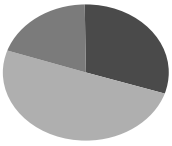
Equities 50%
Fixed Income 35%
Stable/Money Market 15%

Income
Score between 7 - 16



Equities 40%
Fixed Income 40%
Stable/Money Market 20%

Conservative Income
Score between 0-6



Equities 30%
Fixed Income 50%
Stable/Money Market 20%

CALIFORNIA 457 BENEFITS INVESTMENT PERFORMANCE RESULTS FOR September 30th, 2026

These performance results are authorized only when preceded or accompanied by a current prospectus which can be downloaded by clicking on the respective fund link. The costs, benefits, risks, and structure of each investment should be thoroughly evaluated prior to investing.

Ticker	Fund Name	3 Month Total Return %	6 Month Total Return %	12 Month Total Return %	Average Annual Rate of Returns Three Year %	Five Year %	Ten Year %	Annual Expense Ratio %	Annual Expense Reimbursement %
Fixed-Income	**Mutual Funds**								
Index:	*Bloomberg US Aggregate Bond TR USD*	-3.51	-2.87	-1.84	4.06	-0.64	1.14		
DOXIX	Dodge & Cox Income Fund X	-4.17	-3.41	-2.08	4.80	N/A	N/A	0.33	0.0
PRRIX	Pimco Real Return Institutional	-3.76	-2.48	-2.39	4.14	0.18	2.36	0.62	0.0
VFIJX	Vanguard GNMA Admiral	-4.05	-3.34	-1.42	4.33	-0.17	0.93	0.11	0.0
VWEAX	Vanguard High-Yield Corporate Fund Admiral	-1.88	0.25	1.37	7.57	3.47	4.60	0.12	0.0
VFSUX	Vanguard Short-Term Investment Grade Admiral	-1.02	-0.21	1.15	5.28	2.21	2.46	0.09	0.0
SUTXX	Schwab US Treasury Money Fund Ultra Shares	0.90	1.79	3.67	4.42	3.63	N/A	0.20	0.0
U.S.-Focused Stock Mutual Funds									
Large-Cap Focused									
Index:	*S&P 500 TR USD Stock Index*	2.30	17.85	15.74	22.89	13.79	15.33	%	%
JUEMX	JP Morgan US Equity Fund R6	0.85	14.19	6.03	19.01	11.76	14.97	0.44	0.0
PRWAX	T. Rowe Price All-Cap Opportunities	0.44	12.38	2.35	17.87	9.75	17.04	0.80	0.135
TRPIX	T. Rowe Price Value I Class	2.21	12.38	19.36	18.50	10.42	11.98	0.57	0.0
VFIAX	Vanguard 500 Index Admiral	2.29	17.83	15.69	22.84	13.74	15.29	0.04	0.0
VFTAX	Vanguard FTSE Social Index Fund Admiral	3.39	22.29	15.78	23.65	13.08	N/A	0.11	0.0
Mid-Cap Focused									
Index:	*CRSP US Mid Cap Index*	-2.32	12.40	8.38	16.46	7.45	10.97		
VIMAX	Vanguard Mid Cap Index Admiral	-2.32	9.93	8.34	16.42	7.43	10.95	0.05	0.0
WFPRX	Allspring Special Mid Cap Value R6	-3.60	5.69	9.69	12.38	8.37	9.82	0.70	0.0
RPTTX	T. Rowe Price Diversified Mid Cap Growth I Class	-5.59	8.74	-0.89	16.20	5.85	N/A	0.67	0.0
Small-Cap Focused									
Index:	*Russell 2000 TR USD Stock Index*	-7.23	12.71	16.20	17.72	6.34	9.84		
JAVTX	Janus Henderson Venture T	-9.41	9.70	10.17	14.04	3.12	9.42	0.92	0.335
VSMAX	Vanguard Small Cap Index Admiral	-5.80	9.29	13.39	16.23	6.97	10.42	0.05	0.0
BSCMX	Brandes Small Cap Value I	-7.68	5.11	20.40	23.51	15.22	N/A	0.91	0.085
Specialty Stock Mutual Funds									
PRHSX	T. Rowe Price Health Sciences	5.20	20.34	30.27	13.41	4.56	11.13	0.83	0.135
PRNEX	T. Rowe Price New Era	0.89	-4.32	18.96	12.26	11.01	7.74	0.79	0.135
VGSLX	Vanguard Real Estate Index Admiral	-6.24	2.83	1.68	10.04	1.35	4.40	0.13	0.0
International Stock Mutual Funds									
Index:	*MSCI All Country World Ex-US NR USD Stock Index*	0.57	11.02	24.59	20.63	9.12	9.46		
RERGX	American Funds EUPAC R6	-0.39	14.08	15.96	18.41	5.93	9.01	0.47	0.08
DODWX	Dodge & Cox Global Stock	-0.93	9.01	12.17	15.23	10.68	11.23	0.62	0.085
VTIAX	Vanguard Total International Stock Index Admiral	-0.53	11.40	18.45	20.10	9.31	9.16	0.09	0.0
Emerging Market Stock Mutual Fund									
Index:	*MSCI Emerging Markets NR USD Stock Index*	-0.37	23.59	29.22	24.07	8.94	9.08		
RNWGX	American Funds New World R6	-1.40	16.72	19.89	19.87	7.57	10.51	0.57	0.0

Performance is based on reinvested income and capital gain distributions plus or minus any change in principal value for the respective periods ended September 30th, 2026. Individual results may vary depending on timing of deposits. Results shown are not a guarantee of future performance, and account values at the time of redemption may be worth more or less than cash invested. Returns are inclusive of mutual fund expense ratios, but do not reflect the deduction of a gross annual CA 457 fee of 0.34%. Some mutual funds offered in the Plan provide expense reimbursements as indicated in the last column of the table. Reimbursements are only credited to participant accounts that have an active investment in mutual funds that offer reimbursements. Thus, depending on the rate of mutual fund expense reimbursements, a participant's CA 457 fee may be offset in full, partially, or not at all. Additionally, the City of Costa Mesa's Deferred Compensation Committee utilizes an independent third-party consultant and directs CA 457 to invoice participant accounts at a current annual rate of approximately 0.026% to compensate the consultant. Feel free to contact CA 457 at 800-770-0457 for more information.

CALIFORNIA 457 BENEFITS
Plan Administration & Investment Advice

CA 457 LifeStyle Portfolios

Choose from six professionally designed portfolios based upon your age and/or risk tolerance. Portfolios are comprised of existing mutual funds available in the CA 457 lineup at no additional cost to participants. Please read the prospectuses for each underlying mutual fund carefully before investing. CA 457 investment advisors employ fundamental analysis along with quantitative/qualitative analysis, and professional judgment to identify funds with growth potential and construct a high-conviction portfolio of best ideas across the risk/reward spectrum. Portfolios are reviewed and updated quarterly. Please note that CA 457 LifeStyle Portfolios are not guaranteed to achieve their investment objectives and none of the investment options offered are federally insured or guaranteed against the risk of loss.

For Ultra Conservative Investors (Loss Averse), CA 457 recommends 100% Schwab U.S. Treasury Money Fund (SUTXX)

CA 457 Conservative Allocation

Most appropriate for ages 65 and over
Targets 80% Fixed Income Mutual Funds and 20% Equity Funds
Seeks Income Primary and Growth Secondary with Low Volatility

Fixed Income Funds:
40% - Dodge & Cox Income Fund Class X (DOXIX)
20% - Schwab U.S. Treasury Money Fund (SUTXX)
20% - Vanguard High-Yield Corporate Fund Admiral (VWEAX)

Stock Funds:
4% - Dodge & Cox Global Stock Fund (DODWX)
4% - JP Morgan US Equity R6 (JUEMX)
4% - Brandes Small Cap Value (BSCMX)
4% - T. Rowe Price Value (TRPIX)
4% - T. Rowe Price Health Sciences (PRHSX)

CA 457 Moderate Conservative Allocation

Most appropriate for ages 55 – 65
Targets 60% Fixed Income Mutual Funds and 40% Equity Funds
Seeks Income Primary and Growth Secondary with Moderate-to-Low Volatility

Fixed Income Funds:
30% - Dodge & Cox Income Fund Class X (DOXIX)
15% - Schwab U.S. Treasury Money Fund (SUTXX)
15% - Vanguard High-Yield Corporate Fund Admiral (VWEAX)

Stock Funds:
7% - Dodge & Cox Global Stock Fund (DODWX)
7% - JP Morgan US Equity R6 (JUEMX)
7% - Vanguard FTSE Social Index Fund Admiral (VFTAX)
7% - T. Rowe Price Value (TRPIX)
6% - Brandes Small Cap Value (BSCMX)
6% - T. Rowe Price Health Sciences (PRHSX)

CA 457 Balanced Allocation

Most appropriate for ages 45 – 55
Targets 50% Fixed Income Mutual Funds and 50% Equity Funds
Seeks Income and Growth Equally with Moderate Volatility

Fixed Income Funds:
25% - Dodge & Cox Income Fund Class X (DOXIX)
13% - Schwab U.S. Treasury Money Fund (SUTXX)
12% - Vanguard High-Yield Corporate Fund Admiral (VWEAX)

Stock Funds:
7% - JP Morgan US Equity R6 (JUEMX)
7% - Vanguard FTSE Social Index Fund Admiral (VFTAX)
7% - T. Rowe Price Value (TRPIX)
7% - Brandes Small Cap Value (BSCMX)
7% - T. Rowe Price Health Sciences (PRHSX)
5% - Dodge & Cox Global Stock Fund (DODWX)
5% - American Funds New World R6 (RNWGX)
5% - American Funds EUPAC R6 (RERGX)

CA 457 Moderate Growth Allocation

Most appropriate for ages 40 – 50
Targets 60% Equity Funds and 40% Fixed Income Mutual Funds
Seeks Growth Primary and Income Secondary with Moderate-to-High Volatility

Stock Funds:
10% - JP Morgan US Equity R6 (JUEMX)
10% - Vanguard FTSE Social Index Fund Admiral (VFTAX)
8% - T. Rowe Price Value (TRPIX)
8% - Brandes Small Cap Value (BSCMX)
6% - T. Rowe Price Health Sciences (PRHSX)
6% - Dodge & Cox Global Stock Fund (DODWX)
6% - American Funds New World R6 (RNWGX)
6% - American Funds EUPAC R6 (RERGX)

Fixed Income Funds:
20% - Dodge & Cox Income Fund Class X (DOXIX)
10% - Schwab U.S. Treasury Money Fund (SUTXX)
10% - Vanguard High-Yield Corporate Fund Admiral (VWEAX)

CA 457 Growth Allocation

Most appropriate for ages 30 – 40
Targets 80% Equity Funds and 20% Fixed Income Mutual Funds
Seeks Growth Primary and Income Secondary with Higher Volatility

Stock Funds:
13% - JP Morgan US Equity R6 (JUEMX)
13% - Vanguard FTSE Social Index Fund Admiral (VFTAX)
10% - T. Rowe Price Value (TRPIX)
10% - Brandes Small Cap Value (BSCMX)
9% - T. Rowe Price Health Sciences (PRHSX)
9% - American Funds New World R6 (RNWGX)
8% - Dodge & Cox Global Stock Fund (DODWX)
8% - American Funds EUPAC R6 (RERGX)

Fixed Income Funds:
10% - Dodge & Cox Income Fund Class X (DOXIX)
5% - Schwab U.S. Treasury Money Fund (SUTXX)
5% - Vanguard High-Yield Corporate Fund Admiral (VWEAX)

CA 457 Maximum Growth Allocation

Most appropriate for investors younger than 30 or investors with a high tolerance for risk
Targets 100% Equity Funds
Seeks Maximum Growth

Stock Funds:
15% - JP Morgan US Equity R6 (JUEMX)
15% - Vanguard FTSE Social Index Fund Admiral (VFTAX)
15% - T. Rowe Price Value (TRPIX)
13% - Brandes Small Cap Value (BSCMX)
11% - T. Rowe Price Health Sciences (PRHSX)
11% - American Funds New World R6 (RNWGX)
10% - Dodge & Cox Global Stock Fund (DODWX)
10% - American Funds EUPAC R6 (RERGX)

27201 Puerta Real ■ Suite 465 ■ Mission Viejo, CA 92691 ■ (800) 770-0457 ■
FAX (949) 367-1887 ■ www.ca457.com

CALIFORNIA 457 BENEFITS
Plan Administration & Investment Advice

Deferred Compensation Plan Participation Application

City of Costa Mesa, CA

27201 Puerta Real, Suite 465 | Mission Viejo, CA 92691 | 800-770-0457 | Fax: 949-367-1887 | nick@walkerfinancial.com | Drop Box Secure Upload

☐ Initial Enrollment ☐ Change in Deferral Amount ☐ Re-Enrollment ☐ Investment Change
☐ Change of Address ☐ Beneficiary Change ☐ Name Change ☐ Catch-up Provision

Section 1: Participant Information

Name _____
Last First M.I.

Address _____
Number Street or PO Box

_____
City State Zip

Date of Hire _____ Department _____
Employee Payroll ID# _____
Social Security _____
Date of Birth _____
Work Phone _____
Mobile Phone _____
Email _____

Section 2: Participant Elections

I wish to contribute $_____ per biweekly pay period, beginning on payroll # 26 - ____

Catch-up: ☐ Age 50 and over, up to $32,500/year, or ☐ Special 3-year with projected retirement date: _____/_____/_____,up to $49,000/year

Section 3: Select Your Investments:

☐ I am an existing participant and I wish to maintain my current contribution elections.

You may elect to invest in the following LifeStyle Model Allocation Portfolios professionally designed and maintained by California 457 Benefits:

CA 457 Conservative ☐ Least Aggressive
CA 457 Moderate Conservative ☐
CA 457 Balanced Allocation ☐
CA 457 Moderate Growth Allocation ☐
CA 457 Growth Allocation ☐
CA 457 Maximum Growth Allocation ☐ Most Aggressive

Alternatively, you may select your own investments by entering an amount from 1% to 100%. Any percentage remaining will automatically be allocated to the Schwab U.S. Treasury Money Fund.

U.S. Focused Stock Mutual Funds
Allspring Special Mid Cap Value _____%
Brandes Small Cap Value _____%
Janus Venture T _____%
J.P. Morgan US Equity Fund R6 _____%
T. Rowe Price Diversified Mid Cap Growth _____%
T. Rowe Price All-Cap Opportunities _____%
T. Rowe Price Value I Class _____%
Vanguard 500 Index Admiral _____%
Vanguard FTSE Social Index Admiral _____%
Vanguard Mid Cap Index Admiral _____%
Vanguard Small Cap Index Admiral _____%

Sector Focused Stock Mutual Funds
T. Rowe Price Health Sciences _____%
T. Rowe Price New Era _____%
Vanguard REIT Index Admiral _____%

International Stock Mutual Funds
American Funds EUPAC R6 _____%
Dodge & Cox Global Stock _____%
Vanguard Total International Stock Index Admiral _____%

Emerging Market Stock Mutual Funds
American Funds New World R6 _____%

Fixed Income Mutual Funds
Dodge & Cox Income Fund X _____%
PIMCO Real Return Bond Institutional _____%
Vanguard GNMA Bond Fund Admiral _____%
Vanguard High Yield Corporate Bond Admiral _____%
Vanguard Short-Term Investment Grade Admiral _____%

Money Market Funds
Schwab U.S. Treasury Money Fund _____%

Total: _____%

Section 4: Designation of Beneficiary

I hereby designate the following beneficiary(ies) (If you wish to designate more, attach signed instructions.)

Primary Beneficiary(ies)

1. Share % _____
Beneficiary SS#_____ Date of Birth_____
Name _____ Relationship_____
Address _____
City _____ State_____ Zip_____

2. Share % _____
Beneficiary SS#_____ Date of Birth_____
Name _____ Relationship_____
Address _____
City _____ State_____ Zip_____

If you are currently married and have named **any** primary beneficiary other than your spouse, the following consent must be signed by your spouse and witnessed by a plan representative or a notary public: I hereby consent to waive my spousal inheritance rights and agree to the primary beneficiary designation(s) indicated on this form: _____ _____ _____
Full Name of Spouse Signature of Participant's Spouse Date
This instrument was signed before me on _____, _____
Date CA 457 Plan Representative or Notary Public (attach certificate form & seal)

Contingent Beneficiary(ies) If no primary beneficiary survives me, I designate the balance of my account assets be distributed to the following:

1. Share % _____
Beneficiary SS#_____ Date of Birth_____
Name _____ Relationship_____
Address _____
City _____ State_____ Zip_____

2. Share % _____
Beneficiary SS#_____ Date of Birth_____
Name _____ Relationship_____
Address _____
City _____ State_____ Zip_____

I elect to participate in the Employers §457(b) Deferred Compensation Plan and I authorize my employer to reduce my salary by the above amount for credit to my California 457 Benefits deferred compensation account. I have read and understand each of these statements on the front and back of this form, which are intended to comply with section 457 of the Internal Revenue Code. THIS APPLICATION SUPERSEDES ALL PREVIOUS REQUESTS.

_____
Participating Employee Signature Date

_____ _____
Authorized Signature/Employer CA 457 Representative Signature Date

DEFERRED COMPENSATION PLAN MEMORANDUM OF UNDERSTANDING

By signing the participation agreement on the reverse side of this memorandum, the participant agrees to the following:

I understand California 457 Benefits (CA 457) serves as Third-Party Administrator and Investment Advisor to the City of Costa Mesa Deferred Compensation Plan for Public Employees Section 457(b) Governmental & Trust (the "Plan") and can be reached at 800-770-0457. Additional information about CA 457 can be accessed online at www.ca457.com. The Charles Schwab Bank, a subsidiary of Charles Schwab Corporation, provides custody and brokerage services for the Plan. Record keeping and internet access services are performed by Spectrum Pension Consultants, Inc. of Tacoma, WA. Spectrum Pension Consultants may be reached at 800-634-3411 and accessed online with a valid username and password at https://www.retirementlogin.com/spectrum/.

I understand that my participation in the Plan is voluntary and governed by the terms and conditions of the Plan Document and Section 457(b) of the Internal Revenue Code. A copy of the Plan Document, all of which provide additional details regarding the terms of the Plan, can be obtained by contacting CA 457.

I understand all amounts deferred into the Plan and earnings on the amounts deferred are held in a trust for the exclusive benefit of the Plan participants and their beneficiaries until such time as the deferred amount is made available to the participant or beneficiary.

I have been provided access to and understand the terms of the applicable mutual fund prospectus(es). It is the participant's responsibility to determine which investment options are best. I understand there is no assurance that the objective of any mutual fund will be obtained. Mutual fund prospectuses may be accessed on https://ca457.com/investment-options or by contacting CA 457.

I understand that none of the investment options offered are federally insured or guaranteed against the risk of loss. I understand that neither my employer, the plan administrator, nor CA 457 is liable for (1) the losses I may incur due to fluctuations in value of the investment options that I have selected or (2) the financial insolvency of the providers of those options.

I agree to hold my employer, the Plan, the Plan Administrator and CA 457 harmless from liability for execution of transactions in accordance with instructions transmitted by telephone or the Internet, when using my username and password. This includes transactions that cannot be executed due to market trading suspensions, early market closings, funds suspending telephone trading privileges, or any other market circumstances beyond the control of the Plan, the Plan Administrator or CA 457.

The 2026 annual federal deferral limit to all Section 457 plans is the lesser of $24,500 or 100% of includible compensation. Additional amounts above the limit may be deferred into the Plan if (1) the participant attains age 50 or older during the calendar year, or (2) the participant is within three years of Normal Retirement Age, as defined by the Plan Document, and did not defer the maximum amount in prior years. These limits may adjust for inflation in future years. I understand deferrals in excess of maximum amounts are not permitted and will be considered taxable income when refunded.

I understand that full-time employee participants may request a loan which must be repaid over a period of no more than five years. Eligible participants must have an account balance of at least $2,000. The maximum loan amount that may be obtained is the lesser of: (1) One-half of the account value reduced by the highest outstanding loan balance during the 1-year period ending on the day before the date on which such loan is going to be made; or (2) $50,000 reduced by the highest outstanding loan balance during the 1-year period ending on the day before the date on which such loan is going to be made. Failure to repay the loan in a timely manner may result in adverse tax consequences. Additional information about loans may be found on www.ca457.com under the Participant Forms tab or by contacting CA 457 directly.

I understand that I may request a distribution of funds from the Plan only (1) upon separation from service; (2) upon an unforeseeable emergency approved by the Plan Administrator in accordance with Internal Revenue Code guidelines; or (3) I may take a one-time, in-service "de minimus" withdrawal if my account value is $5,000 or less and I have not deferred into the plan for at least 24 months. I understand distributions are exempt from early withdrawal penalties, but are taxable as ordinary income and subject to income tax in the year received.

I understand distributions must begin no later than April 1st following the year I reach age 73. If I work beyond age 73, my distributions must begin no later than April 1st following the year I separate from service or retire. My distributions must be made in a manner that satisfies the minimum distribution requirements of IRC Sec. 401(a)(9), which currently requires benefits to be paid at least annually over a period not to extend beyond my life expectancy. Failure to meet minimum distribution requirements will result in substantial federal and state income tax penalties.

Due to important tax consequences related to distributions, I understand that I should consult a tax advisor. I expressly assume the responsibility for tax consequences relating to any distribution, and I agree that neither CA 457, the Plan, nor the Plan Administrator shall be responsible for those tax consequences.

I understand the funds in my account are eligible for tax-free rollover to a traditional IRA or to an eligible retirement plan upon separation from service.

I understand it is my responsibility to report any changes to CA 457 that have occurred and affect my account (e.g, address or change in employment) and to update my beneficiary information as appropriate.

I understand CA 457 deducts a quarterly service fee from participant accounts in an amount equivalent to 0.34% annually. Therefore, CA 457 bills participant quarter-end account balances at a rate of 0.085% (0.34% divided by 4).

I understand that some mutual funds offered in the Plan provide expense reimbursements as indicated in the current quarterly investment performance report that may be accessed on https://ca457.com/investment-options. Reimbursements are only credited to participant accounts that have an active investment in mutual funds that offer reimbursements. Thus, depending on the rate of mutual fund expense reimbursements, a participant's CA 457 fee may be offset in full, partially, or not at all. Please note: CA 457 does not receive compensation directly or indirectly from these reimbursements and does not make recommendations based on expense reimbursements.

I understand that since April 1, 2015, the City of Costa Mesa has contracted Benefits Funding Services Group (BFSG), an unrelated third-party consultant, to advise Plan administrators and deferred compensation committee members on various aspects of the Plan. The City directs CA 457 to invoice participant accounts at an annual rate of approximately 0.04% to compensate BFSG and is not included in CA 457's service fee.

I have read and understood, and I agree to the terms and conditions stated and recognize that they may change in the future.