

An **SDBA Guide**
for Employees

Self-directed brokerage account

Schwab Personal Choice Retirement Account[®] (PCRA)

State of Iowa 457 Employee Contribution Plan



We'll help you get there.[®]

Your employer has arranged with Massachusetts Mutual Life Insurance Company (MassMutual) to offer you a Self-Directed Brokerage Account (SDBA) through Charles Schwab & Co., Inc., Member SIPC (Schwab). The Schwab Personal Choice Retirement Account® (PCRA) provides you with the ability to invest in a wide variety of investments, including stocks, bonds, exchange-traded funds and mutual funds.

Below are important definitions to help you to understand your Schwab PCRA. These terms will be used throughout this brochure:

- **MassMutual Account** is your core retirement account containing investment options offered under your employer-sponsored retirement plan.
- **Schwab PCRA** is the brokerage account you will use to purchase and sell certain investments, including bonds, stocks, exchange-traded funds or mutual funds. Please note that no more than 50% of your retirement plan account balance, or an amount specified by your employer, may be invested in your Schwab PCRA.
- **Total Retirement Account** is the combination of your MassMutual Account and your Schwab PCRA.

Activating Your Schwab PCRA

It's a quick and easy process. Just follow these simple steps:

1 | Activate Your Schwab PCRA

- Go to www.schwab.com/pcraopen.
- Enter your Retirement Plan ID and Password provided below. You will also need to enter your Social Security Number:
Retirement Plan ID: 246433
Plan Password: 3346
- Complete and submit the online Account Application to open your Schwab PCRA.

- Once you submit the form electronically, your account will be open, and you will receive your Schwab PCRA account number on the screen soon after.

You will receive a Schwab PCRA Welcome Kit that confirms your account number and explains the details of investing through the Schwab PCRA.

Please note that once you activate your Schwab PCRA, it will generally be available within 2 business days for funding from your MassMutual Account.

You can view your Schwab PCRA balance in your Total Retirement Account by logging on to RetireSmart. However, for the most current information or investment details about your Schwab PCRA, you may log on to the Schwab PCRA Internet site at www.schwab.com or speak to a Schwab PCRA client service representative at 1-888-393-PCRA (7272).

2 | Activate Your Schwab Web Access: You will need to activate your account for online access.

- Go to www.schwab.com.
- Click the “New User” tab, then the “Register” button to activate your account for online access.
- Fill in the required information. You will need your new Schwab PCRA number for this step.

If you are already a Schwab client, log in with your ID and password. From the Select Account drop-down menu, choose your Schwab PCRA account number. If you encounter any problems with online activation, call the Schwab PCRA Call Center at 1-888-393-7272.

3 | Place Trade Orders in Your Schwab PCRA:

You have a variety of ways to place trades in your Schwab PCRA using one of the following channels at Schwab:

- www.schwab.com
- TeleBroker® touch-tone
- Schwab by Phone™ voice recognition
- Mobile applications
- Dedicated Schwab PCRA Call Center at 1-888-393-7272
- Automatic Investment Plan (AIP)*

Investments

Eligible

- Over 6,500 mutual funds with over 3,200 no load, no transaction fee mutual funds
- More than 2,200 institutional funds not normally available to retail customers
- Stock listed on all major exchanges, including over-the-counter issues
- Exchange-traded funds (ETFs)
- Bonds, US Treasuries and other fixed income investments
- Money market funds
- Foreign securities

Non-eligible

- Collectibles
- Currencies
- Purchases on margin
- Futures
- Annuities
- Short sales
- Commodities
- Life insurance policies
- Precious metals
- Physical assets (e.g., real estate)

- Limited partnerships (private placements)
- Employer stock
- Non-registered, publicly traded limited partnerships
- Tax-exempt municipal securities
- Options (expect covered calls and protective puts)
- Non-DTC eligible securities

Listed investments are subject to change without notice.

Investment restrictions apply. Employees should see their employer for additional restrictions specific to their plan.

Funding Your Schwab PCRA

To transfer funds into your Schwab PCRA:

1. If cash is not available for transfer into your Schwab PCRA account, you will need to decide which of your core investments you want to sell in order to move money into your Schwab PCRA.
2. Once you decide how much money you want to transfer from each investment, you will need to contact MassMutual and follow the instructions provided for transferring money into your Schwab PCRA. Please note any limits that may be imposed.
3. Your funds will be automatically swept into the Schwab Money Market Fund in your Schwab PCRA, where they will earn interest until you place a trade.

Contributions

Direct contributions into your Schwab PCRA are not allowed. All contributions must be transferred from your MassMutual Account to your Schwab PCRA. To do so, log on to www.retiresmart.com or speak to a MassMutual representative on the Retirement Plan Information Line at **1-800-743-5274**.

Proceeds from sales are automatically credited to the Schwab Money Market Fund when transferred. Transferring assets from your MassMutual account to your Schwab PCRA typically takes 2-3 business days** after which they will become available in your Schwab PCRA.

* An Automatic Investment Plan (AIP) gives you the ability to automatically invest fixed dollar amounts in eligible Schwab OneSource® mutual funds at regular intervals (monthly, bi-monthly or quarterly), provided that the initial purchase minimum for the mutual fund has previously been met.

** Business day is any day the New York Stock Exchange is open.

Transferring Funds to and From Your Schwab PCRA

To transfer money from your Schwab PCRA back to your MassMutual Account please follow the steps below (this process may take up to 8 business days if you need to liquidate securities):

1. If required visit schwab.com or call the PCRA Call Center 1-888-393-PCRA (7272) to liquidate securities to make cash available for transfer.
2. As soon as settled cash is available in the sweep money market fund in your PCRA account, you may transfer the assets back to your MassMutual Account.
3. Either log onto www.retiresmart.com or contact a MassMutual representative at 1-800-743-5274 and follow the steps to initiate a transfer (this typically takes up to 3 business days).

To transfer funds from the Schwab Money Market Fund to your MassMutual Account (this typically takes up to 3 business days), log on to www.retiresmart.com, contact the Retirement Plan Information Line or speak to a MassMutual representative at **1-800-743-5274**.

To transfer funds from your MassMutual Account to your Schwab PCRA (this process typically takes 3 business days):

- You must exchange funds from your MassMutual Account to your Schwab PCRA by logging on to www.retiresmart.com, contacting the Retirement Plan Information Line or speaking to a MassMutual representative at **1-800-743-5274**.
- Your exchange is typically reflected in the Schwab Money Market Fund on the third business day.

What Transfer Restrictions Exist?

Money in a stable value product, which would include the MassMutual Guaranteed Interest Account (GIA), Fixed Interest Account, SAGIC, and Capital Preservation Account or, if applicable, another stable value fund or product made available in the plan, cannot be transferred directly or indirectly to the Self-Directed Brokerage Account. It first must be transferred to other core investments in the plan and remain there for a minimum of 90 days before being transferred to your Brokerage Account. Specifically,

- Any direct transfer between the stable value product and your Brokerage Account is not allowed.
- If you make a transfer from the stable value product to any core plan investment, you will not be permitted to transfer into your Brokerage Account from any core investment for a period of 90 days.
- If you make a transfer to the stable value product from any core plan investment, you will not be permitted to transfer from your Brokerage Account to any core investment for a period of 90 days.
- If you make a transfer from your Brokerage Account to any core plan investment, you will not be permitted to transfer to the stable value product from any core investment for a period of 90 days.
- If you make a transfer to your Brokerage Account from any core plan investment, you will not be permitted to transfer from the stable value product to any core investment for a period of 90 days.

To protect long term investors, your core investment options may impose transfer restrictions (those other than the brokerage account).

- A participant will be prohibited from transferring into most core investment options if the participant has transferred into and out of the same option within the previous 60 days. Certain stable value, fixed income and guaranteed interest options are not subject to this rule. This rule does not prohibit participants from transferring out of any option at any time.

- Requests to transfer into certain global or international investment options will not be accepted if received by MassMutual after 2:30 p.m. Eastern Time. All core investment options are also subject to the restrictions described in MassMutual’s Excessive Trading Policy, which is available by logging into your account at www.retiresmart.com or by calling MassMutual’s Participant Information Center at 1-800-743-5274.

Plan Sponsor-directed Account Liquidation

Under certain circumstances, your Plan Sponsor may provide authorization to MassMutual to direct Schwab to liquidate all or a portion of your Schwab PCRA balance.

The following are examples that could force such a liquidation:

- A qualified domestic relations order (QDRO) that requires the division of your account
- Refunds of excess contribution necessary to satisfy IRS requirements
- Payments of a deferred account balance at age 65 or 70 as mandated by your Plan
- Payment of a mandatory distribution if your entire Retirement Savings Plan account is \$5,000 or less at termination of your employment
- Maintenance of required Core Account minimum balance or payment of Schwab PCRA maintenance fee
- Payment of your account to your beneficiary after your death
- Discontinuance of your plan’s relationship with MassMutual

At the direction of the Plan Sponsor, MassMutual will request transfer of the designated amount from the Schwab PCRA either to satisfy a plan payment and the good order requirements or upon the discontinuance of the Contract.

Schwab PCRA investments will be liquidated to the extent necessary to fulfill such transfer in the following investment category order:

- Cash (money market balances)
- No load, no transaction fee mutual funds (Mutual Fund OneSource funds) in alphabetical order
- No load mutual funds with transaction fees in alphabetical order
- Bonds (treasuries first, then remaining bonds in alphabetical order) (if allowed)
- Common and preferred stocks in alphabetical order (if allowed)
- Any other investments (if allowed) as directed by your employer

Distributions and Withdrawals

Distributions and withdrawals cannot be made directly from your Schwab PCRA.

1. Please visit schwab.com or call the PCRA Call Center 1-888-393-PCRA (7272) to liquidate securities to make cash available for your distribution.
2. As soon as settled cash is available in the sweep money market fund in your PCRA account, you may transfer the assets back to your MassMutual Account.
3. Either log on to www.retiresmart.com or contact a MassMutual representative at 1-800-743-5274 and follow the steps to initiate a transfer (this typically takes up to 3 business days).
4. Once you have confirmed the monies have been transferred back to your MassMutual Account, then you are able to submit your distribution paperwork to MassMutual.
 - For a full distribution, you must liquidate your entire PCRA account
 - For a partial distribution, you must ensure you have enough monies in your MassMutual Account to cover your requested withdrawal.

Loans

If your plan provides for participant loans, you cannot take a loan directly from your Schwab PCRA. However, your Total Retirement Account will be used to determine the maximum loan amount available. Therefore, if you wish to request a loan that is greater than your MassMutual Account, you must first transfer from the Schwab PCRA to your MassMutual Account.

To withdraw funds from your Schwab PCRA, please refer to **Transferring Funds to and From Your Schwab PCRA**.

Fees and Commissions

- There is a \$100 MassMutual annual maintenance fee for the Schwab PCRA services.
- Schwab PCRA transaction fees and commissions are outlined in the *Charles Schwab Pricing Guide for Retirement Plan Accounts* provided with the welcome materials you receive from Schwab after opening your account.

Transaction Confirmations and Statements

Schwab will send you a PCRA statement each month. You can access your PCRA statement, see your balance, and view all transactions made within the last two years by logging into your PCRA on Schwab.com. Also, you can enroll in Schwab's Paperless Service and electronically receive your statements, trade confirmations, and other regulatory materials via email. The balance in your Schwab PCRA will also be reflected on plan statements you receive from MassMutual.

Where You Can Go for Help

If you have any questions about your new Schwab PCRA, here are some options:

Call Schwab: Schwab PCRA client service representatives are available to answer questions about your Schwab PCRA. You can reach Schwab PCRA client service representatives by calling 1-888-393-7272 weekdays from 9:00 a.m. to 7:30 p.m. Eastern Time.

Call MassMutual: MassMutual representatives can help with questions about transferring money from your MassMutual Account into your Schwab PCRA. You can reach MassMutual representatives by calling the Retirement Plan Information Line at **1-800-743-5274** weekdays from 8:00 a.m. to 9:00 p.m. Eastern Time.

NOT A BANK OR CREDIT UNION DEPOSIT OR OBLIGATION • NOT FDIC OR NCUA INSURED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • NOT GUARANTEED BY ANY BANK OR CREDIT UNION • MAY GO DOWN IN VALUE

