

Alachua County Budget & Fiscal Services Division of Risk Management

John Carnell, *Risk Manager*
Colleen Duffy, *Employee Benefits Coordinator*
John Clemons, *Safety and Loss Control Officer*
Darlene Ryon, *Risk Management Generalist*
Amy L. Childs, *Wellness Coordinator*
Crystal Carr, *Sr. Staff Assistant*

DEFERRED COMPENSATION ADVISORY COMMITTEE MINUTES ALACHUA COUNTY BOCC OCTOBER 14, 2019 Grace Knight Conference Room Alachua County Administration Building

Present: Commissioner Charles Chestnut IV; County Manager Michelle Lieberman; Cheryl Jordan (sitting in for Clerk of Court Jess Irby); Sr. Asst. County Atty. Bob Swain (sitting in for County Atty Sylvia Torres); HR Director Heather Akpan

Absent: Clerk of Court Jess Irby; County Attorney Sylvia Torres

Also Present: Thomas Crosby (OMB); John Carnell (Risk Mgmt.); Amy Childs (Risk Mgmt.); John Thinnies (AndCo); Paul Murray (AndCo); Crystal Carr (Risk Mgmt.)

Meeting was called to order at 1:37p.m. Everyone introduced themselves.

1. John Carnell recapped the purpose of the Committee and the ordinance that gives the committee oversight and management decisions of the deferred compensation contracts. He also reviewed the Board's vote to remove Tommy Crosby as a committee member so he could give recommendations as staff.
2. John introduced the consulting firm AndCo and the background to their RFP process on behalf of the county.
3. Paul Murray and John Thinnies from AndCo introduced themselves and gave a brief of their firm's history with public entities' Deferred Compensation programs.
4. Paul presented the findings of the RFP process from the spring of 2019 and reviewed the scoring matrix and criteria used to evaluate each respondent. ICMA and Nationwide were the top two candidates after the scoring was applied. Paul fielded questions about the bidding and scoring process. Based on their RFP and professional expertise, they recommended consolidating to just ICMA with a savings in fees for each participant. The overall estimated annual savings is \$145,000 for the group per year.

5. John Thinnes presented information on the fund recommendations to reduce the options from over 80 to a more reasonable amount that would include low, moderate and aggressive risk profiles.
6. A motion was put forward by Commissioner Chestnut IV to approve the consolidation to one contract holder, ICMA. **Motion passed unanimously by all voting members at 1:58 p.m.**
7. A motion was put forward by Commissioner Charles Chestnut IV to reduce fund options from 80 to about 16 which will result in better participant outcomes. **Motion 2nd by Michelle Lieberman and passed unanimously by all voting members at 2:12 p.m.**
8. A motion was put forward by Michelle Lieberman to accept the lineup of funds suggested by AndCo. **Motion was 2nd by Heather Akpan and passed unanimously by all voting members at 2:16 p.m.**
9. A motion was put forward by Michelle Lieberman to adopt an Investment Policy Statement. The Investment Policy Statement establishes guidelines for selecting, evaluating and identifying priorities of the Deferred Compensation program. It will serve as a guide on what will be discussed when the committee meets quarterly. The committee will review the Investment Policy once a year to make sure the plan is adhering to it. **Motion was 2nd by Bob Swain and passed unanimously by all voting members at 2:19 p.m.**
10. A motion was put forward by Commissioner Charles Chestnut IV to meet quarterly. **Motion was 2nd by Michelle Lieberman and passed unanimously by all voting members at 2:20 p.m.**

Commissioner Charles Chestnut IV motioned to adjourn meeting at 2:22 p.m. 2nd by Michelle Lieberman.

Alachua County
AndCo Investment Mapping Direction - ICMA-RC

Fund Mapping									
Current Fund Option	Category	Current Market Value	Current Exp. Ratio	Prior Invest Exp	% Liquidated	New Fund Option	New Ticker	New Exp. Ratio	
Vantagepoint PLUS R5	Stable Value	\$7,388,906	0.81%	\$59,850	0%	➡ Vantagepoint PLUS R10	n/a	0.56%	
VT Cash Management	Cash Management	\$80,449	0.44%	\$354	0%	➡ VT Cash Management	n/a	0.44%	
Vantagepoint Core Bond Index	Fixed Income	\$263,811	0.19%	\$501	100%	➡ Vanguard Total Bond	VBTLX	0.05%	
VT Western Asset Core Plus Bond	Fixed Income	\$247,449	0.45%	\$1,187	100%	➡ Dodge & Cox Income	DODIX	0.43%	
Vantagepoint Inflation Focused	Fixed Income	\$124,886	0.61%	\$1,509	100%	➡ Dodge & Cox Income	DODIX	0.43%	
VT PIMCO High Yield	Fixed Income	\$88,572	0.82%	\$1,024	100%	➡ Dodge & Cox Income	DODIX	0.43%	
Vantagepoint Equity Income	US Stock	\$425,146	0.71%	\$3,019	100%	➡ MFS Value	MEIKX	0.48%	
VT Invesco Diversified Div	US Stock	\$36,514	0.56%	\$204	100%	➡ MFS Value	MEIKX	0.48%	
VT MFS Value	US Stock	\$1,283	0.58%	\$7	100%	➡ MFS Value	MEIKX	0.48%	
Vantagepoint 500 Stock Index	US Stock	\$1,022,782	0.19%	\$1,943	100%	➡ Vanguard 500 Index	VFIAX	0.04%	
Vantagepoint Braod Market Index	US Stock	\$615,383	0.19%	\$1,169	100%	➡ Vanguard 500 Index	VFIAX	0.04%	
Vantagepoint Growth & Income	US Stock	\$281,772	0.63%	\$1,775	100%	➡ Vanguard 500 Index	VFIAX	0.04%	
VT Parnassus Core Equity	US Stock	\$37,046	0.87%	\$322	100%	➡ Vanguard 500 Index	VFIAX	0.04%	
VT Invesco Oppenheimer Main Street	US Stock	\$133,139	0.62%	\$825	100%	➡ Vanguard 500 Index	VFIAX	0.04%	
Vantagepoint Growth	US Stock	\$1,158,365	0.75%	\$8,688	100%	➡ T. Rowe Price Large Cap Core Growth Fund	TPLGX	0.56%	
VT Contra Fund	US Stock	\$834,035	0.82%	\$6,839	100%	➡ T. Rowe Price Large Cap Core Growth Fund	TPLGX	0.56%	
VT T. Rowe Price Growth Stock	US Stock	\$116,079	0.92%	\$1,068	100%	➡ T. Rowe Price Large Cap Core Growth Fund	TPLGX	0.56%	
Vantagepoint Select Value	US Stock	\$28,474	0.91%	\$259	100%	➡ Wells Fargo Special Small Cap Value R6	ESPRX	0.87%	

Alachua County
Core Investment Menu
October 14, 2019

Core Investment Menu

Asset Class	Investment Name	Ticker	Market Value \$	Expense Ratio %
Cash Management	Vantagepoint PLUS R10	NA	\$10,352,258	0.56%
Cash Management	VT Cash Management	NA	\$1,016,922	0.44%
Fixed Income - Index	Vanguard Total Bond	VBTLX	\$337,035	0.05%
Fixed Income - Core / Core Plus	Dodge & Cox Income	DODIX	\$906,983	0.43%
Domestic Equity - Index Large Cap	Vanguard 500 Index	VFIAX	\$3,101,394	0.04%
Domestic Equity - Index Mid Cap	Vanguard Mid Cap Index	VIMAX	\$1,355,881	0.05%
Domestic Equity - Index Small Cap	Vanguard Small Cap Index	VSMAX	\$182,250	0.05%
Domestic Equity - Active Large Cap Value	MFS Value	MEIKX	\$678,965	0.48%
Domestic Equity - Active Large Cap Growth	T. Rowe Price Large Cap Core Growth Fund	TPLGX	\$3,343,067	0.56%
Domestic Equity - Active Large Cap Value	Wells Fargo Special Small Cap Value R6	ESPRX	\$219,127	0.87%
Domestic Equity - Active Small Cap Growth	Conestoga Small Cap Institutional	CCALX	\$362,850	0.90%
International Equity - Index	Vanguard Total International Stock	VTIAX	\$439,722	0.11%
International Equity - Active	American Funds EuroPacific Growth	RERGX	\$1,245,716	0.49%
Target Date Funds - Index	Vanguard 2015	VTXXV	\$92,145	0.13%
Target Date Funds - Index	Vanguard 2020	VTWNX	\$240,315	0.13%
Target Date Funds - Index	Vanguard 2025	VTTVX	\$158,650	0.13%
Target Date Funds - Index	Vanguard 2030	VTHRX	\$134,387	0.14%
Target Date Funds - Index	Vanguard 2035	VTHHX	\$121,354	0.14%
Target Date Funds - Index	Vanguard 2040	VFORX	\$250,638	0.14%
Target Date Funds - Index	Vanguard 2045	VTIVX	\$61,467	0.15%
Target Date Funds - Index	Vanguard 2050	VFIFX	\$16,593	0.15%
Target Date Funds - Index	Vanguard 2055	VFFVX	\$71	0.15%
Target Date Funds - Index	Age Appropriate Target Date Fund		\$8,645,618	0.15%
Target Date Funds - Index	Vanguard Retirement Income	VTINX	\$64,435	0.12%
Target Date Funds - Index	VT Puritan Fund	tbd	\$218,667	0.54%
Guaranteed Lifetime Income	VT Retirement Income Advantage	NA	\$30,923	1.70%

Total Assets

\$33,577,433



VT Victory Sycamore Est Value	US Stock	\$132,389	0.62%	\$821	100%	➡	Wells Fargo Special Small Cap Value R6	ESPRX	0.87%
Vantagepoint Aggressive Opportunities	US Stock	\$268,760	0.77%	\$2,069	100%	➡	Vanguard Mid Cap Index	VIMAX	0.05%
VT AMG TimesSquare Mid Cap Growth	US Stock	\$575,911	1.18%	\$6,796	100%	➡	Vanguard Mid Cap Index	VIMAX	0.05%
VT Carillon Eagle Mid Cap Growth	US Stock	\$72,888	0.75%	\$547	100%	➡	Vanguard Mid Cap Index	VIMAX	0.05%

Vantagepoint Mid/Small Company Index	US Stock	\$268,783	0.19%	\$611	100%	➡	Vanguard Mid Cap Index	VIMAX	0.05%
Vantagepoint Discovery	US Stock	\$146,982	0.77%	\$1,132	100%	➡	Vanguard Small Cap Index	VSMAX	0.05%
VT Invesco Oppenheimer Discovery	US Stock	\$67,702	0.84%	\$569	100%	➡	Conestoga Small Cap Institutional	CCALX	0.90%
VT ClearBridge International Value	International Stock	\$91,014	0.91%	\$828	100%	➡	American Funds EuroPacific Growth	RERGX	0.49%
Vantagepoint International	International Stock	\$130,520	1.00%	\$1,305	100%	➡	American Funds EuroPacific Growth	RERGX	0.49%
Vantagepoint Overseas Equity Index	International Stock	\$431,117	0.24%	\$1,035	100%	➡	Vanguard Total International Stock	VTIAX	0.11%
VT Diversified International	International Stock	\$329,896	0.81%	\$2,672	100%	➡	American Funds EuroPacific Growth	RERGX	0.49%
Vantagepoint Emerging Markets	International Stock	\$71	1.18%	\$1	100%	➡	American Funds EuroPacific Growth	RERGX	0.49%
Vantagepoint Milestone 2010	Balanced	\$37,468	0.66%	\$247	100%	➡	Vanguard Retirement Income	VTINX	0.12%
Vantagepoint Milestone 2015	Balanced	\$92,145	0.70%	\$645	100%	➡	Vanguard 2015	VTXVX	0.13%
Vantagepoint Milestone 2020	Balanced	\$240,315	0.72%	\$1,730	100%	➡	Vanguard 2020	VTMNX	0.13%
Vantagepoint Milestone 2025	Balanced	\$158,650	0.74%	\$1,174	100%	➡	Vanguard 2025	VTTVX	0.13%
Vantagepoint Milestone 2030	Balanced	\$134,387	0.76%	\$1,021	100%	➡	Vanguard 2030	VTHRX	0.14%
Vantagepoint Milestone 2035	Balanced	\$121,354	0.77%	\$934	100%	➡	Vanguard 2035	VTTHX	0.14%
Vantagepoint Milestone 2040	Balanced	\$250,638	0.79%	\$1,980	100%	➡	Vanguard 2040	VFORX	0.14%
Vantagepoint Milestone 2045	Balanced	\$61,467	0.79%	\$486	100%	➡	Vanguard 2045	VTNVX	0.15%
Vantagepoint Milestone 2050	Balanced	\$16,593	0.79%	\$131	100%	➡	Vanguard 2050	VFI FX	0.15%
Vantagepoint Milestone 2055	Balanced	\$71	0.59%	\$0	100%	➡	Vanguard 2055	VFFVX	0.15%

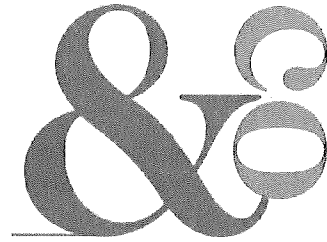
VP Milestone Retirement Income	Balanced	\$26,967	0.66%	\$178	100%	➡ Vanguard Retirement Income	VTINX	0.12%
Vantagepoint MP Conservative Growth	Balanced	\$207,626	0.77%	\$1,599	100%	➡ Age Appropriate Target Date Fund	TBD	0.15%
Vantagepoint MP Traditional Growth	Balanced	\$942,243	0.80%	\$7,538	100%	➡ Age Appropriate Target Date Fund	TBD	0.15%
Vantagepoint MP Long Term Growth	Balanced	\$3,936,021	0.81%	\$31,882	100%	➡ Age Appropriate Target Date Fund	TBD	0.15%
Vantagepoint MP Global Equity Growth	Balanced	\$1,492,605	0.89%	\$13,284	100%	➡ Age Appropriate Target Date Fund	TBD	0.15%
VT Puritan Fund	Balanced	\$177,649	0.54%	\$959	0%	➡ VT Puritan Fund	n/a	0.54%
VT Nuveen Real Estate Securities	Specialty	\$339,948	1.02%	\$3,467	100%	➡ Age Appropriate Target Date Fund	TBD	0.15%
VT Retirement Income Advantage	Guaranteed Lifetime Income	\$30,923	1.70%	\$1,506	0%	➡ VT Retirement Income Advantage	n/a	1.70%

Alachua County
Arndco Investment Mapping Direction - Nationwide

Fund Mapping		Category	Current Market Value	Current Exp. Ratio	Prior Invest Exp	% Liquidated	New Fund Option	New Ticker
Current Fund Option								
NW Fixed Account	Fixed	Fixed	\$2,770,564	1.00%	\$27,706	100%	➡ Vantagepoint PLUS R10	n/a
Fixed Assets	Fixed	Fixed	\$192,788	1.00%	\$1,928	100%	➡ Vantagepoint PLUS R10	n/a
NW Money Market	Cash Management	Cash Management	\$936,473	0.58%	\$5,432	100%	➡ VT Cash Management	n/a
Lord Abbett High Yield R5	Fixed Income	Fixed Income	\$177,336	0.70%	\$1,241	100%	➡ Dodge & Cox Income	DODIX
NW Bond Index A	Fixed Income	Fixed Income	\$73,224	0.67%	\$491	100%	➡ Vanguard Total Bond Market Index Fund	VBTLX
NW Loomis Core Bond Inst Svc	Fixed Income	Fixed Income	\$228,963	0.74%	\$1,694	100%	➡ Dodge & Cox Income	DODIX
PIMCO Foreign Bond US Dr Holding A	Fixed Income	Fixed Income	\$32,017	0.96%	\$307	100%	➡ Dodge & Cox Income	DODIX
Fed US Govt Sec 2 5 Year Inst	Fixed Income	Fixed Income	\$7,375	0.92%	\$68	100%	➡ Dodge & Cox Income	DODIX
Invesco ST Investment Treasury Inst	Fixed Income	Fixed Income	\$384	0.20%	\$1	100%	➡ Dodge & Cox Income	DODIX
NW Small Co Growth Inst Svc	US Stock	US Stock	\$119,102	1.19%	\$1,417	100%	➡ Conestoga Small Cap Institutional	CCALX
Neuberger and Berman Genesis Tr	US Stock	US Stock	\$176,046	1.10%	\$1,937	100%	➡ Conestoga Small Cap Institutional	CCALX
NW NV/T Multi Mgr Small Company I	US Stock	US Stock	\$807	1.11%	\$9	100%	➡ Vanguard Small Cap Index	VSMAX
NW Small Cap Index A	US Stock	US Stock	\$34,460	0.72%	\$248	100%	➡ Vanguard Small Cap Index	VSMAX
NW US Small Cap Value Inst Svc	US Stock	US Stock	\$58,265	1.19%	\$693	100%	➡ Wells Fargo Spacial Small Cap Value R6	ESFRX
Wells Fargo Discovery Admin	US Stock	US Stock	\$41,469	1.13%	\$469	100%	➡ Vanguard Mid Cap Index	VIMAX
Nationwide Mid Cap Market Index A	US Stock	US Stock	\$40,512	0.68%	\$275	100%	➡ Vanguard Mid Cap Index	VIMAX
JP Morgan Mid Cap Value A	US Stock	US Stock	\$87,537	1.25%	\$1,094	100%	➡ Vanguard Mid Cap Index	VIMAX
Fidelity Contra Fund	US Stock	US Stock	\$678,317	0.82%	\$5,562	100%	➡ T. Rowe Price Large Cap Core Growth Fund	TRPLGX
Fidelity OTC	US Stock	US Stock	\$181,765	0.88%	\$1,600	100%	➡ T. Rowe Price Large Cap Core Growth Fund	TRPLGX
NW Large Cap Growth	US Stock	US Stock	\$84,176	0.95%	\$800	100%	➡ T. Rowe Price Large Cap Core Growth Fund	TRPLGX
T Rowe Price Growth Stock Adv	US Stock	US Stock	\$181,790	0.92%	\$1,672	100%	➡ T. Rowe Price Large Cap Core Growth Fund	TRPLGX
NW Loomis All Cap Growth EGL	US Stock	US Stock	\$108,539	1.13%	\$1,226	100%	➡ T. Rowe Price Large Cap Core Growth Fund	TRPLGX
NW S&P 500 Index Inst Svc	US Stock	US Stock	\$51,748	0.41%	\$212	100%	➡ Vanguard S&P 500	VFIAX
SEI S&P 500 Index F	US Stock	US Stock	\$340,554	0.55%	\$1,873	100%	➡ Vanguard S&P 500	VFIAX
American Funds Inv Co of America A	US Stock	US Stock	\$128,460	0.57%	\$732	100%	➡ Vanguard S&P 500	VFIAX

Invesco Growth Income A	US Stock	\$224,768	0.80%	\$1,798	100%	➡	Vanguard S&P 500	VFIAX
NW Fund Inst Svc	US Stock	\$154,204	0.73%	\$1,126	100%	➡	Vanguard S&P 500	VFIAX
Neuberger and Berman Sustainable Equity	US Stock	\$111,539	0.86%	\$959	100%	➡	Vanguard S&P 500	VFIAX
American Century Value Inv	US Stock	\$211,037	0.98%	\$2,068	100%	➡	MFS Value	MEICX
Edgar Lomax Value	US Stock	\$4,985	1.00%	\$50	100%	➡	MFS Value	MEICX
American Funds New World R4	International Stock	\$134,724	0.98%	\$1,320	100%	➡	American Funds EuroPacific Growth	REGGX
Invesco International Growth R5	International Stock	\$200,015	0.99%	\$1,980	100%	➡	American Funds EuroPacific Growth	REGGX
MFS International Value R3	International Stock	\$256,888	0.98%	\$2,518	100%	➡	American Funds EuroPacific Growth	REGGX
NW International Index A	International Stock	\$8,605	0.71%	\$61	100%	➡	Vanguard Total International Stock Index	VTIAX
Oppenheimer Global A	International Stock	\$102,588	1.08%	\$1,108	100%	➡	American Funds EuroPacific Growth	REGGX
Fidelity Puritan	Balanced	\$41,018	0.54%	\$221	100%	➡	Fidelity Puritan Fund	n/a
NW Inv Dest Conservative Svc	Balanced	\$23,846	0.88%	\$210	100%	➡	Age Appropriate Target Date Fund	TBD
NW Inv Dest Mod Cons Svc	Balanced	\$1,860	0.90%	\$17	100%	➡	Age Appropriate Target Date Fund	TBD
NW Inv Dest Mod Svc	Balanced	\$471,198	0.91%	\$4,288	100%	➡	Age Appropriate Target Date Fund	TBD
NW Inv Dest Mod Aggr Svc	Balanced	\$282,179	0.95%	\$2,681	100%	➡	Age Appropriate Target Date Fund	TBD
NW Inv Dest Agg Svc	Balanced	\$615,971	0.94%	\$5,790	100%	➡	Age Appropriate Target Date Fund	TBD
NW Dest TDF Inst Svs	Balanced	\$263,101	0.67%	\$1,763	100%	➡	Age Appropriate Target Date Fund	TBD
Cohen Steers Real Estate Sec A	Specialty	\$69,021	1.15%	\$794	100%	➡	Age Appropriate Target Date Fund	TBD

Putting clients first.



MEMORANDUM

To: Alachua County Deferred Compensation / 401(a) Plan Committee
From: Paul Murray and John Thinnies, AndCo Consulting
Date: July 22, 2019
Subject: 457(b) / 401(a) Plan Recordkeeper Recommendation

Following Alachua County's engagement of AndCo to provide independent investment consulting services to the County's 457(b) Deferred Compensation and 401(a) Plans, AndCo assisted the Committee with issuing a request for proposal (RFP) for recordkeeping / administration services and evaluating the responses received from prospective recordkeepers. The primary purpose of this RFP process was to provide a competitive service and cost analysis of the current recordkeepers relative to several qualified institutional peers.

Based on information AndCo gathered from interactions with the Committee and the responses to questions pertaining to the objectives and requirements of the Plans, AndCo developed a comprehensive Request for Proposal designed to best serve the Plan's recordkeeping and administrative needs. AndCo distributed the RFP to 8 vendors that are qualified and capable of providing recordkeeping and administrative services to the Plans - including the incumbents, ICMA-RC and Nationwide Retirement Services. All eight recordkeepers responded with comprehensive proposals with competitive pricing and capabilities, so none of the proposals were rejected.

Based on the review of the 125+ questions in the RFP and our previous experiences in the public plan space, we think that any of the providers would do a fine job for the County. Based on our evaluation of each proposal, pricing quotes are very attractive, and the general capabilities of the respondents are very strong.

Based on our review of the RFP responses, our knowledge of the respondents' general administrative and service capabilities, and the County's customer service experience, we feel that the best route for the County is to accept ICMA-RC's proposal and consolidate the assets currently at Nationwide (to the extent possible) onto ICMA-RC's platform. In our opinion, moving forward with ICMA-RC provides the most overall value to the County and plan participants.

We formed this recommendation after reviewing the Technical Comparison of Responses to the RFP, the RFP Scoring Summary, and the RFP Fee Analysis. The key points of our recommendation include:

- Using the evaluation criteria detailed in the RFP, ICMA-RC received the highest overall weighted score amongst the 8 providers that submitted proposals.
- The proposed pricing by ICMA-RC is very competitive as compared to the other proposals that were submitted, in part due to the continued use of a proprietary Stable Value product. By continuing to use the VT Plus fund, the pricing can be reduced to 0.0725% annually (see attached Fee Analysis).

- Based on our discussions with Committee members (who are also plan participants), the County receives the best local service and support from ICMA-RC, and they are happy with the services and people.
- With the exception of the VT Plus Fund, the new investment platform will be 'open architecture', which means the Plan will no longer be restricted to select from just ICMA-RC's proprietary fund list. John Thinnies will work with AndCo's Investment Research Team to select an investment lineup that is 'best-in-class', including multiple fund families. We recommend offering fewer options to make it easier for plan participants to build and manage their portfolio.
- The new program will offer significantly lower recordkeeping and investment expenses, which directly translates into improved retirement outcomes for plan participants.
- We also recommend that the plans implement a new plan expense methodology that is fully-transparent and equitable:
 - Previously, plan expenses were embedded in the funds' expense ratios, and not transparent.
 - Going forward, participants will see Plan expense deductions on their statements.

AndCo appreciates the opportunity to assist Alachua County with this search and evaluation. We are confident that retaining ICMA-RC will provide the Plan with services and cost efficiencies that will translate into better retirement outcomes for the Participants and a better overall retirement program for the County.

We look forward to continuing to serve Alachua County and the plan participants.



July 16, 2019

Alachua County BOCC

RE: Market Value Adjustment

Dear Mr. Murray:

As you know, the fixed account retirement contract your plan selected for its deferred compensation plan includes a market value adjustment (MVA) provision. You have requested the current MVA rate applicable to your contract. As of 6/30/2019, your wrapped fixed account value was equal to approximately \$3.0 million and the MVA associated with your contract is -1.265 percent. Therefore, if your contract were to terminate today and you chose to withdraw funds in a lump sum, an MVA gain in the approximate amount of \$37,500 would be applied to your contract based upon your plan's 6/30/2019 wrapped fixed account value.

An MVA will only be applied upon termination of your contract if you choose to withdraw funds in a lump sum. If withdrawn in a lump sum, the MVA effective five (5) business days prior to the date of the withdrawal is applied. However, an MVA would not apply if you select withdrawal in sixty (60) monthly installments.

Enclosed you will find an explanation of the basic assumptions Nationwide uses to determine the MVA. However, please bear in mind that the MVA calculation is complex and incorporates factors and data that may not be readily available to you. For example, one factor used in the calculation is the monthly average Baa component of the Barclays Capital Credit Index, which was 3.70% percent on 6/30/2019 and changes as a result of market conditions.

Please be advised that the MVA is subject to change and fluctuates as a result of market conditions and other factors. Please also bear in mind that in times of increased market volatility, large fluctuations in the MVA may occur. For example, if large increases in credit index rates occur, large increases in the MVA are expected. That is why the approximate MVA quoted above cannot be relied upon as a prediction of what the MVA would be at a later time, even if the value of the wrapped fixed account value did not change. That is, the MVA expressed in this letter will almost certainly change and may vary greatly from the MVA ultimately applied to any withdrawal. Please do not consult any other data, including fact sheets, to attempt to estimate your MVA. Nationwide will be happy to provide, and I would encourage you to request, periodic updates to this calculation or the information used in the calculation. Nationwide is willing to provide periodic updates as frequently as monthly, if requested.

I hope this information is helpful. If you have questions, please do not hesitate to contact me at (614) 973-9256.

Retirement Specialists are Registered Representatives of Nationwide Investment Services Corporation, Member FINRA
In Michigan only: Nationwide Investment Svcs. Corporation
10 West Nationwide Boulevard, Columbus, Ohio

NRN-1255AO-0116



Nationwide®

The Market Value Adjustment formula is $MVAF \times \text{Wrapped Fixed Account Value}$

- where the Market Value Adjustment Factor (MVAF) = $D \times (A - B)$
- D = the modified duration similar to the Barclays Capital Baa component of the U.S. Credit index
- A = the prior month average Barclays Capital Baa component of the U.S. Credit index rate
- B = the average Barclays Capital Baa component of the U.S. Credit index rate over time, weighted by adjusted account value changes each period

Retirement Specialists are Registered Representatives of Nationwide Investment Services Corporation, Member FINRA
In Michigan only: Nationwide Investment Svcs. Corporation
10 West Nationwide Boulevard, Columbus, Ohio

NRN-1255AO-0116