



ENROLLMENT FORM

Please choose one: Initial Authorization Change of Authorization

PARTICIPANT AUTHORIZATION - PLEASE CHECK OPTION 1 OR 2

1. _____ I authorize my employer to reduce my wages by the following amount, for deposit into the State Of Idaho 457 account established for my benefit:

An amount equal to _____%*of my gross wages each pay period. Percentage must be whole Percentages from 1% to 100%** or,
An amount equal to \$_____ from my wages each pay period.

*As of January 1, 2006, the annual contribution limit for the 457 plans is \$15,000, (\$20,000 if you are at least 50 years of age in 2006). If you contribute to both a 401(k) and a 457, you may contribute up to \$15,000 (\$20,000 if age 50) into each plan, for a total of \$30,000 (\$40,000). If you contribute to both a 403(b) and a 401(k), the combined annual contribution limit is \$15,000 (\$20,000 if at least 50).

**Because of additional mandatory (FICA and PERSI) and voluntary (Health Insurance, Flex Plan, etc.) payroll deductions, you may not actually be able to defer 100% of your gross wages.

This authorization applies to future contributions only. It will be effective as of (pay date)_____ and will remain effective until I change or stop it by completing a new enrollment form.

I understand that distributions from the State of Idaho 457 plan are only allowed in the event of termination of employment, disability, retirement, death, or financial hardship. The 457 plan does not have an IRS imposed 10% early withdrawal penalty.

I understand that for new enrollment my contributions will automatically default into the Nationwide Fixed Account until I change my investment allocation via the Voice Response System (1 866-432-6789) or on the web at WWW.IDAHODC.COM or the Boise office at 342-8657 ext 1

2. _____ I elect to stop my contribution to the State of Idaho 457 Plan. I may begin them again later by completing a new Enrollment form

PARTICIPANT INFORMATION (Please print)

Participant Name (please print) _____ Social Security Number _____ Work Phone _____

Address (number and Street) _____ City, State and Zip Code _____

Date of Birth _____ Agency-Dept. _____ Sex: M F

Primary Beneficiary/Relationship _____ Contingent Beneficiary/Relationship _____

Participant Signature _____ Date _____
I authorize the above action

FUND ALLOCATIONS (must equal 100%): **FUND NAME * not necessary if using the default option**

_____ %
_____ %
_____ %

STATE OF IDAHO 457 PLAN MEMORANDUM OF UNDERSTANDING

The purpose of the Memorandum of Understanding is to make you aware of the highlights, restrictions and cost of the State of Idaho Employee Deferred Compensation Plan. However it does not cover all the details of the Plan. You should refer to the Plan Document for specific details.

I understand that my participation in the Plan is governed by the terms and conditions of the Plan Document.

I understand and acknowledge the following:

- I. The informational brochure and fund prospectuses were made available to me.
- II. **The total annual deferral amount to all 457 plans is the lesser of \$15,000 for 2006 and thereafter or 100% of includible compensation. Under certain circumstances, additional amounts above the limit may be deferred into the Plan if (1) I will attain age 50 or older during the current calendar year, or (2) I am within three years of Normal Retirement Age and did not defer the maximum amount in prior years. The Plan Document provides additional details about deferral limitations. Deferrals in excess of maximum amounts are not permitted and will be considered taxable income when refunded. It is my responsibility to ensure my deferrals do not exceed the annual limit.**
- III. I may withdraw funds from the Plan only upon separation from service; at age 70 1/2 (if deferrals have stopped); upon an unforeseeable emergency approved by the Plan; or I may take a one time in-service withdrawal if my account value is \$5,000 or less (as adjusted) and I have not deferred into the Plan for two or more years. In some cases withdrawal for purchase or repayment of service credits in a Governmental Defined Benefit Plan may be permitted. Additionally, funds may be withdrawn upon my death. All withdrawals of funds must be in compliance with the Internal Revenue Code and applicable regulations, some of which are expressed in the Plan Document.
- IV. My distributions must begin no later than April 1st following the year I reach age 70 1/2. If I work beyond age 70 1/2, my distributions must begin no later than April 1st following the year I separate from service or retire. All distributions are taxable as ordinary income and subject to income tax in the year received.

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 may result in the payment of a 50% federal excise tax.
- V. The funds in my account may be eligible for rollover to a traditional IRA or to an eligible retirement plan. The "Special Tax Notice Regarding Plan Payments" provides detailed information about my options. Due to important tax consequences related to distributions, I have been advised to consult a tax advisor. I expressly assume the responsibility for tax consequences relating to any distribution, and I agree that neither the Plan nor the Plan Administrator shall be responsible for those tax consequences.
- VI. I understand that all products are optional.
- VII. No more than 25% of deferrals can be used to purchase life insurance. The Life Insurance option is not available to new participants.
- VIII. I understand that retirement income payments and termination values (if any), provided by the contract are variable when based on the investment experience of a separate account and are not guaranteed as to the dollar amount. This statement is not applicable to the fixed account value.
- IX. I understand that all amounts deferred into the plan and earnings on the amounts deferred are held in a trust, custodial account or annuity contract for the exclusive benefit of the participants and their beneficiaries until such time as the deferred amount is made available to the participant or beneficiary.
- X. Availability of life insurance options and other investment options may vary by plan. I understand that if an allocation is made to a closed or unavailable investment option, the allocation will be made to the default option, the Gartmore Money Market Fund. I understand that if the total investment option allocation percentage equals less than 100%, the difference will be invested in the default option, the Gartmore Money Market Fund. I understand that if the total investment option allocation is greater than 100%, my application will be rejected and my allocations will not be processed.

NATIONWIDE FIXED ANNUITY

- (1) A guaranteed interest rate is declared quarterly and credited daily, which is not lower than the minimum annual rate.
- (2) Exchanges and/or transfers may be made up to 100% of the participant's account value. The total of all participant exchanges and/or transfers shall not exceed 15% of the total amount held in the Deposit Fund for the entity under the Fixed Contract as of December 31 of the previous calendar year. Once this aggregate limit is met, no further exchanges/transfers will be permitted out of my fixed account for the remainder of the calendar year.

MUTUAL FUND OPTIONS

- (1) An Asset Risk Fee is deducted in an amount equivalent to 0.00% annually for the Primary Funds and 0.25% annually for the Optional Funds.
- (2) Any variable funding option may experience a gain or loss.

PRUDENTIAL FIXED ANNUITY

- (1) A guaranteed interest rate is declared quarterly and credited daily, which is not lower than the minimum annual rate.
- (2) Effective January 1, 1994, exchanges and/or transfers may be made up to 100% of the participant's account value. The total of all participant exchanges and/or transfers shall not exceed 10% of the total amount held in the Deposit Fund for the entity under the Fixed Contract as of December 31 of the previous calendar year.

LIFE INSURANCE OPTIONS

- (1) For coverage greater than \$100,000 or unacceptable under the applicable underwriting standards, an application must be fully underwritten by the life insurance company. There is no coverage until the company issues an Evidence of Insurance with an effective date stated therein.
- (2) All other coverage which is acceptable under the applicable underwriting standards, as specified on the life insurance application, will be effective 75 days from the date the application and participation agreement are signed. The coverage will be cancelled should the life insurance company not receive the first premium within 100 days from the date that the application is signed.
- (3) Any withdrawals or death benefit proceeds are taxable as ordinary income. Upon transfer of policy ownership, the cash surrender value will be taxed as ordinary income.
- (4) The life insurance surrender value, in case of distribution under the Plan, may be less than the total contribution to the date of distribution under this life insurance option.
- (5) I understand my policy may lapse due to insufficient premium relating to changes in my deferral flow.