

NACo MEMORANDUM OF UNDERSTANDING

- I. I understand that my participation in the Plan is governed by the terms and conditions of the Plan Document(s).
- II. The product informational brochure, fund prospectuses, and/or other information are available by calling 1-877-NRS-FORU (1-877-677-3678) or logging on to www.nrsforu.com.
- III. The total annual deferral amount to all 457(b) plans is the lesser of \$11,000 for calendar year 2002 or 100% of includible compensation. This annual amount increases each year according to the following schedule: 2003/\$12,000; 2004/\$13,000; 2005/\$14,000; 2006 and thereafter/\$15,000. 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 limits. 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.
- IV. 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 an 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 Additionally, funds may be withdrawn upon my death.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.
- V. 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 50% federal excise tax.**
- VI. 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.
- VII. 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.
- VIII. No more than 25% of total deferrals can be used to purchase life insurance.
- IX. For life applications that require further underwriting, as set forth under the Life Insurance options below, I authorize NRS to credit my life insurance deferrals to the other options I have selected. If coverage is approved, NRS has my permission to then remit the required premium to the life insurance company. In addition, I agree that any life insurance deferrals that are redirected, either pending approval of coverage or due to rejection of coverage, shall remain in those other options.
- X. If the life insurance coverage applied for cannot be issued, or if the policy terminates due to insufficient premium, my continuing deferrals will be credited to the annuity option(s) based on my then current allocation (unless I notify the Plan Administrator otherwise).
- XI. I understand that all products are optional. The Life Insurance options are not available unless a non-life insurance option is also elected.
- XII. I understand that I may make changes among the investment options within my account as frequently as daily, but any change may be subject to the restrictions of the Plan and/or the investment provider. Changes may be made by calling 1-877-NRS-FORU (1-877-677-3678) or logging on to www.nrsforu.com.
- XIII. I understand I must defer a minimum of \$20 per month into the Plan to satisfy minimum plan requirements.
- XIV. I understand that no changes will be effective until they are processed in the Deferred Compensation Service Center.
- XV. Participants enrolling or electing to increase 457 deferrals must provide includible compensation data acceptable to NRS and notify NRS of any subsequent decrease in includible compensation.
- XVI. 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 LIFE FIXED ANNUITY CONTRACT

1. A guaranteed interest rate is declared quarterly and credited daily which is not lower than the minimum annual rate.
2. Exchanges or transfers may be made based upon one of the following options as chosen by your employer.
 - a) Exchanges and/or transfers of money from the Fixed Annuity may be made no more than twice per year and may not exceed 20% of my fixed account value. Once the 20% limit has been reached, no further exchanges/transfers will be permitted out of my Fixed Account during the remainder of the calendar year. If my Fixed Account value is less than or equal to \$1,000, I can exchange/transfer out up to my entire account value. Each exchange/transfer will count toward the limitation of two exchanges/transfers out of the Fixed Account per year. Additionally, a 5-year Exchange/Transfer provision allows for the systematic movement of 100% of my account value out of the Fixed Account on a monthly basis over a five-year period. If elected, I cannot defer, exchange, or transfer into my Fixed Account for the 5-year term without canceling the Provision.
 - OR-
 - b) Exchanges and/or transfers from the Fixed Annuity may be made up to 100% of my account value. The total of all participant exchanges and/or transfers shall not exceed 12% of the total amount held in the Deposit Fund for the entity (employer) under the Fixed Contract as of December 31 of the previous calendar year. Once this aggregate limit is met, no further exchanges or transfers will be permitted out of my Fixed Account for the remainder of the calendar year. I may elect up to four exchanges/transfers out of the Nationwide Fixed Annuity within a calendar year. Additionally, a 5-year Exchange/Transfer provision allows for the systematic movement of 100% of my account value out of the Fixed Account on a monthly basis over a five-year period. If elected, I cannot defer, exchange, or transfer into my Fixed Account for the 5-year term without cancelling the Provision.

Exchange: An exchange is the movement of money between the Nationwide Life Fixed and Variable Annuity options and/or between the funds in the Variable annuity option.
Transfer: A transfer is the movement of money between product providers within the same plan.

NATIONWIDE LIFE VARIABLE ANNUITY CONTRACT

1. I understand that a Variable Account Annual Expense Fee is deducted daily from the Variable Account. The Variable Account Annual Expense Fee is deducted daily in an amount not to exceed the following schedule:

	Maximum Variable Account Amount	
Plan Assets		Expense Fee
\$0 – \$10 million	0.95%
\$10 – \$25 million	0.90%
\$25 – \$50 million	0.80%
\$50 – \$150 million	0.70%
\$150 million +	0.65%

2. 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.

GARTMORE MORLEY STABLE VALUE RETIREMENT FUND

1. The Gartmore Morley Stable Value Retirement Fund is not a mutual fund.
2. I understand that an administrative fee is deducted daily from this investment option, not to exceed the Maximum Variable Account Annual Expense Fee chart above.
3. I understand that exchanges to competing investment options must be held in a non-competing investment option for a minimum of 90 days before I can subsequently transfer to a competing option.

LIFE INSURANCE OPTIONS (CLOSED TO NEW APPLICANTS)

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 of the application and the 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.

UNIVERSAL LIFE INSURANCE (CLOSED TO NEW APPLICANTS)

1. A cost of insurance is deducted monthly from the policy based on current mortality charges. This charge is based on the 1980 COMMISSION STANDARD ORDINARY tables. Also deducted monthly is an administrative expense charge and an expense charge percentage of the total premium remitted during the current month.

	Administrative Charge		Expense Charge	
UL Plus (1986)	\$2.00	5% of total premium
UL Plus (1992/1995)	\$2.50	3% of total premium

2. A surrender charge may be assessed at the time of withdrawal.
3. UL Plus (1986)
 During the first policy year, interest will be credited according to a guaranteed first year interest rate. After the first policy year, excess interest (interest above 4%) will be credited on all UL Plus (1986) policies based on the greater of the Salomon Brothers Index or the Treasury Bill Index at a Company declared rate.
UL Plus (1992/1995)
 After the first policy year, excess interest (interest above 4%) will be credited on all UL Plus (1992/1995) policies based on a Company declared rate.

TERM INSURANCE (CLOSED TO NEW APPLICANTS)

1. The term product is a ten-year renewable and convertible policy guaranteed renewable to age 85.
2. The policy guarantees premiums for 10 years and provides for a re-entry provision at renewal. The provision requires the insured to provide satisfactory evidence of insurability. If this evidence of insurability is not provided, the insured has the option to re-enter at a 50% reduction in the face amount of the policy.