

PCA Self-Directed Brokerage Account





PCA Self Directed Brokerage Account

Dear Participant:

Per your request, we are sending you additional information about the PCA Self Directed Brokerage Account. PCA Retirement & Benefits, Inc. (RBI) has partnered with Charles Schwab to provide plan participants with a brokerage account called a Personal Choice Retirement Account® (PCRA) that provides access to over 7,000 mutual funds. The Schwab PCRA allows you to invest your PCA Retirement Plan contributions in a wide array of mutual funds that may not be offered within the standard plan investment options (i.e. PCA Core and PCA Target Retirement Funds).

However, it is important to note that a PCRA is not ideal for most investors. This broad investment option requires a high level of investment expertise. Participants who choose this option are solely responsible for the overall management of their PCRA portfolio. Unlike the PCA Core and PCA Target Funds, the RBI Investment Committee does not select or review the suitability of any mutual funds offered within the PCRA. **This is solely the participant's responsibility.** Furthermore, PCRA participants are responsible for accessing relevant research, planning strategy, monitoring performance, and making adjustments. For those prepared to take on a greater role in managing their retirement portfolio, this option might be an additional tool for retirement planning.

To be eligible to invest in this option, PCA Retirement Plan participants must have an active account with a minimum balance of at least \$10,000. Participants are allowed to maintain no more than **fifty percent** of their PCA Retirement Plan account in the PCRA. Investments are limited to mutual funds. You will not be able to invest in individual securities, such as stocks, bonds, options or exchange traded funds.

Enclosed are four documents for your review and one for review and consent. The Plan Provisions of the PCA Self Directed Brokerage Account outlines the limits and restrictions of the PCRA option. The second document is the Frequently Asked Question sheet which provides answers to a number of commonly asked questions. The third document, How to enroll in the Schwab Personal Choice Retirement Account, walks you through the enrollment process. The last document is the PCA Self Directed Brokerage Release agreement. This document must be thoroughly read, signed and dated, and returned to the PCA Service Center at 5446 California Ave SW, Suite 200, Seattle, WA 98136. Failure to sign and return the Release Agreement will delay your enrollment in the PCA Self Directed Brokerage Account.

For additional information about the Self Directed Brokerage Account, please visit our website www.pcarbi.org or call us at 800.789.8765.

Sincerely,

Gary D. Campbell, CFA, *President*

Plan Provisions



PLAN PROVISIONS THE OF THE PCA SELF DIRECTED BROKERAGE ACCOUNT

The purpose of this document is to ensure that you understand the requirements and provisions associated with the PCA Self Directed Brokerage Account (SDBA) offered through Charles Schwab (Personal Choice Retirement Account®). This document does not cover all the SDBA details. You are encouraged to review all the PCRA information available to you, including your summary plan document, before you enroll in the SDBA

1. You are required to have and maintain a minimum dollar amount of \$10,000 in your PCA Retirement Account to open a SDBA with Charles Schwab. The minimum dollar amount is subject to change.
2. To open a SDBA, your initial transfer must be a minimum of \$5,000. Your transfer is limited to no more than 50% of your PCA Retirement Plan Account on the day of transfer.
3. If your assets within the core PCA account fall below 50% of your total PCA Retirement Account (which includes the SDBA and your core PCA account), you will not be permitted to transfer any additional assets to your SDBA account.
4. PCA Retirement Plan fees will be assessed from your core PCA account based on your total PCA Retirement Account, which includes the value of your SDBA investments.
5. If your core PCA account falls below 50% of your total PCA Retirement Account, PCA Retirement & Benefits, Inc. (RBI) will require you to transfer assets from your SDBA to the core PCA account to meet your retirement plan obligations.

If after notification, you fail to transfer assets as requested, be advised RBI will liquidate sufficient SDBA investments to transfer assets from your SDBA to your core PCA account on your behalf.

6. Your SDBA account may also be liquidated to cover the following obligations.
 - A Qualified Domestic Relations Order (QDRO) that requires the division of your PCRA assets due to divorce
 - An Internal Revenue Service (IRS) tax levy for federal income taxes
 - SDBA administrative fees
 - Payroll adjustments or other corrections of your account balance
 - Commencement of installment or age 70 ½ required minimum distributions
 - Fund the default of your participant loan



7. Once established, the minimum SDBA transfer-in amount is \$1,000.00.
8. Transfers to and from your SDBA may result in assets being uninvested for a period due to administrative processing requirements.
9. Transfers to and from your SDBA must be self-initiated through the core PCA account within the PCA Retirement Plan. Schwab will not assist you in moving assets from the PCA Core and PCA Target Retirement Funds into the SDBA.
10. Transfers to your SDBA are first deposited into the Schwab Money Market Fund.* You may use assets invested in the Schwab Money Market Fund to place trade orders in your SDBA by contacting Schwab.

For example, if you transfer \$5,000 to your SDBA, the Schwab Money Market Fund in your SDBA will reflect a \$5,000 investment. You may use this \$5,000 to place a trade order for an investment that you've chosen by contacting Schwab via Web or phone.
11. Investments in your SDBA account are restricted to mutual funds only. No individual stocks, bonds, ETFs, ETNs, commodities, etc. are available for trading.
12. Transfers from your SDBA back to your core PCA account must be funded with cash that includes money invested in the Schwab Money Market Fund. This will require you to place sell orders to liquidate investments to ensure that adequate cash is available.
13. Trades and sales in your SDBA are placed through Schwab and subject to Schwab's commissions and transaction fees. Contact Schwab for more information about commissions and transaction fees in your SDBA.
14. There is no fee assessed for opening a SDBA from your PCA Retirement Plan. However, there are fees that are unique to the SDBA. These fees cover the costs associated with the administration of your SDBA. You will be charged a monthly fee of \$10.00 and annual fee of 1/2% of your SDBA balance. These fees will be disclosed to you in your quarterly PCA Retirement Plan statement.
15. Your PCA Retirement Plan quarterly statement will show the amount invested in your SDBA as an aggregate total. You will receive Schwab statements detailing your SDBA activity and performance.
16. Your PCA church, church related organization, RBI, and RBI Board of Directors are not responsible for monitoring or evaluating your SDBA investment choices. Choosing the SDBA requires significant time and effort to research, select, and monitor your SDBA investments. SDBA mutual funds are not guaranteed by any agency or entity and you may lose money.

* An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

Frequently Asked Questions

PCA SELF DIRECTED BROKERAGE ACCOUNT FREQUENTLY ASKED QUESTIONS

1. Q. What is the Schwab Personal Choice Retirement Account (PCRA)?

A. The Schwab PCRA is a “Self-Directed Account” or “Brokerage Window” that can best be described as a new way to invest within your PCA Retirement plan account. In addition to the current Core and Target Fund offerings, you are now able to enroll in an account with Schwab giving you access to other mutual fund investment options. The Schwab PCRA gives you the flexibility to choose from thousands of different mutual fund options.

2. Q. How is the PCRA different from the current PCA Core Fund investments?

A. Traditionally, participants in the PCA Retirement Plan are able to build an investment allocation from the investment options recommended by PCA Retirement & Benefits, Inc. (RBI). The RBI Investment Committee selects top-tier investment vehicles across multiple asset classes for participants to use in setting up their asset allocation. This option is available through the PCA Core Funds. The new Schwab PCRA hands the reigns over to you and allows you to select mutual funds not available through the Core Funds, thus, expanding your investment possibilities. These options provide you with “hands on” involvement in your investment decision making as well as sole responsibility for your choices within the PCRA. A number of the available Schwab funds require a minimum dollar investment, and this may exclude some participants from certain investment choices.

3. Q. How does it work?

A. The PCA Retirement Plan has added this new feature to the plan as an additional way to invest. After you enroll (refer to **“How to roll in Charles Schwab Personal Choice Account”**) in the PCRA option through the PCA Plan site, the specified amount (a minimum of \$5,000 or a percentage up to 50% of your current PCA account) will be transferred from your PCA Retirement account to your PCRA. You may choose from a list of mutual fund investments and buy them with the cash in your PCRA. You may purchase and redeem mutual fund shares at anytime, and your account will not be assessed a transaction fee on Schwab’s Mutual Fund OneSource® Service subject to any restrictions required by the mutual fund prospectus. Other Mutual Fund transactions, not part of the OneSource® Service, may be charged fees by Schwab. At any time you may transfer cash back to the PCA Core funds or the PCA Target Retirement Funds. Each month you will be sent a statement of your PCRA. Additionally, you may check it daily on Schwab’s website.





4. Q. Is the Schwab PCRA separate from my PCA Retirement account?

A. No. The PCRA option is one of the ways to invest within your PCA Retirement Plan account. Once you enroll and designate a portion of your account, these dollars will go into the Schwab PCRA for you to invest.

5. Q. Is it better or worse than what I am doing now for retirement?

A. It is not a matter of “better” or “worse” than the present features of the PCA Retirement Plan, but a matter of choosing to be take sole responsibility for a part of your investment planning. Participants on occasion express a desire to be more involved in the investment process and would like the ability to invest in fund types that in the past have not been available through the PCA plan. The PCRA provides them an opportunity to be “do-it-yourself investors”. The PCRA offers more control over the investing process as well as the complete responsibility that goes with it. Participants may or may not outperform the Core or Target Funds offered in the PCA Retirement Plan and we recommend you carefully read the disclosures and agreements as you enroll to make certain this option is for you.

6. Q. Can I use the guidance and input of my investment/financial advisor?

A. Yes. If you use a financial advisor, you may seek their advice. RBI employees will not offer recommendations or advice on the Schwab PCRA Investment options and will refer you to Schwab for assistance with the PCRA.

7. Q. Can I put all my contributions into the PCRA?

A. No. You may transfer a minimum of \$5,000 or up to 50% of your PCA account to establish your PCRA. Afterward, a minimum of \$1,000, per transfer, into your SDBA is required.

8. Q. How often can I trade PCRA funds?

A. Once you have transferred money out of the Core or Target Funds into your Schwab (PCRA), you may trade as often as you want within the available PCRA funds but subject to the limitations and restrictions outlined by Schwab. Schwab will provide information on fund minimums and requirements as well as costs associated with a particular fund.

9. Q. What types of investments can I utilize within the PCRA?

A. The Schwab PCRA will offer a wide variety of mutual funds including no-load, index, sector, and industry specific funds. Per the guidelines established for the plan, the Schwab PCRA will not offer individual stocks, bonds, options, commodities or exchange traded funds.





10. Q. What type of investor will benefit most from using the PCRA?

A. There is not necessarily one investor profile that fits best for the PCRA. Whether you are conservative (capital preservation), moderate (growth potential with minimal risk) or aggressive (achieving growth with higher risk), there are many choices available to fit your style of investing. However, it is important to be a knowledgeable and well-informed investor. Schwab will offer investment workshops and other opportunities for investor education.

11. Q. What is the cost of the PCRA, and how does it compare to the current core fund cost?

A. Currently, the Core funds and the Target Funds are assessed fees annually in the form of an expense ratio (a percentage of the assets under management). The 2007 Core Funds average expense ratio, including investment management fees, was 1.00%. The Target Funds expenses will vary depending on the percentage of bonds in the Target Fund allocation (bond management is less expensive than stocks); however, most will be well under one percent. Each PCRA account will have a 50 bps annual fee assessed monthly plus an \$10 per month account maintenance fee. The amount will be charged to the Core or Target Funds balance on the last day of the month. Once in the Schwab PCRA, you will pay the investment management fees of the funds you select plus any transaction fees assessed by Schwab. The investment management fees range from just a few basis points to upwards of two percent annually depending upon the manager, asset class, and style of management.

12. Q. Will the RBI staff help me select funds within the PCRA program?

A. No. RBI staff members are not permitted to advise any participant on investment choices in the PCRA. Participants will need to make their own choices, using the recommendations offered through the Schwab site.

13. Q. Can I transfer my PCRA money back into Core or Target Funds?

A. Yes. You are welcome to transfer all PCRA funds back into the Core or Target Fund options. You will have to sell all of the positions in the PCRA and then transfer out of Schwab PCRA. Please refer to question 4 regarding ongoing maintenance.

14. Q. Are the assets in the PCRA account, including earnings which I transfer back to the Core or Target Funds, available for the Housing Allowance exemption?

A. Yes. You are able to claim the Federal Income Tax Exclusion for the Housing Allowance with your PCRA assets when you make withdrawals from your PCA Retirement account after age 59 ½.

Enrollment Info.



HOW TO ENROLL IN THE SCHWAB PERSONAL CHOICE RETIREMENT ACCOUNT

Visit the www.pcarbi.org website

- Select "log in"
- Select "PCA Retirement Plan" login
- Enter your user ID and password
- Once in the PCA Retirement Plan site, select "Transfers"
- Click on the "For PCRA Information" button
- Read the page and click on the link to Schwab (ID #:234790 and Password:0922)
- Read the information on the Schwab PCRA page and click on "Open your PCRA"
- Complete the online application using the Retirement Plan ID, Password and your SS number
- Complete all acknowledgements, permissions and Plan compliance forms

Please note: Upon completing the online enrollment with Schwab, you will have access to a SDBA Packet with a PCA RBI SCHWAB PCRA RELEASE AGREEMENT requiring your signature which must be mailed as instructed. This document will need to be received and filed before funds can be transferred from your PCA Retirement account into your Schwab PCRA account. The PCA SDBA Packet can be downloaded from the PCA RBI website from "Forms", or you may request a copy to be mailed or emailed to you simply by contacting our office.

After you have submitted your application, you will receive the "Thank you for completing the application page". This is where you will find your account number. You will need this account number to login as a new user at www.schwab.com later in the process. If you are unable to locate your account number after submitting the application, please call the Schwab PCRA Customer Service Line at 1-888-393-PCRA (7272). Schwab will mail an enrollment confirmation letter directly to you after your enrollment is complete.

One day after enrollment or two days after if you enrolled after the M-F 4 PM cutoff time:

- Log back into the PCA Retirement Plan site (following steps above).
- Select the amount of funds you wish to transfer to the Schwab PCRA. Please note: you may move a minimum of \$5000 and a maximum of 50%, excluding plan loans.



- You will not be able to sign-up for ongoing (automatic) contributions to the PCRA. If you want additional cash transferred to the PCRA in the future, you will need to log in to the PCA Retirement Plan and make a transfer to the PCRA, subject to Plan maximums.

One day after you make a transfer to the PCRA or two days after if you made the transfer after the M-F 4 PM cutoff time:

- Go to the Schwab Public Login Site at www.schwab.com and log in as “new user.”

You are now ready to investigate your investment choices. All of the cash you transferred from the PCA side to the Schwab side will initially be invested in the Schwab Money Market fund. You will need to select which mutual funds you wish to use. The Schwab site will be helpful in this endeavor and the Schwab PCRA Customer Service Line at 1-888-393-PCRA (7272) is also able to assist you.

After enrollment and transfer to the Schwab PCRA, RBI will not provide any advice, guidance, instructions, or technical support regarding the Schwab site – for this, you must interact directly with Schwab. RBI will continue to give advice, guidance, instructions and technical support on the PCA Retirement Plan.

Ongoing maintenance:

- You will have two account logins: the PCA Retirement Plan site and the Schwab PCRA site.
 - To make changes on the PCA side, log into the PCA Retirement Plan at www.pcarbi.org
 - To make changes on the Schwab side, log into the Schwab site at www.schwab.com.

To transfer cash back to PCA from the PCRA, you will need to sell the mutual funds at Schwab and invest your money back into the Schwab Money Market fund first. You will then log onto the PCA Retirement Plan and “pull” money from Schwab. Any “pull” from Schwab will be rejected if you do not have sufficient funds (that is, equivalent to the amount you requested) in your Schwab Money Market fund.

All benefits described in this booklet are subject to the definitions, limitations, and exclusions listed in the PCA Retirement Plan Document and the provisions of Charles Schwab’s Personal Choice Retirement Account. If there are any conflicts discovered between the language of this booklet and the PCA Retirement Plan Document, the PCA Retirement Plan Document will supersede. No oral statement of any person shall modify or otherwise affect the benefits, limitations, and exclusions of this booklet, convey or void any coverage, increase or reduce any benefits under the Plan, or be used in the prosecution or defense of a claim under the Plan.



PCA RBI SCHWAB PCRA RELEASE AGREEMENT

This Agreement ("Agreement") is entered between PCA Retirement & Benefits, Inc. ("RBI"), as trustee of the Presbyterian Church in America Tax-Sheltered Annuity Plan ("Plan"), and _____ "PCRA Participant").

WHEREAS, as a service to its Plan participants, RBI has arranged for a Plan participant to be able to manage all or a portion of his or her Plan funds via a Schwab Personal Choice Retirement Account® ("Schwab PCRA"), pursuant to the terms and conditions under one or more Limited Power of Attorney Agreements ("LPOA Agreements") between PCRA Participant and Charles Schwab & Co., Inc.; and

WHEREAS, PCRA Participant seeks to enter or has entered into one or more such LPOA Agreements in order to establish a Schwab PCRA;

NOW, THEREFORE, RBI and PCRA Participant agree as follows, in consideration of mutual promises the receipt and sufficiency of which consideration are hereby acknowledged.

1. Responsibilities and Roles of PCRA Participant and RBI

With regard to PCRA Participant's Schwab PCRA, the parties acknowledge that, except as required by law,

- PCRA Participant is solely responsible for determining the nature, potential value, and suitability of any particular security, transaction, or investment strategy;
- RBI will not give legal or tax advice;
- RBI will not give investment advice to PCRA Participant;
- RBI will not be responsible for monitoring trading activity or investment value or for informing PCRA Participant thereof;
- PCRA Participant understands that no investments will be made with respect to PCRA Participant's Schwab PCRA except as directed by PCRA Participant;
- PCRA Participant understands that RBI will not be responsible for paying fees, commissions, or transaction costs with regard to any Schwab PCRA, except as separately agreed upon in writing between RBI and Charles Schwab & Co., Inc.;
- PCRA Participant acknowledges that participating in the Schwab PCRA, due to the inherent risks of investing as well as the direction of investments by PCRA Participant, involves risks of financial loss of some or all of PCRA Participant's Plan funds, and PCRA Participant assumes those risks;
- PCRA Participant is of sound mind and capacity for making financial and investment decisions;
- PCRA Participant will, as necessary or deemed advisable by PCRA Participant, consult with investment professionals or other professional advisors regarding particular securities, transactions, investment strategies, or legal and tax issues;
- PCRA Participant is under no force or duress of any kind to compel PCRA Participant's participation in the Schwab PCRA or the signing of this document; and
- PCRA Participant understands completely his or her right to review all aspects of this Agreement with an attorney of his or her choice, has had the opportunity to consult with an attorney of his or her choice, and has carefully read and fully understands all the provisions of this Agreement and is freely, knowingly, and voluntarily entering into this Agreement.

2. Release and Covenant Not to Sue

In connection with the Schwab PCRA described herein, PCRA Participant hereby agrees and covenants as follows:

- Hereby to release and discharge RBI jointly and severally from, and to waive, any and all Liabilities (as herein after defined) in connection with PCRA Participant's Schwab PCRA;
- Hereby to indemnify, hold harmless, and defend RBI from any and all Liabilities arising from PCRA Participant's actions in connection with PCRA Participant's Schwab PCRA;
- Hereby to covenant never to sue (as hereinafter defined) RBI in respect to any and all Liabilities in connection with PCRA Participant's Schwab PCRA, and that this instrument may be treated as a defense to any such suit or action against RBI and shall forever be a complete bar to the commencement and prosecution of any such suit or action;
- Hereby to represent and warrant that no representation by RBI has induced this Agreement and that no reliance is placed on anything but the terms of this Agreement in inducing this Agreement, and that the terms of this Agreement consist only of this Agreement and not of any other document.

3. Definitions

- a. "Liabilities" means any and all causes of action, actions, suits, claims, demands, rights, damages, judgments, executions, costs and legal fees, and other liabilities, except those contractual liabilities expressly imposed by this Agreement. "Liabilities" also includes any liability that arises or is alleged to arise from claims for contribution by another that PCRA Participant has sued or from whom PCRA Participant has received compensation.
- b. "Sue" means to institute or prosecute any suit or action at law or in equity, or to aid in any way in the institution or prosecution thereof.
- c. "RBI" means any or all, severally or jointly, of PCA Retirement & Benefits, Inc., its subsidiaries, affiliates, and successors, and its directors, officers, employees, agents, and their spouses, legal representatives, estates, and heirs.

4. General

This release and covenant may be amended only in writing signed by the undersigned parties. It binds and benefits the heirs and estates of the individual parties, and the successors of the corporate parties, and may not be assigned. It is governed by Georgia law. Its terms are severable. Its rights and remedies are not waived by exercising only some but not all of them. It contains the entire agreement between the parties, superseding any oral statements or prior written agreements. It is effective upon complete execution. It shall not be strictly construed against any party. Time is of the essence.

PCRA Participant, *an individual*

Signature: _____

Printed name: _____

Date: _____

PCA Retirement & Benefits, Inc., *a Georgia nonprofit corporation*

Signature: _____

Printed name: _____

Title: _____

Date: _____



PCA RETIREMENT & BENEFITS, INC.

1700 North Brown Road, Suite 106
Lawrenceville, GA 30043-8143

Toll-free: 1-800-789-8765

Phone: 678-825-1260

Fax: 678-825-1261

E-mail: rbi@pcanet.org

Website: www.pcarbi.org

Retirement Plan Information:

Automated Line 1-800-905-1453

Call Center 1-877-543-0055

Website: www.nwps401k.com

