

Arizona Tax Deferred Annuity and Deferred Compensation Plan Governing Committee

Dear Participant and Prospective Participants:

Further Fee Reduction!

Your *Governing Committee* and *Nationwide* are pleased to announce that effective January 1, 2017, the administrative fee associated with administering your deferred compensation account have been reduced from 0.13% to 0.06% of your asset balance.

This reduction from 0.13% to 0.06% represents an over 50% reduction in administrative fees, and although the 0.07% decrease may appear small in absolute terms, it will compound to further increase your deferred savings balance, helping you move towards financial independence at a faster rate.

This fee reduction is the result of the competitive solicitation process to select an administrative provider for Arizona's Deferred Compensation Plans recently completed by your Governing Committee and the Arizona State Procurement Office. Nationwide was the successful proposer.

Contributing factors to the fee reduction include:

1. A changed financial market-place
2. Successful negotiations by the State Procurement Office
3. An Arizona-wide partnership approach
4. An extended contract term

Please note the reduction to administrative fees does not impact investment related fees typically referred to as the management expense ratio (MER) of mutual funds available through the deferred compensation plan.

As members of the Governing Committee, we will continue to work to ensure that you are offered a deferred saving plan that has a broad array of investment options, high caliber customer service, and an efficient fee structure.

**Arizona Annuity and Deferred Compensation
Governing Committee**

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