



Homestead
Funds

Employer-Sponsored Savings Program

Help Your Employees
Help Themselves.

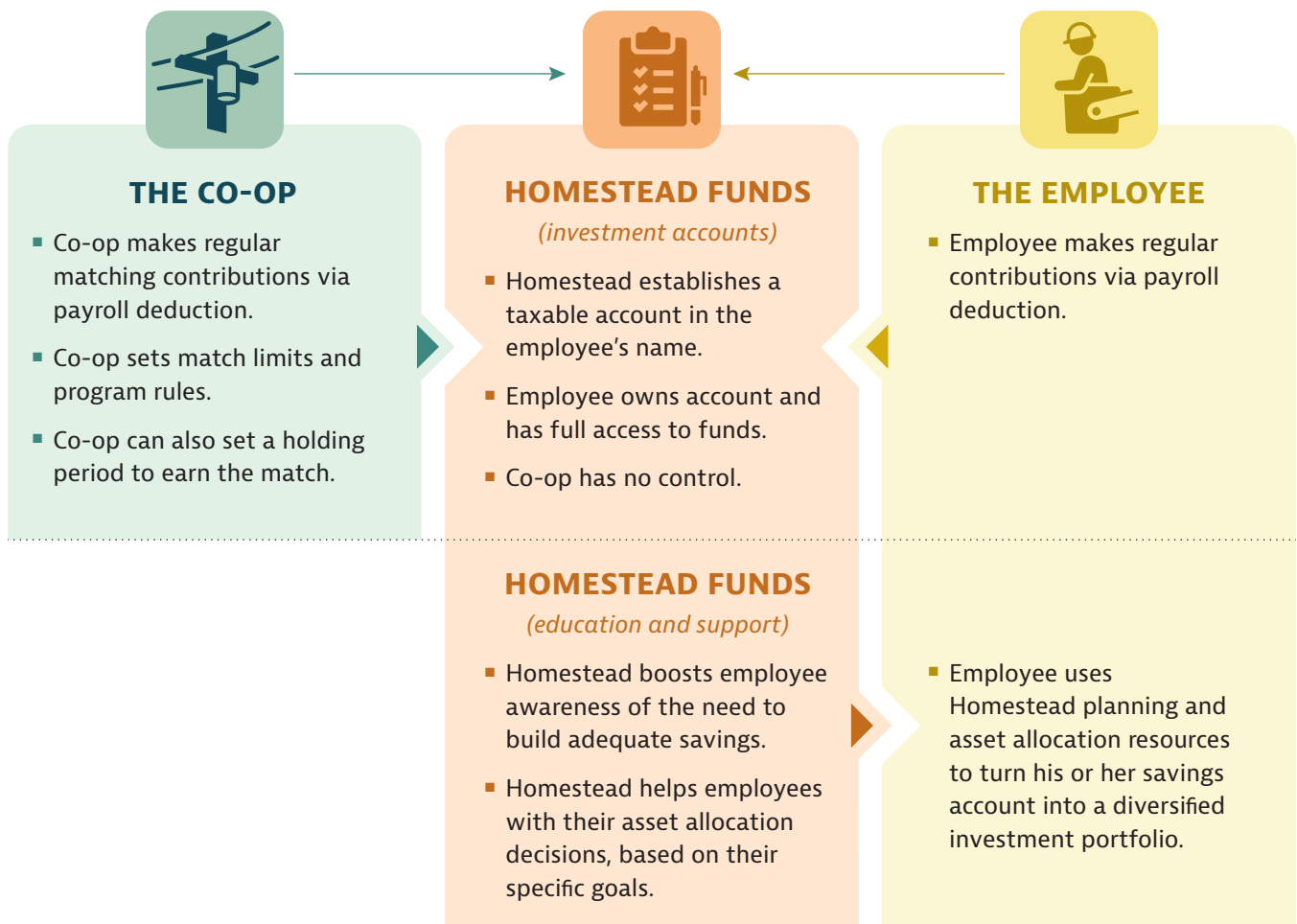


Clear the Path to Savings

The Employer-Sponsored Savings Program is a simple, low-cost way for co-ops to encourage employees to save. The co-op provides the motivation, by supplementing saved funds up to a level the co-op is comfortable supporting. Homestead provides the investment vehicles and educational resources to help employees start or continue saving and select an appropriate mix of funds as needed. As always, Homestead will provide account administrative support along the way.



HOW THE PROGRAM WORKS



IMPORTANT NOTE: An Employer-Sponsored Savings Program invested in Homestead Funds is not a qualified plan and has no relation to any retirement plans that may be offered by the cooperative.

Building Blocks for Success

The program is simple to set up with a few defined steps for all parties:

YOUR CO-OP	HOMESTEAD
<ul style="list-style-type: none"> ▪ Determines the terms of the program, such as match amounts and account verification requirements (see checklist) 	<ul style="list-style-type: none"> ▪ Assists the co-op with setting program terms that can be successfully implemented
<ul style="list-style-type: none"> ▪ Determines if the co-op will put payroll deductions into a mix of funds as directed by each employee or will limit the deductions to the Daily Income Fund for simplicity 	<ul style="list-style-type: none"> ▪ With the co-op's permission, hosts an all-employee initial rollout meeting to speak about the program, educate on the importance of savings and walk through the steps to open accounts online
<ul style="list-style-type: none"> ▪ Informs employees and promotes the program internally and provides Homestead with a list of names and email addresses for employees who want to participate 	<ul style="list-style-type: none"> ▪ Contacts participating employees and provides them with Homestead Funds information and instructions on opening an account
<ul style="list-style-type: none"> ▪ If the co-op wants to receive account balances, enters into a confidentiality agreement with Homestead 	<ul style="list-style-type: none"> ▪ Tracks the employees' consent to share information if the co-op wants to verify account balances and/or redemption activity annually
<ul style="list-style-type: none"> ▪ Sets up employee payroll deductions using Homestead's instructions 	<ul style="list-style-type: none"> ▪ Provides employee account balances and/or redemptions to co-op annually, if necessary
<ul style="list-style-type: none"> ▪ Submits regular match through payroll deduction 	<ul style="list-style-type: none"> ▪ Communicates to the employee about additional Homestead resources to build a diversified portfolio

Once program details are determined, we recommend that cooperatives review them with their legal counsel and tax advisors, as Homestead Funds does not offer legal or tax advice. In our experience, it takes approximately two to three months to implement the program.

Confidentiality

Co-ops often ask us how the program handles confidentiality, since (depending on the terms of the program) it may be necessary to share employees' account information with their co-ops.

- Employees need to agree to the sharing of information by Homestead to the co-op, which Homestead secures through its Consent to Disclosure document (see sample available at homesteadfunds.com).
- Your cooperative will need to enter into a confidentiality agreement with Homestead related to any employee information we share with you. (See Homestead's Mutual Non-Disclosure Agreement at homesteadfunds.com.)

Get the Ball Rolling

Use this checklist to help you ask the important questions and gather the necessary information as you plan.

CO-OP CHECKLIST

- Do you want to require a minimum contribution amount from employees?
- How much do you want the cooperative match to be, and up to what limit?
- Do you want to provide additional incentives for “super savers”?
- How often do you want to provide the cooperative match? Quarterly? Annually? Another frequency?
- Do you want to require employees to maintain a minimum balance in order to receive a match? If so, do you want Homestead Funds to provide information related to employee balances and/or redemption information on a periodic basis?

CUSTOMIZE TO SUIT YOUR NEEDS

Your cooperative has extensive ability to customize program terms to suit its objectives. Here are just a few simple examples to illustrate possible program designs.

CO-OP A	CO-OP B	CO-OP C
<ul style="list-style-type: none"> ▪ Employee contributes \$20/pay period with no redemptions. 	<ul style="list-style-type: none"> ▪ Employee contributes \$10/pay period with no redemptions. 	<ul style="list-style-type: none"> ▪ Employee contributes \$10/pay period.
<ul style="list-style-type: none"> ▪ Co-op adds \$50/quarter. 	<ul style="list-style-type: none"> ▪ Co-op adds \$300 in one annual contribution. 	<ul style="list-style-type: none"> ▪ If the employee has redemptions of: <ul style="list-style-type: none"> ☐ 0% — he or she receives the full employer contribution amount of \$300 annually ☐ 10% or less — he or she receives a partial employer contribution amount of \$200 annually ☐ 20% or less — he or she receives a partial contribution amount of \$100 annually
<ul style="list-style-type: none"> ▪ By end of year, employee will have invested \$720 into his or her chosen fund(s).* 	<ul style="list-style-type: none"> ▪ By end of year, employee will have invested \$560 into his or her chosen fund(s).* 	<ul style="list-style-type: none"> ▪ With employee permission, Homestead Funds provides the co-op with verification of balances and activity.

*Excludes any market fluctuations or redemptions, based on a 26-pay-period cycle.

The Financial Fragility Epidemic

It's not news to say that Americans are stressed about money. But a recent study by the FINRA Investor Education Foundation put data to the problem. More than half of Americans agree that thinking about their finances makes them anxious. The numbers are even higher among single women and, especially, younger Americans.¹

With so much anxiety about money, people seem to be struggling to set up even the most basic financial protections and plans. The Federal Reserve recently reported that 36% of Americans could not come up with \$400 in an emergency.² Living without a safety net doesn't just affect these individuals and their families — it can impact their employers as well.



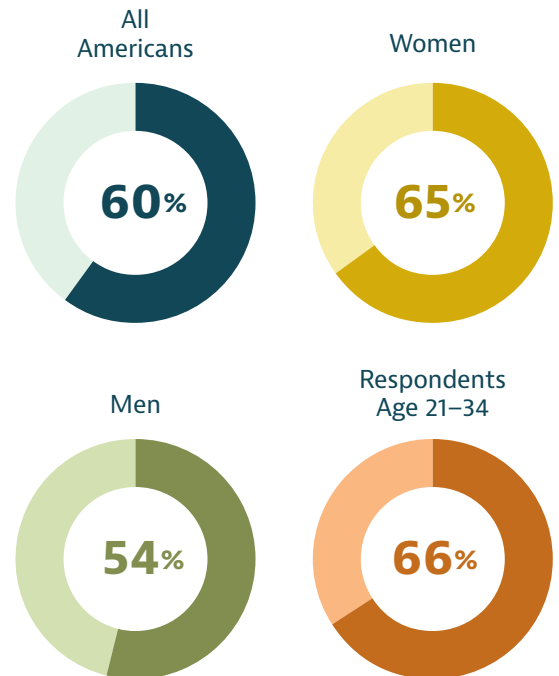
STRESSED OUT

Employees who are stressed by money:

- Can be distracted at work and potentially more susceptible to injury
- Could choose to leave their jobs to search for better financial opportunities
- May borrow more often from their 401(k)s and rely more heavily on expensive credit card debt

Many cooperative leaders want to be a part of the solution. Working with those partners, Homestead Funds has come up with a way to make that easy.

Yes, Money Makes Me Anxious!¹



¹ FINRA, "Financial Anxiety and Stress among U.S. Households: New Evidence from the National Financial Capability Study and Focus Groups"

² The Federal Reserve, "Economic Well-Being of U.S. Households in 2020"

Investors in the Making

Building a savings account can be a satisfying first step for your employees, but it shouldn't be the last one. It's a jumping off point for investors to begin planning for the big events in life — retirement, home purchases, education and other major purchases.

Co-op employees who invest with Homestead can count on our assistance to help them make the most of their savings and planning for those major milestones.

- Homestead Funds will provide employees with instructions to set up online accounts and is available by phone to answer questions.
- Homestead Funds provides education on investment options and services online, via prospectus, or (with the co-op's permission) through meetings, both in person and via webinars.
- Homestead's website includes simple, easy-to-understand answers to common investment questions.
- Homestead's website includes tools that help investors build off of their initial investment toward a diversified portfolio that is geared toward achieving the employee's specific financial goals.

CONTACT US!

If you're ready to take the next step in the implementation of an Employer-Sponsored Savings Program, call **800.258.3030, option 3.**

Asset allocation and diversification do not guarantee a profit or protect against a loss in a declining market. They are methods used to help manage investment risk. Investing in mutual funds involves risk, including the possible loss of principal. **Past performance does not guarantee future results.**

Investors should carefully consider fund objectives, risks, charges and expenses before investing. The prospectus contains this and other information about the funds and should be read carefully before investing. To obtain a prospectus, call 800.258.3030 or visit homesteadfunds.com.

As a money market fund, the Daily Income Fund has limited potential for income production. You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Homestead Funds' investment advisor and/or administrator, Homestead Advisers Corp., and distributor, Homestead Financial Services Corp., are indirect, wholly owned subsidiaries of NRECA.

Homestead Financial Services Corp., Distributor 05/22
ESPINFO