

Deferred Compensation Overview

WHAT IS DEFERRED COMPENSATION?

For many years the PGA of America has searched for a way to develop some kind of retirement plan for members. As we all know, there are tax rules that prevent the Association from directly giving money to members. But the basic principle is that we can reasonably compensate a member for performing services that advance our exempt purpose; specifically for growing the game of golf. Therefore we created a plan whereby members that participate in programs that meet specified performance objectives can earn a contribution towards a deferred compensation fund.

WHY DID WE DO THIS?

The aim is that over the years these investments will grow and provide a supplemental income for the member upon reaching the age of 65. Because of the power of compounding over time, clearly younger members will benefit most from the program, but everyone can participate.

In addition to all our programs and other benefits this is now a very real and accessible vehicle to accumulate wealth towards a more comfortable retirement. We further hope that this can serve as a truly significant lure and recruiting tool to attract new talent to our great and growing industry.

WHO IS ELIGIBLE?

All PGA Members in good standing that are working in the United States. Class F Members will not be eligible to earn points while in Class F status.

HOW MUCH MONEY CAN AN ELIGIBLE PGA MEMBER RECEIVE?

The maximum amount an eligible member may receive in a program year is up to \$1500. The actual amount received will depend on the number of points earned, total participation and overall contribution by the PGA that year as set at the beginning of each program year.

WHAT IS THE CURRENT TIMELINE?

- **NOVEMBER 2022** - Updates provided to Delegates at Annual Meeting.
- **JANUARY 2023** - The goal is to start registration at the PGA Show. Registration will occur digitally with a link connected from PGA.org.
- **APRIL 2023** - The goal is that one will start to be able to earn points starting April 1, 2023 with the annual calendar going April 1 to March 31 every year consistent with the PGA's fiscal year.
- **JULY 2024** - We are continuing to work on this schedule, but we expect that eligible members will receive contributions to their respective accounts around 90 days following the conclusion of that program year (e.g., in the first year participants would receive contributions in July 2024). This time-frame will allow for any needed auditing and applicable reconciliations and processing.

WHAT ACTIVITIES EARN POINTS?

A list of eligible activities can be found later in this document.

The initial development of the points system was worked on internally with outside counsel and reviewed by the Officers and the Board at the time. It was then submitted to the IRS for review. Based on review there were a number of changes that were required. The revised points document was shared with a working group that included a cross-section of PGA Members including those who worked in coaching, operations and executive management, as well as representation by Section Executive Directors. This working group provided further feedback which we reviewed with outside counsel and made adjustments to the extent allowable by the IRS.

DOES THIS MEAN GOLF RETIREMENT PLUS IS GOING AWAY?

No, Golf Retirement Plus will continue as is. Deferred Compensation is a separate and new program PGA Members may also participate in.

DISCLAIMER Please note that the PGA of America's Member Deferred Compensation Program (the "Program") will be governed by plan documents that are still under development. This communication provides general information about the Program. Further details and clarifications will be provided when the applicable plan documents are shared in early 2023.



PROGRAM ELIGIBILITY:

Who is eligible?

All PGA Members in good standing that are working in the United States. Class F Members will not be eligible to earn points while in Class F status.

A Member that is Class F but returns to good standing in a given year may earn points solely during that time he/she is in good standing. If a Member earns points and an award in a given year but then goes Class F in a later year, that person is still entitled to the amounts previously provided.

Unfortunately, the program is not currently offered to those Members working outside the U.S., including those members working in U.S. territories such as Puerto Rico, Guam and the Virgin Islands. We will continue to explore opportunities for an adjustment to this policy on an annual basis.

Are PGA Section employees that are PGA Members eligible?

Yes, provided they meet all other eligibility criteria.

Are national PGA of America employees that are PGA Members eligible?

No.

I'm already close to retirement or retired, how does this benefit me?

Although we very much wish were able to have this program in place earlier in your career, we are very excited for the long-term benefit to the profession and game that we have been able to put the program in place now. With that being said, even if it may not benefit you as much as if it was put in place earlier in your career, it does have the opportunity to benefit all members no matter what life stage they are in.

HOW THE POINTS WORK:

What was the process to come up with this points system?

The initial development of the points system was worked on internally with outside counsel and reviewed by the Officers and the Board at the time. It was then submitted to the IRS for review. Based on review, there were a number of changes that were required. The revised points document was shared with a working group that included a cross-section of the Association including those who worked in coaching, operations and executive management, as well as representation by Section Executive Directors. This working group provided further feedback which we reviewed with outside counsel and made adjustments to the extent allowable by the IRS.

Why are so many more activities related to coaching than operations or management?

We do recognize that it does seem that there are more opportunities for those members that are coaches to earn points. Based on the regulations of the program, generally speaking, more coaching activities were eligible for points. With that being said, we worked diligently with outside counsel to ensure that there were enough activities in golf operations and executive management that allowed for those members working in those job functions to very much benefit from the program.

Why isn't volunteering on a National, Section or Chapter Board eligible for points?

After consultation with the IRS and outside council it was determined that such activities were not aligned with the proposed plan.

I do not understand the percentages. Can you explain this?

To take into consideration that in some instances there are multiple members involved in a given activity, this permits a person for some activities to earn points even though they may not be the only person involved or the leader of such activity. Some activities allow for partial points and others do not. Please read the definitions to determine the category you may qualify for.

Can I qualify multiple times for the same type of activity?

Yes, with some notations. Although it can be the same type of activity it cannot be the exact same thing submitted multiple times. For example, one may lead multiple PGA HOPE programs throughout the year. In this instance, each program would count as a separate activity. Some of the activities have a cap on the number of total points one may receive in the category and some activities due to their nature only allow for one-time participation (e.g., one year of participation on PGA.com).

How do you verify that someone has participated in an activity?

For each activity, the applying member will need to attest to having participated in that activity. Furthermore, the participating member will need to have another member to attest to that individual's participation in such activity. Upon request, a member may need to provide additional proof of a completed activity.



HOW THE POINTS WORK:

How will you ensure that members are reporting their activities accurately?

PGA Members are deeply committed to a code of conduct and ethics in keeping with the tradition of the game. Therefore, we will rely on a multi-pronged model which includes self-attestation, the attestation of another member, and to the extent available the use of other readily available data sources. In an instance where it is believed that someone has purposefully submitted for points that he/she is not believed to have earned, such cases will be brought to the Board of Control consistent with other cases related to code of conduct and ethics violations.

Do I need to earn a minimum amount of points?

Yes. In order to be eligible to receive any funds for a given program year, an eligible member must earn no less than 200 points in a given program year. If one does not receive that threshold, such points will be forfeited and will not be eligible for roll over to the next program year.

If I earn more points than the max amount, can these points be rolled over to next year?

Unfortunately, they cannot.

How do the points translate to earning dollars?

The maximum amount an eligible member may receive in program year 2023 is up to \$1,500 with a plan in place to increase at a rate of 3% per year. The actual amount received will depend on the number of points earned, total participation and overall contribution by the PGA that year as set at the beginning of each program year. At the end of each program year, a calculation will be done that takes the total fund contribution by the PGA and divides it by the number of points earned minus those points that were forfeited (due to less than the minimum threshold being achieved or someone earning the equivalent of over the max threshold of \$1,500).

Why was volunteering on National, Section and Chapter Boards not included for receiving points?

After consultation with the IRS and outside council it was determined that such activities were not aligned with the proposed plan. The IRS did, however, approve that Board members be eligible participants for activity outside of such board service.

Will there be changes to the points system in the coming years?

As this is a new program, we will work on an on-going basis to optimize the program to best support the mission. Annually we will evaluate the current point structure (types of activities, number of points and qualifications for points) and determine whether changes should be made to the extent allowable.

TIMELINE & GENERAL ADMINISTRATION:

Where can I find this information?

All information on the program will be featured on PGA.org and updated as more information becomes available.

When and how can I register?

The goal is to start registration at the PGA Show in January 2023. Registration will occur digitally with a link connected from PGA.org.

When can I start participating?

The goal is that one will start to be able to earn points starting April 1, 2023 with the annual calendar going April 1 to March 31 ever year consistent with the PGA's fiscal year.

When will I receive the funds earned?

We are continuing to work on this schedule, but we expect that eligible members will receive contributions to their respective accounts around 90 days following the conclusion of that program year (e.g., we would anticipate that for the first year you would receive contributions in July 2024). This timeframe will allow for any needed auditing and applicable reconciliations and processing.

How much can I receive?

The maximum amount an eligible member may receive in a program year is up to \$1,500. The actual amount received will depend on number of points earned, total participation and overall contribution by the PGA that year as set at the beginning of each program year.



TIMELINE & GENERAL ADMINISTRATION:

What is the PGA contributing?

As the program continues to evolve and scale, the PGA will continue to evaluate the amounts it contributes to the program on an annual basis. It is estimated that the PGA will contribute millions of dollars in the first year alone not including administrative costs and funding for future years will be reviewed with the hope to scale it based on participation, provided the PGA is not required to fund the program in any given year.

How will the funds I earn be administered?

The PGA will work with a third-party administrator to oversee the accounts. We have selected Corebridge to be the administrator who is also the administrator for Golf Retirement Plus. It should be noted that even if you have a GRP account, you will need to register separately for this program.

When will I be able to withdraw the funds contributed based on my participation?

65 years old

Is there a penalty for withdrawing the funds early?

Funds may not be withdrawn prior to age 65. However, there may be some hardship exceptions in limited circumstances.

Can I contribute additional monies to this fund?

No.

What if I am no longer a PGA Member?

You will still be entitled to the funds you earned while a PGA Member subject to all other provisions for eligibility and withdrawals.

Does this impact the max contribution amount I can make to my 401K or other retirement account?

No. This has no impact.

How will the Sections be involved in administration?

The Sections will not be burdened with administrative needs around deployment of this program. We have decided this based on conversations with several Section EDs that were part of the working group. With that being said, we will ensure that the Sections have all of the needed information so that they can direct Members in the best way.

How does Deferred Compensation relate to Golf Retirement Plus?

Golf Retirement Plus will continue as a separately managed program. Eligible Members can participate in both Golf Retirement Plus and the Deferred Compensation program.





Deferred Compensation Eligible Activities by Career Path

Activity	Entry Level Teaching & Coaching		Managerial Level Teaching & Coaching		Entry Level Golf Operations		Managerial Level Golf Operations		Entry Level Executive Management		Managerial Level Executive Management		
	Public Facility	Private Facility	PUBLIC	PRIVATE	PUBLIC	PRIVATE	PUBLIC	PRIVATE	PUBLIC	PRIVATE	PUBLIC	PRIVATE	
Jr. League - Captain of a full league (1 per league)				✓	✓			✓	✓			✓	✓
Jr. League - Team Captain (1 per team)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Family Cup - Lead Coordinator of tournament	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
PGA of America, PGA of America Section or PGA of America Sanctioned Tournament - facilitation of a tournament by acting as a lead host professional for the tournament hosting facility, provided that only two (2) participants may receive an allocation per tournament				✓	✓			✓	✓			✓	✓
Inclusive Golf Communities - leverage one national or national-approved marketing program in a given year	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DEI - Participation in at least one PGA- or industry-led DEI facility-based program	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DEI - Lead the establishment of and/or activation of a PGA Section PGA LEAD program that includes no fewer than [6] six engagements in a 12-month period				✓	✓			✓	✓			✓	✓
Philanthropic - Active engagement related to PGA HOPE defined as lead	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Philanthropic Assistant engagement of PGA HOPE defined as instructor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Philanthropic - Active engagement of Drive Chip & Putt competition	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Year of active engagement on PGA's digital platforms	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Volunteer - Year of serving as a golf in school volunteer for a program that regularly delivers PGA branded instruction to a school	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Volunteer - Engagement as a mentor in a PGA recognized PGA mentoring program for other PGA members defined as enrollment in program and no less than 10 hours of active mentoring				✓	✓			✓	✓			✓	✓
Volunteer - Tournament Rules Official / Referee service at PGA or PGA Section Championship event that is no less than 2 days (national or section staff does not qualify)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Support of completion of the membership requirements and election to membership by the individual				✓	✓			✓	✓			✓	✓
Recognition from the employing facility of the applicable participant's facilitation of a new job opportunity for another PGA member				✓	✓			✓	✓			✓	✓

NOTE this document is intended to show the opportunities available to PGA Professionals by career track at a high level. Individuals may be eligible for more or less activities based on their specific situations.

Deferred Compensation Points Description

Activity	Description / Definition	Definition of Eligible for 100%	Definition of Eligible for 50%	Definition of Eligible for 25%	# of Points Allotted
Jr League - Captain of a full league (1 per league)	A PGA Coach of a full league is defined as a PGA Member that oversees a full league which is no less than 24 players with teams playing during the recreational season against each other, plus coaches an all-star team, and hosts an all-star play day.	A PGA Coach with 24+ players in rec league, coaches an all-star team, and hosts an all-star play day	A PGA Coach with 24+ players in rec league	N/A	250
Jr League - Team Captain (1 per team)	A PGA Coach who is responsible for leading a team inclusive of program development, administrative oversight and activity participation	A PGA Coach who is responsible for leading 1 or more teams	Supports a team and attends all scheduled activities	Supports program but only attends some, not all scheduled activities	75
Family Cup - lead coordinator of tournament	A PGA Member that hosts a PGA Family Cup event.	Only option is 100%	N/A	N/A	75
PGA of America, PGA of America Section or PGA of America Sanctioned Tournament - facilitation of a tournament by acting as a lead host professional for the tournament hosting facility, provided that only two (2) participants may receive an allocation per tournament	One of a maximum of 2 lead host professionals at a facility for a PGA national, section or sanctioned tournament. 1. National Tournaments include PGA Championship, Ryder Cup, Women's PGA Championship, Senior PGA Championship, [Mark T to add Member Champs], PGA National Club Championship, NCCGA Nationals, NHSGA High School Golf National Invitational, Junior PGA Championship, Junior Ryder Cup, PGA Jr. League National Championship, Jones Cup, or City Tour Championship 2. Section Tournaments include any tournament operated by the Section including: State Opens (if run by Section), PGA Section Junior Tour Events, Pro-Am Competitions, PGA Professional Championship Qualifiers, Senior PGA Professional Championship Qualifiers, PGA Assistants Championship Qualifiers, PGA Section Stroke Play Events, PGA Section Match Play Events or PGA Pro-Pro Events	Lead host professional	Supports lead host professional (note: only 1 person can receive in addition to lead host professional)	N/A	75
Inclusive Golf Communities - leverage one national or national-approved marketing program in a given year	Oversee or work on one of the national or national-approved programs included in this list [Note: we will need to develop a list and allow for sections to submit programs to be added; PGA Jr. League, PGA HOPE, PGA Family Cup, NCCGA event, City Tour event, PGA Junior Golf Camps, DCP will not be included as get points otherwise]	Anyone who is responsible for leading the program inclusive of program development, administrative oversight and activity participation	Supports program and attends all scheduled activities	Supports program but only attends some, not all scheduled activities	75
DEI - Participation in at least one PGA- or industry-led DEI facility-based program	Participation in a PGA of America-led or industry-led Diversity, Equity & Inclusion (DEI) program or initiative, e.g. deploying Inclusion Guidelines for Golf Facilities, inclusive procurement/bidding using VRACONnect.org (specifically including 1 or more qualified diverse-owned vendor/supplier from the directory in a procurement bidding opportunity)	Anyone who is responsible for leading the program/effort inclusive of program development, leading deployment, administrative oversight and activity participation	Supports program and attends all scheduled activities	Supports program but only attends some, not all all scheduled activities	200
DEI - Lead the establishment of and/or activation of a PGA Section PGA LEAD program that includes no fewer than [6] six engagements in a 12-month period	Leads the establishment and/or activation of a PGA Section PGA LEAD program to identify, mentor and progress PGA Members from diverse background to and through the volunteer leadership chairs of the Section.	Person responsible for establishment of the PGA LEAD program and participates in 6 engagements	Was not the sole establisher, but co-sponsored the establishment of the program and participated in 6 engagements	Did not take a leadership role in establishing the program but participated in the content planning and delivery of 6 engagements.	200
Philanthropic - Active engagement related to PGA HOPE defined as lead and/or supporter	PGA HOPE is the military pillar of PGA REACH. A lead for PGA HOPE is defined as the PGA Member that is responsible for establishing and administering the PGA HOPE program at a given facility	Individual responsible for leading the program/ activity inclusive of program development, administrative oversight and activity participation	Supports program and attends all scheduled activities	N/A	200
Philanthropic Assistant engagement of PGA HOPE defined as instructor	PGA HOPE is the military pillar of PGA REACH. An instructor is that engage in golf coaching and instruction with PGA HOPE participants.	Instructor that participates in all scheduled activities	Instructor that participates in no less than 50% of scheduled activities	Instructor that participates in no less than 2 scheduled activities	50
Philanthropic - Active engagement of Drive Chip & Putt competition	A PGA Member that hosts a Drive, Chip & Putt event, including a local, sub-regional, or regional qualifier. Point allocated for each event hosted.	Supports program and attends some scheduled activities	Volunteers at a Drive, Chip & Putt event	N/A	25
Year of active engagement on PGA's digital platforms	A PGA Member that is actively part of the PGA Interactive platform defined primarily as PGA.com, PGA.coach, and the mobile app experiences	Defined as having a profile set-up and having created no less than 5 transactions with consumers through the platform	Defined as having a profile set-up	N/A	100
Volunteer - Year of serving as a golf in school volunteer for a program that regularly delivers PGA branded instruction to a school	A PGA Member that serves as a volunteer (cannot be paid) at a school that delivers golf instruction consistent with ADM coaching philosophy for a full season. This can be any level of school from K-12 and college.	Anyone who is responsible for leading the program/activity inclusive of program development, administrative oversight and activity participation	Supports program and attends all scheduled activities	Supports program but only attends some, not all scheduled activities	100
Volunteer - Engagement as a mentor in a PGA recognized PGA mentoring program for other PGA members defined as enrollment in program and no less than 10 hours of active mentoring	Participant in PGA Journeys mentoring program and/or a Section-led mentoring program	10 hours of active mentoring	N/A	N/A	150
Volunteer - Tournament Rules Official / Referee service at PGA or PGA Section Championship event that is no less than 2 days (national or section staff does not qualify)	Tournament Rules Official/Referee service at PGA or PGA Section event that is no less than 2 days (national or section staff does not qualify). This includes hosting of the PGA Playing Ability Test as it is over 2, 18 hole rounds.	Acted in capacity as a Rules Official/Referee for national and/or section championship/event, or Playing Ability Test minimum 36-holes or no less than 2 days	Attends Rules Meeting and only works as a Referee 2 of the 4 Championship Rounds at a National Championship	N/A	150
Support of completion of the membership requirements and election to membership by the individual	Supporting an Associate or Student to be elected into PGA Membership that year	Supervising Professional as submitted in education portfolio	Mentor but not supervising professional	N/A	100
Recognition from the employing facility of the applicable participant's facilitation of a new job opportunity for another PGA member	Employing an additional member at a participant's facility (must be an incremental PGA member role versus a replacement)	Actively supported hiring (multiple people can receive but max allotment for an individual over a year is 100 points)	N/A	N/A	100