

TIAA-CREF Investment Services

SAMPLE OF INVESTMENT POLICY STATEMENT

FOR THE (PLAN NAME)

This document is for sample purposes only. Please review with your legal counsel or Advisor.

SAMPLE

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1. PLAN INFORMATION

The _____ (*name of plan*) (“the Plan”) is intended to provide eligible employees the opportunity to generate the long-term accumulation of retirement savings through employer and employee contributions to individual participant accounts and the earnings thereon. The Plan is an employee benefit plan intended to comply with all applicable federal laws and regulations including the Internal Revenue Code of 1986, as amended, and the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Plan’s purpose is to provide a vehicle to accumulate and grow assets to fund retirement needs on an individual basis for eligible employees. The Plan Sponsor appoints the _____ (*sponsor’s name*)’s Retirement Plan Oversight Committee (the “Committee”) and delegates authority to the Committee to choose and monitor plan funding options. It is the intent of the Committee to provide a range of funding options under the Plan that will enable participants to invest according to varying risk tolerances, savings time horizons and other financial goals. The funding options offered under the Plan shall be administered solely in the interests of the plan participants and their beneficiaries. The Committee is responsible for maintaining a written record of its decisions and steps taken in connection with the monitoring of the Plan’s funding options.

2. PURPOSE OF THE INVESTMENT POLICY STATEMENT

This Investment Policy Statement (“IPS”) is intended to assist the Committee in effectively structuring an appropriate investment menu. This includes establishing a prudent process for selecting, monitoring and, as necessary, replacing funding options. Specifically, the IPS is intended to:

- Define investment objectives for the Plan
- Provide participants a range of diversified funding options along the risk-return spectrum to assist participants in their retirement investment decision making.
- Describe the criteria and procedures the Plan will use in selecting investment options
- Define the procedure for the ongoing monitoring of funding options

This “IPS” shall be reviewed at least annually by the Committee and, if appropriate, can be amended to reflect changes in the capital markets, Plan participant objectives, Plan demographics, legislative and regulatory changes, or other factors relevant to the Plan.

3. STATEMENT OF OBJECTIVES

The Plan will encourage participants to take an active role for their retirement by providing education and information so that they can make informed decisions about their participation and funding option selections. The Plan’s funding options will be selected to:

- Provide returns comparable to the appropriate benchmark for the asset categories.
- Provide opportunities to diversify across the risk return spectrum with a range of investment choices within varied asset classes.
- Control administrative, management and participant costs.

4. ERISA SECTION 404 (c)

The Plan is intended to comply with the requirements of ERISA Section 404(c) and the Department of Labor regulations there under to limit the Plan Fiduciaries' liability with respect to participant-directed investments under the Plan.

To do so, the Plan will provide participants with a minimum of three broadly diversified funding options with distinct risk and return characteristics, as well as the opportunity for participants to make transfers among the Plan's funding options at least once every three months for "core investments" and with frequencies that are appropriate for the volatility associated with a particular funding option for "non-core Investments."

5. ROLES AND RESPONSIBILITIES OF PARTIES INVOLVED

(This section should be modified by plan sponsors to fit their organization chart.)

BOARD OF DIRECTORS

- Delegates investment fiduciary responsibilities to the Investment Oversight Committee
- Reviews and approves the IPS proposed by the Retirement Plan Oversight Committee

INVESTMENT OVERSIGHT COMMITTEE:

Members of this committee could include (not necessarily include all and not limited to) the personnel below *(titles could vary from organization to organization)*:

Members' Names and Corporate Titles

CIO/CFO/Treasurer

Sr. VP/VP/Director of Human Resources
Benefits Manager

Communications

Legal Counselor

Staff/Faculty Member

Committee Members' Titles and Roles

Committee Chair - Investment
Review/Analysis

Co-Chair – Plan Administrator and design
Plan Administrator and design - Participant

Legal Advisor – Legal Oversight

Employee Representative – Employee
feedback

The Investment Oversight Committee is generally responsible for:

- Selecting and terminating funding options

- Establishing and maintaining the IPS
- Controlling fees and expenses
- Monitoring the performance of the funding options and making investment changes when necessary
- Generating communications to participants when necessary

Investment Manager/Plan Vendor (Investment Consultant, if used) is responsible for:

- Following this investment policy statement
- Proposing investment options according to established criteria in this investment policy statement
- Reporting and reviewing investment options' performance according to frequencies required (quarterly, semi-annually or annually) by this investment policy statement against established peer groups and benchmarks
- Monitoring changes at fund management firms

6. CURRENT INVESTMENT LINEUP

The current investment options offered under the Plan shall be listed in **Appendix A** to this IPS, together with the appropriate benchmark and peer universe (as applicable) for each such option.

7. INVESTMENT MENU DESIGN

While offering a variety of funding options is important, efforts will be made to keep the total number to a prudent level that balances the benefits of broad diversification with the disadvantages of too many choices. At a minimum, the Plan shall offer enough funding options to well represent at least four major asset classes: Guaranteed or Stable Value, Cash or Cash Equivalents, Domestic and International Fixed Income and Equities. Other alternative asset classes such as Real Estate and Emerging Markets Equities may also be included.

With respect to the establishment of an upper limit on the number of funding options, the plan should not provide so many options as to create excessive redundancy in funding options, generate increased fund monitoring and/or administrative costs, or cause undue complexity in plan design.

8. ASSET CLASS GUIDELINES

The Plan shall provide each participant with the ability to diversify among an array of asset classes in order to construct individual portfolios consistent with their desired level of risk

over their respective time horizons. The Plan will offer funding options through mutual funds and annuities in the following asset categories listed below (could be all or several of these):

- Cash or Equivalents
- Guaranteed or Stable Value
- Lifecycle/Target-Dates Funds
- Balanced/Allocation Target-Risk Funds
- U.S. Fixed Income (Government, Government/ Credit, High Yield, Short/Intermediate/Long Term)
- U.S./Global Inflation-Protected Bond
- Global/International Bond
- U.S. Equities (All Cap, Large/Mid/Small Caps, in Value/Core/Growth Styles)
- Global/International Equities (All Cap, Large/Mid/ Small Caps, in Value/Core/Growth styles)
- U.S./Global Socially Responsible Equities
- U.S./Global REIT
- U.S./Global Direct Real Estate

9. QUALIFIED DEFAULT INVESTMENT ALTERNATIVE (“QDIA”)

The Lifecycle and Targeted Retirement Date funds, which provide participants with age appropriate asset allocation, are designated as the default funding option in the Plan. These age appropriate funding options are consistent with the requirements of the applicable Department of Labor (DOL) regulation on Qualified Default Investment Alternatives, Section 2550.404c-5. The default options will be used in situations where a participant does not actively select funding options under the Plan. On an annual basis, each default option shall be reviewed to ensure it continues to be an appropriate default option.

10. PLAN VENDORS, INVESTMENT MANAGERS AND INVESTMENT OPTIONS SELECTION PROCESS

When evaluating providers to offer funds/accounts under the Plan, the Committee will choose investment options provided by a bank, insurance company, and mutual fund or investment management company.

PLAN VENDOR/INVESTMENT MANAGER ASSESSMENT

The Plan Sponsor shall conduct an assessment of the company providing the asset management of a funding option. The Committee will be responsible for conducting the periodic assessment of the company on behalf of the Plan Sponsor. At a minimum, the assessment can include a review of the following, if applicable:

- History of the firm
- Part II of Form ADV for investment advisors under the Investment Advisers Act of 1940
- Management and ownership structure
- Breadth of products offered
- Financial stability of the company issuing the funding option
- Investment philosophy
- Any material pending or concluded legal or ethical violations

Additional aspects of the Investment Provider may be reviewed at the discretion of the Plan Sponsor. In addition, the Committee will conduct regular [can be quarterly, semi-annually or annually] reviews of investment returns against standard benchmarks applicable to the funding option.

GENERAL SELECTION REQUIREMENTS FOR ALL INVESTMENT & FUNDING OPTIONS

All Plan funding options should maintain the following characteristics:

- **Diversification by Holdings:** Except for Insurance Company General Account products, all funding options shall maintain a sufficient number and breadth of holdings to provide an adequate representation of the primary characteristics of the benchmark index.
- **Competitive Fee Structure:** The impact of fees on the long-term performance of the funding options within the Plan shall be an important consideration. Overall expenses, including sales loads, 12b-1 fees, administrative charges, and mortality and expense charges (for annuity accounts) can significantly detract from long-term performance. The net expense ratio shall be below median expense level of the appropriate peer group. (The net expense ratio is what the investor pays currently and the gross expense ratio is what the investor could potentially pay if there were no fee waivers.) No mutual funds with front-end or back-end sales charges shall be allowed. All fee information should be adequately disclosed to participants.
- **Track Record of Funding Option:** Each actively managed funding option should have a minimum track record of three years during which the same portfolio management team managed the fund. The three-year requirement may be waived at the discretion of the Committee if the manager has a proven track record of managing assets in the same category under consideration, or if the fund is an “index” strategy.
- **Track closely to their stated investment objective:** Each funding option’s objective should remain consistent with the option’s role within the Plan’s overall investment structure.

SELECTION REQUIREMENT FOR ALL INVESTMENT & FUNDING OPTIONS

Guaranteed or Stable Value

- **Investment Objective:** A Guaranteed option provided by the Insurance Company or Investment Manager (Issuer), which seeks to provide a minimum level of income while preserving principal. This option is typically supported by the Trust Fund of the Manager or the General Account of the Insurance Company.

Guidelines:

- **Performance:** This funding option should have a guaranteed rate of return that is competitive with other similar options in the marketplace.
- **Issuer Credit Rating:** The issuer shall have and maintain a rating that conveys significant financial strength as determined by nationally recognized statistical rating agencies such as A.M. Best, Standard & Poor's, Moody's, and Fitch.

Cash or Cash Equivalents

- **Investment Objective:** The cash option shall invest in a portfolio of short-term securities to maximize current income while preserving capital.

Guidelines:

- **Performance:** Annualized investment return shall be compared to appropriate benchmarks. Investment performance (gross of fees) shall either (a) approximate or exceed relevant benchmarks or (b) be above the appropriate peer universe, in either case over one, three or five years.

Fixed Income

- **Investment Objective:** To seek favorable long-term returns by investing in a diversified portfolio of fixed income securities achieving returns through interest payments and capital appreciation of the underlying securities.

Guidelines:

- **Performance:** Annualized investment return shall be compared to appropriate benchmarks. Investment performance (gross of fees) shall either (a) approximate or exceed relevant benchmarks or (b) be above the 50th percentile of the appropriate peer universe, in either case over one, three or five years.

Equities

- **Investment Objective:** To seek favorable long-term returns from capital appreciation and dividend income by investing in a portfolio composed of a broad cross-section of common stocks. These funds can invest in domestic stocks, foreign stocks, or a combination of the two.

Guidelines:

- Performance: Annualized investment return shall be compared to appropriate benchmarks. Investment performance (gross of fees) shall either (a) approximate or exceed relevant benchmarks or (b) be above the appropriate peer universe, in either case over one, three or five years.

Directly Owned Real Estate

- Investment Objective: To seek favorable long-term returns from income and appreciation primarily from private real estate investments.

Guidelines:

- Performance: Annualized investment return shall be compared to appropriate benchmarks. Investment performance (gross of fees) shall either (a) approximate or exceed relevant benchmarks or (b) be above the appropriate peer universe, in either case over one, three or five years.
- Investment Process: The funding option shall invest in real estate primarily through direct ownership of properties. The holdings shall be diversified both by property type (including commercial office, residential, and retail) and geography.

Index Funds

- Investment Objective: To achieve a rate of return that approximates the return of a specific benchmark investment index after making a reasonable allowance for costs.

Guidelines:

- Performance: The returns of the funding option [less fees] shall be compared to appropriate benchmarks, and investment performance (gross of fees) shall approximate the return of the relevant benchmark.
- Investment Process: The funding option will seek to approximate the return of its target benchmark by investing in the same or a representative sampling of those securities that are held by the benchmark.

Lifecycle Funds

- Investment Objective: To provide a multi-asset-class funding solution that offers investment diversification incorporating an allocation that progresses from more aggressive to more conservative as the participant approaches a given target retirement date.

Guidelines:

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- Performance: Annualized investment return shall be compared to appropriate benchmarks. Investment performance (gross of fees) shall either (a) approximate or exceed relevant benchmarks or (b) be above the appropriate peer universe, in either case over one, three or five years.
- A periodic review of the Lifecycle Fund's asset allocation and rebalancing strategies will be undertaken to ensure the prudence of these processes. Consideration will also be given to the stability and continuity of the funds included in the Lifecycle offering.
- Investment Process: Lifecycle fund portfolio is composed of allocations to a variety of underlying funds with differing risk/return characteristics. Multiple Lifecycle funds are made available, each with a different target maturity date to accommodate Plan participants' various ages and anticipated retirement dates. The composition of each Lifecycle fund is modified over time following a predetermined schedule, slowly adapting from a more aggressive allocation to an allocation that assumes less risk as the retirement date approaches.

11. PERIODIC REVIEW

The ongoing monitoring of Plan funding options must be a regular and disciplined process. It is the mechanism for measuring ongoing compliance by each funding option against the evaluation criteria specified below. While frequent change in funding options is neither expected nor desirable, monitoring the investment performance of the investments in the Plan relative to specified guidelines is an ongoing activity, intended to be conducted quarterly but no less frequently than annually.

Each funding option shall be reviewed pursuant to the following evaluation criteria:

- Adherence to the original investment/account selection requirements, including long-term performance measures
- Any material changes to the option's organization, process, or portfolio manager or team
- Any material litigation or regulatory action against the firm that may impact future performance or the reputation of the provider
- Significant loss or growth of assets under management
- The fund/account is sufficiently utilized by plan participants

If an assessment of a funding option against the evaluation criteria does not identify any significant issues, no further action by the Committee is necessary. If a material issue is identified for a particular funding option against any of the criteria, then the Committee may decide, in its sole judgment, to (i) take no action if it concludes that it has reasonable basis for such a conclusion, (ii) monitor the fund closely on a regular basis (quarterly, or semi-annually or annually) for at least one year as a means of evaluating future progress in addressing the issue of concern or (iii) terminate as an active funding option under the Plan (consider the pros and cons of allowing participants to keep existing money in the fund).

It is important to recognize that the IPS provides guidelines to assist the Committee in its decision to select retain or replace a funding option or investment manager, but the final decision shall not be made based on the outlined IPS criteria in isolation. The final decision shall be based on the Committee's confidence in the funding option's ability to perform competitively in the future. Any final decision shall be an exercise of the Committee's sole and exclusive judgment.

12. "WATCH LIST" PROCEDURE

(Plan sponsor can keep a "Watch List" as a prudent step that precedes fund deletions. Plan sponsor remains as the sole decision maker for fund addition and deletion based on investment evaluation criteria specified below, with or without a "Watch List.")

An investment option may be placed on a "Watch List" for closer monitoring when one or more of the following occur but is not limited to these items:

- An investment option performs below the median for its peer group over 3- or 5-year cumulative measurement period.
- There is a style drift away from the stated investment approach for more than two years.
- There is a significant change in the professionals managing the investment.
- There is a significant decrease in the investment option's asset under management.
- There is an increase in the investment fees and expenses.
- Any extraordinary event occurs that may interfere with an investment manager's ability to prudently manage investment assets.

The investment may be placed on the "Watch List" for a period of 12 months; however, the Committee retains the discretion to extend or reduce the time period that an investment option is on watch and the Committee will review and evaluate the appropriateness of the offering for the Plan.

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13. ANNUITY PAY-OUT OPTIONS

The Committee shall choose annuity pay-out contracts as required by the Plan that provide for periodic payments that are guaranteed to continue as long as the participant or beneficiary lives. In choosing such options the Committee shall:

- Engage in an objective, thorough and analytical search for the purpose of identifying and selecting providers from which to purchase annuities;

- Appropriately consider the cost (including fees, surrender charges and commissions) of the annuity contract in relation to the benefits and administrative services to be provided under the contract;
- Appropriately conclude that, at the time of selection, the annuity provider is financially able to make all future payments under the annuity contract and that the cost of the annuity contract is reasonable in relation to the benefits and services provided under the contract; and
- Choose from annuity contract providers that have and maintain a rating that conveys significant financial strength as determined by nationally recognized statistical rating agencies such as A.M. Best, Standard & Poor's, Moody's, and Fitch.

14. EDUCATION AND ADVICE

A significant responsibility of the Committee is to ensure that adequate participant education and communication are provided. The Committee will assess whether the quantity and quality of plan participant education and communication is appropriate. Plan participant education can be achieved through a variety of channels including printed materials, websites, group meetings and individual counseling.

The Committee shall also assess providing participant investment advice from an investment advice provider to assist participants in saving for retirement which advice shall be available to all plan participants. The Committee shall assess the advice providers' qualifications, quality of services offered and the reasonableness of the fees charged for the service. This process shall avoid self-dealing, conflicts of interest or other improper influences. In applying these standards to the selection of an investment advisor for plan participants, the process shall take into account the experience and qualifications of the investment advisor, including the advisor's registration in accordance with applicable federal and/or state securities laws, the willingness of the advisor to assume fiduciary status under ERISA and whether the advice provided will be based upon generally accepted investment theories.

Monitoring the investment advisor will require a Committee review of, among other things, the extent to which there have been any changes in the information that served as the basis for the initial selection of the investment advisor, including whether the advisor continues to meet applicable federal and state securities law requirements and whether the advice being furnished to participants and beneficiaries was based on generally accepted investment theories. The Committee shall also take into account whether the advice provider is complying with the contractual provisions of the engagement, the use of the investment services by participants and beneficiaries, and participant and beneficiary comments and complaints about the quality of the investment advice service.

15. ADOPTION AND APPROVAL

The members of the Committee approve and adopt this Investment Policy Statement and reserve the right to amend or terminate it upon written recommendation from the assigned fiduciaries.

Date:

(Name), Chair

(Name), Co-Chair

(Name, Title)

(Name, Title)

(Name, Title)

This draft investment policy statement is to be used solely as a guide and reviewed with the institution's legal counsel.

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