



The following sample IPS is a specimen document for a Plan that is intended to comply with section 404(c) of ERISA.

An Investment Policy Statement has important legal consequences, and this sample document should not be used without the advice of legal counsel.

Sample Investment Policy Statement

The Plan

Summary of Plan Information

Plan Sponsor:	[Plan Sponsor]
Plan Name:	[Plan Name]
Type of Plan:	[Plan Type]
Plan Number:	[001]
Current Assets:	[\$000,000,000 (00/00/0000 balance)]
Plan Adoption Date:	[Date]
Plan Year:	[January to December]
Plan Investment Fiduciary:	[CEO, Plan Sponsor] [CFO, Plan Sponsor] [HR Officer, Plan Sponsor]
Plan Administrator:	[Employer or Mr./Mrs. ABC]

The Purpose of the Investment Policy Statement

This investment policy statement sets forth the process that [Plan Sponsor] has adopted to make investment-related decisions with respect to assets of the [Plan Name] (the Plan) in compliance with the standards of fiduciary conduct prescribed in the Employee Retirement Income Security Act of 1974 (ERISA). This IPS

- identifies the investment goals and objectives of the plan,
- defines the roles of those responsible for the Plan's investments,
- sets out decision-making processes for selecting investments, and
- specifies the procedures and relevant measurement indexes to be used in assessing ongoing investment performance.

The investment policy statement will be used as the basis for measuring and evaluating future investment performance and will be reviewed, at least annually, by the Investment Fiduciary.

Roles and Responsibilities

Plan Sponsor

The Plan Sponsor is responsible for selecting the trustee(s), engaging a recordkeeper and/or service provider, hiring investment advisory consultants and appointing the Investment Fiduciary.



Investment Fiduciary

The Investment Fiduciary is responsible for establishing and maintaining the IPS and performing its duties in accordance with the provisions thereof. The Investment Fiduciary is responsible for the management and administration of the Plan's investments, including but not limited to

- selecting investment options;
- periodically evaluating the Plan's investment performance and recommending investment option changes;
- providing Plan participant investment education and communication;
- ensuring participants receive or have access to the following information in accordance with ERISA Section 404(c), as updated;
- providing a description of the investment alternatives available under the Plan, including a general description of the investment objectives, risk and return characteristics and type and diversification of assets comprising each alternative;
- providing a description of any transaction fees or expenses charged to the participant's account and information on fund costs and fees that reduce the rate of return to participants (expense ratios); and
- providing fund prospectuses, annual reports and semi-annual reports, as required.

The Investment Fiduciary also is responsible for ensuring that appropriate investment information is provided to participants and beneficiaries on a regular basis.

Plan Trustee(s)

The Plan's trustee(s) is responsible for holding and investing plan assets in accordance with the terms of the Trust Agreement.

Recordkeeper

The recordkeeper is responsible for maintaining and updating individual account balances as well as information regarding plan contributions, withdrawals and distributions.

Selection of Asset Classes

Investment options offered under the plan shall be selected to

- provide a wide range of investment opportunities in various asset classes,
- maximize returns within reasonable and prudent levels of risk, and
- control administrative and management costs to the plan and participants.

The Investment Fiduciary shall select a diverse range of investment vehicles that will enable participants to meet their individual retirement savings needs and other financial goals. Participants shall be able, at all times, to diversify the investment of their accounts among at least three investment vehicles with disparate risk/return characteristics, and with a frequency appropriate in light of the volatility of the investments. The Investment Fiduciary shall select such investment vehicles based upon their stated investment objectives or investment type and historical performance. The Investment Fiduciary also intends to base its selection on the options' historical adherence to their stated investment objectives.

The Investment Fiduciary shall reevaluate each asset class and investment vehicle based upon the foregoing criteria, no less frequently than annually, in order to determine the continuing suitability of each such option under the plan.



Asset classes offered by the Plan include the following:

Asset Class	Recommendation
Cash/Fixed	A fixed/guaranteed option or a fix/guaranteed and money market option
Bond	One investment grade bond option One high yield bond option
Large Cap	Four to six large cap options balancing value and growth options
Small/Mid Cap	Four to six small or mid cap options balancing value and growth options
International	One or two international options/global options
Strategic Allocation	Offering a series of target date or target risk options

Selection of Investment Options

The Investment Fiduciary shall set forth and describe each selected investment option in the Plan. Selection criteria shall include, but not be limited to,

- the investment option’s volatility and performance relative to benchmarks;
- the investment option’s demonstrated adherence to stated investment objectives;
- the competitiveness of fees and expense ratios, compared with those of similar investments; and
- the organization’s size, structure, and history; management profile and investment philosophy; staff experience and depth; and technological commitment to research.

Investment Monitoring and Reporting

The Investment Fiduciary shall evaluate the results of the existing investment funds at least annually. Performance comparisons will be made against the representative performance universe and market indexes for each investment.

The Investment Fiduciary shall maintain a watch list for investment funds that are not meeting prescribed objectives. The Investment Fiduciary will select appropriate measures to determine watch list status. Once a fund is placed on the watch list, it is not necessarily eliminated from the investment menu; however, the Investment Fiduciary will monitor the fund with measured analysis. A fund also can be placed on a watch list if the Investment Fiduciary determines that the fund has not stayed true to its investment objective.



Option Termination

Any recommendation to terminate an investment option will be treated on an individual basis. An investment option to be terminated shall be removed using one of the following approaches.

- Remove and map assets with an alternative investment option.
- Freeze the assets held in the option and direct new assets to a replacement option.
- Phase out the manager over a specific time period.
- Continue the option but add a competing option.
- Remove the option and do not provide a replacement option.

Replacement of a terminated option would follow the criteria outlined under Selection of Investments Option.

Participant Education and Communication

The Plan will communicate to employees that they control their own investments. The Investment Fiduciary or its delegate will provide educational materials to assist participants in making informed investment decisions. The Investment Fiduciary will select investment options and provide supporting material regarding

- the number of investment options available in the Plan,
- general information relating to the economy and capital markets,
- appropriate asset allocation (based on participants’ risk tolerance, time until retirement, and other factors relating to their personal financial status), and
- the relative risk and return of investing in different asset classes.

Conclusion

This IPS should be reviewed at least annually for necessary modification resulting from changes in Plan demographics, key management, administrative issues, etc. This Investment Policy Statement shall remain in effect until revised or amended by the Investment Fiduciary. Notwithstanding the foregoing, if any term or condition of this investment policy conflicts with any term or condition in the Plan, the terms and conditions of the plan shall control.

ON BEHALF OF THE **[PLAN NAME]**:

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____