INDIANA UNIVERSITY

Retirement Investment Statement

Indiana University
Defined Contribution Retirement Plans

Originally Adopted August 11, 2012
Amended and Restated Effective December 10, 2018

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Introduction

Indiana University ("University") sponsors and maintains the following defined contribution retirement plans for eligible employees in accordance with the written terms of each plan:

1. Indiana University Retirement Plan, a defined contribution plan under section 403(b) of the Internal Revenue Code ("Code") (mandatory base retirement plan for academic and professional staff employees, employer contributions only);

2. Indiana University Retirement and Savings Plan, a defined contribution plan under Code Section 401(a) (mandatory base retirement plan for support staff hired on or after July 1, 2013, employer contributions only);

3. Indiana University Tax Deferred Account Plan, a defined contribution plan under Code Section 403(b) (supplemental retirement plan, employee elective deferrals only);

4. Indiana University 457(b) Retirement Plan, a defined contribution plan under Code Section 457(b) (supplemental retirement plan, employee elective deferrals only);

5. Indiana University Replacement Base Plan, a defined contribution plan under Code Section 401(a) (supplemental retirement plan, employer contributions only);

6. Indiana University Supplemental Early Retirement Plan, a defined contribution plan under Code Section 401(a) (legacy plan, employer contributions only); and

7. Indiana University 18-20 Retirement Plan, a hybrid deferred compensation plan under Code Section 457(f) and a defined contribution plan under Code Section 403(b) (legacy plan, employer contributions only).

(herein collectively referred to as the "Plans" and each a "Plan"). The Plans are intended to provide eligible employees with the opportunity to generate long-term accumulation of retirement savings through a combination of employer and employee contributions credited to individual accounts. The Plans permit participants and beneficiaries (collectively, "Participants") to direct the investment of their accounts among a number of pre-selected investment options.

The University is a public institution of higher education established under Indiana law and an educational organization described in Code Section 170(b)(1)(A)(ii). The Plans are governmental plans within the meaning of Code Section 414(d) and Section 3(32) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). As governmental plans, the Plans are not subject to ERISA. Notwithstanding this fact, the University intends to be guided by the principles of ERISA, including, but not limited to, ERISA Section 404(c).

The University's Board of Trustees has delegated authority to administer the Plans to the Vice President for Human Resources ("VP for HR"). Pursuant to that delegation, the VP for HR has adopted a written charter ("Charter") outlining the authority and duties of the Retirement Plans Investment Committee ("Committee"). Under the Charter, the VP for HR has delegated to the

Committee responsibility for selecting and monitoring investment options available to Participants for the investment of their Plan accounts. The Committee shall act in the sole interest of Participants in performing its responsibilities under this Retirement Investment Statement ("Statement").

Purpose of Statement

The purpose of this Statement is to outline the investment goals and objectives that have been established for the Plans. The Statement also outlines various operational guidelines intended to assist the Committee in efficiently and effectively evaluating and monitoring the investment options available under the Plans. The Statement is intended to specify general principles established for the selection, evaluation, retention, and termination of investment options rather than provide a list of requirements. The Committee may determine the weighting of these principles and consider factors in addition to those set out in this Statement.

The general principles that should govern the conduct of the Committee and its members include the following:

1. The Committee shall discharge its responsibilities for the exclusive purpose of providing Plan benefits to Participants and defraying the reasonable expenses of administering the Plans.

2. In discharging its responsibilities, the Committee shall use the same care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

3. The Committee shall avoid conflicts of interest.

4. The Committee shall seek to assure that the elected investment options comply with the requirements of the Plans; all applicable requirements of the Internal Revenue Code, including the Code's prohibited transaction rules; and other applicable laws and rules.

5. The Committee shall seek to assure that Participants are provided with sufficient information regarding investment options and related fees to enable them to make informed investment decisions under the Plans.

Roles and Responsibilities

The key parties and their responsibilities with respect to the Plans are set forth below:

- **University**. The University, as settlor and sponsor of the Plans, is responsible for establishing the Plans, determining the terms and features of the Plans, and such other responsibilities as may be specified in the Plan documents.

- **Vice President for Human Resources.** The VP for HR is the Plan Administrator for each Plan pursuant to resolution approved by the University's Board of Trustees. As such, the VP for HR is responsible for administering the Plans. The VP for HR has approved this Statement and must approve any amendment hereto.

- **Committee.** The Committee is responsible for evaluating and monitoring the investment options available to Participants and making decisions regarding selection, retention, and termination of such options, as set forth in the Committee's Charter. The Committee has authority, but is not required, to engage the services of an Investment Consultant or other professionals, including University staff, to assist in carrying out its responsibilities. The Committee has prepared and recommended this Statement for approval by the VP for HR, and it shall recommend future changes hereto, as it deems appropriate.

- **Investment Consultant**. The Investment Consultant, if any, is responsible for providing independent and unbiased advice to the Committee regarding the investment of Plan assets consistent with this Statement, as amended. The terms and conditions of the services to be rendered and the fees charged for those services shall be included in a written investment advisory agreement which, to be effective, must acknowledge that the Investment Consultant is a fiduciary with respect to the Plan and must be approved by the Committee. The scope of the Investment Consultant's responsibilities shall include, at a minimum, assisting the Committee with the selection, monitoring, retention, and termination of investment options under the Plans. The Investment Consultant shall also assist the Committee in adhering to the guidelines of the Statement and make recommendations regarding the changes to the Statement, as needed.

- **Service Providers**. Service providers are responsible for providing administrative and recordkeeping services under the Plans ("Service Providers"). The agreement between the University and each Service Provider sets forth those responsibilities.

- **Investment Managers**. The investment managers ("Investment Managers") make investments under the Plans' investment options and are responsible for managing the underlying assets by making reasonable investment decisions consistent with the stated approach in each investment option's prospectus or other governing document.

- **Participants**. Participants are solely responsible for educating themselves regarding the various aspects of saving and investing, determining their voluntary contribution rates, selecting their investments, monitoring the return on their assets, and moving assets to other available investment options as they deem necessary to minimize aggregate risk and maximize aggregate return on their investments. The investment risk under the Plans resides with the Participants.

Investment Objectives

Participants have different investment objectives based on multiple personal factors, including age, income, time horizon, risk tolerance, return and accumulation objectives, and personal assets held outside of the Plans. Recognizing that individual needs vary, the overall investment objective of the Statement is to provide a mechanism for assuring that each Plan

offers a sufficient range of quality investment options that allow Participants to diversify their accounts and construct portfolios that reasonably span the risk/return spectrum for reasonable fees. The Committee may select from a broad range of mutual funds or fixed and variable annuity accounts to pursue this investment objective.

While offering a variety of investment options is important, the Committee shall attempt to keep the total number of options to a prudent level that limits redundancy within an asset class, unless the multiple options offer some type of meaningful investment diversification. At a minimum, the Plans shall offer enough investment options so that Participants can construct an investment program appropriate for their respective risk tolerances and investment goals.

At a minimum, at least one investment option from each of the following asset classes shall be offered under each Plan:

- Cash Equivalent
- Fixed Income
- U.S. Equity
- Non-U.S. Equity

Within these categories, the types of investment options may include actively managed or passively managed options, low to high risk options, different market capitalizations, different longevities (for fixed income investments), and specialized styles of investment management.

The Committee is authorized to make changes to a Plan's investment structure, including the elimination, replacement, and/or addition of new investment options, as it deems necessary or advisable to carry out its obligations hereunder.

ERISA Section 404(c)

Although ERISA does not apply to the Plans, the Committee has chosen to look to ERISA, including ERISA Section 404(c) and the regulations thereunder, for guidance regarding the selection, retention, and monitoring of the Plans' investment options. If a plan subject to ERISA satisfies the requirements of ERISA Section 404(c), the Plan fiduciary is not responsible for a participant's selection of the investments from among the options offered by the plan. The Committee shall be responsible for monitoring the Plans' compliance with the principles under ERISA Section 404(c). Among other obligations, the Committee shall seek to assure that each Plan's investment options offer Participants the ability to construct a diversified portfolio consistent with their risk tolerance and investment goals and that Participants have the tools and information available needed to make informed investment decisions.

Qualified Default Investment Alternative

If a Participant has not directed the investment of his or her Plan account, the account shall be invested in a default investment option selected by the Committee. Target Date Retirement Funds shall be used as the default investment option under each Plan. Although ERISA does not

apply to the Plans, the Committee intends that the default investments shall meet the requirements of a "qualified default investment alternative" under ERISA and the regulations thereunder. Each default investment fund shall be designed to provide varying degrees of long-term appreciation and capital preservation through a mix of equity and fixed income investments based on a Participant's age and target retirement date.

Self-Directed Brokerage Window

A self-directed brokerage window ("SDW") may be made available under some or all of the Plans. An SDW is an investment option that allows a Participant to establish an account with a designated broker-dealer for investment of some or all of his or her retirement plan accounts. The purpose of offering an SDW is to give Participants access to a wider range of investments. The Statement does not apply to any investments made through an SDW, and the investments offered through an SDW are not selected or reviewed by the University, the VP for HR, the Committee, or any Plan fiduciary.

The Committee may establish a maximum percentage of assets that a Participant can invest through an SDW. A Participant may not trade on margin through an SDW, and the only type of investment available under an SDW shall be daily valued mutual funds.

If an SDW is made available under a Plan, and a Participant wishes to establish an SDW account, the Participant must sign a statement acknowledging that: (i) the Participant understands and accepts any and all risks associated with the SDW option and any investments thereunder; (ii) the Participant understands and accepts that none of the investments available under the SDW option have been reviewed for suitability by the University, the VP for HR, or the Committee; (iii) the Participant is solely responsible for determining the suitability or appropriateness of any selected investment; and (iv) the Participant agrees to hold the University, the Plans, the VP for HR, and the Committee harmless from any negative consequences that he or she may incur as a result of investing through the SDW.

Investment Guidelines

The Committee acknowledges that fluctuating rates of return characterize the securities markets, particularly during short-term periods. Accordingly, the Committee views the interim fluctuations with an appropriate perspective.

On a periodic basis, but not less frequently than annually, the Committee, with the assistance of the Investment Consultant, if any, shall evaluate the performance of the Plans' investment options on a net-of-fee basis relative to (i) the return of an appropriate market index or indices and (ii) the returns of a universe of comparable funds, where applicable, over a full market cycle (typically three to five years) or such other period determined by the Committee. In the case of pre-mixed investment options, performance objectives shall be based on a custom benchmark composed of weighted market indices.

The investment options selected and retained under the Plans are not required to provide the highest investment return in their respective categories, as other factors, including volatility, risk

level, investment expense, manager tenure, fund company stability, and desire to have stability in investment options shall also be considered.

Investment Selection

In selecting an investment option, the Committee may review the following due diligence criteria:

- **Types of Investments:** Each investment should be a mutual fund, common trust, or similar pooled investment appropriate for a qualified retirement plan.
- **Regulatory oversight:** Each Investment Manager should be a regulated bank, an insurance company, a mutual fund organization, or a registered investment advisor.
- **Minimum track record:** The investment option's inception date should be at least three years; provided, a shorter track record may be acceptable if the investment professionals principally responsible for the investment option have a well-established and recognized track record.
- **Assets under management:** The Investment Manager should have a sufficient and appropriate asset base; in general, the Plans' assets should make up no more than five percent (5%) of an investment option's total asset base.
- **Stability of organization:** The Investment Manager (and the investment professionals principally responsible for the investment option) should have at least a two year tenure as well as a record of managing asset growth effectively, both in gaining and retaining clients. For any passively-managed (index) funds, manager tenure of at least two years is not a requirement.
- **Performance:** The Investment Manager's performance should be evaluated against appropriate index and peer group returns over a trailing three- and five-year cumulative period or a full market cycle; past performance should not, however, be the primary basis for selecting Investment Managers.
- **Holdings consistent with style:** The investment option's securities should be consistent with the stated investment discipline.
- **Fees:** The fees with respect to the investment option should be reasonable.

In rare cases, some of the above criteria may be waived as recommended by the Committee if few investment options are available related to a specific search or if the Committee otherwise determines it appropriate to waive such criteria.

Investment Monitoring

The Committee shall examine the Plans' investment options on a regular basis to ensure that the investment style and other relevant investment criteria are acceptable, given the purpose of each investment option.

The Committee may place an Investment Manager and/or investment option on a "Watch List" and conduct a thorough review and analysis of the investment option if and when (but not limited to) any of the following occurs:

- Material changes to investment philosophy and objectives;
- Outstanding material litigation and regulatory actions;
- Substantial change in assets under management (track substantial changes in total assets);
- Underperformance relative to benchmarks and peer groups;
- Lack of adherence to the investment option's stated investment discipline and style;
- Instability of the organization and personnel turnover; and/or
- Insufficient utilization of the investment option by Participants.

Investment options repeatedly or consistently "on watch" may be candidates for replacement. However, the Watch List is only one tool to be used by the Committee in evaluating Investment Managers. The placement of an investment option on the Watch List, or the continuation of its presence on the Watch List, shall not be considered an automatic basis for eliminating the option as an investment choice. Nor is the Watch List procedure intended to circumscribe the Committee's ability to eliminate investment options without the option having been on the Watch List. All relevant facts and circumstances shall be considered in making such decisions.

Investment Termination

The Committee may remove or replace an investment option under the Plans if, in the opinion of the Committee, the investment option does not, or is not expected to, meet the specified criteria, or is no longer appropriate. Grounds for recommending termination may include, but are not limited to, the following:

- Failure to comply with stated guidelines;
- Significant deviation from the Investment Manager's stated investment philosophy and/or process;
- Loss of key personnel;
- Evidence of illegal or unethical behavior by the Investment Manager;
- Loss of confidence by the Committee in the Investment Manager; or
- Failure to achieve performance objectives specified in the Investment Manager's guidelines over reasonable measurement periods over a full market cycle.

If continued retention of an investment option appears imprudent, the Committee shall consider any negative impact from surrender fees or deferred loads/charges.

Investment Mapping

If the Committee approves the termination of an investment option, Participants shall be given an opportunity to direct their accounts to another investment option under the Plan. To the extent

permitted by contract, assets that are not directed by Participants shall be transferred or "mapped" to an investment option(s) that the Committee deems appropriate.

Fee Structure

Fees affect long-term investment performance, and are, therefore, an important criterion in evaluating the Plans' operation and the performance of specific investment options. In addition to reviewing the performance of each investment option, the Committee (with the aid of the Investment Consultant, if any) shall periodically (at least annually) review all costs associated with the management of the Plans' investment options and the Plans, including, but not limited to:

- Costs to administer the Plans, including recordkeeping;
- Custodial and/or trustee expenses;
- Expense ratios of each investment option against an appropriate peer group;
- Sales loads including front-end or back-end sales charges; and
- Revenue sharing, including 12b-1 fees.

Education and Communication

The Service Provider(s) shall assist the Committee by providing Participants with impartial and balanced information about the Plans' program, and investment options to aid them in preparation for retirement. Participant education shall emphasize the value of diversification and the recognition of risk tolerance and time horizon.

The University, the VP for HR, and the Committee shall not render investment advice to Participants.

Review and Amendment of the Statement

The Committee shall periodically review this Statement to determine if it continues to reflect the Plans' objectives and meet the needs of Participants. If the Committee determines that the Statement should be amended, it shall recommend changes to the VP for HR. The VP for HR has final authority to approve any changes to the Statement.

Committee Certification

The Vice President for Human Resources hereby certifies that the foregoing is an accurate and complete copy of the Statement recommended by the Committee, effective as of December 10, 2018, and approved by the Vice President for Human Resources as of the same date.

By: _____
John Whelan
Vice President for Human Resources

Date: 12/13/2018