Pacific LutheranUniversity 403(b) Retirement Plan

INVESTMENT POLICY STATEMENT

December 9, 2021

Plan Information

Plan Sponsor	Pacific Lutheran University
Plan Name	Pacific Lutheran University 403(b) Retirement Plan
Date this Policy Statement Originally Adopted	June 11, 2011

Purpose of the Policy

Pacific Lutheran University ("University") sponsors the Pacific Lutheran University 403(b) Retirement Plan ("Plan") for the sole benefit of its employees. The Plan is a qualified employee benefit plan and as such, intends to comply with all applicable laws and regulations, including the Internal Revenue Code of 1986. The Plan is a defined contribution retirement plan designed to provide eligible employees with a retirement savings benefit through the accumulation of employee salary deferrals and possible employer contributions plus the earnings on such contributions. The Plan is managed for the sole interest of providing retirement plan benefits to Plan participants.

Understanding the Plan participants will have varying time horizons, investment objectives, and risk tolerances, participants will be able to direct their account balances among a range of investment options with varying risk/return characteristics provide education on how to construct a diversified portfolio that meets their specific risk/return profile. Participants will therefore bear sole responsibility for the risk and return of the portfolio they construct.

Although participants bear the responsibility of constructing their specific portfolio, the plan sponsor still maintains a fiduciary responsibility to select the investment options from which each participant may select. In order to meet this obligation, the University has appointed a Retirement Fund Advisory Committee ("Committee") to select and monitor the investments of the Plan. This committee was adopted as a formal University Committee in May 2010. This Committee will act as fiduciary for the Plan in selecting and monitoring the investment options made available. As such, the Committee will act with the skill, diligence, and care a prudent person acting in a like capacity would undertake in accordance with all applicable laws and regulations. In executing these responsibilities, the Committee can retain any individuals or firms that they deem necessary to provide counsel or advice to the committee.

The purpose of the Investment Policy Statement ("IPS") is to provide assistance to the Committee in executing their fiduciary responsibilities with respect to the investment of Plan assets. It outlines the underlying philosophy of the Committee and the specific processes utilized in the initial selection, monitoring, and evaluation of the investment managers and products offered in the Plan. In particular, this IPS:

- Describes the Plan's investment objectives
- Describes the roles of those responsible for the Plan's investment options
- Describes the criteria and procedures for initially selecting investment managers/investment fund options
- Establishes measurement procedures for the ongoing evaluation of investment managers/ fund options
- Describes specific monitoring criteria for the ongoing evaluation of investment managers/ fund options
- Describes ways to address investment managers/fund options that fail to satisfy the established criteria
- Provides appropriate diversification options within, and among, various investment options
- Defines how Qualified Default Investment Alternative(s) (QDIA) are selected and when they will be utilized

This IPS is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical. Nothing in this document shall be deemed to limit the discretion of the Committee. Specifically, the Committee reserves the discretion to make exceptions to this document, either generally or in specific instances. This IPS will be reviewed periodically by the Committee, and, if appropriate, can be amended to reflect changes in philosophy, objectives, or any other factors relevant to the operation of the Plan.

Investment Objectives

The Committee will select the investment vehicles offered by the Plan to:

- Provide exposure to a wide range of asset classes with varying risk/reward profiles
- Maximize return for a given level of risk
- Provide risk and return characteristics consistent with similar investment options
- Minimize management and other expenses

The Plan will generally utilize mutual funds or other "pooled" investments (including bank commingled trust funds, insurance company separate accounts, and insurance company general account funds) as designated investment vehicles. The Plan's investments shall not be subject to excessive fees, liquidation penalties, or trading costs.

The Committee has established a tiered framework to assist in the review and communication of the investments. The factors impacting the selection and monitoring of investment products will vary based on its specified use within the greater investment array.

Tier 1 - Target Retirement Date Array – A series of investments each designed to be a single investment option that is appropriate from the time an investor enters the workforce and begins saving for retirement until that participant ceases participation in the Plan.

Tier 2 - Core Array – A series of diversified, low cost investments that provide exposure to a broad set of asset classes selected by the Committee.

Tier 3 - Extended Array – A series of investments representing specific asset classes and investment styles selected by the Committee to provide exposure to a wide range of asset classes with varying risk/reward profiles.

Fee Policy

Plan Sponsor is responsible to pay all fees related to "settlor" functions (e.g., decisions regarding information, design or termination of the Plan) and Plan Sponsor may, in its sole discretion, pay certain Plan-related expenses.

Reasonable expenses related to the Plan may be paid by Plan assets. Fees paid from Plan assets must relate to services that are necessary for the administration of the specific Plan paying the expense; must be reasonable in light of service being performed; and must relate to services furnished under a contract or arrangement, which is reasonable.

The Committee will engage in a periodic review of fees incurred by the Plan which are paid by Plan assets and how those fees are allocated to the Plan.

Roles and Responsibilities

Various parties are responsible for the management and administration of the Plan's assets. Those parties include, but are not limited to:

Pacific Lutheran University - The University is responsible for selecting the custodian, hiring the record keeper/administrator, and/or investment advisors, and appointing members of the Retirement Fund Advisory Committee.

Retirement Fund Advisory Committee - The Committee, as appointed by the University is responsible for:

- Developing and maintaining the IPS in conjunction with the investment advisor hired by the University
- Selecting investment manager/fund options available to participants
- Regularly reviewing the investment performance of the Plan and the investment options available within the Plan
- Reviewing pertinent investment-related information provided by the investment managers, pooled funds, consultants, staff, and custodian/record keeper, and taking any actions that are deemed appropriate as a result of such information

- Recommending investment option changes, if necessary
- Providing participant investment education and communication
- Monitoring and evaluating the performance of any consultants or advisors hired by the University

No committee member shall be involved in governance or in employment with any investment manager or vehicle. All committee members shall disclose to the University any potential conflicts or duality of roles & responsibilities.

Retirement Plan Consultant - The Committee may retain a retirement plan consultant to provide qualified retirement plan consulting and investment advisory services to the Plan. Investment advisory services include, but are not limited to:

- Developing and maintaining the IPS in accordance with the standards described by the Committee
- Screening and evaluating the investment vehicles made available to participants
- Preparing regular reports monitoring the evaluation criteria specified in the IPS Recommending investment option changes, if deemed appropriate
- Attendance of Committee meetings discussing the investment options offered in the Plan

Investment Managers - The investment managers are responsible for making investment decisions consistent with the stated investment objectives of the product/investment option they manage, as discussed in the product's prospectus and/or other offering documents.

Custodian - The custodian is responsible for holding and investing Plan assets in accordance with the custodial agreements.

Record keeper - The record keeper is responsible for maintaining and updating participants' individual account balances as well as information regarding plan contributions, withdrawals, distributions, and fees. In some instance the above responsibilities may be shared with the recordkeeper.

Selection of Investment Managers

In choosing the investment managers/products the Committee will follow a selection process utilizing the criteria and considerations outlined below.

1. The Committee will select the asset classes to be offered to participants through the Plan. In deciding which asset classes to utilize the Committee will examine the risk/return characteristics of each asset class, as demonstrated by the benchmark

index and/or the average investment product in the asset class. The Committee will also consider the sophistication of Plan participants, and the ability to incorporate the asset class into a prudent, diversified portfolio.

2. After selecting the asset classes to be used, the Committee must evaluate investment managers and choose a manager(s) for each asset class offered. Each manager must meet certain minimum criteria to be evaluated:

   - The manager is a bank, insurance company, investment management company, or an investment adviser under the Investment Advisers Act of 1940.
   - The manager operates in good standing with all applicable regulators and has no material pending or concluded legal actions within the past 5 years.
   - The manager provides detailed information regarding the history of the firm, its investment philosophy and process, its principals, fees and other relevant information.

3. If the minimum criteria above are met the manager/product will be screened against the criteria in the following categories:

   - Expenses
   - Diversification
   - Experience
   - Investment Style
   - Manager Skill
   - Consistency
   - Risk
   - Performance

4. Investment managers who pass the quantitative screening test will then face a qualitative review by the Committee. Information the Committee will consider may include:

   - History of the organization
   - Culture of the firm
   - Investment philosophy and process
   - Depth and quality of the research staff
   - Stability of the management team and staff
   - Other commitments (i.e. other investment products managed)
   - Firm’s compliance history and procedures

5. Upon a complete review of the quantitative and qualitative investment criteria established above the Committee will select the investment options to be offered to participants in the Plan. A current list of investment options approved by the Committee is listed in the Plan's periodic investment performance report, including comparative benchmarks and peer groups.

Investment Monitoring

The Committee is responsible for the ongoing monitoring of the investment options offered by the Plan to review for the continuing suitability of each investment. The monitoring done by the Committee is an ongoing process and executed on a regular basis. The purpose is to review the initial selection criteria to determine whether the investment option continues to satisfy the requirements of the initial screening such that it should be retained in the Plan. While frequent turnover of the investment funds in the Plan is neither expected nor desirable, the Committee will act if it deems an option to be inappropriate.

The Committee will formally review each investment options periodically. Investment options will be benchmarked against the initial criteria used in selecting the investment options. Should an investment option fail to meet the initial selection criteria, or should other extraordinary events occur, the investment option will be placed on a watch list. Examples of extraordinary events include, but are not limited to:

- Change in portfolio managers
- Increase in expense ratio
- Legal and/or compliance issues
- Portfolio characteristics relative benchmarks
- Fund mergers
- Change in investment style or category

The Committee, with the assistance of its retirement plan consultant, if any, will select appropriate measures to determine watch list status. An investment's appearance on the watch list does not immediately prompt a removal by the Committee, it will require that the Committee perform additional analysis to determine whether the watch-listed investment option remains suitable for Plan participants. If the Committee determines the investment option remains a suitable investment, no further action will be taken. However, when the Committee determines an investment option is no longer suitable it will take action to remedy the situation.

In the event of a transition affecting the investment platform (i.e. as a result of a recordkeeping vendor or investment product/platform change), the Committee will continue to monitor the deselected investment(s) utilized under investment contracts held individually by Plan participants or otherwise. However, the Committee's ability to take action may be limited by the provisions of the governing investment contract.

Manager Termination

The Committee will take action when an investment manager/investment option is no longer suitable for Plan participants. Examples of factors that could result in a terminated manager include, but are not limited to:

- Unjustified increases in expenses
- Replacement of a portfolio manager with an unsatisfactory successor
- Change in investment objectives of the fund
- Lack of confidence in the ability of the manager to meet the investment objectives
- Significant turnover of staff within the investment manager
- Legal and/or compliance issues with a material impact
- Persistent underperformance relative to benchmarks
- Increase in risk profile of product beyond acceptable bounds

The Committee will analyze investment managers pursuant to the process outlined above to determine whether the investment manager remains suitable for Plan participants. The Committee will make decisions on an individual basis for each manager and may rely on the quantitative and qualitative criteria listed above.

Should the Committee decide to take action with regard to an investment manager that no longer meets the objectives and criteria listed above, the Committee may:

- Remove and replace the manager with a new investment manager (mapping assets from the current manager to the new manager)
- Freeze contributions to the current manager and direct future contributions to the new manager
- Phase out a manager over a specific time period
- Keep the current manager and add an alternative manager in the same asset class
- Remove the manager and not offer a replacement

Any new managers added during the termination process will be considered and screened based on the initial selection criteria listed above.

Participant Investment Education

The Committee will provide participants access to investment education resources that provide participants with information to support them in selecting an appropriate diversified portfolio of investments consistent with their risk tolerance and investment objectives. Adequacy of education resources will be reviewed periodically by the Committee to determine its effectiveness and whether any changes should be made.

Qualified Default Investment Alternatives

Plan participants will direct the investment of assets held within their accounts. The Committee will default investment choices on behalf of participants generally under the following circumstances:

- The participant is deemed incompetent under the law
- The participant has failed to timely and/or properly instruct the Plan's recordkeeper or the Committee regarding the participant's investment choices
- As a result of a change in the Plan’s investment menu, the Committee elected to map Plan assets

To the extent that the Plan has elected to utilize an age-based default option, the Plan’s prescribed normal retirement ages will be used to determine the appropriate default option. The default investment alternative(s) selected by the Committee is/are listed below.

Default Investment Alternative	
Target Date Retirement Series	☒

Plan Document Coordination

If any term or condition of this Investment Policy Statement conflicts with the any provision or condition of the Plan document or applicable las or regulations, the provisions or conditions of the Plan document, laws or regulations shall control.