



DEFINED CONTRIBUTION PLANS EDUCATION POLICY STATEMENT

Adopted

June 16, 2015

Table of Contents

INTRODUCTION	3
Background	3
Purpose	3
Review of Education Policy Statement	4
Duties and Responsibilities of Plan Sponsor for Participant Education	4
PART 1: FIDUCIARY EDUCATION POLICY	4
1.1 Intent	4
1.2 Objectives of Fiduciary Education	4
1.3 Types of Educational Programs	5
PART 2: PLAN PARTICIPANT EDUCATION POLICY	5
2.1 Intent	5
2.2 Objectives of Plan Participant Education	5
2.3 Types of Educational Information	6
<u>Entry-Level</u>	6
<u>Mid-Career</u>	6
<u>Pre-Retirees</u>	7
<u>Retirees</u>	7

INTRODUCTION

Background

The County of San Bernardino (“Plan Sponsor” or “County”) offers to all eligible employees various Defined Contribution Programs (“Programs”) through a 457(b) Plan, 401(k) Plan, 401(a) Plan and a Retiree Medical Trust Plan (“Plan” or “Plans”). The Plan Sponsor seeks to comply with the Internal Revenue Code section 457(b), 401(k) and 401(a) and other applicable laws and regulations.

The County has contracted with a third party for Administrative and Recordkeeper Provider services (“Provider”). While the Provider may change from time to time, it is the intent of the County that the duties and obligations contained in this Policy remain applicable to any Provider.

The County recognizes the vital role of education for both plan fiduciaries (Boards, Committees, plan administrators and support staff) and plan participants. The details of educational programs are divided into two parts: Part 1 covers the duties and responsibilities for fiduciary education. Part 2 covers the duties and responsibilities for participant education.

Although the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) do not apply to the Plan, the Plan Sponsor intends to operate the Plan generally in conformance with ERISA section 404(c). This Education Policy Statement (“Policy”) is based on established ERISA and state regulatory requirements and industry best practices regarding both Plan Sponsor and Provider responsibilities for education. This Policy is intended to aid the Plan Sponsor in meeting its fiduciary responsibilities pertaining to the Plan.

Purpose

The purpose of this Education Policy Statement is to document the procedures demonstrating “care, skill, prudence and diligence” that will be used by the Plan Sponsor in the selection and monitoring of educational programs for the Plan fiduciaries in Part 1 and plan participants in Part 2.

The Policy intends to establish procedures for the identification, communication and evaluation of educational programs to allow participants to make informed decisions regarding their retirement planning, investments and distributions. Further, the Policy intends to provide guidance in establishing educational programs to allow fiduciaries to fulfill their fiduciary due diligence responsibilities in managing the Plan.

Review of Education Policy Statement

The County of San Bernardino through the Defined Contribution Committee and the Employee Benefits and Services Division, will regularly review this Policy and identify upcoming education based on Plan Sponsor priorities. The Plan Sponsor will determine the frequency and content of fiduciary and plan participant education to ensure that the educational programs are consistent with this Policy.

Duties and Responsibilities of Plan Sponsor for Participant Education

The Plan Sponsor shall have the duty and responsibility for ensuring that Plan participant education is provided to both Fiduciaries and Plan Participants in line with the intent and objectives of this Education Policy Statement.

PART 1: FIDUCIARY EDUCATION POLICY

1.1 Intent

For plan fiduciaries and staff, it is the intent of this Policy to assure that all plan fiduciaries and staff are provided comprehensive education that covers all aspects of their duties and responsibilities as fiduciaries of the Plan, including but not limited to plan compliance, legislative and regulatory activities, fund selection and monitoring, and “best practices” in operational standards.

1.2 Objectives of Fiduciary Education

The goal of fiduciary education is to assure that all fiduciaries and support staff understand their fiduciary and due diligence responsibilities in the actions they take on behalf of plan participants and their beneficiaries. The objectives of fiduciary education are to:

- A. Assure that new fiduciaries and staff receive comprehensive education covering all aspects of their duties and responsibilities.
- B. Assure that plan fiduciaries understand that the overriding consideration of all actions is the requirement to act for the benefit of plan participant and their beneficiaries.
- C. Offer regular recurring educational programs to fiduciaries and staff that cover plan design and compliance, legislative and regulatory activities, fund selection, monitoring, and deselection, and best practices.
- D. Where possible, screen and participate in the types of education programs offered to participants (e.g. education, guidance and advice services, basic Provider education programs).

1.3 Types of Educational Programs

Below are examples of information to be provided in education to fiduciaries. These examples are meant to be illustrative, not exhaustive.

- A. For new fiduciaries, a comprehensive review of basic plan features, documents (e.g. Plan Documents, Investment Policy Statement, Education Policy Statement, By-Laws,) forms, past fiduciary actions (prior investment performance reviews and minutes).
- B. Detailed review and understanding of charts and graphs used in Provider or Consultant fund performance reviews.
- C. Detailed review and understanding of performance standards and guarantees used in Provider contracts and performance reviews.
- D. Familiarity with plan participant education, guidance and advice services.
- E. Understanding special plan features, even if a task is outsourced, for example: unforeseen emergencies, hardship withdrawals, catch up provisions (both 50+ and traditional), domestic relation orders, loans and Roth options.
- F. Awareness of rollover options and strategies for encouraging plan participants to remain in the plan after retirement.
- G. Use of outside educational programs such as the National Association of Defined Contribution Administrators, Inc. (NAGDCA), International Foundation of Employee Benefit Plans (IFEBP), and International Foundation of Retirement Education (InFRE).

PART 2: PLAN PARTICIPANT EDUCATION POLICY

2.1 Intent

For plan participants, it is the intent of this Policy that the Plan Sponsor and Provider will offer education programs to enable participants to make informed decisions regarding their retirement planning and security. Educational programs are intended to cover the breadth of participant needs from entry level personnel, mid and near-term employees, as well as retired participants.

2.2 Objectives of Plan Participant Education

The objective of all educational programs is to elevate participant understanding of their retirement financial objectives and to impact their behavior when they are planning for these objectives. The Plan Sponsor deliberately chooses to organize its target groups for education into four categories: entry level, mid-career, pre-retirement and retirement. The objectives of plan participant education are to:

- A. Offer regular recurring educational programs and services to plan participants that incorporate basic plan information as well as investment guidance and advice.

- B. Make financial planning services available to participants, especially those near or in retirement.
- C. Tailor educational content to participants in different departments or at various stages in their life/career (from early employment through retirement), or other demographic criteria.
- D. Utilize diverse media and formats (face-to-face, print, electronic and internet) to maximize participant education.
- E. Develop an annual plan of scheduled educational programs.
- F. Communicate to plan participants the content and schedule of upcoming educational programs.
- G. Evaluate educational programs primarily based on participant satisfaction but also considering other behavioral impacts including: plan participation, contribution, diversification, rebalancing and distribution management.

2.3 Types of Educational Information

Below are examples of information to be provided in the Plan Participant education program. These examples are meant to be illustrative, not exhaustive.

Entry-Level

- I. Basic investment strategies including pre-tax / post-tax contributions (regular and Roth), untaxed asset growth, basic retirement objectives, self risk-assessment, identification of retirement objectives and time horizon, basic understanding of diversification, asset allocation and fund selection.
- II. Awareness of specific deferred compensation plan requirements including contribution limits, taxation, distribution requirements/restrictions (unforeseen emergencies, in-service, de minimus and post-service distributions) and portability.
- III. Summary of Plan Sponsor and Provider-specific policies and documents including the plan document, application and other transaction forms, investment and education policies, issue-specific documents (unforeseen emergencies, catch-up provisions, domestic relations orders).
- IV. Summary of employer procedures including timing and method of accessing account information, and obtaining and completing transactions.

Mid-Career

- I. Coordinating other assets with deferred compensation assets, including defined benefit programs, other household income and assets, and Social Security benefits.
- II. Understanding basic risk-reward theories within the core fund line-up and exposure to tools addressing risk tolerance, retirement objectives and time horizon.
- III. Increasing knowledge of investment terminology and concepts.

- IV. Considering available investment guidance and advice services and managed account options.
- V. Familiarity with asset allocation options including risk and life cycle funds.
- VI. Understanding of differences between Roth (after tax) and Traditional (pre tax) contributions for both the 457(b) or 401(k).

Pre-Retirees

- I. Maximizing contributions to include 50+ and traditional catch-up provisions.
- II. Preliminary understanding of distribution options and impact on meeting long-term retirement needs.
- III. Termination options including use of sick leave, vacation and other accrued benefits as contributions to their retirement plan assets.
- IV. Rollover options and the pros and cons of maintaining funds in the employer Plan compared to non-Plan options.

Retirees

- I. Asset allocation strategies in retirement including investment strategies, diversification and risk of fund options, tax consequences, minimum required distributions, liquidity strategies, and income strategies.
- II. Evaluating alternate retirement options including Individual Retirement Accounts and annuitized distributions.
- III. Rollover options and the pros and cons of maintaining funds in the employer Plan compared to non-Plan options.

IN WITNESS WHEREOF, the County of San Bernardino, has executed this Education Policy Statement as of June 16, 2015.

COUNTY OF SAN BERNARDINO

James Ramos, Chairman, Board of Supervisors

Dated _____