

# Investment fiduciary support services

## Terms & conditions



### Support from Principal®

A retirement plan fiduciary has a lot of responsibilities — we get that. Although we can't assume Your fiduciary role, we can provide support that will help plan fiduciaries manage their fiduciary obligations and provide additional confidence.

Through Principal Life Insurance Company, we make available support for investment fiduciaries and help provide a level of indemnification protection. When it comes to the fiduciary responsibility of selecting and monitoring investment options for the plan's investment program, you have options for support.

The level of indemnification protection includes choosing Qualified Default Investment Alternative (QDIA) coverage and our due diligence process coverage.



### Optional 3(21) fiduciary service available through Wilshire

Wilshire Funds Management, a business unit of Wilshire Associates Incorporated (Wilshire®), provides optional ERISA 3(21) investment fiduciary services that retirement plan fiduciaries may elect to help plan fiduciaries with the selection and monitoring of investment options for qualified plans. This option assists you in fulfilling Your fiduciary responsibility in the area chosen (although you still have fiduciary responsibility for selecting and monitoring the investment options and for choosing and monitoring Wilshire).

Terms and conditions regarding the investment fiduciary support services provided by us follow. Definitions, as well as important things to know about the support services, are provided in the Definitions, Duties and Obligations section at the end of this document.

These investment fiduciary support services can be amended at any time by Principal Life to increase, modify or decrease the services available and the level of indemnification Principal Life makes available. Wilshire can also amend the Terms and Conditions for ERISA 3(21) Service for Defined Contribution Plans and Defined Benefit Plans. The most current version of the terms and conditions in effect at any time is available on the website at [principal.com](http://principal.com).

# Qualified Default Investment Alternative Coverage<sup>1</sup>

This Qualified Default Investment Alternative coverage applies to an investment option(s) selected by a fiduciary of a Qualified Retirement Plan and intended to be a qualified default investment alternative (QDIA) as defined in §404(c)(5) of ERISA.

Principal Life warrants that the target date investment options listed below meet the requirements established by the Department of Labor (DOL) for QDIAs that take into account such matters as the participant's age and target retirement date, as set out in DOL Regulation §2550.404c-5(e)(4).

- Principal LifeTime Portfolios
- Principal Trust<sup>SM</sup> Target Date Funds
- Principal LifeTime Hybrid Funds

Principal Life warrants that the target risk investment options listed below meet the requirements established by the DOL for QDIAs that take into account such matters as the participant's target level of risk, as set out in DOL Regulation §2550.404c-5(e)(4).

- Principal Strategic Asset Management (SAM) Portfolios:
  - SAM Flexible Income Portfolio
  - SAM Conservative Balanced Portfolio
  - SAM Balanced Portfolio
  - SAM Conservative Growth Portfolio

Principal Life warrants that, if a plan complies with the terms of this QDIA coverage, Principal Life will indemnify and make a Covered Person whole with respect to liability, losses and reasonable expenses, including reasonable attorneys' fees, the Covered Person incurs as a result of any third-party claims made against the Covered Person, which are not reimbursed by insurance or otherwise paid, and are sustained through final judgment by a court of competent jurisdiction on grounds that an investment option which is one of the target date or target risk portfolios defined above failed to meet the applicable QDIA requirements, as set out in DOL Regulation §2550.404c-5(e)(4).

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Principal Life is not recommending that Your Plan have a QDIA or that any of the options listed above are appropriate for the best choice for any specific plan.

## About Target Date investment options:

Target date portfolios are managed toward a particular target date, or the approximate date the investor is expected to start withdrawing money from the portfolio. As each target date portfolio approaches its target date, the portfolio's investment mix becomes more conservative by increasing exposure to generally more conservative investments and reducing exposure to typically more aggressive investments. Neither the principal nor the underlying assets of target date portfolios are guaranteed at any time, including on the target date. Investment risk remains at all times. Asset allocation and diversification do not ensure a profit or protect against a loss. Be sure to see the relevant prospectus or offering document for full discussion of a target date investment option including determination of when the portfolio achieves its most conservative allocation.

<sup>1</sup> While ERISA QDIA protections do not apply to plans that are exempt from certain ERISA provisions under ERISA §401(a), this Qualified Default Investment Alternative coverage applies to such defined contribution plans that are intended and designed to meet the terms of this coverage. This coverage does not apply to defined benefit plans.

# Investment Information and Monitoring Service and Due Diligence Process Coverage

At the request of the plan sponsor or plan fiduciary we will make available information and educational materials to assist in monitoring certain investment options available to Your plan. Principal does not make any recommendation or give any advice as to the appropriateness of any investment option for any specific plan, but will provide the plan fiduciary or plan sponsor with requested information to assist the fiduciary in complying with their fiduciary obligation to monitor these investments. Among the investment options available to Your plan may be investment options where Principal Life or an affiliate are responsible for hiring and monitoring the subadvisor in our Sub-Advised Investment Options. While we will provide the requested information and educational materials on all investment options under Your plan that we recordkeep, our due diligence process coverage applies only to Sub-Advised Investment Options. Please see the definition of Sub-Advised Investment Options below for more details.

Principal Life makes available to Qualified Retirement Plans the investment options described in this due diligence process coverage for Sub-Advised Investment Options.

Plan fiduciaries may elect to make one or more of these Sub-Advised Investment Options available under a plan. Substantial resources have gone into the careful review and ongoing monitoring of the Sub-Advised Investment Options, and as such they are constantly covered by our due diligence process. In making our Sub-Advised Investment Options available for selection by the fiduciaries of Qualified Retirement Plan customers, Principal Life is not providing investment advice or recommendations of any kind, but only information, and is not a fiduciary with regard to the plan.

Principal Life warrants the following:

- Principal Life has acted with appropriate care in making Sub-Advised Investment Options available to Qualified Retirement Plan fiduciaries generally, for the fiduciary to select one or more Sub-Advised Investment Options for their plan.
- Principal Life has acted appropriately with regard to the ongoing monitoring of Sub-Advised Investment Options and in continuing to make these options available to Qualified Retirement Plan fiduciaries generally, for the fiduciary to select one or more Sub-Advised Investment Options for their plan. Because these actions described above do not give Principal Life any authority or control over the management of plan assets or constitute the provision of investment advice or a recommendation, they are not fiduciary activities. That said, Principal Life performs these services in an appropriate, diligent and professional manner.

- Principal Life is an investment manager [as defined in §3(38) of ERISA and stated in its group annuity contracts] solely with respect to assets held in its separate accounts and, as a result, is a fiduciary only with regard to the prudent selection, monitoring and retention of the portfolio managers for Principal Life's separate accounts. Principal Life makes these separate accounts available to certain retirement plan fiduciaries, for the fiduciary to select one or more of these separate accounts for the plan.\*

Principal Life will indemnify and make whole a Covered Person with respect to liability, losses and reasonable expenses, including reasonable attorneys' fees, the Covered Person incurs as a result of any third-party claims made against the Covered Person which are not reimbursed by insurance or otherwise paid, and are sustained through final judgment by a court of competent jurisdiction on grounds of our negligence in prudently:

- making Sub-Advised Investment Options available to Qualified Retirement Plan fiduciaries generally and prudently monitoring the Sub-Advised Investment Options to be made available for selection and use generally by Qualified Retirement Plan fiduciaries, or
- selecting, monitoring and retaining the portfolio managers for our separate accounts.

Principal Life does not act as an ERISA 3(21) or 3(38) fiduciary for the selection and monitoring of investment options for any retirement plan.

\*In addition, Principal Trust Company serves as an investment manager [as defined in §3(38)] with respect to assets held in its Principal Trust<sup>SM</sup> Target Date Funds.

# Definitions, Duties and Obligations of Principal Life

- **Covered Person** means, with regard to each level of indemnification provided under this agreement provided by Principal Life, an appropriate named fiduciary of the Qualified Retirement Plan, the plan's Investment Adviser (if applicable), an agent or broker implementing the directions of the named fiduciary or Investment Adviser with regard to the plan, or a person advising or consulting with a plan fiduciary regarding each area of the investment fiduciary support and services.
- **ERISA 3(21) Fiduciary** means, in relevant part, that a person is a fiduciary as defined by ERISA §3(21) with respect to a plan to the extent they render investment advice for a fee or other compensation, direct or indirect, with respect to any moneys or other property of such plan, or has any authority or responsibility to do so.
- **ERISA 3(38) Fiduciary** is an investment manager as defined in ERISA §3(38). An investment manager is, in relevant part, any fiduciary who has the power to manage, acquire or dispose of any asset of a plan and who is registered as an investment adviser under the Investment Advisers Act of 1940, or is a bank or insurance company and has acknowledged in writing that they are a fiduciary with respect to the plan.
- **Investment Adviser** is a fiduciary who provides the plan with investment advice [as described in DOL Regulation §2510.3-21(c)] with regard to the plan's investment options.
- **Principal Funds** are mutual funds provided by Principal Funds, Inc. and distributed by Principal Funds Distributor, Inc.
- **Principal Trust<sup>SM</sup> Target Date Funds** are collective investment trust funds established and maintained solely by Principal Trust Company for investment by certain retirement plans.
- **Principal Stable Value Fund** is a collective investment trust established and maintained by Union Bond & Trust that seeks to provide a stable return for investment by certain retirement plans.
- **Qualified Retirement Plan** references are to plans that comply with Internal Revenue Codes:
  - **§401(a) or §403(b) and governmental plans** that comply with Internal Revenue Code §457(b) and 403(b) to the extent that such plans are allowed to invest in an investment option by the terms of the documents under which the investment option is established and maintained.
- **Separate Accounts** are insurance company separate accounts established and maintained by Principal Life for investment by certain 401(a) and governmental 457(b) retirement plans.
- **Sub-Advised Investment Options**, for the purposes of coverage, are the Principal Life Separate Accounts, Principal Funds mutual funds, the Principal Stable Value Fund and the Principal Trust<sup>SM</sup> Target Date Funds. Please let us know if you have any questions regarding Sub-Advised Investment Options covered by the investment fiduciary support and services.

# Definitions, Duties and Obligations of Principal Life

➤ **Notice Necessary For Valid Claim:** As to Principal Life, coverage and indemnities are only applicable if a Covered Person seeking indemnity gives us notice (as defined in our Service Agreement with the applicable plan) within 30 calendar days of the receipt of a claim or potential claim and cooperates with us in the defense of the claim. Principal Life must be allowed to undertake such defense, at our expense, if we elect to do so.

There are no additional fees associated with the QDIA coverage and the due diligence process coverage.

The coverage and other provisions of this document apply only to active Qualified Retirement Plans recordkept by Principal Life.

References to prudence mean compliance with the prudent standard described in §404(a)(1)(b) of ERISA, including following prevailing industry standards and generally accepted investment theories. ERISA imposes on the plan administrator ongoing accountability for the selection and monitoring of those to whom specific fiduciary responsibilities have been delegated or on whom the plan administrator is depending for help in meeting its own fiduciary obligations.

Principal Life is not a fiduciary in the broader context of operating any plan and is not providing investment advice or any recommendation with regard to any obligation or function of the investment fiduciary support services. Nothing in this document may be taken, or relied upon, as investment advice or a recommendation. The selection of any investment options on behalf of a plan is the fiduciary responsibility of the appropriate plan fiduciary, which is not Principal Life nor any affiliate. Principal Life does not guarantee performance of any investment option [other than the portion of a group annuity contract that constitutes a guaranteed benefit policy as described in ERISA §401(b) (2)]. Principal Life does not guarantee that any investment option will meet the criteria of any particular plan's investment policy statement or include reasonable fees. Additionally, Principal Life is not responsible for the suitability of any investment options for use by any specific plan. The tasks undertaken by Principal Life in connection with or as described in this document do not eliminate responsibilities of the relevant plan fiduciaries for the prudent selection of any investment option for a retirement plan. Plan fiduciaries remain subject to a varying amount of ongoing responsibility, depending on the structure of the plan the fiduciary serves and the nature of the plan fiduciary's position.

Please consult with Your counsel or other adviser as to the responsibility of a plan fiduciary with regard to the selection or retention of any plan investment option by a plan fiduciary.

This document can be amended at any time by Principal Life. The services and/or coverage in effect at any time will be the then current version.

# Important Information

**Carefully consider the Fund's objectives, risks, charges and expenses. Contact Your financial professional or visit [principal.com](http://principal.com) for a prospectus or summary prospectus, if available, containing this and other information. Please read it carefully before investing.**

**Before directing retirement funds to a separate account, investors should carefully consider the investment objectives, risks, charges and expenses of the separate account as well as their individual risk tolerance, time horizon and goals. For additional information contact us at 800.547.7754 or by visiting [principal.com](http://principal.com).**

**Investing involves risk, including possible loss of principal.**

Wilshire® is a registered service mark of Wilshire Associates Incorporated, Santa Monica, California. All other trade names, trademarks, and/or service marks are the property of their respective holders.

Wilshire is not an affiliate of any member company of the Principal Financial Group®.

Principal Life does not act as an ERISA 3(21) or 3(38) fiduciary under or in connection with the Wilshire-provided fiduciary services.

*Services and coverage apply to covered plan investment options that are part of a Qualified Retirement Plan record kept by Principal Life. QDIA coverage applies only to plans subject to ERISA. No member company of The Principal assumes any additional fiduciary responsibility for any nonqualified deferred compensation plan. No part of the investment fiduciary support and services applies to nonqualified deferred compensation plans subject to 409(A), 457(f) or 457(b) plans for employers under §457(e)(1)(B). For purposes of plans not subject to ERISA, Principal Life indemnifies, where applicable, the Plan Representative who signs the Service Agreement.*

This Investment Services information will not apply to securities held by a plan under the plan's self-directed brokerage account. Investment options that do not meet specific performance and other criteria may not be available for the investment fiduciary support and services until specific requirements are met.

References to appropriate conduct means following prevailing industry standards and generally accepted investment theories. ERISA imposes on the plan administrator ongoing accountability for the selection and monitoring of those to whom specific fiduciary responsibilities have been delegated or on whom the plan administrator is depending for help in meeting its own fiduciary obligations.

Principal Life is not a fiduciary in the broader context of operating any plan. The selection of any investment options on behalf of a plan is the fiduciary responsibility of the appropriate plan fiduciary, which is not Principal Life. Principal Life does not guarantee performance of any investment option [other than the portion of a group annuity contract that constitutes a guaranteed benefit policy as described in ERISA §401(b) (2)]. Principal Life does not guarantee that any investment option will meet the criteria of any particular plan's investment policy statement or include reasonable fees. Additionally, Principal Life is not responsible for the suitability of any investment options for use by any specific plan. The fiduciary tasks undertaken by Principal Life do not eliminate all responsibilities of the relevant plan fiduciaries for the prudent selection of any investment option for a retirement plan. Plan fiduciaries remain subject to a varying amount of ongoing responsibility, depending on the structure of the plan the fiduciary serves and the nature of the plan fiduciary's position. Please consult with Your counsel or other adviser as to the responsibility of a plan fiduciary with regard to the selection or retention of any plan investment option by a plan fiduciary.

Shares or unit values will fluctuate and investments, when redeemed, may be worth more or less than their original cost. This does not apply, however, to the guaranteed portions of group annuity contracts issued by Principal Life that constitute guaranteed benefit policies as defined in ERISA §401(b) (2)(B).

**Fixed-income** and asset allocation investment options that invest in mortgage securities are subject to increased risk due to real estate exposure. Fixed-income investments are subject to interest rate risk; as interest rates rise their value will decline. **Asset allocation does not ensure a profit or protect against a loss.** Additionally, there is no guarantee this type of investment option will provide adequate income at or through retirement. Equity investment options involve greater risk, including heightened volatility, than fixed-income investment options.

**International and global investing** involves greater risks such as currency fluctuations, political/social instability and differing accounting standards.

The subject matter in this communication is provided with the understanding that Principal® is not rendering legal, accounting or tax advice. You should consult with appropriate counsel or other advisors on all matters pertaining to legal, tax or accounting obligations and requirements.

# Important Information

Delaware Charter Guarantee & Trust Company, conducting business as Principal Trust<sup>SM</sup> Company (Principal Trust) is a member of the Principal Financial Group<sup>®</sup>. Principal Trust maintains various Collective Investment Funds, as trustee, under certain plan and declaration of trust documents which may be amended from time to time (Trusts). Principal Trust has discretion over the investment of the Collective Investment Funds. Principal Management Corporation (PMC), an affiliate of Principal Trust, provides nondiscretionary advisory services to Principal Trust with respect to the Collective Investment Funds. Principal Trust and PMC are fiduciaries subject to the Employee Retirement Income Security Act of 1974, as amended.

PMC also manages portfolios of Principal Funds, Inc., (Principal Funds) a series mutual fund, which may be included as underlying investments in the Collective Investment Funds maintained by Principal Trust.

PMC receives management fees from Principal Funds. The Collective Investment Funds maintained by Principal Trust may also include group annuity separate accounts (separate accounts) managed by Principal Life Insurance Company (Principal Life), an affiliate of Principal Trust. Principal Life receives management fees from the separate accounts.

PMC, Principal Life, or other affiliates of Principal Trust may provide services with respect to Principal Funds or separate accounts and may receive fees for such services.

The Collective Investment Funds offered and maintained by Principal Trust or any party affiliated with Principal Trust are available only to qualified plans and governmental 457(b) plans. They are not mutual funds and are not registered with the Securities and Exchange Commission, the State of Delaware or any other regulatory body. The Collective Investment Funds are not guaranteed by Principal Trust, PMC, any of their affiliates, the FDIC or any other governmental agency.

***The value of the Collective Investment Funds offered by Principal Trust or any affiliated entity will fluctuate so that when redeemed, shares or units may be worth more or less than the original cost. Past performance does not guarantee future results.***

***Participation in Collective Investment Funds offered by Principal Trust is governed by the terms of the applicable Trust and a Participation Agreement, which is signed by the retirement plan's fiduciary at the time the plan invests in the Collective Investment Funds. If the Collective Investment Funds invest in Principal Funds, the retirement plan's fiduciary is also provided with a Principal Funds, Inc. Institutional Class Shares Prospectus (Prospectus) before the plan invests in the Collective Investment Funds. The Trust and Prospectus are available from Principal Trust or Principal Life by visiting [principal.com](http://principal.com). A copy of the Participation Agreement can be obtained from Your plan administrator.***

***The Trust, Participation Agreement and the Prospectus contain important information about Trust fees and investment objectives, risks and expenses of the underlying investments in the Collective Investment Funds managed by Principal Trust and should be read carefully before investing.***

The Collective Investment Funds are operated by Principal Trust Company or an affiliate, which has claimed an exclusion from the definition of the term "commodity pool operator" under the Commodity Exchange Act (the "Act") and, therefore, is not subject to registration or regulation as a pool operator under the Act.

**Insurance products and plan administrative services provided through Principal Life Insurance Co. Principal Funds, Inc. is distributed by Principal Funds Distributor, Inc. Securities offered through Principal Securities, Inc., 800.547.7754, member SIPC and/or independent broker/dealers. Principal Life, Principal Funds Distributor, Inc. and Principal Securities are members of the Principal Financial Group<sup>®</sup>, Des Moines, IA 50392. Certain investment options may not be available in all states or U.S. commonwealths. Separate Accounts are available through a group annuity contract with Principal Life Insurance Company. See the group annuity contract for the full name of the Separate Account. Principal Life Insurance Company reserves the right to defer payments or transfers from Principal Life Separate Accounts as permitted by the group annuity contracts providing access to the Separate Accounts or as required by applicable law. Such deferment will be based on factors that may include situations such as: unstable or disorderly financial markets; investment conditions which do not allow for orderly investment transactions; or investment, liquidity and other risks inherent in real estate (such as those associated with general and local economic conditions). If you elect to allocate funds to a Separate Account, you may not be able to immediately withdraw them.**

## Terms and Conditions for ERISA 3(21) Service for Defined Contribution Plans and Defined Benefit Plans provided by Wilshire®

### A. ERISA 3(21) Service for Defined Contribution Plans and Defined Benefit Plans

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By entering into this Agreement, You engage Wilshire® as a fiduciary investment adviser to the Plan to provide the Service, as described below, to You and to the Plan:

- Wilshire, using its proprietary evaluation methodology, reviews the investment options that Your Recordkeeper makes available to Your Plan and provides a Select List. This is a limited universe of investment options that are made available on the Recordkeeper's investment platform. For defined contribution (DC) Plans, You may use the Select List to assist You in determining Your DC Plan's investment lineup after which the Plan's participants may select from among the Plan's investment lineup in determining how to invest their individual account balances. For defined benefit (DB) Plans, You may use the Select List to assist You in determining how to invest Your DB Plan's assets. For DC Plans, the Select List may identify one or more recommended "qualified default investment alternatives" (QDIAs) that You may select for Your DC Plan's lineup.
- Wilshire reviews the Select List at least quarterly and recommends through its update to the Select List changes from time to time (e.g., adding, deleting or replacing investment options).
- Wilshire provides a standardized template investment policy statement that You may use to assist You in creating Your Plan's investment policy statement. Whether or not You use the template provided by Wilshire, it is Your responsibility to create and adopt a written investment policy for Your Plan. It is also Your responsibility to periodically review and update the investment policy statement to ensure that it conforms to Your Plan's requirements.
- Wilshire provides periodic reports and other information, including changes in status of investment options on the Select List.
- Wilshire provides You with additional alerts or other notices about the investment options on the Select List as appropriate from time to time.

Wilshire provides the Service to You and Your Plan, including the Select List and all reports and other information that are included in the Service, to You through the Recordkeeper, and Wilshire's delivery of any report or other information relating to the Service shall constitute delivery to You for purposes of this Agreement.

Wilshire is an investment adviser registered with the SEC and will remain so registered during the term of this Agreement. If Your Plan is covered by ERISA, Wilshire acknowledges that Wilshire will be a "fiduciary" as that term is defined by section 3(21) of ERISA with respect to the Plan to the extent that Wilshire's provision of the Service involves fiduciary responsibilities. As a fiduciary to the Plan, Wilshire will provide the Service in good faith and will exercise the degree of diligence, care and skill which a prudent person rendering similar services as an investment adviser would exercise under similar circumstances. The Recordkeeper does not provide the Service and therefore does not take responsibility for the Service.

If Your Plan is not subject to ERISA, You agree and acknowledge that, in performing the Service, Wilshire is entitled to rely on ERISA Standards and is not required to comply with law applicable to the Plan to the extent different from or not consistent with ERISA Standards.



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Wilshire's authority and responsibility is limited solely to providing the Service described herein. This Agreement does not provide any discretionary power or authority to Wilshire. Wilshire does not accept any responsibility for investments that are not on the Select List including, but not limited to, Company Stock and Self-Directed Brokerage Accounts where utilized by the Plan. For the avoidance of doubt, if you elect to include in Your Plan's lineup any investment option that is not on the Select List or designate any investment option as a QDIA that is not recommended as such, Wilshire accepts no fiduciary responsibility for such investment option or QDIA designation.

## **B. "Automatic Execution" Services**

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If You select the Automatic Execution Services option, the Recordkeeper will automatically implement Wilshire's recommendations to replace investment options on Your Plan's investment lineup that are removed from the Select List, after notice to you, unless you object to such investment option replacement in accordance with the Recordkeeper's administrative procedures as communicated to you from time to time.

If you elect the Automatic Execution Services, you still retain absolute discretion and responsibility for determining Your Plan's investment lineup and determining what action, if any, to take with respect to any analysis, report or recommendation that Wilshire may provide. Neither Wilshire nor Principal Life Insurance Company are plan fiduciaries for the purpose of determining and selecting Your plan's investment lineup.

Upon adoption of the Automatic Execution Services, Your Plan's investment lineup will be reviewed and Wilshire's recommendation will be made for the replacement of any non-covered investment options during the quarter-end review immediately following the effective date of Automatic Execution Services.

If you do not elect the Automatic Execution Services, you must affirmatively direct the Recordkeeper to implement the menu of investment options that you have chosen and to implement any recommendation from Wilshire to replace an investment option that has been removed from the Select List.

## **C. Plan Fiduciary Responsibilities**

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For DC Plans, You retain absolute discretion and responsibility for determining Your DC Plan's investment lineup and determining what action if any to take with respect to any analysis, report or recommendation that Wilshire may provide.

Additionally You retain the responsibility for ensuring that Your DC Plan's investment lineup meets the "broad range" condition of regulations issued under Section 404(c)(1) of ERISA (the "Diversification Requirements") unless You follow the guidelines provided by Wilshire outlining (i) the minimum asset class exposures, (ii) the minimum number of investment options per asset class and (iii) the Select List investment options available within each asset class, which are required to be offered as investment options in a Defined Contribution Plan in order to satisfy the "broad range" condition of DOL regulations issued under Section 404(c)(1) of ERISA. And You retain the responsibility for meeting the requirements for selecting "qualified default investment options" within the meaning of regulations issued under ERISA section 404(c)(5) unless a qualified default investment option is recommended by Wilshire and included Your DC Plan as part of its investment lineup.

For DB Plans, You (together with Your Plan's investment adviser) retain absolute discretion and responsibility for determining how to invest Your Plan's assets whether chosen from the Select List or any other investments. If Wilshire makes changes to the Select List (including any addition, deletion or replacement of an investment on the Select List), You are responsible for determining and implementing any changes that You deem appropriate. You acknowledge that Wilshire has no responsibility for, no knowledge of, and has no duty to make inquiries with respect to, Your DB Plan's individualized needs and requirements, including, without limitation, Your DB Plan's funding policy, the asset/liability funding status of your DB Plan, your DB Plan's investment policy or any asset allocation policy that You may have adopted for Your DB Plan or that may have been recommended by any other adviser or consultant to



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Your DB Plan, including, without limitation, the Recordkeeper or any actuary. For the avoidance of doubt, Wilshire has no responsibility or liability for the performance of the investments on the Select List as they relate to Your DB Plan's ability to meet its investment objectives and funding obligations and no responsibility with respect to the adequacy of Your DB Plan's assets to pay DB Plan benefits and meet other DB Plan obligations.

As Plan Fiduciary, You are responsible for selecting and monitoring the services and performance of the Recordkeeper, including the reasonableness of the Recordkeeper's services and fees. You acknowledge that the universe of investment options available to the Plan may be limited by service arrangements of the Recordkeeper and may change from time to time as a result of actions by investment providers or other parties (including the Recordkeeper) that are not within Wilshire's control. You agree and acknowledge that Wilshire's selection and monitoring of the Select List will be subject to any limitations or changes in the universe of investment options provided by the Recordkeeper that is available to the Plan. Wilshire will rely on the Recordkeeper to timely communicate to You any changes to the available investment universe and Select List as well as all other required communications to You and Wilshire will not be liable to the Plan or to You to the extent that such changes are not timely communicated.

It is Your responsibility to instruct the Recordkeeper to cooperate in Wilshire's delivery of the Service, and to the extent that the Recordkeeper does not cooperate in support of Wilshire's delivery of Service, Wilshire will be relieved from its responsibility to deliver the Service.

It is Your responsibility to select, appoint and monitor the services and performance of the Plan's Custodian, including the reasonableness of the Custodian's services and fees, and to cause the Custodian to retain custody of the Plan's assets in accordance with applicable law (including ERISA as applicable). Wilshire shall not have custody of any Plan assets and shall have no responsibility or liability with respect to the collection, physical acquisition, possession or safekeeping of any assets of the Plan, all of which will be the sole obligation of the Custodian.

In addition, You acknowledge that You are responsible for and direct us, through the Recordkeeper, in connection with (i) the selection of the marketing tier and/or share class available to the Plan's participants with respect to each investment option in the Plan lineup and (ii) the selection of the broker-dealer to be used for trading of such investment options in the Plan lineup; although such selections are reflected in our recommendations with respect to the investment options in the Plan lineup, we have no involvement in such selections and, in each case, we do not accept fiduciary or any other responsibility for such selections.

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**You also agree and acknowledge that You are required to:**

- adopt an investment policy for Your Plan and periodically review and monitor the investment policy of Your Plan to ensure that it complies with Your Plan's requirements; Wilshire provides a template investment policy statement for Your consideration or You may use another form of investment policy statement, but You are responsible for ensuring that Your Plan's investment policy is consistent with Wilshire's process for screening and monitoring investment options as described by Wilshire's template investment policy;
- provide all legally required notices and communications to the Plan's participants in accordance with applicable law and regulation; Wilshire does not have any responsibility to prepare or deliver any notices or other communications to the Plan's participants or to notify You that any such notices or communications are required;
- select, appoint, monitor and remove all other service providers to the Plan including without limitation the Recordkeeper and the Plan's Custodian; perform reasonable due diligence with respect to the services, credentials, and performance of the Recordkeeper, Custodian and other service providers, and monitor the reasonableness of their services and fees; Wilshire does not have any responsibility for the performance of the Recordkeeper or Custodian or any other service provider to the Plan;
- maintain the Plan in compliance with the applicable qualification requirements of the Code, including, for DC Plans, receipt from the IRS of a favorable qualification letter; and
- provide Wilshire with any and all necessary and appropriate information as Wilshire may request from time to time in connection with Wilshire's responsibilities and direct the Recordkeeper, the Custodian, any other consultants, actuaries, trustees, custodians, investment advisers and managers and legal counsel to the Plan to provide Wilshire with any and all necessary and appropriate information in connection with Wilshire's responsibilities; You agree that Wilshire may rely on and assume that all information provided to Wilshire by You, or the Sponsor, Recordkeeper, the Custodian or any other consultants, actuaries, trustees, custodians, investment advisers and managers and legal counsel to the Plan is true, accurate and complete.

#### **D. Indemnification and Limitation of Liability**

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Wilshire agrees to indemnify, defend and hold harmless You, the Plan, the Plan Sponsor (and its affiliates, assigns, directors, officers, employees, agents, financial advisors and attorneys) from and against any and all third-party claims, demands, suits, actions and any and all damages, losses, liabilities, taxes, penalties, fines, charges, costs and expenses, including reasonable attorneys' fees ("Loss") arising from Wilshire's breach of fiduciary duty, willful misconduct or material breach of this Agreement or applicable law, provided that Wilshire's indemnification obligation shall not apply to any Loss arising out of or relating to: (i) a breach of fiduciary obligations by You, the Plan Sponsor, another Plan fiduciary; (ii) negligence, breach of contract, misrepresentation or willful misconduct by You, the Plan Sponsor, another Plan fiduciary, the recordkeeper or the Custodian; (iii) the use of any Wilshire Intellectual Property (as defined below) by You, the Plan Sponsor or any other Plan fiduciary in any manner not specifically authorized hereunder; (iv) Wilshire's reasonable reliance on the information provided by You, the Plan Sponsor, another Plan fiduciary, the Recordkeeper, the Custodian or any other service provider to the Plan authorized to provide information to Wilshire hereunder, or (v) delivery or transmission by You, the Plan Sponsor, another Plan fiduciary, the Recordkeeper or the Custodian of incorrect, inaccurate or incomplete data.

You and the Sponsor agree that the Sponsor, and to the extent permitted by applicable law, the Plan, shall indemnify, defend and hold Wilshire (and its successors, assigns, directors, officers and employees) harmless from and against any Loss arising in connection with the Service, provided that Wilshire shall not be indemnified to the extent that any Loss arises out of or relates to Wilshire's breach of fiduciary duty, willful misconduct or material breach of this Agreement or applicable law.



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## E. Fees

The Recordkeeper will deduct Wilshire's fees for the Service and the Recordkeeper's administrative fees, if any, associated with the Service as directed by the Sponsor. For Wilshire 3(21) fiduciary service, Wilshire charges Your Plan a fee that is equal to one basis point (0.01%) per year of the quarterly average of the assets of Your Plan (calculated by averaging the month-end net asset values of Your Plan for the three months of the preceding calendar quarter, the "Quarterly Average Assets") for the Service. There is no Recordkeeper fee for Wilshire 3(21) fiduciary service.

If Wilshire 3(21) Automatic Execution Services is elected by the Plan, Wilshire charges Your Plan a fee that is equal to one basis point (0.01%) per year of the Quarterly Average Assets of Your Plan. The Recordkeeper charges Your Plan an amount equal to one basis point (0.01%) of the Quarterly Average Assets of Your Plan in consideration for the support the Recordkeeper provides in facilitating the administrative aspects of the Service. The amount that the Recordkeeper charges has an annual maximum of \$2,000. Wilshire's fees for the Service (and the Recordkeeper's fees associated with the administration of the Service) do not include assets in Company Stock, Self-Directed Brokerage Accounts or other investment options that are not in the investment lineup provided by Wilshire if those are included in Your Plan. The Recordkeeper will disclose the fees received by Wilshire for the Service in accordance with applicable law.

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## F. Amendment and Termination of Agreement

Wilshire may propose to amend this Agreement by written notice to You and You will be deemed to agree and the amendment will be effective unless You object in writing within 30 days of receipt of such notice by terminating the Service.

Any party may terminate this Agreement at any time upon 30 days advance written notice to the other parties. In addition, this Agreement terminates automatically upon the termination of the Plan's agreement for Services with the Recordkeeper. Termination will not affect the provisions of this Agreement relating to arbitration of disputes, the validity of any action taken prior to termination or liabilities for actions taken prior to termination.

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## G. Communications and Consent to Electronic Delivery of Documents

By entering into this Agreement, You agree that Wilshire may provide any notice required by this Agreement and any other communications relating to the Service (any such notice(s) and other communications, collectively with this Agreement, the "Electronic Documents") to You through the Recordkeeper, and Wilshire's delivery of the Electronic Documents to the Recordkeeper constitutes delivery to You. In addition, You agree that the Electronic Documents may be sent to You by email or by other electronic format, such as posting on an Internet website.

You further agree and consent that You may execute via electronic means the Electronic Documents and be bound with the same force and effect as if You had affixed Your signature on paper by hand when You apply Your electronic signature to Electronic Documents.

You must have access to a computer capable of accessing the employer login at the Recordkeeper's website and viewing PDF files. You must also have Internet access through an Internet service provider. You further agree to receive electronic documents using the Adobe Acrobat PDF format.

Your consent to electronic delivery is effective immediately upon Your acceptance of this Agreement and remains in effect unless withdrawn by You. You are not required to consent to the electronic delivery of documents or to execute via electronic means the Electronic Documents. You may withdraw Your consent to electronic delivery of documents and/or Your electronic execution of the Electronic Documents or request a paper copy of this Agreement or any other Electronic Documents by contacting Your representative at the Recordkeeper. You acknowledge and agree that a request for a paper copy of any of the Electronic Documents does not constitute revocation of Your consent. You further acknowledge and agree that withdrawal of Your consent to electronic execution of the Electronic Documents does not constitute a revocation of Your execution of any such document(s).

If You have questions regarding the above consents or need to update Your contact information, please contact Your representative at the Recordkeeper.

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## H. Risk and Liability

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You acknowledge that the Service involves Wilshire's judgment and that Wilshire's views regarding the economy, the securities markets or other specialized areas, like all predictions of future events, cannot be guaranteed to be accurate. You represent that no party to this Agreement has made any guarantee, either oral or written, that the Plan's investment objectives will be achieved. Wilshire will not be liable for any action performed or not performed, or for any errors of judgment or mistake in providing the Service, in the absence of Wilshire's breach of fiduciary duty, willful misconduct, negligence or violation of the terms of this Agreement or applicable law. In no event shall Wilshire be liable to You or the Plan or the Sponsor, regardless of whether the claim is based on contract or tort, for any indirect, incidental, special, exemplary, punitive or consequential damages arising out of or in connection with the Service. Wilshire will not be responsible for any loss incurred by reason of any act or omission by You, the Sponsor, the Recordkeeper or Custodian, or any investment managers, custodians, broker-dealers, or other service providers to the Plan engaged by You with respect to the Plan, or any other third party. And, for the avoidance of doubt, for DB Plans, You and the Sponsor agree that in no event shall Wilshire have any responsibility or liability for the performance of the investment options on the Select List as they relate to Your DB Plan's ability to meet its investment objectives and funding obligations.

You acknowledge and agree that we will not be liable to You or the Plan or any other person for failure to comply with any law applicable to the Plan to the extent it is different from or not consistent with ERISA Standards.

Any investment option that Wilshire may recommend may be subject to a variety of risks, including market, currency and political risks. Please note that past performance of an investment option does not guarantee its future performance. Wilshire will not be responsible for any loss caused directly or indirectly by government restrictions, exchange or market rulings, suspension of trading, war, natural disasters or other conditions beyond Wilshire's control, including extreme market volatility. Wilshire cannot and does not make any guarantee about the future performance or profitability of the Plan or of any investment option that Wilshire may recommend for the Plan's Select List.

Wilshire is solely responsible for providing the Service described by this Agreement and Wilshire does not have any authority or responsibility for other Plan matters, including by way of example and not limitation: the administration of the Plan; maintaining the Plan's tax-qualified status under the Code; the administration and payment of benefits to the Plan's participants and beneficiaries; the adequacy of assets held by the Custodian to pay Plan benefits and other obligations; or for providing legally required notices, communications or other information to the Plan's participants and beneficiaries.

Under certain circumstances, the federal and state securities laws impose liabilities on persons who act in good faith. Nothing in this Agreement should be construed as a waiver or limitation of the Plan's rights under federal and state securities laws or under ERISA.

## I. Other Terms

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Wilshire provides investment advisory services to other clients and receives fees for such services. Wilshire may also have relationships with investment managers, brokers, banks, custodians, insurance companies or other financial professionals that provide one or more investment options that may be included in the investment universe available to the Plan. As a result, a potential conflict may arise between the Plan's interests and Wilshire's interest in providing other services or in maintaining other relationships. Due to these potential conflicts, Wilshire may have an incentive to provide certain investment advice or to recommend certain securities or products over others that may also be suitable for the Plan. Wilshire has developed policies and procedures to address these potential conflicts. More information about how potential conflicts of interest are addressed is contained in Wilshire's Form ADV, Part 2.



The Service is for use solely by the Plan and by You in carrying out Your fiduciary responsibilities and may not be used for any commercial or business purposes. You agree to use the Service in accordance with this Agreement.

By executing this Agreement, You will allow Wilshire to receive information about the Plan from the Recordkeeper or other service providers to the Plan from time to time. Wilshire will preserve as confidential all information that Wilshire receives relating to the Plan and will only use such information for purposes of providing Service under this Agreement except as otherwise required by applicable law or regulation.

Wilshire's use of the Wilshire Intellectual Property in providing the Service shall not constitute a license in the Wilshire Intellectual Property. As necessary to provide the Service, Wilshire may grant a limited license to use specific Wilshire Intellectual Property to You or Your agents (including the Recordkeeper). Any such license shall be non-transferable (without right of sublicense), shall be revocable at will by Wilshire, and shall terminate upon the termination of this Agreement. You and the Sponsor acknowledge that the Wilshire Intellectual Property is Wilshire's sole and exclusive property and You, the Sponsor and Your agents (including the Recordkeeper) will not obtain any right to or interest in the Wilshire Intellectual Property. You and the Sponsor agree to preserve the confidentiality of the Wilshire Intellectual Property, and neither You nor the Sponsor may transfer or divulge any Wilshire Intellectual Property to any other person without Wilshire's express written consent. Nothing herein prohibits You from using any reprints or other materials provided by Wilshire to the extent necessary to carry out Your fiduciary duties.

If there is a dispute between You and Wilshire about the Service that cannot be resolved, the parties agree that the dispute will be resolved through binding arbitration to be conducted pursuant to the rules established by the American Arbitration Association. A panel of three arbitrators will be selected. Wilshire shall select one arbitrator and You shall select a second arbitrator, and the two arbitrators so selected shall then select the third. Each party shall bear their own expenses, including attorney's fees, and the parties shall share the cost of the arbitration equally. By agreeing to arbitration, You are giving up the Plan's right to have Your claim heard in a court of law, however, any party may bring an action in court to compel arbitration under this Agreement and to enforce an arbitration award. The arbitrators' decision may not include factual findings or legal analysis. The rules of procedure for arbitration differ from the rules of court. Also, the right to appeal the decision of the arbitration panel is limited. Arbitration shall be final and binding upon the parties.

No party may assign this Agreement (or any of its rights or obligations under this Agreement) without the prior written consent of the other parties.

This Agreement shall be governed by and interpreted in accordance with the law of the State of California without regard to conflict of law principles. Any proceedings to resolve any disputes regarding or arising out of this Agreement shall be conducted in an appropriate court located in Los Angeles County, California, United States of America, and the parties hereby consent to the jurisdiction and venue of such courts. Nothing herein will be construed in any manner inconsistent with the Investment Advisers Act of 1940, as amended, or any rule or order of the SEC, or ERISA, if applicable.

The SEC requires Wilshire as a registered investment adviser to provide You with a copy of Wilshire's Form ADV, which contains information relating to Wilshire's services. By entering into this Agreement, You acknowledge that (i) You received Wilshire's Form ADV Part 2 from the Recordkeeper at least 48 hours prior to Your execution of this Agreement, or (ii) if

You received Wilshire's Form ADV Part 2 from the Recordkeeper at the time of entering into this Agreement, then You have the right to terminate this Agreement without penalty within five business days after entering into this Agreement.

If You or the Plan or the Sponsor has any prior agreement with Wilshire pertaining to the Plan, execution of this Agreement will supersede any prior agreement with respect to the subject matter hereof.

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**Definitions:** As used in this Agreement, the following terms, when capitalized, have the meanings set forth below.

**“Agreement”** means the ERISA 3(21) Service for Defined Contribution Plans and Defined Benefit Plans – Fiduciary Service Agreement, which includes these Terms and Conditions for ERISA 3(21) Service for Defined Contribution Plans and Defined Benefit Plans provided by Wilshire.

**“Code”** means Internal Revenue Code of 1986, as amended.

**“Company Stock”**, where applicable, means securities issued by the Sponsor (or issued by the employer of the participants of the Plan, if different from the Sponsor, or by such employer’s affiliate).

**“Covered - Watch Status”** means that if ongoing monitoring identifies material changes in any of the Covered Investment options, they are placed in Watch Status and go through additional monitoring and scrutiny that could remove them from the 3(21) Select List.

**“Custodian”** means Your Plan’s custodian or custodial trustee of Your Plan’s assets.

**“Defined Benefit Plan”** and **“DC Plan”** mean a retirement plan where benefits to participants are based on contributions made by the participant or his/her employer plus investment earnings on those contributions.

**“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended.

**“ERISA Standards”** means the standard of care and other requirements that would apply to the Service if the Plan were subject to ERISA, as set forth under ERISA and regulations issued by the United States Department of Labor, from time to time.

**“Loss”** means all third-party claims, demands, suits, actions and any and all damages, losses, liabilities, taxes, penalties, fines, charges, costs and expenses, including reasonable attorneys’ fees.

**“Quarterly Average Assets”** means the average of the month-end net asset values of all of the plans for which Wilshire provides the Service for the four months of the preceding calendar quarter.

**“Recordkeeper”** means Principal Life Insurance Company.

**“SEC”** means the U.S. Securities and Exchange Commission.

**“Select List”** means the selected list of investment options that Wilshire provides after reviewing the investment options that the Recordkeeper makes available to Your Plan. The Select List shows which investment options are appropriate for retirement plans (referred to as “Covered”) and those not as highly rated (referred to as “Covered Watch Status”).

**“Self-Directed Brokerage Account”** means an arrangement that allows participants to invest their account balances in stocks, bonds, mutual funds or other investments beyond those investment options offered by the Plan as designated investment alternatives.

**“Service”** means the ERISA 3(21) Service for Retirement Plans as described in Section A.

**“Sponsor”** means the designated party, usually a company or employer, that establishes the Plan. If the Sponsor is also the Plan Fiduciary, then references in this Agreement to Sponsor also refer to Plan Fiduciary.

**“You”/“Your”** means the Plan Fiduciary. If Sponsor is also the Plan Fiduciary, then references in this Agreement to You (Plan Fiduciary) also refer to Sponsor.

**“Wilshire”** means Wilshire Associates Incorporated.

**“Wilshire Intellectual Property”** means, as related to the Service provided by Wilshire, any marks, logos, methods, processes, forms, systems, formulas, algorithms, data, inventions, developments, technology designs, drawings, engineering, hardware configuration information and computer software, as well as modifications, enhancements, and upgrades of any of the foregoing, and includes, without limitation, Wilshire’s proprietary data and analyses pertaining to the investment markets, securities indices, investment managers, mutual funds and other investments and any documentation or writing in paper, electronic or other format for purposes of communicating about the Service.

