

INVESTMENT POLICY STATEMENT  
OF THE  
SEATTLE UNIVERSITY EMPLOYEES RETIREMENT PLAN

June 1, 2012  
(Amended February 19, 2013, April 13, 2015, May 23, 2019,  
November 18, 2021)

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## **Plan Information**

Plan Sponsor:	Seattle University
Plan Name:	Seattle University Employees Retirement Plan
Plan Type:	Section 403(b)
Policy Statement AdoptionDate:	June 1, 2012

The Seattle University Employees Retirement Plan (the "Plan") is an employee pension benefit plan as defined under the Employee Retirement Security Act of 1974, as amended ("ERISA"), and intends to comply with all applicable laws and regulations, including ERISA and the Internal Revenue Code of 1986, as amended ("Code"). Seattle University established and maintains the Plan for the exclusive benefit of Plan participants. 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 employer contributions, if any, plus the earnings on such contributions.

Seattle University intends to comply with ERISA Section 404(c) and regulations there under such that participants have the opportunity to exercise investment control over the Plan assets in their accounts, choosing from a broad range of investment alternatives, and no person who is otherwise a fiduciary with respect to the Plan is liable for investment losses that may occur as a result of a participant's investment instructions or other exercise of control over the investment of assets in his or her Plan account(s).

Seattle University, as the Plan sponsor, maintains a fiduciary responsibility to designate the investment alternatives from which each participant may select. The Seattle University Board of Trustees has appointed the Retirement Plan Investment Committee ("Committee") to select and monitor the investment alternatives available under the Plan. The Committee will act with the skill, diligence, and care that a prudent person acting in a like capacity and who is familiar with such matters would undertake in accordance with all applicable laws and regulations. This Investment Policy Statement will hereafter guide the Committee in making decisions regarding the Plan's investment alternatives.

## **Purpose of the Investment Policy Statement**

This Investment Policy Statement sets forth the process that the Committee has adopted to make investment-related decisions with respect to assets of the Plan in compliance with the standards of fiduciary conduct prescribed by ERISA. It outlines the underlying investment 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. More specifically, this Investment Policy Statement:

- Defines the Plan's investment goals and objectives;
- Describes the roles of those responsible for the Plan's investments;
- Describes how Plan expenses will be monitored and allocated;
- Describes the criteria and procedures for initially selecting investment managers;
- Establishes measurement procedures and monitoring criteria for the ongoing evaluation of investment managers;
- Describes ways to address investment managers who fail to satisfy the established criteria;
- Provides appropriate diversification within and among various investment options;
- Describes when default investments will be utilized; and
- Describes how the default investment alternative(s) is/are selected.

The Investment Policy Statement will be reviewed by the Committee periodically and, as necessary or appropriate, will be amended to reflect changes in philosophy, objectives or any other factors relevant to the operation of the Plan. The Committee has discretion to make exceptions to this Investment Policy Statement, either generally or in specific instances, but in all events will comply with ERISA and any other applicable law. The Committee has the right to delegate duties to other parties, but it always retains ultimate authority with respect to all matters within the purview of this Investment Policy Statement.

This Investment Policy Statement is intended to implement applicable law and is not intended to create additional legal duties not separately provided by such law, absent this Investment Policy Statement. This Investment Policy Statement is part of the Plan's funding policy pursuant to ERISA Section 402(b)(1).

### **Plan Assets**

The Board of Trustees has delegated responsibility to the Committee for the selection of the investment alternatives available within the Plan. All decisions regarding the suitability of an investment alternative will be made by the Committee.

### **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 potential for a given level of risk tolerance;
- Provide risk and return characteristics comparable to similar investment options; and
- Minimize management and other expenses relative to the asset class of the desired investment alternative.

The Plan will generally utilize mutual funds or other "pooled" investments as designated

investment vehicles. The Plan's investments shall not be subject to fees, liquidation penalties or trading costs that are excessive.

The Committee has established a tiered framework to assist in the review and communication of Funds. 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 Funds 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 Funds that provide exposure to a broad set of asset classes selected by the Committee.

**Tier #3 - Extended Array**- A series of Funds 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.

**Tier #4 - Socially-Responsible Array** - A series of Funds that incorporate environmental, social, and corporate governance screens into their investment process as outlined in their prospectus or similar offering document.

## **Fee Policy**

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

Seattle University may pay reasonable expenses related to the Plan with Plan assets. The Committee will engage in a periodic review of fees incurred by the Plan which are paid by Plan assets, and will consider: whether the fees relate to necessary services for administration of the Plan; whether the fees are reasonable in light of the service being performed; and whether the fees relate to services furnished under a reasonable contract.

Seattle University's service agreements with Service Providers (as explained below) also allocate fees to the Plan that Seattle University may pay with Plan assets.

## **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:

1. Plan Sponsor – Seattle University, as Plan Sponsor, is responsible for selecting the trustee/custodian of Plan assets (if not otherwise delegated), hiring the Plan recordkeeper/administrator and/or investment advisers (if not otherwise delegated), and appointing members of the Committee.

2. Committee - The Committee, as appointed by Seattle University per the Committee's charter, is responsible for:
  - Developing and maintaining the Investment Policy Statement;
  - Selecting the investments to be made available to participants under the Plan, including the default investment alternative, if any;
  - Regularly reviewing the investment performance of the Plan and the investments available within the Plan;
  - Reviewing pertinent investment-related information provided by the investment managers, pooled funds, consultants, staff, and trustee/custodian/recordkeeper, and taking any actions that are deemed appropriate as a result of such information;
  - Approve changes to available investments, if necessary; and
  - Monitoring and evaluating the performance of any consultants or advisers hired by the Plan.
  
3. Service Providers - As selected and monitored on an ongoing basis, the following parties may provide services to the Plan in which case the services shall be delineated in a written agreement:
  - Investment Adviser -The Plan's investment adviser, if any, will provide retirement plan consulting and investment advisory services to the Plan.
  - Investment Managers - The investment managers are responsible for making investment decisions consistent with the stated investment objectives of the product they manage, as discussed in the product's prospectus and/or other offering documents.
  - Trustee or Custodian - The trustee/custodian is responsible for holding and investing Plan assets in accordance with the trust/custodial agreements.
  - Recordkeeper - The Plan's recordkeeper is responsible for maintaining and updating participants' individual account balances, including information regarding plan contributions, withdrawals, distributions and fees. In some instances, the above responsibilities of the trustee/custodian may be shared with the recordkeeper.

### **Selection of Investment Managers**

In choosing the designated investment alternatives made available to Plan participants through the Plan, the Committee will follow the selection process 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 investment sophistication of Plan participants, and the ability to incorporate the asset class into a prudent, diversified portfolio.

2. After selecting the asset classes, the Committee will evaluate investment managers and choose a manager(s) for each asset class offered. Each manager must meet certain minimum criteria, as follows, 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 identified by the Committee.
  
3. If the minimum criteria above are met, the manager/product will be screened against additional 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 alternatives to be offered to participants in the Plan. A current list of designated investment alternatives approved by the Committee is listed in the Plan's periodic fund performance report, including their comparative benchmarks and peer groups.

### **Investment Monitoring**

The Committee is responsible for the ongoing monitoring of the designated investment alternatives offered by the Plan to review for the continuing suitability of each investment. On a regular basis, the Committee will review each Plan investment alternative to determine whether it continues to satisfy the initial selection criteria and should be retained in the Plan. While frequent turnover of the investment alternatives in the Plan is neither expected nor desirable, the Committee will act to terminate an investment alternative if it deems appropriate

Should an investment alternative fail to meet the initial selection criteria on review, or should other extraordinary events occur, the investment manager will be placed on a watch list or terminated at the Committee's discretion. 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 to benchmarks;
- Fund mergers; or
- Change in investment style or category.

The Committee, with the assistance of its investment adviser, if any, will select appropriate measures to determine watch list status. An investment alternative's appearance on the watch list will not immediately prompt termination by the Committee; however, it will require that the Committee perform additional analysis to determine whether the watch-listed investment alternative remains suitable for Plan participants. If the Committee determines the investment alternative remains a suitable investment, no further action will be taken. However, when the Committee determines that an investment option is no longer suitable, it will take appropriate remedial action, which may include termination.

In the event of a transition affecting the designated investment alternative platform (i.e. as a result of a recordkeeping vendor or investment product/platform change), the Committee will continue to monitor the deselected investment alternative(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.



## **Investment Manager Changes**

The Committee will take action when an investment manager is no longer suitable as an investment alternative for Plan participants. Examples of factors that could result in a change 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; or
- Increase in risk profile of product beyond acceptable bounds.

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

Should the Committee decide to take action with regard to an investment manager, the Committee may, among other actions:

- Remove and replace the manager with a new investment manager, liquidate assets in the replaced fund and reinvest same assets in a replacement fund (map assets);
- Freeze contributions to the current investment manager and direct future contributions to the new investment manager;
- Phase out an investment manager over a specific time period;
- Notify participants of a manager's deficiencies and that participants may wish to consider their allocation to that manager;
- Retain the current investment manager and add an alternative investment manager in the same asset class; or,
- Remove the investment manager and not offer a replacement.

Any new investment managers added will be evaluated using the selection criteria described at Selection of Investment Managers.

## **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. The Committee may rely on one or more Service Providers to provide investment education resources, and the Committee will review the adequacy of such resources to determine their effectiveness and whether any changes should be made.

**Default Investment Alternative**

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 failed to timely and/or properly instruct the Plan’s recordkeeper regarding the participant’s investment choices; or
- 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	<input checked="" type="checkbox"/>

**Proxy Voting**

The Committee will not vote proxies or instruct others to vote proxies on its behalf, unless it believes that the outcome of a specific proxy vote would be significantly impactful to the Plan.

**Committee Discretion**

While this Investment Policy Statement describes specific acts and criteria, they are for the purposes of guidance only. The Plan fiduciaries are not bound by the literal terms of this Investment Policy Statement but should instead exercise discretion and considered judgment in making their decisions for the benefit of Plan participants.

**Plan Document Coordination**

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

EXECUTED FOR THE COMMITTEE:

BY:

*Matthew Philip*

\_\_\_\_\_  
**Signature**

November 18, 2021

\_\_\_\_\_  
**Date**

Matthew Philip

\_\_\_\_\_  
**Printed Name**

Interim Vice President, Human Resources

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**Title**