

**University of Illinois  
Supplemental 403(b) Retirement Plan**

**Investment Policy Statement**

**Purpose of the Investment Policy Statement**

The purpose of the investment policy statement (“IPS”) is to provide the University of Illinois 403(b) Advisory Committee (“Committee”) with a set of policies and procedures for making investment-related recommendations regarding the University of Illinois Supplemental 403(b) Retirement Plan (“Plan”) to the Executive Vice President/Vice President of Academic Affairs (“EVP/VPAA”). This document identifies the following policies and procedures:

- Plan objectives
- Duties and responsibilities
- Investment objectives
- Selecting investment options
- Monitoring investment options
- Review of the investment policy statement

This Policy does not apply to investments purchased through any self-directed individual brokerage account.

**Plan Objectives**

The Board of Trustees of the University of Illinois (“Board”) sponsors and maintains the University of Illinois Supplemental 403(b) Retirement Plan (“Plan”), a supplemental defined contribution plan designed to have tax favored status under section 403(b) of the Internal Revenue Code (“Code”) to which employees of the University of Illinois System (“University”) may voluntarily contribute a portion of their pay. The Plan is a governmental plan within the meaning of Code section 414(d) and, as such, the Plan is exempt from the Employee Retirement Income Security Act of 1974 (“ERISA”). The Plan provides participants with a long-term savings vehicle that can be used to supplement their retirement benefits by making salary deferral contributions intended to accumulate income for retirement. The Plan is maintained for the exclusive purpose of benefiting the participants and their beneficiaries.

**Duties and Responsibilities**

The duties and responsibilities of the Committee include, but are not limited to, the following:

- The Committee is established to advise and to provide recommendations to the EVP/VPAA, who will then take those recommendations to the Board. The Board retains all administrative and investment authority with respect to the Plan.
- Exercise due care to avoid situations that present a potential or actual conflict between his or her personal interest and the interests of the Plan and Plan participants and beneficiaries;
- Act for the exclusive purpose of providing benefits to plan participants and their beneficiaries;
- Review the administration of the Plan in accordance with the Plan document;
- Recommend sufficient investment options appropriate for a retirement plan to allow participants in various circumstances and with a variety of risk/return profiles to establish a diversified retirement portfolio;
- Monitor and evaluate the fees and expenses, including investment-related expenses, to recommend whether such expenses are necessary and reasonable;
- Ensure that participant educational opportunities and consultative guidance appropriate to the Plan are provided;
- Review periodically the qualified default investment alternative (“QDIA”), if any, under the Plan; and
- Make recommendations as needed to the EVP/VPAA.

The University retains an independent consultant to provide services that include, but are not limited to:

- Providing investment monitoring reports that contain historical performance and expenses of plan investment options compared to peer groups and benchmarks;
- Providing assistance regarding the addition or removal of asset classes and individual investment options.
- Assisting with investment company searches and selection;
- Aiding the Committee in adhering to and interpreting this Policy and making recommendations regarding changes that are needed; and
- Providing such additional services as may be appropriate subject to the terms of a written agreement between the University and the Independent Consultant.

### **Investment Objectives**

The Committee realizes that its employees have varying degrees of risk tolerance and time horizons that pertain to their retirement investment objectives. The Committee endeavors to make recommendations with skill, diligence, and care and, as such, has adopted the following investment objectives:

- Offer plan participants a sufficient number of investment options that provide broad exposure to a variety of asset classes;
- Select investment options that have reasonable expenses given their investment objectives and features; and
- Choose investment options that historically have provided reasonable rates of return given their level of risk.

### **Selecting Investment Options**

The Committee, in conjunction with its consultant, will review a board array of criteria, which include but are not limited to: performance, expenses and fees, style consistency, and the portfolio management team. For each investment option, these criteria will be reviewed across multiple time periods and relative to the relevant benchmark as well as peer group ranking. The Committee may also recommend selecting investment options for reasons beyond those mentioned above.

When selecting investment options, the Committee and its consultant intend to recommend a manageable, yet diversified menu of investment options that may include the following broad-based categories:

- **Asset Preservation/Stable Value/Money Market** – Options that invest with a goal of capital preservation. Money Market options primarily invest in ultra-short-term fixed income securities. Money Market options are typically fully portable and liquid at the Plan Sponsor's direction. Depending on the product, Stable Value funds may be invested in short, intermediate-term, or long fixed income securities. Stable Value investments may be subject to Plan Sponsor level liquidity restrictions and limited portability options to different recordkeeping platforms.
- **Fixed Income** – Options that invest a majority of their assets in bonds. The risk/return profiles of these options differ based on features such as duration, yield and credit quality.
- **Asset Allocation** – Options that invest in fixed income and equity securities. Many of these options utilize investment objectives that incorporate risk tolerance (e.g., conservative, moderate or aggressive) or an asset allocation glidepath (e.g. target date funds).
- **Equity** – Options that invest in equity securities. The risk/return profiles of these options differ based on features such as company size, type, and domicile.

### **Self-Directed Individual Brokerage Accounts**

In an effort to provide participants with investment flexibility, a self-directed brokerage option may be offered (although it is not required to be offered) in the Plan, for the purpose of allowing participants to invest in additional mutual funds or other investment options. Participants selecting this option acknowledge that they: (a) understand and accept all risks; (b) understand and accept that none of the investments available in the self-directed brokerage account have been reviewed by the Committee; (c) are solely responsible for determining the suitability or appropriateness of any selected investment; and (d) agree to hold the Plan and the Committee harmless for any negative consequences they may incur as a result of using the self-directed brokerage option.

**Monitoring Investment Options**

The University utilizes a consultant to provide a review of plan investment options on a regular basis (at least annually). These investment reviews will include data on the amount of plan assets in each investment option as well as the criteria detailed under the prior section (“Selecting Investment Options”). Similar to selecting investment options, the Committee may also recommend removing and replacing investment options for reasons beyond those mentioned above.

**Review of the Investment Policy Statement**

The Committee will review the investment policy statement at least annually. The Committee will recommend to the EVP/VPAA any amendments or updates to this document based on changes in plan design, financial market conditions, or other reasons deemed appropriate.

**Acknowledgement**

The EVP/VPAA acknowledges and has accepted this IPS.

Date: December 7, 2023

Signed: 