

GLOSSARY OF SELECTED TERMS RELATED TO DEFINED CONTRIBUTION PLAN FEE DISCLOSURE

Annual Financial Audit: Federal law generally requires that ERISA-covered plans with more than 100 participants be audited by an independent auditor. There may be distinct charges imposed by a service provider in connection with this audit.

Automatic Enrollment Initiation Fees: Costs associated with the initiation of automatic enrollment features within a defined contribution plan.

Automatic Enrollment/Escalation Ongoing Fees: Fees associated with the ongoing use of features in a defined contribution plan whereby participants are automatically enrolled in the plan and/or automatically have their deferral rates increased unless they opt out.

Automatic Rollover Services/Products: Unless the participant affirmatively elects to the contrary, small account balances at the time of employment termination must be rolled directly over into a default individual retirement account (IRA). Fees may be charged for providing these required services and selecting IRAs for the transferred amounts.

Back-End Loads: Sales charges due upon the sale or transfer of mutual funds, insurance/annuity products or other investments, which may be reduced and/or eliminated over time.

Balance Inquiries: Fees charged when a participant inquires about his or her account balance.

Brokerage Window: A plan investment option allowing a participant to establish a self-directed brokerage account. This option may carry distinct charges.

Bundled Services: Arrangements whereby plan service providers offer 401(k) plan establishment, investment services and administration for an all-inclusive fee. Bundled services by their nature are priced as a package and are not priced on a per service basis.

Commingled/Pooled Investment Fund: A separate account maintained by an insurance company, or a common or collective trust fund maintained by a bank or trust company, for the investment of assets attributable to one or more plans maintained by unrelated employers.

Commission/Transaction Fees: Fees paid to a broker or other intermediary in connection with the execution of a trade or the sale of plan investments and/or related services.

Compliance/Operating Audits: Fees charged for discretionary audits conducted to ensure the plan is operating in compliance with the law.

Contract Administration Charge: An omnibus charge for administering an insurance/annuity contract, including costs associated with the maintenance of participant accounts and all investment-related transactions initiated by participants.

Contract Termination Charges: Charges to the plan for “surrendering,” “terminating” or discontinuing contributions to its insurance/annuity contract prior to the end of a stated time period. These charges are typically decreased or eliminated over time.

Determination Letter Fee: Fee associated with preparing and filing a request for a favorable determination letter (which is a document issued by the Internal Revenue Service stating that the plan meets the qualifications for tax-advantaged treatment).

Distribution Processing Expenses: The costs typically associated with processing paperwork and issuing a check for a distribution of plan assets to a participant. May include the generation of IRS Form 1099-R. This fee may apply to hardship and other in-service withdrawals as well as to separation-from-service or retirement distributions (including required minimum distribution determination and processing).

Expense Ratio: The costs for investment and administration of an investment product (including management fees), such as a mutual fund or other collective fund, expressed as a percentage of total assets of the specific fund.

Finders’ Fees: Fees paid to an institution or individual who acts as an intermediary to bring parties together that are involved in a retirement plan-related transaction.

Float: Earnings retained by a service provider that result from the short-term investment of funds held in an account used to facilitate the transactions of an employee benefit plan. Such funds are typically awaiting investment or disbursement.

Form 5500 Services: Services in connection with preparation of Form 5500, a form that retirement plans must file annually with the Department of Labor. These services may include a signature-ready 5500 or may only include a partially completed 5500.

Fund Accounting (Net Asset Value “NAV” Calculation): Accounting that is done to provide the dollar value of one unit of a collective fund or similar investment vehicle. This value is the sum of the fund’s total investments and the cash awaiting investment reduced by operating expenses divided by outstanding units.

General Plan Administrative/Recordkeeping Fee: Fee for providing recordkeeping and other plan participant administrative-type services. Use of this term is not meant to identify the official plan “administrator” under ERISA Section 3(16)(A).

Guaranteed Product Rates: The rate of return guaranteed to plan participants under certain deferred annuity products.

Independent Fiduciary Reviews: In certain circumstances (such as the review or approval of plan investment options), a plan fiduciary may seek the views of or delegate certain plan decisions to an outside independent fiduciary. Such reviews would typically carry distinct charges.

Installation Fee: One-time fee for initiating a new plan or initiating new services.

Internet Services: Fees charged for participant and/or plan sponsor access to plan information via the Internet.

Investment Management Fees: Fees charged by investment products offered in a plan for the cost of investing. These investment services may be provided by the investment manager and/or a sub-advisor. These fees are usually expressed in basis points.

Investment Selection and Monitoring Costs: Fees charged by service providers to assist plan sponsors in selecting and monitoring the investment options provided to participants under the plan.

Loan Maintenance and Repayment Tracking Fee: Fee charged to monitor outstanding plan loans and repayment schedules.

Loan Origination Fee: Fee charged when a plan loan is originally taken.

Loan Processing Fee: Fee charged to process a plan loan application.

Managed Account Fees: Charges for the service whereby the investment decisions for a participant account are made by an investment professional (rather than being made by the participant directly). Managed account fees typically are based on the amount of assets invested in the managed account.

Merger and Acquisition-Related Expenses: As part of an M&A event involving the plan sponsor, service providers may be required to provide additional services or information that are not included in other plan fees.

Mortality Risk and Administrative Expense (M&E Fee): Fee charged by an insurance company to cover the cost of the insurance features of an annuity contract, including the guarantee of a lifetime income payment, interest and expense guarantees, and any death benefit provided during the accumulation period.

Nondiscrimination Testing Expense: Tax-qualified retirement plans must be administered in compliance with several regulations requiring numerical measurements. The fee charged for the process of reviewing required data and determining whether the plan is in compliance is collectively called nondiscrimination testing expense.

Participant: A person who has an account in the plan.

Performance Reporting on Investments: Cost of developing and providing reports on the performance of specific plan investment options over a specified period.

Plan Document and Amendment Fees: Fees charged for preparation of a written plan document (including fees charged for plan amendments).

Pricing Charges for Specialty Asset Classes: Fees specific to non-traditional investment products or classes that may be offered in the plan (real estate, commodities, etc.).

Product Termination Fees: Investment charges associated with terminating one or more of a service provider's investment products as an investment option under the plan. This may take the form of a market value adjustment, which is an increase or decrease in the charge that is applied when an account is liquidated early.

Proxy Services: Charges incurred in distributing proxy materials to plan sponsors or participants.

QDRO (Qualified Domestic Relations Order) Determination/Processing: Fees charged for determining whether a domestic relations order is qualified under Section 414(p) of the Internal Revenue Code and/or for processing such order. A QDRO is a judgment, decree or order that creates or recognizes an alternate payee's (such as former spouse, child, etc.) right to receive all or a portion of a participant's retirement plan benefits. Before paying benefits, a plan must determine if a domestic relations order from a court is qualified.

Redemption Fees: Charges imposed by a mutual fund when shares or units are redeemed. Typically these fees only apply to redemptions made soon after purchase but could be imposed in other circumstances.

Responding to Participant Benefit Claims and Disputes: When a participant makes a claim for benefits or disputes a benefit determination, a service provider may charge an additional fee to respond to these claims and disputes.

Roth Features: If a plan adopts a Roth feature in a 401(k) or 403(b) plan (whereby amounts are contributed on an after-tax basis but may be withdrawn tax-free), a service provider may charge an additional amount for the implementation and operation of the Roth account option.

Sales Charges/Front-End Loads: Charges due upon the purchase or transfer of mutual funds, insurance/annuity products or other investments, which may be reduced and/or eliminated as the size of the purchase or transfer increases.

Service Provider Termination Charges: Plan administrative costs associated with terminating a relationship with a service provider, with the permanent termination of a plan, or with the termination of specific plan services.

Sarbanes-Oxley Charges: Some plan transactions may implicate Sarbanes-Oxley (SOX) and plans may incur additional charges from services providers as a result of assisting in SOX compliance.

Special Event-Driven Participant Education/Communications: Fees charged for special participant communications that are necessitated by a specific event (*e.g.*, mapping to a new set of investment options, addition of employer stock to the investment menu) and are not charged as part of the general participant education fee.

Start-Up/Conversion Fees: Start-up fees are charges associated with setting-up a new plan or enrolling participants in the plan. Conversion fees are charges associated with changing service providers. Typically these charges include charges for contacting and processing information from the prior service provider and “matching up” or mapping participant information.

Sub-Accounting Fees: Fees paid to providers who perform the dual functions of (1) recordkeeping and administrative services to individual/participant accounts and (2) consolidating trades and holdings of these individual accounts into one or more omnibus accounts with a mutual fund company.

Surrender Charges: Costs charged to a participant that are associated with selling an investment such as an annuity within a specific period of time that is determined prior to purchasing the investment.

Transfer Agent Fees: Fees paid to mutual fund transfer agents to maintain shareholder records and process transactions (including fees paid to sub-transfer agents for maintaining records or processing transactions).

Trustee Services: Fees charged by the individual, bank or trust company with fiduciary responsibility for holding plan assets.

Wrap Fees: A fee generally based on the percentage of assets in an investment program, which provides for a variety of items that could include administrative services and recordkeeping, transaction processing, participant education services, and fees paid to a broker or other intermediary for his or her services.

12b-1 or Shareholder Servicing Fees: A charge to shareholders of a mutual fund to cover the fund’s shareholder servicing, distribution and marketing costs. Such charges may be paid to broker/dealers or other intermediaries who provide such services to the fund.