



## Managing Fiduciary Responsibility

### Sample Investment Policy Statement

On the pages that follow, we've outlined a sample investment policy statement (IPS). To create one for your retirement plan, insert your plan's information in brackets as shown throughout. Also, refer to the Sample Investment Objectives and Benchmarks flyer and Plan Sponsor Guide for more information.

---

#### Investment Policy Statement for [Plan Name]

---

##### Statement of purpose

- This investment policy is intended to assist plan trustees (or investment committee) with effectively selecting, monitoring and evaluating the investment menu for [PLAN NAME].
- The investment of plan assets will be made for the sole interest and exclusive purpose of providing benefits to participants.
- The investment committee will periodically review investment options with respect to this investment policy.

---

##### Statement of intent

- The intent of the investment committee, [depending on the makeup of your plan administration, insert NAME OF COMMITTEE, BOARD OF DIRECTORS or BOARD OF TRUSTEES], is to provide a range of investment options for participants to invest in according to varying risk tolerance, savings time horizons and other financial goals.
- The plan is a participant-directed individual account plan that is intended to comply with ERISA Section 404(c).
- The plan provides individual accounts for plan participants to select how these individual accounts shall be invested and, therefore, no fiduciary shall be liable for any loss that results from a participant's exercise of control over the investment of his or her participant accounts.
- The plan's investment options will be selected and monitored with the skill, care and diligence that a prudent individual acting in a like capacity would exercise and in accordance with all other aspects of applicable law.
- The plan is intended to qualify under the qualified cash or deferred arrangement rules of ERISA Section 404(c).

---

### Key parties

The plan has appointed the following entities to be responsible for supporting the selection and monitoring of the investment options in the plan:

- The trustee, [NAME], will invest assets and settle trades in accordance with the instructions communicated by the administrator on behalf of the plan participants.
- The investment committee, [MEMBERS], will evaluate and select the investment options and select a financial advisor.

---

### Investment objectives and guidelines

- Overall objective is to offer portfolios that provide:
  - Diversification across the risk/return spectrum, accommodating various individual financial situations.
  - Performance that is competitive against a target benchmark.
  - Adequate liquidity to meet participants', retirees' and plan's needs.
- The committee determined that [NUMBER] portfolios will be offered.
- The committee will monitor all evaluation criteria as well as any other material issues when making decisions concerning the plan's investment options.
- The committee chose [FUND NAME(S)] to serve as a qualified default investment alternative (QDIA).
- Participants will be able to make investment changes [FREQUENCY – i.e., daily, monthly, quarterly].
- Investments include growth, growth and income, value, international, balanced, fixed income, capital preservation, target risk, target maturity and others (e.g., company stock). [List FUND NAMES, OBJECTIVES and BENCHMARKS. See the Sample Investment Objectives and Benchmarks flyer for more information.]
- The investment committee may modify the investment menu as necessary.

---

### Due diligence process

- Investment options will be reviewed at least annually.
- The results of the due diligence process will become part of the plan records.
- The following criteria will be evaluated when making selection, retention and replacement decisions:
  - Investment option objective is consistent with the plan's goals.
  - Investment option is adequately diversified.
  - Investment option continues to contribute to the overall diversification of the plan's portfolio.
  - Plan participants have a continuing interest in the investment option.
- Investment results will be evaluated as follows:
  - Investment option we hope will perform at least as well as stated benchmark for [PERIOD: three, five or 10 years. Should be a full market cycle – generally five years – so as not to overemphasize short-term results.]
  - Fee structure continues to be reasonable when compared to similar options in the marketplace.
  - The investment will not take on undue risk characteristics relative to peers using [MEASUREMENT OPTIONS: beta, R-squared, alpha, standard deviation or Sharpe ratio]. An acceptable variance is 25% above or below the measurement.
- The nature and quality of investment management will be evaluated as follows:
  - If the portfolio management has changed, the experience and qualifications of the investment managers will be evaluated. Past portfolio manager performance will be considered.
  - The stability of the portfolio will be evaluated. If the fund has had a significant change in asset size, the investment committee will assess whether or not the change may hamper the investment's ability to meet its objective.
  - The stability of the asset manager will be considered, especially in the event of any major reorganization, relative to other investment advisory firms.

- Investment options we hope will perform as well as or better than their benchmarks and/or peers. Investment managers should be given a full market cycle to achieve stated objectives; therefore, greater weight will be given to market cycle performance than performance in any given year. However, the committee recognizes that economic, political, social or other changes could occur, requiring a change in investment options sooner than a full market cycle. Investment options that consistently underperform in terms of risk and return will be carefully reviewed to determine if any action is warranted.
- The investment committee shall have full discretion to offer new or terminate existing investment options at any time, for any reason.
- Changes in the investment menu will be handled to the best advantage of the plan using one of the following approaches:
  - Remove and replace with an alternative manager and move existing assets directly to the alternative manager.
  - Freeze the assets managed by the terminated manager and direct new assets to a replacement manager.
  - Phase out the investment option over a specific time period.
  - Continue the investment option but add a competing investment option.
  - Remove the investment option and do not provide a replacement.

---

### **Participant investment education**

- The plan will let employees know that they are in control of their personal accounts.
- The plan will provide educational material to help participants make informed investment decisions.
- The number of funds offered should be limited to promote participant understanding without sacrificing the objectives set forth in this policy.
- Participants should be encouraged to select an appropriate asset allocation based on their risk tolerance, their time until retirement and other factors relating to their personal financial status.
- The plan sponsor should educate participants on capital markets, the relative risk and return of investing in different asset classes, and how diversified investing may potentially reduce the risk of investing.

---

### **Voting rights**

Responsibility for proxy voting rests with the [select one: TRUSTEE, PLAN SPONSOR, INVESTMENT COMMITTEE or PLAN PARTICIPANTS].

---

### **Coordination with the plan document**

Notwithstanding the foregoing, if any term or condition of this investment policy conflicts with any term or condition in the plan, the terms and conditions of the plan shall control.

---

### **On behalf of [plan name]:**

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

---

**Please note**

This sample IPS is intended to help you get started with the management of your fiduciary responsibility. For more information, refer to the Sample Investment Objectives and Benchmarks flyer and Plan Sponsor Guide.

**Consider the investment objectives, risks, and charges and expenses carefully. For this and other information about AIM funds, obtain a prospectus from your financial advisor and read it carefully before investing.**

Note: Not all products, materials or services available through all firms. Advisors, please contact your home office.

Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

Beta is a measure of relative risk and the slope of regression. R-squared expresses the proportion of variation in the return of one fund explained by the return of a benchmark. Alpha is a measure of performance on a risk-adjusted basis. Standard deviation measures a fund's range of total returns and identifies the spread of a fund's short-term fluctuations. Sharpe ratio is a risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio indicates better risk-adjusted performance.

Invesco Aim<sup>SM</sup> is a service mark of Invesco Aim Management Group, Inc. Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Aim Private Asset Management, Inc. and Invesco PowerShares Capital Management LLC are the investment advisors for the products and services represented by Invesco Aim; they each provide investment advisory services to individual and institutional clients and do not sell securities. Invesco Aim Distributors, Inc. is the U.S. distributor for the retail mutual funds, exchange-traded funds and institutional money market funds represented by Invesco Aim. All entities are indirect, wholly owned subsidiaries of Invesco Ltd.

---

## Supplemental Information

After the close of business on Dec. 31, 2009, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Aim Private Asset Management, Inc. and Invesco Global Asset Management (N.A.), Inc. merged into Invesco Institutional (N.A.), Inc., which was renamed Invesco Advisers, Inc.

---

**NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE**

**Consider the investment objectives, risks, and charges and expenses carefully. For this and other information about AIM funds, obtain a prospectus from your financial adviser and read it carefully before investing.**

Note: Not all products, materials or services available at all firms. Advisers, please contact your home office.

