ABC Company 401K Plan

STRATEGIC PLAN

Using your business objectives to drive plan strategy

MARCH 2017
WE UNDERSTAND THE CHALLENGES YOU FACE

It is our goal to provide you the resources needed to establish and maintain your retirement plan. This custom plan considers the unique business objectives and retirement income philosophy identified for your company in the Strategic Plan Questionnaire. Here you will find best practice considerations regarding investments, plan design, and participant engagement. We encourage you to work with your T. Rowe Price representative to consider how this plan can help you service your employees in the most appropriate and effective way.
# Plan Snapshot

## PLAN DATA

<table>
<thead>
<tr>
<th>Category</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan Name</td>
<td>ABC Company 401K Plan</td>
</tr>
<tr>
<td>Plan Assets</td>
<td>Plan Specific Content</td>
</tr>
<tr>
<td>Total Participants with a Balance</td>
<td>Plan Specific Content</td>
</tr>
<tr>
<td>Number of Investment Options</td>
<td>Plan Specific Content</td>
</tr>
<tr>
<td>Employer Match</td>
<td>Plan Specific Content</td>
</tr>
</tbody>
</table>

## PARTICIPANT DATA

<table>
<thead>
<tr>
<th>Category</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation Rate</td>
<td>Plan Specific Content</td>
</tr>
<tr>
<td>Average Deferral Rate</td>
<td>Plan Specific Content</td>
</tr>
<tr>
<td>Average Account Balance</td>
<td>Plan Specific Content</td>
</tr>
<tr>
<td>Participants Maximizing the Employer Match</td>
<td>Plan Specific Content</td>
</tr>
</tbody>
</table>

* As of 03/17/2017
Accomplishments

To understand where your plan is today, and to help you determine where you want it to be in the future, here is a brief look at some of the significant events of the past year.

**Plan Design**
- Reviewed Plan Meter® report and discussed impact of plan design changes
- Added Roth 401(k) contributions
- Implemented auto-enrollment, auto-increase, AutoBoost®
- Evaluated use of auto-enrollment, auto-increase, AutoBoost®
- Modified default deferral rate for auto-enrollment
- Added auto-increase as "opt in" service
- Converted from auto-increase "opt in" to "opt out" service
- Implemented retroactive auto-enrollment to enroll nonparticipants
- Implemented auto-reenrollment to enroll nonparticipants on a periodic basis
- Implemented auto-restart post hardship suspension period
- Implemented auto-rollover for accounts under minimum balance level
- Added rollovers of after-tax amounts from 403(b) plans
- Modified employer matching contributions
- Modified [fixed/discretionary] employer contributions
- Added safe harbor provisions
- Modified vesting for employer contributions
- Modified [plan/match] eligibility requirements
- Modified distribution option(s)
- Implemented loan provisions
- Added qualified reservist distributions for military reservists
- Modified hardship provisions

**Investments**
- Updated Investment Policy
- Reviewed T. Rowe Price investment philosophy presentation
- Conducted independent review(s) of investments
- Reviewed investments with T. Rowe Price Defined Contribution Investment Specialist
- Reviewed the T. Rowe Price Retirement Funds Fiduciary Review Kit
- Monitored investment performance with Investment Report Card
- Reviewed Portfolio Performance Analysis
- Modified investment options
- Evaluated investment alternatives (trusts, separate accounts, etc.)
- Made [X to X] investment share class change(s) to reduce expenses for participants
- Made changes to company stock in plan
- Added [Morningstar Advice/Financial Engines] Advice
- Added Schwab Personal Choice Retirement Account®, self-directed brokerage service
- Added target-date investments or managed accounts to the lineup
- Made target-date investments or managed accounts the plan default investment

**Participant Communications - T. Rowe Price Global Updates**
- Executed participant communication campaigns under each of the life stages: starting, managing, preparing and transitioning, and separated from service/retiree.
- Offered Confidence Check-In® Conversation as part of Retire with Confidence® Program for participants
Launched timely email alerts (e.g., security information, email preferences, beneficiaries, etc.)
- Launched new workplace investor website
- Launched the T. Rowe Price Personal mobile application
- Optimized key charts on website to allow compatibility for mobile users
- Provided educational opportunities for participants through both live and recorded webinars
- Launched SmartDollar® financial wellness program for participants

**Participant Communications- Plan-Specific**
- Provided communications support for merger and acquisition activity
- Provided communications support for plan design changes
- Provided communications support for investment lineup, fee structure, and trading policy changes
- Provided targeted communications on company stock to help participants understand the risks involved
- Provided plan-specific educational opportunities

**Managing Fiduciary Risk**
- Added broad-based benchmarks to website, statements, and annual participant disclosures
- Introduced annual online e-verification for Trusts
- Completed Fiduciary Training - FiduciarySource®
- Reviewed fiduciary benchmarking report - Fiduciary Benchmarks, Inc. (FBi)
- Reviewed plan costs related to administrative budget, investment costs, allowance, direct fees
- Assessed participants' retirement readiness with Plan Meter®
- Provided education to committee members
- Conducted new committee member training
- Complied with service provider summary disclosure requirements under ERISA Section 408(b)(2)
- Conducted independent benchmarking study
- Reviewed plan statistics and participant behavior during Plan & Investment Review meeting

**Administrative and Compliance**
- Distributed annual participant notices as required to comply with ERISA Section 404(a)(5)
- Established system to change notices and participant disclosures to comply with ERISA Section 404(a)(5)
- Completed qualified default investment alternative (QDIA) notice requirements
- Implemented new loan delinquency report and process
- Captured email addresses via maintenance files to increase ability to communicate with participants
- Launched participant-level opt-out functionality for cross-plan and plan-level emails
- Outsourced the enrollment and salary deferral processes
- Established paperless services (loans and/or withdrawals)
- Updated procedural flows
- Updated maintenance file
- Outsourced Qualified Domestic Relations Orders (QDROs)
- Filed Form 5500
- Performed data cleanup
- Launched E-verification for loans on participant website
- Updated summary plan description (SPD)
- Completed prior year nondiscrimination testing
- Completed prior year coverage testing
- Implemented online beneficiary service
- Reviewed automatic enrollment modeling and projections
- Completed top-heavy testing/approximation
- [Merged/Spun off] division
- Service Provider Disclosure Summary - 408(b)(2)
- Implemented auto-rollover for accounts under minimum balance level

**Other**
- Considered online fixed annuity shopping platform (Hueler Income Solutions Program)
- Attended T. Rowe Price Forum
- Established data feed for total benefits statements
Objectives and Philosophy

ABC Company 401K Plan (the "Company") currently sponsors a 401(k) retirement plan (the "Plan") to help employees save for retirement. The company has identified key objectives for the Plan and adopted certain guiding principles to form its retirement income philosophy. This philosophy will influence key decisions made about the retirement benefits offered to employees.

RETIREMENT BENEFIT OBJECTIVES

The Plan is intended to provide eligible employees with long-term accumulation of retirement savings through contributions to individual participant accounts. The Plan provides employees with an additional way to save for retirement.

<table>
<thead>
<tr>
<th>Business Positioning</th>
<th>Offer a Plan that rewards employees to retain talent. Offer benefits that are comparable to industry competitors.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anticipated Benefits Changes</td>
<td>Anticipates competing business priorities that may affect its ability to make benefits changes in the upcoming year.</td>
</tr>
<tr>
<td>Party Responsible for Benefits Costs</td>
<td>Both the company and employees.</td>
</tr>
<tr>
<td>Priority Regarding Benefits Costs</td>
<td>Controlling plan expenses and providing the highest-value solutions are key considerations.</td>
</tr>
<tr>
<td>Primary Benefits Decision Maker</td>
<td>Parent Company.</td>
</tr>
</tbody>
</table>
WORKFORCE DEMOGRAPHICS

The Plan is intended to satisfy the qualification requirements of Internal Revenue Code Section 401(a) including all applicable coverage and nondiscrimination requirements.

<table>
<thead>
<tr>
<th>Retirement Benefits Offering</th>
<th>Should vary based on company (and/or employee) performance.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Understanding</td>
<td>Employees are quite knowledgeable about the value and features of the plan and have a high level of investment expertise.</td>
</tr>
<tr>
<td>Priority Population(s)</td>
<td>No priority population.</td>
</tr>
</tbody>
</table>
Plan Design

PHILOSOPHY

ABC Company 401K Plan understands that plan design is one of the most important ways it can influence participant outcomes and help employees save for a financially secure retirement.

<table>
<thead>
<tr>
<th>Role of Defined Contribution Plan</th>
<th>Provides employees with an additional way to save for retirement.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Contribution Source</td>
<td>The company intends for employees and the company to contribute equally, or close to equally.</td>
</tr>
<tr>
<td>Position on Employer Contributions</td>
<td>The company has a strong financial capacity to maintain or increase the current employer contribution level.</td>
</tr>
<tr>
<td>Participant Access to Money</td>
<td>Moderate restrictions on loans and other distributions so as to preserve the retirement benefit.</td>
</tr>
<tr>
<td>Preferred Employee Election Process</td>
<td>Opt In</td>
</tr>
<tr>
<td></td>
<td>• Contribution rate</td>
</tr>
<tr>
<td></td>
<td>Opt Out</td>
</tr>
<tr>
<td></td>
<td>• Investment choices</td>
</tr>
<tr>
<td></td>
<td>• Plan enrollment</td>
</tr>
</tbody>
</table>

CURRENT SERVICES

AUTOMATED SERVICES

- Automatic enrollment
- Retroactive auto-enrollment for nonparticipants
- Automatic reenrollment periodically for nonparticipants
- Automatic increase
- AutoBoost®
- Auto-rollover
- Auto-restart for post hardship suspension period
- Automatic rebalancing
- Automatic investments
**ACTIONS TO CONSIDER**

- Run Plan Meter® report to understand how your defined contribution plan provides replacement income.
- Add Roth contributions to maximize take-home retirement income.
- Consider relaxing after-tax eligibility requirements.
- Evaluate alternative contribution formulas (e.g., nondiscretionary contribution, set matching formula).
- Consider whether introducing a hardship policy that reduces the overall number of withdrawal requests, such as employing a policy of limiting hardship withdrawals to two per calendar year with a minimum amount of $500, aligns with your current benefits philosophy.
- Adopt automatic contribution restarts after hardship suspension periods.
- Consider whether introducing a loan policy that discourages loans, such as limiting to one loan, aligns with your current benefits philosophy.
- Provide education around impact of loans and withdrawals.
- Meet safe harbor requirements for hardship.
- Add participant self-certification for hardship.
- Consider whether updating the loan policy to include a 30-day waiting period aligns with your current benefits philosophy.
- Align vesting and match structures with retention objectives.
- Evaluate enrollment options for ease of use.
- Offer auto-enrollment at deferral rate of 6% or higher.
- Offer retroactive enrollment.
- Offer annual reenrollment.
- Offer auto-increase at 2% (maximum of 15% over time).
Investment Design

PHILOSOPHY

Employees have different investment objectives, time horizons and risk tolerances. In its efforts to meet the participants' varied retirement income objectives, ABC Company 401K Plan has adopted the following guiding principles:

<table>
<thead>
<tr>
<th>Employer Involvement in Employee Investment Decisions</th>
<th>Not too involved.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Menu Offering</td>
<td>Flexible and broad range of investments.</td>
</tr>
<tr>
<td>In-plan Retirement Income Solutions</td>
<td>Not a priority.</td>
</tr>
<tr>
<td>Approach to Risk Management</td>
<td>Offsetting market risk.</td>
</tr>
</tbody>
</table>

CURRENT SERVICES

INVESTMENTS AND INVESTMENT ADVICE

- Schwab Personal Choice Retirement Account®
- Trading Privileges (third-party account access)
- Morningstar® Retirement Manager(SM) advice services
- Financial Engines® managed account advice services
ACTIONS TO CONSIDER

- Conduct plan cost analysis.
- Utilize a QDIA as default investment option.
- Review and determine if a broad range of investment options are offered to satisfy needs of sophisticated investors.
- Consider a self-directed brokerage approach to provide greater investment flexibility.
- Consider whether the plan's investment options meet your current objectives.
Participant Experience

PHILOSOPHY

Enabling employees to make informed benefits decisions is a critical component of every retirement plan. ABC Company 401K Plan supports its employees through the following approach:

<table>
<thead>
<tr>
<th>Level of Company Involvement in Employee's Benefits Decisions</th>
<th>Minimal action should be required of employees to participate in the plan.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key Sources of Income for Retirees</td>
<td>Defined contribution plan.</td>
</tr>
<tr>
<td></td>
<td>Other benefits available through the company (e.g., defined benefit plan, stock purchase plans, life insurance).</td>
</tr>
<tr>
<td></td>
<td>Social Security.</td>
</tr>
<tr>
<td></td>
<td>Employee's other savings and investments.</td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>Employees are very engaged in making benefits decisions and taking steps to build a financially secure retirement.</td>
</tr>
<tr>
<td>Optimal Average Participation Rate</td>
<td>80%</td>
</tr>
<tr>
<td>Distribution of Plan Assets at Termination</td>
<td>Prefer to have employee take a distribution as soon as feasible (e.g., roll over to a new employer’s plan or IRA).</td>
</tr>
</tbody>
</table>

CURRENT SERVICES

PARTICIPANT COMMUNICATIONS

- Retire with Confidence® Program for participants
- Employee meetings/webinars
- Plan-specific emails
- New-hire materials
- Distribution materials
- Launched SmartDollar® financial wellness program for participants
ACTIONS TO CONSIDER

- Ensure appropriate life stage communications are provided to employees.
- Consider the impact of competing priorities on retirement benefits and potential need for additional education, in lieu of design changes.
- Provide opportunities for more sophisticated investing conversations.
- Promote Morningstar® Retirement Manager® and online tools.
- Offer employee education and tools for terminated or retired employees on distribution options.
- Provide education around various sources of retirement income.
- Provide education and resources for the defined contribution plan.
Plan Administration and Compliance

When it comes to administering the retirement plan, ABC Company 401K Plan strives to effectively and efficiently support fiduciary and compliance needs. Utilizing the appropriate services can help the Company meet those objectives.

**CURRENT SERVICES**

**Outsourcing**
- Enrollment
- Salary deferral
- Paperless withdrawals
- Distribution outsourcing
- Required minimum distribution (RMD)
- Beneficiary tracking
- QDRO outsourcing
- Form 5500 preparation service

**Fiduciary Support**
- Plan & Investment Review
- Fund Report Card
- Plan Meter®

**Compliance**
- QDIA annual notice distribution
- QACA notice distribution
- Safe harbor notice distribution
- EACA notice distribution
- 404(a) Annual participant fee disclosure notification
- 404(a) Plan Change Notices participant fee disclosure notification
- 401(k)/401(m) ADP/ACP testing
- 415 annual additions testing
- Top-heavy testing
- 410(b) coverage testing
- Form 5500 preparation service
- Prototype document (with SPD)
- Service Provider Disclosure summary - 408(b)(2)
ACTIONS TO CONSIDER

Outsourcing
- Paperless loans
- Hardship distributions

Fiduciary Support
- Plan Cost Analysis
- Fiduciary Source® training

Compliance
- 404(a) Newly Eligible participant fee disclosure notification
Your Service Team
All investments involve risk, including possible loss of principal.

ADDITIONAL RESOURCES

<table>
<thead>
<tr>
<th>Online Tools</th>
<th>Technical Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>troweprice.com</td>
<td>1-800-639-8552</td>
</tr>
</tbody>
</table>