

401(k) GLOSSARY OF TERMS

Active Plan Participant	Individual currently participating in an employer-sponsored retirement plan.
Auto-Enrollment	The practice of enrolling eligible employees in a plan and initiating participant deferrals unless the employee opts out.
Auto-Increase/Step-Up	A provision found in some 401(k) plans in which an employee's contribution rate is automatically increased at a pre-established point in time, unless the employee chooses otherwise.
Commingled Trust	Investment vehicle where assets are combined from several sources (such as various retirement plans) and managed under a common strategy.
Communication/ Education Services	Participant communication and education services relating to providing print, video, software and/or live instruction to educate employees about how the plan works, the plan investment options and asset allocation strategies.
Company Stock Services	Services needed for the recordkeeping and administration of company stock (the stock of the employer).
Compliance Testing	Plans engaged in testing required by the IRS to ensure the 401(k) plan is fair to both highly compensated and non-highly compensated employees.
Custom Services	Additional or enhanced non-standard services (e.g., website, call center, branding, etc.) selected by the plan sponsor.
Education Materials	These materials are provided to plan participants to help educate around the need for retirement saving, investment options, how to properly plan for retirement, how to calculate retirement savings, etc.
Eligible Plan Participant	Any employee who is eligible to participate in and receive benefits from a plan.
Employee Meetings	These meetings with employees explain the benefits of participating in the plan, answer questions about saving and the plan, and provide an understanding of the plan specifications.
Employer Contribution	A contribution made by the company to the account of the participant (often in the form of a company match based on a ratio to contributions made by the participant).
Expense Ratio	An investment option's total annual operating expenses, including for investment management and administration of the investment, expressed as a percentage of assets. For mutual funds, this is calculated pursuant to SEC rules for fund prospectuses; other investment options may provide plans a similar number expressing the investment option's fees.
Financial Advice/ Guidance	Advice or guidance provided to participants or the plan sponsor by a third party.
Form 5500 Reporting	This annual plan financial reporting form is required by IRS/DOL/PBGC.
Guaranteed Investment Contract (GICs)	These accounts with an insurance company guarantee a fixed rate of interest over the length of the contract.
Investment Related Charges	Asset-based fees for investment management and other related services generally are assessed as a percentage of assets invested; paid in the form of an indirect charge against the participant's account or the plan because they are deducted directly from investment returns.
Legal Services	Legal support services provided to the plan.
Lifestyle Investment Option	A lifestyle investment option maintains a predetermined risk level and generally contains "conservative," "moderate," or "aggressive" in the investment's name. Also known as a target risk investment option.

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Managed Account	An account for which the holder gives a third party the authority to manage the investing of assets.
Nondiscrimination Testing	Regulations may require this annual testing to assure that the amount of contributions made by and on behalf of non-highly compensated employees is proportional to contributions made by and on behalf of highly compensated employees.
Participant Contribution Rate	The amount (typically expressed as a percentage of the employee's salary) that an employee contributes to the plan.
Plan Assets	The total assets held among all participants within the plan.
Plan Audit	An independent audit required by federal law for all plans with more than 100 participants.
Plan Document Services	Development, maintenance and consulting related to the plan documents of a plan.
Plan Sponsor Investment Adviser	Third party consultant hired by the plan sponsor to assist with plan design, investment design, search and selection process and other plan advisory services.
Qualified Domestic Relations Order (QDRO)	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.
Separate Account	Investment vehicle where assets are managed for a single investor or entity and the single investor/entity directly owns the securities in the account.
Target Date Investment Option	A target date investment option typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the investment, which is usually included in the investment's name. Also known as a lifecycle investment option.
Trustee Services	Services typically provided by the bank or trust company having fiduciary responsibility for holding plan assets.