

SAMPLE

Investment Policy Statement (“IPS”) Outline for 403(b)(9) Church Plans

I. PLAN OVERVIEW

This section usually describes the Plan and explicitly states that the Plan is a retirement income account program described in § 403(b)(9) of the *Internal Revenue Code of 1986* (the “Code”), and a “church plan” within the meaning of § 414(e) of the Code and § 3(33) of the Employee Retirement Income Security Act of 1974 (“ERISA”), and is therefore exempt from ERISA.

II. STATEMENT OF PURPOSE

This section typically states that the IPS is intended to ensure that the board or committee makes decisions in a prudent manner in monitoring and overseeing the Plan and its investment options and provides a brief overview of what is contained in the remainder of the IPS.

III. INVESTMENT OBJECTIVES

This section defines the Plan’s investment objectives, which govern the selection of investment options. An example of one objective is to offer Plan participants an appropriate range of investment options necessary for adequate diversification across the investment risk/return spectrum. Any unique needs of the Plan participant population should be considered when establishing objectives.

IV. ROLES AND RESPONSIBILITIES

This section defines the roles of those responsible for the Plan’s investments, e.g., the board, investment committee and service providers like the Plan’s trustee and recordkeeper.

V. SELECTION OF INVESTMENTS

This section describes the criteria and procedures for selecting investment funds. Some considerations include:

- A. Restrictions/Unique considerations (e.g., Christian screening)
- B. Asset class guidelines
- C. Default fund selection
- D. Performance objectives
- E. Selection process (quantitative measures (e.g., fees and expenses) and qualitative factors)

The list of selected investment options may be maintained in an appendix to the IPS.

VI. INVESTMENT MONITORING AND REVIEW

This section establishes investment performance measurement standards and monitoring procedures and describes ways to address investment funds that fail to satisfy established standards. Elements may include:

- A. A comprehensive formal review at least annually using criteria similar to those applied during the investment selection process
- B. Watch list process
- C. Investment fund termination process
- D. Investment fund additions

ADDITIONAL SECTIONS MAY BE INCLUDED, IF DESIRED, SUCH AS:

VII. PARTICIPANT EDUCATION AND COMMUNICATION

Unless a separate education policy statement is adopted, an Employer may wish to describe how Plan participants will be notified and educated that they control their own investments, investment changes are permitted and educational material is available to assist them in making informed investment decisions.

VIII. PROXY VOTING

State whether Plan participants are responsible for voting mutual fund proxies or whether a Plan service provider will do so (e.g., the Plan's trustee or custodian).

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