



Overview of IPS Updates

Fairfax 457 and 403(b)
March 2022

Investment advice and consulting services provided by Aon Investments USA Inc.

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Overview

At a high-level Aon recommends maintaining separate IPSs for the 403(b) and 457(b):

- i. the 403(b) offers Managed Accounts whereas the 457(b) does not
- ii. There may be future adjustments to both plans that require edits to one plan's IPS and not the other

Contents:

- I. Review of 457(b) Revisions / Considerations
- II. Review of 403(b) Additions

Summary of 457(b) Updates

1. **Overview and Purpose:**

- a) Limited changes here as we wanted to maintain the original language for the 457(b) Plan as a complement and alternative savings vehicle to the 403(b) program.
- b) Update the committee name, now reads: Fairfax County Public Schools' Deferred Compensation Investment Committee

2. **Roles and Responsibilities:**

- a) Updated Language to mirror Aon's best thinking and the newer 403(b) IPS as the roles and responsibilities across both plans are very similar
- b) **Consideration for the committee:** Within this section a Qualified Default Investment Alternative is noted ("QDIA"). Currently Fairfax as not set a QDIA for the 457(b) or the 403(b). Aon would recommend designating the Target Date funds as the plan QDIA

3. **Investment Guidelines, Selection and Retention Criteria:**

- a) Merged the Investment Guidelines and Selection and Monitoring of Investment Options into one section titled "Investment Guidelines, Selection and Retention Criteria"
- b) This update brings the IPS in line with Aon's Best thinking, and mirrors the 403(b) plan IPS

Summary of 457(b) Updates

4. **Plan Investment Structure:**

- a) Aon would recommend mirroring the language in the 403(b) IPS
- b) This section highlights Aon's best thinking for a defined contribution plan, and covers all asset classes that could be included in the 457(b) plan

5. **Appendix: Current Investment Options**

- a) There is no requirement to list out the current investment options in an IPS, and as that would require more updates as investments/benchmarks change Aon would suggest removing this from the IPS
- b) The current "Investment Objectives" section already outlines the types of options that could be available in the 403(b) plan

Review of 403(b) Additions

1. **Roles and Responsibilities:**

- a) **Consideration for the committee:** Within this section a Qualified Default Investment Alternative is noted (“QDIA”). Currently Fairfax has not set a QDIA for the 457(b) or the 403(b). Aon would recommend designating the Target Date funds as the plan QDIA

2. **Plan Investment Structure:**

- a) Aon would recommend a Tiered Investment Structure as outlined in the “Plan Investment Structure” section.
- b) This section highlights Aon’s best thinking for a 403(b) plan, and covers all asset classes that would be recommended for the 403(b) plan

3. **Participant Investment Advice and Managed Accounts:**

- a) This section would be new to the committee
- b) It covers the periodic review of the Managed Accounts offered to participants (Aon assists with this annual review)

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Aon Investments USA Inc.
200 E. Randolph Street
Suite 700
Chicago, IL 60601
ATTN: Aon Investments Compliance Officer

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