

# Corrections Policy

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Administering a retirement plan can be complex. Our internal policies, procedures, and controls help avoid administration mistakes in the first place but, if they occur, we strive to promptly identify and correct them. The Internal Revenue Service and Department of Labor, recognizing that administrative errors are common, publish rules about how to fix them. In most instances, plan errors can be corrected through what the regulators call “self-correction” so that any affected participants can be restored to the position they would have been in had the error not occurred by providing them with appropriate compensation for any losses without the need for regulatory approval. In our role as Plan Administrator, we will, in our sole discretion, determine when self-correction is appropriate and how to calculate any compensation. In a limited number of instances, such as for more complex compliance issues, a filing with the regulator is required and we will inform the Plan Sponsor. In all instances, whether an error can be corrected by self-correction or it requires a submission to the regulator, as explained in our Plan Services Agreement, Vestwell will pay for its proportionate share of responsibility for errors consistent with the terms of our agreement. This Policy provides some additional details and applies to our services and responsibilities regarding plan corrections throughout the term of our agreement.

## 1. General Background and Types of Administration Errors

Despite best efforts, mistakes can occur for reasons beyond our control. For instance, due to a late submission of a payroll file from your payroll provider or errors in payroll or census files provided to us, there may be unanticipated delays in executing trades on behalf of participant accounts. While not an exhaustive list, these are some other examples of errors that can occur in any recordkeeping system.

- Payroll file processing delays, which may be due to late payroll file submission or missing, improperly formatted, or incorrect data in files submitted to us;
- Missed or late enrollment, which may be due to incorrect or missing dates of hire or re-hire or hours worked in files submitted to us;
- Investment errors when a participant’s investment elections are not timely implemented, which may be due to delays in receiving a fund lineup from your investment fiduciary; or
- Incorrect calculation of an employer match, for example by excluding items of compensation that should be included under the plan’s definition of compensation.

All of these administrative errors are recognized by the IRS and DOL as generally eligible to be corrected by self-correction by any of the methods described in this policy.

## 2. Self-Correction Procedure

We will resolve these issues as soon as administratively practicable after the date of discovery. The DOL and IRS recognize that correcting plan administration errors can take time and generally permit up to 45 days to

perform any calculations needed to remediate. We follow regulatory guidance to determine and apply the appropriate correction method.

## "DE MINIMIS ERRORS"

Consistent with IRS and DOL guidance, certain corrections are considered very small, what the regulators call “de minimis,” that no correction is required. Accordingly, Vestwell will not make any correction for lost earnings if we estimate them to be less than \$1.00 and we will comply with the minimum thresholds set forth in IRS Rev. Proc. 2021-30 regarding overpayments to plan participants below \$250.00.

## CALCULATING LOST EARNINGS AND OTHER REMEDIATION METHODS

We will apply one of the following methods to correct benefits administration errors that are above those “de minimis” thresholds. The DOL and IRS permit the use of the affected participants’ actual investment return, an average investment return across all investments offered by the Plan, or use of a calculator provided by the DOL to calculate lost earnings if a large group of participants are affected by an error. In our role as Plan Administrator, and regardless of which party is at fault for the error, Vestwell will determine the appropriate calculation method based on the facts and circumstances, we will perform the calculations, and we will notify affected participants. If applicable, we will also disclose any lost earnings payments on Form 5330 and on the Plan’s 5500 Schedule C report, both of which we file on the Plan’s behalf. For certain types of errors, the lost earnings may be required to be kept in the Plan in a suspense or forfeiture account that is used for future contributions or to pay plan expenses. Vestwell will determine whether those provisions apply.

For more examples of administration errors and the permissible correction methods, please refer to [Correcting Plan Errors](#) on our Help Center. Correcting benefits administration errors can be complex and you should expect those calculations to take up to 45 days, or longer.

## NOTIFYING AFFECTED PARTICIPANTS

Participants affected by an administration error that impacts the value of their account will be notified and this additional compensation (or other adjustment) will appear on their transaction log in their account and quarterly benefit statement. Where permissible, the gains from any compensation owed to the participant will be default invested into the fund that comprises the largest percentage of the participant's portfolio at the time the error is corrected or otherwise invested consistent with their investment selections at the time the correction is made. Participants can change their investments and allocations at any time by logging into their account, unless the plan is in a temporary blackout period.

## 3. Corrections Requiring Regulatory Approval

In some instances, the DOL and IRS do not permit more complex errors to be corrected through one of the self-correction methods described above. Instead, the Plan may need to obtain approval from the DOL or IRS regarding the appropriate correction method. Vestwell will inform you if in our view an error necessitates obtaining regulatory approval. The responsibility for payment of filings fees, legal fees, or other expenses will be determined by the facts and circumstances.

## 4. Apportioning Responsibility for Payment of Lost Earnings or Regulatory Filings

As set forth in your Plan Services Agreement, Vestwell will pay for its proportionate share of responsibility for any error. To the extent errors and any resulting losses or penalties are caused by the Plan Sponsor or any third party you engage separately from Vestwell to support your Plan, such as a payroll provider, Third Party Administrator, or third-party investment fiduciary, Vestwell is not responsible for payment of any additional compensation nor related excise taxes or other penalties. Those costs will be added to the next quarterly invoice. It is our position that Vestwell, as Plan Administrator, has sole discretion over what method to use when calculating lost earnings; accordingly, in the event the Plan Sponsor or anyone on its behalf wishes to review Vestwell's calculations of lost earnings, Vestwell will not be responsible for any further reductions in account value due to market fluctuations or other factors during that review period.

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We always use instances of any administration errors, regardless of who is at fault, as opportunities to improve our systems, procedures, and communication with our clients. Except as explicitly provided in the Plan Services Agreement with the Plan, we do not exercise discretionary control, authority, or management with respect to the assets of the Plan or a participant's investment selections, and we do not provide any investment, tax, legal, or financial advice. Nothing in this policy should be construed to the contrary and the terms of the Plan Services Agreement will control in the event of any inconsistency.