Retirement Plan Investment Policy
401(k) Profit Sharing Plan and Trust

Overview

This statement establishes the policies and objectives for the Independent Colleges of Washington 401(k) PS Plan and Trust (the “Plan”). Investment advisory services for the Plan are currently provided by Garde Capital, Inc. Recordkeeping and administrative services are provided by Spectrum Pension Consultants.

This statement outlines and prescribes a prudent investment philosophy and sets out the investment management procedures that are designed to assist the Retirement Plan Committee (the “Committee”) appointed by Independent Colleges of Washington (the “Sponsor”) in the discharge of its fiduciary duties under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The assets of the Plan are held for the exclusive purpose of providing benefits to the Plan participants and their beneficiaries and defraying reasonable expenses of administering the Plan. The Plan is intended to operate in accordance with all applicable state and federal laws and regulations.

Plan participants direct the investment of Plan assets. The Plan is intended to comply with the provisions of the Department of Labor regulations issued pursuant to ERISA Section 404(c) which provides Plan fiduciaries with relief from liability for the investment decisions made by participants.

This statement is not intended to and shall not be deemed to expand the fiduciary duties of the Sponsor or the Committee or to create duties that do not exist under ERISA.

Purpose

The purpose of this Investment Policy Statement (“IPS”) is to establish a set of non-binding guidelines for the prudent investment decision-making process and to provide a basis for evaluating investment performance on a periodic basis by the Committee. These guidelines do not constitute a contract or a statement of mandatory requirements, but are only an explanation of the general principles and guidelines currently being applied for investment option selection and retention. Furthermore, these guidelines are not the only factors that may be considered.

The goal of the Plan is to provide a framework for participants to establish a savings and investment program for their retirement. While Plan participants are ultimately responsible for their own investment decisions, the Committee will endeavor to provide a broad range of investment options, allowing participants to invest in accordance with their own time horizons, risk tolerance and retirement goals. The term “participant” as used in this IPS includes beneficiaries who have separate benefit rights.

If any terms or conditions of this IPS conflicts with any terms or conditions of the Plan document, then the terms and conditions of the Plan document shall control.

Roles and Responsibilities

The following parties associated with the Plan shall discharge their respective responsibilities in accordance with all applicable fiduciary standards of Section 404(a) of ERISA as follows: (1) for the
exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Plan; (2) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and of like aims; and (3) in accordance with the documents and instruments governing the Plan insofar as such documents and instruments are consistent with the provisions of ERISA.

A. **Retirement Plan Committee:** The members of the Committee have been appointed by the Sponsor to act as the "Investment Fiduciary." The Committee is responsible for investment and management of Plan assets and the selection of services related to those functions. The Committee shall be responsible for the Plan level investment selection process, as set forth in this IPS, but is not responsible for the individual investment option performance and does not guarantee positive investment results. The Committee will endeavor to ensure that participants are supplied with adequate education and communication in order to make informed investment decisions.

B. **Directed Trustee:** The Directed Trustee of the Plan, is a nondiscretionary or "directed" Trustee and is charged with the responsibility of safekeeping the securities, collection and disbursement of the Plan assets, and periodic accounting statements.

C. **Record Keeper:** The Record Keeper responsibilities include administrative functions such as: maintaining participant records, administering participant directions, reporting to the plan sponsor, reporting to participants, and allocating contributions, as more fully described in the Services Agreement with the Record Keeper.

D. **Investment Consultant:** The Investment Consultant is a fiduciary of the Plan charged with the responsibility of advising the Committee on investment policy, advising on the selection of investment managers, providing performance analysis and monitoring services. The Investment Consultant shall provide assistance to the Committee for the Plan level investment selection process, as set forth in this IPS, but is not responsible for the individual investment option performance and does not guarantee investment results. The Investment consultant has been delegated the responsibility of supplying participants with education and communication regarding the plan's investment options.

E. **Participant:** The Plan participants may choose investments from among the options provided under the Plan. The Plan participants are responsible for making their own investment decisions and bear the risk of the investments that they have selected. Participants are also responsible for reallocating assets according to their personal circumstances and risk tolerance.

**Default Investment**

The Plan utilizes a default investment fund to invest the account balances of participants who fail to make an investment direction. The Committee intends to comply with ERISA Section 404(c)(5) and regulations thereunder such that participants who fail to make an investment direction are treated as exercising investment control over assets allocated to a "qualified default investment alternative."
Investment Consultant

The Sponsor’s agreement with the Investment Consultant specifies the Investment Consultant’s duties. Those duties include but are not limited to assisting the Committee in selecting and monitoring the Plan’s investment options, determining the standards by which each option will be evaluated, searching for replacement investment funds when needed, analyzing the most cost-effective investment options for the Plan, and preparing participant disclosures required under ERISA Sections 404(a) and 404(c) and regulations thereunder.

Investment Choices

The Committee, with the assistance of the Investment Consultant, will endeavor to offer diverse investment options. These options shall be sufficient to provide participants and beneficiaries with a reasonable opportunity to:

a) materially affect the potential return on amounts in their accounts with respect to which they are permitted to exercise control and the degree of risk to which such amounts are subject;

b) choose from a minimum of three core investment options, (i) each of which is diversified; (ii) each of which has materially different risk and return characteristics; (iii) which in the aggregate enable participants and beneficiaries to achieve a portfolio with aggregate risk and return characteristics at any point within the range normally appropriate for participants and beneficiaries; and (iv) each of which when combined with investments in the other options tends to minimize through diversification the overall risk of a participant’s or beneficiary’s portfolio;

c) diversify the investment of the accounts of participants and beneficiaries so as to minimize the risk of large losses, taking into account the nature of the Plan and the size of participants’ or beneficiaries’ accounts.

All investment choices will be publicly available mutual funds, collective investment trusts, separate accounts or similar vehicles. All investments being offered will fluctuate in value with market conditions and, when redeemed, may be worth more or less than the amount originally invested.

Investment Managers

Investment managers (including mutual funds, separate account managers and limited sponsors) shall be chosen using the following criteria:

♦ Past performance, considered relative to other investments having the same investment objective. Consideration shall be given to both performance rankings over various time frames and consistency of performance

♦ Costs relative to other funds with like objectives and investment styles

♦ The manager’s adherence to investment style and size objectives

♦ Size of the proposed fund

♦ Length of time the fund/manager has been in existence and length of time it has been under the direction of the current manager(s) and whether or not there have been material changes in the manager’s organization and personnel

♦ The historical volatility and downside risk of each proposed investment
♦ How well each proposed investment complements other assets in the portfolio
♦ The current economic environment

**Investment Monitoring and Control Procedures**

**Reports**

♦ The Record Keeper shall provide the Committee with at minimum quarterly statements for each account subject to this IPS. Such reports shall show values for each asset and all transactions affecting assets within the portfolio, including additions and withdrawals.

♦ The Investment Consultant shall provide the Committee no less frequently than on a quarterly basis and within 30 days of the end of each such period the following management reports:
  
  o Fund performance results over the last quarter, year, 3 years and inception to date period
  o Performance results of comparative benchmarks for the last quarter, year, 3 yrs, and 5 yrs
  o Any recommendations for changes of the above

**Performance Measurement Standards**

The Committee, with the assistance of the Investment Consultant, shall evaluate all Plan investments against appropriate peer groups and index benchmarks the performance measurement standards. The Committee and the Investment Consultant intend to use independent discretion and judgment in determining whether any investments are prudent and suitable for the Plan and its participants and beneficiaries.

Each Plan investment option will be reviewed periodically using the following quantitative and qualitative criteria:

**Quantitative Criteria**

Quantitative factors used in monitoring the Plan's investment options may include, but are not limited to the following:

♦ Expenses
♦ Absolute and relative returns
♦ Risk-adjusted efficiency ratios
♦ Style consistency

Each investment option shall be evaluated and compared to a widely accepted industry benchmark and a relevant peer group. Any investment option that is passively managed shall be evaluated and compared to their respective benchmark for tracking error and expenses.

**Qualitative Criteria**

In addition to the above quantitative criteria, qualitative factors may be monitored to determine the potential exposure to risk that may make an investment option unsuitable as a retirement plan investment option.
The Committee shall have the authority to establish, modify, amend or adjust acceptable performance measurement standards by which each investment option is to be evaluated.

Proxy Voting

To the extent any proxies are to be voted, the responsibility to vote shall rest solely with the investment manager(s), unless the investment manager(s) asserts it is not legally permitted to vote the proxy, in which case the responsibility to vote will rest with the Committee.

Investment Option Removal Procedure

The Committee, with the assistance of the Investment Consultant, shall maintain a "Watch List" for investment options that are not meeting certain objectives. An investment option will be placed on the "Watch List" when the Committee determines that the option selected for the Plan fails to meet the criteria set forth in the performance measurement standards for a period of time to be determined by the Committee, but no less than two consecutive quarters.

Final selection, replacement and/or removal of an investment option from the line-up shall be completed only after conducting a thorough review of the identified investment option.

If the Committee decides that an investment option should be eliminated and replaced with an appropriate alternative option, the following principles are among those that may be applied:

- The costs and fees of replacing an investment option should be identified and evaluated.
- Deleting an investment option or replacing it will not involve a prohibited transaction (e.g., there will be no conflicts of interest).

Should an investment option replacement or elimination be necessary, the Committee intends to satisfy the requirements for a qualified change as defined in ERISA Section 404(c)(4) by mapping the assets from the option replaced or eliminated to an alternative with reasonably similar characteristics, when available, and by mapping only the accounts of those participants who do not provide instructions contrary to the mapping instructions before the effective date.

Termination of a Manager

Selection of the appropriate approach will be determined based on the least disruption for the participants.

1. Freeze the assets managed by the ‘to be’ terminated fund and direct new assets to a replacement fund.
2. Gradually phase out the fund over a one year period.
3. Continue offering the fund but add another peer choice manager.
4. Remove the fund and provide a replacement fund into which all current assets will be moved.

Should there be a blackout period, as defined in ERISA Section 101(i)(7)(A), resulting from the replacement or elimination of an option, a provider (vendor) change, or for any other reason, the Committee intends to satisfy the requirements for authorizing and implementing such blackout period in order to qualify for the relief from fiduciary liability provided under ERISA Section 404(c)(1)(B).
Committee Review of Investment Performance Reports

Upon receipt of the reports by the Committee, copies will be provided to each of the Committee members to review and comment. While it is anticipated that the Committee will meet on a regular basis to discuss the reports, the Committee members may alternatively confer through individual conversations, conference calls, and other forums.

Plan Administrative Fees

Costs of recordkeeping Plan investments and (where applicable) the proper use of 12b-1 fees (and related revenue) to offset Plan recordkeeping costs, will be reviewed on a periodic basis.

Monitoring of Participant Investment Behavior

The Committee, with the assistance of the Investment Consultant, will analyze the use of the investment options by the participants at least annually. Based on their findings, the Committee will determine what, if any, changes to the Plan’s services are appropriate.

Review and Revisions

Because of the dynamic nature of the economic environment, developments in financial theories and advances in technology, and changes in applicable laws and regulations, these guidelines, as well as the investment options will be examined both formally and informally on a periodic basis. As such, the Committee reserves the right to amend this IPS at any time it deems necessary, or to comply with changes in federal law. It is also anticipated that the investment options may be changed from time to time.

Participants

The participants in this Plan:
♦ must have the opportunity to choose from a wide range of investment options, consisting of at least three categories with varying risk and return characteristics
♦ must have available on an on-going basis information about the suitability and performance of each choice. At minimum this information will be available quarterly and will include comparative numbers or benchmarks to assist in investment evaluation
♦ will receive full and adequate disclosure about possible investment costs, volatility, losses and market fluctuations to help them make educated investment choices
♦ must have investment choices that are well diversified themselves, so generally mutual funds will be used in the Plan
♦ must have the right to change their investment selections and transfer funds between investment choices at least quarterly

The Plan’s fiduciaries will act prudently and solely in the interest of the Plan's participants and beneficiaries. However, the Plan’s participants incur the risk of the investments that they select. The Committee has a duty to and will disclose to participants the following information (and which the Investment Consultant has agreed to prepare on behalf of the Committee) on a periodic basis:
♦ An explanation that the plan is intended to meet the requirements of Section 404(c) and
that the Plan fiduciaries will be relieved of liability for investment loss resulting from the participant’s investment selections

♦ A description of the available investment alternatives, including investment objectives, risk and return characteristics, type of assets and diversification of the portfolio

♦ Identification of any designated investment managers

♦ Procedures on how to give investment instructions, including a description of any limitations on investment changes and any restrictions on voting and tender rights

♦ A description of any fees, expenses, or charges to participants accounts in connection with any transaction, including sales load, commissions, redemption fees, etc.

♦ The name, address and telephone number of the Plan fiduciary(ies), or the designated agent for the purpose of providing information on demand

♦ If an investment alternative includes employer securities, the Plan procedures designed to ensure confidentiality, and the name, address and telephone number of the Plan fiduciary responsible for monitoring compliance with the confidentiality procedures

♦ A copy of the most recent prospectus for investment alternatives.

Frequency of IPS Review

Investments go through cycles and, therefore, there may be periods of time in which the investment objectives are not met or when specific managers fail to meet their performance expectations. In the absence of specific circumstances requiring immediate action, patience and a longer-term perspective will be employed when evaluating investment performance. The Committee and Investment Consultant will meet annually to review and update this IPS.

Adoption

This Investment Policy Statement is adopted on 2/14/13 by the Retirement Plan Committee of the Independent Colleges of Washington 401(k) Profit Sharing Plan and Trust.

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Violet A. Boyer
President & CEO

Adopted by ICW Board: April 8, 2013
Board Reviewed: April 4, 2016
## Appendix

### INVESTMENT POLICY STATEMENT

Independent Colleges of Washington 401(k) PS Plan and Trust

<table>
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<tr>
<th>Plan Name</th>
<th>Independent Colleges of Washington 401(k) PS Plan and Trust</th>
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<td>Tax ID</td>
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<td>Independent Colleges of Washington</td>
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<tr>
<td>Trustee</td>
<td>Violet Boyer</td>
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</tbody>
</table>
| Plan Administrator | Violet Boyer  
(206) 623-4494  
Violet@ICWashington.org |
| Company Match | See Summary Plan Description (SPD)                        |
| IPS Review Frequency | Annually                                               |
| Meeting Frequency | Annually                                              |
| Satisfy 404(c) Safe Harbor | The Plan is also intended to comply with the provisions of ERISA Section ‘404(c)’. Each Plan participant must be permitted to exercise control over assets in his/her account. The Plan participants are responsible for making their own investment decisions and bear the risk of the investments that they have selected. Participants are also responsible for re-allocating assets according to their personal circumstances and risk tolerance. |

### Assets to be considered under this IPS

The investments in this Plan at inception had an approximate value of $900,000.

The assets in this Plan will be self-directed; each plan participant will be able to make any investment choice(s) of his or her choosing, within the parameters of the investments made available to the Plan as determined by the Trustee. The assets will be custodied at Charles Schwab Trust Company, or at any other custodian as approved by the Trustee.

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