



## Corrections Policy

Administering a retirement Plan can be complex, requiring the processing of high volumes of data from multiple sources. 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 Services Agreement, the Plan Sponsor delegated certain functions to us, including the determination of when self-correction is appropriate and how to calculate any compensation owed to affected participants or others. In certain circumstances, 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 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 any delegated responsibilities.

### 1. General Background and Types of Administration Errors

Despite best efforts, benefit administration mistakes can occur and sometimes for reasons beyond our control. For instance, due to a late submission of a payroll file from the Plan Sponsor’s payroll provider or errors in payroll or census files provided to us, there may be unanticipated delays in executing trades on behalf of participants. 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 a failure to submit Plan Data to us in Good Order (as required by our services agreement), such as if the file is missing, improperly formatted, or includes incorrect data. These delays can also occur if the Plan Sponsor fails to timely confirm with its payroll company that payroll files have been set up consistent with the Plan features that the Plan Sponsor selected.

- 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 the Plan's investment fiduciary; or
- Incorrect calculation of an employer match, for example by excluding items of compensation that should be included to be consistent with 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.

Vestwell's policy regarding compensation to an End User who suffered financial harm as a result of any account takeover, fraudulent transaction, or other illegal or suspicious activities, is addressed in our Fraud Detection Program Overview, incorporated here by reference.

## 2. Self-Correction Procedure

We will resolve these issues as soon as administratively practicable after an issue is discovered. The DOL and IRS understand 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," and no correction is required. Accordingly, Vestwell will not issue compensation for late payroll file processing if we estimate the total compensation due to be less than \$25.00 per payroll file. We will comply with the minimum thresholds set forth in IRS Rev. Proc. 2021-30 regarding overpayments to plan participants of less than \$250.00. For all other errors, we will not issue compensation to any affected participant of less than \$1.00

### Calculating Lost Earnings and other Remediation Methods

Pursuant to the authority we received from the Plan Sponsor in our Services Agreement, we will apply a method that we believe appropriate to calculate any lost earnings for administration errors where the correction costs exceed the "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. Regardless of who 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 unless the Plan Sponsor is using a Third Party Administrator for those services. As stated in our agreement, we will work with the Plan Sponsor to determine the root cause of any errors and responsibility for payment of the correction costs.

Depending on market movements, the outcome of the corrective transactions may result in a gain or a loss to the Plan or certain participants. If the outcome results in a loss, additional compensation for those lost earnings beyond the thresholds of this policy will be paid to affected participants and the source of these funds will be attributed to and paid for by the responsible party, as explained in our Services Agreement. If the outcome results in a gain, and those earnings are not owed by Vestwell to any individual participant, those funds will not be considered assets of any individual Plan, and they will be held by Vestwell for our use in offsetting losses for future corrections.

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, as noted above, Plan Sponsors should expect those calculations to take up to 45 days or more.

#### Notifying Affected Participants

Participants affected by an administration error that impacts the value of their account will be notified and any additional compensation or other adjustment owed to them will appear on the transaction log in their account and quarterly benefit statement. Any additional compensation will be invested consistent with the participants' selected investments as reflected on our platform at the time of payment. 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 the Plan Sponsor if in our view an error necessitates obtaining regulatory approval. The responsibility for payment of filing fees, legal fees, or other expenses to correct the issue will be determined by the facts and circumstances.

#### 4. Apportioning Responsibility for Payment of Correction Costs and Regulatory Approval

As set forth in our Services Agreement, Vestwell will pay for its proportionate share of responsibility. To the extent errors and any resulting losses or penalties are caused by the Plan Sponsor, any Third Party Applications and Providers (as defined in our services agreement), or any other third party that the Plan Sponsor engages separately from Vestwell to support the plan (such as a payroll provider, TPA, or third-party investment fiduciary, or anyone acting on any of their behalf), Vestwell is not responsible for payment of any additional compensation nor related excise taxes, regulatory filings, or other penalties, costs, or damages. We may in some instances for the sake of administrative efficiency advance some of those costs and add them to your next quarterly invoice. If 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 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 our Services Agreement, we do not exercise discretionary control, authority, or management nor do we undertake any fiduciary duties 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 Services Agreement will control in the event of any inconsistency.