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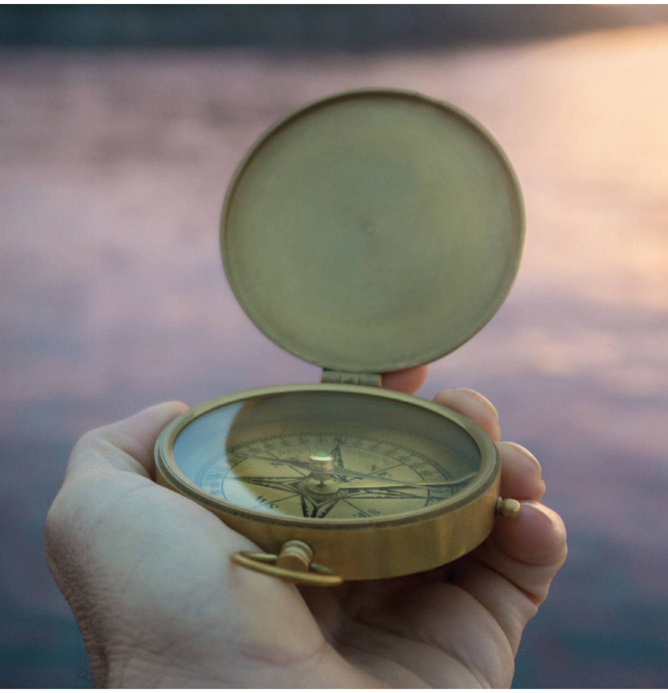
INVEST WITH CONFIDENCE



Fiduciary misperceptions about investment selection and monitoring

DISCOVER THE TRUTHS BEHIND THESE MYTHS.

AN EVOLVING FIDUCIARY LANDSCAPE

Plan sponsors face increasingly complex fiduciary requirements, as well as pressure to provide an optimal plan experience for participants at a reasonable cost. Making investment decisions under these conditions can prove challenging.

In a litigation-prone environment, a fiduciary's thoughtful, logical investment selection and oversight process should guard against misperceptions that are driven more by fear of litigation.

We want to help fiduciaries separate the "news from the noise." On the back, we have identified five misperceptions of fiduciary risk that fiduciaries may want to consider, and home-buying analogies that can help you relate to, and make sense of, it all.

INSIGHTS FOR SUCCESS

Many fiduciaries employ a very thoughtful, thorough process when it comes to selecting and monitoring plan investments. Let us help you understand the realities behind common misperceptions around investment selection.

Or, to explore ways to strengthen your plans and help participants get on a better path to retirement, call us at **800-371-4613**, and visit **troweprice.com/dc**.

T. Rowe Price Investment Services, Inc.

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MYTH #1
Fiduciary imprudence is demonstrated by poor investment performance.

REALITY

It's about the process.

- Actions are judged on the quality of decision making and circumstances at decision time
- Fiduciaries should not be judged solely on results
- Decisions do not have to be perfect, but the process must be prudent

HOUSING ANALOGY

Even if you do everything right when it comes to storm preparation--storms inevitably still happen. That doesn't mean you didn't have a prudent process to reinforce your house.

MYTH #2
The lower cost option is always the safer (and better) option.

REALITY

Fiduciaries should focus on the value-for-cost proposition.

- Consider available alternatives, and understand key dimensions such as investment type, asset class, management strategy, and cost
- Fees cannot be evaluated in a vacuum
- ERISA does not require fiduciaries to "scour the market" for the cheapest option available

HOUSING ANALOGY

The price of a house is determined by numerous factors: location, size, age, and amenities, among others. In other words, would you base a major life decision—like the purchase of a house—solely on the listing price? Or, would you rather base it on the **value** you're getting for that price.

MYTH #3
There's one right method to select investments for all plans.

REALITY

There is no one-size-fits-all approach to investment menus.

- Fiduciaries are entitled to consider participant preferences
- Consideration may be given to participant age and level of investment sophistication
- Fiduciaries may consider whether certain investments may encourage participation or higher savings levels

HOUSING ANALOGY

Each buyer is going to have different priorities and needs. As such, showing a series of one-, and-two bedroom apartments to a growing family of five would be ignoring buyer preferences and may act to discourage a buyer purchase.

MYTH #4
One way to protect participants is to limit investment options.

REALITY

Range of choice and strategies can be appropriate.

- Participant choice is a core attribute of defined contribution plans
- Safe Harbor guidelines help to encourage making available a broad range of investment options
- Safe Harbor guidelines encourage use of investments with different risk and return characteristics

HOUSING ANALOGY

The ability to select from a broad range of homes is best left to the family who is going to live there. A buyer may ultimately choose the urban rowhome over the country estate, but the end decision should come from the person or family making the purchase.

MYTH #5
Follow the herd to limit liability.

REALITY

Fear-based decisions fall short of prudence.

- Fiduciaries are required to act with an "eye single" to the interests of the plan's participants and their beneficiaries
- An ERISA fiduciary's loyalty is to their clients, not to following the crowd or acting out of self-interest
- Nothing can immunize a plan sponsor from litigation risk

HOUSING ANALOGY

In 2008 and 2009, home buyers thought the American dream was another bedroom and granite countertops. In reality, their objective should have been to provide a solid and stable *home* for themselves and their families. It goes beyond making an informed choice. It also involves making that choice for the right reasons.