

**Memorandum to EPC Retirement Plan Participants  
From  
EPC Benefit Resources Inc. Board of Directors**

**JUNE 2, 2017**

**Subject: EPC Retirement Plan Enhancements, Effective July 3, 2017**

The EPC Benefit Resources Inc. (“EPC BRI”) Board is pleased to share with you several important enhancements to the investment fund choices and method for allocating expenses for the Evangelical Presbyterian Church 403(b)(9) Defined Contribution Retirement Plan (“Plan”). Having carefully studied the matter, we believe these enhancements will benefit you in investing for your retirement. You also have received a separate communication from Fidelity Investments (“Fidelity”) explaining these enhancements. The purpose of this memorandum is to provide some additional information and insights into them.

As highlighted in the letter from Fidelity, **NO ACTION IS REQUIRED ON YOUR PART UNLESS YOU WISH TO MAKE CHANGES TO YOUR INVESTMENT ELECTIONS.**

The enhancements to the Plan are summarized as follows:

1. Simplifying investment choices,
2. Changing target retirement date fund offerings (from Fidelity to The Vanguard Group (“Vanguard”)),
3. Reducing overall Fund Investment Management Fees,
4. Providing a different, more equitable and transparent, method (consistent with that now being used in the retirement plan industry) of charging Plan expenses, e.g., Fidelity’s record keeping and analytical services and EPC BRI administration expenses, and
5. Offering the opportunity for Plan participants to invest in many more securities (through a self-directed brokerage window) than only those provided in the core plan offerings.

The following is a more complete description of the Plan enhancements:

1) Investment Fund Menu Simplification: The number of investment funds offered in the Plan has been reduced. This change will simplify participants’ mutual fund choices while maintaining investment categories with similar investment objectives.

2) Target Date Fund Changes: The Fidelity Freedom Funds are being replaced by the Vanguard Target Retirement Date Fund series. This change reduces Fund Investment Management Fees for those currently investing in the actively managed Fidelity Freedom Target Date Funds who choose to invest in the Vanguard Target Retirement Date Fund. The Vanguard Target Retirement Date Funds have a lower cost than the Fidelity Freedom

Target Date Funds and have comparable historical performance for each of these mutual fund types.

3) A different, more equitable and transparent method for allocating fees: The retirement plan industry is in the process of reviewing and analyzing the way administrative expenses and fees are allocated to plan participants. This change is being made possible in part due to more sophisticated recordkeeping systems which can now allocate revenue credits from mutual funds directly back to the participant instead of to the plan as a whole. EPC BRI wants to be sure that participants are aware of (i) all Fidelity and EPC BRI administrative fees and (ii) each individual mutual fund's investment management fees.

Most, but not all, Plan investment funds have shared a portion of their investment management fees with Fidelity. Depending on the mutual fund, these shared credits range from 0.0% to 0.35% of assets invested in the respective mutual fund. The weighted average was 0.18%. In 2016, Fidelity shared a portion of these revenue credits (\$35,000 or 19%) with the Evangelical Presbyterian Church and, as of January 1, 2017, these revenue credits will be shared with EPC BRI. These revenue credits were used to pay a portion of the EPC Plan's administrative expenses. In the future, revenue credits will be directly credited to the individual participant's account (rather than being shared among all Plan participants).

Fidelity's record keeping and services fee will be 0.15% per year of a Plan participant's total Plan assets. Fees will be payable quarterly by each participant based upon average quarterly assets ("Fidelity Billable Recordkeeping Fee"). EPC BRI's administrative fee will be \$7.50 per month per participant (an increase of \$1.50 per month). While the EPC BRI administrative fee will increase, revenue credits, as described above, in some cases, will offset the increased fee.

Enclosed are several examples of how each participant's investment choices will affect his or her fees. This illustrates how some individual participants will have an increase in total fees paid and others will experience reductions in their total fees paid, depending on how their Plan assets may have been invested in the past. We strongly believe that the combination of percent of assets invested and per participant assessment is currently the most equitable manner through which to cover Fidelity's and EPC BRI's fees.

4) Self Directed Brokerage Window: Historically, very few participants utilized the option to invest in many mutual funds through the Self-Directed Brokerage Window. The investment choices available through the Self Directed Brokerage Window have now been expanded to all securities permitted as investments by Fidelity. These continue to include many mutual funds, including faith-based mutual funds, and but also now include corporate stocks, bonds traded on major exchanges, ETFs (Exchange Traded Funds), and many more specialized investment securities. Any participant that has a 401(k) or 403(b) account may roll over that account directly into the Plan. This enhancement also opens to all who are comfortable doing so the ability to invest in many more securities beyond those mutual funds otherwise offered under the Plan.

Again, we are pleased to share this information with you. More information regarding these enhancements will be available in a few weeks and we plan to be on hand at the EPC General Assembly meeting in June to answer any questions you may have about them. We are enthusiastic about these enhancements and thank you for your participation in the Plan. Please do not hesitate to contact the EPC Benefit office at 734-838-6948 or e-mail Don Voyles at [don.voyles@epc.org](mailto:don.voyles@epc.org).

**PLEASE NOTE:**

Please remember that all information appearing in the attached materials and this memorandum is subject to the terms and conditions of the Plan. To the extent that there is any information appearing in this memorandum or the attachments that is inconsistent with the terms of the Plan, the terms of the Plan shall control. The EPC and/or the BRI Board reserve the right to amend, modify or terminate the Plan at any time.