



NOTICE

ADOPTION OF TARGET-DATE FUNDS AS RETIREMENT PROGRAM INVESTMENT DEFAULT OPTION

EFFECTIVE APRIL 1, 2011

If you have already made an investment election for your retirement plan account, please disregard this Notice. This Notice is only intended for persons who have not already made an investment election.

The UPAL Retirement Program provides that each participant may self-direct his or her account in any investment at his or her sole discretion. This includes Core Investment Options – the UPAL Funds, Asset Allocation Models and MAP Target-Date Funds – and Self-Directed Options – individual publicly-traded stocks, bonds and mutual funds. Now and at any time in the future, you have the right to change your investment decisions and direct the investment of your retirement plan account in any of the Core or Self-Directed Options.

Background

The Pension Protection Act (PPA) directed the Department of Labor to issue a regulation to assist employers in selecting default investments that best serve the retirement needs of workers who do not direct their own investments. The regulations approved target-date funds as a qualified default investment.

Until now, the Program has utilized the UPAL Conservative Asset Allocation Model as the “default” investment.

Effective April 1, 2011, UPAL is adopting the MAP Target-Date Funds managed by Bank of Oklahoma as the default investment option for the UPAL Retirement Program. This means that any participant in any participating UPAL retirement plan which does not select an investment will ***automatically*** be invested in one of the MAP Target-Date Funds, based on the age of the participant. The Target-Date Funds are well-diversified funds based on the participant’s time horizon and when they will reach age 65. The longer one’s time horizon to retirement, the more aggressive the investments held in the Target-Date Fund.

Overview of Final Regulation

The final regulation provides the following conditions that must be satisfied in order to obtain safe harbor relief from fiduciary liability for investment outcomes:

- Assets must be invested in a “qualified default investment alternative” (QDIA) as defined in the regulation.
- Participants and beneficiaries must have been given an opportunity to provide investment direction, but have not done so.

- A notice generally must be furnished to participants and beneficiaries in advance of the first investment in the QDIA and annually thereafter. The regulation describes the information that must be included in the notice.
- Material, such as investment prospectuses, provided to the plan for the QDIA must be furnished to participants and beneficiaries.
- Participants and beneficiaries must have the opportunity to direct investments out of a QDIA as frequently as from other plan investments, but at least quarterly.
- The rule limits the fees that can be imposed on a participant who opts out of participation in the plan or who decides to direct their investments.
- The plan must offer a “broad range of investment alternatives” as defined in the Department’s regulation under section 404(c) of ERISA.

The final regulation does not absolve fiduciaries of the duty to prudently select and monitor QDIAs.

Qualified Default Investment Alternatives

The final regulation does not identify specific investment products – rather, it describes mechanisms for investing participant contributions. The intent is to ensure that an investment qualifying as a QDIA is appropriate as a single investment capable of meeting a worker’s long-term retirement savings needs. The final regulation identifies two individually-based mechanisms and one group-based mechanism – it also provides for a short-term investment for administrative convenience.

The final regulation provides for four types of QDIAs:

- A product with a mix of investments that takes into account the individual’s age or retirement date (an example of such a product could be a life-cycle or targeted-retirement-date fund);
- An investment service that allocates contributions among existing plan options to provide an asset mix that takes into account the individual’s age or retirement date (an example of such a service could be a professionally-managed account);
- A product with a mix of investments that takes into account the characteristics of the group of employees as a whole, rather than each individual (an example of such a product could be a balanced fund); and
- A capital preservation product for only the first 120 days of participation (an option for plan sponsors wishing to simplify administration if workers opt-out of participation before incurring an additional tax).

Consultant’s Advice

Sovereign Investment Advisors, current consultants to the Program, recommend using the MAP Target-Date Fund as the default investment option for the Program.

Right to Alternative Investment

You have the continuing right to direct the investment of your retirement plan account in one or more of the other investment choices offered under the Program. You may change your investments at any time online or by calling customer service at 800-876-9557.

Additional Information

You may obtain further information about the Program or investment options by contacting UPAL at 918-747-5585 or by visiting the UPAL Web site at www.upal.com.