Your Personal Rate of Return

Your personal rate of return is reported on both your quarterly statement and on Personal Savings Center at www.standard.com/retirement.

Statement Example:

<table>
<thead>
<tr>
<th>Your Current Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your Personal Rate of Return:</td>
</tr>
<tr>
<td>This Quarter .......................... 4.54%</td>
</tr>
<tr>
<td>Year to Date .......................... 3.67%</td>
</tr>
</tbody>
</table>

Personal Savings Center Example (Performance Tab):

<table>
<thead>
<tr>
<th>My Retirement Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your Personal Rate of Return from 01/01/2017 to 03/31/2017 is 9.98%.</td>
</tr>
</tbody>
</table>

Your rate of return is personal. The calculation reports the investment return of your retirement plan account over time.
What Exactly Is Rate of Return?

The rate of return reports the investment return of your retirement plan account over time. It is based on a calculation method that considers the actual timing of contributions and withdrawals within your account.

This percentage shows how the assets in your retirement plan account have increased or decreased in value over the period of time shown. On your statement, rate of return is reported for the previous quarter and the year-to-date. On the website, you can choose to view your return from a menu of specific time periods, or you may select a custom time frame, from two years prior up to the previous business day.

In addition to market fluctuations, the rate-of-return calculation considers the size and timing of both contributions and withdrawals.

Keep in mind that the rate-of-return calculation:

- Is purely informational
- Does not reflect the performance of individual funds or investments
- Does not include any assets you may have outside The Standard
- May not be accurately represented if you had a zero balance during the time period shown (if you joined the plan during that time, for example)

Fund Performance Versus Your Portfolio Performance

Your rate-of-return calculation is tied to the performance of the markets. It will also be affected by large cash flows in or out of your account. As an example, your rate of return would be skewed if you rolled over a lump sum from another account a week before quarter-end.

Calculating your rate of return is not as easy as taking an average of the performance of each investment option in your portfolio. Fund performance information is not personal as it does not take into consideration any of your contributions or account activity. Your rate-of-return calculation, on the other hand, is personal because it is based on the performance of your overall portfolio.
How Is It Calculated?

Financial institutions use different formulas to calculate rate of return. The four elements below each play a part in The Standard’s formula. In each case, daily data is used.

1. **Beginning Balance**: your account’s value in dollars at the start of the period.

2. **Ending Balance**: your account’s value in dollars at the end of the time period.

3. **Total Contributions**: the total amount you contributed during the time period.

4. **Weighted Balance**: the accumulated balance of your account plus the amounts you contributed or withdrew, with consideration of the size and timing of deposits and withdrawals. The amount may be negative if more money left the account than entered it.

**Rate-of-Return Formula**

\[
\frac{\text{Ending Balance} - \text{Beginning Balance} - \text{Total Contributions}}{\text{Weighted Balance}} \times 100 = \text{Rate of Return}
\]

**Examples**

The following example helps illustrate how the rate-of-return calculation works.

<table>
<thead>
<tr>
<th>Account Activity</th>
<th># of Days Invested</th>
<th>Weighted Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>$1,000</td>
<td>365</td>
</tr>
<tr>
<td>Contribution</td>
<td>100</td>
<td>305</td>
</tr>
<tr>
<td>Contribution</td>
<td>50</td>
<td>213</td>
</tr>
<tr>
<td>Contribution</td>
<td>150</td>
<td>91</td>
</tr>
<tr>
<td>Contribution</td>
<td>200</td>
<td>30</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>$1,550</td>
<td></td>
</tr>
</tbody>
</table>

**Investment Return**

(Ending Balance - Beginning Balance - Contributions)

To determine the rate of return, use the numbers from the table and plug them into the formula. The top line represents the investment return; the bottom line is the weighted balance.

\[
\frac{1,550 - 1,000 - 500}{1,166} \times 100 = 4.29\%
\]

The 4.29% represents the personal rate of return over this time period.
Questions?
To learn more about your rate of return, contact a customer service representative at 800.858.5420 or email savings@standard.com.

1 Outside assets (for example, self-directed brokerage accounts) are not part of the calculation.
2 This example is hypothetical and for illustrative purposes only and is not indicative of the performance of any specific investment. Investments are subject to market risk and fluctuate in value. Past performance is no guarantee of future results. Investment decisions should not be made on investment returns alone.

Employers and plan participants should carefully consider the investment objectives, risks, charges and expenses of the investment options offered under the retirement plan before investing. The prospectuses for the individual mutual funds and each available investment option in the group annuity contain this and other important information. Prospectuses may be obtained by calling 877.805.1127. Please read the prospectus carefully before investing. Investments are subject to market risk and fluctuate in value.

The Standard is the marketing name for StanCorp Financial Group, Inc., and its subsidiaries. StanCorp Equities, Inc., member FINRA, wholesales a group annuity contract issued by Standard Insurance Company and a mutual fund trust platform for retirement plans. Third-party administrative services are provided by Standard Retirement Services, Inc. Investment advisory services are provided by StanCorp Investment Advisers, Inc., a registered investment advisor. StanCorp Equities, Inc., Standard Insurance Company, Standard Retirement Services, Inc., and StanCorp Investment Advisers, Inc., are subsidiaries of StanCorp Financial Group, Inc., and all are Oregon corporations.