Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2024

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024

A This return/report is for:
- [ ] a multiemployer plan
- [ ] a multiple-employer plan (Filers checking this box must provide participating employer information in accordance with the form instructions.)
- [X] a single-employer plan
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report
- [ ] the final return/report
- [ ] an amended return/report
- [ ] a short plan year return/report (less than 12 months)

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558
- [ ] automatic extension
- [ ] the DFVC program
- [ ] special extension (enter description)

E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. . . . . ▶ [ ]

Part II Basic Plan Information—enter all requested information

1a Name of plan
25 7 MEDIA HOLDINGS LLC 401(K) PROFIT SHARING PLAN & TRUST

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/2009

2a Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)
25 7 MEDIA HOLDINGS LLC

6701 CENTER DR W STE 1111
LOS ANGELES, CA 90045-1552

2b Employer Identification Number (EIN) 27-0596355

2c Plan Sponsor's telephone number 310-869-7050

2d Business code (see instructions) 711510

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	09/11/2025	CHRYSTAL HERNDON
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address [X] Same as Plan Sponsor

3b Administrator's EIN

3c Administrator's telephone number

4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report:

a Sponsor's name LEVITY ENTERTAINMENT GROUP LLC

c Plan Name 25 7 MEDIA HOLDINGS LLC 401(K)

4b EIN

4d PN

5	Total number of participants at the beginning of the plan year	**5**	436
6	Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**).		
a(1)	Total number of active participants at the beginning of the plan year	**6a(1)**	46
a(2)	Total number of active participants at the end of the plan year	**6a(2)**	42
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	157
d	Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d**	199
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	0
f	Total. Add lines **6d** and **6e**.	**6f**	199
g(1)	Number of participants with account balances as of the beginning of the plan year (only defined contribution plans complete this item)	**6g(1)**	422
g(2)	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g(2)**	185
h	Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.	**6h**	0
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

2A 2E 2F 2G 2J 2T 3D 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)

- **(1)** [ ] Insurance
- **(2)** [ ] Code section 412(e)(3) insurance contracts
- **(3)** [X] Trust
- **(4)** [ ] General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

- **(1)** [ ] Insurance
- **(2)** [ ] Code section 412(e)(3) insurance contracts
- **(3)** [X] Trust
- **(4)** [ ] General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- **(1)** [X] **R** (Retirement Plan Information)
- **(2)** [ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** [ ] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary
- **(4)** [ ] **DCG** (Individual Plan Information) – Number Attached _____
- **(5)** [ ] **MEP** (Multiple-Employer Retirement Plan Information)

b General Schedules

- **(1)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [ ] **A** (Insurance Information) – Number Attached 0
- **(4)** [X] **C** (Service Provider Information)
- **(5)** [ ] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☒ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☒ No

11c Enter the Receipt Confirmation Code for the 2024 Form M-1 annual report. If the plan was not required to file the 2024 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2024** **This Form is Open to Public Inspection.**

For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024

A Name of plan
25 7 MEDIA HOLDINGS LLC 401(K) PROFIT SHARING PLAN & TRUST

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
25 7 MEDIA HOLDINGS LLC

D Employer Identification Number (EIN)
27-0596355

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

PAYCHEX SECURITIES CORPORATION
225 KENNETH DRIVE
ROCHESTER, NY 14623

16-1486352

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

BURNHAM GIBSON WEALTH ADVISORS LLC

2050 MAIN STREET
SUITE 510
IRVINE, CA 92614

13-4071393

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
26	ADVISOR	12685	Yes [ ] No [X]	Yes [ ] No [X]		Yes [ ] No [X]

(a) Enter name and EIN or address (see instructions)

PAYCHEX, INC.

911 PANORAMA TRAIL S
ROCHESTER, NY 14625

16-1124166

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15	RECORDKEEPER	5745	Yes [ ] No [X]	Yes [ ] No [X]		Yes [ ] No [X]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

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Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2024

This Form is Open to Public Inspection

For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024

A Name of plan
25 7 MEDIA HOLDINGS LLC 401(K) PROFIT SHARING PLAN & TRUST

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
25 7 MEDIA HOLDINGS LLC

D Employer Identification Number (EIN)
27-0596355

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	0	
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	0
(2) Participant contributions	1b(2)	0	0
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	1420	1564
(2) U.S. Government securities	1c(2)	0	
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	
(B) All other	1c(3)(B)	0	
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	
(B) Common	1c(4)(B)	0	
(5) Partnership/joint venture interests	1c(5)	0	
(6) Real estate (other than employer real property)	1c(6)	0	
(7) Loans (other than to participants)	1c(7)	0	
(8) Participant loans	1c(8)	3554	1543
(9) Value of interest in common/collective trusts	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)	0	0
(11) Value of interest in master trust investment accounts	1c(11)	0	0
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	2375888	2542762
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)	0	0

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)	0	
(2) Employer real property	1d(2)	0	
e Buildings and other property used in plan operation	1e	0	
f Total assets (add all amounts in lines 1a through 1e)	1f	2380862	2545869
Liabilities			
g Benefit claims payable	1g	0	
h Operating payables	1h	0	
i Acquisition indebtedness	1i	0	
j Other liabilities	1j	0	
k Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	2380862	2545869

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	0	
(B) Participants	2a(1)(B)	91494	
(C) Others (including rollovers)	2a(1)(C)	0	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		91494
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	59	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	250	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		309
(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	167425	
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		167425
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		123946
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		383174
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	71764	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		71764
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		0
h Interest expense	2h		
i Administrative expenses:			
(1) Salaries and allowances	2i(1)		
(2) Contract administrator fees	2i(2)	5485	
(3) Recordkeeping fees	2i(3)	0	
(4) IQPA audit fees	2i(4)		
(5) Investment advisory and investment management fees	2i(5)	13173	
(6) Bank or trust company trustee/custodial fees	2i(6)	860	
(7) Actuarial fees	2i(7)		
(8) Legal fees	2i(8)		
(9) Valuation/appraisal fees	2i(9)		
(10) Other trustee fees and expenses	2i(10)		
(11) Other expenses	2i(11)	0	
(12) Total administrative expenses. Add lines **2i(1)** through **(11)**	2i(12)		19518
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		91282
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		291892
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		126885

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [X] Unmodified **(2)** [ ] Qualified **(3)** [ ] Disclaimer **(4)** [ ] Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) [ ] DOL Regulation 2520.103-8 **(2)** [ ] DOL Regulation 2520.103-12(d) **(3)** [ ] neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **(2)** EIN:

d The opinion of an independent qualified public accountant is **not attached** as part of Schedule H because:

(1) [ ] This form is filed for a CCT, PSA, DCG or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l. DCGs do not complete lines 4e, 4f, 4k, 4l, and 5, and DCGs generally complete the rest of Part IV collectively for all plans in the DCG, except as otherwise provided (see instructions).

During the plan year:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	**4a**		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	**4b**		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	**4c**		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	**4d**		X	
e Was this plan covered by a fidelity bond?	**4e**	X		250000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	**4f**		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	**4g**		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	**4h**		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	**4i**	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)	**4j**		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	**4k**		X	
l Has the plan failed to provide any benefit when due under the plan?	**4l**		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	**4m**		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	**4n**		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? [ ] Yes [X] No

If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)
LEVITY LIVE LLC 401(K) PROFIT SHARING PLAN & TRUST	45-2751630	001

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ..... ☐ Yes ☐ No ☐ Not determined

If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2024

This Form is Open to Public Inspection.

For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024

A Name of plan
25 7 MEDIA HOLDINGS LLC 401(K) PROFIT SHARING PLAN & TRUST

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
25 7 MEDIA HOLDINGS LLC

D Employer Identification Number (EIN)
27-0596355

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions ..... | **1** |

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 27-3169253

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year ..... | **3** |

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☒ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) ..... | **6a** |

b Enter the amount contributed by the employer to the plan for this plan year ..... | **6b** |

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) ..... | **6c** |

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☒ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☒ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☒ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that (1) contributed more than 5% of total contributions to the plan during the plan year or (2) was one of the top-ten highest contributors (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment)	**14a**	
b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)	**14b**	
c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete lines (a) and (b):

a Enter the percentage of plan assets held as:
Public Equity: _____% Private Equity: _____% Investment-Grade Debt and Interest Rate Hedging Assets: _____%
High-Yield Debt: _____% Real Assets: _____% Cash or Cash Equivalents: _____% Other: _____%

b Provide the average duration of the Investment-Grade Debt and Interest Rate Hedging Assets:
☐ 0-5 years ☐ 5-10 years ☐ 10-15 years ☐ 15 years or more

20 **PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation._____

Part VII IRS Compliance Questions

21a Does the plan satisfy the coverage and nondiscrimination tests of Code sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules? ☐ Yes ☒ No

21b If this is a Code section 401(k) plan, check all boxes that apply to indicate how the plan is intended to satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under Code sections 401(k)(3) and 401(m)(2).

☐ Design-based safe harbor method

☐ "Prior year" ADP test

☒ "Current year" ADP test

☐ N/A

22 If the plan sponsor is an adopter of a pre-approved plan that received a favorable IRS Opinion Letter, enter the date of the Opinion Letter 08 / 31 / 2020 (MM/DD/YYYY) and the Opinion Letter serial number Q704150A .

Report on Paychex, Inc.'s Description of Its Retirement Services System and on the Suitability of the Design and Operating Effectiveness of Controls Throughout the Period October 1, 2023 to September 30, 2024

Prepared in accordance with:
AT-C Section 320, Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting

This report is intended solely for use by the management of Paychex, Inc., its user entities, and the independent auditors of its user entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

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Section I - Report of Independent Service Auditors

Report of Independent Service Auditors

To the Management of Paychex, Inc.

Scope

We have examined Paychex, Inc.'s (the "Service Organization") description of its Retirement Services system (the "system") entitled "Paychex, Inc.'s Description of Its Retirement Services System" for processing user entities' transactions throughout the period October 1, 2023 to September 30, 2024 (the "description") and the suitability of the design and operating effectiveness of the controls included in the description to achieve the related control objectives stated in the description, based on the criteria identified in "Paychex, Inc.'s Assertion" (the "assertion"). The controls and control objectives included in the description are those that management of the Service Organization believes are likely to be relevant to user entities' internal control over financial reporting, and the description does not include those aspects of the system that are not likely to be relevant to user entities' internal control over financial reporting.

The information included in Section V "Other Information Provided by Paychex, Inc. That is Not Covered by the Service Auditors' Report" is presented by management of the Service Organization to provide additional information and is not a part of the description. Information about the Service Organization's other information has not been subjected to the procedures applied in the examination of the description and of the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the description.

The Service Organization uses subservice organizations for general information technology controls, trading-related services, and developing and maintaining the application OmniPlus. The description in Sections III and IV includes only the control objectives and related controls of the Service Organization and excludes the control objectives and related controls of the subservice organizations. The description also indicates that certain control objectives specified in the description can be achieved only if complementary subservice organization controls assumed in the design of the Service Organization's controls are suitably designed and operating effectively, along with the Service Organization's related controls. Our examination did not extend to controls of the subservice organizations, and we have not evaluated the suitability of design or operating effectiveness of such complementary subservice organization controls.

The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls assumed in the design of the Service Organization's controls are suitably designed and operating effectively, along with the Service Organization's related controls. Our examination did not extend to such complementary user entity controls, and we have not evaluated the suitability of the design or operating effectiveness of such complementary user entity controls.

Service organization's responsibilities

In Section II, the Service Organization has provided an assertion about the fairness of the presentation of the description and suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description. The Service Organization is responsible for preparing the description and the assertion, including the completeness, accuracy, and method of presentation of the description and the assertion, providing the services covered by the description, specifying the control objectives and stating them in the description, identifying the risks that threaten the achievement of the control objectives, selecting the criteria stated in the assertion, and designing, implementing, and

documenting controls that are suitably designed and operating effectively to achieve the related control objectives stated in the description.

Service auditors' responsibilities

Our responsibility is to express an opinion on the fairness of the presentation of the description and on the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our examination to obtain reasonable assurance about whether, in all material respects, based on the criteria in management's assertion, the description is fairly presented and the controls were suitably designed and operating effectively to achieve the related control objectives stated in the description throughout the period October 1, 2023 to September 30, 2024. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of the service organization's controls to achieve the related control objectives stated in the description involves

- performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description based on the criteria in management's assertion.
- assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description.
- testing the operating effectiveness of those controls that management considers necessary to provide reasonable assurance that the related control objectives stated in the description were achieved.
- evaluating the overall presentation of the description, suitability of the control objectives stated in the description, and suitability of the criteria specified by the service organization in its assertion in Section II.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

Inherent limitations

The description is prepared to meet the common needs of a broad range of user entities and their auditors who audit and report on user entities' financial statements and may not, therefore, include every aspect of the system that each individual user entity may consider important in its own particular environment. Because of their nature, controls at a service organization or a subservice organization may not prevent, or detect and correct, all misstatements in processing or reporting transactions. Also, the projection to the future of any evaluation of the fairness of the presentation of the description, or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives, is subject to the risk that controls at a service organization or a subservice organization may become ineffective.

Description of tests of controls

The specific controls tested and the nature, timing, and results of those tests are listed in Section IV.

Opinion

In our opinion, in all material respects, based on the criteria described in Paychex, Inc.'s Assertion in Section II,

a. the description fairly presents the system that was designed and implemented throughout the period October 1, 2023 to September 30, 2024.

b. the controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period October 1, 2023 to September 30, 2024 and subservice organizations and user entities applied the complementary controls assumed in the design of the Service Organization's controls throughout that period.

c. the controls operated effectively to provide reasonable assurance that the control objectives stated in the description were achieved throughout the period October 1, 2023 to September 30, 2024 if complementary subservice organization and user entity controls assumed in the design of the Service Organization's controls operated effectively throughout that period.

Restricted use

This report, including the description of tests of controls and results thereof in Section IV, is intended solely for the information and use of management of Paychex, Inc., user entities of the system during some or all of the period October 1, 2023 to September 30, 2024, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting ("independent auditors") and have a sufficient understanding to consider it, along with other information, including information about controls implemented by subservice organizations and user entities of the system themselves, when assessing the risks of material misstatements of user entities' financial statements. This report is not intended to be, and should not be, used by anyone other than these specified parties. If report recipients are not user entities of the system during some or all of the period October 1, 2023 to September 30, 2024 or their independent auditors (herein referred to as a "non-specified user") and have obtained this report, or have access to it, use of this report is the non-specified user's sole responsibility and at the non-specified user's sole and exclusive risk. Non-specified users may not rely on this report and do not acquire any rights against PricewaterhouseCoopers LLP as a result of such access. Further, PricewaterhouseCoopers LLP does not assume any duties or obligations to any non-specified user who obtains this report and/or has access to it.

Fairport, New York
January 16, 2025

Section II - Paychex, Inc.'s Assertion

PAYCHEX

HR | Payroll | Benefits | Insurance

Paychex, Inc.'s Assertion

We have prepared the description of Paychex, Inc.'s Retirement Services system (the "system") entitled "Paychex, Inc.'s Description of Its Retirement Services System" for processing user entities' transactions throughout the period October 1, 2023 to September 30, 2024 (the "description") for user entities of the system during some or all of the period October 1, 2023 to September 30, 2024, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by subservice organizations and user entities of the system themselves, when assessing the risks of material misstatement of user entities' financial statements.

Paychex, Inc. uses subservice organizations for general information technology controls, trading-related services, and developing and maintaining the application OmniPlus. The description includes only the control objectives and related controls of Paychex, Inc. and excludes the control objectives and related controls of the subservice organizations. The description also indicates that certain control objectives specified in the description can be achieved only if complementary subservice organization controls assumed in the design of our controls are suitably designed and operating effectively, along with Paychex, Inc.'s related controls. The description does not extend to controls of the subservice organizations.

The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls assumed in the design of Paychex, Inc.'s controls are suitably designed and operating effectively, along with Paychex, Inc.'s related controls. The description does not extend to controls of the user entities.

We confirm, to the best of our knowledge and belief, that

a. the description fairly presents the system made available to user entities of the system during some or all of the period October 1, 2023 to September 30, 2024 for processing their transactions as it relates to controls that are likely to be relevant to user entities' internal control over financial reporting. The criteria we used in making this assertion were that the description

    i. presents how the system made available to user entities of the system was designed and implemented to process relevant user entity transactions, including, if applicable,

        (1) the types of services provided, including, as appropriate, the classes of transactions processed.

        (2) the procedures, within both automated and manual systems, by which those services are provided, including, as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports and other information prepared for user entities of the system.

        (3) the information used in the performance of the procedures including, if applicable, related accounting records, whether electronic or manual, and supporting information involved in initiating, authorizing, recording, processing, and reporting transactions; this includes the correction of incorrect information and how information is transferred to the reports and other information prepared for user entities.

        (4) how the system captures and addresses significant events and conditions other than transactions.

(5) the process used to prepare reports and other information for user entities.

(6) services performed by a subservice organization, if any, including whether the carve-out method or the inclusive method has been used in relation to them.

(7) the specified control objectives and controls designed to achieve those objectives including, as applicable, complementary user entity controls and complementary subservice organization controls assumed in the design of the service organization's controls.

(8) other aspects of our control environment, risk assessment process, information and communications (including the related business processes), control activities, and monitoring activities that are relevant to the services provided.

ii. includes relevant details of changes to the system during the period covered by the description.

iii. does not omit or distort information relevant to the system, while acknowledging that the description is prepared to meet the common needs of a broad range of user entities of the system and their user auditors, and may not, therefore, include every aspect of the system that each individual user entity of the system and its auditor may consider important in its own particular environment.

b. the controls related to the control objectives stated in the description were suitably designed and operating effectively throughout the period October 1, 2023 to September 30, 2024 to achieve those control objectives if subservice organizations and user entities applied the complementary controls assumed in the design of Paychex, Inc.'s controls throughout the period October 1, 2023 to September 30, 2024. The criteria we used in making this assertion were that

i. the risks that threaten the achievement of the control objectives stated in the description have been identified by management of the service organization.

ii. the controls identified in the description would, if operating effectively, provide reasonable assurance that those risks would not prevent the control objectives stated in the description from being achieved.

iii. the controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

Section III - Paychex, Inc.’s Description of Its Retirement Services System

Paychex, Inc.'s Description of its Retirement Services System

Scope of Report

This document was prepared according to the guidance contained in the American Institute of Certified Public Accountants Statement on Attestation Standards and related interpretations and other applicable standards.

This report describes Paychex, Inc.'s ("Paychex" or "the Company") Retirement Services system. AT-C 320 defines "system" as the policies and procedures designed, implemented, and documented by management of the service organization to provide user entities with the services covered by the service auditors' report. Paychex, Inc.'s description of its system identifies the product services covered, the period to which the description relates, the control objectives specified by management, and the related controls.

As part of its overall SOC 1 program, Paychex, Inc.'s management sets and determines the scope and timing of this report. This report addresses Paychex, Inc.'s Retirement Services system, which includes transaction processing using the Human Resources Information System (HRIS) application of Paychex, Inc. This report has been prepared to provide information on the Company's controls that management believes are likely to be relevant to the internal controls for financial reporting for defined contribution plans of HRIS clients. This report describes routine transaction processing for Paychex Inc.'s clients. The term client used throughout this report refers to both individual plan sponsors of single-employer plans serviced by Paychex, Inc. and employers who have adopted and participate in the Paychex Pooled Employer 401(k) Plan, as applicable. Accordingly, it does not describe procedures for conversion of new clients from their prior system to Paychex, Inc's Retirement Services system. The process for the conversion of new clients and related data from their prior recordkeeper to Paychex is not within the scope of this report. Additionally, the services provided by Paychex Retirement, LLC as a Pooled Plan Provider for the Paychex Pooled Employer 401(k) Plan are not within the scope of this report.

This report features the services provided by Paychex, Inc.'s Retirement Services system and focuses on control objectives as they may be relevant to the internal controls for financial reporting for Paychex, Inc.'s clients using the Retirement Services system. The scope of the report covers the business processes that Paychex Inc. has determined are significant to its clients from a financial reporting perspective and the applicable information technology and related processes specific to supporting the Retirement Services system. Paychex Inc.'s management is responsible for the identification of the control objectives and risks, and for the manual and automated controls placed into operation to achieve those objectives. This includes the applicable information technology infrastructure for the Retirement Services system.

This report was developed to cover the large majority of Retirement Services system clients. Therefore, the focus is on the significant business processes and controls that are common to the majority of the Retirement Services System clients of Paychex, Inc. Compliance testing, the initial participant enrollment process, preparation of draft Forms 5500, preparation and dissemination of summary plan descriptions, and summary annual reports are outside the scope of this report. In addition, any unique client situations that are outside of the normal business processes and controls may not be covered by this report. These unique client situations would need to be reviewed individually to determine if they were within the scope of this report.

Subservice Organizations

Paychex uses the Paychex Product Development & Information Technology (PD&IT) function to support the Retirement Services system. PD&IT is divided into functional organizations to meet the technical needs of the various Paychex business units. Paychex, Inc.'s PD&IT function is responsible for information technology services that are common to the Paychex systems and services (common IT services). The description of the PD&IT function included in this report is intended to provide the reader with an understanding of how the PD&IT services are delivered and managed.

This report is intended solely for use by the management of Paychex, Inc., its user entities, and the independent auditors of its user entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Paychex uses other subservice organizations to support the processing of transactions for the Retirement Services system. The control objectives and related controls for the services provided by the subservice organizations are not included in the scope of this report.

Subservice Organization Name	Service Provided
Merrill Lynch	Trading-related services
Fidelity Investors	Trading-related services
Federated Investors	Trading-related services
Transamerica	Trading-related services
Mid Atlantic Trust Company d/b/a American Trust Custody	Trading-related services
Fidelity Information Systems, LLC (FIS)	Develop and maintain the OmniPlus application

Common IT Services

The Retirement Services system is hosted at the Corporate Data Centers (CDCs) near Rochester, New York. The PD&IT function is responsible for various support functions, including application, operating system software, and database change management; network security; operational monitoring and problem management; logical access; physical access; environmental systems; data backup; and scheduling. The PD&IT function manages the CDC facilities and supports the information technology services for various Paychex business units. These processes and controls are managed and delivered as a common set of services to various Paychex business units and are not included within the scope of this report. These common IT services are addressed in the Paychex Information Technology Services system SOC 1 report. The controls in this report rely on general information technology controls in the Information Technology Services system SOC 1.

Table 1 (Internal Control Processes) outlines the PD&IT function control processes for common IT services addressed in the Information Technology Services system SOC 1 report and the control processes that specifically support the Retirement Services system that are included in the scope of this report.

Table 1: Internal Control Processes – Paychex Information Technology Services System SOC 1 Report and Retirement Services System SOC 1 Report

Process Name	Paychex Information Technology Services System SOC 1 Report	Retirement Services System SOC 1 Report
Change Management		
a. Application	·	
b. Operating System (OS) Software	·	
c. Database	·	
Network Security, Operational Monitoring, and Problem Management	·	
Logical Access		
a. Application and Database Access	·	
b. Operating System Access	·	
c. Network Logical Access	·	
Physical Access and Environmental Systems		
a. Physical Access – CDCs	·	
Data Backup	·	
Scheduling	·	
New Plan Setup and Maintenance		·
Cash Receipts		·
Distributions		·
Investment Transaction Processing		·
Investment Recordkeeping		·
Client Statements		·

Overview of Retirement Services Offerings

Paychex is an industry leading human capital management (HCM) company delivering a full suite of technology and advisory services in human resources (HR), employee benefit solutions, insurance, and payroll processing. Paychex served greater than 745,000 small- to medium-sized businesses and their employees as of May 31, 2024. In fiscal 2024, the Company reported $5.132 billion in service revenues. Payroll processing is a key aspect of the Paychex service portfolio. The Company's payroll processing solutions include the calculation, preparation, and delivery of employee payroll checks; production of internal accounting records and management reports; preparation of federal, state, and local payroll tax returns; and collection and remittance of clients' payroll obligations.

By capitalizing on the electronic interfaces between its Payroll Processing and Retirement Services systems, Paychex has made retirement plans readily available and cost-effective for small businesses and their employees. Paychex clients receive a comprehensive recordkeeping and reporting service that includes plan installation; compliance testing; preparation of draft Forms 5500; preparation of summary plan descriptions and summary annual reports; loans, contributions, distributions, and asset transfer processing; and quarterly statements for both clients and plan participants. These quarterly statements, including the year-end statement, provide participants and clients with detailed information about their retirement plan assets and how they are invested. Compliance testing, preparation of draft Forms 5500, preparation and dissemination of summary plan descriptions, and summary annual reports are outside the scope of this report.

The electronic process whereby Paychex processes plan contributions and transfers funds to the designated trading partners (Merrill Lynch, Fidelity Investors, Federated Investors, TransAmerica, or American Trust Custody has been designed with the intent to be secure and seamless. The Paychex Payroll Processing Service handles the electronic withdrawal of employee salary deferrals, as well as any employer contributions obtained from the client's designated bank account. The contributions are deposited to a Master Custody Account, and then forwarded by the Master Custody Account Custodian to Paychex Securities Corporation (PSC), a registered limited broker-dealer and wholly owned subsidiary of Paychex Holdings LLC, which is a wholly owned subsidiary of Paychex Inc., governed by the Financial Industry Regulatory Authority (FINRA), to transmit the client's purchase and redemption orders. The Payroll Processing Service and the services offered at PSC are not within the scope of this report.

For clients utilizing both its Payroll Processing and Retirement Services systems, Paychex collects contributions for each payroll through a Contribution Electronic Funds Transfer (Contribution EFT) from the client's designated bank account, typically on the date of the participant's paycheck that corresponds to the contributions. Typically, the Contribution EFT is deposited in the Master Custody Account on the check date, and PSC forwards participant and plan sponsor or adopting employer investment instructions on the third business day following the date that the Contribution EFT was deposited in the Master Custody Account. On the first business day following the forwarding of the investment instructions, the contributions are transferred from the Master Custody Account to PSC and then remitted to the appropriate trading partner to execute trades based on the investment instructions for investment. Paychex performs plan-level account and participant account valuation daily (5.3). During this process, a reconciliation is performed to help ensure the funds collected and the trades processed match the assets invested with the trading partners (5.4). PSC, Paychex Payroll Processing, and their services are not included within the scope of this report. For clients not utilizing its Payroll Processing system, Paychex deposits contributions in the Master Custody Account as soon as administratively practicable after they are received.

Retirement Plan Products

Paychex helps its clients with plan implementation, certain ongoing compliance with applicable law, employee and employer reporting, participant and employer online access, electronic funds transfer, and other administrative services.

Auto-enrollment is an optional plan feature that allows employers to automatically enroll employees in their company's 401(k) plan and increase overall plan participation. Clients sponsoring single-employer plans can choose from a group of pre-defined investment lineups or customize their investment options within their plan.

If implemented by the plan fiduciary, the Self-Directed Brokerage Account (SDBA) option for 401(k) plans enables participants in employer-sponsored single-employer plans to select investment choices outside the scope of the standard Paychex offerings. This option offers a range of investment choices, including mutual funds, stocks, and bonds. SDBA is designed for the hands-on investor who is willing to accept more responsibility for the management of their retirement portfolio.

The Retirement Service products offered to Paychex clients include:

- **Single-employer 401(k) Plans**
  A single-employer 401(k) Plan is a defined contribution plan sponsored and maintained by an adopting employer (and affiliates or related entities) which allows a participant to defer part of their eligible compensation to the plan on either a pre-tax or after-tax (Roth) basis. The adopting employer may also elect to match participant contributions and/or make a fixed or discretionary profit-sharing contribution.

- **Pooled Employer 401(k) Plan (PEP)**
  A pooled employer 401(k) plan (PEP 401(k)) is a defined contribution plan with a single plan sponsor that can be adopted and maintained by multiple unrelated employers at the same time. PEP 401(k) participants can defer part of their eligible compensation to the PEP 401(k) on either a pre-tax or after-tax (Roth) basis. Each adopting employer may also elect to match participant contributions and/or make a fixed or discretionary profit-sharing contribution.

- **SIMPLE 401(k)**
  A SIMPLE 401(k) plan allows employees to make pre-tax salary deferrals and requires employers to make a contribution. Because of the required employer contributions and immediate 100% vesting, SIMPLE 401(k) plans automatically comply with the Actual Deferral Percentage (ADP) and Top Heavy requirements. SIMPLE 401(k) plans offer limited options to the sponsoring employer. They must also be the exclusive plan maintained by the employer.

- **SIMPLE IRA**
  The employer pays SIMPLE IRA contributions directly to the SIMPLE IRA of the participant. Similar to the SIMPLE 401(k), eligible employees must be permitted to make elective deferrals and the employer is required to make a contribution. The contributions are 100% vested. SIMPLE IRA plans must be the exclusive plan maintained by the employer.

- **Profit Sharing Plan**
  A Profit Sharing Plan is a defined contribution plan in which the employer may make fixed or discretionary employer contributions that are unrelated to the employee's deferral contribution. For discretionary contributions, the employer determines the contribution for each year, if any.

Changes to the Control Environment

As part of ongoing operations, from time to time, Paychex makes changes to the roles and responsibilities of its operations and various support groups for its purposes and to better align the business to serve clients. While there have been no significant changes to the control environment for the period under examination, this report reflects changes to the Paychex Retirement Services system that have occurred during the period.

Relevant Aspects of Paychex, Inc.'s Control Environment, Risk Assessment Process, and Monitoring Controls

Control Environment

The Company's overall philosophy on professional conduct and operating style establishes the framework for other aspects of internal control. The control environment at Paychex involves the following areas:

- Integrity and Ethics
- Organization
- Administration

Integrity and Ethics

The Paychex Mission Statement

Paychex is guided by the following mission statement: "We will be the leading provider of payroll, human resource, and employee benefit services by being an essential partner with America's businesses.

Code of Business Ethics and Conduct

A set of standards for proper business conduct has been published to allow Paychex employees, clients, and suppliers to gain a better understanding of how Paychex wishes to conduct business. The areas addressed include gifts and amenities limits, avoiding misrepresentation, personal conduct, equitable practices, conflicts of interest, and proprietary information. Paychex also has a process for anyone to report corporate misconduct or communicate complaints or concerns. Anyone who has a concern about the conduct of a Paychex executive or other officer, or about the Company's accounting, internal accounting controls, or auditing matters, may communicate that concern directly to the Audit Committee Chairman of the Paychex Board of Directors. Employees can use a toll-free number published on the Company's website to initiate this communication. The Code of Business Ethics and Conduct is documented in the Employee Handbook and updates are communicated to employees annually. New employees receive the Code of Business Ethics and Conduct with their welcome package and must formally acknowledge its receipt via training, which is monitored and tracked by Human Resources. In addition, all employees are required to complete an online training class on the Code of Business Ethics and Conduct annually.

Conflict of Interest Statement

In general, a conflict of interest can be considered to exist if personal interests and activities would damage Paychex business interests and activities. Typical conflicts of interest are outlined in the Code of Business Ethics and Conduct. This communication to employees provides clear guidelines for addressing circumstances that may interfere with an employee's role at Paychex.

Organization

Retirement Services Structure

Paychex Retirement Services is organized into groups that support the administration of defined contribution retirement plans that are intended to be tax-qualified. Management teams consisting of managers and supervisors are established and monitor the quality of internal control performance as part of their normal job functions. Employees performing similar functions are grouped under the same management teams to help ensure consistent management monitoring and oversight practices. Performance management goals are established and evaluated to determine that employees and management teams understand and fulfill their control and monitoring responsibilities. Senior management teams are organized as follows:

- Sales Implementation – Conversion and plan activation (responsible for new/conversion plan setup)
- Customer Service – Responsible for servicing customers and plan participants
- Transaction Integrity – Responsible for processing contributions and loan repayments, distributions and loans, trading, pricing, dividends, and position reconciliation
- Engineering – Responsible for IT-related activities, including software development and database maintenance

The groups are overseen by either supervisors or managers who report to senior level management.

Product Development & Information Technology (PD&IT) Function

The Paychex PD&IT function reports to the Senior Vice President of Product Development and Information Technology. The Paychex PD&IT function manages the CDC facilities near Rochester, NY, and supports the information technology services for various Paychex business units. These processes and controls are managed and delivered as a common set of services to various Paychex business units and are covered in the Paychex Information Technology Services system SOC 1 report. For additional details refer to the associated ITGC SOC 1 report, which should be read in tandem with this Retirement Services report.

Training Center

Paychex is committed to training as an essential part of the success of each employee. Employees require training to gain the product knowledge and professional skills necessary to maintain the Company's standard of service excellence. To this end, the training center provides necessary classroom training to employees. Initial training courses include:

- Product Training
- Computer Systems Training
- Sales Training
- Human Resource Services Training
- Management Training

Ongoing training courses are also conducted. Examples include personnel, professional, and product training.

Training center staff consists of personnel skilled in training techniques, as well as the technical aspects of the courses they are instructing.

Administration

Policies

Personnel policies document the principles that guide the conduct of all Paychex employees. Periodic revisions and updates are released each year. All policies are available to employees in the Employee Handbook. The handbook includes policies on the security of information and assets, non-disclosure, conflict of interest, and standards of behavior.

Published Job Descriptions

Formal job descriptions communicate the general function and specific duties of a position. Job descriptions above a certain grade level are evaluated, graded, and approved by the Job Evaluation Committee. The Committee includes representatives from senior management and the Human Resources department. The manager responsible for a position is included in the process. Any employee hired is provided his/her respective job description, which includes written expectations of the position.

Hiring Practices and Performance Evaluations

The objectives of personnel recruitment are to place qualified persons in respective positions and reduce operating costs by minimizing turnover. To meet these objectives, standard procedures are documented in the procedures manual and followed when filling any vacancies or new positions.

The objective of a performance appraisal is to measure the performance of an individual against the objective standards established for a specific job. The Company's performance appraisal program provides an equitable method to assess an employee's job performance, discuss performance and actions to improve job performance, identify an employee's development needs, and discuss salary.

Specific procedures dictate the timing of performance evaluations for all employees on an annual basis. The Company uses a standard form designed to implement the management by objectives appraisal system. The Human Resources department sends monthly reminders and continues to forward additional reminders until the review is complete.

Risk Assessment

Paychex has placed into operation a risk assessment process to identify and manage risks that could affect the Company's ability to provide reliable information technology service to its customers. This process requires the Company to identify significant risks based on management's knowledge of its operations and input received from the Internal Audit group and the Company's external auditors. For any significant risks identified, management is responsible for implementing appropriate measures to monitor and manage these risks.

Monitoring Controls

Paychex has an Audit Committee that oversees risk assessment and monitoring. Paychex management and supervisory personnel are responsible for monitoring the quality of internal control performance as a routine part of their activities. To help them with this monitoring, the Company developed management reports that measure the results of various processes involved in processing payroll transactions.

Client Satisfaction Monitoring

Client Service management communicates regularly with internal staff and clients to discuss issues and client satisfaction. In addition, clients are surveyed after implementation and annually to determine clients' satisfaction with Paychex products and ongoing service delivery.

Enterprise Support

Enterprise Support is the technical support link between business units and the support departments of Information Technology. Enterprise Support's primary function is to monitor the business units' system operations and availability and resolve application issues. Monitoring and support is conducted 24 hours a day, seven days a week.

Internal Audit Function

The Internal Audit department acts as an independent appraiser of the internal control system of Paychex. The primary objective of the department is to assist management with the effective execution of their responsibilities to customers and shareholders by providing management with assessments on internal control design and operating effectiveness as well as recommendations to enhance internal controls.

The Internal Audit department reports directly to the Company's Audit Committee who oversees the Company's internal control structure. The department has been granted the authority to examine all Company records, reports, and documentation, and to use whatever audit procedures are deemed necessary to accomplish its objectives. Internal Audit has unrestricted access to the Audit Committee of the Board of Directors and senior management. Senior management is responsible for ensuring operating management gives adequate consideration to the findings and recommendations included in audit reports.

The Director of Internal Audit is a member of the Security Governance Council (SGC) (described below) and considers the subject matter discussed during those quarterly meetings when determining the nature, timing and extent of testing related to Information Technology and Information Security.

Security Governance Council

The Security Governance Council's mission is:

- Provide input to the overall strategy, development, coordination, and management of the organization's enterprise security program
- Fulfil the need for an enterprise-wide perspective in coordinating and responding to security risk issues, and incidents

The success of the SGC depends upon an objective understanding of the Company's asset protection issues. The SGC meets quarterly and is chaired by the Chief Information Security Officer. The SGC is comprised of members who understand the business operations, including individuals from Information Technology, Internal Audit, Legal, Human Resources, and Organizational Development, and business unit executives. The recommendations of the SGC are considered when updating the information security policies, control standards, and control procedures.

This report is intended solely for use by the management of Paychex, Inc., its user entities, and the independent auditors of its user entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

General Description of the Retirement Services Controls

Retirement Services receives information from each Paychex payroll branch multiple times per day and directly from non-payroll clients or their delegate. Client information, employee census information, notification of employee termination, and wages, hours, and deductions are transmitted to Retirement Services and stored in Retirement Services' systems. These systems process the information transmitted from the branch or sent by the client or its delegate and perform the necessary recordkeeping functions.

System Overview

The software applications used by Retirement Services are HRIS, TITAN, OmniPlus, and the Participant Web. Paychex developed and supports the HRIS, TITAN, and Participant Web. OmniPlus is a third-party system licensed from the vendor. The vendor provides new releases and periodically updates existing releases of the applications. Changes to OmniPlus (primarily limited to updates and patches) follow the standard Paychex change management process. There were no major application changes made to the above-listed applications during the period.

HRIS

HRIS, a Windows-based application, is used as a recordkeeping product administration database in Retirement Services. This is the system of record that tracks plan-specific information for Paychex clients and client employees.

TITAN

TITAN, a Java process in a Linux environment, is used to receive and send pertinent data between Retirement Services and the payroll branches.

OmniPlus

OmniPlus, a UNIX-based vendor application, is developed and maintained by FIS. The vendor provides new releases and periodically updates existing releases of the applications. Changes to OmniPlus (primarily limited to updates and patches) follow the standard Paychex change management process. The system infrastructure is maintained by Paychex. This is the system of record for financial transactions on all retirement plans at Paychex.

Participant Web

Plan participants can enroll in their respective plan and submit changes to their retirement account using the internet. By logging on to myapps.paychex.com, plan participants can, among other functions, create or change their password, review investment balances, submit investment election changes, request transfers between available investment options, submit deferral percentage changes, request a distribution and/or distribution paperwork, request a loan and/or loan processing documentation, and make a one-time loan payment via ACH. Participant Web requests are automatically processed in HRIS and traded through OmniPlus (4.3). Data interfaces between Participant Web and client HR/payroll systems are not in scope for this report.

Retirement Services Process Flow

Paychex Retirement Services uses an integrated and automated approach to process plan activity. Transaction processing includes various controls and documented procedures to help ensure the authorization, timeliness, and accuracy of transactions processing.

The following financial and non-financial transactions are processed:

- Plan Setup and Maintenance
- Participant Data/Enrollments

- Contributions/Loan Repayments
- Transfers Between Available Investment Options
- Distributions
- Loans
- Dividend and Daily Earnings
- Daily Plan and Participant Account Valuation
- Daily Processing/Trading
- Reconciliations
- Reporting

Plan Setup and Maintenance

Working with the Paychex Sales Representative, the Plan Sponsor or adopting employer provides the data necessary for plan establishment via the new client profile and a comprehensive electronic questionnaire. The Plan Sponsor or adopting employer selects plan features, authorizes a plan adoption agreement, and executes an administrative service agreement, which outlines the terms and conditions for the service. Once finalized, the electronic contract is automatically uploaded to the recordkeeping system where it is reviewed by a dedicated specialist prior to activation (1.2).

Retirement Services has dedicated specialists that set up new and converting clients. These specialists review documents and plan requirements and ensure authorizations are properly executed. Selected plan provisions are updated in the recordkeeping systems and data integrity checks are performed to verify the accuracy of the information (1.1). System access to set up new plans is provided to a limited number of Human Resource Services (HRS) Specialists. Upon completion, the client receives a welcome package and copies of the draft summary plan description and other plan materials. Authorized client personnel, usually the Plan Sponsor or adopting employer, contact the Client Service Center with any future plan changes and HRS Specialists execute the changes based on the request.

Participant Data/Enrollments

Once the participant has been set up in HRIS, subsequent participant-directed enrollment instructions, including deferral percentages and investment elections, are received directly via paper enrollment forms or online (Participant Web and mobile app enrollments). For participant elections requested through the Participant Web, the participant's user name and password/PIN are required for authorization (4.1). The Participant Web and HRIS systems have built-in edit checks to verify the total investment election entered equals 100%, and that salary deferrals requested are within plan parameters (4.5). A confirmation summary of the participant's account elections and subsequent account changes is generated automatically by the system and sent directly to the participant (via email or hard copy). Additionally, users of the Participant Web who initiate transactions receive an online confirmation statement summarizing investment elections and any changes made to their account after submitting a transaction online through the Participant Web (4.2). The majority of participant enrollments are submitted via the Participant Web. All subsequent enrollment changes by the participant are transmitted back to the respective Paychex payroll system. For clients not using the Paychex Payroll Processing system, Paychex sends notification of the change to the client with instructions to view the details on the specific participant's change via the website.

Retirement services transactions on OmniPlus and HRIS are accurately logged, including the date, time, and name of the individual who initiated the transaction (4.7) An HRS Specialist performs a monthly quality control review on a sample of manual investment elections and deferral percentage changes. Any discrepancies are researched and corrected (4.6).

Contributions/Loan Repayments

Contribution transactions are identified as employee deferrals, employer contributions, catch-up contributions, or loan repayments. For tax purposes, these contributions are identified as pre-tax or after-tax.

Participants fund their accounts through salary deferrals. The relevant payroll information is received by Retirement Services directly from a Paychex payroll branch or directly from the client. For clients using the Paychex Payroll Processing system, contributions for 401(k) deductions for each payroll are collected by Paychex through an EFT (Contribution EFT) from the client's designated bank account, typically on the date of the participant's paycheck that corresponds to the contributions. In such case, the Contribution EFT generally is deposited in the Master Custody Account on check date. Transmission activity is posted to HRIS with its respective effective date based on the file received from payroll (2.6). All wires containing contributions are deposited in the Master Custody Account and logged into Salesforce. Participant rollover contributions and accelerated loan repayments are received with written processing instructions from the participant. Checks are sent to a lockbox in the Master Custody Account. Any checks which are received by the Paychex Operations Center are logged in Salesforce where they are tracked until deposited in the Master Custody Account. For clients not utilizing its Payroll Processing system, Paychex deposits contributions in the Master Custody Account as soon as administratively practicable after they are received.

A listing of outstanding manual contributions is generated on a weekly basis and reviewed by the Client Asset Management Team for items outstanding for more than 10 days. Status updates for these items are documented and resolved (2.2). Contributions are recorded to participant accounts in HRIS based on the request from the participant or the instructions from the employers (2.1). Participant contributions, rollovers, loan repayments, and employer contributions are applied in HRIS based on the participants' specified election directions and percentages and/or the instructions received from the employers. Trades are posted to OmniPlus accordingly based on the information in HRIS (2.5). Identified discrepancies are researched and corrected in a timely manner (2.1).

The OmniPlus application rejects transactions based on pre-defined conditions (e.g., insufficient balance in account, discrepancy in funds data, missing/incorrect participant information) and lists the rejected transactions on the Transaction Reject Report. HRS Specialists review the Transaction Reject Report generated from OmniPlus and correct rejected transactions daily as necessary (2.4).

Transfers between Available Investment Options

Participants can request transfers using the Participant Web and can elect to transfer all or part of their balances among the investment options offered within their plan. Transfers are processed as the sale of one investment and the purchase of another (3.6). A confirmation letter is forwarded to the participant executing the transaction the next business day. Additionally, users of the Participant Web who initiate transactions receive an online confirmation statement summarizing transfer requests made within their account.

Distributions

Distributions include retirement benefit payments, terminations, hardship withdrawals, and in-service withdrawals (each based on one or more qualifying events), plan rollovers, and loan distributions. Qualifying distribution events are identified based on information the client provides to Paychex (i.e., employee status, age, disability, or death, termination of the plan, or other reason for eligibility).

Participants can request distributions in accordance with federal law and their plan provisions through the Participant Web or by submitting the necessary paperwork. All distribution request paperwork must be approved by an authorized party prior to processing (3.1). For distributions requested through the Participant Web, the participant's user name and password/PIN are required for authorization (3.3). HRIS performs edit checks to verify that the plan/participant distribution requests are eligible (3.5). Participants also receive distribution notices when it is time to take a Required Minimum Distribution or automatically when their termination date prompts the generation through the Paychex payroll

process. Involuntary distributions, Qualified Domestic Relations Order (QDRO), death, and hardship distributions require written authorization from the Plan Administrator. Participant distributions, including loans, rollovers, and lump sums, are made based on the required information detailed in the distribution requests (3.2). The distribution process includes sale of the plan assets, formal reconciliation of the participant accounts, and issuance of the funds to the participant by check, or Automated Clearing House (ACH) credit. Distribution requests are logged in HRIS accurately and processed timely. Issues identified are investigated and resolved (3.4).

For taxable distributions or withdrawals, including retirement benefit payments, termination, hardship withdrawals, and in-service withdrawals (each based on qualifying distribution events), applicable federal and state taxes are calculated and withheld from the distribution. Compliance monitors the tax rate updates from the federal and state/territory agencies. Tax rates are manually updated in HRIS and the application is configured to accurately apply tax withholding rate information (3.7). The appropriate tax notifications as well as the electronic transfer of funds to the applicable tax or regulatory agencies are prepared and processed by American Trust Custody and are not within the scope of this report.

The non-vested portion of the distribution amounts, if any, are treated as forfeited funds. Vesting is automatically applied by HRIS based on the schedule authorized by the Adopting Employer in the Adoption Agreement, taking into account participant eligibility data. Quarterly, HRS Specialists review the accuracy of vesting percentages for a selection of clients using the Quarter End Package Verification checklists (5.5). Exceptions are documented and resolved. When a participant takes a distribution, the vesting percentage from HRIS is automatically sent to OmniPlus before the distribution is processed. Some distribution types are manually entered into OmniPlus (i.e., splits and partials) and require the HRS Specialist to update the vesting percentage in OmniPlus to ensure consistency with HRIS before the distribution is processed. When a terminated participant takes a distribution, all forfeitures (non-vested funds) are automatically calculated accurately based on the plan provisions and participant vesting, and applied to the client's account timely. On an annual basis, the Adopting Employer may choose to either have forfeiture funds allocated by Paychex to eligible participants or to offset plan expenses or annual employer contributions (5.6).

Loans

Participants can request loans in accordance with federal law and their Plan provisions either through the Participant Web or by submitting the necessary paperwork. Each loan must be approved by an authorized party prior to processing (3.1). For loans requested through the Participant Web, the participant's user name and password/PIN are required for authorization (3.3). The loan request process includes the determination of participant eligibility and loan criteria in accordance with the Plan's Basic Plan Document, summary plan description, and the service agreement defining requirements, roles, and responsibilities for the Plan Loan Program. Relevant loan documents and disclosures are provided online. For loans not initiated via the Participant Web, all loan documents, consisting of the Loan Application and basic approval forms for check issuance and repayment instructions, are directly mailed to the participant. Upon return receipt, the Loan Application is reviewed by Loan and Distribution Specialists, the trade instructions are completed, and the funds are distributed by check or ACH credit to the participant requesting the loan. HRIS performs edit checks to verify that the plan/participant distribution requests are eligible and that the requested amount of the loan is allowed (3.5). Participant distributions, including loans, rollovers, and lump sums, are made completely and accurately based on the required information detailed in the distribution requests (3.2). Loan requests are logged in HRIS accurately and processed timely. Issues identified are investigated and resolved (3.4). The participant payroll deduction order is created, and the loan balance is reduced when subsequent deductions are received. All loan repayment information is transmitted back to the respective Paychex Payroll Processing system. For clients not utilizing its Payroll Processing system, Paychex sends notification of the participant loan to the client. Loans are documented on a Disbursement Register. Loan defaults are controlled systematically and late payment notification letters are sent to the participant and the client. When defaults occur, they are reported to the participant on the IRS Form 1099-R.

Dividend and Daily Earnings

The HRS Supervisor, Team Lead, or Senior Specialist reviews a random sample of funds monthly and compares the dividend information to an external source to ensure the accuracy of the information in HRIS. The HRS Supervisor, Team Lead, or Senior Specialist signs off that the review was completed (5.1). Dividends, daily interest income, and capital gain earnings are accrued and posted based on net asset value, record date, payable date, reinvest date, and beginning and ending accrual dates, as applicable. OmniPlus automatically calculates and posts dividend/earnings activity to participant accounts completely and accurately based on the participant accounts holding percentage (5.2). The recordkeeping system balances are reconciled with the trading partner balances daily.

Daily Plan and Participant Account Valuation

After the market closes each day, price information is received electronically from trading partners and trades are formatted and posted to participant accounts. Prices are applied to the transactions resulting from the current day's trades. Prices provided by the respective providers are used to value plan and participant accounts daily. A valuation is automatically performed by the OmniPlus application and updates are applied completely and accurately to HRIS plan and the participant accounts (5.3).

Daily Processing/Trading

Daily processing includes plan and employee maintenance, trade preparation, the trading process, trading partner instructions, and bank account and investment reconciliation.

The defined contribution retirement plans process trade instructions daily. Each trading partner receives trade files and confirms the receipt of buy and sell instructions. Purchase and Sales Blotters are systematically generated to allow for the reconciliation of trades and update of client records.

Contribution, Loan, and Distribution data are received for edit processing prior to trading each day. Plan updates and employee changes are included during the trading process. The Participant Web references the most current participant data.

Requests from the Participant Web are automatically processed in HRIS and traded through OmniPlus accurately and timely (4.3). Prior to the nightly trade process, fund transfers initiated through the Participant Web and not processed automatically (e.g., due to insufficient funds, self-directed brokerage accounts, etc.) are generated on the Transcompare Report reviewed by the HRS Specialist and resolved, as necessary, in a timely manner (4.4).

Reconciliations

After the trading partner has received and processed the trade file, a confirmation file is electronically delivered back to Paychex. A Purchase and Sales Blotter is generated. The Purchase and Sales Blotter indicates if each transaction from the prior day was confirmed or rejected by the trading partners. Trade Reconciliation Specialists reconcile purchase and sale activity with the trading partners daily. Transactions that are rejected are investigated and followed up on (5.4). 401(k) trade purchase wires are prepared by a Trade Reconciliation Specialist, approved, and released by Treasury Specialist. Some trading partners may net daily purchase and sale transactions, and a net wire may be received by Paychex.

Each day, the trading partners generate and send a position file to Paychex detailing the share balances they hold. Daily, the Trade Reconciliation team reconciles and investigates any discrepancies between this file and the balances in OmniPlus. A formal reconciliation report is produced for the last day of each month, noting the outstanding discrepancies as of that day. This monthly report is signed off by the Trade Reconciliation Specialist and the Trade Reconciliation Supervisor. Differences between this report and the balances Paychex has in OmniPlus are researched and corrected (5.7).

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In addition, Client Funds Accounting Specialists reconcile HRIS and the bank statement. The reconciliation is reviewed by Client Funds Accounting Management. Discrepancies identified are tracked and resolution is documented. (2.3).

Reporting

The HRIS application is configured to produce participant statement files completely and accurately using client and participant information stored in the application (6.3). Samples of the participant summary reports and participant statements are reviewed quarterly by HRS Specialists for completeness and accuracy. Exceptions are documented and resolved in a timely manner (6.2). The Retirement Services websites are configured to provide the participant summary report and the quarterly participant statement (6.1). Individual account balances and participant statements are also available through the Participant Web.

Control Objectives and Related Controls

Paychex, Inc.'s control objectives and related controls are included in Section Four of this report, *Paychex, Inc.'s Control Objectives and Related Controls, and PricewaterhouseCoopers LLP's Description of Tests of Controls and Results*. Although the control objectives and related controls are presented in Section Four, they are nevertheless an integral part of Paychex, Inc.'s description of its system.

Communication

Information Flow from Senior Management to Operations Management

Communication between senior and operations management includes updates when written communication is appropriate, periodic department meetings between each executive and their direct reporting managers, and other discussions as needed. Communication is encouraged at all levels of Paychex.

Operating Procedures Manuals

Manuals help maintain consistent operating procedures and provide a reference to employees in the conduct of their daily responsibilities. Procedures and documentation are maintained and updated online.

Communication with Clients

As part of the Company's commitment to providing quality customer service, Paychex has regular communication between clients and product specialists. Paychex uses and provides many communication methods, including technical help desks; regular written and email updates on payroll regulation and tax changes, retirement services, client surveys, and access to www.paychex.com.

Complementary User Entity Controls

The Retirement Services system was designed with the assumption that certain controls would be implemented by its user entities. In certain situations, the application of specific controls at the user entities is necessary to achieve certain control objectives identified in this report. Therefore, each user entity's internal control structure must be evaluated in conjunction with the internal controls described in this report.

The Company's complementary user entity controls are included in Section Four of this report, *Paychex, Inc.'s Control Objectives and Related Controls, and PricewaterhouseCoopers LLP's Description of Tests of Controls and Results,* to eliminate the redundancy that would result from listing them here in Section Three and repeating them in Section Four. The list of complementary user entity controls presented with certain specified control objectives does not represent a comprehensive list of all the control that should be implemented by user entities. Each user entity must evaluate its own system of internal control to determine if the complementary user entity controls are in place.

Complementary Subservice Organization Controls

The Retirement Services system was designed with the assumption that certain internal controls must be placed in operation by the subservice organizations. The application of such internal controls by the subservice organizations is necessary to achieve certain control objectives identified in this report.

This section describes the subservice organizations and certain controls that should exist at the subservice organizations in order to achieve the control objectives identified in this report.

For the control objectives listed below, Paychex uses subservice organizations to support the achievement of control objectives identified in this report. The subservice organization controls presented below should not be regarded as a comprehensive list of all the controls that should be employed by the subservice organizations.

Subservice Organization	Services Provided	Applicable Control Objective(s)	Complementary Subservice Organization Controls
Paychex PD&IT	General Information Technology Controls	CO1, CO2, CO3, CO4, CO5, CO6	Paychex PD&IT should have general information technology controls in place for change management, network security, operational monitoring and problem management, logical access, physical access, environmental systems, data backup, and scheduling to support the complete, accurate and timely processing and reporting of transactions.
Merrill Lynch, Fidelity Investors, Federated Investors, Transamerica, and American Trust Custody	Trading-related services	CO5	The subservice organization should have controls in place to ensure that accurate mutual fund prices and dividend rates are provided timely. Further, the subservice organization should have controls in place to ensure that trade instructions are executed and confirmed timely, and that accurate fund account balances are reported.
Fidelity Information Systems, LLC (FIS)	Develop and maintain the application OmniPlus	CO2, CO3 CO4, CO5, CO6	The subservice organization should have controls in place for change management to support the complete, accurate, and timely processing and reporting of transactions.

This report is intended solely for use by the management of Paychex, Inc., its user entities, and the independent auditors of its user entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Section IV - Paychex, Inc.'s Control Objectives and Related Controls, and PricewaterhouseCoopers LLP's Description of Tests of Controls and Results

Section IV: Paychex, Inc.'s Control Objectives and Related Controls, and PricewaterhouseCoopers LLP's Description of Tests of Controls and Results

This section includes:

- Paychex, Inc.'s specified control objectives and related controls, which are an integral component of management's description,
- complementary user entity controls, and
- complementary subservice organization controls.

This section also includes the following information provided by PricewaterhouseCoopers LLP (PwC):

- a description of the tests performed by PwC, and
- the results of PwC's tests of controls.

This report, when combined with an understanding of the controls at user entities, is intended to assist auditors in planning the audit of user entities' financial statements or user entities' internal control over financial reporting and in assessing control risk for assertions in user entities' financial statements that may be affected by controls at Paychex, Inc.

It is the responsibility of each user entity and its independent auditor to evaluate this information in conjunction with the evaluation of internal control over financial reporting at the user entity in order to assess overall internal control. If internal control is not effective at user entities, Paychex, Inc.'s controls may not compensate for such weaknesses.

Description of Tests Performed by PwC

In planning the nature, timing, and extent of our testing of the controls to achieve the control objectives specified in Sections III and IV of the report, we considered aspects of Paychex, Inc.'s control environment, risk assessment process, monitoring activities, and information and communications.

This table clarifies certain terms that may be used in this section to describe the nature of the tests performed:

Test	*Description*
Inquiry	Inquiry of appropriate personnel and corroboration with management
Observation	Observation of the application, performance, or existence of the control
Inspection	Inspection of evidence (e.g., documents or reports) indicating performance of the control
Reperformance	Reperformance of the control

When using information produced (or provided) by the service organization, we evaluated whether the information was sufficiently reliable for our purposes by obtaining evidence about the accuracy and completeness of such information and evaluating whether the information was sufficiently precise and detailed for our purposes.

Control Objective 1: New Plan Setup and Maintenance			
Controls provide reasonable assurance that new plans and modified plans are authorized and are completely and accurately recorded in the system.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
1.1	HRIS performs edits on new plans and modifications of existing plans and participant information so that errors are identified and corrected prior to the implementation of the plan or modification.	**Observation** Observed an HRS Specialist input plan information to determine whether HRIS edit checks were in place and error messages were displayed for invalid data.	No exceptions noted.
		Observation Observed an HRS Specialist perform a plan setup that failed the edit checks to determine whether HRIS prevented the plan setup implementation until the HRS Specialists corrected the errors.	No exceptions noted.
		Observation Observed an HRS Specialist perform a valid plan setup to determine whether HRS successfully processed the plan.	No exceptions noted.
1.2	Prior to processing, the Adoption Agreement document is approved by an authorized party for new plans. Prior to processing, approval is provided by an authorized party for modified plans.	**Inspection** For a sample of new or modified plans, inspected the Adoption Agreement document to determine whether they were approved by an authorized party prior to processing.	No exceptions noted.

Complementary Subservice Organization Controls

- Paychex PD&IT should have general information technology controls in place for change management, network security, operational monitoring and problem management, logical access, physical access, environmental systems, data backup, and scheduling to support the complete, accurate and timely processing and reporting of transactions.

Complementary User Entity Controls

The following controls are to be implemented by the user entity for achievement of the control objective:

- The Adoption Agreement and any subsequent changes to the Adoption Agreement is reviewed and approved by an appropriate and authorized member of client management.
- Written notification of changes to individuals authorized to effect activities is communicated to Paychex timely.
- The plan setup, or modifications after changes have been made, is verified by an appropriate and authorized member of client management.
- The hire, re-hire, and termination status and dates of all employees is verified by an appropriate and authorized member of client management and changes are communicated to Paychex.

Control Objective 2: Cash Receipts			
Controls provide reasonable assurance that cash receipts for contributions, rollovers, and loan repayments are recorded and posted completely and accurately.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
2.1	Cash receipts (checks, wire transfers, and non-payroll ACH transactions) are recorded manually in Salesforce and HRIS is updated to process and post trades to OmniPlus accordingly. Contributions are recorded to participant accounts in HRIS based on the request from the participant or the instructions from the employers. Identified discrepancies are researched and corrected in a timely manner.	**Inspection** For a sample of cash receipts, inspected Salesforce, HRIS and OmniPlus records to determine whether the transaction amounts agreed to the bank statement and whether the contributions were recorded in HRIS as per the request from the participant or the instructions from the employers. If discrepancies were identified inspected evidence that they were researched and corrected.	No exceptions noted.
2.2	The list of outstanding manual contributions are generated on a weekly basis and reviewed by the Client Asset Management Team for items outstanding for more than 10 days. Status updates for these items are documented and resolved.	**Inspection** For a sample of weeks, inspected the list of outstanding manual contributions and supporting evidence to determine whether they were reviewed, there were status updates for items outstanding for more than 10 days, and outstanding items were documented and resolved.	No exceptions noted.
2.3	Client Funds Accounting Specialists reconcile HRIS and the bank statement. The reconciliation is reviewed by Client Funds Accounting Management. Discrepancies identified are tracked and resolution is documented.	**Inspection** For a sample of months, inspected HRIS and the bank statement reconciliation to determine whether the reconciliation was performed as scheduled, discrepancies were tracked, and resolution was documented.	No exceptions noted.
2.4	The OmniPlus application rejects transactions based on pre-defined conditions (e.g., insufficient balance in account, discrepancy in funds data, missing/incorrect participant information) and lists the rejected transactions on the Transaction Reject Report. HRS Specialists review the Transaction Reject Report generated from OmniPlus and correct rejected transactions daily as necessary.	**Inspection** For a sample of days, inspected the Transaction Reject Reports and supporting documentation from OmniPlus to determine whether the reports were reviewed by HRS Specialists and rejected items were corrected as necessary.	No exceptions noted.

Control Objective 2: Cash Receipts			
Controls provide reasonable assurance that cash receipts for contributions, rollovers, and loan repayments are recorded and posted completely and accurately.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
2.5	Participant contributions, rollovers, loan repayments, and employer contributions are applied in HRIS based on the participants' specified election directions and percentages and/or the instructions received from the employers. Trades are posted to OmniPlus accordingly based on the information in HRIS.	**Inspection** For a sampled participant contribution, rollover, loan repayment, and employer contribution, inspected the participant/employer account records in HRIS and OmniPlus to determine whether they were applied and trades posted in accordance with participants' specified election directions and/or employer instructions.	No exceptions noted.
2.6	Contribution EFTs for 401(k) deductions are processed with payroll. Transmission activity is posted to HRIS with its respective effective date based on the file received from payroll. Trades are posted to OmniPlus accurately based on the information in HRIS and the request from the participant.	**Inspection** For a sample of payroll transmissions, including contribution EFTs for 401(k) deductions, inspected transmission activity to determine whether the transmission was posted to HRIS with an effective date and accurately reflected the file received from payroll. **Inspection** Inspected a sampled trade to determine whether the trade posted to OmniPlus accurately in accordance with the information defined in HRIS and the request from the participant.	No exceptions noted. No exceptions noted.

Complementary Subservice Organization Controls

- Paychex PD&IT should have general information technology controls in place for change management, network security, operational monitoring and problem management, logical access, physical access, environmental systems, data backup, and scheduling to support the complete, accurate and timely processing and reporting of transactions.
- The subservice organization should have controls in place for change management to support the complete, accurate, and timely processing and reporting of transactions.

Complementary User Entity Controls

The following controls are to be implemented by the user entity for achievement of the control objective:

- Reconciliations of client bank statement activity for 401(k) contributions to the payroll accounts are performed timely.
- Reconciliations of client bank statement activity for 401(k) contributions sent via checks, wire transfers, and non-payroll ACH are performed timely.
- Updated banking account information is communicated to Paychex in a timely manner.
- Sufficient funds are available in the specified bank account.

Control Objective 3: Distributions			
Controls provide reasonable assurance that distributions including loans, rollovers, and lump sums are authorized, and are recorded completely, accurately, and in a timely manner.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
3.1	Distribution requests, including loans, rollovers, and lump sums, are approved by an authorized party prior to processing.	**Inspection** For a sample of distributions, inspected the requests to determine whether the distribution request including loans, rollovers, and lump sums were approved by an authorized party prior to being processed.	No exceptions noted.
3.2	Participant distributions, including loans, rollovers, and lump sums, are made completely and accurately based on the required information detailed in the distribution requests.	**Inspection** For a sample of distributions, including loans, rollovers, and lump sums, inspected documentation to determine whether the required distribution request was complete. **Inspection** For a sample of distributions, including loans, rollovers, and lump sums, inspected documentation to determine whether the distribution details agreed to HRIS and the distributions were accurate.	No exceptions noted. No exceptions noted.
3.3	For loans and distributions requested through the Participant Web, the participant's user name and password/PIN are required for authorization.	**Observation** Observed an HRS Specialist acting as a participant attempt to access the Participant Web for a loan and distribution request to determine whether the participant's user name and password/PIN were required for authorization.	No exceptions noted.
3.4	Loans and distribution requests are logged in HRIS accurately and processed timely. Issues identified are investigated and resolved.	**Inspection** For a sample of loans and distribution requests, inspected HRIS records and supporting documentation to determine whether the loans and distributions were logged accurately and paid in a timely manner or investigated as required.	No exceptions noted.

Control Objective 3: Distributions			
Controls provide reasonable assurance that distributions including loans, rollovers, and lump sums are authorized, and are recorded completely, accurately, and in a timely manner.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
3.5	HRIS performs edit checks to verify that the plan/participant distribution requests are eligible and that the requested amount of the loan is allowed.	**Observation** Observed an HRIS Specialist attempt to input a distribution request in the application to determine whether edit checks were in place to verify the eligibility of plan/participant distribution requests.	No exceptions noted.
		Observation Observed an HRIS Specialist attempt to process a loan dollar amount over the maximum dollar amount allowed for a participant to determine whether the system prevented the loan.	No exceptions noted.
		Observation Observed an HRIS Specialist attempt to process a loan over the number of loans allowed per participant to determine whether the system prevented the loan.	No exceptions noted.
3.6	Plan asset transfers are requested by authorized personnel and processed accurately as per instructions on the Plan Asset Transfer Form.	**Inspection** For a sample of plan asset transfers, inspected the Plan Asset Transfer Form to determine whether the request was made by authorized personnel.	No exceptions noted.
		Inspection For a sample of plan asset transfers, inspected the wire request and the bank statement to determine whether the plan asset transferred accurately in accordance with the Plan Asset Transfer Form.	No exceptions noted.

Control Objective 3: Distributions			
Controls provide reasonable assurance that distributions including loans, rollovers, and lump sums are authorized, and are recorded completely, accurately, and in a timely manner.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
3.7	Compliance monitors the tax rate updates from the federal and state/territory agencies. Tax rates are manually updated in HRIS and the application is configured to accurately apply tax withholding rate information.	**Inspection** For a sample of states/territories, inspected HRIS and supporting documentation to determine whether compliance monitored tax rate updates from federal and state/territory agencies and whether HRIS was configured with the tax rates as per the respective state/territory agencies.	No exceptions noted.
		Reperformance For a sampled distribution, reperformed the state tax withholding rate information calculation to determine whether HRIS accurately calculated tax withholdings.	No exceptions noted.
		Reperformance For a sampled distribution, reperformed the federal tax withholding rate information calculation to determine whether HRIS accurately calculated tax withholdings.	No exceptions noted.

Complementary Subservice Organization Controls

- Paychex PD&IT should have general information technology controls in place for change management, network security, operational monitoring and problem management, logical access, physical access, environmental systems, data backup, and scheduling to support the complete, accurate and timely processing and reporting of transactions.
- The subservice organization should have controls in place for change management to support the complete, accurate, and timely processing and reporting of transactions.

Complementary User Entity Controls

The following controls are to be implemented by the user entity for achievement of the control objective:

- Qualifying events are identified and reported to Paychex in a timely manner.
- Participant Web password/PIN security is maintained.
- Plan transfer paperwork is reviewed and approved by an authorized member of client management.
- All distributions are reviewed for accuracy, including federal and state/territory tax withholdings on distributions, and discrepancies are reported timely to Paychex for correction.

Control Objective 4: Investment Transaction Processing			
Controls provide reasonable assurance that transactions initiated by the participant are authorized by the participant and recorded completely, accurately, and in a timely manner.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
4.1	For participant elections requested through the Participant Web, the participant's user name and password/PIN are required for authorization.	**Observation** Observed an HRS Specialist acting as a participant attempt to access the Participant Web to determine whether the participant's user name and password/PIN were required for authorization.	No exceptions noted.
4.2	HRIS provides complete and accurate confirmation details to the participant after submitting a transaction online through the Participant Web.	**Observation** Observed an HRS Specialist acting as a participant attempt to process a transaction using the Participant Web to determine whether HRIS presented the participant with complete and accurate transaction details in an online confirmation screen.	No exceptions noted.
4.3	Requests from the Participant Web are automatically processed in HRIS and traded through OmniPlus accurately and timely.	**Inspection** For a request initiated through the Participant Web, inspected the HRIS and OmniPlus systems to determine whether the request was processed and recorded accurately and in a timely manner.	No exceptions noted.
4.4	Prior to the nightly trade process, fund transfers initiated through the Participant Web and not processed automatically are generated on the Transcompare Report. This report is reviewed by the HRS Specialist, and resolved, as necessary, in a timely manner.	**Inspection** For a sample of days, inspected the reconciliation reports and supporting documents to determine whether all fund transfers initiated through the Participant Web but not processed automatically (i.e. due to insufficient funds, self-directed brokerage accounts, etc.) were reviewed by the HRS Specialist and resolved in a timely manner.	No exceptions noted.

Control Objective 4: Investment Transaction Processing			
Controls provide reasonable assurance that transactions initiated by the participant are authorized by the participant and recorded completely, accurately, and in a timely manner.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
4.5	Participant investment election and salary deferral transactions are subject to the automated system edit checks: — Participant Web and HRIS prevent investment election percentages greater than and less than 100% — Participant Web and HRIS prevent salary deferral percentages greater than the amount specified by the client's plan.	**Observation** Observed an HRS Specialist acting as a participant enter investment election percentages greater than and less than 100% to the Participant Web and HRIS to determine whether the system prevented an investment election percentage greater than or less than 100%. **Observation** Observed an HRS Specialist acting as a participant enter salary deferral percentages greater than the amount specified by the client's plan to Participant Web and HRIS to determine whether the system prevented election salary deferral percentages greater than those allowed by the plan. **Observation** Observed an HRS Specialist acting as a participant enter a salary deferral percentage equal to the amount specified in the client plan and an investment election percentage equal to 100% to Participant Web and HRIS to determine whether the system processed the salary deferral and investment election transactions.	No exceptions noted. No exceptions noted. No exceptions noted.
4.6	An HRS Specialist performs a monthly quality control review on a sample of manual investment elections and deferral percentage changes for completeness and accuracy. Any discrepancies are researched and corrected.	**Inspection** For a sample of months, inspected the monthly quality control review and supporting documentation to determine whether the HRS Specialist performed the quality review. **Reperformance** For the selected months, reperformed the quality control review to ensure changes were entered completely and accurately. In the event discrepancies were identified, inspected supporting evidence to confirm they were addressed.	No exceptions noted. No exceptions noted.

Control Objective 4: Investment Transaction Processing			
Controls provide reasonable assurance that transactions initiated by the participant are authorized by the participant and recorded completely, accurately, and in a timely manner.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
4.7	Retirement services transactions on OmniPlus and HRIS are logged, including the date, time, and name of the individual who initiated the transaction accurately.	**Observation** Observed a staff person process a retirement services transaction on both OmniPlus and HRIS to determine whether the transaction logs accurately recorded the date, time, and name of the individual who initiated the transactions.	No exceptions noted.

Complementary Subservice Organization Controls

- Paychex PD&IT should have general information technology controls in place for change management, network security, operational monitoring and problem management, logical access, physical access, environmental systems, data backup, and scheduling to support the complete, accurate and timely processing and reporting of transactions.
- The subservice organization should have controls in place for change management to support the complete, accurate, and timely processing and reporting of transactions.

Complementary User Entity Controls

The following controls are to be implemented by the user entity for achievement of the control objective:

- Participant Web password/PIN security is maintained.
- Participants are provided instructions to review confirmations and to report discrepancies timely to Paychex for correction.
- Their non-Paychex payroll systems are updated for participant changes.

Control Objective 5: Investment Recordkeeping			
Controls provide reasonable assurance that accurate pricing information is received from the trading partners and dividends, earnings, investment trading, vesting, and forfeitures are processed completely, accurately, and timely.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
5.1	Monthly, the dividend information for a random sample of funds is compared to an external source to ensure the accuracy of the information in HRIS. The HRS Supervisor or Team Lead signs off that the review was completed.	**Inspection** For a sample of months, inspected documentation to determine whether the HRS Supervisor or Team Lead reviewed a random sample of funds and compared the dividend information from HRIS to an external source for accuracy and whether they signed off evidencing that the review was completed.	No exceptions noted.
5.2	OmniPlus automatically calculates and posts dividend/earnings activity to participant accounts completely and accurately based on the participant accounts holding percentage.	**Reperformance** For a sampled participant account, recalculated the dividends/earnings that were posted to the participant account to determine whether the OmniPlus application calculated the dividend/earnings completely and accurately based on the participant's account holding percentage.	No exceptions noted.
5.3	On a daily basis, pricing information is received electronically from the trading partners and a valuation is automatically performed by the OmniPlus application and updates are applied completely and accurately to HRIS plan and the participant accounts.	**Inspection** For a sample of days and investments, inspected pricing documentation and system records to determine whether the values in HRIS agreed completely and accurately to the trading partners published price of the investment for the respective dates. **Reperformance** For a sampled participant account, re-calculated the trading activity and account balance based on the pricing information received for that day to determine whether the OmniPlus application calculated the value of the trade and the account accurately using the received pricing information.	No exceptions noted. No exceptions noted.

Control Objective 5: Investment Recordkeeping			
Controls provide reasonable assurance that accurate pricing information is received from the trading partners and dividends, earnings, investment trading, vesting, and forfeitures are processed completely, accurately, and timely.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
5.4	Trade Reconciliation Specialists reconcile purchase and sale activity with the trading partners daily. Transactions that are rejected are investigated and followed up on. 401(k) trade purchase wires are prepared by a Trade Reconciliation Specialist, approved, and released by Treasury Specialist. For trading partners that net daily purchase and sale transactions, a net wire may be received by Paychex and is agreed to the daily bank statement.	**Inspection** For a sample of days and trading partners, inspected the purchase and sale reconciliation to determine whether the transactions received by the trading partner were reconciled to the transactions sent by Paychex.	No exceptions noted.
		Inspection For a sample of days and trading partners, obtained the daily reconciliations and, for a selection of rejected trades, inspected supporting documents to determine whether the rejected trades were investigated and followed up on.	No exceptions noted.
		Inspection For a sample of days and trading partners, inspected supporting documents to determine whether the 401(k) trade purchase wires were prepared by a Trade Reconciliation Specialist, approved, and released by a Treasury Specialist.	No exceptions noted.
		Inspection For a sample of days and trading partners that net daily purchase and sale transactions where a net wire was received by Paychex, inspected the daily bank statement to determine whether the wire amount received was accurate.	No exceptions noted.

Control Objective 5: Investment Recordkeeping			
Controls provide reasonable assurance that accurate pricing information is received from the trading partners and dividends, earnings, investment trading, vesting, and forfeitures are processed completely, accurately, and timely.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
5.5	HRS Specialists review the accuracy of vesting percentages for a selection of clients using the Quarter End Package Verification checklists. Exceptions are documented and resolved.	**Inspection** For a sample of quarters, inspected the Quarter End Package Verification checklists to determine whether the vesting percentage review was conducted and whether exceptions identified were documented and resolved. **Reperformance** For a sampled participant account for each sampled quarter, recalculated the participant's years of service/vesting credit noted in HRIS to determine whether the participant's vesting percentage was accurate based on the vesting schedule and the participant's years of service/vesting credits.	No exceptions noted. No exceptions noted.
5.6	When a terminated participant takes a distribution, all forfeitures (non-vested funds) are automatically calculated accurately based on the plan provisions and participant vesting, and applied to the client's account timely where they can be allocated to eligible employees or used to offset plan expenses.	**Inspection** For a sample of terminated participant forfeitures, inspected client and participant level accounts to determine whether the non-vested portion of the employer contributions were calculated accurately as per the plan documentation and applied to the client account timely.	No exceptions noted.

Control Objective 5: Investment Recordkeeping			
Controls provide reasonable assurance that accurate pricing information is received from the trading partners and dividends, earnings, investment trading, vesting, and forfeitures are processed completely, accurately, and timely.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
5.7	Each day, the trading partners send a position file detailing the share balances they hold. Daily, the Trade Reconciliation team reconciles and investigates any discrepancies between this file and the balances in OmniPlus. A formal reconciliation report is produced for the last day of each month, noting the outstanding discrepancies as of that day. This monthly report is signed off by the Trade Reconciliation Specialist and the Trade Reconciliation Supervisor.	**Inspection** For a sample of days, inspected documentation to determine whether the Trade Reconciliation team reconciled the trading partner position files of share balances to the balances in OmniPlus, discrepancies were investigated, and resolution was documented. **Inspection** For a sample of months, inspected the reconciliation report to determine whether it was signed off by a Trade Reconciliation Specialist and a Trade Reconciliation Supervisor, outstanding discrepancies were investigated, and resolution was documented.	No exceptions noted. No exceptions noted.

Complementary Subservice Organization Controls

- Paychex PD&IT should have general information technology controls in place for change management, network security, operational monitoring and problem management, logical access, physical access, environmental systems, data backup, and scheduling to support the complete, accurate and timely processing and reporting of transactions.
- The subservice organization should have controls in place to ensure that accurate mutual fund prices and dividend rates are provided timely. Further, the subservice organization should have controls in place to ensure that trade instructions are executed and confirmed timely, and that accurate fund account balances are reported.
- The subservice organization should have controls in place for change management to support the complete, accurate, and timely processing and reporting of transactions.

Complementary User Entity Controls

The following controls are to be implemented by the user entity for achievement of the control objective:

- Participants are provided instructions to review distributions for accuracy and to report discrepancies timely to Paychex for correction.
- Participant terminations are identified and reported to Paychex in a timely manner.
- All vesting percentages for terminated participants are reviewed for accuracy and discrepancies are reported timely to Paychex for correction.
- The allocation of forfeitures applied to the client account is communicated to Paychex.

Control Objective 6: Client Statements			
Controls provide reasonable assurance that Participant Summary and Participant Statements are produced completely and accurately.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
6.1	The Retirement Services websites are configured to provide the participant summary report and the quarterly participant statement.	**Inspection** Inspected the Retirement Services websites to determine whether the websites provided the participant summary report and the quarterly participant statement.	No exceptions noted.
		Inspection Inspected the system configurations pertaining to the generation of the participant summary report and quarterly participant statement within the Retirement Services websites.	No exceptions noted.
		Inspection For one sampled client and one sampled participant, inspected the output of the website reports to determine whether the reports were produced with complete and accurate client and participant information as stored in the application.	No exceptions noted.
6.2	Samples of participant summary reports and participant statements are reviewed quarterly by HRS Specialists for completeness and accuracy. Exceptions are documented and resolved.	**Inspection** For a sample of quarters, inspected the checklists and supporting documentation to determine whether the HRS Specialists reviewed a sample of participant summary reports and participant statements for completeness and accuracy. If exceptions were identified, inspected supporting documentation to determine whether they were documented and resolved in a timely manner.	No exceptions noted.

Control Objective 6: Client Statements			
Controls provide reasonable assurance that Participant Summary and Participant Statements are produced completely and accurately.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
6.3	The HRIS application is configured to produce participant statement files completely and accurately using client and participant information stored in the application.	**Inspection** Inspected the HRIS application configuration and generation of the participant statement file to determine whether the HRIS application produced the participant statement file with complete and accurate client and participant information stored in the application.	No exceptions noted.

Complementary Subservice Organization Controls

- Paychex PD&IT should have general information technology controls in place for change management, network security, operational monitoring and problem management, logical access, physical access, environmental systems, data backup, and scheduling to support the complete, accurate and timely processing and reporting of transactions.
- The subservice organization should have controls in place for change management to support the complete, accurate, and timely processing and reporting of transactions.

Complementary User Entity Controls

The following controls are to be implemented by the user entity for achievement of the control objective:

- Review and reconciliation of reports provided by Paychex of plan accounts are performed timely, and written notice of any discrepancies is communicated to Paychex.
- Plan administrators distribute participant statements in a timely manner.

Section V - Other Information Provided by Paychex, Inc. That is Not Covered by the Service Auditors' Report

Other Information

Business Continuity and Recovery

Business Continuity Plans (BCPs) have been developed and are maintained for all mission-critical and business-critical functions within Paychex. The BCPs document plans for the continuation of business activity during an interruption in service. All recovery plans for non-automated business processes are maintained in separate manuals by each business unit. Business unit plans help ensure that the business is prepared with the necessary communications and procedures in place to minimize impact. Within the plan, each point of failure is identified, and steps are documented to restore functionality, duplicate functionality, or provide suitable (even if reduced) alternate functionality. Technical components of the recovery plan, such as platform cutover steps, are stored electronically on a shared drive.

In addition, Paychex maintains a Paychex Recovery Command Team Guide. This guide is activated when the projected recovery time frame exceeds the maximum acceptable downtime or the recovery time frame for the production site or systems is not known for multiple critical functions at any Paychex facility. The objective of the Paychex Recovery Command Team Guide is to ensure that:

- An incident command team structure is in place to manage any size recovery effort.
- Essential personnel are identified and documented.
- Critical information, both electronic and hard copy, is copied and maintained off-site.
- Critical equipment is monitored and recoverable.
- Employees have a place to perform critical functions.
- Voice communication is available and data connectivity is provided to LAN/WAN and mid-frame operations.
- A detailed plan, tested regularly, is in place for performing functions in recovery mode.
- Decision-makers and public relations personnel are available and ready to respond, as necessary.

BCPs are maintained by the Business Continuity and Disaster Recovery department through regularly scheduled reviews with designated subject matter experts. Plans are tested regularly. All test issues are documented and followed up to closure by the Business Continuity team with the appropriate business unit.

Paychex Flex SOC 2 Report

A separate Paychex Flex Retirement Services, Payroll, and Reporting Services System SOC2 report is also issued on an annual basis. The scope of the separate SOC2 report is limited to Paychex Flex Retirement Services, Payroll, and Reporting Services, each of which are made up of multiple end-user applications, along with the associated principal service commitments and system requirements, and the related controls to meet the applicable trust services criteria for the security, availability, and processing integrity categories as set forth in TSP section 100, 2017 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy (AICPA, Trust Services Criteria). For additional details refer to the associated Paychex Flex SOC2 report, which should be read in tandem with this Retirement Services SOC1 report.

Privacy Statement

Paychex is committed to providing cost-effective payroll, payroll tax preparation, human resources, and employee benefits for any size business. To meet that commitment, clients may have to provide Paychex with business, financial, and/or personal information about the clients and individuals. Data privacy, and the privacy of the information provided, is important to us. We use reasonable care to protect data provided to us by or on behalf of our clients or prospective clients from loss, misuse, unauthorized access, disclosure, alteration, and untimely destruction. Our Privacy Policy and applicable service agreements govern personal information collected, processed, or disclosed by Paychex for its own purposes as well as information provided to us as a service provider for our Clients. It covers information collected online as well as offline, including personal data from our Clients about their current and/or prospective workers, as well as workers' dependents and/or family members as needed to provide Services.

For the most up to date information on the Paychex Privacy Policy please visit:
https://www.paychex.com/corporate/security/privacy

Report on Paychex, Inc.'s Description of Its Retirement Services System and on the Suitability of the Design and Operating Effectiveness of Controls Throughout the Period October 1, 2023 to September 30, 2024

Prepared in accordance with:
AT-C Section 320, Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting

This report is intended solely for use by the management of Paychex, Inc., its user entities, and the independent auditors of its user entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

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Section I - Report of Independent Service Auditors

Report of Independent Service Auditors

To the Management of Paychex, Inc.

Scope

We have examined Paychex, Inc.'s (the "Service Organization") description of its Retirement Services system (the "system") entitled "Paychex, Inc.'s Description of Its Retirement Services System" for processing user entities' transactions throughout the period October 1, 2023 to September 30, 2024 (the "description") and the suitability of the design and operating effectiveness of the controls included in the description to achieve the related control objectives stated in the description, based on the criteria identified in "Paychex, Inc.'s Assertion" (the "assertion"). The controls and control objectives included in the description are those that management of the Service Organization believes are likely to be relevant to user entities' internal control over financial reporting, and the description does not include those aspects of the system that are not likely to be relevant to user entities' internal control over financial reporting.

The information included in Section V "Other Information Provided by Paychex, Inc. That is Not Covered by the Service Auditors' Report" is presented by management of the Service Organization to provide additional information and is not a part of the description. Information about the Service Organization's other information has not been subjected to the procedures applied in the examination of the description and of the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the description.

The Service Organization uses subservice organizations for general information technology controls, trading-related services, and developing and maintaining the application OmniPlus. The description in Sections III and IV includes only the control objectives and related controls of the Service Organization and excludes the control objectives and related controls of the subservice organizations. The description also indicates that certain control objectives specified in the description can be achieved only if complementary subservice organization controls assumed in the design of the Service Organization's controls are suitably designed and operating effectively, along with the Service Organization's related controls. Our examination did not extend to controls of the subservice organizations, and we have not evaluated the suitability of design or operating effectiveness of such complementary subservice organization controls.

The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls assumed in the design of the Service Organization's controls are suitably designed and operating effectively, along with the Service Organization's related controls. Our examination did not extend to such complementary user entity controls, and we have not evaluated the suitability of the design or operating effectiveness of such complementary user entity controls.

Service organization's responsibilities

In Section II, the Service Organization has provided an assertion about the fairness of the presentation of the description and suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description. The Service Organization is responsible for preparing the description and the assertion, including the completeness, accuracy, and method of presentation of the description and the assertion, providing the services covered by the description, specifying the control objectives and stating them in the description, identifying the risks that threaten the achievement of the control objectives, selecting the criteria stated in the assertion, and designing, implementing, and

documenting controls that are suitably designed and operating effectively to achieve the related control objectives stated in the description.

Service auditors' responsibilities

Our responsibility is to express an opinion on the fairness of the presentation of the description and on the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our examination to obtain reasonable assurance about whether, in all material respects, based on the criteria in management's assertion, the description is fairly presented and the controls were suitably designed and operating effectively to achieve the related control objectives stated in the description throughout the period October 1, 2023 to September 30, 2024. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of the service organization's controls to achieve the related control objectives stated in the description involves

- performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description based on the criteria in management's assertion.
- assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description.
- testing the operating effectiveness of those controls that management considers necessary to provide reasonable assurance that the related control objectives stated in the description were achieved.
- evaluating the overall presentation of the description, suitability of the control objectives stated in the description, and suitability of the criteria specified by the service organization in its assertion in Section II.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

Inherent limitations

The description is prepared to meet the common needs of a broad range of user entities and their auditors who audit and report on user entities' financial statements and may not, therefore, include every aspect of the system that each individual user entity may consider important in its own particular environment. Because of their nature, controls at a service organization or a subservice organization may not prevent, or detect and correct, all misstatements in processing or reporting transactions. Also, the projection to the future of any evaluation of the fairness of the presentation of the description, or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives, is subject to the risk that controls at a service organization or a subservice organization may become ineffective.

Description of tests of controls

The specific controls tested and the nature, timing, and results of those tests are listed in Section IV.

Opinion

In our opinion, in all material respects, based on the criteria described in Paychex, Inc.'s Assertion in Section II,

a. the description fairly presents the system that was designed and implemented throughout the period October 1, 2023 to September 30, 2024.

b. the controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period October 1, 2023 to September 30, 2024 and subservice organizations and user entities applied the complementary controls assumed in the design of the Service Organization's controls throughout that period.

c. the controls operated effectively to provide reasonable assurance that the control objectives stated in the description were achieved throughout the period October 1, 2023 to September 30, 2024 if complementary subservice organization and user entity controls assumed in the design of the Service Organization's controls operated effectively throughout that period.

Restricted use

This report, including the description of tests of controls and results thereof in Section IV, is intended solely for the information and use of management of Paychex, Inc., user entities of the system during some or all of the period October 1, 2023 to September 30, 2024, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting ("independent auditors") and have a sufficient understanding to consider it, along with other information, including information about controls implemented by subservice organizations and user entities of the system themselves, when assessing the risks of material misstatements of user entities' financial statements. This report is not intended to be, and should not be, used by anyone other than these specified parties. If report recipients are not user entities of the system during some or all of the period October 1, 2023 to September 30, 2024 or their independent auditors (herein referred to as a "non-specified user") and have obtained this report, or have access to it, use of this report is the non-specified user's sole responsibility and at the non-specified user's sole and exclusive risk. Non-specified users may not rely on this report and do not acquire any rights against PricewaterhouseCoopers LLP as a result of such access. Further, PricewaterhouseCoopers LLP does not assume any duties or obligations to any non-specified user who obtains this report and/or has access to it.

Fairport, New York
January 16, 2025

Section II - Paychex, Inc.'s Assertion

PAYCHEX

HR | Payroll | Benefits | Insurance

Paychex, Inc.'s Assertion

We have prepared the description of Paychex, Inc.'s Retirement Services system (the "system") entitled "Paychex, Inc.'s Description of Its Retirement Services System" for processing user entities' transactions throughout the period October 1, 2023 to September 30, 2024 (the "description") for user entities of the system during some or all of the period October 1, 2023 to September 30, 2024, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by subservice organizations and user entities of the system themselves, when assessing the risks of material misstatement of user entities' financial statements.

Paychex, Inc. uses subservice organizations for general information technology controls, trading-related services, and developing and maintaining the application OmniPlus. The description includes only the control objectives and related controls of Paychex, Inc. and excludes the control objectives and related controls of the subservice organizations. The description also indicates that certain control objectives specified in the description can be achieved only if complementary subservice organization controls assumed in the design of our controls are suitably designed and operating effectively, along with Paychex, Inc.'s related controls. The description does not extend to controls of the subservice organizations.

The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls assumed in the design of Paychex, Inc.'s controls are suitably designed and operating effectively, along with Paychex, Inc.'s related controls. The description does not extend to controls of the user entities.

We confirm, to the best of our knowledge and belief, that

a. the description fairly presents the system made available to user entities of the system during some or all of the period October 1, 2023 to September 30, 2024 for processing their transactions as it relates to controls that are likely to be relevant to user entities' internal control over financial reporting. The criteria we used in making this assertion were that the description

    i. presents how the system made available to user entities of the system was designed and implemented to process relevant user entity transactions, including, if applicable,

        (1) the types of services provided, including, as appropriate, the classes of transactions processed.

        (2) the procedures, within both automated and manual systems, by which those services are provided, including, as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports and other information prepared for user entities of the system.

        (3) the information used in the performance of the procedures including, if applicable, related accounting records, whether electronic or manual, and supporting information involved in initiating, authorizing, recording, processing, and reporting transactions; this includes the correction of incorrect information and how information is transferred to the reports and other information prepared for user entities.

        (4) how the system captures and addresses significant events and conditions other than transactions.

(5) the process used to prepare reports and other information for user entities.

(6) services performed by a subservice organization, if any, including whether the carve-out method or the inclusive method has been used in relation to them.

(7) the specified control objectives and controls designed to achieve those objectives including, as applicable, complementary user entity controls and complementary subservice organization controls assumed in the design of the service organization's controls.

(8) other aspects of our control environment, risk assessment process, information and communications (including the related business processes), control activities, and monitoring activities that are relevant to the services provided.

ii. includes relevant details of changes to the system during the period covered by the description.

iii. does not omit or distort information relevant to the system, while acknowledging that the description is prepared to meet the common needs of a broad range of user entities of the system and their user auditors, and may not, therefore, include every aspect of the system that each individual user entity of the system and its auditor may consider important in its own particular environment.

b. the controls related to the control objectives stated in the description were suitably designed and operating effectively throughout the period October 1, 2023 to September 30, 2024 to achieve those control objectives if subservice organizations and user entities applied the complementary controls assumed in the design of Paychex, Inc.'s controls throughout the period October 1, 2023 to September 30, 2024. The criteria we used in making this assertion were that

i. the risks that threaten the achievement of the control objectives stated in the description have been identified by management of the service organization.

ii. the controls identified in the description would, if operating effectively, provide reasonable assurance that those risks would not prevent the control objectives stated in the description from being achieved.

iii. the controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

Section III - Paychex, Inc.’s Description of Its Retirement Services System

Paychex, Inc.'s Description of its Retirement Services System

Scope of Report

This document was prepared according to the guidance contained in the American Institute of Certified Public Accountants Statement on Attestation Standards and related interpretations and other applicable standards.

This report describes Paychex, Inc.'s ("Paychex" or "the Company") Retirement Services system. AT-C 320 defines "system" as the policies and procedures designed, implemented, and documented by management of the service organization to provide user entities with the services covered by the service auditors' report. Paychex, Inc.'s description of its system identifies the product services covered, the period to which the description relates, the control objectives specified by management, and the related controls.

As part of its overall SOC 1 program, Paychex, Inc.'s management sets and determines the scope and timing of this report. This report addresses Paychex, Inc.'s Retirement Services system, which includes transaction processing using the Human Resources Information System (HRIS) application of Paychex, Inc. This report has been prepared to provide information on the Company's controls that management believes are likely to be relevant to the internal controls for financial reporting for defined contribution plans of HRIS clients. This report describes routine transaction processing for Paychex Inc.'s clients. The term client used throughout this report refers to both individual plan sponsors of single-employer plans serviced by Paychex, Inc. and employers who have adopted and participate in the Paychex Pooled Employer 401(k) Plan, as applicable. Accordingly, it does not describe procedures for conversion of new clients from their prior system to Paychex, Inc's Retirement Services system. The process for the conversion of new clients and related data from their prior recordkeeper to Paychex is not within the scope of this report. Additionally, the services provided by Paychex Retirement, LLC as a Pooled Plan Provider for the Paychex Pooled Employer 401(k) Plan are not within the scope of this report.

This report features the services provided by Paychex, Inc.'s Retirement Services system and focuses on control objectives as they may be relevant to the internal controls for financial reporting for Paychex, Inc.'s clients using the Retirement Services system. The scope of the report covers the business processes that Paychex Inc. has determined are significant to its clients from a financial reporting perspective and the applicable information technology and related processes specific to supporting the Retirement Services system. Paychex Inc.'s management is responsible for the identification of the control objectives and risks, and for the manual and automated controls placed into operation to achieve those objectives. This includes the applicable information technology infrastructure for the Retirement Services system.

This report was developed to cover the large majority of Retirement Services system clients. Therefore, the focus is on the significant business processes and controls that are common to the majority of the Retirement Services System clients of Paychex, Inc. Compliance testing, the initial participant enrollment process, preparation of draft Forms 5500, preparation and dissemination of summary plan descriptions, and summary annual reports are outside the scope of this report. In addition, any unique client situations that are outside of the normal business processes and controls may not be covered by this report. These unique client situations would need to be reviewed individually to determine if they were within the scope of this report.

Subservice Organizations

Paychex uses the Paychex Product Development & Information Technology (PD&IT) function to support the Retirement Services system. PD&IT is divided into functional organizations to meet the technical needs of the various Paychex business units. Paychex, Inc.'s PD&IT function is responsible for information technology services that are common to the Paychex systems and services (common IT services). The description of the PD&IT function included in this report is intended to provide the reader with an understanding of how the PD&IT services are delivered and managed.

This report is intended solely for use by the management of Paychex, Inc., its user entities, and the independent auditors of its user entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Paychex uses other subservice organizations to support the processing of transactions for the Retirement Services system. The control objectives and related controls for the services provided by the subservice organizations are not included in the scope of this report.

Subservice Organization Name	Service Provided
Merrill Lynch	Trading-related services
Fidelity Investors	Trading-related services
Federated Investors	Trading-related services
Transamerica	Trading-related services
Mid Atlantic Trust Company d/b/a American Trust Custody	Trading-related services
Fidelity Information Systems, LLC (FIS)	Develop and maintain the OmniPlus application

Common IT Services

The Retirement Services system is hosted at the Corporate Data Centers (CDCs) near Rochester, New York. The PD&IT function is responsible for various support functions, including application, operating system software, and database change management; network security; operational monitoring and problem management; logical access; physical access; environmental systems; data backup; and scheduling. The PD&IT function manages the CDC facilities and supports the information technology services for various Paychex business units. These processes and controls are managed and delivered as a common set of services to various Paychex business units and are not included within the scope of this report. These common IT services are addressed in the Paychex Information Technology Services system SOC 1 report. The controls in this report rely on general information technology controls in the Information Technology Services system SOC 1.

Table 1 (Internal Control Processes) outlines the PD&IT function control processes for common IT services addressed in the Information Technology Services system SOC 1 report and the control processes that specifically support the Retirement Services system that are included in the scope of this report.

Table 1: Internal Control Processes – Paychex Information Technology Services System SOC 1 Report and Retirement Services System SOC 1 Report

Process Name	Paychex Information Technology Services System SOC 1 Report	Retirement Services System SOC 1 Report
Change Management		
a. Application	·	
b. Operating System (OS) Software	·	
c. Database	·	
Network Security, Operational Monitoring, and Problem Management	·	
Logical Access		
a. Application and Database Access	·	
b. Operating System Access	·	
c. Network Logical Access	·	
Physical Access and Environmental Systems		
a. Physical Access – CDCs	·	
Data Backup	·	
Scheduling	·	
New Plan Setup and Maintenance		·
Cash Receipts		·
Distributions		·
Investment Transaction Processing		·
Investment Recordkeeping		·
Client Statements		·

Overview of Retirement Services Offerings

Paychex is an industry leading human capital management (HCM) company delivering a full suite of technology and advisory services in human resources (HR), employee benefit solutions, insurance, and payroll processing. Paychex served greater than 745,000 small- to medium-sized businesses and their employees as of May 31, 2024. In fiscal 2024, the Company reported $5.132 billion in service revenues. Payroll processing is a key aspect of the Paychex service portfolio. The Company's payroll processing solutions include the calculation, preparation, and delivery of employee payroll checks; production of internal accounting records and management reports; preparation of federal, state, and local payroll tax returns; and collection and remittance of clients' payroll obligations.

By capitalizing on the electronic interfaces between its Payroll Processing and Retirement Services systems, Paychex has made retirement plans readily available and cost-effective for small businesses and their employees. Paychex clients receive a comprehensive recordkeeping and reporting service that includes plan installation; compliance testing; preparation of draft Forms 5500; preparation of summary plan descriptions and summary annual reports; loans, contributions, distributions, and asset transfer processing; and quarterly statements for both clients and plan participants. These quarterly statements, including the year-end statement, provide participants and clients with detailed information about their retirement plan assets and how they are invested. Compliance testing, preparation of draft Forms 5500, preparation and dissemination of summary plan descriptions, and summary annual reports are outside the scope of this report.

The electronic process whereby Paychex processes plan contributions and transfers funds to the designated trading partners (Merrill Lynch, Fidelity Investors, Federated Investors, TransAmerica, or American Trust Custody has been designed with the intent to be secure and seamless. The Paychex Payroll Processing Service handles the electronic withdrawal of employee salary deferrals, as well as any employer contributions obtained from the client's designated bank account. The contributions are deposited to a Master Custody Account, and then forwarded by the Master Custody Account Custodian to Paychex Securities Corporation (PSC), a registered limited broker-dealer and wholly owned subsidiary of Paychex Holdings LLC, which is a wholly owned subsidiary of Paychex Inc., governed by the Financial Industry Regulatory Authority (FINRA), to transmit the client's purchase and redemption orders. The Payroll Processing Service and the services offered at PSC are not within the scope of this report.

For clients utilizing both its Payroll Processing and Retirement Services systems, Paychex collects contributions for each payroll through a Contribution Electronic Funds Transfer (Contribution EFT) from the client's designated bank account, typically on the date of the participant's paycheck that corresponds to the contributions. Typically, the Contribution EFT is deposited in the Master Custody Account on the check date, and PSC forwards participant and plan sponsor or adopting employer investment instructions on the third business day following the date that the Contribution EFT was deposited in the Master Custody Account. On the first business day following the forwarding of the investment instructions, the contributions are transferred from the Master Custody Account to PSC and then remitted to the appropriate trading partner to execute trades based on the investment instructions for investment. Paychex performs plan-level account and participant account valuation daily (5.3). During this process, a reconciliation is performed to help ensure the funds collected and the trades processed match the assets invested with the trading partners (5.4). PSC, Paychex Payroll Processing, and their services are not included within the scope of this report. For clients not utilizing its Payroll Processing system, Paychex deposits contributions in the Master Custody Account as soon as administratively practicable after they are received.

Retirement Plan Products

Paychex helps its clients with plan implementation, certain ongoing compliance with applicable law, employee and employer reporting, participant and employer online access, electronic funds transfer, and other administrative services.

Auto-enrollment is an optional plan feature that allows employers to automatically enroll employees in their company's 401(k) plan and increase overall plan participation. Clients sponsoring single-employer plans can choose from a group of pre-defined investment lineups or customize their investment options within their plan.

If implemented by the plan fiduciary, the Self-Directed Brokerage Account (SDBA) option for 401(k) plans enables participants in employer-sponsored single-employer plans to select investment choices outside the scope of the standard Paychex offerings. This option offers a range of investment choices, including mutual funds, stocks, and bonds. SDBA is designed for the hands-on investor who is willing to accept more responsibility for the management of their retirement portfolio.

The Retirement Service products offered to Paychex clients include:

- **Single-employer 401(k) Plans**
  A single-employer 401(k) Plan is a defined contribution plan sponsored and maintained by an adopting employer (and affiliates or related entities) which allows a participant to defer part of their eligible compensation to the plan on either a pre-tax or after-tax (Roth) basis. The adopting employer may also elect to match participant contributions and/or make a fixed or discretionary profit-sharing contribution.

- **Pooled Employer 401(k) Plan (PEP)**
  A pooled employer 401(k) plan (PEP 401(k)) is a defined contribution plan with a single plan sponsor that can be adopted and maintained by multiple unrelated employers at the same time. PEP 401(k) participants can defer part of their eligible compensation to the PEP 401(k) on either a pre-tax or after-tax (Roth) basis. Each adopting employer may also elect to match participant contributions and/or make a fixed or discretionary profit-sharing contribution.

- **SIMPLE 401(k)**
  A SIMPLE 401(k) plan allows employees to make pre-tax salary deferrals and requires employers to make a contribution. Because of the required employer contributions and immediate 100% vesting, SIMPLE 401(k) plans automatically comply with the Actual Deferral Percentage (ADP) and Top Heavy requirements. SIMPLE 401(k) plans offer limited options to the sponsoring employer. They must also be the exclusive plan maintained by the employer.

- **SIMPLE IRA**
  The employer pays SIMPLE IRA contributions directly to the SIMPLE IRA of the participant. Similar to the SIMPLE 401(k), eligible employees must be permitted to make elective deferrals and the employer is required to make a contribution. The contributions are 100% vested. SIMPLE IRA plans must be the exclusive plan maintained by the employer.

- **Profit Sharing Plan**
  A Profit Sharing Plan is a defined contribution plan in which the employer may make fixed or discretionary employer contributions that are unrelated to the employee's deferral contribution. For discretionary contributions, the employer determines the contribution for each year, if any.

Changes to the Control Environment

As part of ongoing operations, from time to time, Paychex makes changes to the roles and responsibilities of its operations and various support groups for its purposes and to better align the business to serve clients. While there have been no significant changes to the control environment for the period under examination, this report reflects changes to the Paychex Retirement Services system that have occurred during the period.

Relevant Aspects of Paychex, Inc.'s Control Environment, Risk Assessment Process, and Monitoring Controls

Control Environment

The Company's overall philosophy on professional conduct and operating style establishes the framework for other aspects of internal control. The control environment at Paychex involves the following areas:

- Integrity and Ethics
- Organization
- Administration

Integrity and Ethics

The Paychex Mission Statement

Paychex is guided by the following mission statement: "We will be the leading provider of payroll, human resource, and employee benefit services by being an essential partner with America's businesses.

Code of Business Ethics and Conduct

A set of standards for proper business conduct has been published to allow Paychex employees, clients, and suppliers to gain a better understanding of how Paychex wishes to conduct business. The areas addressed include gifts and amenities limits, avoiding misrepresentation, personal conduct, equitable practices, conflicts of interest, and proprietary information. Paychex also has a process for anyone to report corporate misconduct or communicate complaints or concerns. Anyone who has a concern about the conduct of a Paychex executive or other officer, or about the Company's accounting, internal accounting controls, or auditing matters, may communicate that concern directly to the Audit Committee Chairman of the Paychex Board of Directors. Employees can use a toll-free number published on the Company's website to initiate this communication. The Code of Business Ethics and Conduct is documented in the Employee Handbook and updates are communicated to employees annually. New employees receive the Code of Business Ethics and Conduct with their welcome package and must formally acknowledge its receipt via training, which is monitored and tracked by Human Resources. In addition, all employees are required to complete an online training class on the Code of Business Ethics and Conduct annually.

Conflict of Interest Statement

In general, a conflict of interest can be considered to exist if personal interests and activities would damage Paychex business interests and activities. Typical conflicts of interest are outlined in the Code of Business Ethics and Conduct. This communication to employees provides clear guidelines for addressing circumstances that may interfere with an employee's role at Paychex.

Organization

Retirement Services Structure

Paychex Retirement Services is organized into groups that support the administration of defined contribution retirement plans that are intended to be tax-qualified. Management teams consisting of managers and supervisors are established and monitor the quality of internal control performance as part of their normal job functions. Employees performing similar functions are grouped under the same management teams to help ensure consistent management monitoring and oversight practices. Performance management goals are established and evaluated to determine that employees and management teams understand and fulfill their control and monitoring responsibilities. Senior management teams are organized as follows:

- Sales Implementation – Conversion and plan activation (responsible for new/conversion plan setup)
- Customer Service – Responsible for servicing customers and plan participants
- Transaction Integrity – Responsible for processing contributions and loan repayments, distributions and loans, trading, pricing, dividends, and position reconciliation
- Engineering – Responsible for IT-related activities, including software development and database maintenance

The groups are overseen by either supervisors or managers who report to senior level management.

Product Development & Information Technology (PD&IT) Function

The Paychex PD&IT function reports to the Senior Vice President of Product Development and Information Technology. The Paychex PD&IT function manages the CDC facilities near Rochester, NY, and supports the information technology services for various Paychex business units. These processes and controls are managed and delivered as a common set of services to various Paychex business units and are covered in the Paychex Information Technology Services system SOC 1 report. For additional details refer to the associated ITGC SOC 1 report, which should be read in tandem with this Retirement Services report.

Training Center

Paychex is committed to training as an essential part of the success of each employee. Employees require training to gain the product knowledge and professional skills necessary to maintain the Company's standard of service excellence. To this end, the training center provides necessary classroom training to employees. Initial training courses include:

- Product Training
- Computer Systems Training
- Sales Training
- Human Resource Services Training
- Management Training

Ongoing training courses are also conducted. Examples include personnel, professional, and product training.

Training center staff consists of personnel skilled in training techniques, as well as the technical aspects of the courses they are instructing.

Administration

Policies

Personnel policies document the principles that guide the conduct of all Paychex employees. Periodic revisions and updates are released each year. All policies are available to employees in the Employee Handbook. The handbook includes policies on the security of information and assets, non-disclosure, conflict of interest, and standards of behavior.

Published Job Descriptions

Formal job descriptions communicate the general function and specific duties of a position. Job descriptions above a certain grade level are evaluated, graded, and approved by the Job Evaluation Committee. The Committee includes representatives from senior management and the Human Resources department. The manager responsible for a position is included in the process. Any employee hired is provided his/her respective job description, which includes written expectations of the position.

Hiring Practices and Performance Evaluations

The objectives of personnel recruitment are to place qualified persons in respective positions and reduce operating costs by minimizing turnover. To meet these objectives, standard procedures are documented in the procedures manual and followed when filling any vacancies or new positions.

The objective of a performance appraisal is to measure the performance of an individual against the objective standards established for a specific job. The Company's performance appraisal program provides an equitable method to assess an employee's job performance, discuss performance and actions to improve job performance, identify an employee's development needs, and discuss salary.

Specific procedures dictate the timing of performance evaluations for all employees on an annual basis. The Company uses a standard form designed to implement the management by objectives appraisal system. The Human Resources department sends monthly reminders and continues to forward additional reminders until the review is complete.

Risk Assessment

Paychex has placed into operation a risk assessment process to identify and manage risks that could affect the Company's ability to provide reliable information technology service to its customers. This process requires the Company to identify significant risks based on management's knowledge of its operations and input received from the Internal Audit group and the Company's external auditors. For any significant risks identified, management is responsible for implementing appropriate measures to monitor and manage these risks.

Monitoring Controls

Paychex has an Audit Committee that oversees risk assessment and monitoring. Paychex management and supervisory personnel are responsible for monitoring the quality of internal control performance as a routine part of their activities. To help them with this monitoring, the Company developed management reports that measure the results of various processes involved in processing payroll transactions.

Client Satisfaction Monitoring

Client Service management communicates regularly with internal staff and clients to discuss issues and client satisfaction. In addition, clients are surveyed after implementation and annually to determine clients' satisfaction with Paychex products and ongoing service delivery.

Enterprise Support

Enterprise Support is the technical support link between business units and the support departments of Information Technology. Enterprise Support's primary function is to monitor the business units' system operations and availability and resolve application issues. Monitoring and support is conducted 24 hours a day, seven days a week.

Internal Audit Function

The Internal Audit department acts as an independent appraiser of the internal control system of Paychex. The primary objective of the department is to assist management with the effective execution of their responsibilities to customers and shareholders by providing management with assessments on internal control design and operating effectiveness as well as recommendations to enhance internal controls.

The Internal Audit department reports directly to the Company's Audit Committee who oversees the Company's internal control structure. The department has been granted the authority to examine all Company records, reports, and documentation, and to use whatever audit procedures are deemed necessary to accomplish its objectives. Internal Audit has unrestricted access to the Audit Committee of the Board of Directors and senior management. Senior management is responsible for ensuring operating management gives adequate consideration to the findings and recommendations included in audit reports.

The Director of Internal Audit is a member of the Security Governance Council (SGC) (described below) and considers the subject matter discussed during those quarterly meetings when determining the nature, timing and extent of testing related to Information Technology and Information Security.

Security Governance Council

The Security Governance Council's mission is:

- Provide input to the overall strategy, development, coordination, and management of the organization's enterprise security program
- Fulfil the need for an enterprise-wide perspective in coordinating and responding to security risk issues, and incidents

The success of the SGC depends upon an objective understanding of the Company's asset protection issues. The SGC meets quarterly and is chaired by the Chief Information Security Officer. The SGC is comprised of members who understand the business operations, including individuals from Information Technology, Internal Audit, Legal, Human Resources, and Organizational Development, and business unit executives. The recommendations of the SGC are considered when updating the information security policies, control standards, and control procedures.

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General Description of the Retirement Services Controls

Retirement Services receives information from each Paychex payroll branch multiple times per day and directly from non-payroll clients or their delegate. Client information, employee census information, notification of employee termination, and wages, hours, and deductions are transmitted to Retirement Services and stored in Retirement Services' systems. These systems process the information transmitted from the branch or sent by the client or its delegate and perform the necessary recordkeeping functions.

System Overview

The software applications used by Retirement Services are HRIS, TITAN, OmniPlus, and the Participant Web. Paychex developed and supports the HRIS, TITAN, and Participant Web. OmniPlus is a third-party system licensed from the vendor. The vendor provides new releases and periodically updates existing releases of the applications. Changes to OmniPlus (primarily limited to updates and patches) follow the standard Paychex change management process. There were no major application changes made to the above-listed applications during the period.

HRIS

HRIS, a Windows-based application, is used as a recordkeeping product administration database in Retirement Services. This is the system of record that tracks plan-specific information for Paychex clients and client employees.

TITAN

TITAN, a Java process in a Linux environment, is used to receive and send pertinent data between Retirement Services and the payroll branches.

OmniPlus

OmniPlus, a UNIX-based vendor application, is developed and maintained by FIS. The vendor provides new releases and periodically updates existing releases of the applications. Changes to OmniPlus (primarily limited to updates and patches) follow the standard Paychex change management process. The system infrastructure is maintained by Paychex. This is the system of record for financial transactions on all retirement plans at Paychex.

Participant Web

Plan participants can enroll in their respective plan and submit changes to their retirement account using the internet. By logging on to myapps.paychex.com, plan participants can, among other functions, create or change their password, review investment balances, submit investment election changes, request transfers between available investment options, submit deferral percentage changes, request a distribution and/or distribution paperwork, request a loan and/or loan processing documentation, and make a one-time loan payment via ACH. Participant Web requests are automatically processed in HRIS and traded through OmniPlus (4.3). Data interfaces between Participant Web and client HR/payroll systems are not in scope for this report.

Retirement Services Process Flow

Paychex Retirement Services uses an integrated and automated approach to process plan activity. Transaction processing includes various controls and documented procedures to help ensure the authorization, timeliness, and accuracy of transactions processing.

The following financial and non-financial transactions are processed:

- Plan Setup and Maintenance
- Participant Data/Enrollments

- Contributions/Loan Repayments
- Transfers Between Available Investment Options
- Distributions
- Loans
- Dividend and Daily Earnings
- Daily Plan and Participant Account Valuation
- Daily Processing/Trading
- Reconciliations
- Reporting

Plan Setup and Maintenance

Working with the Paychex Sales Representative, the Plan Sponsor or adopting employer provides the data necessary for plan establishment via the new client profile and a comprehensive electronic questionnaire. The Plan Sponsor or adopting employer selects plan features, authorizes a plan adoption agreement, and executes an administrative service agreement, which outlines the terms and conditions for the service. Once finalized, the electronic contract is automatically uploaded to the recordkeeping system where it is reviewed by a dedicated specialist prior to activation (1.2).

Retirement Services has dedicated specialists that set up new and converting clients. These specialists review documents and plan requirements and ensure authorizations are properly executed. Selected plan provisions are updated in the recordkeeping systems and data integrity checks are performed to verify the accuracy of the information (1.1). System access to set up new plans is provided to a limited number of Human Resource Services (HRS) Specialists. Upon completion, the client receives a welcome package and copies of the draft summary plan description and other plan materials. Authorized client personnel, usually the Plan Sponsor or adopting employer, contact the Client Service Center with any future plan changes and HRS Specialists execute the changes based on the request.

Participant Data/Enrollments

Once the participant has been set up in HRIS, subsequent participant-directed enrollment instructions, including deferral percentages and investment elections, are received directly via paper enrollment forms or online (Participant Web and mobile app enrollments). For participant elections requested through the Participant Web, the participant's user name and password/PIN are required for authorization (4.1). The Participant Web and HRIS systems have built-in edit checks to verify the total investment election entered equals 100%, and that salary deferrals requested are within plan parameters (4.5). A confirmation summary of the participant's account elections and subsequent account changes is generated automatically by the system and sent directly to the participant (via email or hard copy). Additionally, users of the Participant Web who initiate transactions receive an online confirmation statement summarizing investment elections and any changes made to their account after submitting a transaction online through the Participant Web (4.2). The majority of participant enrollments are submitted via the Participant Web. All subsequent enrollment changes by the participant are transmitted back to the respective Paychex payroll system. For clients not using the Paychex Payroll Processing system, Paychex sends notification of the change to the client with instructions to view the details on the specific participant's change via the website.

Retirement services transactions on OmniPlus and HRIS are accurately logged, including the date, time, and name of the individual who initiated the transaction (4.7) An HRS Specialist performs a monthly quality control review on a sample of manual investment elections and deferral percentage changes. Any discrepancies are researched and corrected (4.6).

Contributions/Loan Repayments

Contribution transactions are identified as employee deferrals, employer contributions, catch-up contributions, or loan repayments. For tax purposes, these contributions are identified as pre-tax or after-tax.

Participants fund their accounts through salary deferrals. The relevant payroll information is received by Retirement Services directly from a Paychex payroll branch or directly from the client. For clients using the Paychex Payroll Processing system, contributions for 401(k) deductions for each payroll are collected by Paychex through an EFT (Contribution EFT) from the client's designated bank account, typically on the date of the participant's paycheck that corresponds to the contributions. In such case, the Contribution EFT generally is deposited in the Master Custody Account on check date. Transmission activity is posted to HRIS with its respective effective date based on the file received from payroll (2.6). All wires containing contributions are deposited in the Master Custody Account and logged into Salesforce. Participant rollover contributions and accelerated loan repayments are received with written processing instructions from the participant. Checks are sent to a lockbox in the Master Custody Account. Any checks which are received by the Paychex Operations Center are logged in Salesforce where they are tracked until deposited in the Master Custody Account. For clients not utilizing its Payroll Processing system, Paychex deposits contributions in the Master Custody Account as soon as administratively practicable after they are received.

A listing of outstanding manual contributions is generated on a weekly basis and reviewed by the Client Asset Management Team for items outstanding for more than 10 days. Status updates for these items are documented and resolved (2.2). Contributions are recorded to participant accounts in HRIS based on the request from the participant or the instructions from the employers (2.1). Participant contributions, rollovers, loan repayments, and employer contributions are applied in HRIS based on the participants' specified election directions and percentages and/or the instructions received from the employers. Trades are posted to OmniPlus accordingly based on the information in HRIS (2.5). Identified discrepancies are researched and corrected in a timely manner (2.1).

The OmniPlus application rejects transactions based on pre-defined conditions (e.g., insufficient balance in account, discrepancy in funds data, missing/incorrect participant information) and lists the rejected transactions on the Transaction Reject Report. HRS Specialists review the Transaction Reject Report generated from OmniPlus and correct rejected transactions daily as necessary (2.4).

Transfers between Available Investment Options

Participants can request transfers using the Participant Web and can elect to transfer all or part of their balances among the investment options offered within their plan. Transfers are processed as the sale of one investment and the purchase of another (3.6). A confirmation letter is forwarded to the participant executing the transaction the next business day. Additionally, users of the Participant Web who initiate transactions receive an online confirmation statement summarizing transfer requests made within their account.

Distributions

Distributions include retirement benefit payments, terminations, hardship withdrawals, and in-service withdrawals (each based on one or more qualifying events), plan rollovers, and loan distributions. Qualifying distribution events are identified based on information the client provides to Paychex (i.e., employee status, age, disability, or death, termination of the plan, or other reason for eligibility).

Participants can request distributions in accordance with federal law and their plan provisions through the Participant Web or by submitting the necessary paperwork. All distribution request paperwork must be approved by an authorized party prior to processing (3.1). For distributions requested through the Participant Web, the participant's user name and password/PIN are required for authorization (3.3). HRIS performs edit checks to verify that the plan/participant distribution requests are eligible (3.5). Participants also receive distribution notices when it is time to take a Required Minimum Distribution or automatically when their termination date prompts the generation through the Paychex payroll

process. Involuntary distributions, Qualified Domestic Relations Order (QDRO), death, and hardship distributions require written authorization from the Plan Administrator. Participant distributions, including loans, rollovers, and lump sums, are made based on the required information detailed in the distribution requests (3.2). The distribution process includes sale of the plan assets, formal reconciliation of the participant accounts, and issuance of the funds to the participant by check, or Automated Clearing House (ACH) credit. Distribution requests are logged in HRIS accurately and processed timely. Issues identified are investigated and resolved (3.4).

For taxable distributions or withdrawals, including retirement benefit payments, termination, hardship withdrawals, and in-service withdrawals (each based on qualifying distribution events), applicable federal and state taxes are calculated and withheld from the distribution. Compliance monitors the tax rate updates from the federal and state/territory agencies. Tax rates are manually updated in HRIS and the application is configured to accurately apply tax withholding rate information (3.7). The appropriate tax notifications as well as the electronic transfer of funds to the applicable tax or regulatory agencies are prepared and processed by American Trust Custody and are not within the scope of this report.

The non-vested portion of the distribution amounts, if any, are treated as forfeited funds. Vesting is automatically applied by HRIS based on the schedule authorized by the Adopting Employer in the Adoption Agreement, taking into account participant eligibility data. Quarterly, HRS Specialists review the accuracy of vesting percentages for a selection of clients using the Quarter End Package Verification checklists (5.5). Exceptions are documented and resolved. When a participant takes a distribution, the vesting percentage from HRIS is automatically sent to OmniPlus before the distribution is processed. Some distribution types are manually entered into OmniPlus (i.e., splits and partials) and require the HRS Specialist to update the vesting percentage in OmniPlus to ensure consistency with HRIS before the distribution is processed. When a terminated participant takes a distribution, all forfeitures (non-vested funds) are automatically calculated accurately based on the plan provisions and participant vesting, and applied to the client's account timely. On an annual basis, the Adopting Employer may choose to either have forfeiture funds allocated by Paychex to eligible participants or to offset plan expenses or annual employer contributions (5.6).

Loans

Participants can request loans in accordance with federal law and their Plan provisions either through the Participant Web or by submitting the necessary paperwork. Each loan must be approved by an authorized party prior to processing (3.1). For loans requested through the Participant Web, the participant's user name and password/PIN are required for authorization (3.3). The loan request process includes the determination of participant eligibility and loan criteria in accordance with the Plan's Basic Plan Document, summary plan description, and the service agreement defining requirements, roles, and responsibilities for the Plan Loan Program. Relevant loan documents and disclosures are provided online. For loans not initiated via the Participant Web, all loan documents, consisting of the Loan Application and basic approval forms for check issuance and repayment instructions, are directly mailed to the participant. Upon return receipt, the Loan Application is reviewed by Loan and Distribution Specialists, the trade instructions are completed, and the funds are distributed by check or ACH credit to the participant requesting the loan. HRIS performs edit checks to verify that the plan/participant distribution requests are eligible and that the requested amount of the loan is allowed (3.5). Participant distributions, including loans, rollovers, and lump sums, are made completely and accurately based on the required information detailed in the distribution requests (3.2). Loan requests are logged in HRIS accurately and processed timely. Issues identified are investigated and resolved (3.4). The participant payroll deduction order is created, and the loan balance is reduced when subsequent deductions are received. All loan repayment information is transmitted back to the respective Paychex Payroll Processing system. For clients not utilizing its Payroll Processing system, Paychex sends notification of the participant loan to the client. Loans are documented on a Disbursement Register. Loan defaults are controlled systematically and late payment notification letters are sent to the participant and the client. When defaults occur, they are reported to the participant on the IRS Form 1099-R.

Dividend and Daily Earnings

The HRS Supervisor, Team Lead, or Senior Specialist reviews a random sample of funds monthly and compares the dividend information to an external source to ensure the accuracy of the information in HRIS. The HRS Supervisor, Team Lead, or Senior Specialist signs off that the review was completed (5.1). Dividends, daily interest income, and capital gain earnings are accrued and posted based on net asset value, record date, payable date, reinvest date, and beginning and ending accrual dates, as applicable. OmniPlus automatically calculates and posts dividend/earnings activity to participant accounts completely and accurately based on the participant accounts holding percentage (5.2). The recordkeeping system balances are reconciled with the trading partner balances daily.

Daily Plan and Participant Account Valuation

After the market closes each day, price information is received electronically from trading partners and trades are formatted and posted to participant accounts. Prices are applied to the transactions resulting from the current day's trades. Prices provided by the respective providers are used to value plan and participant accounts daily. A valuation is automatically performed by the OmniPlus application and updates are applied completely and accurately to HRIS plan and the participant accounts (5.3).

Daily Processing/Trading

Daily processing includes plan and employee maintenance, trade preparation, the trading process, trading partner instructions, and bank account and investment reconciliation.

The defined contribution retirement plans process trade instructions daily. Each trading partner receives trade files and confirms the receipt of buy and sell instructions. Purchase and Sales Blotters are systematically generated to allow for the reconciliation of trades and update of client records.

Contribution, Loan, and Distribution data are received for edit processing prior to trading each day. Plan updates and employee changes are included during the trading process. The Participant Web references the most current participant data.

Requests from the Participant Web are automatically processed in HRIS and traded through OmniPlus accurately and timely (4.3). Prior to the nightly trade process, fund transfers initiated through the Participant Web and not processed automatically (e.g., due to insufficient funds, self-directed brokerage accounts, etc.) are generated on the Transcompare Report reviewed by the HRS Specialist and resolved, as necessary, in a timely manner (4.4).

Reconciliations

After the trading partner has received and processed the trade file, a confirmation file is electronically delivered back to Paychex. A Purchase and Sales Blotter is generated. The Purchase and Sales Blotter indicates if each transaction from the prior day was confirmed or rejected by the trading partners. Trade Reconciliation Specialists reconcile purchase and sale activity with the trading partners daily. Transactions that are rejected are investigated and followed up on (5.4). 401(k) trade purchase wires are prepared by a Trade Reconciliation Specialist, approved, and released by Treasury Specialist. Some trading partners may net daily purchase and sale transactions, and a net wire may be received by Paychex.

Each day, the trading partners generate and send a position file to Paychex detailing the share balances they hold. Daily, the Trade Reconciliation team reconciles and investigates any discrepancies between this file and the balances in OmniPlus. A formal reconciliation report is produced for the last day of each month, noting the outstanding discrepancies as of that day. This monthly report is signed off by the Trade Reconciliation Specialist and the Trade Reconciliation Supervisor. Differences between this report and the balances Paychex has in OmniPlus are researched and corrected (5.7).

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In addition, Client Funds Accounting Specialists reconcile HRIS and the bank statement. The reconciliation is reviewed by Client Funds Accounting Management. Discrepancies identified are tracked and resolution is documented. (2.3).

Reporting

The HRIS application is configured to produce participant statement files completely and accurately using client and participant information stored in the application (6.3). Samples of the participant summary reports and participant statements are reviewed quarterly by HRS Specialists for completeness and accuracy. Exceptions are documented and resolved in a timely manner (6.2). The Retirement Services websites are configured to provide the participant summary report and the quarterly participant statement (6.1). Individual account balances and participant statements are also available through the Participant Web.

Control Objectives and Related Controls

Paychex, Inc.'s control objectives and related controls are included in Section Four of this report, *Paychex, Inc.'s Control Objectives and Related Controls, and PricewaterhouseCoopers LLP's Description of Tests of Controls and Results*. Although the control objectives and related controls are presented in Section Four, they are nevertheless an integral part of Paychex, Inc.'s description of its system.

Communication

Information Flow from Senior Management to Operations Management

Communication between senior and operations management includes updates when written communication is appropriate, periodic department meetings between each executive and their direct reporting managers, and other discussions as needed. Communication is encouraged at all levels of Paychex.

Operating Procedures Manuals

Manuals help maintain consistent operating procedures and provide a reference to employees in the conduct of their daily responsibilities. Procedures and documentation are maintained and updated online.

Communication with Clients

As part of the Company's commitment to providing quality customer service, Paychex has regular communication between clients and product specialists. Paychex uses and provides many communication methods, including technical help desks; regular written and email updates on payroll regulation and tax changes, retirement services, client surveys, and access to www.paychex.com.

Complementary User Entity Controls

The Retirement Services system was designed with the assumption that certain controls would be implemented by its user entities. In certain situations, the application of specific controls at the user entities is necessary to achieve certain control objectives identified in this report. Therefore, each user entity's internal control structure must be evaluated in conjunction with the internal controls described in this report.

The Company's complementary user entity controls are included in Section Four of this report, *Paychex, Inc.'s Control Objectives and Related Controls, and PricewaterhouseCoopers LLP's Description of Tests of Controls and Results,* to eliminate the redundancy that would result from listing them here in Section Three and repeating them in Section Four. The list of complementary user entity controls presented with certain specified control objectives does not represent a comprehensive list of all the control that should be implemented by user entities. Each user entity must evaluate its own system of internal control to determine if the complementary user entity controls are in place.

Complementary Subservice Organization Controls

The Retirement Services system was designed with the assumption that certain internal controls must be placed in operation by the subservice organizations. The application of such internal controls by the subservice organizations is necessary to achieve certain control objectives identified in this report.

This section describes the subservice organizations and certain controls that should exist at the subservice organizations in order to achieve the control objectives identified in this report.

For the control objectives listed below, Paychex uses subservice organizations to support the achievement of control objectives identified in this report. The subservice organization controls presented below should not be regarded as a comprehensive list of all the controls that should be employed by the subservice organizations.

Subservice Organization	Services Provided	Applicable Control Objective(s)	Complementary Subservice Organization Controls
Paychex PD&IT	General Information Technology Controls	CO1, CO2, CO3, CO4, CO5, CO6	Paychex PD&IT should have general information technology controls in place for change management, network security, operational monitoring and problem management, logical access, physical access, environmental systems, data backup, and scheduling to support the complete, accurate and timely processing and reporting of transactions.
Merrill Lynch, Fidelity Investors, Federated Investors, Transamerica, and American Trust Custody	Trading-related services	CO5	The subservice organization should have controls in place to ensure that accurate mutual fund prices and dividend rates are provided timely. Further, the subservice organization should have controls in place to ensure that trade instructions are executed and confirmed timely, and that accurate fund account balances are reported.
Fidelity Information Systems, LLC (FIS)	Develop and maintain the application OmniPlus	CO2, CO3 CO4, CO5, CO6	The subservice organization should have controls in place for change management to support the complete, accurate, and timely processing and reporting of transactions.

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Section IV - Paychex, Inc.'s Control Objectives and Related Controls, and PricewaterhouseCoopers LLP's Description of Tests of Controls and Results

Section IV: Paychex, Inc.'s Control Objectives and Related Controls, and PricewaterhouseCoopers LLP's Description of Tests of Controls and Results

This section includes:

- Paychex, Inc.'s specified control objectives and related controls, which are an integral component of management's description,
- complementary user entity controls, and
- complementary subservice organization controls.

This section also includes the following information provided by PricewaterhouseCoopers LLP (PwC):

- a description of the tests performed by PwC, and
- the results of PwC's tests of controls.

This report, when combined with an understanding of the controls at user entities, is intended to assist auditors in planning the audit of user entities' financial statements or user entities' internal control over financial reporting and in assessing control risk for assertions in user entities' financial statements that may be affected by controls at Paychex, Inc.

It is the responsibility of each user entity and its independent auditor to evaluate this information in conjunction with the evaluation of internal control over financial reporting at the user entity in order to assess overall internal control. If internal control is not effective at user entities, Paychex, Inc.'s controls may not compensate for such weaknesses.

Description of Tests Performed by PwC

In planning the nature, timing, and extent of our testing of the controls to achieve the control objectives specified in Sections III and IV of the report, we considered aspects of Paychex, Inc.'s control environment, risk assessment process, monitoring activities, and information and communications.

This table clarifies certain terms that may be used in this section to describe the nature of the tests performed:

Test	*Description*
Inquiry	Inquiry of appropriate personnel and corroboration with management
Observation	Observation of the application, performance, or existence of the control
Inspection	Inspection of evidence (e.g., documents or reports) indicating performance of the control
Reperformance	Reperformance of the control

When using information produced (or provided) by the service organization, we evaluated whether the information was sufficiently reliable for our purposes by obtaining evidence about the accuracy and completeness of such information and evaluating whether the information was sufficiently precise and detailed for our purposes.

Control Objective 1: New Plan Setup and Maintenance			
Controls provide reasonable assurance that new plans and modified plans are authorized and are completely and accurately recorded in the system.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
1.1	HRIS performs edits on new plans and modifications of existing plans and participant information so that errors are identified and corrected prior to the implementation of the plan or modification.	**Observation** Observed an HRS Specialist input plan information to determine whether HRIS edit checks were in place and error messages were displayed for invalid data.	No exceptions noted.
		Observation Observed an HRS Specialist perform a plan setup that failed the edit checks to determine whether HRIS prevented the plan setup implementation until the HRS Specialists corrected the errors.	No exceptions noted.
		Observation Observed an HRS Specialist perform a valid plan setup to determine whether HRS successfully processed the plan.	No exceptions noted.
1.2	Prior to processing, the Adoption Agreement document is approved by an authorized party for new plans. Prior to processing, approval is provided by an authorized party for modified plans.	**Inspection** For a sample of new or modified plans, inspected the Adoption Agreement document to determine whether they were approved by an authorized party prior to processing.	No exceptions noted.

Complementary Subservice Organization Controls

- Paychex PD&IT should have general information technology controls in place for change management, network security, operational monitoring and problem management, logical access, physical access, environmental systems, data backup, and scheduling to support the complete, accurate and timely processing and reporting of transactions.

Complementary User Entity Controls

The following controls are to be implemented by the user entity for achievement of the control objective:

- The Adoption Agreement and any subsequent changes to the Adoption Agreement is reviewed and approved by an appropriate and authorized member of client management.
- Written notification of changes to individuals authorized to effect activities is communicated to Paychex timely.
- The plan setup, or modifications after changes have been made, is verified by an appropriate and authorized member of client management.
- The hire, re-hire, and termination status and dates of all employees is verified by an appropriate and authorized member of client management and changes are communicated to Paychex.

Control Objective 2: Cash Receipts			
Controls provide reasonable assurance that cash receipts for contributions, rollovers, and loan repayments are recorded and posted completely and accurately.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
2.1	Cash receipts (checks, wire transfers, and non-payroll ACH transactions) are recorded manually in Salesforce and HRIS is updated to process and post trades to OmniPlus accordingly. Contributions are recorded to participant accounts in HRIS based on the request from the participant or the instructions from the employers. Identified discrepancies are researched and corrected in a timely manner.	**Inspection** For a sample of cash receipts, inspected Salesforce, HRIS and OmniPlus records to determine whether the transaction amounts agreed to the bank statement and whether the contributions were recorded in HRIS as per the request from the participant or the instructions from the employers. If discrepancies were identified inspected evidence that they were researched and corrected.	No exceptions noted.
2.2	The list of outstanding manual contributions are generated on a weekly basis and reviewed by the Client Asset Management Team for items outstanding for more than 10 days. Status updates for these items are documented and resolved.	**Inspection** For a sample of weeks, inspected the list of outstanding manual contributions and supporting evidence to determine whether they were reviewed, there were status updates for items outstanding for more than 10 days, and outstanding items were documented and resolved.	No exceptions noted.
2.3	Client Funds Accounting Specialists reconcile HRIS and the bank statement. The reconciliation is reviewed by Client Funds Accounting Management. Discrepancies identified are tracked and resolution is documented.	**Inspection** For a sample of months, inspected HRIS and the bank statement reconciliation to determine whether the reconciliation was performed as scheduled, discrepancies were tracked, and resolution was documented.	No exceptions noted.
2.4	The OmniPlus application rejects transactions based on pre-defined conditions (e.g., insufficient balance in account, discrepancy in funds data, missing/incorrect participant information) and lists the rejected transactions on the Transaction Reject Report. HRS Specialists review the Transaction Reject Report generated from OmniPlus and correct rejected transactions daily as necessary.	**Inspection** For a sample of days, inspected the Transaction Reject Reports and supporting documentation from OmniPlus to determine whether the reports were reviewed by HRS Specialists and rejected items were corrected as necessary.	No exceptions noted.

Control Objective 2: Cash Receipts			
Controls provide reasonable assurance that cash receipts for contributions, rollovers, and loan repayments are recorded and posted completely and accurately.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
2.5	Participant contributions, rollovers, loan repayments, and employer contributions are applied in HRIS based on the participants' specified election directions and percentages and/or the instructions received from the employers. Trades are posted to OmniPlus accordingly based on the information in HRIS.	**Inspection** For a sampled participant contribution, rollover, loan repayment, and employer contribution, inspected the participant/employer account records in HRIS and OmniPlus to determine whether they were applied and trades posted in accordance with participants' specified election directions and/or employer instructions.	No exceptions noted.
2.6	Contribution EFTs for 401(k) deductions are processed with payroll. Transmission activity is posted to HRIS with its respective effective date based on the file received from payroll. Trades are posted to OmniPlus accurately based on the information in HRIS and the request from the participant.	**Inspection** For a sample of payroll transmissions, including contribution EFTs for 401(k) deductions, inspected transmission activity to determine whether the transmission was posted to HRIS with an effective date and accurately reflected the file received from payroll. **Inspection** Inspected a sampled trade to determine whether the trade posted to OmniPlus accurately in accordance with the information defined in HRIS and the request from the participant.	No exceptions noted. No exceptions noted.

Complementary Subservice Organization Controls

- Paychex PD&IT should have general information technology controls in place for change management, network security, operational monitoring and problem management, logical access, physical access, environmental systems, data backup, and scheduling to support the complete, accurate and timely processing and reporting of transactions.
- The subservice organization should have controls in place for change management to support the complete, accurate, and timely processing and reporting of transactions.

Complementary User Entity Controls

The following controls are to be implemented by the user entity for achievement of the control objective:

- Reconciliations of client bank statement activity for 401(k) contributions to the payroll accounts are performed timely.
- Reconciliations of client bank statement activity for 401(k) contributions sent via checks, wire transfers, and non-payroll ACH are performed timely.
- Updated banking account information is communicated to Paychex in a timely manner.
- Sufficient funds are available in the specified bank account.

Control Objective 3: Distributions			
Controls provide reasonable assurance that distributions including loans, rollovers, and lump sums are authorized, and are recorded completely, accurately, and in a timely manner.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
3.1	Distribution requests, including loans, rollovers, and lump sums, are approved by an authorized party prior to processing.	**Inspection** For a sample of distributions, inspected the requests to determine whether the distribution request including loans, rollovers, and lump sums were approved by an authorized party prior to being processed.	No exceptions noted.
3.2	Participant distributions, including loans, rollovers, and lump sums, are made completely and accurately based on the required information detailed in the distribution requests.	**Inspection** For a sample of distributions, including loans, rollovers, and lump sums, inspected documentation to determine whether the required distribution request was complete. **Inspection** For a sample of distributions, including loans, rollovers, and lump sums, inspected documentation to determine whether the distribution details agreed to HRIS and the distributions were accurate.	No exceptions noted. No exceptions noted.
3.3	For loans and distributions requested through the Participant Web, the participant's user name and password/PIN are required for authorization.	**Observation** Observed an HRS Specialist acting as a participant attempt to access the Participant Web for a loan and distribution request to determine whether the participant's user name and password/PIN were required for authorization.	No exceptions noted.
3.4	Loans and distribution requests are logged in HRIS accurately and processed timely. Issues identified are investigated and resolved.	**Inspection** For a sample of loans and distribution requests, inspected HRIS records and supporting documentation to determine whether the loans and distributions were logged accurately and paid in a timely manner or investigated as required.	No exceptions noted.

Control Objective 3: Distributions			
Controls provide reasonable assurance that distributions including loans, rollovers, and lump sums are authorized, and are recorded completely, accurately, and in a timely manner.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
3.5	HRIS performs edit checks to verify that the plan/participant distribution requests are eligible and that the requested amount of the loan is allowed.	**Observation** Observed an HRIS Specialist attempt to input a distribution request in the application to determine whether edit checks were in place to verify the eligibility of plan/participant distribution requests.	No exceptions noted.
		Observation Observed an HRIS Specialist attempt to process a loan dollar amount over the maximum dollar amount allowed for a participant to determine whether the system prevented the loan.	No exceptions noted.
		Observation Observed an HRIS Specialist attempt to process a loan over the number of loans allowed per participant to determine whether the system prevented the loan.	No exceptions noted.
3.6	Plan asset transfers are requested by authorized personnel and processed accurately as per instructions on the Plan Asset Transfer Form.	**Inspection** For a sample of plan asset transfers, inspected the Plan Asset Transfer Form to determine whether the request was made by authorized personnel.	No exceptions noted.
		Inspection For a sample of plan asset transfers, inspected the wire request and the bank statement to determine whether the plan asset transferred accurately in accordance with the Plan Asset Transfer Form.	No exceptions noted.

Control Objective 3: Distributions			
Controls provide reasonable assurance that distributions including loans, rollovers, and lump sums are authorized, and are recorded completely, accurately, and in a timely manner.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
3.7	Compliance monitors the tax rate updates from the federal and state/territory agencies. Tax rates are manually updated in HRIS and the application is configured to accurately apply tax withholding rate information.	**Inspection** For a sample of states/territories, inspected HRIS and supporting documentation to determine whether compliance monitored tax rate updates from federal and state/territory agencies and whether HRIS was configured with the tax rates as per the respective state/territory agencies.	No exceptions noted.
		Reperformance For a sampled distribution, reperformed the state tax withholding rate information calculation to determine whether HRIS accurately calculated tax withholdings.	No exceptions noted.
		Reperformance For a sampled distribution, reperformed the federal tax withholding rate information calculation to determine whether HRIS accurately calculated tax withholdings.	No exceptions noted.

Complementary Subservice Organization Controls

- Paychex PD&IT should have general information technology controls in place for change management, network security, operational monitoring and problem management, logical access, physical access, environmental systems, data backup, and scheduling to support the complete, accurate and timely processing and reporting of transactions.
- The subservice organization should have controls in place for change management to support the complete, accurate, and timely processing and reporting of transactions.

Complementary User Entity Controls

The following controls are to be implemented by the user entity for achievement of the control objective:

- Qualifying events are identified and reported to Paychex in a timely manner.
- Participant Web password/PIN security is maintained.
- Plan transfer paperwork is reviewed and approved by an authorized member of client management.
- All distributions are reviewed for accuracy, including federal and state/territory tax withholdings on distributions, and discrepancies are reported timely to Paychex for correction.

Control Objective 4: Investment Transaction Processing			
Controls provide reasonable assurance that transactions initiated by the participant are authorized by the participant and recorded completely, accurately, and in a timely manner.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
4.1	For participant elections requested through the Participant Web, the participant's user name and password/PIN are required for authorization.	**Observation** Observed an HRS Specialist acting as a participant attempt to access the Participant Web to determine whether the participant's user name and password/PIN were required for authorization.	No exceptions noted.
4.2	HRIS provides complete and accurate confirmation details to the participant after submitting a transaction online through the Participant Web.	**Observation** Observed an HRS Specialist acting as a participant attempt to process a transaction using the Participant Web to determine whether HRIS presented the participant with complete and accurate transaction details in an online confirmation screen.	No exceptions noted.
4.3	Requests from the Participant Web are automatically processed in HRIS and traded through OmniPlus accurately and timely.	**Inspection** For a request initiated through the Participant Web, inspected the HRIS and OmniPlus systems to determine whether the request was processed and recorded accurately and in a timely manner.	No exceptions noted.
4.4	Prior to the nightly trade process, fund transfers initiated through the Participant Web and not processed automatically are generated on the Transcompare Report. This report is reviewed by the HRS Specialist, and resolved, as necessary, in a timely manner.	**Inspection** For a sample of days, inspected the reconciliation reports and supporting documents to determine whether all fund transfers initiated through the Participant Web but not processed automatically (i.e. due to insufficient funds, self-directed brokerage accounts, etc.) were reviewed by the HRS Specialist and resolved in a timely manner.	No exceptions noted.

Control Objective 4: Investment Transaction Processing			
Controls provide reasonable assurance that transactions initiated by the participant are authorized by the participant and recorded completely, accurately, and in a timely manner.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
4.5	Participant investment election and salary deferral transactions are subject to the automated system edit checks: — Participant Web and HRIS prevent investment election percentages greater than and less than 100% — Participant Web and HRIS prevent salary deferral percentages greater than the amount specified by the client's plan.	**Observation** Observed an HRS Specialist acting as a participant enter investment election percentages greater than and less than 100% to the Participant Web and HRIS to determine whether the system prevented an investment election percentage greater than or less than 100%. **Observation** Observed an HRS Specialist acting as a participant enter salary deferral percentages greater than the amount specified by the client's plan to Participant Web and HRIS to determine whether the system prevented election salary deferral percentages greater than those allowed by the plan. **Observation** Observed an HRS Specialist acting as a participant enter a salary deferral percentage equal to the amount specified in the client plan and an investment election percentage equal to 100% to Participant Web and HRIS to determine whether the system processed the salary deferral and investment election transactions.	No exceptions noted. No exceptions noted. No exceptions noted.
4.6	An HRS Specialist performs a monthly quality control review on a sample of manual investment elections and deferral percentage changes for completeness and accuracy. Any discrepancies are researched and corrected.	**Inspection** For a sample of months, inspected the monthly quality control review and supporting documentation to determine whether the HRS Specialist performed the quality review. **Reperformance** For the selected months, reperformed the quality control review to ensure changes were entered completely and accurately. In the event discrepancies were identified, inspected supporting evidence to confirm they were addressed.	No exceptions noted. No exceptions noted.

Control Objective 4: Investment Transaction Processing			
Controls provide reasonable assurance that transactions initiated by the participant are authorized by the participant and recorded completely, accurately, and in a timely manner.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
4.7	Retirement services transactions on OmniPlus and HRIS are logged, including the date, time, and name of the individual who initiated the transaction accurately.	**Observation** Observed a staff person process a retirement services transaction on both OmniPlus and HRIS to determine whether the transaction logs accurately recorded the date, time, and name of the individual who initiated the transactions.	No exceptions noted.

Complementary Subservice Organization Controls

- Paychex PD&IT should have general information technology controls in place for change management, network security, operational monitoring and problem management, logical access, physical access, environmental systems, data backup, and scheduling to support the complete, accurate and timely processing and reporting of transactions.
- The subservice organization should have controls in place for change management to support the complete, accurate, and timely processing and reporting of transactions.

Complementary User Entity Controls

The following controls are to be implemented by the user entity for achievement of the control objective:

- Participant Web password/PIN security is maintained.
- Participants are provided instructions to review confirmations and to report discrepancies timely to Paychex for correction.
- Their non-Paychex payroll systems are updated for participant changes.

Control Objective 5: Investment Recordkeeping			
Controls provide reasonable assurance that accurate pricing information is received from the trading partners and dividends, earnings, investment trading, vesting, and forfeitures are processed completely, accurately, and timely.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
5.1	Monthly, the dividend information for a random sample of funds is compared to an external source to ensure the accuracy of the information in HRIS. The HRS Supervisor or Team Lead signs off that the review was completed.	**Inspection** For a sample of months, inspected documentation to determine whether the HRS Supervisor or Team Lead reviewed a random sample of funds and compared the dividend information from HRIS to an external source for accuracy and whether they signed off evidencing that the review was completed.	No exceptions noted.
5.2	OmniPlus automatically calculates and posts dividend/earnings activity to participant accounts completely and accurately based on the participant accounts holding percentage.	**Reperformance** For a sampled participant account, recalculated the dividends/earnings that were posted to the participant account to determine whether the OmniPlus application calculated the dividend/earnings completely and accurately based on the participant's account holding percentage.	No exceptions noted.
5.3	On a daily basis, pricing information is received electronically from the trading partners and a valuation is automatically performed by the OmniPlus application and updates are applied completely and accurately to HRIS plan and the participant accounts.	**Inspection** For a sample of days and investments, inspected pricing documentation and system records to determine whether the values in HRIS agreed completely and accurately to the trading partners published price of the investment for the respective dates. **Reperformance** For a sampled participant account, re-calculated the trading activity and account balance based on the pricing information received for that day to determine whether the OmniPlus application calculated the value of the trade and the account accurately using the received pricing information.	No exceptions noted. No exceptions noted.

Control Objective 5: Investment Recordkeeping			
Controls provide reasonable assurance that accurate pricing information is received from the trading partners and dividends, earnings, investment trading, vesting, and forfeitures are processed completely, accurately, and timely.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
5.4	Trade Reconciliation Specialists reconcile purchase and sale activity with the trading partners daily. Transactions that are rejected are investigated and followed up on. 401(k) trade purchase wires are prepared by a Trade Reconciliation Specialist, approved, and released by Treasury Specialist. For trading partners that net daily purchase and sale transactions, a net wire may be received by Paychex and is agreed to the daily bank statement.	**Inspection** For a sample of days and trading partners, inspected the purchase and sale reconciliation to determine whether the transactions received by the trading partner were reconciled to the transactions sent by Paychex.	No exceptions noted.
		Inspection For a sample of days and trading partners, obtained the daily reconciliations and, for a selection of rejected trades, inspected supporting documents to determine whether the rejected trades were investigated and followed up on.	No exceptions noted.
		Inspection For a sample of days and trading partners, inspected supporting documents to determine whether the 401(k) trade purchase wires were prepared by a Trade Reconciliation Specialist, approved, and released by a Treasury Specialist.	No exceptions noted.
		Inspection For a sample of days and trading partners that net daily purchase and sale transactions where a net wire was received by Paychex, inspected the daily bank statement to determine whether the wire amount received was accurate.	No exceptions noted.

Control Objective 5: Investment Recordkeeping			
Controls provide reasonable assurance that accurate pricing information is received from the trading partners and dividends, earnings, investment trading, vesting, and forfeitures are processed completely, accurately, and timely.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
5.5	HRS Specialists review the accuracy of vesting percentages for a selection of clients using the Quarter End Package Verification checklists. Exceptions are documented and resolved.	**Inspection** For a sample of quarters, inspected the Quarter End Package Verification checklists to determine whether the vesting percentage review was conducted and whether exceptions identified were documented and resolved. **Reperformance** For a sampled participant account for each sampled quarter, recalculated the participant's years of service/vesting credit noted in HRIS to determine whether the participant's vesting percentage was accurate based on the vesting schedule and the participant's years of service/vesting credits.	No exceptions noted. No exceptions noted.
5.6	When a terminated participant takes a distribution, all forfeitures (non-vested funds) are automatically calculated accurately based on the plan provisions and participant vesting, and applied to the client's account timely where they can be allocated to eligible employees or used to offset plan expenses.	**Inspection** For a sample of terminated participant forfeitures, inspected client and participant level accounts to determine whether the non-vested portion of the employer contributions were calculated accurately as per the plan documentation and applied to the client account timely.	No exceptions noted.

Control Objective 5: Investment Recordkeeping			
Controls provide reasonable assurance that accurate pricing information is received from the trading partners and dividends, earnings, investment trading, vesting, and forfeitures are processed completely, accurately, and timely.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
5.7	Each day, the trading partners send a position file detailing the share balances they hold. Daily, the Trade Reconciliation team reconciles and investigates any discrepancies between this file and the balances in OmniPlus. A formal reconciliation report is produced for the last day of each month, noting the outstanding discrepancies as of that day. This monthly report is signed off by the Trade Reconciliation Specialist and the Trade Reconciliation Supervisor.	**Inspection** For a sample of days, inspected documentation to determine whether the Trade Reconciliation team reconciled the trading partner position files of share balances to the balances in OmniPlus, discrepancies were investigated, and resolution was documented. **Inspection** For a sample of months, inspected the reconciliation report to determine whether it was signed off by a Trade Reconciliation Specialist and a Trade Reconciliation Supervisor, outstanding discrepancies were investigated, and resolution was documented.	No exceptions noted. No exceptions noted.

Complementary Subservice Organization Controls

- Paychex PD&IT should have general information technology controls in place for change management, network security, operational monitoring and problem management, logical access, physical access, environmental systems, data backup, and scheduling to support the complete, accurate and timely processing and reporting of transactions.
- The subservice organization should have controls in place to ensure that accurate mutual fund prices and dividend rates are provided timely. Further, the subservice organization should have controls in place to ensure that trade instructions are executed and confirmed timely, and that accurate fund account balances are reported.
- The subservice organization should have controls in place for change management to support the complete, accurate, and timely processing and reporting of transactions.

Complementary User Entity Controls

The following controls are to be implemented by the user entity for achievement of the control objective:

- Participants are provided instructions to review distributions for accuracy and to report discrepancies timely to Paychex for correction.
- Participant terminations are identified and reported to Paychex in a timely manner.
- All vesting percentages for terminated participants are reviewed for accuracy and discrepancies are reported timely to Paychex for correction.
- The allocation of forfeitures applied to the client account is communicated to Paychex.

Control Objective 6: Client Statements			
Controls provide reasonable assurance that Participant Summary and Participant Statements are produced completely and accurately.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
6.1	The Retirement Services websites are configured to provide the participant summary report and the quarterly participant statement.	**Inspection** Inspected the Retirement Services websites to determine whether the websites provided the participant summary report and the quarterly participant statement.	No exceptions noted.
		Inspection Inspected the system configurations pertaining to the generation of the participant summary report and quarterly participant statement within the Retirement Services websites.	No exceptions noted.
		Inspection For one sampled client and one sampled participant, inspected the output of the website reports to determine whether the reports were produced with complete and accurate client and participant information as stored in the application.	No exceptions noted.
6.2	Samples of participant summary reports and participant statements are reviewed quarterly by HRS Specialists for completeness and accuracy. Exceptions are documented and resolved.	**Inspection** For a sample of quarters, inspected the checklists and supporting documentation to determine whether the HRS Specialists reviewed a sample of participant summary reports and participant statements for completeness and accuracy. If exceptions were identified, inspected supporting documentation to determine whether they were documented and resolved in a timely manner.	No exceptions noted.

Control Objective 6: Client Statements			
Controls provide reasonable assurance that Participant Summary and Participant Statements are produced completely and accurately.			
Control Ref	**Control Activity**	**Testing Performed by PwC**	**PwC Test Results**
6.3	The HRIS application is configured to produce participant statement files completely and accurately using client and participant information stored in the application.	**Inspection** Inspected the HRIS application configuration and generation of the participant statement file to determine whether the HRIS application produced the participant statement file with complete and accurate client and participant information stored in the application.	No exceptions noted.

Complementary Subservice Organization Controls

- Paychex PD&IT should have general information technology controls in place for change management, network security, operational monitoring and problem management, logical access, physical access, environmental systems, data backup, and scheduling to support the complete, accurate and timely processing and reporting of transactions.
- The subservice organization should have controls in place for change management to support the complete, accurate, and timely processing and reporting of transactions.

Complementary User Entity Controls

The following controls are to be implemented by the user entity for achievement of the control objective:

- Review and reconciliation of reports provided by Paychex of plan accounts are performed timely, and written notice of any discrepancies is communicated to Paychex.
- Plan administrators distribute participant statements in a timely manner.

Section V - Other Information Provided by Paychex, Inc. That is Not Covered by the Service Auditors' Report

Other Information

Business Continuity and Recovery

Business Continuity Plans (BCPs) have been developed and are maintained for all mission-critical and business-critical functions within Paychex. The BCPs document plans for the continuation of business activity during an interruption in service. All recovery plans for non-automated business processes are maintained in separate manuals by each business unit. Business unit plans help ensure that the business is prepared with the necessary communications and procedures in place to minimize impact. Within the plan, each point of failure is identified, and steps are documented to restore functionality, duplicate functionality, or provide suitable (even if reduced) alternate functionality. Technical components of the recovery plan, such as platform cutover steps, are stored electronically on a shared drive.

In addition, Paychex maintains a Paychex Recovery Command Team Guide. This guide is activated when the projected recovery time frame exceeds the maximum acceptable downtime or the recovery time frame for the production site or systems is not known for multiple critical functions at any Paychex facility. The objective of the Paychex Recovery Command Team Guide is to ensure that:

- An incident command team structure is in place to manage any size recovery effort.
- Essential personnel are identified and documented.
- Critical information, both electronic and hard copy, is copied and maintained off-site.
- Critical equipment is monitored and recoverable.
- Employees have a place to perform critical functions.
- Voice communication is available and data connectivity is provided to LAN/WAN and mid-frame operations.
- A detailed plan, tested regularly, is in place for performing functions in recovery mode.
- Decision-makers and public relations personnel are available and ready to respond, as necessary.

BCPs are maintained by the Business Continuity and Disaster Recovery department through regularly scheduled reviews with designated subject matter experts. Plans are tested regularly. All test issues are documented and followed up to closure by the Business Continuity team with the appropriate business unit.

Paychex Flex SOC 2 Report

A separate Paychex Flex Retirement Services, Payroll, and Reporting Services System SOC2 report is also issued on an annual basis. The scope of the separate SOC2 report is limited to Paychex Flex Retirement Services, Payroll, and Reporting Services, each of which are made up of multiple end-user applications, along with the associated principal service commitments and system requirements, and the related controls to meet the applicable trust services criteria for the security, availability, and processing integrity categories as set forth in TSP section 100, 2017 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy (AICPA, Trust Services Criteria). For additional details refer to the associated Paychex Flex SOC2 report, which should be read in tandem with this Retirement Services SOC1 report.

Privacy Statement

Paychex is committed to providing cost-effective payroll, payroll tax preparation, human resources, and employee benefits for any size business. To meet that commitment, clients may have to provide Paychex with business, financial, and/or personal information about the clients and individuals. Data privacy, and the privacy of the information provided, is important to us. We use reasonable care to protect data provided to us by or on behalf of our clients or prospective clients from loss, misuse, unauthorized access, disclosure, alteration, and untimely destruction. Our Privacy Policy and applicable service agreements govern personal information collected, processed, or disclosed by Paychex for its own purposes as well as information provided to us as a service provider for our Clients. It covers information collected online as well as offline, including personal data from our Clients about their current and/or prospective workers, as well as workers' dependents and/or family members as needed to provide Services.

For the most up to date information on the Paychex Privacy Policy please visit:
https://www.paychex.com/corporate/security/privacy