June 6, 2012

Tara Hagan
Nevada Deferred Compensation Committee

It is with great pleasure that I write this letter of recommendation for the Nevada Deferred Compensation Committee to continue to retain ING as a 457 Traditional IRA and Roth IRA provider. I currently have both types of 457 IRA's with IRA worth over 1 million dollars. I have been with NSHE for over 35 years as a full-time professor. There are two major reasons I encourage this committee to retain ING as a provider for these accounts:

First, the customer service has been absolutely outstanding. I currently have accounts with Fidelity, Schwab and Scottrade and none of them come close to the exceptional customer service and individual counseling and immediate response from the team of ING. I have been investing for over 35 years and it truly have had exceptional service from ING and beyond doubt they are the best I have ever encountered in this area.

Second, ING provides numerous mutual funds from some of the top major mutual fund companies around the country such as Fidelity, Vanguard, T Row Price and Dodge and Cox to name just a few. ING allows 7 separate funds choices from Vanguard alone which is one of top family of mutual funds in the country and has the number 1 lowest management fees in the nation which is absolutely wonderful for the participants of ING. It is no secret that other deferred compensation routinely offers an abundance of in house mutual funds which are inferior based on performance and cost.

In short, I strongly recommend that you retain ING as a 457 provider.

Sincerely,

PAUL B. DAVIS, Ph.D.
Professor of Political Science
NSHE (TMCC & UNLV)
775-358-5252
davisp775@charter.net

Micah Salerno

From: Carla L. Watson
Sent: Thursday, June 28, 2012 3:28 PM
To: Micah Salerno
Cc: Sisco, Scott K
Subject: Satisfaction with Hartford

Board Members: I was very upset to learn that there are efforts underway to eliminate Hartford as an option. I'm very satisfied with Hartford. I've been a plan participant for most of my 24 years of state service. I started with Harford and moved to ING for a short period and then back to Hartford due to their performance and excellent service. To date, most of my funds are in the general account and that is most important to me since I have up to three years remaining before I retire. Please cease in your efforts to eliminate Hartford.

Thank you for your consideration in this matter.

Carla Watson, Budget Analyst V
Department of Administration
Budget and Planning Division
Office - 775-684-0214
Fax - 775-684-0260
NEW E-MAIL EFFECTIVE OCT 3, 2011 - clwatson@admin.nv.gov

From: Alan Kalt [mailto:comptroller@churchillcounty.org]
Sent: Monday, July 02, 2012 4:33 PM
To: Micah Salerno
Cc: rrreed@doc.nv.gov; davie@lcb.state.nv.us; koliver@gcb.nv.gov; renoromo@sbcglobal.net; ssisco@dot.state.nv.us
Subject: RE: Agenda for July 3 Meeting
Importance: High

Micah and Committee Members;

Thank you for sending me the agenda for the special meeting for the Deferred Compensation Committee meeting. I do plan on calling in to participate. I have attended meetings in person and over the internet over the past year or so. I appreciate the access to attend the meetings remotely. As an Alliance Member within the State Plan, I feel it is important to follow the Committee's deliberations and policy making as it will impact my employees who are plan participants.

I am concerned about the direction that Committee is going with the selection of the finalist. Simply stated, Churchill County's Deferred Compensation Committee, is very satisfied with the services and products offered by the Hartford. We have been with the Hartford for over 30 years. Currently, we have over $4.3M in the plan with 147 plan participants. The Hartford provides our employees with education, training and investment information to the plan participants in a group as well as individual settings at least 2 times a year out in Fallon. We appreciate the excellent customer service that we have been receiving. This is significantly more effort than the other plan provider within our plan. Hartford's knowledge and investment options, especially the General Account with the generous fixed rate of return, are much appreciated by the plan participants. As a testimonial for the importance of the General Account investment option, currently over 51.6% of our total plan assets ($2,245,772) are invested in the General Account as directed by the account participants. As a comparison, the next highest asset allocation is 7.6% ($331,459) in the TRP Growth Stock Fund and 6.5% ($284,370) in the Victory Diversified Stock Fund. It is apparent the plan participants like the risk/reward of the General Account as it is the majority of the investment amount.

I am formally requesting that you continue to maintain the current working relationship and General Account option with The Harford. It has served Churchill County employees and retirees well over the past 30 plus years. As an Alliance Member, I appreciate you considering our thoughts and concerns as we currently do not have a representative on the board to provide our points of view.

Please contact me if you have any specific questions or need more information.

Respectfully Submitted,

Alan Kalt, CPA
Churchill County Comptroller
Chairman, Churchill County Deferred Compensation Committee

Micah Salerno

From: Fred [Hinners@gbis.com]
Sent: Sunday, July 08, 2012 9:32 PM
To: RRReed@doc.nv.gov; Renoromo@sbcglobal.net; SSisco@dot.state.nv.gov; Davie@lcb.state.nv.us; koliver@gcb.nv.gov; Micah Salerno
Subject: Letter for consideration at next board meeting

1010 Country Estates Circle
Reno, NV 89511
July 8, 2012

Dear Committee Members:

This is my second letter to the Deferred Compensation Committee regarding the upcoming RFP process, and I want to thank you for acknowledging my earlier comments. I understand that people who are long-term participants are loyal to the companies that have served them. For the record, I have investments with both ING and Hartford, and am only representing myself.

The spirit, if not the exact wording of the Nevada Revised Statutes, requires new bidding. The law states the committee will "solicit proposals from qualified providers of plans at least once every 5 years." This has been done by the committee, and the various companies who have met the criteria are ready to make presentations. I truly feel the RFP process needs to take effect to protect the committee from making a decision that could subject the board to protests and lawsuits.

My concern is mostly for the process itself. My second concern is that one of the bidders, Hartford, seems to be leaving the deferred comp business, and, indeed, is winding down. With fewer programs, I'm not sure Hartford meets the threshold of a qualified bidder. It is my understanding that Hartford did not immediately state they were qualified to bid. Hartford has Nevada and Clark County, but I'm not sure they have what is needed nationally in terms of amount of assets and number of participants. Information on assets under management, number of plan participants and number of plans on the Hartford website have not been updated in 18 months. Both Hartford and ING are going to have new owners in a few months, and both have seen investment downgrades.

To sum up, I would like to see the RFP process continue as scheduled, and the best, most qualified firm or firms selected with your due diligence and the help of investment advisors. Troubled financial times have taken their toll, and the committee members need to sort out who is viable and who is not. Committee members can take time to see if they are comfortable with the ownership of any company selected. Ownership should be sorted out in the next three months.

As a member since the 1980s, I can't remember a time when huge companies were being sold and downgraded, and I truly believe this committee's decisions will be the most important ones since the beginning of the program.

Though it may mean changing investment providers, I think the participants deserve to have the security of a top rated firm that made sound decisions during tough financial times and maintained solid ratings.

Finally, I know all committee members take on their deferred compensation roles as additional duties. I want to thank you for the time and dedication you put in to the committee on behalf of thousands of state employees and retirees. I would like this letter to be part of the record for the July 12, 2012 meeting.

Sincerely,
Fred Hinners

Micah Salerno

From: Carrie L. Parker [CParker@ag.nv.gov]
Sent: Monday, July 09, 2012 10:12 AM
Cc: Jake O'Shaughnessy; Micah Salerno
Subject: FW: NDC recordkeeper RFP

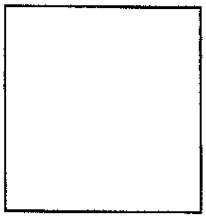
Committee:
Below are two emails from Kent Ervin, who has provided public comment at recent meetings.

Carrie

From: Kent Ervin [mailto:kentmervin@gmail.com]
Sent: Saturday, July 07, 2012 10:10 AM
To: rrreed@doc.nv.gov
Subject: Re: NDC recordkeeper RFP

Dear Dr. Reed:

P. S. In case you need any additional evidence on the benefit to participants of shaving basis points from expenses, there is an excellent article and graphic in today's Wall Street Journal:



WSJ.com - Building a Dirt-Cheap Portfolio Is Getting Even Easier* This article will be available to non-subscribers of the Online Journal for up to seven days after it is e-mailed.

The benefit of reducing expenses applies especially to administrative fees and to management fees for index funds, because these only detract from performance and can in no way be argued to improve performance.

Thanks for your service on the committee and thanks again for the opportunity to provide input.

-Kent Ervin

On Fri, Jul 6, 2012 at 1:38 PM, Kent Ervin <kentmervin@gmail.com> wrote:
Dear Mr. Reed:

As you continue to evaluate future recordkeepers for the 457 plan, I would like you to keep some priorities in mind.

As an investor primarily in passively managed index funds, my main concern is naturally the total expense ratio. Consider the Barclay's Aggregate US Bond Index as an example. Both current recordkeepers offer funds using this index, with total expenses of 0.15% or 0.26%. But I can get the same index in an individual private mutual fund for only 0.10% (with a $10K minimum in an IRA at Vanguard). I expect you to leverage the full $550M+ asset base of the NDC program to get the best possible institutional pricing for fund management and to minimize the additional administrative fee. I am quite willing to pay an appropriate share for the administration of the 457 plan, but I don't want to pay any more than necessary just because the fund assets are not consolidated. If you can get the same low pricing with multiple vendors, fine.

Beyond that, I only need a website with a reasonably good selection of features and ease of use, and the ability to call someone to ask account questions. Unless the account representatives are contractually obligated to act as a fiduciary to

me, frankly I'm not interested in getting their "advice". I'm also not attracted by a guaranteed income account from a single insurance company with only an A- credit rating.

Thank you for the opportunity to provide input.

Kent Ervin (active participant)
Reno

Micah Salerno

From: Carrie L. Parker [CParker@ag.nv.gov]
Sent: Monday, July 09, 2012 10:10 AM
Cc: Jake O'Shaughnessy; Micah Salerno
Subject: Nevada Deferred Compensation - Email from Participant to be read into the record at the July 12 meeting

Committee:
For your information, below is an email from a participant and former committee member who has requested that it be read into the record at the next meeting.

Carrie

From: Fred [mailto:Hinners@gbis.com]
Sent: Saturday, July 07, 2012 7:41 AM
To: RRReed@doc.nv.gov
Cc: deferredcom@defcomp.nv.gov
Subject: Upcoming meeting

Dear Chairman Reed,

As a long time participant and former board member, I have some concerns that I hope you will appreciate regarding the upcoming meeting. For years the deferred comp board and the investments attracted little attention, but things are changing rapidly in the investment world, with even giants of the industry being sold.
I know there has been some sentiment on the board to continue with the current providers, but I feel with the announced sale of Hartford the committee should continue with the RFP process and make a final decision at the end of September. I feel the board will only have enough information at that time.
Right now several things concern me:

- We don't know who will own Hartford for a couple of months
- ING has been downgraded and will also have a new owner (see link below)
- Several companies are competing for the state's business, and participants deserve to know if there is something better out there.

I would like to see the dust settle, and the board has a chance to find the best program before a company or companies are locked in for several years.

Thank you for your consideration. I have sent this e-mail to the other board members, and I would like it read into the record at the next meeting. Appreciate your help on this.

Fred Hinners
hinners@gbis.com
851-0640

http://www.lifeinsurancerecommendations.com/2012/01/ing-in-the-u-s-after-ratings-downgrades-uncertainties-of-a-transition-year/

Micah Salerno

From: Carlos Romo [renoromo@sbcglobal.net]
Sent: Monday, July 09, 2012 12:27 PM
To: Carrie L. Parker
Cc: Jake O'Shaughnessy; Micah Salerno
Subject: Fw: Agenda for July 10 meeting

Hi Carrie.

I just received this e-mail from an active Participant, Mr. Jim Lopey.

Thank you for your attention.

Carlos

From: Jim Lopey <jlopey@dps.state.nv.us>
To: Carlos Romo <renoromo@sbcglobal.net>
Sent: Mon, July 9, 2012 12:11:23 PM
Subject: RE: Agenda for July 10 meeting

Carlos,
Like I said before, I've always like Hartford. The returns that I've gotten through the years have been excellent. Their savings plan is also very good. Jim

James Lopey
Terrorism Liaison Coordinator
DPS-Nevada Threat Analysis Center (NTAC)
2478 Fairview Drive
Carson City, Nevada 89711
Business: 775-687-0454
Cell: 775-848-2619

Micah Salerno

From: Carlos Romo [renoromo@sbcglobal.net]
Sent: Wednesday, July 11, 2012 2:11 PM
To: Carrie L. Parker
Cc: Jake O'Shaughnessy; Micah Salerno
Subject: Fw: NDC Special Meeting/Hartford

Hi Carrie: Appears that all the Committee members received this e-mail from Ms. McCall so now I'm sending it to you with a cc to Jake and Micah.

Thank you for your attention.

Carlos

----- Forwarded Message ----
From: "McCall, Jennifer" <jmccall@cityofsparks.us>
To: "rrreed@doc.nv.gov" <rrreed@doc.nv.gov>; "davie@lcb.state.nv.us" <davie@lcb.state.nv.us>; "koliver@gcb.nv.gov" <koliver@gcb.nv.gov>; "renoromo@sbcglobal.net" <renoromo@sbcglobal.net>; "ssisco@dot.state.nv.us" <ssisco@dot.state.nv.us>
Sent: Wed, July 11, 2012 1:22:18 PM
Subject: NDC Special Meeting/Hartford

Dear Committee,

As the person that has managed the deferred compensation program for the City of Sparks for the last seven (7) years, please be advised that it would be of great detriment to city employees and myself if we lost The Hartford as one of our deferred comp representatives.

The Hartford and their financial advisors have handled our accounts with integrity and professionalism. Our Account Representative is dedicated, loyal and responsive. In fact, I have never received a complaint from an employee, only concerns with the possibility of losing The Hartford.

I hope the Committee makes a decision that benefit's the whole and allows us the option of staying with The Hartford. In reference to open meeting law, it is my desire to have my statement read into public record.

Thank you for your consideration.

Jen McCall, SPHR - Human Resources
Benefits, Employee Relations & Training

775-353-4023
jmccall@cityofsparks.us

Micah Salerno

From: Dreyer, Wayne K [WDreyer@dot.state.nv.us]
Sent: Monday, July 16, 2012 7:33 AM
To: Micah Salerno
Subject: MSG FOR REX REED SUPPORTING RFP PROCESS INCLUDING ALL POTENCIAL VENDORS

Mr. Reed,

I recently attended a Deferred Comp public meeting (7/12) regarding in part the "RFP". In particular, whether to consider only Hartford and ING in the RFP or to consider all qualified potential venders.

I think we should hear all possible legitimate offers by venders before making final selection. Additionally, I am a bit curious why there is so much support to only consider Hartford and ING. With Hartford preparing to sell off this part of their business, how are they a good candidate? I am concerned about a couple of things, Hartford's S&P rating down grade, Hartford selling off their retirement business (early 2013), and any obligation by the future purchaser of Hartford Retirement to fulfill Hartford's NDC obligations. I certainly understand why Hartford wants to limit the RFP process to them and ING. By limiting the RFP, Hartford strengthens its retirement business (retaining NDC), making it more valuable. I see how that helps Hartford's bottom line but I don't see how that helps me as a NDC investor.

Thanks,

Wayne Dreyer

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July 19, 2012

Nevada Public Employees' Deferred Compensation Committee
Nevada State Library & Archives Bldg.
100 Stewart Street, Suite 210
Carson City, NV 89701

Dear Chairman Reed,

I am a participant in the NDC and a Certified Retirement Counselor, CRC® who watches NDC meetings over the internet. I am writing to express my utter contempt regarding the outcome of the Committee's vote yesterday to enter into negotiations with Hartford as a result of the RFP process. I feel the Committee's decision was NOT in my best interest, or any other participant, given the advice provided by the Deputy Attorney General, Ms. Carrie Parke, and the Committee's Investment Consultant, Jake O'Shaughnessy from Arnerich Massena which was acknowledged but ignored by the majority vote of the Committee.

It was my understanding that the Committee's scoring process was designed to determine which finalist would be selected to begin negotiations for a new contract. The scoring outcome placed ING as the top finalist, yet a vote was made to begin negotiations with Hartford – a company who is selling their retirement business to the "we don't know yet" Company. What was the reason to select Hartford over ING? It appeared the only reason was based on the fact that Hartford has been the provider for a long time and nothing to do with the best investment choices for participants. Maybe the Committee members who are responsible for this disturbing decision are financially able to afford this type of uncertainty or risk – I can assure you, I am not. It's unsettling to realize how many other participants are totally unaware of the additional risk they've just been forced to bear. As of this morning, I have suspended my contributions to the NDC as I have lost faith in the Committee's ability to exhibit care, skill, prudence and diligence with my money.

It was obvious that the Committee's Investment Consultant and Co-Fiduciary was concerned about the decision when they declared they could no longer maintain a working relationship with the Committee if the motion passed. Who can blame them? As the Committee's Co-Fiduciary, they are obligated to make decisions in the best interest of ALL participants. They cautioned the Committee about the lack of transparency and their advice was ignored. They cautioned the Committee about higher costs to participants and their advice was ignored. It goes on, but the bottom line is that the Committee did not exercise the Prudent Person Rule – a fundamental requirement of any fiduciary.

Although I am unfamiliar with Mr. Sisco, Ms. Oliver or Dr. Romo's background, they are relatively new appointees to the Committee, and I question their level of knowledge of the defined contribution industry – especially considering they ignored the expert testimony from those who make the investment industry their living. Equally troubling was Committee member Sisco's comments that displayed a blatant disregard for, and dismissal of, the State of Nevada's Attorney General Office and the Committee's Investment Consultant. Mr. Sisco was absent during the entire finalist presentations and still ignored the advice of the experts. Anyone who were to watch just the last 30 minutes of the meeting video would understand that Mr. Sisco needs to look no further than the mirror to see the bias he touts of other Committee members.

Mr. Sisco made a motion in what appeared to be an attempt to provide a solution to the elevated concerns regarding this decision: get Tort Claim Liability Insurance.

I am aware that you and Vice Chairman Davie registered a nay vote on this potentially disastrous decision and I thank you for taking your fiduciary responsibilities seriously. Hopefully some action can be taken to reverse this outrageous decision including consideration for the replacement of Committee members who exhibit questionable or unprofessional behavior at Committee meetings.

Respectfully,
Brenda Burt

July 20, 2012

Dear Ms. Burt:

The committee was forwarded your letter written to Chairman Reed dated July 19, 2002. Since a fair amount of your unhappiness seems to be with me personally, I am happy to provide a reply to your letter.

You indicated in your letter, frustration that the committee failed to follow the advice provided by legal counsel. That is actually not correct. At a previous "non-meeting" or "closed-door meeting" requested by legal counsel, the committee was advised that scores did not have to be the final deciding factor, as long as sufficient justification existed for the selection made. Unfortunately, when legal counsel interjected herself into the final deliberation, her emphasis should have been on the need for that explanation and justification so that everyone would understand the reasoning behind the vote. Conflicting advice in the heat of a debate is very troubling for members to deal with.

You indicate in your letter that awarding the contract to Hartford will result in higher costs to participants. Again, this is incorrect. Although I personally have concerns about the legality of the motion and subsequent vote to accept bid alterations (since such an action was not on the posted agenda), even with the revised bids, Hartford's overall costs were still lower, particularly when you consider that Hartford is not charging basis points on the general account which holds the majority of participant funds. Ultimately we selected the bidder that provided the lowest overall costs.

I am confident that each committee member had their own reasons for voting as they did. I have no doubt that all of the committee members did as I did which was to spend an enormous amount of their own time in extensively reviewing the proposals to come up with the right decision. I believe that one item that split the board was those of us that believed that participant preference and input should be considered in the final decision, as compared to those that believed that participant preference and input had no place in that decision. We not only had a substantial number of individual participants provide input and support for Hartford, but also had many representatives from partnering employers express that their entire group had a comfort level and preference with Hartford.

Ultimately I too was personally not happy with the final outcome. However, a series of decisions and events led us to that point, and the options available to us at that time were limited. For me, having an entire new way of operating the program that conflicts with current regulations is incomprehensible. I believed, and I still believe that the better course of action would have been to extend the current contracts with both providers while the committee decides how the program is to operate, promulgate regulations to match that plan, and then redevelop an RFP that is in compliance with those regulations. Ultimately when I cast my vote, I took into account the requirements within the regulations that called for the committee to base its selection on "the variety and quality of any investment options offered to

participants and the projected costs submitted by each applicant." Since, due to the deficiencies in the RFP, we only had the Hartford General Account as an investment option to consider; and since previously the ING General Account had been removed from the program for "managerial issues;" and finally, since the final score totals were only something like .003 percent apart, I believe the decision made was the most appropriate given the options remaining available to us.

As I alluded to in the paragraph above, and as one participant put it: "This RFP process is the biggest boondoggle ever in state RFP's from the very beginning." I would pretty much agree with that statement. The committee is moving toward hiring staff that will have familiarity with required state processes so that when the next RFP comes around, it will be in compliance with our current regulations. As far as your concerns about Hartford selling their retirement business, as we had heard rumors, both Hartford and ING are in similar situations with potential sales of their retirement businesses. For that matter, any company can at any time sell all or a part of their business, and this would put the Committee in the same situation. Pursuant to our agreements, the committee will have the final decision as to whether or not to allow the agreements to be transferred.

As far as your last concern about me making the motion relative to the tort claim insurance, there was nothing sinister in that action. The Deputy Attorney General provided the information; the Chair was looking for a motion; the Vice Chair was out of his chair and packing up; and the issue was going to die if a motion was not made. I made the motion the Chair was looking for, it was seconded, and it passed unanimously. While you may not agree with my actions, hopefully this provides you with an understanding of my perspective on this RFP process.

Sincerely,

Scott K. Sisco

Micah Salerno

From: the_burts@cox.net
Sent: Monday, July 23, 2012 9:51 AM
To: Sisco, Scott K
Cc: Micah Salerno; Carrie L. Parker
Subject: Re: Response to Nevada Deferred Compensation Meeting Concerns

Dear Mr. Sisco,

I wanted to thank you for the prompt and detailed response. Your letter has reinforced my decision to no longer participate in the plan as I continue to be concerned with its direction.

Respectfully,
Brenda Burt

---- "Sisco wrote:
> Ms. Burt: Please find my attached response to your concerns with my
> actions related to the Deferred Compensation Committee meeting of July
> 18, 2012. This letter is from me in my individual capacity, and is
> not meant to represent the views of any other committee member.
> Hopefully this response helps you better understand the actions taken
> at that meeting. Scott Sisco
>
>
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Micah Salerno

From: Tim Murphy [thmaz2012@yahoo.com]
Sent: Tuesday, July 24, 2012 2:04 PM
To: Micah Salerno

To whom it may concern,
My name is Tim Murphy and I am a State of Nevada employee for the last 27 years. After the July 18th def comp meeting I feel compelled to write to express my great displeasure over the meeting to elect a new provider. It seems that the 3 committee members who voted for Hartford may have other objectives in mind other than the best interest of the state employees they are appointed to represent. ING received the highest score. Hartford is getting out of the retirement business. ING had a better interest rate for the general fund. Both the AG and consultant recommended ING, so what happened? One representative came in at the end and still voted for Hartford without seeing the presentations. The consultant has submitted their notification that they are no longer interested in representing the committee. What is going on?????

I am requesting that before any decision is made that a summary of what went on during that meeting is published in the newsletter so that all state employees can see **how** they are being represented.

Micah Salerno

From: Sisco, Scott K [SSisco@dot.state.nv.us]
Sent: Tuesday, July 24, 2012 2:40 PM
To: Micah Salerno
Subject: Fwd: THANK YOU

Micah: Please distribute to all committee members. Thanks. Scott

Scott K. Sisco, Assistant Director, NDOT
Sent from my iPhone
Excuse the typos - little buttons, big fingers!

Begin forwarded message:

> **From:** "John C. Datian" <jcdatian@nta.nv.gov>
> **Date:** July 24, 2012 5:34:48 PM EDT
> **To:** "ssisco@dot.state.nv.us" <ssisco@dot.state.nv.us>
> **Subject: THANK YOU**
>
> Mr. Sisco, THANK YOU for listening to the members and their concerns.
>
> Respectfully,
>
> John Datian
> Compliance Audit Investigator II
> State of Nevada
> Nevada Transportation Authority
> 2290 S. Jones Blvd, Suite 110
> Las Vegas, Nevada 89146
> Phone: 702-486-3303 x 420
> Fax: 702-486-5876
> jcdatian@nta.nv.gov
> website: www.nta.nv.gov

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27 July 2012

The Honorable Brian Sandoval
Governor of Nevada
State Capitol Building
101 N. Carson Street
Carson City, NV 89701

Dear Governor Sandoval:

I am writing to express my deep concern with the current state of the Nevada Public Employees Defined Contribution Program (NDC) retirement plan.

I am a Foundation Professor of Chemistry at the University of Nevada, Reno, and I am an active participant in the NDC plan. As you may know, Nevada System of Higher Education employees may contribute to the NDC 457 plan in addition to NSHE's own defined contribution plans (401a and 403b). I have a substantial amount of my personal retirement assets invested at NDC, and these assets cannot be rolled over into a different plan until I retire.

I must emphasize that I am writing only on my own behalf, but I am also a member of NSHE's Retirement Plan Advisory Committee, which advises Chancellor Klaich as Plan Administrator for our defined contribution plans. I have had to learn a lot about defined contributions plans in this service role. I have closely followed the NDC Program in the past few years as a model for how to improve our retirement program. The NDC has been at the forefront at applying current best practices in defined contribution retirement plans and in keeping up with complex federal guidelines. I was therefore surprised and disconcerted when recent membership turnover on the NDC Committee resulted in a complete change of course.

The NDC program is in a state of crisis. The Executive Officer recently left the position to accept employment elsewhere in state government. The administrative assistant position is also vacant, so they have no permanent staff. Most alarmingly, the plan's investment consultant and co-fiduciary, Arnerich Massena, a well-respected national firm, has resigned citing "different views over the direction and process of the retirement plan." The resignation of a retirement plan co-fiduciary appears to be unprecedented. This leaves the Committee with no investment and retirement plan expertise to help it meet is fiduciary duties under state and federal law.

The five-year contracts of the two current recordkeeping and investment providers will expire on 12/31/2012. The NDC Committee recently went through a Request for Proposals process. The committee members could agree on almost none of the facts and the public meetings degenerated into personal attacks. I have observed many state board meetings (e.g., PEBP) and legislative hearings, some with heated arguments, and have never heard anything so uncivil. The scorings of the RFP proposals for the six original companies and four finalists were so widely divergent among the five committee members that it is hard to believe they were all reviewing the same (confidential) proposals. At the end of the finalist interviews, one company received the highest scores, but the Committee nevertheless voted 3-2 to award the contract to a different company, the largest incumbent, in apparent conflict with the terms of the RFP. To an outside observer, it appeared that some of the members were so devoted to

a particular provider that no information in the proposals or considerations presented by the independent co-fiduciary would have swayed their positions. Either of the two top scorers would leave nearly $300M in participant guaranteed income accounts backed solely by the general obligations of a single insurance company with only an A− financial strength rating (S&P) and without full disclosure of the underlying assets and expenses. That is against the NDC's own Investment Policy requirement to "provide necessary disclosure of underlying portfolio holdings, performance and fees to ensure proper risk assessment, performance and fee evaluation."

Given the dysfunction of the committee and the lack of any staff or consultant with investment or retirement plan expertise, I have no confidence in the current NDC Committee acting as fiduciaries in the best interests of plan participants. It is unlikely that the current committee could hire a highly qualified consultant and co-fiduciary after the sudden resignation of Arnerich Massena following the RFP vote. Even replacing the entire committee, it would take time for new members to learn about the complex plan issues. The only course of action I see left is to recommend that you disband the NDC Committee as an independent board and place the program in 'receivership' with an established state agency that has broad expertise in managing investments, for example, PERS or the Nevada College Savings Plan. With $575M in state employees' and retirees' assets at stake, this would be the prudent course of action given the current situation. Time is of the essence because of the impending expiration of the provider contracts. Since Arnerich Massena was responsible for negotiating a new contract, I have no idea how a contract will be established.

I understand that you and some legislators are considering a defined contribution plan for state employees as a partial replacement for the PERS defined benefit plan. As a NSHE employee who relies solely on our defined contribution plan (with no pension or social security as a backup), I am acutely aware of both the advantages and disadvantages of defined contribution retirement plans. Regardless of those issues, I hope you will agree that the Nevada Defined Contribution plan needs to have its house put in order to serve as any sort of model for a future state plan.

I would be happy to discuss this issue further with you or your staff. Thank you very much for the opportunity to state my concerns.

Sincerely,

Kent M Ervin

Dr. Kent M. Ervin
Reno, Nevada

cc: NDC Committee, c/o Ms. Carrie L. Parker, Deputy Attorney General

Micah Salerno

From: nynv81@peoplepc.com
Sent: Sunday, July 29, 2012 11:36 AM
To: Micah Salerno
Subject: contract negotiations

I want to thank you for the outcome of the recent contract negotiations you have worked so hard on.

I am a retiree who was a participant in the Hartford deferred compensation plan. Their reps, their plan offerings, their availability to answer questions anytime and anywhere are unbeatable and your decision will be a huge benefit for all state participants.

Regardless of Hartford's future plan to divest themselves of the retirement section of their business I have no doubt they will ensure that the new company will be as attentive and forward looking and devoted to their participants as was Hartford.

Thank you for this difficult but correct decision for Nevada employees and their futures.

Pat DeRago

July 30, 2012

Office of the Governor
101 N Carson St

RE: Deferred Compensation concerns

I am writing today to express my alarm over the direction of the Deferred Compensation program. I follow the meetings closely, as I have trusted the fund with all the money to supplement my state retirement income.

From the actions and discussion in the meetings, I clearly see a lowering of standards for the program's staffing and oversight, and the puzzling and irresponsible bias of several of the newer members of the board. I want to see professional staff, not merely clerical, guiding and monitoring the program. Against the Chair's and senior board members objection, the position is being downgraded.

Learning through news accounts of the financial position of the Hartford and their plans to sell the retirement component, the push by the board's new members to support all things Hartford is more than unsettling, it's very suspicious and makes me ask about some hidden agenda. These new members ignore the opinions of the experienced members and staff and seem bent on putting their heads in the sand and supporting Hartford's interests in all matters. They are so blatantly biased that even the Hartford representatives sometimes seem embarrassed. Also, it is troubling to hear Mr. Sisco ridicule staff and their opinions. Board members are appointees; the Governor should know how the board members are discharging their authority.

Throughout the last few years of bad economic conditions, I have continued to place money in the deferred compensation program. I felt confident, until this last year, that I could trust the board and plan providers. Please consider my comments and look into the direction of the board. I have attached two articles that I hope you will take a minute to review.

Nan Bowers

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Hartford is leaving the retirement busines

The Hartford Will Break Apart, Raising Questions About Jobs

March 21, 2012 By MATTHEW STURDEVANT, msturdevant@courant.com, The Hartford Courant

Connecticut's largest employer in the insurance industry, The Hartford, is breaking apart.

The Asylum Hill company that dates to 1810 enjoyed relative calm from the time it was spun off by ITT Corp. in 1995 to its near collapse in 2008, a period when other multi-line insurers such as Travelers and Aetna were splitting into pieces.

The Hartford Financial Services Group said Wednesday that it will end new sales of annuities to individuals on April 27, and that it is selling its individual life-insurance business, retirement plans and its Woodbury Financial Services

The breakup follows weeks of intense pressure from The Hartford's largest shareholder, a New York hedge fund managed by billionaire John Paulson. It is not, however, a spinoff of property-casualty operations from life insurance, as Paulson had wanted. After the annuities runoff and sale of life and retirement units, The Hartford plans to focus on property-casualty, group benefits and mutual funds — more profitable and less volatile businesses — in hopes of unlocking share value and setting the stage for growth.

"We want to be a superior-performing company, we want to create shareholder value, and the status quo, in our view, was not going to get us there in a reasonable period of time," The Hartford's CEO, Liam E. McGee, told The Courant in an interview.

The effect on jobs in central Connecticut, where The Hartford has 10,300 of its 24,400 total employees, remains unclear. Some employees said the mood in the Simsbury office, where hundreds of people work in annuities, and at the company's main campus in Hartford, was jittery.

In New York, the proposal was met with a lukewarm response by Paulson, whose firm, Paulson & Co., owns 8.5 percent of the company.

"We support today's actions, not as a conclusion of the strategic review, but as a first step in creating a clear delineation between The Hartford's P&C and non-P&C businesses," Paulson & Co. said in a statement, adding, "While we appreciate the extensive work of The Hartford's board and management, we do not believe the positive actions announced today address the main problem with The Hartford's undervaluation."

Shares opened up sharply and later settled, closing at $22.02, up 31 cents, or 1.4 percent, on the New York Stock Exchange.

The breakup plan is the latest and most dramatic recovery step in The Hartford's 4-year odyssey, since investmentlosses — including mortgage-backed securities — eroded the company's strength at the start of the recession. The company has had massive executive changes, including the early retirement of Ramani Ayer, a CEO who had guided it through years of growth; a huge cash infusion by a German insurer; a $3.4 billion federal bailout; and thousands of job losses amid restructuring.

As Wall Street studied the plan, the question coursing through the city and state was about jobs at the Stag, the company's mascot and nickname. Decades after other insurers spread their workforces far and wide, The Hartford maintains an astounding 40 percent of its payroll at home, and any radical step is viewed as a threat to that situation.

McGee said he believes that the new strategy could lead to job growth.

"I think as we strengthen the company with this plan, both Connecticut and the city of Hartford remain incredibly important to our company," McGee said. "I would hope as we implement this plan, it gives us a platform to invest and create new jobs in a prosperous, growing Hartford — the company."

"We'll continue, as we have been, to be a very involved citizen, whether it be in our Asylum Hill project, whether it be in helping the demolition of the Capitol West building, and all the other things our teammates do in Connecticut and the city of Hartford," McGee said. "If anything, I view this as an opportunity to continue to invest and grow in Connecticut and in the city of Hartford."

why Nevada needs professional staff

Preparing for retirement plan audits

To avoid steep fines, make sure that clients are compliant with all DOL and IRS regulations.

May 27, 2012 6:01 am ET investmentnews.com

For some, "audit" can be the most feared word in the English language. And this year, the Labor Department is doing its utmost to spread the word.

The buzz is that the department is stepping up its efforts to audit 401(k) plans and other employer-sponsored retirement plans.

It is in the middle of hiring 1,000 new employees, including 670 investigators, as part of its increased focus on noncompliance issues.

The results have been eye- popping: 70% of retirement plans audited by the Labor Department were fined, received penalties or had to make reimbursements for errors in 2009 and 2010, according to the latest figures available. Plan sponsors coughed up more than $1 billion in corrections, reinstatements and fines, for an average assessment of $450,000, the department reported.

Although those numbers may be chilling, the wind is expected to blow even harder and colder this year. Fortunately, plan sponsors can help protect themselves from this environment by running to the embrace of their financial adviser.

Whether advisers are huggers or not, they can help clients prepare for the possibility of an audit by helping ensure that their retirement plans are shipshape before an auditor ever knocks on their door.

Advisers are encouraged to conduct a plan review with each of their retirement plan sponsors annually or even biannually, with an eye toward uncovering common problems, many of which can be fixed easily and inexpensively. There is perhaps no better way for advisers to demonstrate their value to plan sponsors, especially in light of the new disclosure regulations for retirement plan fees and commissions taking effect this year.

The cost of fees and commissions pale by comparison with the potential liability associated with adverse findings from a Labor Department audit.

Advisers should look for these common mistakes made by retirement plan sponsors:

Failing to follow their plan document. Plan sponsors are responsible for keeping retirement plans in compliance with tax laws. They also are responsible for communicating any changes to the plan document or plan's operation to anyone servicing their plan. Changes to the plan document also should be made to the summary plan description. Mistakes happen, and when they do, they should be corrected as soon as possible.

Neglecting to enroll new employees in the retirement plan in a timely manner. The plan document should define who is considered an employee and spell out the requirements for when

employees become eligible to become plan participants and make elective deferrals to their 401(k) plan. It isn't uncommon for plan administrators to assume mistakenly that their plan doesn't cover part-time workers, or fail to account for employees who choose not to make deferrals when the employer is making contributions to the plan or running nondiscrimination tests.

Ignoring loan provisions. Many 401(k)s permit loans to plan participants. However, plan sponsors should make sure their plan documents allow loans, and spell out provisions for the loans before allowing participants to borrow money from their plan.

Forgetting to file Form 5500. Plan sponsors generally are required to file an accounting of the plan's assets, operations and other details annually. Employers sometimes make the mistake of assuming that a third-party administrator or service provider has filed on their behalf.

Failing to invest the assets on a timely basis. Employers are responsible for contributing elective deferrals by plan participants to the plan's trust. Employers need to determine the earliest date by which they can segregate deferrals from general assets. That date should be compared with the actual deposit dates and any plan document or other requirements.

Although fines for infractions can be stiff, the Labor Department and the Internal Revenue Service, both of which oversee aspects of retirement plan compliance, have taken pains to help plan sponsors spot and correct problems. A self-correction system permits plan sponsors to fix certain plan failures without contacting the IRS or Labor Department.

The key is to be proactive.

It is critical for advisers to review their clients' 401(k) plans for compliance frequently. Doing so won't help a plan sponsor avoid an audit, but it can help make the word "audit" a lot less scary.