

Brian Sandoval
Governor

Rob Boehmer
Program Coordinator



**Nevada Public Employees'
Deferred Compensation Program**

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NDOC
Carlos Romo, Vice Chair
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Senior Deputy Attorney General

NOTICE OF PUBLIC MEETING

NEVADA PUBLIC EMPLOYEES'
DEFERRED COMPENSATION COMMITTEE

Wednesday, January 21, 2015
9:00 am – 4:30 pm

Note: Persons may attend the meeting and provide testimony through a conference call conducted at the following location. If you would like to participate in the meeting by conference call, please email deferredcomp@defcomp.nv.gov for the conference call number and access code.

Office of the Attorney General
Mock Courtroom
100 N. Carson Street
Carson City, Nevada

Below is an agenda of all items to be considered. All items which are potential action items are noted as such. Items on the agenda may be taken out of order, combined for consideration, or removed from the agenda at any time at the discretion of the Committee.

AGENDA

1. Opening Remarks
2. Public Comment *Comments from the public are invited at this time prior to the commencement of possible action items. The Committee reserves the right to limit the amount of time that will be allowed for each individual to speak and may place reasonable restrictions on the manner of public comment. The Committee is precluded from acting on items raised during Public Comment that are not on the agenda. Public comment pursuant to this item should be limited to items listed on the agenda.*
3. Recordkeeper Transition Update- Presented by Voya Financial and Frank Picarelli
4. Present, review, and discuss 2015 NDC Marketing
 - a) Discussion and Review of Voya Enrollment Campaign strategy
 - b) Overview of new Voya Dashboard and My Orange Money

- c) Discuss new branding proposed by Voya Financial
 - 1) Discuss and review NDC's monthly marketing communication ideas to participants
 - i. Monthly Educational/Communication pieces to participants (i.e.: every third Tuesday)
 - ii. Monthly Educational/Communication pieces to Retirees
 - iii. Local Service flyer with Representatives contact information (customized to each region)
 - iv. Quarterly Newsletters
 - d) Marketing plan to Alliance Partners
 - 1) Reaching out to new potential Alliance partners
 - 2) Review NDC's Relationship with our Alliance Partnerships
 - i. Discuss new Interlocal Contract that was sent to each existing Alliance Partner to renew their agreements to reflect the expiration of previous Recordkeeping contracts
 - ii. Discuss the potential of updating criteria for their participation in the NDC Program
5. Beneficiary Designation campaign strategy and communication
 6. NDC Website management, maintenance, potential new branding
 7. Participant Education for 2015
 - a. Financial Education Days- Fall
 - i. NS4RW is set for October 18th -24th 2015
 - ii. Idea of conducting a "Financial Wellness Week"- Rob Boehmer to present
 - b. Retiree Financial Education Workshop- Spring- Rob Boehmer and Voya to present
 8. Discuss Program Evaluation timetables for the following:
 - a. Program Coordinator and Administrative staff
 - b. Investment Consultant
 - c. Compliance Audit contractor
 - d. Financial Audit contractor
 - e. Recordkeeper (VOYA)
 9. Discuss Plan Document and Administrative Manual Updates
 - a. Review and discuss findings of Compliance audit and hear recommendations from Melanie Walker of Segal Rogerscasey regarding Plan Document changes and or Administrative Manual Changes
 10. Review, discuss the NDC Investment Policy Statement- Frank Picarelli of Segal
 - a. Determine if any changes or updates should be made and proposed at a Quarterly meeting for formal action.
 11. Discuss implementation plan of Loan Program
 - a. Timeline, communication, and implementation proposal from Voya Financial

12. Discuss NDC's use of NAGDCA and other professional industry organizations such as Institutional Investor, for updates on DC plans in the public sector
 - a. Use of Webcasts
 - b. Attendance at Annual Meetings, conferences, summits, forums, etc.
13. Discuss any proposed legislation/regulations that might be introduced and possibly affect our participants, contractors, or the NDC Program in general.
14. Update and review of Fiduciary duties of the NDC Members
15. Discuss and review general items of business and administration items that will be heard or evaluated by the Committee at the Quarterly Committee Meetings throughout the 2015 Calendar year

Closing Comments

16. Investment Consultant / Recordkeeper
17. Sr. Deputy Attorney General
18. Committee Members
19. Administrative Staff
20. Public Comment. *The Committee reserves the right to limit the amount of time that will be allowed for each individual to speak. The Committee is precluded from acting on items raised during Public Comment that are not on the agenda. Public comment pursuant to this item may be on any topic, principally those related to the Nevada Deferred Compensation Program.*
21. Adjournment

Prior to the commencement and conclusion of a contested case or a quasi-judicial proceeding that may affect the due process rights of an individual the Committee may refuse to consider public comment. *See NRS 233B.126.*

Notice of this meeting was posted at the following locations in Carson City, Nevada:

Nevada State Library and Archives, 100 Stewart Street
Blasdel Building, 209 E. Musser Street
Capitol Building, 101 N. Carson Street
Legislative Building, 401 S. Carson Street

Notice of this meeting was posted at the following locations in Las Vegas, Nevada:

Grant Sawyer State Office Building, 555 E. Washington Avenue
Fax to Capitol Police – (702) 486-2012

Notice of this meeting was posted on the following website:

<http://defcomp.nv.gov/>

We are pleased to make reasonable accommodations for members of the public who are disabled and would like to attend the meeting. If special arrangements for the meeting are required, please notify the Deferred Compensation office at 100 North Stewart Street, Suite 210, Carson City, Nevada, least one working day before the meeting or call (775) 684-3397 or you can fax your request to (775) 684-3399.



New options for your retirement future

Important information about the State of Nevada
Public Employees 457(b) Deferred Compensation Plan

February 2015



The Nevada Public Employees Deferred Compensation Program (NDC) and Voya Financial™ are committed to helping you prepare for your retirement future. Voya Retirement Insurance and Annuity Company is pleased to have been selected as the exclusive provider for the Nevada Public Employee's Deferred Contribution Plan and the FICA Alternative Plan. Consolidating these Plan services with Voya™ will help make it easier for you to understand and manage your retirement accounts. As a provider of retirement plan services to the State of Nevada for more than 10 years, we look forward to our continued role in helping you pursue your future financial and retirement objectives.

Be sure to visit nevada.beready2retire.com/transition for more information about exciting new plan features, local representatives available to assist you, and a calendar of local transition meetings.



You should consider the investment objectives, risks, charges, and expenses of the investment options offered through a retirement plan carefully before investing. The fund prospectuses containing this and other information can be obtained by contacting the Retirement Readiness Service Center at (800) 584-6001. Individual fact sheets describing each investment as well as an information booklet are available online at nevada.beready2retire.com/transition. Please read all information carefully before investing.

Group annuities are intended as long-term investments designed for retirement purposes. Money taken from the annuity will be taxed as ordinary income in the year the money is distributed. Account values fluctuate with market conditions, and when surrendered the principal may be worth more or less than its original amount invested. The Voya Fixed Account is offered under a group annuity contract. An annuity does not provide any additional tax deferral benefit, as tax deferral is provided by the plan. Annuities may be subject to additional fees and expenses to which other tax-qualified funding vehicles may not be subject.

About the transition

The following enhancements are available to you starting February 20, 2015 as a result of the transition:

- An enhanced investment menu featuring a new credited fixed interest account.
- A new plan Website designed exclusively for NDC participants that enables electronic transactions and account updates, and provides easy access to account information, tools and calculators and investor education webcasts and seminars. This will be available March 2015.
- Voya's mobile account app, available for multiple electronic devices, provides total access to your account whenever and wherever you need it.
- One consistent telephone number for central support – Voya's Retirement Readiness Service Center (800) 584-6001.
- A single, consolidated quarterly statement for your Plan accounts.
- Access to local, onsite representatives.

Expanded Services & Technology

Take advantage of new tools and services to begin preparing for tomorrow, today.

- View and update your Plan beneficiary records online or by phone.
- Access additional investment options offered through a self-directed brokerage account from TD Ameritrade¹. If you currently participate in the self-directed brokerage account offered by MassMutual through Charles Schwab², you will receive a separate communication from Voya describing how these assets will transfer to a new brokerage account at TD Ameritrade.
- The availability of independent investment advice through the Morningstar[®] Retirement ManagerSM program which offer both investment advice (Managed by You) and Managed Accounts (Managed by Morningstar)³.
- Use Voya's Personal Financial Dashboard for free online planning to help organize your finances, set goals, create budgets, track spending, review investments and more.
- Use "myOrangeMoney" – an online resource that helps you see savings as potential monthly retirement income. You can adjust assumptions and instantly see the impact to your estimated monthly retirement income dollars
- If you're retired, you'll soon be able to visit our new retiree website, a resource designed to provide plan information and support specifically geared to retirees. This website will be available at the end of the first quarter of 2015.

For more information on these services, and other important transition information, please visit our transition website at nevada.beready2retire.com/transition.

How will these transition changes take place?

These changes will take place automatically. You are not required to do anything. Where applicable, your current account balance and ongoing contributions will transfer to the new options through a process called "fund mapping." The enclosed fund mapping chart will provide more details.

Will there be fees associated with these changes?

You will not be charged any fees by Voya as a result of the transition.

When will these changes occur?

The conversion period is expected to conclude on February 20, 2015. More information can be found in your current provider's section of this book.

Do you currently have a Voya Account?

Please see page 4 for additional information relating to the transition of your account.

Do you currently have a MassMutual Financial Group[®] Account?

Please see page 7 for additional information relating to the transition of your account

¹ Brokerage services provided by TD Ameritrade, Inc., member FINRA/SIPC/NFA. TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and The Toronto-Dominion Bank. Used with permission. TD Ameritrade is an independent entity and not a corporate affiliate of Voya Financial Partners, LLC (Member SIPC).

² MassMutual Financial Group and Charles Schwab are not affiliated with the Voya[™] family of companies.

³ Morningstar Retirement Manager is offered by and is the property of Morningstar Associates LLC ("Morningstar Associates"), a registered investment advisor and a wholly owned subsidiary of Morningstar, Inc., and is intended for citizens and legal residents of the United States and its territories. Morningstar Associates' advisory service relates solely to the investment options offered under the plan. Retirement plan funding products offered through Voya Financial Partners, LLC (member SIPC) or other broker dealers with which it has selling agreements. Voya provides Morningstar Associates with the plan's investment options and information about participants but the decisions regarding the advice provided are made by Morningstar Associates. Voya and its companies are not affiliated with Morningstar Associates or its affiliates, and receive no fee or other direct financial benefits from Morningstar Associates in connection with the use of its services. The Morningstar name and logo are registered marks of Morningstar, Inc.

Accessing your account with Voya

If your account is currently with Voya, there is no change in how you access your account. You can log on at VoyaRetirementPlans.com/custom/nevada or call the Retirement Readiness Service Center at **(800) 584-6001**.

If you're new to Voya or haven't registered before, you will need to register and have logged into the Website at least once before you can use the mobile app. Your Personal Identification Number (PIN) is required to access your account by phone and to register for your account on the web.

For your NDC plan, your PIN is initially set as the four-digit month and year of your birth (mmyy). Use this PIN to logon the first time you visit. You will be prompted to create a User ID and a new Password for future logons. To help protect your privacy, change your default PIN the first time you access your account. For the mobile app, you will use the same User ID and Password you set up for the website.

Accounts transferring from MassMutual will have access to these tools on **February 20th**.



Web Access

The Voya retirement plan website is efficient and user-friendly. In addition to complete account transaction capabilities, the site has a number of convenient account management resources, including:

- Easy, secure access – To help protect your personal information, you must register and create a customized User ID and Password.
- Investor education tools – Review financial articles, listen to webcasts explaining investing concepts and try interactive retirement savings calculators to become a more informed investor.

Mobile access

Voya's mobile account app, currently available for iPhone®, iPod Touch®, iPad®, Android™ and Kindle devices, helps keep your retirement plan at your fingertips. Here are some of the account details you'll be able to view on the go:

- Current balances and balance history
- Balances by asset class and fund
- Personal rate of return
- Fund performance

You can download our mobile application directly from the iTunes App Store or through the Android Market.

Keywords: Voya Retire

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Phone Access

The Retirement Readiness Service Center gives you 24/7 account access over the phone. Customer Service Associates are available to answer questions and help with transactions from 5:00 a.m. – 6:00 p.m. PST, Monday through Friday, except on days the New York Stock Exchange is closed.

If you currently hold a MassMutual account and would like to speak to someone prior to February 20, please contact our local office at (866) 464-6832.

Beneficiary Information

Keeping your beneficiary information up-to-date is an important step in your retirement planning. You can review and update your beneficiary with Voya by:

- Logging in to your account at VoyaRetirementPlans.com/custom/nevada
- Completing a form obtained through the local Voya office or account representative.
- Calling the Voya Retirement Readiness Service Center and speaking with a Customer Service Associate at **(800) 584-6001**.

IMPORTANT

Voya Account Holders: Your information will remain on file, however, now may be a good time to ensure your information is up-to-date.

MassMutual Account Holders: Once the new plan features are live on February 20, 2015, you must update your beneficiary information.



Important Information for plan participants currently holding Voya Accounts

Voya is pleased to have the opportunity to continue to service your retirement account. Following the Plan transition process, you will have access to new fund options and a range of new and augmented support services to help you plan and save for your retirement future. These changes will occur automatically and require no action on your part. Also, as a current Voya customer, your account access and support services will not be interrupted during the transition. Please see the information below for specific details concerning the transition and its impact on your account.

- There will be no interruption to your payroll contribution processing, or your retiree benefit installment payments.
- Participants who currently hold Voya Accounts will not be subject to any account access restrictions throughout the transition process.
- New fund options are available to you (see page 5). Access to these new fund options will be available to you beginning February 4, 2015.
- There is no need to re-enter your beneficiary information, unless you choose to update your beneficiaries at this time.

The new Voya Fixed Account

On December 19, 2014, the Voya Stable Value Fund was replaced by the Voya Fixed Account 457/401 II, a new general account investment with similar objectives and risk levels. Voya is guaranteeing a 3.50% credited interest rate through December 31, 2015; 3.15% from January 1, 2016 through December 31, 2016; 2.75% from January 1, 2017 through December 31, 2017; and 2.50% from January 1, 2018 through December 31, 2019. The Voya Fixed Account 457/401 II has a minimum guaranteed interest rate of 1.00% for the life of the contract. Guarantees are based upon the claims paying ability of Voya Retirement Insurance and Annuity Company.

Do you work for the Nevada System Of Higher Education (NSHE) or a political subdivision?

While the information in this section applies to you, your assets will be transferred to a new Voya account under the Plan. This transfer to the new account and the new fund options will be completed on February 4, as mentioned above. You will not be subject to any account access restrictions throughout the transition process.

Fund mapping chart

The following chart shows how your current account balance and future contributions will automatically transfer to the new investment options through the process of “fund mapping.” The options listed in the “Current Investment Options” column on the left will transfer (“map”) to the options listed in the “New Investment Options” column on the right. The chart also includes the fund number for each new option. The mapping process matches current and new options based on fund strategy and objectives, risk profile, holdings, and long-term performance potential.

Please note that 15 current investment options will not change; they are identified in italics under the New Investment Option column below.

If you have a Plan account with both Voya and MassMutual today, the investment mapping of your future contributions will be based upon your current Voya account.

Current investment options	Maps to	New investment options	Category	Fund #
Stability of principal				
<i>Voya Fixed Account – 457/401 II</i>	➔	<i>Voya Fixed Account – 457/401 II</i>	<i>Stable Value</i>	<i>1057</i>
Guarantees are based on the claims-paying ability of Voya Retirement Insurance and Annuity Company and do not apply to the investment return or principal value of the mutual funds under a custodial agreement.				
Bonds				
<i>Vanguard® Total Bond Market Index Fund - Institutional</i>	➔	<i>Vanguard® Total Bond Market Index Fund - Institutional</i>	<i>Intermediate-Term Bond</i>	<i>799</i>
Asset allocation /Balanced				
<i>Vanguard® Target Retirement 2015 Fund - Investor Shares</i>	➔	<i>Vanguard® Target Retirement 2015 Fund - Investor Shares</i>	<i>Target Date 2011-2015</i>	<i>791</i>
<i>Vanguard® Target Retirement 2025 Fund - Investor Shares</i>	➔	<i>Vanguard® Target Retirement 2025 Fund - Investor Shares</i>	<i>Target Date 2021-2025</i>	<i>926</i>
<i>Vanguard® Target Retirement 2035 Fund - Investor Shares</i>	➔	<i>Vanguard® Target Retirement 2035 Fund - Investor Shares</i>	<i>Target Date 2031-2035</i>	<i>793</i>
<i>Vanguard® Target Retirement 2045 Fund - Investor Shares</i>	➔	<i>Vanguard® Target Retirement 2045 Fund - Investor Shares</i>	<i>Target Date 2041-2045</i>	<i>794</i>
No current fund	➔	<i>Vanguard® Target Retirement 2055 Fund - Investor Shares</i>	<i>Target Date 2051+</i>	<i>2473</i>
<i>Vanguard® Target Retirement Income Fund - Investor Shares</i>	➔	<i>Vanguard® Target Retirement Income Fund - Investor Shares</i>	<i>Retirement Income</i>	<i>795</i>
Investments in Target Retirement Funds are subject to the risks of their underlying funds. The year in the Fund name refers to the approximate year (the target date) when an investor in the Fund would retire and leave the work force. The Fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in the Target Retirement Fund is not guaranteed at any time, including on or after the target date.				
Balanced				
<i>VY T. Rowe Price Capital Appreciation Portfolio - Inst</i>	➔	<i>VY T. Rowe Price Capital Appreciation Portfolio - Inst</i>	<i>Moderate Allocation</i>	<i>1257</i>
Large cap value				
<i>Vanguard® Institutional Index Fund - Institutional Shares</i>	➔	<i>Vanguard® Institutional Index Fund - Institutional Shares¹</i>	<i>Large Blend</i>	<i>566</i>
<i>Parnassus Core Equity Fund - Investor Shares</i>	➔	<i>Parnassus Core Equity Fund - Investor Shares</i>	<i>Large Blend</i>	<i>2228</i>
<i>AllianzGI NFJ Dividend Value Fund - Institutional Class</i>	➔	<i>AllianzGI NFJ Dividend Value Fund - Institutional Class</i>	<i>Large Value</i>	<i>1205</i>

Current investment options	Maps to	New investment options	Category	Fund #
Large cap growth				
American Funds The Growth Fund of America - Class R-3	➔	American Funds The Growth Fund of America - Class R-3	Large Growth	487
Fidelity® Contrafund®	➔	Fidelity® Contrafund® ²	Large Growth	524
Small/Mid/Specialty				
Vanguard® Extended Market Index Fund - Institutional Shares	➔	Vanguard® Extended Market Index Fund - Institutional Shares	Mid-Cap Blend	7499
Keeley Small Cap Value Fund - Class A Shares				
Lord Abbett Value Opportunities Fund - Class I	➔	Oppenheimer Main Street Mid Cap Fund - Class Y	Mid-Cap Blend	1267
Columbia™ Acorn® Fund - Class A Shares	➔	Goldman Sachs Small/Mid Cap Growth Fund - Class A	Mid-Cap Growth	9748
Baron Growth Fund - Retail Shares				
Hartford MidCap HLS Fund - Class IB	➔	Hartford MidCap HLS Fund - Class IB	Mid-Cap Growth	3772
Global/International				
American Funds Capital World Growth and Income FundSM - R-3	➔	Franklin Mutual Global Discovery Fund - Class A ³	World Stock	5036
Dodge & Cox International Stock Fund	➔	Dodge & Cox International Stock Fund	Foreign Large Blend	735
Vanguard® Developed Markets Index Fund - Admiral™ Shares	➔	Vanguard® Developed Markets Index Fund - Institutional	Foreign Large Blend	6501

Sub-adviser of funds included in Voya Partners, Inc. Directed Services LLC is the investment adviser for these funds

1 Vanguard and the ship logo are trademarks of The Vanguard Group, Inc.

2 Fidelity Advisor Funds is a registered trademark of FMR Corp

3 Franklin Templeton and the Ben Head logo are registered trademarks of Franklin Resources, Inc.

Beginning February 4, 2015 you can transfer assets to and/or re-direct future contributions to the new investment choice available under the plan. You can call the Retirement Readiness Service Center toll-free at **(800) 584-6001** or the online at **VoyaRetirementPlans.com/custom/nevada** to make these changes.

If you choose to have your assets and future contribution allocations automatically transferred from the Discontinued Investment Option to the Replacement Investment Option, you do not need to take any action.

If you do not want your assets and future contribution allocations automatically transferred from the Discontinued Investment Option to the Replacement Investment Option, you must transfer your current balance and make new future contribution allocation elections to an alternative investment option prior to the close of the New York Stock Exchange on February 3, 2015. You can choose an alternative investment option by visiting **VoyaRetirementPlans.com/custom/nevada** to make changes to your account or by calling the Retirement Readiness Service Center at **(800) 584-6001**.

Important Information for plan participants currently holding MassMutual Accounts

Welcome to Voya! Voya is very pleased to have the opportunity to service your retirement account. Following the Plan transition, you will have access to new fund options and a range of new and augmented support services to help you plan and save for your retirement future. These changes will occur automatically and require no action on your part. However, you should note there is a period during the transition process (the blackout period) when you will not be able to conduct transactions or make changes to your account. Please see the information below for specific details concerning the transition process and its impact on your account. This information applies equally to state employees as well as employees of political subdivisions of the state.

- New fund options are available to you (see page 8). Access to all fund options will be available when the blackout period ends, estimated to be February 20, 2015.
- There will be a blackout period for holders of MassMutual accounts beginning on Monday, February 2, at the close of the NYSE (typically 4 PM ET). The blackout period is estimated to end on February 20 or earlier, depending upon the transmission of the participant records to Voya.
- During the Plan's blackout period, you will not be able to make any account transactions or modifications. This includes changes to investments, contribution allocations among funds and, if eligible, requests for withdrawals or distributions.
- Assets are anticipated to be out of the market for one day only (Tuesday, February 10).
- Following the transition, you'll receive a confirmation statement from Voya notifying you that the transition to your new plan account is complete, and confirming all fund transfer activity in your account.
- **You must provide beneficiary designations online or by phone following the transition go live date. Previous beneficiary designations are not expected to transition to Voya with your account records. You can review and update your beneficiary with Voya by:**
 - Logging in to your account at VoyaRetirementPlans.com/custom/nevada
 - Completing a form obtained through the local Voya office or account representative.
 - Calling the Voya Retirement Readiness Service Center and speaking with a Customer Service Associate at **(800) 584-6001**.



The new Voya Fixed Account

In December, the Voya Stable Value Fund was replaced by the Voya Fixed Account 457/401 II, a new general account investment with similar objectives and risk levels. Voya is guaranteeing a 3.50% credited interest rate through December 31, 2015; 3.15% from January 1, 2016 through December 31, 2016; 2.75% from January 1, 2017 through December 31, 2017; and 2.50% from January 1, 2018 through December 31, 2019. The Voya Fixed Account 457/401 II has a minimum guaranteed interest rate of 1.00% for the life of the contract. Guarantees are based upon the claims paying ability of Voya Retirement Insurance and Annuity Company.

Fund mapping chart

The following chart shows how your current account balance and future contributions will automatically transfer to the new investment options through the process of “fund mapping.” The options listed in the “Current Investment Options” column on the left will transfer (“map”) to the options listed in the “New Investment Options” column on the right. The chart also includes the fund number for each new option. The mapping process matches current and new options based on fund strategy and objectives, risk profile, holdings, and long-term performance potential.

Please note that 10 current investment options will not change; they are identified in italics under the New Investment Option column below.

If you have a Plan account with both Voya and MassMutual today, the investment mapping of your future contributions will be based upon your current Voya account.

Current investment options	Maps to	New investment options	Category	Fund #
Stability of principal				
General Account	→	Voya Fixed Account – 457/401 II	Stable Value	1057
Guarantees are based on the claims-paying ability of Voya Retirement Insurance and Annuity Company and do not apply to the investment return or principal value of the mutual funds under a custodial agreement.				
Bonds				
SSgA US Bond Market INLS	→	Vanguard® Total Bond Market Index Fund - Institutional	Intermediate-Term Bond	799
Asset allocation				
<i>Vanguard® Target Retirement 2015 Fund - Investor Shares</i>	→	<i>Vanguard® Target Retirement 2015 Fund - Investor Shares</i>	<i>Target Date 2011-2015</i>	<i>791</i>
<i>Vanguard® Target Retirement 2025 Fund - Investor Shares</i>	→	<i>Vanguard® Target Retirement 2025 Fund - Investor Shares</i>	<i>Target Date 2021-2025</i>	<i>926</i>
<i>Vanguard® Target Retirement 2035 Fund - Investor Shares</i>	→	<i>Vanguard® Target Retirement 2035 Fund - Investor Shares</i>	<i>Target Date 2031-2035</i>	<i>793</i>
<i>Vanguard® Target Retirement 2045 Fund - Investor Shares</i>	→	<i>Vanguard® Target Retirement 2045 Fund - Investor Shares</i>	<i>Target Date 2041-2045</i>	<i>794</i>
No current fund	→	Vanguard® Target Retirement 2055 Fund - Investor Shares	Target Date 2051+	2473
<i>Vanguard® Target Retirement Income Fund - Investor Shares</i>	→	<i>Vanguard® Target Retirement Income Fund - Investor Shares</i>	<i>Retirement Income</i>	<i>795</i>
Investments in Target Retirement Funds are subject to the risks of their underlying funds. The year in the Fund name refers to the approximate year (the target date) when an investor in the Fund would retire and leave the work force. The Fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in the Target Retirement Fund is not guaranteed at any time, including on or after the target date.				
Balanced				
Invesco Equity and Income Fund - Class R6	→	Invesco Equity and Income Fund - Class R5	Aggressive Allocation	3685
Large cap value				
<i>Vanguard® Institutional Index Fund - Institutional Shares</i> <i>Victory Diversified Stock Fund - Class I</i>	→	<i>Vanguard® Institutional Index Fund - Institutional Shares</i> ¹	<i>Large Blend</i>	<i>566</i>
<i>American Beacon Large Cap Value Fund - Institutional Class</i>	→	<i>American Beacon Large Cap Value Fund - Institutional Class</i>	<i>Large Value</i>	<i>1360</i>

Current investment options	Maps to	New investment options	Category	Fund #
Large cap growth				
Neuberger Berman Socially Responsive Fund - Inst Class	➔	Parnassus Core Equity Fund™ - Investor Shares	Large Blend	2228
<i>T. Rowe Price Growth Stock Fund</i>	➔	<i>T. Rowe Price Growth Stock Fund</i> ²	<i>Large Growth</i>	1303
Small/Mid/Specialty				
Vanguard® Extended Market Index Fund - Institutional Shares	➔	Vanguard® Extended Market Index Fund - Institutional Shares	Mid-Cap Blend	7499
Lord Abbett Value Opportunities Fund - Class I <i>Oppenheimer Main Street Mid Cap Fund - Class Y</i>	➔	Oppenheimer Main Street Mid Cap Fund - Class Y	Mid-Cap Blend	1267
Hartford MidCap HLS Fund - Class IA	➔	Hartford MidCap HLS Fund - Class IB	Mid-Cap Growth	3772
Munder Mid-Cap Core Growth Fund - Class R6 Shares Hartford SmallCap Growth HLS Fund - Class IA	➔	<i>Goldman Sachs Small/Mid Cap Growth Fund - Class A</i>	<i>Mid-Cap Growth</i>	9748
Global/International				
<i>Franklin Mutual Global Discovery Fund - Class A</i>	➔	<i>Franklin Mutual Global Discovery Fund - Class A</i> ³	<i>World Stock</i>	5036
American Beacon International Equity Index Fund - Inst Class	➔	Vanguard® Developed Markets Index Fund	Foreign Large Blend	6501

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2 T. Rowe Price, Invest With Confidence, the Big Horn Sheep and the logo they compose are trademarks or registered trademarks of T. Rowe Price Group, Inc. in the U.S. and other countries

3 Franklin Templeton and the Ben Head logo are registered trademarks of Franklin Resources, Inc.

Beginning February 20, 2015 you can transfer assets to and/or re-direct future contributions to the new investment choice available under the plan. You can call the Retirement Readiness Service Center toll-free at **(800) 584-6001** or the online at **VoyaRetirementPlans.com/custom/nevada** to make these changes.

If you choose to have your assets and future contribution allocations automatically transferred from the Discontinued Investment Option to the Replacement Investment Option, you do not need to take any action.

If you do not want your assets and future contribution allocations automatically transferred from the Discontinued Investment Option to the Replacement Investment Option, you must transfer your current balance and make new future contribution allocation elections to an alternative investment option prior to the close of the New York Stock Exchange on February 2, 2015. You can choose an alternative investment option by visiting **VoyaRetirementPlans.com/custom/nevada** to make changes to your account or by calling the Retirement Readiness Service Center at **(800) 584-6001**.



Things to do

1. Review the information contained in this educational brochure
2. Visit the transition website at nevada.beready2retire.com/transition for more information on the transition including fund fact sheets, fund performance and an information booklet, as well as a schedule of onsite meetings.
3. Review your account on a regular basis and consider increasing your contributions as part of your 2015 New Year resolutions!

VoyaRetirementPlans.com/custom/nevada

Not FDIC/NCUA/NCUSIF Insured	Not a Deposit of a Bank/Credit Union	May Lose Value	Not Bank/Credit Union Guaranteed	Not Insured by Any Federal Government Agency
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You should consider the investment objectives, risks, and charges and expenses of the variable product and its underlying fund options offered through a retirement plan, carefully before investing. The information booklets and underlying fund prospectuses contain this and other information, which can be obtained by contacting your local representative. Please read the information carefully before investing.

Group annuities are intended as long-term investments designed for retirement purposes. Money taken from the annuity will be taxed as ordinary income in the year the money is distributed. Account values fluctuate with market conditions, and when surrendered the principal may be worth more or less than its original amount invested. The Voya Fixed Account is offered under a group annuity contract. An annuity does not provide any additional tax deferral benefit, as tax deferral is provided by the plan. Annuities may be subject to additional fees and expenses to which other tax-qualified funding vehicles may not be subject.

Insurance products, annuities and retirement plan funding issued by Voya Retirement Insurance and Annuity Company ("VRIAC"), Windsor, CT. VRIAC is solely responsible for its own financial condition and contractual obligations. Plan administrative services provided by VRIAC or Voya Institutional Plan Services LLC ("VIPS"). VIPS does not engage in the sale or solicitation of securities. Custodial account agreements or trust agreements are provided by Voya Institutional Trust Company. All companies are members of the Voya™ family of companies. **Securities distributed by Voya Financial Partners, LLC (member SIPC) or third parties with which it has a selling agreement.** All products and services may not be available in all states.





January 8, 2015

IMPORTANT NOTICE CONCERNING YOUR SELF-DIRECTED BROKERAGE ACCOUNT

This notice is to inform you that effective on or about February 9, 2015, TD Ameritrade, Inc. will replace Charles Schwab as the provider of brokerage services for your Personal Choice Retirement Account or PCRA made available under the Nevada Public Employees' Deferred Compensation Plan ("Plan"). This transition activity is part of the consolidation of Plan assets and recordkeeping services to Voya Retirement Insurance and Annuity Company ("Voya").

The transfer of your existing Charles Schwab PCRA to the TD Ameritrade self-directed brokerage account ("SDBA") will begin on Monday, February 9, 2015 and is anticipated to complete by February 20, 2015. This means that you will be unable to access or make changes to your brokerage account with either Charles Schwab or TD Ameritrade during this approximate timeframe.

This change to the TD Ameritrade SDBA provides Plan participants who choose to invest in the brokerage account with:

- The ability to invest in publicly traded stocks, fixed income securities, more than 13,000 open-end mutual funds with over 2,100 commission-free. Additionally, participants have access to 100 non-proprietary ETFs that are commission-free.
- Access to online research and analysis tools.

To learn more about the TD Ameritrade SDBA, please view the video at tdameritraderetirement.com/demo

Transition Blackout Period

As a result of the service provider change for your brokerage account, you will temporarily be unable to conduct any of the following transactions with respect to your existing Charles Schwab PCRA during the blackout period:

- Transfers to the SDBA from the Plan's core investment options (beginning January 29, 2015)
- Transfers from the SDBA to the Plan's core investment options (beginning January 29, 2015)
- *Placing trades (beginning February 5, 2015)

The transition blackout period for your brokerage account is expected to begin on February 9, 2015 and end on or before February 20, 2015. During this time, you will be able to determine whether the blackout period has ended by logging on to the TD Ameritrade website at www.tdameritraderetirement.com or by calling TD Ameritrade Participant Services at (866) 766-4015 to see if the transfer of your account has been completed.

<p>If you do not wish to retain your existing Charles Schwab PCRA, you will be required to liquidate your holdings and transfer the assets to your core Plan account with MassMutual no later than:</p> <p><i>This is also the last day to transfer any assets from your Charles Schwab PCRA to your core Plan account with MassMutual.</i></p>	<p>Friday, January 29, 2015</p>
<p>Last day to transfer assets to the Charles Schwab PCRA from your core Plan account with MassMutual:</p>	<p>Friday, January 29, 2015</p>

*Last day to transact in your existing Charles Schwab PCRA:	Thursday, February 5, 2015
TD Ameritrade opens your new SDBA:	Monday, February 9, 2015
TD Ameritrade mails Welcome Kit/PIN:	Thursday, February 12, 2015
No transactions allowed in your brokerage accounts with either Charles Schwab or TD Ameritrade:	Thursday, February 5, 2015 (close of NYSE, generally 1:00 p.m. Pacific) through Thursday, February 19, 2015
TD Ameritrade SDBA available for access and trading:	Friday, February 20, 2015

Once the blackout period has ended, you will be able to resume all normal trading activity in your new TD Ameritrade SDBA.

**While you will have access to your Charles Schwab PCRA until Monday, February 9, any trades placed after the close of the NYSE (generally 1:00 p.m. Pacific Time) on Thursday, February 5 may not settle in time to transfer. Please make every effort to avoid this situation by completing all trading activity with Charles Schwab on or before Thursday, February 5.*

As a result of the move to TD Ameritrade, there will be a few updates to how your brokerage account operates, please review the details:

Planning Ahead: Be on the Lookout for More Information from TD Ameritrade

You will receive two mailings from TD Ameritrade in mid-February 2015.

- A Welcome Kit
- Your Personal Identification Number (PIN)

Your account number will be included in the Welcome Kit, mailed to you by TD Ameritrade. Your Personal Identification Number ("PIN") will be sent to you in a separate mailing at that same time. You will need your account number and PIN to access your account online for the first time.

Accessing your TD Ameritrade SDBA

You can access your TD Ameritrade SDBA by accessing their secured website at www.tdameritraderetirement.com; by calling TD Ameritrade Participant Services at (866) 766-4015; or by using TD Ameritrade's interactive voice response system. Additionally, you can access your new TD Ameritrade SDBA through TD Ameritrade's mobile app. Just visit your preferred app store to download it.

Balance requirement: 50% of your balance must remain in the 457(b) Plan fund options at any time. This means that you can transfer up to 50% of your balance into the TD Ameritrade SDBA. Transfers from SDBA to your core investment options are not subject to any limits

Annual Fee: To maintain a TD Ameritrade SDBA, you will be charged an annual \$50 fee by Voya, deducted from your core investment options, on or about November 1st.

Statements

Your February 2015 statement from TD Ameritrade will reflect the transfer of securities to your TD Ameritrade SDBA. Furthermore, your quarterly statements from Voya for your core product investment options will also reflect the aggregate balance of your TD Ameritrade SDBA.

We are excited to be able to offer you the TD Ameritrade SDBA. If you have any questions regarding this transfer, please contact Voya's Regional Nevada Office at (866) 464-6832.

Insurance products, annuities and funding agreements are issued by Voya Retirement Insurance and Annuity Company ("VRIAC"), Windsor, CT. VRIAC is solely responsible for its own financial condition and contractual obligations. Plan administrative services provided by VRIAC or Voya Institutional Plan Services LLC ("VIPS"). VIPS does not engage in the sale or solicitation of securities. All companies are members of the Voya™ family of companies. **Securities distributed by Voya Financial Partners LLC (member SIPC) or third parties with which it has a selling agreement.** All products and services may not be available in all states.

TD Ameritrade, Inc., member FINRA/SIPC/NFA. TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and The Toronto-Dominion Bank. ©2014 TD Ameritrade IP Company, Inc. All rights reserved. Used with permission. TD Ameritrade is an independent entity and not a corporate affiliate of Voya Financial Partners, LLC (Member SIPC). CN-0115-11081-0216

INTERLOCAL CONTRACT BETWEEN PUBLIC AGENCIES

A Contract Between the State of Nevada
Acting By and Through Its

State of Nevada Public Employees' Deferred Compensation Committee
(Committee)
100 North Stewart Street, Suite 210
Carson City, NV 89701

and

(Political Subdivision)

WHEREAS, NRS 277.180 authorizes any one or more public agencies to contract with any one or more other public agencies to perform any governmental service, activity or undertaking which any of the public agencies entering into the contract is authorized by law to perform;

WHEREAS, NRS 287.250 to 287.370, inclusive, authorize the Committee to create a program for deferred compensation, and whereas NRS 287.381 to 287.480, inclusive, authorize the political subdivision to create a program for deferred compensation;

WHEREAS, The Committee has created a deferred compensation program and pursuant to that program has entered into contracts with contracted Recordkeeper(s) with whom participants in the program may invest their deferred compensation;

WHEREAS, The investment options and fee and rate structure of the contracted Recordkeeper(s) in their contract with the Committee are considered by the Political Subdivision to be generally more favorable than that which would be available to the Political Subdivision if the Political Subdivision were to independently contract with the Recordkeeper(s);

WHEREAS, the Political Subdivision desires to join the program created by the Committee in order to obtain the more favorable investment options, fees and rates;

WHEREAS, the Committee desires to have the Political Subdivision participate in the Committee's program subject to the same terms and conditions as apply to state employee participants, except for limitations expressly provided below;

WHEREAS, the Committee has secured the consent of the contracted Recordkeeper to enroll the Political Subdivision's employees as participants in the Committee's program subject to the same terms and conditions as apply to state employee participants, except for limitations expressly provided below;

NOW, THEREFORE, in consideration of the aforesaid premises, the parties mutually agree as follows:

1. REQUIRED APPROVAL. This Contract shall not become effective until and unless approved by appropriate official action of the governing body of each party.

2. DEFINITIONS. "State" means the State of Nevada and any state agency identified herein (the Committee), its officers, employees and immune contractors as defined in NRS 41.0307. Unless the context otherwise requires, "program" is synonymous with "plan" and "state of Nevada deferred compensation committee plan".

3. CONTRACT TERM. This Contract shall be effective on January 1, 2015 with no termination date, unless sooner terminated by either party as set forth in this Contract.

4. TERMINATION. This Contract may be terminated without cause by either party prior to the terms set forth in paragraph (3), provided that a termination shall not be effective until 60 days after a party has served written notice upon the other party. This Contract may be terminated by mutual consent of both parties or unilaterally by either party without consent of the other. The parties expressly agree that this Contract shall be terminated immediately if for any reason federal and/or State Legislature funding ability to satisfy this Contract is withdrawn, limited, or impaired. Benefits accrued by participating employees of the Political Subdivision upon termination of participation in the plan shall remain in the plan until such are otherwise eligible for distribution under the terms of the plan.

5. NOTICE. All notices or other communications required or permitted to be given under this Contract shall be in writing and shall be deemed to have been duly given if delivered personally in hand, by telephonic facsimile with simultaneous regular mail, or mailed certified mail, return receipt requested, postage prepaid on the date posted, and addressed to the other party at the address set forth above.

6. INCORPORATED DOCUMENTS. The parties agree that the services to be performed shall be specifically described; this Contract incorporates the following attachments in descending order of constructive precedence:

ATTACHMENT A: The State of Nevada Deferred Compensation Committee Plan Document.

7. ASSENT.

- a. The parties agree that the terms and conditions listed on incorporated attachments of this Contract are also specifically a part of this Contract and are limited only by their respective order of precedence and any limitations expressly provided.
- b. Except as agreed otherwise in paragraphs 3 and 4, the Political Subdivision agrees:
 - 1) To participate in the Committee's deferred compensation program subject to all contract terms and conditions as set forth between the State of Nevada Employees' Deferred Compensation Committee;
 - 2) To be bound by all current and any future State of Nevada Employees' Deferred Compensation Committee "Plan Documents" and "Investment Policies and Procedures";
 - 3) To cooperate with the contracted Recordkeeper(s) and to provide all necessary and appropriate administrative services to enable Political Subdivision employees to participate in the Committee's deferred compensation program; and
 - 4) To provide an appeal process to Political Subdivision employees for denials of requests by Political Subdivision employees to make unforeseen emergency withdrawals from the program and to abide by any guidelines established by the Committee for this purpose.
- c. The Political subdivision agrees that it has made its decision to participate in the program based on its own independent analysis and that neither the State of Nevada nor the Committee are fiduciaries with regard to its decision to participate in the program.

- d. The Committee agrees to authorize the contracted Recordkeeper(s) to enroll employees of the Political Subdivision on terms and conditions consistent with this agreement. Execution of this agreement by the Committee constitutes such authorization.

8. INSPECTION & AUDIT.

- a. Books and Records. Each party agrees to keep and maintain under general accepted accounting principles full, true and complete records, agreements, books, and documents as are necessary to fully disclose to the State or United States Government, or their authorized representatives, upon audits or reviews, sufficient information to determine compliance with all state and federal regulations and statutes.
- b. Inspection & Audit. Each party agrees that the relevant books, records (written, electronic, computer related or otherwise), including but not limited to relevant accounting procedures and practices of the party, financial statements and supporting documentation, and documentation related to the work product shall be subject, at any reasonable time, to inspection, examination, review, audit, and copying at any office or location where such records may be found, with or without notice by the State Auditor, Employment Security, the Department of Administration, Budget Division, the Nevada State Attorney General's Office or its Fraud Control Units, the State Legislative Auditor, and with regard to any federal funding, the relevant federal agency, the Comptroller General, the General Accounting Office, the Office of the Inspector General, or any of their authorized representatives.
- c. Period of Retention. All books, records, reports, and statements relevant to this Contract must be retained a minimum three years and for five years if any federal funds are used in this Contract. The retention period runs from the date of termination of this Contract. Retention time shall be extended when an audit is scheduled or in progress for a period reasonably necessary to complete an audit and/or to complete any administrative and judicial litigation which may ensue.

9. BREACH; REMEDIES. Failure of either party to perform any obligation of this Contract shall be deemed a breach. Except as otherwise provided for by law or this Contract, the rights and remedies of the parties shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including but not limited to actual damages, and to a prevailing party reasonable attorneys' fees and costs. It is specifically agreed that reasonable attorneys' fees shall include without limitation \$125 per hour for State-employed attorneys.

10. LIMITED LIABILITY. The parties will not waive and intend to assert available NRS chapter 41 liability limitations in all cases. Contract liability of both parties shall not be subject to punitive damages. Actual damages for any State breach shall never exceed the amount of funds which have been appropriated for payment under this Contract, but not yet paid, for the fiscal year budget in existence at the time of the breach.

11. FORCE MAJEURE. Neither party shall be deemed to be in violation of this Contract if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including, without limitation, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the party asserting such an excuse, and the

excused party is obligated to promptly perform in accordance with the terms of the Contract after the intervening cause ceases.

12. INDEMNIFICATION.

- a. To the fullest extent of limited liability as set forth in paragraph (10) of this Contract, each party shall indemnify, hold harmless and defend, not excluding the other's right to participate, the other from and against all liability, claims, actions, damages, losses, and expenses, including but not limited to reasonable attorneys' fees and costs, arising out of any alleged negligent or willful acts or omissions of the party, its officers, employees and agents. Such obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity which would otherwise exist as to any party or person described in this paragraph.
- b. The indemnification obligation under this paragraph is conditioned upon receipt of written notice by the indemnifying party within 30 days of the indemnified party's actual notice of any actual or pending claim or cause of action. The indemnifying party shall not be liable to hold harmless any attorneys' fees and costs for the indemnified party's chosen right to participate with legal counsel.

13. INDEPENDENT PUBLIC AGENCIES. The parties are associated with each other only for the purposes and to the extent set forth in this Contract, and in respect to performance of services pursuant to this Contract, each party is and shall be a public agency separate and distinct from the other party and, subject only to the terms of this Contract, shall have the sole right to supervise, manage, operate, control, and direct performance of the details incident to its duties under this Contract. Nothing contained in this Contract shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, or to otherwise create any liability for one agency whatsoever with respect to the indebtedness, liabilities, and obligations of the other agency or any other party.

14. WAIVER OF BREACH. Failure to declare a breach or the actual waiver of any particular breach of the Contract or its material or nonmaterial terms by either party shall not operate as a waiver by such party of any of its rights or remedies as to any other breach.

15. SEVERABILITY. If any provision contained in this Contract is held to be unenforceable by a court of law or equity, this Contract shall be construed as if such provision did not exist and the non-enforceability of such provision shall not be held to render any other provision or provisions of this Contract unenforceable.

16. ASSIGNMENT. Neither party shall assign, transfer or delegate any rights, obligations or duties under this Contract without the prior written consent of the other party.

17. OWNERSHIP OF PROPRIETARY INFORMATION. Unless otherwise provided by law any reports, histories, studies, tests, manuals, instructions, photographs, negatives, blue prints, plans, maps, data, system designs, computer code (which is intended to be consideration under this Contract), or any other documents or drawings, prepared or in the course of preparation by either party in performance of its obligations under this Contract shall be the joint property of both parties.

18. PUBLIC RECORDS. Pursuant to NRS 239.010, information or documents may be open to public inspection and copying. The parties will have the duty to disclose unless a particular record is made confidential by law or a common law balancing of interests.

19. CONFIDENTIALITY. Each party shall keep confidential all information, in whatever form, produced, prepared, observed or received by that party to the extent that such information is confidential by law or otherwise required by this Contract.

20. PROPER AUTHORITY. The parties hereto represent and warrant that the person executing this Contract on behalf of each party has full power and authority to enter into this Contract and that the parties are authorized by law to perform the services set forth in paragraph 6.

21. GOVERNING LAW; JURISDICTION. This Contract and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Nevada. The parties consent to the jurisdiction of the Nevada district courts for enforcement of this Contract.

22. ENTIRE AGREEMENT AND MODIFICATION. This Contract and its integrated attachment(s) constitute the entire agreement of the parties and such are intended as a complete and exclusive statement of the promises, representations, negotiations, discussions, and other agreements that may have been made in connection with the subject matter hereof. Unless an integrated attachment to this Contract specifically displays a mutual intent to amend a particular part of this Contract, general conflicts in language between any such attachment and this Contract shall be construed consistent with the terms of this Contract. Unless otherwise expressly authorized by the terms of this Contract, no modification or amendment to this Contract shall be binding upon the parties unless the same is in writing and signed by the respective parties hereto, approved by the Office of the Attorney General.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be signed and intend to be legally bound thereby.

(Political Subdivision)

By: _____

_____ Date

_____ Title

_____ Attorney for (Political Subdivision) (optional)

_____ Date

Nevada Public Employees' Deferred Compensation Program

_____ State of Nevada Employees' Deferred Compensation Program Coordinator

_____ Date

_____ Chairperson Nevada Deferred Compensation Program

_____ Date

Approved as to form by:

_____ Deputy Attorney General for Attorney General

_____ Date

Amended 10/2014

BENEFICIARY DESIGNATION STATE OF NEVADA DEFERRED COMPENSATION PLAN

Voya Retirement Insurance and Annuity Company ("VRIAC")
 Members of the Voya™ family of companies
 One Orange Way, Windsor, CT 06095-4774
 Phone: 800-584-6001



As used on this form, the term "Voya," "Company," "we," "us" or "our" refer to VRIAC as your plan's funding agent and/or administrative services provider. Contact us for more information.

For immediate assistance in designating or changing your beneficiary designation please call our Customer Service Center at 800-584-6001. If you contact the Customer Service Center via the 800 number you do not need to complete this form to designate your beneficiary.

GOOD ORDER

Good order is receipt at the designated location of this form accurately and entirely completed, and includes all necessary signatures. If this form is not received in good order, as we determine, it may be returned to you for correction and processed upon re-submission in good order at our designated location.

REQUEST TYPE

Initial Designation Change to Designation

1. PLAN INFORMATION *(Required. Please indicate your employer.)*

Employer	Plan #
<input type="checkbox"/> State of Nevada	666783
<input type="checkbox"/> Alliance Partner	666970
<input type="checkbox"/> Nevada System of Higher Education (NSHE)	666971

2. ACCOUNT HOLDER INFORMATION *(Required)*

Name *(last, first, middle initial)* _____ SSN *(Required)* _____
 Work Phone *(Include extension.)* _____ Home Phone _____
 E-mail Address _____

3. BENEFICIARY INFORMATION *(Changes must be initialed by the Account Holder.)*

Subject to the terms of my Employer's Plan, I request that any sum becoming due upon my death be payable to the beneficiary(ies) designated below. I understand this designation shall revoke all prior beneficiary designations made by me under my Employer's Plan. *(All designations must be in whole percentages. Total percentage must equal 100% for Primary Beneficiary and 100% for Contingent Beneficiary, if designated. Example: 33%, 33%, 34%.)*

	Enter Complete Legal Name, Address and Phone #	Date of Birth <i>(mm/dd/yyyy)</i>	Relationship	SSN/TIN	Percentage of Benefit
<input type="checkbox"/> Primary <input type="checkbox"/> Contingent					
<input type="checkbox"/> Primary <input type="checkbox"/> Contingent					
<input type="checkbox"/> Primary <input type="checkbox"/> Contingent					

(Beneficiaries continued on next page.)

3. BENEFICIARY INFORMATION (Continued)

	Enter Complete Legal Name, Address and Phone #	Date of Birth (mm/dd/yyyy)	Relationship	SSN/TIN	Percentage of Benefit
<input type="checkbox"/> Primary <input type="checkbox"/> Contingent					
<input type="checkbox"/> Primary <input type="checkbox"/> Contingent					
<input type="checkbox"/> Primary <input type="checkbox"/> Contingent					
<input type="checkbox"/> Primary <input type="checkbox"/> Contingent					
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<input type="checkbox"/> Primary <input type="checkbox"/> Contingent					
<input type="checkbox"/> Primary <input type="checkbox"/> Contingent					
<input type="checkbox"/> Primary <input type="checkbox"/> Contingent					

Please check if additional beneficiaries are noted on the back of this form and follow same format as above.

Unless otherwise noted:

1. If more than one Beneficiary is designated, payment will be made in the percentages designated (or in equal shares) to the **Primary Beneficiaries** who survive the Account Holder or Annuitant. Or, if none survives the Account Holder or Annuitant, payment will be made in the percentages designated (or in equal shares) to the **Contingent Beneficiaries** who survive the Account Holder or Annuitant.
2. If no Beneficiary survives the Account Holder or Annuitant, payment will be made pursuant to the terms of the Plan.

4. TRUST CERTIFICATION *(Only complete if naming a Trust as a Beneficiary.)*

By signing below, I certify that:

- A. Name of Trust or Trust instrument _____
- B. The Trust or Trust instrument identified above, is in full force and effect and is a valid Trust or Trust instrument under the laws of the State or Commonwealth of _____.
- C. The Trust is irrevocable, or will become irrevocable, upon my death.
- D. All beneficiaries are individuals and are identifiable from the terms of the Trust.

In the event that any of the information provided above changes, I will provide Voya with the changes, within a reasonable period of time.

By designating a Trust, additional documentation and/or certification may be required.

5. SIGNATURES

I hereby certify under the pains and penalties of perjury that information I furnished herein is true, accurate and complete.

Account Holder Signature _____ Date *(mm/dd/yyyy)* _____

City and State Where Signed _____

Witness Name *(Please print.)* _____

Witness Signature _____ Date *(mm/dd/yyyy)* _____

(Participant's signature must be witnessed. Witness must be a person of legal age other than designated beneficiary. The witness need not be a Notary Public.)

MAIL OR FAX INSTRUCTIONS *(Please keep a copy for your records.)*

Please return the completed form to: Voya Retirement Insurance and Annuity Company
PO Box 990063
Hartford, CT 06199-0063
Fax: 800-643-8143



Total Rewards

Total Rewards Initiative:

WEALTHCARE WEEK

Monday, 22-SEP-2014

through

Friday, 26-SEP-2014



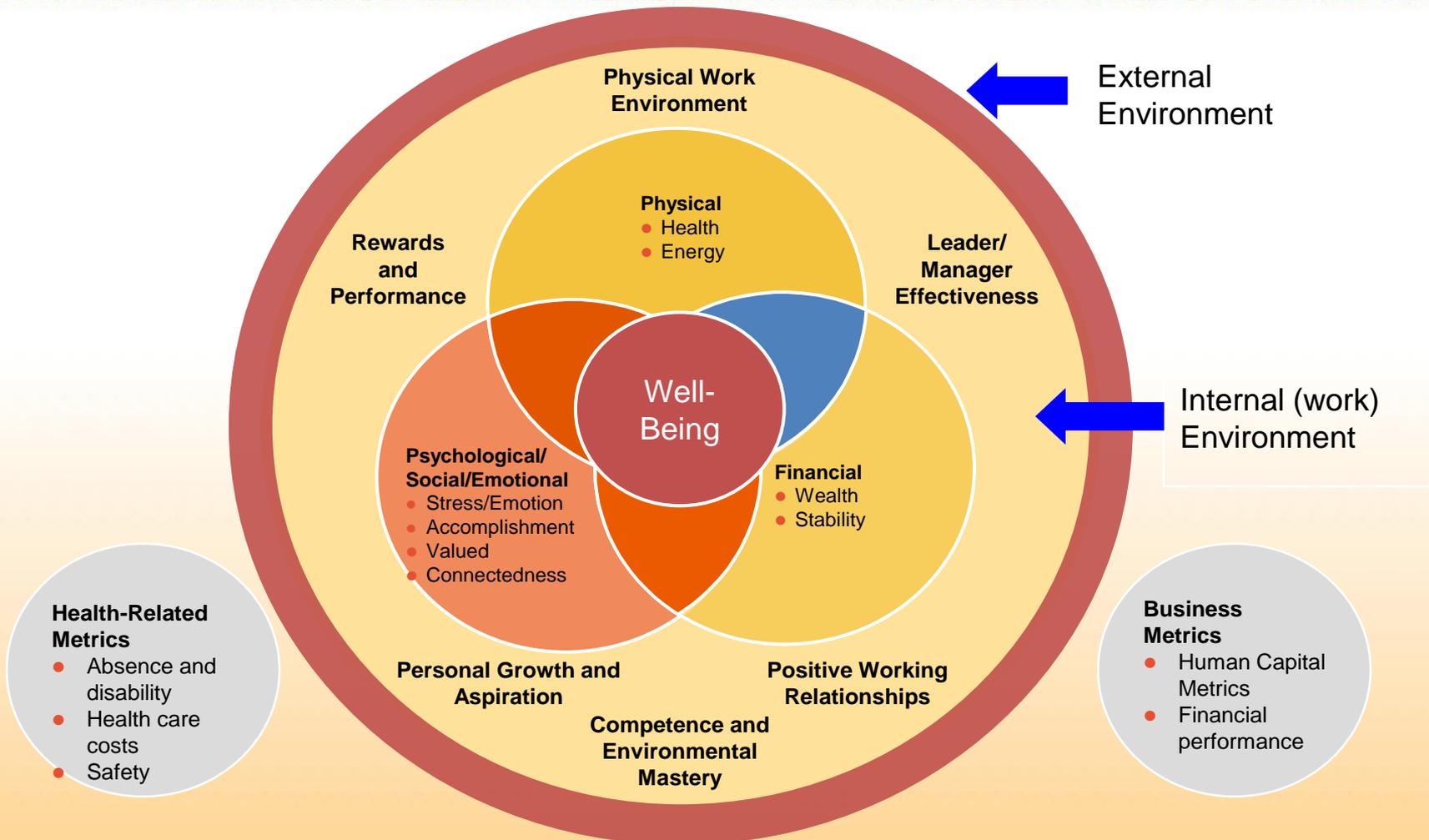
Total Rewards

BIC's Health & Well-being mission statement

Mission Statement:

We provide a safe and healthy workplace that supports our employees and their families' ability to improve physical, psychological/social/emotional and financial aspects of overall health and well-being. We provide innovative, easy to use and trustworthy solutions that create sustainable change, and deliver value to employees and our business.

BIC's Health & Well-being Strategy Framework





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Introducing



- Provide employees with tools to maximize their income, reintroduce employees to the BIC benefits and help employees plan for their financial future.
- Intersect Wealthcare with the Wellness/Healthcare initiatives.
- Make a significant impact on each employee's financial wellness.



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Why Wealthcare Week?

- This important initiative sets BIC apart from other companies
- We want to provide employees with resources to take care of themselves and their families.
- We want our employees to pursue a lifestyle that promotes excellent health, positive energy and vitality.
- It is the 'Write' thing to Do!

What is the Need?

86%

of employees
report having
some degree of
financial stress *

Financial Stress:

#1

cause of stress-related
illnesses *

24%

higher
healthcare costs
in people who
are stressed
about finances *

Personal financial challenges can impact employee work performance

*2014 Financial Stress Report, Financial Finesse, May 2014

Highlights of Wealthcare Week

- Shelton location: Pilot program
- All-employee kickoff meeting on Monday, 22-SEP with BIC leadership and financial motivational keynote speaker Christy Wright from the Dave Ramsey Group. <http://www.daveramsey.com/speakers>
- Employee complimentary luncheon reception following the meeting.
- Financial learning workshop tracks by workforce generation throughout the week: Millennial, Gen X and Boomers. Offer variety of financial workshops to meet the need of all economic stages. Spouses encouraged to attend.
- Training credit, one hour per workshop



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Listing of Financial Workshop Topics

Advantages of Health Savings Accounts	EAP Tools for Tough Times
All About BIC Benefits for Exempt Level 1 and 2	Estate Planning Documents
All About BIC Benefits for Exempt Level 3	Getting On The Right Path With Your Workplace Savings Plan
All About BIC Benefits for Exempt Level 4	Getting to Know Your BIC Pension Plan
All About BIC Benefits for Non-Exempt	Health Insurance For Age 65 and Older
Auto Financing: Lease vs. Buy	How to Maximize Your Social Security Retirement Benefits
Banking Basics	Making Sure Your Retirement Lasts a Lifetime
Basic Budgeting	Managing Investment Risks
Being a Better Consumer When Choosing Your Health Plan	Mortgage Options
Better Money Management - Preparing a Crisis Budget	Preparing for Home Ownership
Building a Portfolio For Any Weather	Preparing Your Savings for Retirement
College Savings 529 Plan	Pre-Tax Spending Accounts: Are They Worth It?
College Search 101	Protecting Your Identity
Community Benefits for Older Adults	Shifting from Saving to Spending
Confident Investing In Any Market	Student Loans: From Application to Repayment
Coping with the 'Sandwich Generation' Squeeze	Super Couponing; Changing The Way You Shop....Forever!
Dealing with Long-Term Care Expenses	Welcome to the Wonderful World of Reverse Mortgages
Debt Management and Credit Repair	What's All This Hype About Credit Unions Anyway?
Designing your Financial Roadmap	



Total Rewards

Listing of Presenters

<u>Company</u>	<u>Presenter</u>
DKC Retirement Associates LLC-The Retirement Educator	David Carboni
ADP	Jennifer Hogan
Agency on Aging on South Central CT	Dr. Beverly Kidder
American Consumer Credit Counseling	Cletus Thomas
Cambridge Credit Counseling Corp	Beata Chovance
Cambridge Credit Counseling Corp	Martin Lynch
CIGNA	Andrew Young
CIGNA	Megan Lynch
Connecticut Capital	Eric Tashlein
CT Department of Banking	Michael Lentini
CT Department of Banking	Michael Buchas
CT Department of Banking	Deborah Buckley
Dave Ramsey	Christy Knight
ESI	Annie Linden
Fidelity	Ken Patterson
Fidelity	Kevin Demshak
First Choice College Placement LLC	James Maroney
GE Credit Union	Audra Wilder
GE Credit Union	Tom Gerrity
Mercer	Chris Graham
Mercer	Bill O'Brien
Mercer	Andrea Danch
Money Pit, LLC	Jill Russo Foster
Super Couponing	Jill Cataldo
TIAA-CREF/Financial Services	Rey Longoria
Towers Watson (OneExchange)	Cindy Davis
Towers Watson	Kasey Kaylor



Total Rewards

WEALTHCARE WEEK WORKSHOP CALENDAR



Monday, 22-SEP			Tuesday, 23-SEP			Wednesday, 24-SEP			Thursday, 25-SEP			Friday, 26-SEP		
Time/Room	Vendor	Topic	Time/Vendor	Topic	Time/Vendor	Topic	Time/Vendor	Topic	Time/Vendor	Topic	Time/Vendor	Topic	Time/Vendor	Topic
9:00 am-10:00 am			9:00 am-10:00 am		9:00 am-10:00 am		9:00 am-10:00 am		9:00 am-10:00 am		9:00 am-10:00 am		9:00 am-10:00 am	
Bic U Growth/Development:			Mercer	Getting To Know Your BIC Pension Plan	Jill Cataldo	Super Couponing: Changing The Way You Shop...Forever!	American Consumer Credit Counseling	Basic Budgeting	Total Rewards Team	All About BIC Benefits For Exempt Level 3				
Solicit:			Fidelity	Getting On The Right Path With Your Workplace Savings Plan	Fidelity	Building A Portfolio For Any Weather	GE Credit Union - Audra Wilder	What's All This Hype About Credit Unions Anyway?						
First Floor Conference Room:			Cigna	Advantages Of Health Savings Accounts			OneExchange	Health Insurance For Age 66 And Older						
Ingenuity:			EAP	EAP Tools For Tough Times			Agency On Aging Of Southern Central Ct - Beverly Kiddle	Community Benefits For Older Adults						
Atrium Private Dining:			Fidelity	Preparing Your Savings For Retirement										
10:30 am-11:30 am			10:30 am-11:30 am		10:30 am-11:30 am		10:30 am-11:30 am		10:30 am-11:30 am		10:30 am-11:30 am		10:30 am-11:30 am	
Bic U Growth/Development:			Jill Cataldo	Super Couponing: Changing The Way You Shop...Forever!	BIC Benefits Team	All About BIC Benefits For Exempt Level 1 And 2			Total Rewards Team	All About BIC Benefits For Non Exempts				
Solicit:	All Employee Meeting With Keynote Speaker (10-11:30 a.m.)		Fidelity	Building A Portfolio For Any Weather	Fidelity	Designing Your Financial Roadmap	GE Credit Union - Tom Garrity	Auto Financing: Lease Vs. Buy	ADP	Pre-Tax Spending Accounts: Are They Worth It?				
First Floor Conference Room:			Towers/Cigna	Being A Better Consumer When Selecting Your Health Plan	CHET	College Savings 529 Plan	James Maroney	College Search 101	Ct Dept. Of Banking	Debt Management And Credit Repair				
Ingenuity:			Fidelity	Shifting From Savings To Spending			Jill Russo Foster	Protecting Your Identity						
Atrium Private Dining:			Eric Tashlein	Coping With The 'Barnchick Generation' Squeeze										
11:30 am-1:00 pm	All-Employee Luncheon Reception (11:30 - 12:30)		Lunch		Lunch		Lunch		Lunch		Lunch		Lunch	
1:00 pm-2:00 pm			1:00 pm-2:00 pm		1:00 pm-2:00 pm		1:00 pm-2:00 pm		1:00 pm-2:00 pm		1:00 pm-2:00 pm		1:00 pm-2:00 pm	
Bic U Growth/Development:	Dave Carboni	Making Sure Your Retirement Lasts A Lifetime	Jill Cataldo	Super Couponing: Changing The Way You Shop...Forever!	Jill Cataldo	Super Couponing: Changing The Way You Shop...Forever!	American Consumer Credit Counseling	Basic Budgeting	ADP	Pre-Tax Spending Accounts: Are They Worth It?				
Solicit:			Fidelity	Designing Your Financial Roadmap	Fidelity	Confident Investing In Any Market								
First Floor Conference Room:			Cigna	Advantages Of Health Savings Accounts										
Ingenuity:					Cambridge Credit Counseling Corp	Preparing For Home Ownership	Dave Carboni	How To Maximize Your Social Security Retirement Benefits						
Atrium Private Dining:	Ct Dept. Of Banking	Welcome To The Wonderful World Of Reverse Mortgages	Dave Carboni	Dealing With Long Term Care Expenses	Cambridge Credit Counseling Corp	Better Money Management - Preparing A Crisis Budget								
2:30 pm-3:30 pm			2:30 pm-3:30 pm		2:30 pm-3:30 pm		2:30 pm-3:30 pm		2:30 pm-3:30 pm		2:30 pm-3:30 pm		2:30 pm-3:30 pm	
Bic U Growth/Development:			Mercer	Getting To Know Your BIC Pension Plan	Total Rewards Team	All About BIC Benefits For Exempt Level 4								
Solicit:	Ct Dept. Of Banking	Mortgage Options	Towers/Cigna	Being A Better Consumer When Selecting Your Health Plan			Dave Carboni	Making Sure Your Retirement Lasts A Lifetime						
First Floor Conference Room:			EAP	EAP Tools For Tough Times			OneExchange	Health Insurance For Age 66 And Older						
Ingenuity:	CHET	College Savings 529 Plan					Jill Russo Foster	Protecting Your Identity						
Atrium Private Dining:	Dave Carboni	Catalis Planning Documents	Dave Carboni	Managing Investment Risks	Cambridge Credit Counseling Corp	Student Loans From Application To Repayment								
Workshop:			Fidelity	1:1 Counseling 1-5 pm - 45 minutes	Fidelity	1:1 Counseling All Day - 45 minutes	American Consumer Credit Counseling	1:1 Counseling 10:00 am 11:00 am 2:00 pm 45 minutes	Fidelity	1:1 Counseling All Day - 45 minutes				



Total Rewards

Wealthcare Week Metrics

HR Metric	Totals
# of Presenters	24
# of Workshop Topics	36
# of Workshop Sessions	52
% of Employees Attending Workshops	80%
Average Attendees Per Workshop Session	19
# of Employees Who Attended Workshops	1,103
Average # of Workshops Attended Per Employee	4.7
# of Employees Who Met with Fidelity 1:1	20
# of Employees Waitlist for Fidelity 1:1	37
# of Employees Who Met with Credit Counseling 1:1	3
Estimated # of Employees Attending Wealthcare Week Opening Session	250 out of 301
# of Executives Who Met with Mercer 1:1	11
Top 5 Attended Workshops	% of Workforce
Getting to Know Your BIC Pension Plan	40%
How to Maximize your Social Security Benefits	32%
Super Couponing: Changing the Way You Shop...Forever	29%
Making Sure Your Retirement Lasts A Lifetime	27%
All About BIC Benefits	26%
Workshop Survey Results	Rating Legend: 4.0 (high) to 1.0 (low)
Average Rating For Workshop Overall	3.6
Average Knowledge of Topic <u>Prior</u> to Workshop	2.0
Average Knowledge of Topic <u>After</u> Workshop	3.4
Average Presenter Rating	3.6
Average Financial Behavioral Change in 3 to 6 months	3.3
Emailed employees with links to cool tool websites (Gamification)	
http://www.uncoverthenumbers.com	
http://www.feedthepig.org/	
https://www.fidelity.com/calculators-tools/overview	

Micah Salerno

From: Walker, Melanie <mwalker@segalco.com>
Sent: Tuesday, January 13, 2015 1:17 PM
To: Rob Boehmer
Cc: Picarelli, Francis
Subject: Nevada Deferred Compensation Program - Crosscheck compliance review final report
Attachments: 5338901_2.docx

Rob,

Per your message this morning, attached is the final report from our compliance review. In addition, following is a very brief summary of our recommendations that I can share with the Committee on January 21, 2015 via phone:

1. **Plan documents** – In our review and report, we note several provisions that may need to be amended in both the Regular Plan and the FICA Alternative Plan. We recommend that the Committee, along with the Program administrator, review the Plan documents at least annually to determine if changes to the documents are required by law or necessary to conform to actual administration of the Plans.
2. **Review of Plan operations** – In our review and report, we identified minor compliance issues that may need to be addressed by the Program. We recommend that the Committee continue to periodically conduct comprehensive compliance reviews of both Plans, including Plan documentation, administrative operations (including third-party administration), and the Program’s fiduciary and governance structure. Review of administrative operations should include a transactional review of unforeseeable emergency distributions, as well as deferrals under the three-year catch up rule.
3. **Ongoing Plan administration** – In our review and report, we identified specific compliance issues that should be considered and corrected by the Program. We recommend that the Committee, along the Program administrator take the following actions:
 - (a) Implement procedures to ensure compliance with the IRS rule requiring deferrals be made no earlier than the first of the month after election;
 - (b) Review and consider changes to the Plans relating to tax rules for domestic partners and requirements for spousal consent under Nevada law; and
 - (c) Develop and implement specific procedures for monitoring unforeseeable emergency distributions from the Plans to ensure compliance with IRS rules for such distributions.

Please let me know if you need anything else.

Melanie Walker, JD
Vice President
Segal Consulting
5990 Greenwood Plaza Blvd., Suite 118 | Greenwood Village, CO 80111-4708
T 303.714.9942 | F 303.223.9234
mwalker@segalco.com

Segal Consulting is a member of The Segal Group.



Crosschecksm Review

Executive Summary Report for:

**State of Nevada Employees
Deferred Compensation Program**

Submitted by:

The Segal Company

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EXECUTIVE SUMMARY REPORT

The Segal Company was engaged by the Committee to conduct an independent, comprehensive review of the State of Nevada Employees' Deferred Compensation Program to determine the status of the Program's compliance with the Internal Revenue Code rules and regulations governing 457(b) plans, as well as compliance with other applicable federal laws, and to determine whether the Program's administrative operations and practices meet the standards set forth in the Program's governing documents. We reviewed the documents and operations of both the regular Deferred Compensation Plan and the FICA Alternative Plan. The Program is administered by a Program Coordinator and staff, as well as by two recordkeepers, Mass Mutual and Voya.

We wish to thank Mr. Rob Boehmer and Ms. Micah Salerno for their immense cooperation and support during this project. They graciously provided their time and knowledge in helping us complete this compliance review.

OVERVIEW

As a result of our compliance review, we conclude that the Program is substantially in compliance with the requirements under section 457(b) of the Internal Revenue Code ("Code") and related regulations and other applicable federal laws. We have identified a few areas of Program administration that may be of concern to the Committee and could warrant further review or modification. In addition, the governing plan documents have some minor defects, which should be corrected to provide administrative clarity and to ensure operational compliance. We also identified areas where procedures to monitor on-going compliance may need to be developed and implemented.

We note that, as a technical matter, even a minor failure to comply with the requirements under Code section 457(b), including failure to follow the plan document terms, even if a plan provision is not required under the Code, may cause a plan to fail to be an eligible plan under Code section 457(b). However, under the "flush language" between Code section 457(b) and 457(c), there is a special retroactive correction period for governmental 457(b) plans that generally allows compliance errors to be corrected prior to the first day of the first plan year beginning more than 180 days after the IRS notifies the plan sponsor in writing that the plan has been administered in a manner that is inconsistent with Code section 457(b) or the regulations thereunder. Consequently, 457(b) errors can be corrected without the plan failing to be considered an eligible plan.

Overall, it appears that the administration of the Program is consistent with IRS rules and governing plan documents. During a compliance review of any plan, we have found operational and compliance issues and areas for improvement to the administrative processes. Retirement plan

administration is inherently complex due to the number of constantly changing regulations required to be followed. While our report does identify several compliance-related operational issues, the majority of issues relate to administrative processes and minor plan document defects that can be corrected satisfactorily.

PROJECT METHODOLOGY

To understand our findings and recommendations, it is important to describe Segal's *Crosscheck* processes and methodology. As background, our review of the Program followed our *Crosscheck* compliance review and analysis methodology, which was individually tailored for the Program's specific needs.

Our compliance review focused on the following areas:

- ◆ Written plan requirements for 457(b) plans
- ◆ Trust and exclusive benefit requirements
- ◆ Plan administrator duties and delegation
- ◆ Plan recordkeeping
- ◆ Eligible employees and eligible participating employers
- ◆ Deferral agreement formalities
- ◆ Code section 401(a)(9) minimum required distributions
- ◆ Code section 457(b) deferral limits and catch-up rules
- ◆ Plan distribution rules
- ◆ Direct rollovers and transfers
- ◆ Qualified domestic relations orders
- ◆ Unforeseeable emergency distributions
- ◆ Small benefit cashouts
- ◆ Rules for spouses and beneficiaries
- ◆ Federal income tax reporting and withholding requirements
- ◆ Age Discrimination in Employment Act (ADEA)
- ◆ Veterans' employee benefit rights (USERRA and HEART Act)
- ◆ Family and Medical Leave Act (FMLA)

Phase 1. Data Collection

Prior to the on-site visit and interviews, various plan documents were requested and collected from the Program, including governing statutes and plan documents, written administrative procedures, salary deferral agreements and trust documents. Further documentation was requested from the Program's recordkeepers, such as service agreements, internal administration forms and worksheets and participant communications. Such plan documentation was thoroughly analyzed by two senior *Crosscheck* consultants. Our documentation analysis reviews for:

- ♦ Consistency of documents with processes;
- ♦ Amendment of Plan document for current compliance changes;
- ♦ "Fit" of employee communications with governing documents;
- ♦ Consistency of administrative agreements, forms and other written material with governing documents; and
- ♦ Consistency of administrative actions with policies and procedures and governing documents.

A *Crosscheck* workbook, designed by Segal with questions specific to the type of plan, was then created prior to the on-site interviews and used as a guide during the interview process. The purpose was to determine whether the actual responses with respect to administration support what the plan documentation states.

Phase 2. On-Site Visit with Program Staff and Recordkeeper Interviews

The second phase of the *Crosscheck* process involves interviewing individuals with specific knowledge of plan operations. We were on-site with the Program Coordinator's office for one and one-half days and met with Mr. Rob Boehmer and Ms. Micah Salerno. We discussed an extensive array of questions that were designed by Segal regarding plan administration, as well as operational issues that warranted further investigation, based on our knowledge of the Program from previously reviewed documents.

In addition to our interviews with the Program Coordinator, we also conducted telephone interviews with the Program's recordkeepers, Mass Mutual and Voya. The interviews were conducted informally and designed to further investigate certain areas of administration that were pertinent to our compliance review, based upon the information gathered from our plan documentary review and on-site interviews.

Phase 3. Audit of Individual Data Files

After the interviews were conducted, Segal requested detailed information from the recordkeepers on processed applications for qualified domestic relations orders ("QDROs") and unforeseeable emergency distributions in the last two years, including a complete copy of the recordkeepers' files maintained for a sampling of individual participants. The selected files were reviewed for compliance with Plan rules and administrative effectiveness with respect to either QDROs or unforeseeable emergency distributions, as applicable.

Phase 4. Final Report

This report documents our findings and recommendations with respect to the Program's compliance review. It identifies compliance issues and recommendations for further review or correction, as well as recommendations for process improvement. Also included are comments and suggestions regarding amendment of plan document provisions.

We thank the Committee for once again selecting Segal to conduct this compliance review and look forward to discussing our findings and recommendations.

FINDINGS AND RECOMMENDATIONS

1. First of the month rule. Code section 457(b)(4) provides that compensation under a 457(b) plan may be deferred for any calendar month only if an agreement providing for deferral has been entered into before the beginning of the month such compensation is paid or made available. This first-of-the-month rule is set forth in the regular Deferred Compensation Plan document at Section 2.1. However, based on discussions during our on-site interviews, it appears that the Plan is not monitoring the timing of elections and subsequent deferrals to ensure compliance with this rule. Both Plan recordkeepers indicated that they also do not monitor the timing of deferral elections, but rather allocate any contributions that are sent to them as soon as possible. Since the State has biweekly payroll periods, it is possible that employees are electing deferral amounts and having those amounts deferred in the same calendar month, which is not permitted under the Code.

We recommend that the Plan begin monitoring the timing of deferral elections, including both the initial participation election and subsequent deferral election changes, to ensure that deferral agreements do not go into effect until the first of the month following the date the deferral amount is elected. Based on our experience with other 457(b) plans, it is likely that such monitoring can be accomplished via automatic processes under the payroll system(s). It is important to note that the compensation from which a deferral is made must only be *paid* in the month following the election, but does not have to be wholly *earned* in the month following election. Therefore, an individual may elect to defer compensation under the Plan near the end of a month and still have amounts deferred from compensation paid a few days later, even though such compensation was earned in the same month in which the deferral election was made.

In addition to monitoring the timing of deferral elections, consider periodically reminding participating employers about the first of the month rule and providing assistance to the employers in complying with this rule. One way to do this is to communicate with the participating employers about the processes and procedures the Program and State payroll systems use to comply with this rule. Another way to do this is to provide examples of how to comply with this rule based on different payroll periods (e.g., monthly, semimonthly, biweekly), such as in the Program's Administrative Manual or other communication materials.

In addition, while the FICA Alternative Plan document does not contain a provision regarding the first-of-the-month rule, this Plan only provides for nonelective contributions. Pursuant to Treasury Regulations section 1.457-4(b), nonelective contributions are treated as being made under an agreement entered into before the first day of a the calendar month in which nonelective contributions are made. Therefore, it appears no changes need to be made to the FICA Alternative Plan in order to comply with this rule.

2. **USERRA make-up contributions.** Based on discussions during our on-site interviews, it appears that Plan participants in both the regular Deferred Compensation Plan and the FICA Alternative Plan may not be consistently offered the opportunity to make up contributions missed due to qualified military service, as required by the Uniformed Services Employment and Re-employment Rights Act (USERRA). Neither Plan document contains the required provisions relating to USERRA rights under the Plan, including the right to make up missed contributions that could have been made during qualified military service. Both the Program staff and recordkeepers indicated that they have not had any participant request the opportunity for make-up contributions under USERRA. The Program relies on employee managers and human resource personnel to remind returning veterans of their USERRA rights under all applicable State benefits plans, including the Deferred Compensation Program.

We recommend that the Program establish processes and procedures to ensure that returning veterans are consistently notified of their rights to make up contributions under both Plans, to the extent applicable. One way to do this is to track employees on military leave as a change of employment status that affects Plan eligibility, and then notify employees of their USERRA rights under the Plans upon returning to employment. It may also be advisable to provide periodic communications to employees on USERRA rights under a retirement plan.

3. **Tax rules for domestic partners.** The provisions of both the regular Deferred Compensation Plan and the FICA Alternative Plan provide that domestic partners may be alternate payees under a qualified domestic relations order (QDRO). To the extent that Nevada State law permits domestic partners to be alternate payees under a QDRO, this is not prohibited under applicable Code rules for QDROs. However, under Code section 414(p), domestic partners cannot receive the favorable tax treatment for QDRO distributions that is afforded to spouses. That is, when a QDRO distribution is paid to an alternate payee that is a domestic partner, the distribution amount is still taxable income to the participant, not the domestic partner, and must be reported on Form 1099-R as such. The federal tax treatment applicable to domestic partners was clarified in Revenue Ruling 2013-17 with regards to distinguishing the tax treatment of domestic partners from same-gender spouses under federal law. Based on this IRS guidance, we recommend that the Program establish processes and tax reporting procedures to ensure that QDRO distributions to domestic partners are treated as taxable income to the participant.

In addition, the provisions of both the regular Deferred Compensation Plan and the FICA Alternative Plan provide that a domestic partner is a “Distributee” (as defined in Article I) for purposes of direct rollover rules. Under Code section 402(c)(11), a Distributee may only be an employee or former employee, or such employee’s or former employee’s spouse or former spouse or designated beneficiary. Pursuant to Code section 401(a)(9)(E), such a beneficiary must be

specifically designated as such under the rules of the Plan. Therefore, a domestic partner may only be a Distributee for direct rollover rules if he or she is also the designated beneficiary under the Plan's rules and procedures and the distribution is after the death of the participant. Furthermore, designated beneficiaries may only elect a direct rollover to an inherited IRA (as defined in Code section 408(d)(3)(C)), which limitation is not described in Plan documents. We recommend that the Plans permit direct rollovers only to domestic partners who are also a designated beneficiary and then ensure the rollover is made only to an inherited IRA.

Similarly, the definition of "Unforeseeable Emergency Distribution" in Article I of the regular Deferred Compensation Plan provides that an unforeseeable emergency distribution may be made due to the severe financial hardship of a participant's domestic partner. Pursuant to Treasury Regulations section 1.457-6(c), the severe financial hardship of a participant's beneficiary or such beneficiary's spouse or dependent may be considered for purposes of an unforeseeable emergency distribution. Therefore, the financial hardship of a domestic partner may only be considered for this purpose if he or she is also the designated beneficiary under Plan rules and procedures and only if the Plan document permits an unforeseeable emergency on behalf of such designated beneficiary, which currently the Plan document does not permit. We recommend that the Plan consider whether to permit unforeseeable emergency distributions due to the financial hardship of all designated beneficiaries. If the Plan will permit this, the Plan document, as well as administrative procedures should be updated for this purpose. If the Plan will not permit this, the Plan document should be corrected to remove domestic partners from the definition of "Unforeseeable Emergency Distributions".

4. Spousal consent. Based on our interviews with the Program staff and recordkeepers, it appears to be uncertain as to whether spousal consent is required or should be required under both Plans in order for a married participant to designate a nonspouse beneficiary. Neither the Plan documents nor the beneficiary designation section on Plan enrollment forms require spousal consent to name a nonspouse beneficiary when the participant is married. Since Nevada is a community property state, which considers retirement plan benefits to be the shared property of spouses, it may be advisable to investigate whether State law requires spousal consent in order to pay benefits to a nonspouse beneficiary after the death of the participant. Even if it is determined that State law does not require such spousal consent, you may wish to consider whether requiring spousal consent to the designation of a nonspouse beneficiary is a desired practice that minimizes risk to the Program and State. If spousal consent to a nonspouse beneficiary is either required or desired, the Plan documents and forms should be amended for this purpose. Alternatively, consider whether risk to the Program and State could be minimized by designating the participant's spouse (if any) as the default beneficiary upon death where no written designation is recorded. The participant's estate could be the secondary default beneficiary where no spouse survives the participant.

Please note that the Nevada Public Employees Retirement System does not permit payment of death benefits to nonspouse beneficiaries unless the participant is not married or their spouse predeceases them. The Nevada System of Higher Education retirement plans indicate that it may not be possible for married participants to designate a nonspouse beneficiary to receive more than 50% of the participant's account balance.

5. Last Three Years Catch-up Verification. The regular Deferred Compensation Plan provides for the special catch-up rule for 457(b) plans during the last three years prior to normal retirement age up to the amount of underutilized prior years' maximum contribution limitation for years the individual was eligible to participate in the Deferred Compensation Plan. The Plan's recordkeepers are responsible for administering this catch-up contribution and monitoring limitations thereunder. This is a complex calculation and the Plan's recordkeepers rely primarily on the participant to determine the underutilized prior years' maximum contribution limitation, by having them fill out a worksheet. In addition, although the Plan document defines "Normal Retirement Age" for this purpose to begin no earlier than the unreduced retirement age under the employer's pension plan, the Plan does not verify a participant's unreduced retirement age under the applicable State retirement plan before permitting catch-up contributions under the Plan.

Based on discussion with Program staff and recordkeepers, there appears to be uncertainty as to whether participants can elect this type of catch-up election if they are retiring in less than three years. Pursuant to language in both Code section 457(b) and the regulations issued thereunder, participants may elect to make a catch-up contribution during "*one or more of the participant's last three taxable years ending before the participant attains normal retirement age.*" (See Treasury Regulations section 1.457-4(c)(3)). Under the Plan, the participant is able to select any normal retirement age that is on or after the date of the participant's unreduced retirement age under the applicable plan. This means that so long as the participant selects a normal retirement age that complies with this rule and is more than three years from the first year of the catch-up election, a participant may begin making catch-up contributions and then retire at any time, even if it is before the selected normal retirement age. However, once a normal retirement age is selected for purposes of the catch-up election, the participant cannot change the normal retirement age and cannot make any catch-up contributions later than three years after the first catch-up contribution.

The Plan, in coordination with the recordkeepers, should develop and implement a formal process for monitoring the allowable amount of this type of catch-up contributions. This process should include utilizing the information about participants readily available to the Plan, such as any previous catch-up elections made by the participant, the participant's unreduced retirement age under the applicable State plan and the amount of previously underutilized elective deferrals.

In addition, it has come to our attention that the recordkeepers may have discouraged catch-up elections for participants retiring within three years. Therefore, it may be advisable to educate both participants and recordkeepers about how the catch-up rule is applied under the Plan, including providing an example where a catch-up election and contribution is made in one year and then the participant decides to retire shortly thereafter, such as in Plan descriptions or other communication materials. To the extent catch-up elections were not approved for participants near retirement, such participants should be given the opportunity to appeal this decision to the Committee and/or Program Coordinator.

6. Regular Deferred Compensation Plan document. In our review of this Plan document, we noted several provisions that may need to be amended, as follows:

A. Various sections of the Plan document contain capitalized terms that are not defined within the provisions of the Plan document, including:

- (1) “Eligible Governmental Employer” within the definition of “Public Employer” in Article I;
- (2) “Recordkeeper” within the definition of “Service Provider” in Article I; and
- (3) “Public Employer” in Section 12.1.

We recommend that these capitalized terms be revised to be used with lower case letters, or alternatively, some or all of these terms be defined within the Plan document and continue to use them with upper case letters.

In addition, the term “Domestic Partner” is defined in Article I of the Plan, but then such term is generally not capitalized when used throughout the document. We recommend that you amend the Plan to capitalize the term “Domestic Partner” wherever it is found in the document.

B. Section 7.1(a) indicates that unforeseeable emergency distributions shall first be withdrawn from the participant’s Before-Tax Deferral Account and Roth Account and second from Rollover Account, and then only to the extent designated by the participant. However, pursuant to Treasury Regulations section 1.457-6(c)(2)(ii), unforeseeable emergency distributions may not be made to a participant to the extent the emergency need may be relieved through other resources, including liquidation of the participant’s assets. Since participants may withdraw monies from Rollover Accounts at any time under Section 8.1(e) of the Plan, we recommend that the Plan document be amended to require a withdrawal from the Rollover Account before unforeseeable emergency distributions are approved.

C. On June 26, 2013, in United States v. Windsor, the Supreme Court decided that the section of the Defense of Marriage Act (DOMA) limiting marriage to opposite-gender spouses for purpose of federal law was unconstitutional. As a result of this decision, the IRS requires that same-gender marriages be treated the same as opposite-gender marriages for all federal tax law purposes, including those applicable to 457(b) plans. For this purpose, a same-gender marriage is valid if it was validly entered into in a state that recognizes such marriages, regardless of where the same-gender spouses are now domiciled. Recently, in IRS Notice 2014-19, the IRS issued guidance that requires retirement plans to make any necessary amendments to bring their plans in compliance with the Windsor decision by the end of 2014. The Notice suggests that even if a plan does not have any provisions that are inconsistent with this decision, consider amending the Plan in order to clarify how it will operate the plan with respect to same-gender spouses.

Since this Plan contains several provisions that provide benefits to domestic partners (as described in item 3 above), and IRS guidance in Revenue Ruling 2013-17 requires that domestic partners not be afforded the same federal tax treatment as same-gender spouses, we recommend that you amend this Plan to state the Plan will comply with the Supreme Court ruling effective June 26, 2013, and which specifically distinguishes domestic partners from same-gender spouses with respect to federal tax rules for direct rollovers, QDROs and unforeseeable emergency distributions.

D. The Worker, Retiree, and Employer Recovery Act of 2008 (WRERA) required that nonspouse beneficiaries be permitted to make a direct rollover to an inherited IRA (as defined in Code section 408(d)(3)(c)), effective January 1, 2010. Pursuant to our analysis set forth in item 3 above, we recommend that the definition of “Distributee” in Article I of the Plan document be amended to include designated beneficiaries, to not include domestic partners as a separate group from designated beneficiaries, and to clarify that for nonspouse beneficiaries, direct rollover to an “Eligible Retirement Plan” can only be made to an inherited IRA.

E. As discussed in item 2 above, the Plan document does not contain the required provisions relating to USERRA rights under the Plan, including the right to make up missed contributions that could have been made during qualified military service. In addition, while the Plan document contains provisions relating to the Heroes Earnings Assistance and Relief Act of 2008 (HEART Act) with respect to military differential wages payments and distributions due to qualifying military service, the Plan does not contain the required language indicating that participants who die while in qualified military service will be treated as if they had returned to employment prior to death for any death benefits under the Plan, effective for deaths on or after January 1, 2007. Therefore, we recommend that the Plan document be amended to include the required provisions under both USERRA and the HEART Act.

F. We note that the Program’s Administrative Manual states in Section 7.7 that Plans will comply with Code 402(g) deferral limits. However, the deferral limits under this Code section do not apply to 457(b) plans. We recommend the Manual be revised to refer to compliance with deferral limits under Code section 457(b)(2) and (e)(15).

7. FICA Alternative Plan document. In our review of this Plan document, we noted several provisions that may need to be amended, as follows:

A. Section 7.1 of the Plan document permits the Committee to make an in-service de minimis cashout of a participant’s account up to \$5,000 without the participant’s consent. To the extent such cashout amount exceeds \$1,000, it is a mandatory distribution subject to the rules regarding automatic rollover to an IRA, as set forth in Code section 401(a)(31)(B) and IRS Notice 2005-5. The Plan’s options for complying with the mandatory distribution rules under Code section 401(a)(31)(B) are as follows:

- Set up automatic rollovers to IRAs for mandatory distributions of amounts greater than \$1,000. This would include amending the Plan for automatic rollovers to an IRA, selecting an IRA provider and default investment options and drafting a notice to participants regarding the rules for automatic rollovers.
- Eliminate mandatory distributions for amounts greater than \$1,000. This would require a Plan amendment.
- Eliminate mandatory distributions entirely by requiring the participant’s consent before an in-service de minimis cashout is made. This means just not making a mandatory distribution until the participant applies for a benefit or reaches age 70 ½. This would also require a Plan amendment.

B. The Worker, Retiree, and Employer Recovery Act of 2008 (WRERA) required that nonspouse beneficiaries be permitted to make a direct rollover to an inherited IRA (as defined in Code section 408(d)(3)(c)), effective January 1, 2010. Pursuant to our analysis set forth in item 3 above, we recommend that you amend the definition of “Distributee” in Article I of the Plan document to include designated beneficiaries, to not include domestic partners as a separate group from designated beneficiaries, and to clarify that for nonspouse beneficiaries, direct rollover to an “Eligible Retirement Plan” can only be made to an inherited IRA.

In addition, we recommend that you amend the definition of “Eligible Retirement Plan” to include Roth IRAs, similar to the language in the regular Deferred Compensation Plan.

C. Pursuant to our analysis regarding same-gender marriage in item 6 C. above, and where IRS guidance in Revenue Ruling 2013-17 clarifies that domestic partners not be afforded the same federal tax treatment as same-gender spouses (as discussed in item 3 above), we recommend that the Plan be amended this to state that the Plan will comply with the Supreme Court ruling on same-gender marriage effective June 26, 2013 and also amend the Plan specifically distinguishes domestic partners from same-gender spouses with respect to federal tax rules for direct rollovers and QDROs.

D. As discussed in item 2 above, the Plan document does not contain the required provisions relating to USERRA rights under the Plan, including the right to make up missed contributions that could have been made during qualified military service. In addition, while the Plan document contains provisions relating to the Heroes Earnings Assistance and Relief Act of 2008 (HEART Act) with respect to military differential wages payments and distributions due to qualifying military service, the Plan does not contain the required language indicating that participants who die while in qualified military service will be treated as if they had returned to employment prior to death for any death benefits under the Plan, effective for deaths on or after January 1, 2007. Therefore, we recommend that the Plan document be amended to include the required provisions under both USERRA and the HEART Act.

8. Qualified Domestic Relations Orders. We reviewed one recent qualified domestic relations order (QDRO) processed by Voya and one recent QDRO processed by Mass Mutual and found that both of these QDROs were processed in a manner that is consistent with the Plan documents and applicable Code requirements.

We note that Voya had extensive requirements and tools for processing QDROs, including detailed procedures that modeled ERISA requirements for QDROs and a form for certifying payment to alternate payees. We note that Mass Mutual in practice did not require that alternate payees provide a separate order, but rather would accept the terms of a divorce decree or settlement agreement for distribution to an alternate payee. As this practice is permitted under Code section 414(p), as applicable to governmental plans, and consistent with the requirements under the Plan documents, we do not recommend any changes to the Program’s QDRO procedures.

9. Unforeseeable emergency distributions. We reviewed summary information about all unforeseeable emergency distribution applications processed during the two-year period from July 2012 through June 2014. Then, we reviewed the complete, detailed recordkeeping files for twenty unforeseeable emergency distribution applications made by five participants that were processed by Voya and nine unforeseeable emergency distribution applications made by five participants that were processed by Mass Mutual. Our review focused on applications by participants who received multiple unforeseeable emergency distributions over a short period of time. We found numerous problems under the Plan document and Code section 457 with these distributions, as described below:

- In the past, there had not been any coordination between the two recordkeepers where a participant maintains an account balance with both recordkeepers. In February 2014, the Program Coordinator implemented procedures to prevent problems with lack of coordination between recordkeepers by requiring both recordkeepers to provide information about each unforeseeable emergency application submitted, so that the Plan can determine if a participant submitted applications to both recordkeepers at the same time. We found two participants that submitted applications to both recordkeepers, which were approved for the same expenses related to foreclosure by providing the same documentation to both recordkeepers. Treasury Regulations section 1.457-6(c) and Plan document Section 7.1 require that unforeseeable emergency distributions be limited to the amount necessary to satisfy the financial need. While one the participant's applications was submitted before this procedure was implemented (in July 2013), the other participant submitted their applications in April 2014.
- In our the review of Voya's processed unforeseeable emergency applications, we discovered significant problems with applications submitted by two participants with the same last name and address who appear to be spouses. The total amount of expenses approved for these applications between September 2012 and May 2014 was approximately \$78,000. First, one spouse submitted a number of receipts for medical expenses in December 2012 and then the other spouse submitted a number of receipts for medical expenses for his spouse in June 2013, where some of the receipts were identical in amount and date as used for the spouse's application. In addition, both spouses submitted a bill for a large sum of medical expenses incurred in 2012, where a portion of the amount was approved from one spouse's account and the rest was approved from the other spouse's account. Then in 2014, the same 2012 medical bill was submitted as documentation and approved for payment to one spouse for additional amounts. Second, of the ten applications submitted by these two participants, five of them were approved based on documented medical bills for infertility treatments and in-vitro fertilization procedures. We have concerns that such medical expenses do not

satisfy the definition of an unforeseeable emergency as there is no information indicating they are related to an illness or accident and likely are not unforeseeable expenses. Third, the other five applications submitted between 2012 and 2014 by these participants were approved based on documentation of loss of income due to furloughs and pay reductions. Loss of income may meet the requirements for an unforeseeable emergency as a financial hardship under extraordinary and unforeseeable circumstances that are beyond the control of the participant. However, loss of income is not one of the specifically enumerated categories of unforeseeable events that may lead to financial hardship, and therefore it is clear that Voya is exercising fiduciary discretion in approving unforeseeable emergency applications, absent specific input and approval from the Committee.

- In our review of Mass Mutual's processed unforeseeable emergency applications, we did not discover any significant problems, other than those due to lack of coordination with the other recordkeeper, as discussed above.
- In our review of processed unforeseeable emergency applications from both recordkeepers, we also discovered several individuals who received multiple distributions within a one-year or two-year period, often in amounts equal to the individual's entire account balance based solely on contributions made since the previous unforeseeable emergency distribution.
- In several instances, unforeseeable emergency distributions were made for only a few hundred dollars. It is unlikely that distributions for amounts representing only a fraction of the individual's monthly paycheck or amounts not much more than the total deferrals made in a month would satisfy the facts and circumstances tests required for such distributions under Treasury Regulations in determining whether an unforeseeable emergency exists. Treasury Regulations section 1.457-6(c) specifically states that a distribution on account of unforeseeable emergency may not be made to the extent such emergency may be relieved through cessation of deferrals to the plan.

We recommend the Program develop and implement procedures for monitoring the unforeseeable emergency distributions made from the Plan by both recordkeepers to ensure at a minimum that for each application approved by the recordkeepers: (1) proper documentation of the amount of financial need has been provided that is not duplicated with both recordkeepers or with the same recordkeeper for separate applications; and (2) documentation related to medical expenses is reviewed to determine if the expenses is due to an illness or accident. The monitoring procedures could include a recommendation that the Committee authorize periodic reviews of a sampling of individual applications for unforeseeable emergency distributions to ensure they were processed correctly.

In addition, the Program may wish to consider implementing rules and procedures to ensure that unforeseeable emergency distributions are not made that could have been relieved through other means, including cessation of deferrals. One method to do this is require that participants cease making deferrals for a period of time after an unforeseeable emergency distribution is made, similar to the requirements for hardship distributions from 401(k) plans (e.g., deferrals must cease for six months). Other alternatives for this purpose include (1) requiring a minimum amount for unforeseeable emergency distributions, such as many plans do for loans; (2) denying applications for multiple unforeseeable emergency distributions for amounts that represent solely the contributions made since the previous distribution; or (3) limiting the number of unforeseeable emergency distributions in a specific period (e.g., no more than two per year or five over a two-year period).

10. Plan governance. Generally, the governance structure of the Program is well-established and appropriately documented. In addition, it appears that the Program has procedures in place for monitoring important aspects of Plan compliance, such as payroll audits to ensure proper transmission of contributions and payroll reports to ensure excess deferrals are not made, although further efforts are warranted to monitor the timing of deferrals under IRS rules. However, as a plan sponsor and fiduciary, the Committee is responsible for monitoring the performance of its recordkeepers to ensure compliance with all Code section 457 rules and other applicable federal laws.

In the course of our compliance review, we identified three specific areas of Program operations where the recordkeepers may not be complying with Code section 457 rules and related regulations: spousal consent to beneficiary designations, catch-up contributions, and unforeseeable emergency distributions. The Program should develop and implement a formal process for periodically reviewing administration of these areas to ensure compliance with the Internal Revenue Code and maintenance of the eligible status of the 457(b) Plan.

We hope that the information provided in this report can provide assistance to the Committee, Program staff and recordkeepers with respect to areas to focus on for future improvements to the Program.



Nevada Public Employees Deferred Compensation Program

Statement of Investment Policy

Amended June 2011

Adopted March 2006

Nevada Public Employees Deferred Compensation Program

Statement of Investment Policy

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Section 1- Introduction

The Nevada Public Employees Deferred Compensation Committee (Committee) hereby adopts this Statement of Investment Policy (Policy) for the Nevada Public Employees Deferred Compensation Program (Program)

The Committee shall deliberate the status of the Program in an open forum, at least quarterly, conduct a review of the investment options and Providers, as necessary and take action as appropriate.

Objectives of the Program

The Program, established in 1977, is a voluntary tax-deferred supplemental retirement plan (IRC 457(b)), which provides participants and their beneficiaries with a supplement to their other retirement savings. The Program operates solely in the interest of plan participants and beneficiaries. As a voluntary, participant-directed plan, Participants bear the ongoing responsibility for deciding the amount of current compensation to defer and the selection of investment allocation and options.

The Committee, appointed by the Governor pursuant to NRS 287.325, oversees the Program and strives to provide quality investment options at competitive costs while maintaining high standards of customer service. The Committee and its Executive Officer monitor the Program investment providers, communicate the importance of supplemental savings through seminars, newsletters and other informational efforts, and administer the Program in accordance with state and federal guidelines. All Program expenses are paid from reimbursement by its private sector service providers.

The Program is a long-term retirement savings vehicle and is intended as a source of supplemental retirement income for eligible participants. The available options cover a range of investment risk and reward which the Committee deems appropriate for this retirement savings program. Employee Retirement Income Security Act (ERISA) states the broad range of investment alternative requirement is met if investments are sufficient to permit participants a reasonable opportunity to materially affect the potential return and degree

of risk on their investments. The participants must also have an opportunity to choose from at least three investments that:

- Are diversified.
- Have materially different risk and return characteristics.
- In the aggregate, enable the participant to achieve aggregate risk and return characteristics at any point within the range "normally appropriate for the participant."
- Each of which, when combined with the other alternatives, tends to minimize, through diversification, the overall risk of the portfolio.

The objectives of the Program are as follows:

- Assist employees and their beneficiaries in accumulating assets for retirement, as allowable under Section 457(b) of the Internal Revenue Code (IRC) and other governing rules and regulations;
- Provide a menu of high quality, diversified mix of investment options that will allow participants of varying risk tolerance to construct portfolios tailored to meet their particular financial goals;
- Afford participants interested in investments other than core menu options access to a broad range of investment opportunities through a self-directed brokerage window; and
- To the extent possible, minimize investment management and administrative expenses without compromising quality and performance.

Purpose of the Statement of Investment Policy

The Committee has developed this Policy to define the objectives of the Program and establish policies and procedures for creating the highest probability that these objectives will be met in a prudent manner consistent with governing rules and regulations.

The Policy serves to:

- To define the Program objectives and link them to the Program's investment structure;
- To document the responsibilities of Program fiduciaries and non-fiduciaries;
- To define the investment categories offered and establish investment objectives and guidelines for each category;
- To determine appropriate benchmarks/performance standards;
- To set guidelines for monitoring investment performance ;
- To establish guidelines for changes to the investment options or Providers , including actions that may be taken upon failure to meet performance and or risk/return standards
- Outline remedies for investments that fail to satisfy these standards;
- Establish quantitative and qualitative standards for ongoing evaluation of Program investments.

In general, it is understood that this Policy is intended to incorporate sufficient flexibility to accommodate current and future economic and market conditions and changes in applicable accounting, regulatory, and statutory requirements. The Committee will review this Policy at least annually, and, if appropriate, amend it to reflect changes in capital markets, Program participant objectives, or other relevant factors.

Selection of Investment Options

The Program may offer the following investment options:

Asset-Allocation Portfolios
Principal Protection/Guaranteed Option(s)
Fixed Income
Balanced Fund(s)
U.S. Equity
International Equity
Global Equity
Socially Responsive Fund(s)

Each investment option offered under the Program shall:

- Include asset management fees that are reasonable and consistent with the industry;
- Operate in accordance with its prospectus or “fact sheet”

The Committee, in its sole discretion, may add or delete investment options/categories.

Investment Fund Selection

Before hiring a new investment fund, the Committee will define the Investment Option/Style for the fund and the performance, quality, and risk characteristics of the investment manager that will be required. At a minimum, investment managers (and funds) under consideration should demonstrate they have met those performance and risk characteristics criteria under live, not modeled, conditions and over an appropriate time period. The selection process will involve a disciplined approach that will be fully documented.

Objectives in selecting a manager or fund would include the manager or fund's ability to:

- Maximize return within reasonable and prudent levels of risk
- Maintain style consistency through a variety of market conditions
- Provide returns comparable to returns for similar investment options
- Control administrative and management costs
- Invest in assets consistent with investment objectives

Section 2- Investment Categories:

Investment Structure

The Committee, with the assistance of staff and its investment consultant, has selected options to fit within the structure below to provide participants access to a diversified array of distinct asset classes along the risk return spectrum. The Program's investment structure can be segmented into tiers, with each meeting the varying needs of Participants. The Committee will review the list of options periodically to affirm its appropriateness for the Program. At any time, the Committee may decide to add or remove options as it deems necessary. Please see Exhibit A for specific investment options associated with the tiers described below.

Tier	Description
Tier I: Asset Allocation Options (Target Date Portfolios)	Allows participants to choose a pre-mixed, diversified portfolio that best fits their anticipated retirement year or maturity date. These funds generally start with a greater allocation to equities; and over time, the allocation will reduce equity exposure and increase the percentage to bonds.

<p>Tier II (A): Passive Core Options</p>	<p>A set of passively managed funds from the major asset classes that can be used as building blocks to allow participants to create their own portfolios based on their time horizon, risk tolerance and investment goals.</p>
<p>Tier II (B): Active Core Options</p>	<p>A set of actively managed funds from the major asset classes that can be used as building blocks to allow participants to create their own portfolios based on their time horizon, risk tolerance and investment goals.</p>
<p>Tier III: Specialty Options</p>	<p>Allows participants who are interested in investments outside Tiers I and II the opportunity to diversify their investments through a vast array of additional mutual funds or other diversified investments based on their time horizon, risk tolerance and investment goals.</p>

Objectives & Performance Standards

Asset Allocation Portfolios

Objective

The objective of this investment category is to provide long-term capital appreciation as well as capital preservation utilizing a diversified, passive portfolio of equity and fixed income investments. The funds' target date shall determine the asset allocation and risk profile.

Performance Standards (Net of Fees)

- Index funds should track the performance of the custom index.

Stability of Principle/Guaranteed Option(s)

Objective

The objective of this investment category is to preserve principal and provide a stable, competitive rate of return. A fund in this category may invest in fixed income instruments, including those of the US Government and its agencies, corporations, mortgage- and asset-backed securities, collateralized, emerging market, high yield, and preferred stock securities. Emerging market and high yield securities shall represent a small percentage of total assets, in line with the objective to preserve capital.

Performance Standards (Net of Fees)

- To provide a competitive rate of interest consistent with the marketplace of similar products.
- Provide necessary disclosure of underlying portfolio holdings, performance and fees to ensure proper risk assessment, performance and fee evaluation

Fixed Income

Objective

The objective is to invest in bonds, including those issued by the US and foreign governments, corporate securities (primarily investment grade), as well as mortgage- and asset-backed securities.

Performance Standards (Net of Fees)

- Actively managed accounts should exceed the return of the Barclays Capital Aggregate Bond Index and the median return of the fixed income fund universe over a market cycle, or generally a period of 3 to 5 years.
- Index funds should track the performance of the stated index.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the Barclays Capital Aggregate Bond Index and the fixed income fund universe, as appropriate

Balanced

Objective

The objective of this investment category is to invest in stocks, bonds and cash to provide capital appreciation and income with less volatility than an all-stock fund. Investment returns are expected to be derived from a combination of capital appreciation and dividend and interest income.

Performance Standards (Net of Fees)

- Actively managed accounts should exceed the return of the S&P 500 Index and the Barclays Capital Aggregate Bond Index, allocated the same as the option selected;

and the median of the balanced fund universe over a market cycle, or generally a period of 3 to 5 years.

- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the composite index and the balanced fund universe, as appropriate

U.S. Equity

Objective

The objective of this investment category is to invest in common stock of primarily US companies of varying capitalizations.

Performance Standards (Net of Fees)

- Actively managed funds shall exceed the return of the stated index and median return of the appropriate equity fund universe over a market cycle, or generally a period of 3 to 5 years.
- Index funds should track the performance of the stated index.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with the stated index and the appropriate equity fund universe..

International Equity

Objective

The objective of this investment category is to invest primarily in the common stock of companies located outside the United States.

Performance Standards (Net of Fees)

- Actively managed funds shall exceed the return of the MSCI EAFE Index (net of dividends) and the median return of the international equity fund universe over a market cycle, or generally a period of 3 to 5 years.
- Index funds should track the performance of the stated index.

- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the MSCI EAFE Index (net) and the international equity fund universe.

Global Equity

Objective

The objective of this investment category is to invest primarily in the common stock of companies located within and outside the United States.

Performance Standards (Net of fees)

- Actively managed funds shall exceed the return of the MSCI World Index and the median return of the global equity fund universe over a market cycle, or generally a period of 3 to 5 years.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the MSCI World Index (net) and the global equity fund universe.

Socially Responsive Option(s)

Objective

The objective of this investment category is to invest in bonds and/or stocks in companies determined by the fund manager to meet certain social criteria which may include environmental, labor relations, diversity, health or other issues.

Performance Standards (Net of Fees)

- To exceed the return of a market index applicable to the investment style of the fund and median return of the universe applicable to a fund's investment style over a market cycle, or generally a period of 3 to 5 years.

Section 3- Reporting and Monitoring Procedures

The Committee will review the Program quarterly, including review of the following:

- Provider credit/corporation update
- Current trends and developments in the capital markets and investment management community (market review);
- Overall participation in the investment options =maintaining the right to remove an option with limited use;
- Personnel changes in the investment management staff related to each investment option (organizational review), as well as changes in ownership of the organization (i.e. merger, acquisition activity and regulatory issues);
- Investment process consistency;
- Compliance with stated investment guidelines (review of the holdings and characteristics of each investment option);

Investment Fund Evaluation

The Committee, in its discretion, may conduct evaluations of investment funds at any time.

The Committee may place a fund on the Watch List, initiate a formal fund review, or terminate a fund for reasons which may include, but not limited to:

1. Failure to meet the risk/return standards;
2. Personnel changes or concerns;
3. Change in ownership or control;
4. Violation of an SEC rule or regulation;
5. Excessive fees
6. Changes in investment philosophy or style drift,
7. Excessive asset growth
8. Any other issue the Committee deems significant

Watch List/Formal Fund Review

When a fund has been placed on the Watch List it will undergo a formal review. The Committee shall conduct a detailed evaluation of the fund, its operations, and its performance. Upon completion of the evaluation, the Committee may continue the fund under formal review status, remove the fund from formal review, or terminate the fund.

Termination of Fund

When the Committee terminates a fund:

- The Committee shall notify the Provider that a fund is being terminated;
- The Committee shall notify fund Participants within a reasonable time (30 days) of action taken.

Fund Mapping

The Program will transfer fund assets of terminated investment options in accordance with ERISA standards. These standards include mapping to a fund with similar risk and reward characteristics or in accordance with the Qualified Default Investment Alternative (QDIA) policy. The QDIA policy will transfer assets based on the participants' date of birth and an assumed retirement age of 65.

Section 4- Administrative Policies

The Program will be administered and record-kept as authorized by NRS 287.250.

Program Design and Administration

The 457 Deferred Compensation Program is governed by the rules and requirements specified in the Program Document. The Internal Revenue Service (IRS) has established rules that apply to contributions and their limitations.

Review of the Provider/Record keeper

The Committee shall conduct annual reviews of the provider/recordkeeper to evaluate their performance, revenue sharing and participant fees as it relates to agreed upon standards.

Communication to Participants

Information about investment options will be made available to Participants to support making informed investment choices. The Program shall provide quarterly statements of fund performance to Participants. The Program shall make available detailed information regarding the fees and provider revenue sharing associated with the Plan, including hard-

dollar hypothetical illustrations. This information will be provided to Participants on no less than an annual basis.

Investment option prospectuses or fact sheets will be provided to Participants by the service provider(s), on request.

Section 4- Parties Responsible for Management and Administration of the Program's Investments

The Committee will act in the sole interest of the Program participants and beneficiaries, for the exclusive purpose of assisting public employees with achieving their retirement goals through a supplemental retirement program. The safeguards to which a prudent investor would adhere must be observed. Furthermore, the Committee must comply with the regulations set forth in this Policy, the Internal Revenue Code, and other governing rules and regulations that relate to the administration and investment of the Plan assets.

Several entities are responsible for various aspects of the management and administration of the Program's investments. The entities and their responsibilities include, but are not limited to:

Committee

The tasks for which the Committee is responsible include:

- Hiring the executive officer, deferred compensation providers, and/or consultants;
- Maintaining the Investment Policy;
- Selecting investment options;
- Periodically evaluating the Program's investment performance, and recommending investment option changes;
- Reviewing overall Program costs to ensure they are reasonable;
- Assessing on an ongoing basis the performance of the selected providers; and
- Conducting necessary audits (compliance and financial), as appropriate

Investment Consultant

The Committee may elect to hire an investment consultant (Investment Consultant) to assist it in dispensing its fiduciary duties. Specific responsibilities include, but are not limited to:

- Advising the Committee on the Investment Structure of the Plan, fund selection/removal, objectives, guidelines or performance standards for each investment fund option;
- Evaluating and communicating to the Committee the performance results for each investment option on an ongoing basis;
- Monitoring investment expenses;
- Documenting these findings in quarterly investment performance reports;
- Advising the Committee as to the continuing appropriateness of each investment manager and each investment fund option;
- Assisting the Committee in requests for proposals from investment providers;
- Keeping the Committee informed on current investment trends and issues;
- Advising the Committee of significant organizational changes as the investment managers' firms including changes in key personnel; and
- Maintaining and recommending changes as necessary to this Statement.

The Investment Consultant further acknowledges that it is a fiduciary with respect to these services that consist of investment advice that satisfies the ERISA definition of such service being fiduciary in nature. Accordingly, the Investment Consultant is under a duty to exercise a skill greater than that of an ordinary person, and the manner in which advice is handled or services are rendered will be evaluated in light of the Investment Consultant's superior skill.

Provider/Recordkeeper

The Provider/Recordkeeper will be responsible for performing the following in conjunction with Program and statutory provisions:

- Complying with all applicable rulings, regulations, and legislation.
- Notifying the Program of change (deterioration or improvement) in Provider's financial condition
- Notifying the Program of significant corporate events/changes
- Acting in accordance with the provisions of trust and/or custodial agreements and annuity and other insurance contracts.
- Reporting financial transactions and preparing periodic summaries of transactions, asset valuations, and other related information as deemed appropriate by the Committee
- Educating and communicating the investment options offered in the Program.
- Accepting and initiating employee investment direction.
- Enrolling employees in the Program.
- Maintaining and updating participant accounts.
- Preparing activity reports.
- Preparing participant statements.
- Marketing the Program.

Section 5- Self-Directed Brokerage Services

The self-directed brokerage account is offered to Participants as a supplemental investment option. The self-directed brokerage account is intended for participants that are interested in a wider array of investment options and are willing to accept the additional risks associated with those options.

The Committee has no responsibility for selecting, monitoring or evaluating the investment options available through the self-directed brokerage account. Participants will have sole discretion in regards to the investment options they select through the brokerage account.

The Program's service providers are responsible for providing participants with enrollment and educational materials for them to decide whether or not a self-directed brokerage account is suitable. The service providers are to provide all necessary materials in connection with participant inquiries regarding the establishment of the brokerage account rules and restrictions.

Under the self-directed brokerage account the Participant will be responsible for the ongoing research, trading and risk management responsibilities associated with their specific investment choices. The maximum allowed cumulative transfer from a Participant's account is limited to 50% of a Participant's total account value in the Program. Account balances must have a minimum of \$5,000, with an initial transfer of at least \$2,500 and subsequent transfers in \$1,000 increments.

Section 6- Participant Advisory Services

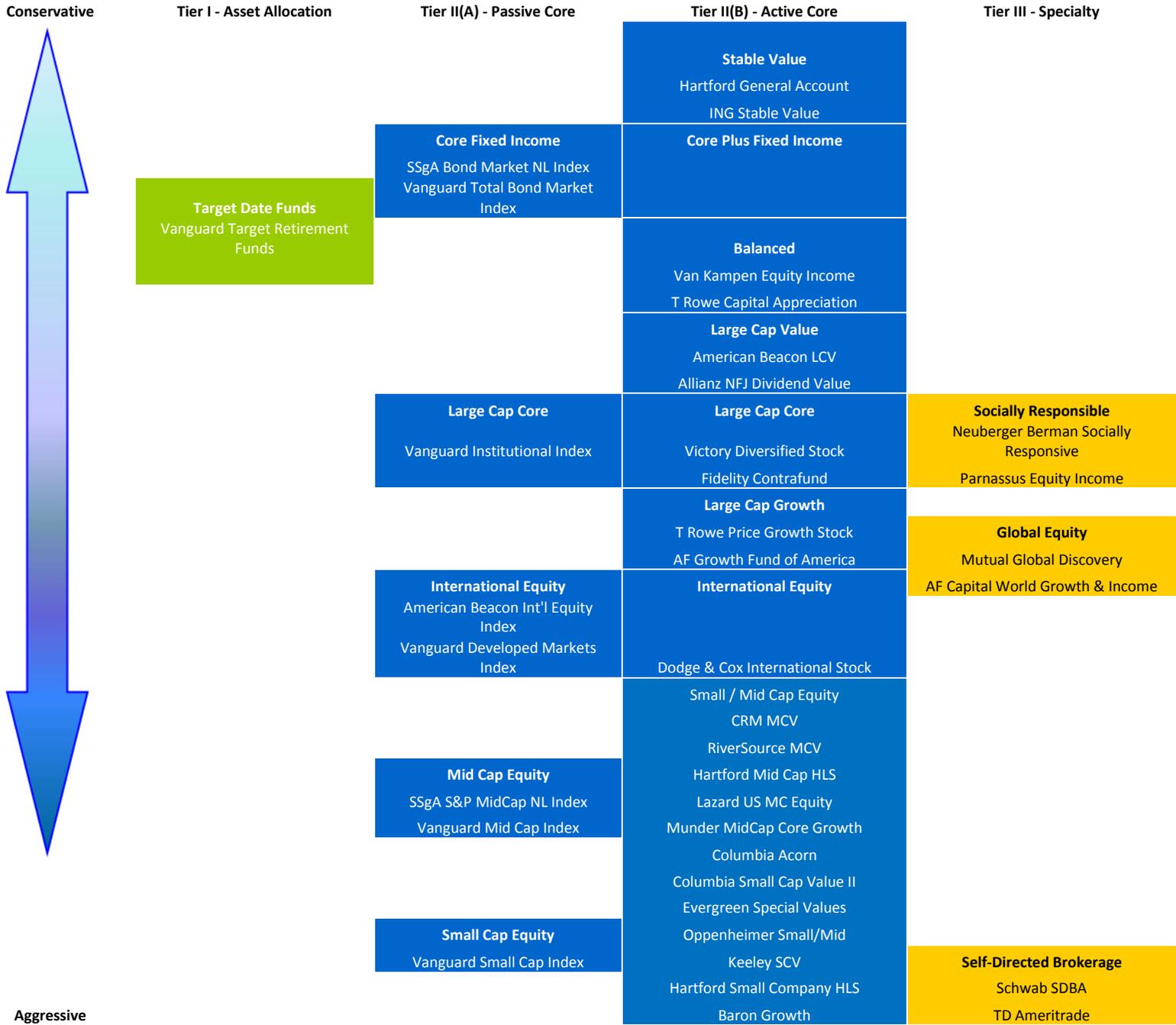
The Program may provide participant advisory services.

The objective of advisory services is to offer asset allocation alternatives and recommendations with varying risk and reward. Advisory services are non-discretionary with the Participant solely responsible for determining whether or not to follow the recommendations.

Section 7- Excessive Trading Policy

In the absence of an industry standard excessive trading guideline, as well as part of its fiduciary duty, the Committee has adopted its current service providers' Excessive Trading Policies. The Policies are used to protect the interest of the Program's long-term investors from potential adverse impact of excessive trading. The purpose is to eliminate excessive trading as well as warn individuals who engage in frequent trading that such activity may be detrimental.

EXHIBIT A



According to PLANSPONSOR's 2014 Plan Benchmarking Report, most 401(k) plans include a provision for participants to take loans or hardship distributions from their accumulated assets (see "Loans vs. Hardship Withdrawals," page 24). Overall, 79.5% of plans allow for a loan, and the percentage rises along with the size of the plan, with 73.5% of plans in the under-\$1 million market and 88.1% of plans in the over-\$1 billion allowing the loans.

Similar percentages apply to provisions for a hardship withdrawal. In total, 14.4% of plan participants have at least one outstanding loan. Why even offer these provisions? For many plan sponsors, loans are seen as a way to attract participants to engage in the plan, says Megan Murphy, director of thought leadership at Fidelity Investments in Smithfield, Rhode Island. The fear is that participants will not engage if they think they will be unable to access their money, she observes, so loan options are seen as a benefit, even though leakage is really an obstacle to a successful retirement. Approximately half the participants who take out their first loan repay the amount within the specified time, then return to saving responsibly for retirement, Murphy says. However, the other half of loan-taking participants often go on to become serial borrowers.

Kent Fitzpatrick, managing director at Asset Strategy Advisors in Boston, argues that the industry does not adequately convey the true cost of borrowing. Participants just do not seem to grasp the power of compounding. "That \$1,000 to \$5,000 may not seem like much," he says. "But over a 20-year investment horizon, it can be a substantial loss, because it is not just that dollar amount." Loans and hardship withdrawals can be an avenue through which plan sponsors can educate participants about sound financial habits and wellness. According to Jeff Feld, principal at Alliance Pension, a third-party-administrator (TPA) in Chicago, participants who take out loans miss time in the market, including all the market swings, low as well as high, that can significantly build on account balances over time.

Rescue by Design

Feld says his firm counsels its plan sponsor clients to push the loan fee charged by recordkeepers for administration—Alliance Pension Consultants charges a one-time fee of about \$180—straight to the participant. According to Feld, some providers charge lower startup fees for a loan, perhaps \$95, with annual costs of \$45 or \$50, adding several hundred dollars to the cost of a four- or five-year loan.

Fidelity recommends a few elements of plan design that can stem some of the flow. "We encourage a waiting period between loans, such as a six-month period before they can get another one," says Murphy, explaining that the time requirement can help participants wait out the need for the money. "They might decide they can do without it, or get it from another source," she says.

Henry Yoshida, previously principal at the Maresh Yoshida Group in Austin, Texas, says that group sets up plan sponsor clients to allow only one loan outstanding at a time. "This eliminates the ability for participants to become serial loan-takers or take out a second loan to pay off their first," he says.

Another feature Fidelity encourages that can reduce plan leakage via loans is allowing participants to borrow only the money they themselves have contributed, not funds from a company match or from profit sharing. Loans from a 401(k) should be a last resort, Murphy feels, and participants should be reminded that, if they leave the job, they will have to pay back the money immediately. The plan can also require the consent of the participant's spouse, to encourage the participant to think through the decision.

Hardship Only?

Some plan sponsors look to sharply limit participants' ability to take money out of the plan by allowing hardship withdrawals only, Yoshida says. "If a plan sponsor is adamant about not allowing its participants to take out a 401(k) loan, this is the way to go," he says, although he is not a proponent of this method. Forbidding loans is not a good option, he thinks—rather, sponsors should permit a maximum of one loan outstanding. He suggests bolstering this with a strong education program that drives home the ramifications of taking loans.

Retirement plan sponsors and advisers can take an active role in educating participants about the perils of 401(k) loans and hardship withdrawals, says Yoshida, who compares the messaging to the way doctors and health care professionals advise people to exercise and eat a healthy diet. "The only thing we can do," he says, "is to encourage participants to not take out loans. The negative effects are quite obvious and, if told to participants, are shown to decrease the likelihood of a participant taking a loan."

One of the first red flags to wave at participants who want to take loans is the loss of tax-advantaged savings. "When participants repay the loan, it's paid with after-tax dollars," Murphy notes, "and then they have to pay tax on it again. The taxes come around again in retirement, and they've lost the tax-advantaged savings on however much they took out."

Yoshida recommends dispelling the myth that 401(k) loans carry a lower interest rate than other forms of borrowing such as credit cards, car loans and mortgages. "Although the stated interest rate for a 401(k) loan is relatively low right now—typical 401(k) loan rates might be between 3.25% and 4.75% [charged to the participant's 401(k) account]—many people don't consider the opportunity cost of taking out a 401(k) loan," he says. In other words, in a 401(k) loan a participant must consider the stated loan rate, plus the rate of return he could have received on that money during the outstanding loan period.

Loans vs. Hardship Withdrawals

If their plan allows it, participants may take loans, which must be repaid to the plan; or, under certain guidelines determined by the Internal Revenue Service (IRS), they may take a hardship withdrawal. With a few exceptions, hardship withdrawals carry penalties for participants younger than age 59.5. Plans that allow hardship distribution must clearly specify the criteria they use to determine what "hardship" means. Common definitions include medical or funeral expenses, but may forbid certain expenses such as the purchase of a principal residence or tuition payment. Foreclosure avoidance is often an allowed

expense.

In a hardship withdrawal, the withdrawal amount may not exceed the amount the emergency requires. The IRS strives, through loan limits, to help participants avoid compromising their retirement assets with these early distributions. The agency sets loan limits at \$50,000, for participants with very large balances, or whichever is greater: \$10,000 or 50% of a vested balance.

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25th Anniversary
Defined Contribution Forum

APRIL 27-28, 2015
FOUR SEASONS HOTEL
CHICAGO, IL

 **Institutional Investor Institute
for Defined Contribution**

Taking the Next Step Forward Toward Better Outcomes for DC Plans

As of January 1 and building upon a 25-year history of organizing the leading in-person forums in the DC space, we are launching the Institutional Investor Institute for Defined Contribution (IIIDC), a private membership for the country's leading and most innovative DC plan sponsors.

This Institute, II's latest addition to a suite of 12 exclusive memberships, will establish a community and resource base for corporate and government DC plans to share expertise, lessons learned, and the practical, implementable ways they are taking steps toward better outcomes for their participants.

Advisory Board – Institutional Investor Institute for Defined Contribution

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Mike Spicci, *Director of Benefits, Ernst & Young, LLP*

Stan Sword, *VP Total Rewards, Human Resources, Sprint Corporation*

Pascale Thomas, *Head of Benefits, Hearst*

This year's Defined Contribution Forum represents the IIIDC's inaugural event. Through the Forum, we aim to take the next step forward in helping plan sponsors: supporting their decision making through inspiring and informative meetings, and creating a peer-focused community to help you continue the conversation beyond the days of the event. The new IIIDC membership model is designed to put plan sponsors' needs first and foremost, with an agenda unconstrained by anything other than the mandate to provide a forum for the dissemination of the forward-most thought leadership and discussion of the ideas. The membership's mission is to help plan sponsors do their jobs, and to better meet the needs of their participants.

Preliminary Program as of January 14, 2015

Monday, April 27

7:45 to 8:30 a.m.

Registration and Breakfast

Ballroom Foyer

8:30 to 8:40 am

Welcome and App Tutorial

Ballroom

Steven Olson, *Managing Director, Institutional Investor Institute for Defined Contribution*

Kip Miller, *Director, Institutional Investor Forums*

8:40 to 8:50 am

Chairman's Welcome

Ballroom

Chairman:

Bernie Knobbe, *Vice President, Global Benefits Corporate Total Rewards, AECOM*

Presentation Series I

Ballroom

Session Chair:

William J. Raver, *Managing Director, Alban Row Investments, LLC*

8:50 to 10:20 am

What Are the Macro Themes (Economic, Geopolitical, Legal, Technology-Related) Which Will Have the Greatest Impact on DC Plans?

- ❖ How will these issues impact plan sponsors in their role as fiduciaries?
- ❖ Scrutiny on fees
- ❖ DOL examination of brokerage windows

8:55 to 9:10 am

Presentation

Which Changes in Regulation Will Most Affect Plan Sponsors' Roles as Fiduciaries?

9:10 to 9:25 am

Presentation

Title TBD

9:25 to 9:40 am

Presentation

Company Stock in DC Plans: A Look Forward (Proposed)

Presented by:

Stephen P. Utkus, *Principal and Director of the Center for Retirement Research*, **Vanguard** (Proposed)

9:40 to 10:00 am

Table Discussions

Seated in small groups, delegates will share their views on the previous presentations. Do they agree or disagree, and what are the reasons for their views? Are there other factors which should also be taken into consideration? Which factors have contributed to plan sponsors taking their respective positions and how are they changing their investment line-up and plan structure so as to facilitate better participants outcomes? As well as sharing knowledge and opinions, each table will be tasked with coming up with a set of questions or comments which they must be prepared to pose to the speakers.

10:00 to 10:20 am

Panel and Audience Q&A

Moderator:

William J. Raver, *Managing Director*, **Alban Row Investments, LLC**

The original speakers will retake the stage, answer questions, and react to comments from the table discussions.

10:20 to 10:50 am

Session

Title TBD

Ballroom

10:50 to 11:20 am

Coffee Break

Ballroom Foyer

Presentation Series II

Ballroom

Session Chair: To Be Invited

11:20 to 1:00 pm

Making a Good Idea Better: Taking What We Know and Making TDFs and Other Default Options More Useful

❖ What have we learned that we can incorporate into TDFs to be used both in accumulating assets as well as spending them down in

retirement?

- ❖ On the retirement income side, what percentage, if any, of accumulated savings should be put into an annuity to hedge against longevity risk? What should be done with the remaining assets?

11:25 to 11:40 am

Presentation

Don't Take Your TDF Construction For Granted: Small Cap Equity – Is There Too Much Or Too Little Exposure In Target Date Funds?

Presented by **Wellington**

Coming off relatively poor performance in 2014 and a potentially weaker global economy creating further risk, some may be questioning whether the return potential for small cap stocks is worth the added volatility. In this session, we analyze what the optimal small cap weight and structure should be in a target date fund, including the merits of active versus passive and how a global orientation may or may not improve the allocation. (Proposed)

11:40 to 11:55 am

Presentation

Presented by **Voya** (Proposed)

11:55 to 12:10 pm

Presentation

Presented by **Northern Trust**

12:10 to 12:20 pm

Plan Sponsor Case Study

Moving From Off-the-Shelf to Customized

12:20 to 12:40 pm

Table Discussions

Seated in small groups, delegates will share their views on the previous presentations. Do they agree or disagree, and what are the reasons for their views? Are there other factors which should also be taken into consideration? Which factors have contributed to investors taking their respective positions and how are they changing the selection and/or construction of their TDFs?

12:40 to 1:00 pm

Panel and Audience Q&A

The original speakers will retake the stage, answer questions, and react to comments from the table discussions.

1:00 to 2:30 pm

Lunch

Ballroom C

Presentation Series III

Ballroom

Session Chair: To Be Invited

2:30 to 4:00 pm

The Total Wellness Tsunami: The Cost-Benefit Analysis

- ❖ Which services truly add value to participants' financial wellbeing?
- ❖ Financial literacy: Budgeting and debt programs

2:35 to 2:50 pm

Presentation

What Are the Financial Benefits for Plans Adding a Financial Wellness Program?

Presented by:

Matt Fellowes, *Chief Executive Officer*, **HelloWallet**, an affiliate of Morningstar, Inc.

In this session, the speaker will present on how to determine if a plan is financially healthy, which factors employers should be most concerned with when evaluating a program, why some plans are adding these programs, and the financial benefits for those plans which do.

22:50 to 3:05 pm

Presentation

Title TBD

Presented by:

Dominick Quartuccio, Vice President, Sales & Strategic Relationships, **Prudential** (Financial Wellness)

3:05 to 3:20 pm

Plan Sponsor Case Study

3:20 to 3:40 pm

Table Discussions

Seated in small groups, delegates will share their views on the previous presentations. Do they agree or disagree, and what are the reasons for their views? Are there other factors which should also be taken into consideration?

3:40 to 4:00 pm

Panel and Audience Q&A

The original speakers will retake the stage, answer questions, and react to comments from the table discussions.

4:00 to 4:30 pm

Coffee Break

Ballroom Foyer

4:30 to 4:45 pm

Plan Sponsor Case Study

Protecting Disabled Participants

Ballroom

Presented by:

Miki Spicci, *Director of Benefits*, **Ernst & Young**

Traditionally, DB plans provided for continued accruals for employees on long-term disability. As companies continue to shift toward DC-focused plans – as well as for those firms which have always been DC-only – what happens to participants if they become disabled and can no longer work for an extended period of time? A broad solution for this issue has yet to emerge.

4:45 to 5:30 pm

Interactive Session

The Art of Communication – Making Complex Topics Easier to Understand

Ballroom

Presented by:

Josh Braun, **Vice President, The Jellyvision Lab, Inc.**

Boring, impersonal emails.

PowerPointless presentations.

Long, jargon web pages filled with blah, blah blah.

We've all gotten these confusing communications. And eek—we've probably sent one or two ourselves.

The cost of confusion? Inaction, boredom, frustration and countless time spent trying to re-explain and understand.

It's not your fault—you just haven't been taught how to explain.

Until now.

In this session, participants will learn a step-by-step approach that will help you explain your ideas delightfully and more clearly so that people understand your message and feel confident in taking the next step.

6:00 pm

Departure for Cocktail Reception and Dinner at Everest

Situated on the 40th floor of the famed Chicago Stock Exchange, Everest's breathtaking views rival the famed tasting menu as the highlight of the evening. We will have exclusive access to this historic Michelin star rated restaurant as the doors will be closed to the public. With a French upbringing and career spanning the globe, Chef J. Joho will entertain your palette with a menu of unforgettable courses you may not have tried before but will be sure to never forget while a local jazz trio adds an element of festiveness throughout the evening.

Tuesday, April 28

8:00 to 8:55 am

Breakfast Discussion Tables

Walton & Delaware

At peer-moderated tables of 8-10 participants, delegates will share their opinions and compare notes on a number of important issues identified by Advisory Board members as worthy of discussion. Delegates will be asked to contribute to the overall discussion with the intention of sharing information and learning from others' experiences.

Discussion Table 1: Connecting Participants with Their Retirement Objectives

Discussion Leader:

Michael C. Ellison, *President, Corporate Insight* (Proposed)

Discussion Table 2: Dealing with the Loan Conundrum

Discussion Table 3: What Fixed Income Options Should You Offer?

Discussion Leader:

Christine F. Fleps, *Director of Pensions & Investments, ArcelorMittal* (Pending confirmation)

Discussion Table 4: Debating In-Plan Guarantees

Discussion Leader:

Senior Representative, Alliance Bernstein

Discussion Table 5: Making the Business Case for Financial Wellness – The Small to Mid-Sized Company Perspective

Discussion Leader:

Pascale Thomas, *Head of Benefits, Hearst*

8:55 to 9:00 am

Chairperson’s Recap

Ballroom

Chairman:

Bernie Knobbe, *Vice President, Global Benefits Corporate Total Rewards, AECOM*

9:00 to 9:10 am

Benchmarking Survey

Ballroom

Discussion Leader:

To be identified

What are the issues, concerns and primary interests of your peers? Attendees will be polled once again on a number of high-interest topics using an anonymous, interactive electronic response system. By doing this, we will provide all attendees with useful benchmarks and unique insight into the concerns of investors. We will also strive to key up certain points of discussion for subsequent sessions.

Presentation Series IV

Ballroom

Session Chair:

To be identified

9:10 to 10:40 am

Up Periscope: A Series of Forward-Looking Case Studies Focusing On the Innovations Which Are Leading to Better Outcomes for Participants

9:15 to 9:30 am

Presentation

The Promise of Customized, Individual TDFs (Pending confirmation)

Presented by:

Josh Cohen, *Head of Institutional Defined Contribution, Russell Investments*

9:30 to 9:45 am

Presentation

Title TBD

Presented by:

Lisa Kueng, *Executive Director, Invesco*

9:45 to 10:00 am

Presentation

Title TBD

10:00 to 10:10 am

Plan Sponsor Case Study

10:10 to 10:30 am

Table Discussions

Seated in small groups, delegates will share their views on the previous presentations. Do they agree or disagree, and what are the reasons for their views? Are there other factors which should also be taken into consideration? What do plan sponsors believe will be the most game-changing OR the most needed innovations going forward?

10:30 to 10:50 am

Panel and Audience Q&A

Moderator:

To be identified

The original speakers will retake the stage, answer questions, and react to comments from the table discussions.

10:50 to 11:20 am

Coffee Break

Ballroom Foyer

11:20 to 12:30 pm

Breakout Discussions

How Do Plans From Different Industries Differ In the Ways They Serve Their Participant Populations?

Ballroom

Increasingly, plan sponsors are interested in learning how to communicate with different segments of their participants populations, whether differentiating by age, income, geography, etc. Arguably, one of the most fundamental differences in participant demographics is by industry. For instance, a firm like YUM! Brands Inc. probably needs a somewhat different communications strategy than, say, Google. This working session will divide participants into approximately 7-8 industry groupings, each led by a plan sponsor representing that industry, to discuss ways in which they might serve their specific participant populations more effectively.

Consumer-Driven

Discussion Leader:

Rich Raia, *Senior Manager, Retirement Plans, Saks Incorporated*

Government/Public

Discussion Leader to be invited

Manufacturing

Discussion Leader to be invited

Other industry groups to be identified

12:30 to 2:30 pm

Lunch with Guest Speaker

How Can We Help Participants Help Themselves?

Ballroom C

Presented by:

Richard Thaler, *Robert P. Gwinn Professor of Behavioral Science and Economics, Director of the Center for Decision Research, Graduate School of Business, University of Chicago.*

Dr. Thaler is the author of the seminal book, ***Nudge, Improving Decisions on Health, Wealth, and Happiness***. His latest book, ***Misbehaving***, will be released in early May

2:30 pm

Forum Concludes

SENATE BILL NO. 70—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE ATTORNEY GENERAL)

PREFILED DECEMBER 20, 2014

Referred to Committee on Government Affairs

SUMMARY—Revises provisions governing meetings of public bodies. (BDR 19-155)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to public bodies; making various changes relating to meetings of public bodies; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 The Open Meeting Law only applies to meetings of a quorum of the members
2 of certain public bodies. (NRS 241.016) "Quorum" is defined in existing law as "a
3 simple majority of the constituent membership of a public body or another
4 proportion established by law." **Section 2** of this bill deletes the extraneous word
5 "constituent" from this definition, thereby clarifying that a quorum consists of a
6 simple majority of the members of the public body unless a different number is
7 prescribed in law.

8 The Open Meeting Law specifies a certain number of working days by which a
9 public body is mandated to comply with certain requirements with respect to its
10 meetings, such as providing notice of its meetings and making available minutes or
11 audio recordings of its meetings. (NRS 241.020, 241.033-241.035) **Section 2**
12 defines "working day" for purposes of these requirements as every day of the week
13 except Saturday, Sunday and legal holidays prescribed in existing law. Therefore, if
14 an agency has a 4-day workweek and is closed on Fridays, for example, Friday
15 would nevertheless count as a working day for that agency for purposes of the
16 requirements of the Open Meeting Law unless a particular Friday is a legal holiday.

17 Under existing law, any provision of law which provides that a meeting,
18 hearing or other proceeding is not subject to the Open Meeting Law or otherwise
19 authorizes or requires a closed meeting, hearing or proceeding prevails over the
20 general provisions of the Open Meeting Law. (NRS 241.016) **Section 3** of this bill
21 lists examples of other such provisions of law that prevail over the general
22 provisions of the Open Meeting Law.

23 The Open Meeting Law sets forth the minimum public notice required for
24 meetings of public bodies subject to the Open Meeting Law. (NRS 241.020)



1 NRS 388.750 and a university foundation as defined in subsection 3
2 of NRS 396.405, if the administrative, advisory, executive or
3 legislative body is created by:

- 4 (1) The Constitution of this State;
5 (2) Any statute of this State;
6 (3) A city charter and any city ordinance which has been
7 filed or recorded as required by the applicable law;
8 (4) The Nevada Administrative Code;
9 (5) A resolution or other formal designation by such a body
10 created by a statute of this State or an ordinance of a local
11 government;

- 12 (6) An executive order issued by the Governor; or
13 (7) A resolution or an action by the governing body of a
14 political subdivision of this State;

15 (b) Any board, commission or committee consisting of at least
16 two persons appointed by:

17 (1) The Governor or a public officer who is under the
18 direction of the Governor, if the board, commission or committee
19 has at least two members who are not employees of the Executive
20 Department of the State Government;

21 (2) An entity in the Executive Department of the State
22 Government consisting of members appointed by the Governor, if
23 the board, commission or committee otherwise meets the definition
24 of a public body pursuant to this subsection; or

25 (3) A public officer who is under the direction of an agency
26 or other entity in the Executive Department of the State Government
27 consisting of members appointed by the Governor, if the board,
28 commission or committee has at least two members who are not
29 employed by the public officer or entity; and

30 (c) A limited-purpose association that is created for a rural
31 agricultural residential common-interest community as defined in
32 subsection 6 of NRS 116.1201.

33 5. "Quorum" means a simple majority of the ~~constituent~~
34 membership of a public body or another proportion established by
35 law.

36 6. *"Working day" means every day of the week except*
37 *Saturday, Sunday and any day declared to be a legal holiday*
38 *pursuant to NRS 236.015.*

39 **Sec. 3.** NRS 241.016 is hereby amended to read as follows:

40 241.016 1. The meetings of a public body that are quasi-
41 judicial in nature are subject to the provisions of this chapter.

42 2. The following are exempt from the requirements of this
43 chapter:

44 (a) The Legislature of the State of Nevada.



1 (b) Judicial proceedings, including, without limitation,
2 proceedings before the Commission on Judicial Selection and,
3 except as otherwise provided in NRS 1.4687, the Commission on
4 Judicial Discipline.

5 (c) Meetings of the State Board of Parole Commissioners when
6 acting to grant, deny, continue or revoke the parole of a prisoner or
7 to establish or modify the terms of the parole of a prisoner.

8 3. Any provision of law, *including, without limitation, NRS*
9 *91.270, 239C.140, 281A.350, 281A.440, 281A.550, 284.3629,*
10 *286.150, 287.0415, 288.220, 289.387, 295.121, 360.247, 385.555,*
11 *386.585, 392.147, 392.467, 392.656, 392A.105, 394.1699,*
12 *396.3295, 433.534, 435.610, 463.110, 622.320, 622.340, 630.311,*
13 *630.336, 639.050, 642.518, 642.557, 686B.170, 696B.550, 703.196*
14 *and 706.1725,* which:

15 (a) Provides that any meeting, hearing or other proceeding is not
16 subject to the provisions of this chapter; or

17 (b) Otherwise authorizes or requires a closed meeting, hearing
18 or proceeding,

19 ↪ prevails over the general provisions of this chapter.

20 4. The exceptions provided to this chapter, and electronic
21 communication, must not be used to circumvent the spirit or letter of
22 this chapter to deliberate or act, outside of an open and public
23 meeting, upon a matter over which the public body has supervision,
24 control, jurisdiction or advisory powers.

25 **Sec. 4.** NRS 241.020 is hereby amended to read as follows:

26 241.020 1. Except as otherwise provided by specific statute,
27 all meetings of public bodies must be open and public, and all
28 persons must be permitted to attend any meeting of these public
29 bodies. A meeting that is closed pursuant to a specific statute may
30 only be closed to the extent specified in the statute allowing the
31 meeting to be closed. All other portions of the meeting must be open
32 and public, and the public body must comply with all other
33 provisions of this chapter to the extent not specifically precluded by
34 the specific statute. Public officers and employees responsible for
35 these meetings shall make reasonable efforts to assist and
36 accommodate persons with physical disabilities desiring to attend.

37 2. Except in an emergency, written notice of all meetings must
38 be given at least 3 working days before the meeting. The notice
39 must include:

40 (a) The time, place and location of the meeting.

41 (b) A list of the locations where the notice has been posted.

42 (c) The name and contact information for the person designated
43 by the public body from whom a member of the public may request
44 the supporting material for the meeting described in subsection 5



* S B 7 0 *

1 (III) The public body may remove an item from the
2 agenda or delay discussion relating to an item on the agenda at any
3 time.

4 (7) Any restrictions on comments by the general public. Any
5 such restrictions must be reasonable and may restrict the time, place
6 and manner of the comments, but may not restrict comments based
7 upon viewpoint.

8 3. Minimum public notice is:

9 (a) Posting a copy of the notice at the principal office of the
10 public body or, if there is no principal office, at the building in
11 which the meeting is to be held, and at not less than three other
12 separate, prominent places within the jurisdiction of the public body
13 not later than 9 a.m. of the third working day before the meeting;

14 (b) Posting the notice on the official website of the State
15 pursuant to NRS 232.2175 not later than 9 a.m. of the third working
16 day before the meeting is to be held, unless the public body is
17 unable to do so because of technical problems relating to the
18 operation or maintenance of the official website of the State; and

19 (c) Providing a copy of the notice to any person who has
20 requested notice of the meetings of the public body. A request for
21 notice lapses 6 months after it is made. The public body shall inform
22 the requester of this fact by enclosure with, notation upon or text
23 included within the first notice sent. The notice must be:

24 (1) Delivered to the postal service used by the public body
25 not later than 9 a.m. of the third working day before the meeting for
26 transmittal to the requester by regular mail; or

27 (2) If feasible for the public body and the requester has
28 agreed to receive the public notice by electronic mail, transmitted to
29 the requester by electronic mail sent not later than 9 a.m. of the third
30 working day before the meeting.

31 *↪ For each of its meetings, a public body shall certify in writing,*
32 *on a form prescribed by the Attorney General, that the public body*
33 *complied with the minimum public notice required by this*
34 *subsection for the meeting.*

35 4. If a public body maintains a website on the Internet or its
36 successor, the public body shall post notice of each of its meetings
37 on its website unless the public body is unable to do so because of
38 technical problems relating to the operation or maintenance of its
39 website. Notice posted pursuant to this subsection is supplemental to
40 and is not a substitute for the minimum public notice required
41 pursuant to subsection 3. The inability of a public body to post
42 notice of a meeting pursuant to this subsection as a result of
43 technical problems with its website shall not be deemed to be a
44 violation of the provisions of this chapter.



* S B 7 0 *

1 subsection shall not be deemed to be a violation of the provisions of
2 this chapter.

3 8. A public body may provide the public notice, information or
4 supporting material required by this section by electronic mail.
5 Except as otherwise provided in this subsection, if a public body
6 makes such notice, information or supporting material available by
7 electronic mail, the public body shall inquire of a person who
8 requests the notice, information or supporting material if the person
9 will accept receipt by electronic mail. If a public body is required to
10 post the public notice, information or supporting material on its
11 website pursuant to this section, the public body shall inquire of a
12 person who requests the notice, information or supporting material
13 if the person will accept by electronic mail a link to the posting on
14 the website when the documents are made available. The inability of
15 a public body, as a result of technical problems with its electronic
16 mail system, to provide a public notice, information or supporting
17 material or a link to a website required by this section to a person
18 who has agreed to receive such notice, information, supporting
19 material or link by electronic mail shall not be deemed to be a
20 violation of the provisions of this chapter.

21 9. As used in this section, "emergency" means an unforeseen
22 circumstance which requires immediate action and includes, but is
23 not limited to:

24 (a) Disasters caused by fire, flood, earthquake or other natural
25 causes; or

26 (b) Any impairment of the health and safety of the public.

27 **Sec. 5.** NRS 241.025 is hereby amended to read as follows:

28 241.025 1. ~~{A member of a public body may not designate a~~
29 ~~person to attend a meeting of the public body in the place of the~~
30 ~~member unless such}~~ *Unless the* designation is expressly authorized
31 by the legal authority pursuant to which ~~{the}~~ a public body was
32 created ~~{}~~:

33 (a) *The public body may not designate a person to attend a*
34 *meeting of the public body in the place of a member of the public*
35 *body; and*

36 (b) *A member of the public body may not designate a person to*
37 *attend a meeting of the public body in his or her place.*

38 2. Any ~~{such}~~ *authorized* designation must be made in writing
39 or made on the record at a meeting of the public body.

40 ~~{2.}~~ 3. A person *who is* designated ~~{pursuant to subsection 1.}~~
41 *to attend a meeting of a public body in the place of a member of*
42 *the public body;*

43 (a) Shall be deemed to be a member of the public body for the
44 purposes of determining a quorum at the meeting; and



1 (b) Is entitled to exercise the same powers as the regular
2 members of the public body at the meeting.

3 **Sec. 6.** NRS 241.035 is hereby amended to read as follows:

4 241.035 1. Each public body shall keep written minutes of
5 each of its meetings, including:

6 (a) The date, time and place of the meeting.

7 (b) Those members of the public body who were present,
8 whether in person or by means of electronic communication, and
9 those who were absent.

10 (c) The substance of all matters proposed, discussed or decided
11 and, at the request of any member, a record of each member's vote
12 on any matter decided by vote.

13 (d) The substance of remarks made by any member of the
14 general public who addresses the public body if the member of the
15 general public requests that the minutes reflect those remarks or, if
16 the member of the general public has prepared written remarks, a
17 copy of the prepared remarks if the member of the general public
18 submits a copy for inclusion.

19 (e) Any other information which any member of the public body
20 requests to be included or reflected in the minutes.

21 *↪ A public body shall approve the minutes of a meeting at the*
22 *next meeting of the public body, unless good cause for delay is*
23 *shown.*

24 2. Minutes of public meetings are public records. Minutes or
25 ~~audiotape recordings~~ *an audio recording* of ~~the meetings~~ *a*
26 *meeting made in accordance with subsection 4* must be made
27 available for inspection by the public ~~and a~~ *within 30 working*
28 *days after adjournment of the meeting.* A copy of the minutes or
29 audio ~~recordings~~ *recording* must be made available to a member
30 of the public upon request at no charge . ~~within 30 working days~~
31 ~~after the adjournment of the meeting at which taken.~~ The minutes
32 shall be deemed to have permanent value and must be retained by
33 the public body for at least 5 years. Thereafter, the minutes may be
34 transferred for archival preservation in accordance with NRS
35 239.080 to 239.125, inclusive. Minutes of meetings closed pursuant
36 to:

37 (a) Paragraph (a) of subsection 1 of NRS 241.030 become
38 public records when the public body determines that the matters
39 discussed no longer require confidentiality and the person whose
40 character, conduct, competence or health was considered has
41 consented to their disclosure. That person is entitled to a copy of the
42 minutes upon request whether or not they become public records.

43 (b) Paragraph (b) of subsection 1 of NRS 241.030 become
44 public records when the public body determines that the matters
45 discussed no longer require confidentiality.



* S B 7 0 *

1 or transcript made pursuant to this subsection must be made
2 available to the Attorney General upon request.

3 7. If a public body makes a good faith effort to comply with the
4 provisions of subsections 4 and 6 but is prevented from doing so
5 because of factors beyond the public body's reasonable control,
6 including, without limitation, a power outage, a mechanical failure
7 or other unforeseen event, such failure does not constitute a
8 violation of the provisions of this chapter.

9 **Sec. 7.** NRS 241.039 is hereby amended to read as follows:

10 241.039 1. *A complaint that alleges a violation of this*
11 *chapter may be filed with the Office of the Attorney General.*

12 2. Except as otherwise provided in NRS 241.0365, the
13 Attorney General shall investigate and prosecute any violation of
14 this chapter.

15 ~~{2.}~~ 3. *Except as otherwise provided in this subsection and*
16 *NRS 239.0115, any record, document or other information*
17 *obtained by the Attorney General during an investigation*
18 *conducted pursuant to subsection 2 is confidential until the*
19 *investigation is closed. A complaint filed pursuant to subsection 1*
20 *is a public record.*

21 4. In any investigation conducted pursuant to subsection ~~{1.}~~ 2,
22 the Attorney General may issue subpoenas for the production of any
23 relevant documents, records or materials.

24 ~~{3.}~~ 5. A person who willfully fails or refuses to comply with a
25 subpoena issued pursuant to this section is guilty of a misdemeanor.

26 **Sec. 8.** This act becomes effective upon passage and approval.



NAGDCA

BEST PRACTICES GUIDE TO ADMINISTERING YOUR GOVERNMENTAL DEFINED CONTRIBUTION PLAN

PLAN GOVERNANCE



September 2013



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PLAN GOVERNANCE

Defined contribution plans are a critical component to your employees' long-term financial future. As noted earlier, these plans are governed by specific sections of the Internal Revenue Code ("Code") and it is important for the plans to be both properly designed and administered in compliance with the Code, and other applicable requirements. This section addresses steps plan sponsors can take to ensure their plans operate smoothly and effectively.



I. Oversight Options

A number of key parties may be utilized to provide proper oversight and operation of your plan. In this section we'll review some of the most commonly used. Your plan may utilize some of them already; others may be resources you'll want to explore further.

Plan Board/ Committee – The most common form of plan governance involves creation of a specialized Board (or Committee) to assume oversight responsibilities of the defined contribution plans. While board size often varies (most frequently between five and nine members), the board's responsibilities are often quite similar. Key responsibilities can include:

- Facilitating and promoting the benefits of the plan among employees and emphasizing the importance of plan participation
- Designing the plan investment menu and monitoring the investment options
- Approving plan administrative and investment policies
- Approving changes to the services and features of the plans
- Establishing a communications and education plan
- Overseeing and monitoring the delivery of services to the plan in coordination with any established plan goals and objectives
- Procuring for plan services, and evaluating performance of any hired service providers or consultants
- Providing ongoing input on the plan services being delivered

Such Boards/Committees should meet on a regular basis (e.g., quarterly) to review the items as listed above and minutes should be documented as well. Frequently boards are made up of participants in the defined contribution plan from a diverse range of departments, backgrounds or employee groups. Recognizing that the financial expertise of some board members may be limited, some plans choose to fill a portion of the voting member positions with private sector representatives with investment or financial service backgrounds who can provide supporting expertise. Some boards may also include representatives of the retired participant community.

Outside Expertise – The level of expertise of the board often varies and it can be in the best interest of board members and the plan sponsor to hire outside experts to assist board

members in effectively executing their responsibilities. *Plan consultants* may be hired to provide best practice or industry guidance with respect to education and plan administration, or fund line-up design and review. A more specialized *investment advisor* may assume primary responsibility for developing recommendations for investment menu design, oversight and reporting of investment performance, and recommendations of fund line-up changes, among other responsibilities. The plan will usually bear the costs of these additional professional services.

Supporting Authorities – *Legal support* is often critical to the successful oversight of a plan and the support may come from internal counsel, a hired external counsel, or both. Internal legal counsel may not have the level of expertise needed to comfortably guide a Board through a potential maze of issues relating to plan administration, so a Board may choose to hire outside expertise at the plan’s expense. Legal support is there to ensure decisions are made in compliance with applicable Federal/State laws and regulations, employer procurement rules, and, at all times, in the best interest of plan participants.

Sub-Committees may also be established on a regular or periodic basis to address more specialized areas of particular importance to the plan. An Investment or an Education Sub-Committee are both examples of smaller, specialized teams that focus on key targeted areas and are expected to report back to the entire board. Most frequently, sub-committees may make recommendations to the entire board but have not been delegated exclusive decision-making authority.



The entity’s governing *legislature, Council, Board of Supervisors* or other governmental authority often plays a critical role in the administration of the plan. While not as frequently participating directly on a plan board, these entities often play a decisive role in key decisions related to the plan. Most specifically, they may make key decisions regarding establishing the plan, determining how the plan will be governed, and approving contracts. If this is the case in your plan, it is often a good idea to keep that entity well informed of any issues on which they may ultimately be asked to rule or which would be of interest to them in their specific oversight capacity.



Possible Alternatives for Smaller Plans – Not all plans are of a size where they can afford the kind of legal and external support resources described above, but the proper governance of these employers’ plans is no less critical. Although a plan board/committee approach is preferred, some smaller plan sponsors may choose to assign the responsibilities to a designated Administrator within the employer, and the Administrator is then granted the authority to make key decisions for the plan. If there is more than one individual designated, language should be clear around where the various responsibilities and authori-

ties lie. Due to their lack of internal resources, Administrators in this role often rely more greatly on the experience of and the information and guidance provided by the plan record keeper. Administrators in this situation should nevertheless provide ongoing scrutiny of all service providers to ensure the proper execution of their oversight role. Further, assigning such duties to an administrator does not relieve the government and the primary officers of their fiduciary responsibilities.

II. Fiduciary Responsibility

The term “fiduciary” might seem confusing or intimidating to a board member, a plan administrator or individuals responsible for overseeing the plan. Many individuals want more information about what the responsibility means and whether and how it applies to them in their respective roles. Although fiduciary actions are important and carry a high level of responsibility, there are a number of best practices and safeguards which help ensure that a fiduciary makes informed decisions in the best interests of plan participants and is protected against liability.

How Do We Assume Fiduciary Responsibility? – Individuals/entities are considered to be acting in a fiduciary capacity if they 1) exercise discretion with respect to the management of the plan or its assets, 2) have discretionary authority or responsibility in the administration of the plan, or 3) provide investment advice for compensation. When performed in the framework of plan procedures and guidelines, other responsibilities such as keeping participant records, providing education and educational materials, or processing contributions and withdrawals are non-fiduciary activities. It is important for all fiduciaries to be aware of and understand when they are serving in that role. A fiduciary’s efforts to disclaim responsibility are rarely successful if they actually exercise the authority that gives rise to fiduciary status. The Department of Labor (DOL) has indicated that some roles, such as plan sponsor or trustee, by their very nature assume fiduciary status.

Fiduciary Responsibilities – Fiduciaries have important responsibilities and are subject to standards of conduct because they act on behalf of participants in a retirement plan. Fiduciaries must act solely in the interest of plan participants and their beneficiaries. They are expected to carry out their responsibilities prudently, ensure the plan operates in compliance with the plan document, diversify the plan investments, and seek to ensure that participants are paying reasonable fees.

But plan sponsors may be pleased to know that fiduciary status is not an “all or nothing” concept. For example, where a plan sponsor engages a third party to provide administrative or investment related services for plan participants, the employer’s main fiduciary responsibility is to exercise care and prudence in selecting and monitoring plan investments, monitoring the provider’s performance, and reviewing the continued appropriateness to provide services for the plan, given the plan’s overall objectives and guidelines.

Committee members and key plan staff should consider receiving some level of fiduciary training to better understand their responsibilities. Your plan’s record keeper or consultant

can be a good resource. Also, the NAGDCA website (www.NAGDCA.org) has a Fiduciary Education Resource Center with links to additional information regarding fiduciary responsibilities. It is also a good idea to check to see if there are any particular state laws regarding fiduciary duties.

Fiduciary Protection – Acting prudently is a primary fiduciary responsibility, and it can require expertise in a variety of areas. Lacking that expertise, a fiduciary may want to hire someone with the professional knowledge to carry out the function, such as, for example, an investment consultant. An important focus of fiduciary decision-making is *process*, and documenting the basis for decisions. For instance, when hiring other entities to provide support, a fiduciary would ideally survey a number of potential providers, make a meaningful side-by-side comparison, and document the basis for the selection. In monitoring service providers, an employer should establish and follow a review process at reasonable intervals to ensure they are meeting their contractual obligations and the needs of the plan sponsor and its employees.

Public sector plans are technically exempt from ERISA requirements. But many states have similar fiduciary requirements and it's wise to use ERISA as a guideline for addressing one's fiduciary responsibilities. ERISA Section 404(c) provides "safe harbor" relief from fiduciary liability in the event of losses in plans where participants exercise control over their own account assets. In order for plan fiduciaries to avail themselves of this protection, participants must be provided with a broad range of investment options and the ability to exercise investment control, including the ability to make investment changes at least quarterly. To the extent these requirements are met, plan sponsors likely would be relieved from liability with respect to participant losses in accounts that participants direct for themselves.

III. Plan Documents

A written plan document, in essence a blueprint defining the offerings and the general operational procedures that will govern your plan, is required under the Internal Revenue Code. One essential plan document, or separate trust document, provision must specify that plan assets will at all times be held in trust for the exclusive benefit of plan participants. As a plan sponsor you must maintain the administration of the plan in compliance with this document, and failure to do so could jeopardize the plan's tax status and the rights of plan participants.

IRS Approval – Obtaining IRS approval of your plan document can provide a level of comfort that your plan is operating in compliance with the Code. There are two major protocols for designing a plan document and securing IRS approval. In an *individually-designed plan*, the employer can write its own plan document and submit it to the IRS for a private letter ruling (457 plan), or a determination letter (401 plan). A second approach is a *volume submitter letter*, where one plan document, often written by a plan service provider, is submitted to the IRS for an advisory opinion letter. Other employers who use that model plan document and do not deviate from the provisions as they are written, can operate their plan with reliance on that plan's advisory opinion letter, despite not seeking their own individual IRS approval.

BEST PRACTICE ALERT – Producing good written minutes of your meetings is one of the most valuable tools you can use to document the fulfillment of your fiduciary role and provide a reliable record of how and why changes were made. Finding the right level of detail to include in minutes can sometimes be challenging. Some organizations tend to record only voting and final actions, while others may try to include every thought that was expressed by everyone present. The best practice is usually found at a point between these two extremes.

Minutes should ideally capture not just final outcomes but the most essential components of the deliberative process. This is particularly valuable with issues which may involve some controversy or challenging judgment calls. By demonstrating that your deliberations approached the issue prudently and in good faith, your organization will be well supported in the event the decision is questioned by a participant or some external individual or entity. Detailed minutes provide valuable information to future administrators and staff as they look back and try to determine why their predecessors made certain decisions. They also provide the same benefit to plan participants.

level of both internal and external guidance resources they have available.

Plan Document Maintenance – It is also a responsibility to make sure the plan document remains up-to-date with current Code, Treasury regulation requirements and plan provisions. Over the years, it is quite normal to see changes in the Code and Treasury regulations, or the addition of provisions that are analogous with ERISA guidelines. Your state may also implement statutory or regulatory changes that impact your plan. Depending on the approach you have selected for designing your plan document, your plan provider may assume this responsibility. But either way, it is reasonable to expect that, at a minimum of every five years, the plan document will require some degree of updating, and you want to ensure there is a process in place to accomplish this.



Plan Record Retention – It’s a good idea for plan sponsors to retain indefinitely a number of critical documents that demonstrate the effective management and administration of the plan. A copy of every version of the plan document, including amendments and adoption agreements, should be kept for at least six years after the termination of the plan. Signed contracts with service providers, including any updates or amendments that may have taken place over time, should be readily available, along with any communications to plan participants regarding plan changes or amendments. Evidence of the selection process of Committee members that was used, including filling vacant spots on the committee, should be retained, along with meeting notes. It is also a good idea to retain evidence of steps taken to review and monitor plan services delivered, including the educational outreach efforts to plan participants, their outcomes, and the performance of the investment line-up. This may be accomplished

each year through the careful review of a detailed Annual Plan Review, or similar document, from your plan record keeper, which may store much of this information in a single document.

You should also check whether state or local laws identify specific time periods for retaining plan records.

Participant Record Retention, including Beneficiary Data – While the Department of Labor (DOL) does not have specific requirements regarding the retention of participant records, in particular participant beneficiary records, a common practice is to retain all participant records at least until the account has been totally depleted, either through extended benefit payments or transfer to another plan or IRA. Even then, industry practice is often to retain beneficiary records, in particular, for an unlimited period of time. As with other plan administration functions, the plan sponsor may delegate record retention to the plan record keeper.

In an increasingly electronic world, there may be no paper trail of a beneficiary designation. If so, the plan may rely heavily on electronic communications and confirmations to plan participants. Therefore, the Plan Document should provide clear guidance on the designation of a default beneficiary, in the event participants fail to make a selection upon enrollment. And to ensure participants are aware of the beneficiary designation they have on record, steps such as posting current beneficiaries on participant statements and providing participants with written confirmations of all beneficiary record changes, help to ensure that participant records remain up-to-date and accurate.

You should also check whether state or local laws identify specific time periods for retaining certain types of participant records.

IV. Optional Documents

While a current and operable plan document is a tax code requirement, there are a number of additional, optional supporting documents for you to consider that may help ensure the smooth operation of your plan.

By-Laws or Charter Documents – These documents are meant to clearly outline items involved in the governance of your plan, such as the individuals or body that is responsible for carrying out plan duties. Members are best identified by job function rather than individually, since the faces will change over time. If there is a governing board, the by-laws may outline the composition of the board, its size, the length of terms served, the frequency of board meetings, any qualifications or expertise that is required, the process for selecting members, and potential attendance requirements. The by-laws should address any issues the plan sponsor considers critical to the successful operation and oversight of the plan, and steps that will be taken to ensure ongoing compliance.

Policy Manual – This document is an operational guide on how to and who is responsible for carrying out the various administrative responsibilities to keep your plan running smoothly.

Roles and responsibilities are clearly defined and, where appropriate, it can reference the responsibilities that are being delegated to the plan provider or record keeper.

Investment Policy Statement – Fiduciaries are required to diversify plan investments to minimize the risk of sustained loss. Selecting and monitoring investment options is a fiduciary responsibility and a process that employers will want to document. The basic guidelines for reviewing investments are often incorporated in a plan’s Investment Policy Statement (IPS) in varying levels of detail. The IPS should more clearly define the types of investments considered appropriate for your plan, and the standards for reviewing and evaluating funds, their performance, and the guidelines by which changes would be made.

The IPS should provide enough latitude to perform in-depth analysis of the investment options, but also avoid excessively stringent performance guidelines on plan investments and their addition, change, or removal. The statement may also identify whether a separate investment consultant would be hired, and, if so, the level of oversight and discretion that will be granted to the consultant.



In summary, for the successful governance of your defined contribution plan, it is essential for plan fiduciaries to both understand the important responsibilities they assume and the critical nature of their role to act solely in the best interest of the plan’s participants and beneficiaries. A thoughtful and well-organized plan will help to ensure smooth operation, and there are a number of professional resources available to support plan sponsors in this endeavor. Most important, a thorough, well-documented process can help to provide the proper level of protection that fiduciaries seek.

Neither NAGDCA, nor its employees or agents, nor members of its Executive Board, provide tax, financial, accounting or legal advice. This memorandum should not be construed as tax, financial, accounting or legal advice; it is provided solely for informational purposes. NAGDCA members, both government and industry, are urged to consult with their own attorneys and/or tax advisors about the issues addressed herein.

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