NOTICE OF PUBLIC MEETING

NEVADA PUBLIC EMPLOYEES' DEFERRED COMPENSATION COMMITTEE

Thursday, August 13, 2015
9:00 am

Note: Some members of the Committee may attend the meeting and other persons may attend the meeting and provide testimony through a simultaneous videoconference conducted at the following locations:

Nevada State Legislative Building
401 South Carson Street
Room 2135
Carson City, Nevada 89701

Grant Sawyer State Office Building
555 East Washington Avenue
Room 4412E
Las Vegas, Nevada 89101

If you cannot attend the meeting, you can participate by teleconference. Please contact the NDC office for the teleconference phone number. deferredcomp@defcomp.nv.gov or 775-684-3398.

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. Call to Order/Roll Call

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. For Possible Action – Approval of Committee meeting minutes from meeting held on May 21, 2015.

4. For Possible Action – Receive, discuss, and approve Program Coordinator's Report of second quarter 2015, and discuss any action to be taken regarding program revenue reconciled from previous fiscal year and past Recordkeeper contract(s). Voya Financial staff to present NDC Committee with requested information of the potential of executing a "Fee Holiday" in reimbursing any unused revenue back to participants in the future.

5. For Possible Action- Review and discuss Internal Audit findings conducted by the State Division of Internal Audits, and present proposed NDC response to findings.

6. For Possible Action – Receive and approve Investment Consultant's review of second quarter report from Recordkeeper and performance of investment options.

7. For Possible Action – Receive and approve the Investment Consultant's Fund Watch list for the second quarter ending June 30, 2015.

8. For Possible Action- Receive, review, and discuss proposed amendment to the current NDC Investment Policy Statement- Presented by Frank Picarelli of Segal Rogerscasey

9. For Possible Action – Receive and approve plan activity and administrative update from Voya Financial for second quarter ending June 30, 2015, and receive Recordkeeper update on Beneficiary Data report, NDC program marketing, Small Inactive Account report summary, and service report.

10. For Possible Action- Receive and discuss information that NDC Staff and DAG Shane Chesney have been able to collect regarding current NDC FICA Alternative 457(b) Program authority and administration. Additionally, discuss the authority for the NDC Committee to authorize Alliance Partner admittance and participation into the State's Voluntary 457(b) and FICA Alternative Programs.

11. For Possible Action- Receive, review, and potentially approve request for NDC to enter into an Interlocal Agreement to allow White Pine County Tourism and Recreation to join the NDC Voluntary 457(b) Program.

12. For Possible Action- Receive, review, and potentially approve request for NDC to enter into an Interlocal Agreement to allow existing Alliance Partner, Tahoe Douglas Fire Protection District, to join the NDC FICA Alternative 457(b) Program

13. For Possible Action- Review, discuss, and decide on if the NDC Committee would like to send the NDC Coordinator and a NDC Committee Member to the Institutional Investor Symposium being held in Half Moon Bay, CA September 15-16 2015, and to the Institutional Investor Summit being held in New York City November 17th-19th 2015. Institutional Investor will not sponsor costs for our legal counsel to attend; only our Program Coordinator and one other Committee member.

14. For Possible Action – Establish upcoming meeting dates for the Annual Strategic Planning Meeting in January 2016 and 1st Quarterly Committee Meeting February 2016. Review and confirm 4th Quarter Committee Meeting scheduled for December 3, 2015.

<u>Comments/Updates</u>

15. Committee Members

16. Investment Consultant

17. Recordkeeper

18. Staff Updates

19. 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.*

20. 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/
https://notice.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, at least one working day before the meeting or call (775) 684-3397 or you can fax your request to (775) 684-3399.

Brian Sandoval, *Governor*

COMMITTEE
Karen Oliver, *Chair, GCB*
Brian L. Davie, *Vice Chair, LCB*
Vacant, *Retired*
Scott Sisco, *NDOC*
Steve C. Woodbury, *GOED*

STAFF
Rob Boehmer, *Program Coordinator*
Micah Salerno, *Administrative Assistant*

Shane Chesney, *Senior Deputy Attorney General*

DEFERRED COMPENSATION COMMITTEE
QUARTERLY MEETING MINUTES

May 21, 2015

The quarterly meeting of the Deferred Compensation Committee was held on Thursday May 21, 2015, at 9:00 a.m. in the Mock Courtroom of the Office of the Attorney General, 100 N. Carson Street, Carson City, Nevada. Attendees participated in person or by conference call.

A copy of meeting material including this set of meeting minutes, the agenda, the audio recording and other supporting material, is available on the Nevada Deferred Compensation (NDC) website at: http://defcomp.nv.gov/Meetings/2015.

COMMITTEE MEMBERS
Scott Sisco
Steve Woodbury
Brian Davie, Vice Chair
Karen Oliver, Chair

OTHERS PRESENT
Jim Barnes, Zeh Law
Bishop Bastien, Voya
Darlene Baughn, Admin Services
Rob Boehmer, NDC Program Coordinator
Shane Chesney, Sr. Deputy Attorney General
Kent Erven, Participant
Shelley Fredrick, Voya
Kelli Lay, Admin Services
Dianna Patane, Voya
Frank Picarelli, Segal Rogerscasey
Steve Platt, Voya
Carlos Romo, Retiree (by phone)
Micah Salerno, NDC Admin. Assistant

1. Call to Order/Roll Call
   Chair Karen Oliver called the quarterly meeting of the Nevada Deferred Compensation (NDC) Committee to order at 9:17 a.m. on Thursday, May 21, 2015. Mr. Rob Boehmer took roll, determined a quorum was present, and noted that Mr. Sisco was absent. He also confirmed the meeting was properly noticed.

   Chair Oliver stated that Mr. Sisco was excused because he had business at the Legislature, but might arrive late. She asked if there were any objections to defer items 5, 9, 10, and 12 until later in the meeting on Mr. Sisco's request. Chair Oliver recognized those who participated by telephone.

2. Public Comment
   Dr. Carlos Romo, former NDC Committee member, in reference to item 9 commented that when the loan provision went into effect there should be education for participants to only use the loans for emergency needs. It could cause leakage of plan assets if not monitored closely.

Dr. Kent Ervin, participant, believed the transition went well. He was glad to see the administrative assistant position was included in the budget and felt it was important to retain and appropriately pay highly qualified staff. Interesting to see the NSHE assets broken out ($44 million) and commented that it was only 6% of the NDC assets, but NDC competed with the 403b option which had been offered since 1970 and had $350 million invested. Dr. Ervin also remarked on the fee issues and did not feel it was equitable to the whole plan because all participants should be paying their fair share. He encouraged the Committee to look at fee leveling in the future.

3. For Possible Action – Approval of Committee meeting minutes from meeting of December 29, 2014; January 21, 2015; February 18, 2015.
   No comments or changes on the minutes.

   Motion by Vice Chair Davie to approve the minutes, second by Mr. Woodbury. Motion passed unanimously, 3-0.

4. For Possible Action – Receive, discuss, and approve Program Coordinator's Report of first quarter 2015, and discuss any action to be taken regarding program revenue reconciled from past Recordkeeper contract(s). (Supporting Material pp. 21-53)
   Mr. Boehmer presented his report covering recordkeeper reconciliation for the previous contracts with MassMutual and Voya, budget overview, and first quarter revenue from Voya. The excess revenue that could be returned to participants was estimated at $255,942. The plan was to have a 120 day reserve in the budget since the recordkeeper billing is done in arrears. There would be one more billing to Voya for FY15 for $60,000-$70,000. The Committee could consider taking action to refund the excess revenue back to participants.

   Mr. Picarelli stated the $255,000 was a reconciliation of the previous contract, and the goal now was to take in the least amount needed so there wouldn't be a buildup of excess revenue. They would monitor the revenue sharing to ensure they were as close as possible. He noted they should have a discussion for fee leveling to have equitable fee distribution which was how the industry was moving.

   Mr. Sisco joined the meeting at 9:30 a.m.

   Ms. Darlene Baughn with Administrative Services Division reviewed the budget spreadsheet.

   Mr. Sisco was concerned with the AG allocation number for FY16 because it went up significantly so they needed to stop using their service for so many documented reviews and get that number back down.

   DAG Chesney did not know how the AG's office billed for his service.

   Mr. Boehmer commented on the Administrative position was approved for ¾ FTE as part of the budget. Ms. Easton with HR Administration would assist as part of the recruitment and hiring.

   Vice Chair Davie asked why the budget stayed at the higher level for the Program Coordinator position.

Mr. Sisco stated the Committee agreed to leave it at the higher lever for one biennium to verify the Program Coordinator level worked for them and then they would lower it if the staff position was appropriate.

Mr. Boehmer continued his report with comments on the Alliance Partners and the FICA transition for City of Sparks participants.

Mr. Sisco inquired as to why they transferred the FICA assets without an agreement in place. He asked if they really wanted to add more Alliance Partners because they were costing the plan money.

Mr. Boehmer remarked that City of Sparks thought their FICA was covered under the regular Interlocal contract.

Mr. Woodbury suggested they come up with a criteria to determine if it was worthwhile to add new Alliance Partners.

Mr. Boehmer discussed the next portion of his report commenting on the newsletter, marketing, website, and a potential copyright issue with the new NDC tagline.

Mr. Bastien stated that a competitor used “To and Through Retirement” which was copyrighted. There was also a copyright on “Your Journey” but that was not as much of an issue. NDC could continue to use the new tagline but could possibly get a cease and desist letter at some future point. He recommended using the tagline for the immediate future and discuss changing to a different line.

Mr. Boehmer stated they would remove the tagline until they knew more.

DAG Chesney remarked that the two separate phrases were copyrighted but not the whole phrase and proposed copyrighting the whole phrase with both components. He recommended continuing with the current phrase and if a copyright was not available to address it from there.

Mr. Boehmer wrapped up his report commenting on the new retiree website that would launch in June and gave an update on the e-learning webinars.

Vice Chair Davie inquired as to what they should do about the reimbursement of excess revenue.

Mr. Boehmer remarked that the Committee would need to decide on what to do with the excess revenue and instruct Voya how to distribute the funds to participants.

Mr. Sisco wanted to see the final budget numbers updated at the next meeting.

The Committee, Mr. Bastien, and Mr. Picarelli discussed the reimbursement options considering refunding participants or utilizing a temporary “fee-holiday”.

Mr. Bastien believed it would be good to wait until August to review the final numbers so Voya would have a full-quarter of data to analyze the revenue and fees on the fund line-up.

Motion by Mr. Sisco to table the decision on distribution of surplus funds until the August 2015 meeting and then look at the feasibility of holding the surplus and having a fee-holiday. Second by Mr. Woodbury, vote passed unanimously, 4-0.

Motion by Mr. Sisco to accept the Program Coordinators report, second by Vice Chair Davie. Motion carried unanimously, 4-0.

Chair Oliver noted they would continue with the original order of the agenda.

5. For Possible Action – Review, discuss, and approve Program Coordinator Performance evaluations and any potential or proposed salary increase. (Supporting Material, pp. 18-45)
Mr. Boehmer referred to the NDC Administrative Manual, section 7.3, which stated "The Committee will conduct a performance review annually at the scheduled meeting closest to the hiring anniversary date of the Program Coordinator. The Committee will also review and approve any potential compensation changes based on current level as well as legislative action as it relates to all state employees."

Chair Oliver invited discussion on the Committee evaluations.

While several members commented that the format of the evaluation form needed improvement, the majority thought it covered the necessary points to be evaluated including accomplishments and improvements. They felt it was a meaningful exercise and hoped it gave Mr. Boehmer direction and feedback. Since there were no requirements in statue or regulation for an evaluation for unclassified employees, the Committee needed to establish the process and set performance standards.

Based on Mr. Boehmer's performance and institutional knowledge, Chair Oliver suggested providing a pay increase and Mr. Woodbury agreed.

Mr. Sisco struggled with the evaluation form as there were no standards to evaluate. They should provide copies of the evaluations for his employee record.

Mr. Woodbury suggested going to an equivalent pay of a grade 35, step 8 which would leave room for an increase in the future. Vice Chair Davie was in agreement with the proposal based on the quality of Mr. Boehmer's work.

Mr. Sisco would not support that increase because anything beyond that suggested that Mr. Boehmer had mastered the job. He proposed doing a grade 35, step 7.

Motion by Mr. Woodbury to increase Mr. Boehmer's pay to the equivalent of a grade 35, step 8. Motion seconded by Vice Chair Davie, vote carried 3-1 with Mr. Sisco voting against.

6. For Possible Action – Receive and approve Investment Consultant's review of first quarter report from Recordkeeper, performance of investment options, and review of the NDC Investment Policy Statement. (Segal 1Q15 Report)
Mr. Picarelli presented his quarterly report for the first quarter (1Q) of 2015 commenting on financial market conditions from pages 1-19. Page 21 showed the executive summary for 1Q ending March 31, 2015 showing the NDC Plan assets totaled $693.3 million which was an increase of $5.3 million or 1.0%. The total assets did not include the FICA assets which were approximately $30 million but he would work on including that in the future.

Mr. Picarelli covered the revenue sharing analysis on page 29 and commented that more plans are moving to fee levelization which is something they should discuss. He also recommended adding the General Account chart from page 42 to the Investment Policy Statement.

Motion by Mr. Sisco to accept the Analysis of Investment quarterly report, second by Vice Chair Davie. Motion carried unanimously, 4-0.

7. For Possible Action – Receive and approve the Investment Consultant's Fund Watch list for the first quarter ending March 31, 2015. (Watch List)
Mr. Picarelli explained there was only one fund on the watch list due to underperformance of the benchmark and median over the 5-year period. He also noted they would be watching the Goldman Sachs fund.

FUND	RECOMMENDATION
American Funds Growth Fund of America	Remain on Watch

Motion by Mr. Sisco to accept the Watch List and seconded by Mr. Woodbury. Motion passed unanimously, 4-0.

Mr. Picarelli addressed the policy statement noting that a well-defined statement identified the responsibilities of the parties and described asset classes. (Supporting Material pp 205-281)

The Committee discussed the content and options of changing the current policy statement. They agreed that the information about the General Account should be added but felt the rest of it was acceptable as it was written.

Mr. Picarelli confirmed he would review the policy statement and include an update with information from the General Account and bring a draft to the August meeting.

8. For Possible Action – Receive and approve plan activity and administrative update from Voya Financial for first quarter ending March 31, 2015, receive Recordkeeper Transition update, and receive update on NDC program rebranding and marketing. (Supporting Material pp 282-293)
Ms. Patane highlighted a few items from the Voya Quarterly Review noting the increase in number of contributions and enrollment compared to first quarter 2014.

Ms. Frederick remarked that Voya had a slight uptake in their financial rating and they were now a fully owned U.S. company. She commented on the new CEO of Retirement for Voya, Charlie Nelson, and that he was willing to attend a future meeting to meet the Committee.

Mr. Bastien provided an update on beneficiary information explaining they would continue to make it a priority to obtain that data.

Mr. Boehmer noted that he would speak with Ms. Leeann Easton to request having the beneficiary form be a mandatory part of the new hire packet for FICA employees.

Mr. Sisco wanted to continue receiving the beneficiary report.

Motion by Mr. Woodbury to accept the Voya quarterly report. Second by Vice Chair Davie, the motion carried unanimously, 4-0.

9. For Possible Action – Receive and approve the proposed amended NDC Plan Document to include amended language recommendations by Melanie Walker of Segal Rogerscasey, DAG Shane Chesney, Voya Financial, and the NDC Committee, and adding the proposed Loan Provision language.
Mr. Boehmer explained that a lot of clean up was done to the document based on input from the Committee and DAG Chesney.

Mr. Woodbury noted there were some areas of editing that needed to be corrected.

Mr. Boehmer asked that any final edits or corrections be emailed to him and he would make final changes. Mr. Woodbury stated that he would email Mr. Boehmer the minor edits, and Mr. Sisco said that he would review the document one more time and forward any further changes to Mr. Woodbury.

Motion by Mr. Woodbury to accept the Plan Document with minor edits, second by Vice Chair Davie. Motion carried unanimously, 4-0.

10. For Possible Action – Receive and discuss Small Inactive Account report and the NDC contracted Investment Consultant recommended plan of action to automatically distribute accounts that meet the following criteria as outlined in both the NDC voluntary 457b Plan Document and the NDC FICA Alternative 457b Plan Document.
Mr. Boehmer explained the breakdown of categories for the small, inactive accounts.

Discussion ensued on the best way to clean up these accounts and how it would be communicated to the participants. The inactive accounts were a drag on the Plan and it was standard procedure in the business to clean-up these types of accounts. They should revisit this item every year to keep these account in check.

a. **Voluntary 457b: Section 7.2(a)**- If a participant's account (i)Does not exceed $1000; and (ii)Participant has separated from service, but not elected a distribution; and (iii)There has been no Amount Deferred or Contributed by such Participant. The participant may be automatically cashed out.

Motion by Mr. Sisco to approve distribution of the inactive accounts for State, NSHE, and Alliance Partners under $1,000 with a termination date. Second by Mr. Davie, motion passed unanimously, 4-0.

b. **FICA Alternative 457b: Section 7.1**- A Participant with an Account, not including the amount in the Participant's Rollover Accounts, of $5,000 or less (or such greater amount as may be permitted by Section 401(a)(11) of the Code) may be automatically cashed out without the Participants consent, not to exceed $5,000, provided that there has been no Amount Deferred by such Participant during the two-year period ending on the date of distribution. This provision became effective in May 2010

Motion by Mr. Sisco to approve distribution of inactive FICA accounts under $5,000. Motion seconded by Mr. Woodbury and passed unanimously, 4-0.

11. For Possible Action – Review, discuss, and approve revised management response to the "Significant Deficiencies" recommendations listed in the Internal Controls report provided by Clifton, Larson, Allen (CLA); company contracted to perform a bi-annual financial audit of the NDC Program.

Motion by Mr. Woodbury to accept the Management Response letter and file it with the Audit Report. Second by Mr. Sisco, motion carried unanimously, 4-0.

12. For Possible Action – Review, discuss, and potentially approve FICA Alternative Interlocal Agreement request from existing Alliance Partner, Tahoe Douglas Fire Protection District.
    Mr. Sisco inquired where they got the authority for the FICA plans. He did not feel comfortable expanding this part of the Program.
    DAG Chesney recommended finding out where the authority came from and tabling the item for the next meeting. Discuss at the next meeting on where to go with this.

    Mr. Bastien noted that if they went forward with trying to terminate FICA accounts they would need to look and see if it was doable in the Plan contract.

    Motion by Mr. Sisco to table the FICA item to find out more information, second by Mr. Woodbury. Motion passed unanimously, 4-0.

13. For Possible Action – Review, discuss, and decide on if the NDC Committee would like to send NDC Representatives to the Institutional Investor Symposium being held in Half Moon Bay, CA September 15-16, 2015, and to the Institutional Investor Summit being held in New York City November 17-19, 2015.

    Motion by Mr. Sisco to send Mr. Woodbury and Mr. Sisco to the NAGDCA Conference, Mr. Boehmer and DAG Chesney to the Half Moon Bay Symposium, and Chair Oliver and Mr. Boehmer or a new Committee Member to the New York City Summit. Second by Mr. Woodbury, motion passed unanimously, 4-0.

14. For Possible Action – Establish upcoming meeting dates for the August and November 2015 Quarterly Committee Meetings.

    Motion by Mr. Sisco to schedule meetings for Wednesday, August 19, and Monday, November 9 and second by Mr. Woodbury. Motion carried unanimously, 4-0.

    Amended motion to schedule meetings for Wednesday, August 19, and Thursday, December 3. Second by Mr. Woodbury, motion carried unanimously, 4-0.

Comments/Updates

15. Committee Members
    Chair Oliver asked when the loan provision would be rolled out.

    Ms. Bastien noted it would be a soft, quiet roll of near the beginning of June.

16. Investment Consultant
    No comments.

17. Recordkeeper
    Mr. Bastien stated that was Mr. Platt's last official meeting and thanked him for all he had done for the NDC Plan. He also officially announced Ms. Patane's position as Key Account Manager.

18. Staff Updates

Mr. Boehmer remarked that he successfully completed and passed the Contract Manager's class.

19. Public Comment
Dr. Ervin commented that he was disappointed they did not go forward with the reimbursement because by August it would be a year and a half of holding the funds. He suggested reducing the fee to cover recordkeeper costs and then change to an equal fee for all participants.

20. Adjournment
Motion by Mr. Sisco to adjourn, second by Mr. Woodbury. Motion passed unanimously, 4-0.

The meeting was adjourned at 2:19 p.m.

Respectfully submitted,

____
Micah Salerno
NDC Administrative Assistant

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PROGRAM COORDINATOR'S REPORT

August 13, 2015

NDC Budget Review and Billing

- Attached is a Budget Overview of the NDC FY2015 budget.
- Attached is Financial status Report for our current budget for FY2016
- Attached is the final legislatively approved budget for the Committee's review.
- We have billed Voya Financial for the second quarter expenses under the new contract (see attached).

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Internal Audit

- Staff was notified at the end of May 2015 that the Governor's Office Division of Internal Audits would be randomly conducting an internal audit on the Nevada Deferred Compensation Program.
- The Auditors identified eight expenditure items that NDC Staff along with the Administrative Services Division staff responded to. At the conclusion of the review meeting, the auditor removed three of the eight items.
- NDC Staff and Administrative Services Division Staff composed and presented a formal response to the Audit Division itemizing changes and internal controls that we would propose to initiate going forward to correct the deficiencies and recommendations.
  - See attached Summary of Findings and Agency Response
  - Recommendation to amend Administrative Manual to be in compliance with SAM

Agency Personnel Liaison Meeting

- Rob attended and presented at the Agency Personnel Liaison Meeting sponsored and conducted August 4, 2015 by State Division Human Resource Management. Items covered:
  - **Requesting that all newly hired employees be presented with an NDC EZ Enrollment kit that is comprised of our newly revised Summary Plan Document, the NDC EZ Enrolment form, and the newly revised Payroll Contribution form.**
  - **Requesting that all newly hired employees that qualify for the State's mandatory FICA Alternative Program, be presented with the newly revised FICA fact sheet and beneficiary declaration form. We requested that all agencies enrolling employees in FICA Replacement, ensure that the beneficiary form is completed as part of the mandatory new hire paperwork and returned to the NDC Administrative office for processing.**
  - **Notified agencies of our new location and showcased our newly organized website and the Retirement Readiness Webinar Series to direct employees to.**

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NDC Quarterly Newsletter, Program Marketing, & NDC Website

- NDC Administration Staff will continue to work with Voya Financial's, Jen Whitman and Voya's publisher, Mary Morris, to assist in developing the future NDC Quarterly Newsletters.
- NDC Staff continues to work with Voya in executing a yearly marketing plan for the NDC Program.
- The new NDC Branding has been incorporated into the NDC Website, NDC Forms, and in our communication pieces.
- Voya launched the Retiree Website. Voya has re-scheduled the Retiree Financial Education Workshop that they attempted to hold in June. They are now planning on holding the workshops both in Vegas, Carson City, and Reno. This will be in addition to Financial Education Days in the Fall (see attached).
- NDC Staff is preparing for the National Save for Retirement Week (NS4RW) with a number of advertisements and fun activities that will lead up to the week we will conduct Financial Education Days throughout the State. I will keep the committee updated in the monthly Staff Report.

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e-Learning Webinar Series Report

- The Newly designed e-Learning Webinar series located on both the NV e-Learning website and published on our NDC website continues to be successful and utilized.
- Year-to-date usage totals as of 07/31/2015:
  - NDC Basics and Beyond = 443 employees
  - Retiring Minds Want to Know = 139 employees
- Most of the evaluations have come back with ratings of 4’s and 5’s with 5 being the highest rating you can give, but we did receive our first 3’s this last month from one participant who apparently is a web developer and thought we could have made the presentations more interactive.
- Staff is in the process of developing a third webinar in the series solely geared toward retirees, and will be working with Voya on launching this before the end of the year.

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Fiscal Year 2015 Budget Overview

Projected year end FY '15 expenditures are $50,205 or 13% below the currently approved budget. The primary reason is less than budgeted personnel expenses (category 01). The average monthly expenditures for FY '15 was $27,255.

The legislatively approved expenditure budget was $375,152. A $2,112 work program in category 26 for a computer increased the expenditure budget to $377,264.

The ending FY '15 revenues are $262,792 above budget. This is due to collecting the balance of fees from prior providers. Consequently, the projected ending cash balance is excessive at $438,399 or 483 days of expenses. The dollar amount needed to carry forward to FY '16 is $125,402, which leaves $312,997 that could potentially be returned to plan participants.

BA 1017 DEFERRED COMPENSATION FY 2015
Financial Status Report
Printed Monday, August 03, 2015 9:25 AM

Revenue Source / Cat	L01	WP	Act	Bud Bal	Proj	Act + Proj	Proj Bud Bal
3849 CLIENT CHARGE-A	376,352	376,352	638,861	(262,509)	0	638,861	(262,509)
4326 TREASURER'S INTEREST DISTRIB	502	502	785	(283)	0	785	(283)
Total Revenue	**376,854**	**376,854**	**639,646**	**(262,792)**	**0**	**639,646**	**(262,792)**
01 PERS SERVICE	119,068	119,068	74,297	44,771	0	74,298	44,770
02 OUT ST TRAV	3,761	3,761	3,038	723	0	3,038	723
03 IN ST TRAV	1,554	1,554	1,520	34	0	1,520	34
04 OPERATING	168,894	168,894	164,476	4,418	46	164,522	4,372
26 INFO SVCS	3,647	5,759	5,639	120	1	5,640	119
82 ADM CST ALLO	7,134	7,134	6,948	186	0	6,948	186
87 PURCH ASMNT	105	105	105	0	0	105	0
88 SWCAP	18,611	18,611	18,611	0	0	18,611	0
89 AG COST ALLO	52,378	52,378	52,378	0	0	52,378	0
Total Expense	**375,152**	**377,264**	**327,012**	**50,252**	**47**	**327,059**	**50,205**
Operating Income	**1,702**	**(410)**	**312,634**	**(313,044)**	**(47)**	**312,587**	**(312,997)**
Beg Net Assets	**1,560**	**125,812**	**125,812**	**0**	**0**	**125,812**	**0**
End Net Assets	**3,262**	**125,402**	**438,446**	**(313,044)**	**(47)**	**438,399**	**(312,997)**
Days Exp in Ending Rsv	**0**	**120**	**0**	**0**	**0**	**483**	**0**

Fiscal Year 2016 Budget

The legislatively budgeted amount for FY '16 is $475,712, which includes $125,811 that will need to balance forward to the FY '17 budget. The projected reserve amount for FY '16 is $469,272 or 528 days of expenses.

Potential expenses in FY '16 that were not budgeted for include moving expenses, any furniture purchases for new office, and possible rent increase.

BA 1017 DEFERRED COMPENSATION FY 2016
Financial Status Report
Printed Monday, August 03, 2015 8:39 AM

Revenue Source / Cat	L01	WP	Act	Bud Bal	Proj	Act + Proj	Proj Bud Bal
3849 CLIENT CHARGE-A	350,085	350,085	0	350,085	350,085	350,085	0
4326 TREASURER'S INTEREST DISTRIB	225	225	0	225	225	225	0
Total Revenue	**350,310**	**350,310**	**0**	**350,310**	**350,310**	**350,310**	**0**
01 PERS SERVICE	152,638	152,638	4,437	148,201	107,236	111,674	40,964
02 OUT ST TRAV	3,601	3,601	0	3,601	3,601	3,601	0
03 IN ST TRAV	2,056	2,056	0	2,056	2,056	2,056	0
04 OPERATING	88,800	88,800	0	88,800	85,704	85,704	3,096
26 INFO SVCS	5,016	5,016	0	5,016	5,016	5,016	0
82 ADM CST ALLO	9,072	9,072	0	9,072	9,072	9,072	0
87 PURCH ASMNT	120	120	0	120	120	120	0
88 SWCAP	7,264	7,264	0	7,264	7,264	7,264	0
89 AG COST ALLO	94,931	94,931	0	94,931	94,931	94,931	0
Total Expense	**363,498**	**363,498**	**4,437**	**359,061**	**315,000**	**319,437**	**44,061**
Operating Income	**(13,188)**	**(13,188)**	**(4,437)**	**(8,751)**	**35,310**	**30,873**	**(44,061)**
Beg Net Assets	**438,399**	**438,399**	**438,399**	**0**	**0**	**438,399**	**0**
End Net Assets	**425,211**	**425,211**	**433,962**	**(8,751)**	**35,310**	**469,272**	**(44,061)**
Days Exp in Ending Rsv	**0**	**420**	**0**	**0**	**0**	**528**	**0**

DEFERRED COMPENSATION COMMITTEE

101-1017

PROGRAM DESCRIPTION

The Nevada Public Employees Deferred Compensation Program, a voluntary tax-deferred supplemental state retirement plan (IRC 457(b)), provides participants and their beneficiaries with a reasonable supplement to their Nevada Public Employees Retirement System Pension, Social Security and any other retirement savings. The program operates solely in the interest of plan participants and beneficiaries. The Committee, Nevada Public Employees Deferred Compensation Program (NDC) appointed by the Governor pursuant to NRS 287.325, oversees the program and strives to provide quality investment options at minimal costs while maintaining high standards of customer service. The Nevada Deferred Compensation Program and its Program Coordinator monitor the program providers/record-keepers; communicate and educate qualified employees on the importance of supplemental savings through seminars, newsletters and other educational efforts; and administer the Program in accordance with state and federal guidelines. All Program expenses are paid from reimbursement (withheld earnings) by its contracted private sector providers/record-keepers.

BASE

This request continues funding for one position and associated operating costs. One-time expenditures have been eliminated and partial year costs have been annualized.

	2013-2014 ACTUAL	2014-2015 WORK PROGRAM	2015-2016 LEGISLATIVELY APPROVED	2016-2017 LEGISLATIVELY APPROVED
RESOURCES:				
2511 BALANCE FORWARD FROM PREVIOUS YEAR	120,810	125,812	125,402	112,214
[M150] This request adjusts the anticipated Balance Forward from fiscal year 2016.				
2512 BALANCE FORWARD TO NEW YEAR	-125,811	0	0	0
3849 CLIENT CHARGE-A	272,494	376,352	271,004	282,329
[M150] This request adjusts the anticipated revenue for Client charges in the 2015/17 biennium.				
4326 TREASURER'S INTEREST DISTRIB	228	502	225	225
[B000] Interest was based on the last four years received: Fiscal year 11 $500.93 and Fiscal year 12 $66.17 Fiscal year 13 $103.01, and fiscal year 14 $228.03 Total $898.14 divided by four years = $224.54				
TOTAL RESOURCES:	**267,721**	**502,666**	**396,631**	**394,768**
EXPENDITURES:				
CATEGORY 01 PERSONNEL:				
5100 SALARIES	56,582	83,569	97,901	97,901
5120 FURLOUGH ADJUSTMENT	-990	0	0	0
[M150] This adjustment recognizes the elimination of fiscal year 2014 furlough payroll expense.				
5200 WORKERS COMPENSATION	1,272	1,037	1,037	1,037
5300 RETIREMENT	11,331	21,519	12,972	12,972
5320 PERS HOLD HARMLESS FOR FURLOUGH	0	257	0	0
5400 PERSONNEL ASSESSMENT	0	0	597	597
5500 GROUP INSURANCE	8,260	8,344	8,344	8,344
5660 FURLOUGH LEAVE	990	0	0	0
[M150] This request eliminates a one-time expenditure per budget instructions.				
5700 PAYROLL ASSESSMENT	134	134	157	157

	2013-2014 ACTUAL	2014-2015 WORK PROGRAM	2015-2016 LEGISLATIVELY APPROVED	2016-2017 LEGISLATIVELY APPROVED
5750 RETIRED EMPLOYEES GROUP INSURANCE	1,365	2,256	2,604	2,604
5800 UNEMPLOYMENT COMPENSATION	130	100	128	128
5840 MEDICARE	939	1,212	1,420	1,420
5860 BOARD AND COMMISSION PAY	480	640	480	480
[B000] One Deferred Compensation Board member to attend six meetings per fiscal year. Board members are entitled to $80.00 a day for serving on the Committee. Six meeting X $80.00 = $480.00				
5929 ELIMINATE LONGEVITY PAY	0	-1,675	0	0
5930 LONGEVITY PAY	0	1,675	0	0
5960 TERMINAL SICK LEAVE PAY	8,000	0	0	0
[M150] Eliminate one-time expenditures per Budget Instructions.				
5970 TERMINAL ANNUAL LEAVE PAY	400	0	0	0
[M150] Eliminate one-time expenditures per Budget Instructions.				
TOTAL FOR CATEGORY 01:	**88,893**	**119,068**	**125,640**	**125,640**
CATEGORY 02 OUT-OF-STATE TRAVEL:				
6100 PER DIEM OUT-OF-STATE	1,769	2,532	1,769	1,769
6130 PUBLIC TRANS OUT-OF-STATE	75	0	75	75
6140 PERSONAL VEHICLE OUT-OF-STATE	88	220	88	88
6150 COMM AIR TRANS OUT-OF-STATE	1,669	1,009	1,669	1,669
TOTAL FOR CATEGORY 02:	**3,601**	**3,761**	**3,601**	**3,601**
CATEGORY 03 IN-STATE TRAVEL:				
6200 PER DIEM IN-STATE	499	656	499	499
6210 FS DAILY RENTAL IN-STATE	98	0	98	98
6215 NON-FS VEHICLE RENTAL IN-STATE	74	0	74	74
6230 PUBLIC TRANSPORTATION IN-STATE	0	147	0	0
6240 PERSONAL VEHICLE IN-STATE	296	334	296	296
6250 COMM AIR TRANS IN-STATE	1,089	417	1,089	1,089
TOTAL FOR CATEGORY 03:	**2,056**	**1,554**	**2,056**	**2,056**
CATEGORY 04 OPERATING EXPENSES:				
7020 OPERATING SUPPLIES	329	413	329	329
7026 OPERATING SUPPLIES-F	52	0	52	52
7040 NON-STATE PRINTING SERVICES	0	177	0	0
7045 STATE PRINTING CHARGES	5,805	5,153	5,805	5,805

	2013-2014 ACTUAL	2014-2015 WORK PROGRAM	2015-2016 LEGISLATIVELY APPROVED	2016-2017 LEGISLATIVELY APPROVED
7050 EMPLOYEE BOND INSURANCE	3	3	3	3
7051 AGENCY OWNED - PROP. & CONT. INSURANCE	42	0	0	0
[M150] This request adjusts the Agency Owned - Property and Content Insurance per the Agency-Owned Property and Contents Schedule. This adjustment is schedule driven.				
7054 AG TORT CLAIM ASSESSMENT	241	121	120	120
705B B&G - PROP. & CONT. INSURANCE	0	42	42	42
[M150] This request adjusts the B&G - Property and Content Insurance per the B&G - Owned Building Rent Schedule. This adjustment is schedule driven.				
7060 CONTRACTS	0	90,000	0	28,000
[M150] This adjustment reflects the biennial (contract commenced April 2013) compliance audit that is required. Please see the attached contract on the vendor schedule for this item.				
7061 CONTRACTS - A	18,910	17,360	18,910	18,910
[M150] This vendor is a statewide contract, which supports one part time contracted employee. This adjustment would eliminate Contract Services with Manpower and replace with a three-quarter Administrative Assistant position.				
7063 CONTRACTS - C	0	39,996	0	25,000
[M150] Although the contract states that this is an annual audit, the NDC Committee has determined that a bi-annual audit may be the option chosen depending on the prior year results with the intent to save the program expenses, more particularly program participants.				
7065 CONTRACTS - E	82,500	0	62,500	62,500
7100 STATE OWNED BLDG RENT-B&G	5,871	6,180	5,871	5,871
7120 ADVERTISING & PUBLIC RELATIONS	0	1,085	0	0
7285 POSTAGE - STATE MAILROOM	6,035	5,708	6,035	6,035
7292 EITS VOICE MAIL	51	137	103	103
[M150] This adjustment recognizes the difference between the actual expenditures for fiscal year 2014 and the anticipated expenditures for the 2015-17 biennium. To adjust agency requirements for voice mail accounts for fiscal years 2016 and 2017.				
7294 CONFERENCE CALL CHARGES	244	460	244	244
7295 EITS STATE PHONE LINE	269	356	269	269
7296 EITS LONG DISTANCE CHARGES	57	3	57	57
7301 MEMBERSHIP DUES	600	600	600	600
7302 REGISTRATION FEES	0	1,100	1,650	1,650
[M150] Expenditure moved from 7306 (Dues and Registration paid to employees) to (Registration Fees) 7302.				
7306 DUES & REG - EMPLOYEE REIMBURSEMENT	1,650	0	0	0
[M150] Expenditure moved from 7306 (Dues and Registration paid to employees) to (Registration Fees)				
7370 PUBLICATIONS AND PERIODICALS	200	0	200	200
TOTAL FOR CATEGORY 04:	**122,859**	**168,894**	**102,790**	**155,790**

	2013-2014 ACTUAL	2014-2015 WORK PROGRAM	2015-2016 LEGISLATIVELY APPROVED	2016-2017 LEGISLATIVELY APPROVED
CATEGORY 26 INFORMATION SERVICES:				
7026 OPERATING SUPPLIES-F	330	0	330	330
[B000] General ledger account number for toner changed from 7040 to 7026				
7040 NON-STATE PRINTING SERVICES	0	390	0	0
[B000] General ledger account number for toner changed from 7040 to 7026				
7060 CONTRACTS	138	414	138	138
7073 SOFTWARE LICENSE/MNT CONTRACTS	0	52	0	0
7532 EITS WEB HOSTING	1,522	1,464	1,522	1,522
7533 EITS EMAIL SERVICE	156	137	149	149
[M150] This adjustment recognizes the difference between the actual expenditures for fiscal year 2014 and the anticipated expenditures for the 2015-17 biennium. To adjust agency requirements for two email accounts for fiscal years 2016 and 2017. The adjustment is driven by the Enterprise Information Technology Services schedule.				
2 accounts x 12 months = 24 quantity for schedule				
7542 EITS SILVERNET ACCESS	1,193	1,375	1,193	1,193
7545 EITS VPN SECURE LINK	28	47	0	0
[M150] This adjustment recognizes the difference between the actual expenditures for fiscal year 2014 and the anticipated expenditures for the 2015-17 biennium. To adjust agency requirements for one VPN line which will not be utilized in fiscal years 16 and 17.				
2 accounts x 12 months = 24 quantity for schedule				
7554 EITS INFRASTRUCTURE ASSESSMENT	129	104	104	104
7556 EITS SECURITY ASSESSMENT	101	78	78	78
7771 COMPUTER SOFTWARE <$5,000 - A	417	330	0	0
[M150] This request adjusts the expenditure for a one-time software purchase MS Office Bundle per budget instructions.				
8371 COMPUTER HARDWARE <$5,000 - A	1,543	1,368	0	0
[M150] This request adjusts the expenditure for a one-time computer purchase per budget instructions.				
TOTAL FOR CATEGORY 26:	**5,557**	**5,759**	**3,514**	**3,514**
CATEGORY 82 DEPARTMENT COST ALLOCATION:				
5450 14-15 CENTRALIZED PERSONNEL SERVICES COST ALLOC	416	402	0	0
[B000] In SFY14 Centralized HR Services cost allocation was paid by the agency using this GL instead of GL 5450, CAT 82. The SFY14 actual expenditure of $416 has been moved in NEBS to CAT 82, GL 5450 to allow the HR Centralized NEBS schedule to generate the appropriate M150 adjustment.				
[M150] Adjustment to centralized personnel services cost allocation. In SFY14 Centralized HR Services cost allocation was paid by the agency using this GL instead of GL 5450, CAT 82. The SFY14 actual expenditure of $416 has been moved in NEBS to CAT 82, GL 5450 to allow the HR Centralized NEBS schedule to generate the appropriate M150 adjustment.				

	2013-2014 ACTUAL	2014-2015 WORK PROGRAM	2015-2016 LEGISLATIVELY APPROVED	2016-2017 LEGISLATIVELY APPROVED
7389 16-17 CENTRALIZED PERSONNEL SERVICES COST ALLOC	0	0	787	808
7395 COST ALLOCATION - B	0	186	0	0
[B000] In SFY14 Centralized HR Services cost allocation was paid by the agency using this GL instead of GL 5450, CAT 82. The SFY14 actual expenditure of $416 has been moved in NEBS to CAT 82, GL 5450 to allow the HR Centralized NEBS schedule to generate the appropriate M150 adjustment.				
7439 DEPT OF ADMIN - ADMIN SER DIV	6,546	6,546	8,236	8,373
[M150] Adjustment to Department of Administration, Administrative Services' cost allocation.				
TOTAL FOR CATEGORY 82:	**6,962**	**7,134**	**9,023**	**9,181**
CATEGORY 86 RESERVE:				
9178 RESERVE - BAL FWD TO SUBSEQUENT FY	0	125,402	112,214	57,193
[M150] This adjustment recognizes the difference between the fiscal year 2014 actual and the 2015-2017 biennium projected.				
TOTAL FOR CATEGORY 86:	**0**	**125,402**	**112,214**	**57,193**
CATEGORY 87 PURCHASING ASSESSMENT:				
7393 PURCHASING ASSESSMENT	105	105	105	105
TOTAL FOR CATEGORY 87:	**105**	**105**	**105**	**105**
CATEGORY 88 STATEWIDE COST ALLOCATION PLAN:				
9159 STATEWIDE COST ALLOCATION	898	18,611	898	898
TOTAL FOR CATEGORY 88:	**898**	**18,611**	**898**	**898**
CATEGORY 89 AG COST ALLOCATION PLAN:				
7391 ATTORNEY GENERAL COST ALLOC	36,790	52,378	36,790	36,790
TOTAL FOR CATEGORY 89:	**36,790**	**52,378**	**36,790**	**36,790**
TOTAL EXPENDITURES:	**267,721**	**502,666**	**396,631**	**394,768**
TOTAL POSITIONS:	**1.00**	**1.00**	**1.00**	**1.00**

MAINTENANCE

M100 STATEWIDE INFLATION

This request funds rate changes for internal service funds such as the Attorney General, Fleet Services, information technology services, state-owned building rent, vehicle insurance, personnel assessments, and property and contents insurance.

	2013-2014 ACTUAL	2014-2015 WORK PROGRAM	2015-2016 LEGISLATIVELY APPROVED	2016-2017 LEGISLATIVELY APPROVED
RESOURCES:				
3849 CLIENT CHARGE-A	0	0	65,944	14,666
TOTAL RESOURCES:	**0**	**0**	**65,944**	**14,666**
EXPENDITURES:				
CATEGORY 04 OPERATING EXPENSES:				
7050 EMPLOYEE BOND INSURANCE	0	0	-2	-2
7054 AG TORT CLAIM ASSESSMENT	0	0	-5	-5
705B B&G - PROP. & CONT. INSURANCE	0	0	32	32
7100 STATE OWNED BLDG RENT-B&G	0	0	43	284
7292 EITS VOICE MAIL	0	0	-17	-18
7295 EITS STATE PHONE LINE	0	0	53	55
TOTAL FOR CATEGORY 04:	**0**	**0**	**104**	**346**
CATEGORY 26 INFORMATION SERVICES:				
7532 EITS WEB HOSTING	0	0	820	1,367
7533 EITS EMAIL SERVICE	0	0	-66	-58
7542 EITS SILVERNET ACCESS	0	0	501	471
7554 EITS INFRASTRUCTURE ASSESSMENT	0	0	44	50
7556 EITS SECURITY ASSESSMENT	0	0	19	28
TOTAL FOR CATEGORY 26:	**0**	**0**	**1,318**	**1,858**
CATEGORY 87 PURCHASING ASSESSMENT:				
7393 PURCHASING ASSESSMENT	0	0	15	177
TOTAL FOR CATEGORY 87:	**0**	**0**	**15**	**177**
CATEGORY 88 STATEWIDE COST ALLOCATION PLAN:				
9159 STATEWIDE COST ALLOCATION	0	0	6,366	-898
TOTAL FOR CATEGORY 88:	**0**	**0**	**6,366**	**-898**

	2013-2014 ACTUAL	2014-2015 WORK PROGRAM	2015-2016 LEGISLATIVELY APPROVED	2016-2017 LEGISLATIVELY APPROVED
CATEGORY 89 AG COST ALLOCATION PLAN:				
7391 ATTORNEY GENERAL COST ALLOC	0	0	58,141	13,183
TOTAL FOR CATEGORY 89:	**0**	**0**	**58,141**	**13,183**
TOTAL EXPENDITURES:	**0**	**0**	**65,944**	**14,666**

M300 FRINGE BENEFITS RATE ADJUSTMENT
This request funds changes to fringe benefits rates.

	2013-2014 ACTUAL	2014-2015 WORK PROGRAM	2015-2016 LEGISLATIVELY APPROVED	2016-2017 LEGISLATIVELY APPROVED
RESOURCES:				
3849 CLIENT CHARGE-A	0	0	548	703
TOTAL RESOURCES:	**0**	**0**	**548**	**703**
EXPENDITURES:				
CATEGORY 01 PERSONNEL:				
5200 WORKERS COMPENSATION	0	0	-184	-184
5300 RETIREMENT	0	0	1,224	1,224
5400 PERSONNEL ASSESSMENT	0	0	0	-10
5500 GROUP INSURANCE	0	0	77	47
5700 PAYROLL ASSESSMENT	0	0	-20	-20
5750 RETIRED EMPLOYEES GROUP INSURANCE	0	0	-519	-294
5800 UNEMPLOYMENT COMPENSATION	0	0	-30	-60
TOTAL FOR CATEGORY 01:	**0**	**0**	**548**	**703**
TOTAL EXPENDITURES:	**0**	**0**	**548**	**703**

ENHANCEMENT

E250 EFFICIENT AND RESPONSIVE STATE GOVERNMENT

This request adds a three-quarter Administrative Assistant position to the Nevada Public Employees' Deferred Compensation Program and eliminates the current contracted position.

	2013-2014 ACTUAL	2014-2015 WORK PROGRAM	2015-2016 LEGISLATIVELY APPROVED	2016-2017 LEGISLATIVELY APPROVED
RESOURCES:				
3849 CLIENT CHARGE-A	0	0	12,540	17,383
TOTAL RESOURCES:	**0**	**0**	**12,540**	**17,383**
EXPENDITURES:				
CATEGORY 01 PERSONNEL:				
5100 SALARIES	0	0	14,917	20,459
5200 WORKERS COMPENSATION	0	0	380	485
5300 RETIREMENT	0	0	4,177	5,729
5400 PERSONNEL ASSESSMENT	0	0	91	123
5500 GROUP INSURANCE	0	0	6,316	8,391
5700 PAYROLL ASSESSMENT	0	0	21	29
5750 RETIRED EMPLOYEES GROUP INSURANCE	0	0	318	483
5800 UNEMPLOYMENT COMPENSATION	0	0	14	14
5840 MEDICARE	0	0	216	296
TOTAL FOR CATEGORY 01:	**0**	**0**	**26,450**	**36,009**
CATEGORY 04 OPERATING EXPENSES:				
7050 EMPLOYEE BOND INSURANCE	0	0	1	1
7054 AG TORT CLAIM ASSESSMENT	0	0	87	87
7061 CONTRACTS - A	0	0	-14,182	-18,910
TOTAL FOR CATEGORY 04:	**0**	**0**	**-14,094**	**-18,822**
CATEGORY 26 INFORMATION SERVICES:				
7554 EITS INFRASTRUCTURE ASSESSMENT	0	0	111	116
7556 EITS SECURITY ASSESSMENT	0	0	73	80
TOTAL FOR CATEGORY 26:	**0**	**0**	**184**	**196**
TOTAL EXPENDITURES:	**0**	**0**	**12,540**	**17,383**
TOTAL POSITIONS:	**0.00**	**0.00**	**0.75**	**0.75**

E804 COST ALLOCATION

This request funds the Centralized Agency Human Resource Services cost allocation for the services provided by the Division of Human Resource Management, budget account 1363.

	2013-2014 ACTUAL	2014-2015 WORK PROGRAM	2015-2016 LEGISLATIVELY APPROVED	2016-2017 LEGISLATIVELY APPROVED
RESOURCES:				
3849 CLIENT CHARGE-A	0	0	49	67
TOTAL RESOURCES:	**0**	**0**	**49**	**67**
EXPENDITURES:				
CATEGORY 82 DEPARTMENT COST ALLOCATION:				
7389 16-17 CENTRALIZED PERSONNEL SERVICES COST ALLOC	0	0	49	67
TOTAL FOR CATEGORY 82:	**0**	**0**	**49**	**67**
TOTAL EXPENDITURES:	**0**	**0**	**49**	**67**

DEFERRED COMPENSATION COMMITTEE
101-1017

SUMMARY

	2013-2014 ACTUAL	2014-2015 WORK PROGRAM	2015-2016 LEGISLATIVELY APPROVED	2016-2017 LEGISLATIVELY APPROVED
RESOURCES:				
2511 BALANCE FORWARD FROM PREVIOUS YEAR	120,810	125,812	125,402	112,214
2512 BALANCE FORWARD TO NEW YEAR	-125,811	0	0	0
3849 CLIENT CHARGE-A	272,494	376,352	350,085	315,148
4326 TREASURER'S INTEREST DISTRIB	228	502	225	225
TOTAL RESOURCES:	**267,721**	**502,666**	**475,712**	**427,587**
EXPENDITURES:				
CATEGORY 01 PERSONNEL:				
5100 SALARIES	56,582	83,569	112,818	118,360
5120 FURLOUGH ADJUSTMENT	-990	0	0	0
5200 WORKERS COMPENSATION	1,272	1,037	1,233	1,338
5300 RETIREMENT	11,331	21,519	18,373	19,925
5320 PERS HOLD HARMLESS FOR FURLOUGH	0	257	0	0
5400 PERSONNEL ASSESSMENT	0	0	688	710
5500 GROUP INSURANCE	8,260	8,344	14,737	16,782
5660 FURLOUGH LEAVE	990	0	0	0
5700 PAYROLL ASSESSMENT	134	134	158	166
5750 RETIRED EMPLOYEES GROUP INSURANCE	1,365	2,256	2,403	2,793
5800 UNEMPLOYMENT COMPENSATION	130	100	112	82
5840 MEDICARE	939	1,212	1,636	1,716
5860 BOARD AND COMMISSION PAY	480	640	480	480
5929 ELIMINATE LONGEVITY PAY	0	-1,675	0	0
5930 LONGEVITY PAY	0	1,675	0	0
5960 TERMINAL SICK LEAVE PAY	8,000	0	0	0
5970 TERMINAL ANNUAL LEAVE PAY	400	0	0	0
TOTAL FOR CATEGORY 01:	**88,893**	**119,068**	**152,638**	**162,352**
CATEGORY 02 OUT-OF-STATE TRAVEL:				
6100 PER DIEM OUT-OF-STATE	1,769	2,532	1,769	1,769
6130 PUBLIC TRANS OUT-OF-STATE	75	0	75	75
6140 PERSONAL VEHICLE OUT-OF-STATE	88	220	88	88
6150 COMM AIR TRANS OUT-OF-STATE	1,669	1,009	1,669	1,669
TOTAL FOR CATEGORY 02:	**3,601**	**3,761**	**3,601**	**3,601**

	2013-2014 ACTUAL	2014-2015 WORK PROGRAM	2015-2016 LEGISLATIVELY APPROVED	2016-2017 LEGISLATIVELY APPROVED
CATEGORY 03 IN-STATE TRAVEL:				
6200 PER DIEM IN-STATE	499	656	499	499
6210 FS DAILY RENTAL IN-STATE	98	0	98	98
6215 NON-FS VEHICLE RENTAL IN-STATE	74	0	74	74
6230 PUBLIC TRANSPORTATION IN-STATE	0	147	0	0
6240 PERSONAL VEHICLE IN-STATE	296	334	296	296
6250 COMM AIR TRANS IN-STATE	1,089	417	1,089	1,089
TOTAL FOR CATEGORY 03:	**2,056**	**1,554**	**2,056**	**2,056**
CATEGORY 04 OPERATING EXPENSES:				
7020 OPERATING SUPPLIES	329	413	329	329
7026 OPERATING SUPPLIES-F	52	0	52	52
7040 NON-STATE PRINTING SERVICES	0	177	0	0
7045 STATE PRINTING CHARGES	5,805	5,153	5,805	5,805
7050 EMPLOYEE BOND INSURANCE	3	3	2	2
7051 AGENCY OWNED - PROP. & CONT. INSURANCE	42	0	0	0
7054 AG TORT CLAIM ASSESSMENT	241	121	202	202
705B B&G - PROP. & CONT. INSURANCE	0	42	74	74
7060 CONTRACTS	0	90,000	0	28,000
7061 CONTRACTS - A	18,910	17,360	4,728	0
7063 CONTRACTS - C	0	39,996	0	25,000
7065 CONTRACTS - E	82,500	0	62,500	62,500
7100 STATE OWNED BLDG RENT-B&G	5,871	6,180	5,914	6,155
7120 ADVERTISING & PUBLIC RELATIONS	0	1,085	0	0
7285 POSTAGE - STATE MAILROOM	6,035	5,708	6,035	6,035
7292 EITS VOICE MAIL	51	137	86	85
7294 CONFERENCE CALL CHARGES	244	460	244	244
7295 EITS STATE PHONE LINE	269	356	322	324
7296 EITS LONG DISTANCE CHARGES	57	3	57	57
7301 MEMBERSHIP DUES	600	600	600	600
7302 REGISTRATION FEES	0	1,100	1,650	1,650
7306 DUES & REG - EMPLOYEE REIMBURSEMENT	1,650	0	0	0
7370 PUBLICATIONS AND PERIODICALS	200	0	200	200
TOTAL FOR CATEGORY 04:	**122,859**	**168,894**	**88,800**	**137,314**

	2013-2014 ACTUAL	2014-2015 WORK PROGRAM	2015-2016 LEGISLATIVELY APPROVED	2016-2017 LEGISLATIVELY APPROVED
CATEGORY 26 INFORMATION SERVICES:				
7026 OPERATING SUPPLIES-F	330	0	330	330
7040 NON-STATE PRINTING SERVICES	0	390	0	0
7060 CONTRACTS	138	414	138	138
7073 SOFTWARE LICENSE/MNT CONTRACTS	0	52	0	0
7532 EITS WEB HOSTING	1,522	1,464	2,342	2,889
7533 EITS EMAIL SERVICE	156	137	83	91
7542 EITS SILVERNET ACCESS	1,193	1,375	1,694	1,664
7545 EITS VPN SECURE LINK	28	47	0	0
7554 EITS INFRASTRUCTURE ASSESSMENT	129	104	259	270
7556 EITS SECURITY ASSESSMENT	101	78	170	186
7771 COMPUTER SOFTWARE <$5,000 - A	417	330	0	0
8371 COMPUTER HARDWARE <$5,000 - A	1,543	1,368	0	0
TOTAL FOR CATEGORY 26:	**5,557**	**5,759**	**5,016**	**5,568**
CATEGORY 82 DEPARTMENT COST ALLOCATION:				
5450 14-15 CENTRALIZED PERSONNEL SERVICES COST ALLOC	416	402	0	0
7389 16-17 CENTRALIZED PERSONNEL SERVICES COST ALLOC	0	0	836	875
7395 COST ALLOCATION - B	0	186	0	0
7439 DEPT OF ADMIN - ADMIN SER DIV	6,546	6,546	8,236	8,373
TOTAL FOR CATEGORY 82:	**6,962**	**7,134**	**9,072**	**9,248**
CATEGORY 86 RESERVE:				
9178 RESERVE - BAL FWD TO SUBSEQUENT FY	0	125,402	112,214	57,193
TOTAL FOR CATEGORY 86:	**0**	**125,402**	**112,214**	**57,193**
CATEGORY 87 PURCHASING ASSESSMENT:				
7393 PURCHASING ASSESSMENT	105	105	120	282
TOTAL FOR CATEGORY 87:	**105**	**105**	**120**	**282**
CATEGORY 88 STATEWIDE COST ALLOCATION PLAN:				
9159 STATEWIDE COST ALLOCATION	898	18,611	7,264	0
TOTAL FOR CATEGORY 88:	**898**	**18,611**	**7,264**	**0**

DEFERRED COMPENSATION COMMITTEE
101-1017

	2013-2014 ACTUAL	2014-2015 WORK PROGRAM	2015-2016 LEGISLATIVELY APPROVED	2016-2017 LEGISLATIVELY APPROVED
CATEGORY 89 AG COST ALLOCATION PLAN:				
7391 ATTORNEY GENERAL COST ALLOC	36,790	52,378	94,931	49,973
TOTAL FOR CATEGORY 89:	**36,790**	**52,378**	**94,931**	**49,973**
TOTAL EXPENDITURES:	**267,721**	**502,666**	**475,712**	**427,587**
PERCENT CHANGE:		**87.76%**	**-5.36%**	**-10.12%**
TOTAL POSITIONS:	**1.00**	**1.00**	**1.75**	**1.75**

Nevada Public Employees'
Deferred Compensation Program
100 N. Stewart Street, Suite 210
Carson City, NV 89701
PHONE: 775.684.3397 FAX: 775.684.3399

TO: Voya Financial
844 West Nye Lane
Carson City, NV 89703

DATE: 7/16/2015

INVOICE #NDCQ02-15

DESCRIPTION - Voya Financial Billing for Revenue Under Contract #15996

Billing For Calendar Year Q2-2015, Program Expenses Per Contract

Plan Sponsor Loan Generation Fee	$400.00	
Voya Billing for 2nd Quarter Program Expenses under contract #15996 :	$75,262.38	
Subtotal		$75,662.38
		$0.00
Total		$75,662.38

Budget Account	GL
1017 FY15	3831

PLEASE PAY: **$ 75,662.38**

State of Nevada (666783, 666970, 666971) - Revenue Calculations - 4/1/15 - 6/30/15

Fund #	Fund Name	Assets Month Ending 4/30/2015	Assets Month Ending 5/31/15	Assets Month Ending 6/30/15	Average Assets Apr - Jun 2015	Expense %	Expense $	Rev Sharing* + DAC %	Quarterly Rev Share*+ DAC %	Rev Sharing + DAC $
1205	AllianzGI NFJ Dividend Value Fund - Institutional Class (2)	$ 4,234,213.84	$ 4,128,782.14	$ 3,947,602.48	$ 4,103,532.82	0.70%	$ 28,724.73	0.10%	0.03%	$ 1,025.88
1257	Vy T. Rowe Price Capital Appreciation Portfolio - Inst (2)	$ 6,991,785.22	$ 7,385,828.07	$ 7,446,608.40	$ 7,274,740.56	0.64%	$ 46,558.34	0.28%	0.07%	$ 5,037.76
3772	Hartford MidCap HLS Fund IB (2)	$ 47,887,492.89	$ 48,194,947.16	$ 47,595,801.48	$ 47,892,747.18	0.96%	$ 459,770.37	0.30%	0.08%	$ 35,919.56
2228	Parnassus Equity Income Fund - Investor Shares (2)	$ 7,313,237.79	$ 7,299,179.32	$ 7,016,298.58	$ 7,209,571.90	0.87%	$ 62,723.28	0.40%	0.10%	$ 7,209.57
6501	Vanguard® Developed Markets Index Fund - Institutional (2)	$ 10,712,632.90	$ 10,900,156.78	$ 10,655,795.24	$ 10,756,194.97	0.07%	$ 7,529.34	0.00%	0.00%	$ -
487	American Funds The Growth Fund of America - Class R-3 (2)	$ 7,373,982.13	$ 7,424,487.64	$ 7,323,579.84	$ 7,374,016.54	0.98%	$ 72,265.36	0.65%	0.16%	$ 11,982.78
524	Fidelity® Contrafund® (2)	$ 4,325,320.25	$ 4,489,493.45	$ 4,577,373.96	$ 4,464,062.55	0.64%	$ 28,570.00	0.25%	0.06%	$ 2,790.04
566	Vanguard® Institutional Index Fund - Institutional Shares (2)	$ 60,651,009.39	$ 61,977,782.08	$ 60,750,890.08	$ 61,126,560.52	0.04%	$ 24,450.62	0.00%	0.00%	$ -
735	Dodge & Cox International Stock Fund (2)	$ 5,912,321.81	$ 5,971,991.63	$ 5,820,117.23	$ 5,901,476.89	0.64%	$ 37,769.45	0.10%	0.03%	$ 1,475.37
7499	Vanguard® Extended Market Index Fund - Institutional Shares (2)	$ 14,164,867.29	$ 14,951,371.51	$ 15,122,912.37	$ 14,746,383.72	0.08%	$ 11,797.11	0.00%	0.00%	$ -
791	Vanguard® Target Retirement 2015 Fund - Investor Shares (2)	$ 25,760,674.31	$ 25,647,219.53	$ 25,490,480.75	$ 25,632,791.53	0.16%	$ 41,012.47	0.06%	0.02%	$ 3,844.92
793	Vanguard® Target Retirement 2035 Fund - Investor Shares (2)	$ 23,178,484.26	$ 23,447,965.10	$ 22,918,125.50	$ 23,181,524.95	0.18%	$ 41,726.74	0.06%	0.02%	$ 3,477.23
794	Vanguard® Target Retirement 2045 Fund - Investor Shares (2)	$ 5,347,646.86	$ 5,081,030.04	$ 5,245,344.69	$ 5,224,673.86	0.18%	$ 9,404.41	0.06%	0.02%	$ 783.70
795	Vanguard® Target Retirement Income Fund - Investor Shares (2)	$ 7,580,781.06	$ 7,484,665.33	$ 7,489,808.11	$ 7,518,418.17	0.16%	$ 12,029.47	0.06%	0.02%	$ 1,127.76
799	Vanguard® Total Bond Market Index Fund - Institutional (2)	$ 13,135,143.07	$ 13,041,759.63	$ 12,962,025.00	$ 13,046,309.23	0.06%	$ 7,827.79	0.00%	0.00%	$ -
926	Vanguard® Target Retirement 2025 Fund - Investor Shares (2)	$ 14,806,685.08	$ 14,803,859.26	$ 14,966,759.58	$ 14,859,101.31	0.17%	$ 25,260.47	0.06%	0.02%	$ 2,228.87
1202	TD AMERITRADE Self Directed Brokerage Account	$ 2,767,208.49	$ 2,765,621.89	$ 2,743,479.29	$ 2,758,769.89	#N/A	N/A	0.08%	0.02%	$ 551.75
2473	Vanguard® Target Retirement 2055 Fund - Investor Shares (2)	$ 26,594.01	$ 282,090.43	$ 279,861.31	$ 196,181.92	0.18%	$ 353.13	0.06%	0.02%	$ 29.43
3685	Invesco Equity and Income Fund - Class R5 (2)	$ 35,159,405.02	$ 35,290,903.75	$ 34,577,168.14	$ 35,009,158.97	0.49%	$ 171,544.88	0.10%	0.03%	$ 8,752.29
1360	American Beacon Large Cap Value Fund - Institutional Class (2)	$ 15,173,968.66	$ 15,264,716.90	$ 14,757,727.88	$ 15,065,471.15	0.59%	$ 88,886.28	0.00%	0.00%	$ -
1303	T. Rowe Price Growth Stock Fund (2)	$ 29,474,887.54	$ 30,103,462.31	$ 29,861,920.45	$ 29,813,423.43	0.69%	$ 205,712.62	0.15%	0.04%	$ 11,180.03
9748	Goldman Sachs Small/Mid Cap Growth Fund - Class A (2)	$ 14,359,299.53	$ 14,684,403.10	$ 14,935,974.81	$ 14,659,892.48	1.33%	$ 194,976.57	0.55%	0.14%	$ 20,157.35
1267	Oppenheimer Main Street Mid Cap Fund® - Class Y (2)	$ 27,098,096.16	$ 27,466,248.72	$ 26,939,492.23	$ 27,167,945.70	0.86%	$ 233,644.33	0.25%	0.06%	$ 16,979.97
5036	Franklin Mutual Global Discovery Fund - Class A (2)	$ 15,190,585.95	$ 15,260,566.51	$ 14,752,357.67	$ 15,067,836.71	1.29%	$ 194,375.09	0.55%	0.14%	$ 20,718.28
	*Total **Contract Required** Revenue + DAC All Funds:*	***0.08%***								
	*Total **Actual** Revenue + DAC All Funds (with Brokerage):*	***0.16%***								
		$ 398,626,323.51	$ 403,348,532.28	$ 398,177,505.07	$ 400,050,786.95					

Total Quarterly Actual Revenue + DAC (with Brokerage):	$ 155,272.53
Total Quarterly Contract Required Revenue + DAC:	$ 80,010.16
Quarterly Difference:	$ 75,262.38
Number of Loans initiated during the quarter:	16
Loan Fee Due to Sponsor per Loan	$25
Total Loan Fee Due to Sponsor	$400
Total Reimbursement owed to Sponsor	**$ 75,662.38**

(2) Investment options in Separate Account D reflect total Separate Account charges.

DISCLOSURES

*Fund Revenue numbers are as of 06/30/2015. For non-Voya Retirement Insurance and Annuity Company (VRIAC) variable investment options, the figures shown are derived from 12b-1 fees (where applicable) and administrative and/or sub-transfer agent fees. The fund revenue figures reported for Voya funds are the revenue assumptions made by VRIAC's defined contribution business for purposes of product pricing. Gross revenues from Voya funds generally include payments for investment management and for certain administrative services. Pricing assumptions are derived from gross fund revenues, less the internally transferred costs of fund management and administration. The pricing assumptions for certain Voya funds reflect the approximate weighted average of the net fund revenues of each portfolio within a given Voya fund complex.

Important Information: As you requested, we prepared a calculation of the estimated total revenue on the assets in the Plan during the time period of 04/01/2015 through 06/30/2015. For certain funds, the investment adviser or other service provider to the fund may waive a portion of its fees or reimburse certain fund expenses, which will reduce the expense ratio of the fund for the period of the waiver or adjustment. The amount of such waivers and adjustments as stated in the fund's most current prospectus. These waivers and adjustments may not necessarily continue in the future. If the fund imposes 12b-1 fees, such payments are made out of fund assets. Some funds may charge a fund redemption fee when shareholders redeem their shares. Please refer to the prospectus for more information on redemption fees, as applicable.

Brian Sandoval
Governor

James R. Wells, CPA
Director

Steve Weinberger, CPA
Administrator

Lori Hoover, CPA
Financial Manager

STATE OF NEVADA
GOVERNOR'S FINANCE OFFICE
Division of Internal Audits

209 East Musser Street, Room 302 | Carson City, Nevada 89701
Phone: (775) 687-0120 | Fax: (775) 687-0145

August 3, 2015

Robert Boehmer, Deferred Compensation Executive Officer
Deferred Compensation Program
100 N. Stewart Street
Carson City, Nevada 89701

Dear Mr. Boehmer:

Post Review performed a review of expenditure transactions at the direction of the State Board of Examiners. Our objective was to examine transactions for compliance with state and federal laws, regulations, and guidelines. We examined 19 transactions processed between December 1, 2014 and February 28, 2015 and noted that 10 of them had one or more exceptions.

Attached is the Summary of Findings followed by the agency's response.

Thank you for the opportunity to work with the Deferred Compensation Program. If we can provide further assistance, please contact me at 775-687-0126.

Sincerely,

Lori Hoover

Lori Hoover, CPA
Financial Manager, Division of Internal Audits

cc: James R. Wells, CPA, Director, Governor's Finance Office
Evan Dale, Administrator, Administrative Services Division, Department of Administration
Brandy Cox, Administrative Services Officer 2, Administrative Services Division, Department of Administration

Nevada Public Employees
Deferred Compensation Program
Summary of Findings

Expenditures

Based on our review of expenditures, we noted various exceptions to SAM, the Office of the State Controller Accounting Policies and Procedures, and Self-Assessment Questionnaires.

1. **The agency's travel policies and procedures should be updated to comply with SAM.**

   - The agency's travel policies and procedures do not address specific policies required by SAM 0206, including the hours and conditions during which an employee will be allowed to claim meals; and combining state business and personal travel.

2. **Maintain segregation of ordering and receiving duties to comply with the Purchasing and Expenditures – Self Assessment Questionnaire.**

   - Goods purchased were ordered and received by the same individual.

Date	Document Number		Name	Amount
01/07/15	PV920DCD00000153	Line 1	Staples Contract & Commercial	$ 17.99
02/24/15	PV920DCD00000166	All Lines	Staples Contract & Commercial	330.94

3. **Maintain accurate contract logs according to SAM 0343.**

   - Contract log was missing a running total balance.

Date	Document Number		Name	Amount
01/12/15	PV920DCD00000155	Line 1	Segal Advisors Inc.	$6,875.00

4. **File travel expense reimbursement claims in accordance with SAM 0220.**

   - Documentation indicated personal travel along with state travel. There was no breakdown between personal and state time on the travel claim.

Date	Document Number		Name	Amount	
02/12/15	PV920DCD00000164	All Lines	Davie, Brian L	87.26	B

Nevada Public Employees
Deferred Compensation Program
Summary of Findings

Expenditures (cont'd)

5. **Code expenditures to the proper general ledger accounts to comply with SAM 2800 and the Office of the State Controller Accounting Policies and Procedures.**

   A. Conference call charges were charged to GL 7294, EITS Collect Call Charges, instead of GL 7290, Phone, Fax, & Communication Line.

   B. Rental car expenses were charged to GL 6210, Motor Pool Daily Rental In-State, instead of GL 6230, Public Transportation In-State.

Date	Document Number		Name	Amount	
12/29/14	PV920DCD00000149	Line 1	AT&T Corp.	50.46	A
01/27/15	PV920DCD00000156	Line 1	AT&T Corp.	26.37	A
02/24/15	PV920DCD00000167	Line 1	AT&T Corp.	42.63	A
02/12/15	PV920DCD00000164	Line 3	Davie, Brian L	40.00	B

Nevada Public Employees
Deferred Compensation Program
Agency's Response

Expenditures

Based on our review of expenditures, we noted various exceptions to SAM, the Office of the State Controller Accounting Policies and Procedures, and Self-Assessment Questionnaires.

1. The agency's travel policies and procedures should be updated to comply with SAM.

- The agency's travel policies and procedures do not address specific policies required by SAM 0206, including the hours and conditions during which an employee will be allowed to claim meals; and combining state business and personal travel.

    - Response - All Committee Member and Staff travel will be in accordance with State Administrative Manual (SAM) 0200 and NRS 281.160. The following internal controls have been established by the Agency:

    It is the responsibility of all NDC Committee Members and Staff to know and adhere to State Administrative Manual (SAM) Chapter 0200. All Travel Related Claims and Expenditures must be in accordance with applicable laws, the State Administrative Manual (SAM), and policies and procedures of the NDC Administrative Manual. Travel expenditures are administered in compliance with (SAM 202.0 -0256.0). All NDC Committee members and Staff must have prior authorization to travel from the Committee Chair and the Program Coordinator who will verify adequate Committee and budgetary authority, which is accomplished by completing a Travel Request and Authorization form Provided by NDC Administrative Staff. Any personal travel must be clearly identified in a request for approval to the NDC Committee Chair and Program Coordinator. The accompanying Travel Request and Authorization form must also clearly identify and separate out all business and personal travel times and costs. Per SAM 0210, all travel expenses of State of Nevada employees will be charged to the budget account specifically appropriated or authorized to provide for the employees' salary (if applicable) and /or Travel expenses. The State Budget Division must approve all exceptions to this rule or any projected expense over the established reimbursement parameters in advance of the travel on an Out-Of-Budget Travel Request.

    All Travel Claims will be submitted to NDC Staff for processing, approval, and reimbursement. Efforts should be made to submit Travel Expense Reimbursement Claim (Travel Claims") within 10 business days of travel, but, no later than 30 days of travel unless prohibited by exceptional circumstance per SAM 0220.

2. Maintain segregation of ordering and receiving duties to comply with the Purchasing and Expenditures – Self Assessment Questionnaire.

- Goods purchased were ordered and received by the same individual.

  - Response - The following Internal controls regarding ordering and receiving duties have been established:

    a) Independent secondary verification will be attained when ordering and receiving goods and/or services. All expenditures and accounts payables will be reviewed and approved by the Program Coordinator prior to being submitted for payment.

Date	Document Number		Name	Amount
01/07/15	PV920DCD00000153	Line 1	Staples Contract & Commercial	$ 17.99
02/24/15	PV920DCD00000166	All Lines	Staples Contract & Commercial	330.94

3. Maintain accurate contract logs according to SAM 0343.

- Contract log was missing a running total balance.

  - Response – The running total balance will be added to our contract logs.

Date	Document Number		Name	Amount
01/12/15	PV920DCD00000155	Line 1	Segal Advisors Inc.	$6,875.00

4. File travel expense reimbursement claims in accordance with SAM 0220.

- Documentation indicated personal travel along with state travel. There was no breakdown between personal and state time on the travel claim.

  - Response - Revised Travel Policy Internal Controls Procedure in Agency Administrative Manual will ensure that there is an itemized breakdown of all personal Travel times and reimbursements.

Date	Document Number		Name	Amount	
02/12/15	PV920DCD00000164	All Lines	Davie, Brian L	87.26	B

Nevada Public Employees
Deferred Compensation Program
Agency's Response

5. **Code expenditures to the proper general ledger accounts to comply with SAM 2800 and the Office of the State Controller Accounting Policies and Procedures.**

   A. Conference call charges were charged to GL 7294, EITS Collect Call Charges, instead of GL 7290, Phone, Fax, & Communication Line.

   B. Rental car expenses were charged to GL 6210, Motor Pool Daily Rental In-State, instead of GL 6230, Public Transportation In-State.

   - Response - This was due to a misunderstanding and staff has been instructed on the correct GL's to us in the future.

Date	Document Number		Name	Amount	
12/29/14	PV920DCD00000149	Line 1	AT&T Corp.	50.46	A
01/27/15	PV920DCD00000156	Line 1	AT&T Corp.	26.37	A
02/24/15	PV920DCD00000167	Line 1	AT&T Corp.	42.63	A
02/12/15	PV920DCD00000164	Line 3	Davie, Brian L	40.00	B

Segal Rogerscasey

Nevada Public Employees'

ANALYSIS OF INVESTMENT PERFORMANCE

Deferred Compensation Plan

August 2015

Francis Picarelli
Senior Vice President

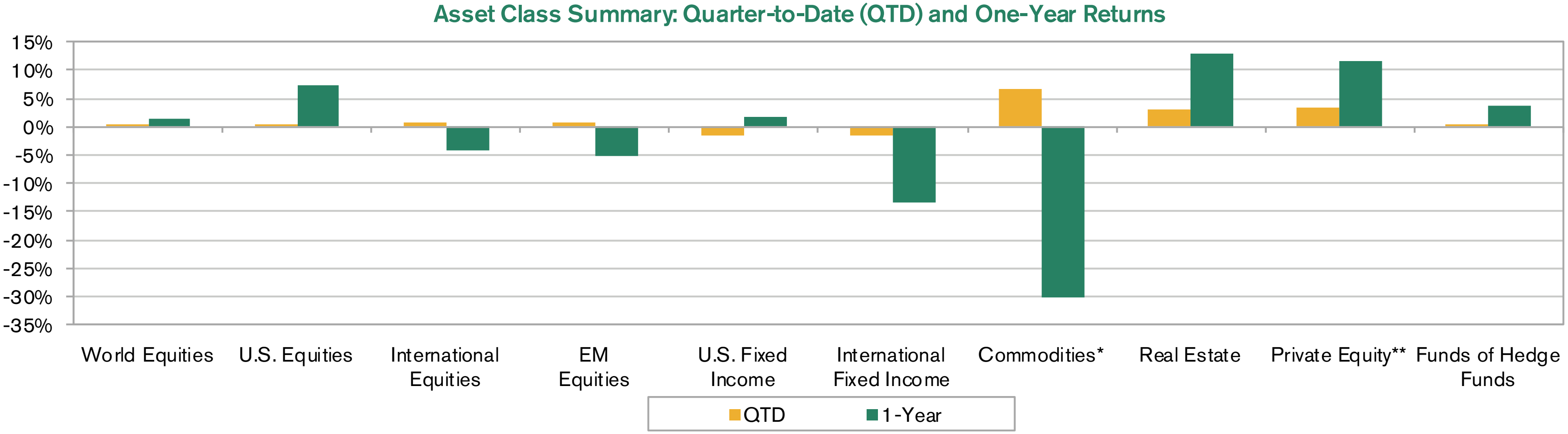
Table of Contents

ANALYSIS OF INVESTMENT PERFORMANCE

Segal Rogerscasey

Second Quarter 2015 Investment Performance: Summary by Asset Class

This section provides data on investment performance for select market indices mostly for the second quarter (Q2) 2015, as well as Segal Rogerscasey's commentary.



Asset Class	Indices	QTD	YTD	1-Year	3-Year	5-Year	10-Year
Equities	MSCI World (Net of dividends)	0.31	2.63	1.43	14.27	13.10	6.38
	Russell 3000	0.14	1.94	7.29	17.73	17.54	8.15
	MSCI EAFE (Net of dividends)	0.62	5.52	-4.22	11.97	9.54	5.12
	MSCI EM (Net of dividends)	0.69	2.95	-5.12	3.71	3.68	8.11
Fixed Income	Barclays Capital Aggregate	-1.68	-0.10	1.86	1.83	3.35	4.44
	Citigroup Non-U.S. WGBI (Unhedged)	-1.54	-5.83	-13.49	-3.88	0.33	2.63
Other	Commodity Splice*	6.70	-0.89	-30.26	-9.74	-4.12	-4.44
	NCREIF NPI	3.14	6.83	12.98	11.63	12.72	8.16
	Thomson Reuters Private Equity**	3.35	11.75	11.75	15.48	14.39	11.99
	HFRI Fund of Funds Composite	0.11	2.61	3.86	6.24	4.08	3.20

*Commodity Splice, a Segal Rogerscasey index, blends the Bloomberg Commodity Index, formerly known as the DJ UBS Commodity Index (50%) and the S&P GSCI Index (50%), rebalanced monthly.

**Performance reported as of Q4 2014 because Q1 2015 and Q2 2015 performance data is not yet available.
Sources: eVestment Alliance, Investment Metrics, Thomson One and Hedge Fund Research, Inc.

World equity markets were positive in Q2. On a global developed factor* basis, Growth, Quality and Momentum generally performed well, while Risk and Value performed poorly. International developed and emerging market equities modestly outperformed the U.S.

U.S. and international fixed income fell in Q2. Rising Treasury yields were a negative contributor to performance. The Federal Reserve (Fed) indicated that it would continue an accommodative policy.

Commodities ended Q2 in positive territory. On a sector basis, Energy and Grains had strong performance, while Livestock, Precious Metals and Industrial Metals posted negative returns.

Hedge fund of funds were slightly positive during Q2. With regard to direct hedge funds, Equity Hedge, Event-Driven and Relative Value gained while Macro declined.

*Factors are attributes that explain differences in equity performance. Stocks are sorted based on their exposure to a particular factor, with the factor return being the difference in returns between stocks with high exposure and low exposure to a particular attribute.

World Economy: Key Indicators

This section provides data on select U.S. and global economic indicators for Q2 2015 along with Segal Rogerscasey's commentary.

GDP Growth

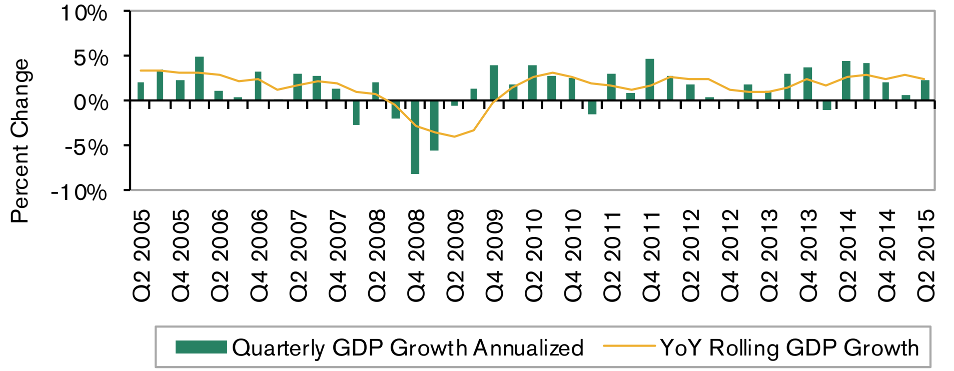
Real GDP grew at an annualized rate of 2.32 percent in Q2. The adjacent graph shows annualized GDP growth, along with the year-over-year (YoY) rolling percentage change in GDP.

Positive contributors for the quarter included personal consumption, exports, state and local government spending, and residential fixed investment.

Federal government spending, private inventory investment, and non-residential fixed investment detracted from GDP during Q2.

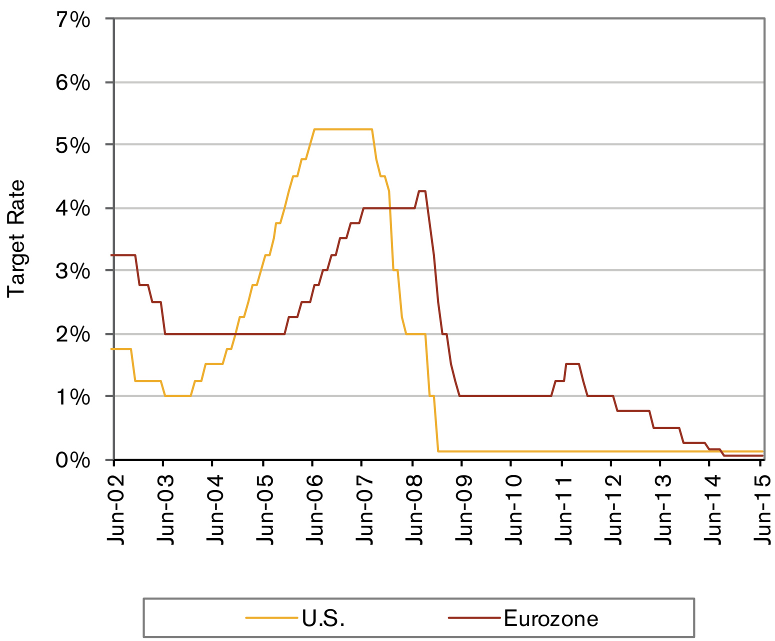
Personal and disposable income grew. The savings rate stood at 4.8 percent.

U.S. GDP Growth: Annualized Quarterly and Year-over-Year (YoY) Rolling (%)



Source: Bureau of Economic Analysis

Target Rates: U.S. and Eurozone



Sources: Segal Rogerscasey using data from the Federal Reserve Board and the European Central Bank

Monetary Policy

As its June meeting, the Federal Open Market Committee (FOMC) stated the following:

- Economic activity expanded moderately and labor market conditions continued to improve,
- Net exports and business fixed investment remained weak,
- Inflation is expected to rise toward 2 percent in the medium term,
- The Federal Funds Rate of 0.0 to 0.25 percent remains appropriate toward the Fed's objectives of maximum employment and price stability,
- The Fed will continue to reinvest principal payments from holdings of agency debt and agency mortgage-backed securities, and roll over maturing Treasury securities at auction so as to maintain an accommodative policy.
- The FOMC will keep accommodation in place as economic conditions warrant, but when it determines conditions are appropriate to remove accommodation, it will take a balanced approach.

The European Central Bank (ECB) held its target refinancing rate at 0.05 percent, its marginal lending rate at 0.30 and its deposit rate at -0.20. The ECB's quantitative easing program consists of monthly purchases of public and private sector securities in the amount of 60 billion euros, but bond purchases may accelerate if liquidity decreases.

The Bank of Japan (BoJ) maintained its quantitative and qualitative easing policy in June with the goal of increasing the monetary base by approximately 80 trillion yen on an annual basis.

World Economy: Key Indicators

This section provides data on select U.S. and global economic indicators for Q2 2015 along with Segal Rogerscasey's commentary.

Inflation

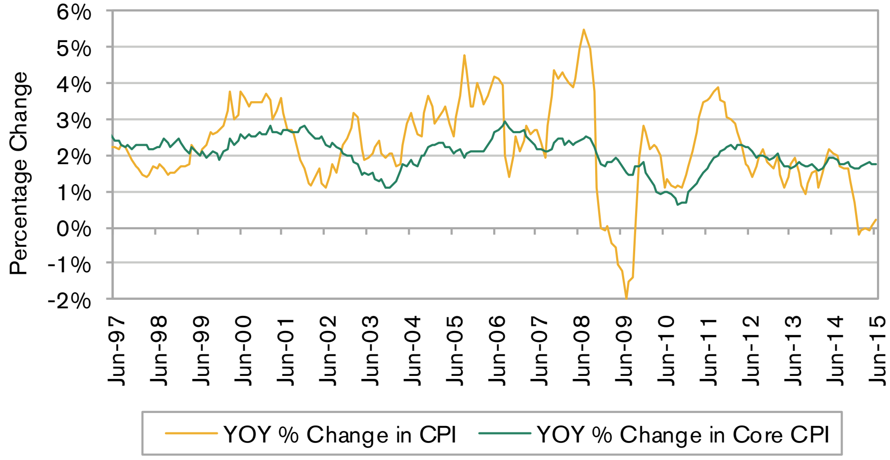
The headline seasonally adjusted Consumer Price Index (CPI)* rose 0.87 percent in Q2, and increased 0.18 percent on a YoY basis.

Seasonally adjusted Core CPI, which excludes both food and energy prices, rose 0.58 percent in Q2, bringing the YoY core CPI increase to 1.77 percent.

On an unadjusted basis for the 12 months ended June 2015, the energy component (-15.0 percent) fell the most. Commodities less food and energy commodities (-0.4 percent) was also slightly negative. Food (1.8 percent) and services less energy services (2.5 percent) were positive.

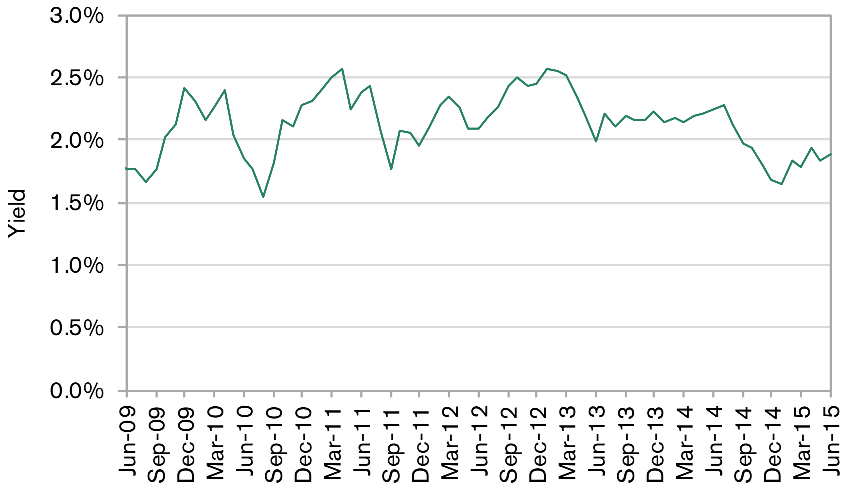
* Headline CPI is the CPI-U, the CPI for all urban consumers.

Headline CPI and Core CPI: Percentage Change YoY



Source: Bureau of Labor Statistics

10-Year Break-Even Inflation Rate



Source: Bloomberg

Break-Even Inflation

The adjacent graph shows the 10-year break-even inflation rate, which measures the difference in yield between a nominal 10-year Treasury bond and a comparable 10-year Treasury inflation-protected security bond (TIPS). The break-even inflation rate is an indicator of the market's inflation expectations over the horizon of the bond.

The 10-year break-even rate increased from 1.78 percent in Q1 to 1.89 percent in Q2. As noted on page 2 (see "Monetary Policy"), the Fed expects inflation to gradually rise to 2 percent.

World Economy: Key Indicators

This section provides data on select U.S. and global economic indicators for Q2 2015 along with Segal Rogerscasey's commentary.

Labor Market and the Unemployment Rate

Unemployment fell from 5.5 percent in Q1 to 5.3 percent in Q2. Nonfarm payroll employment increased by 223,000 jobs in June, which was in line with expectations.

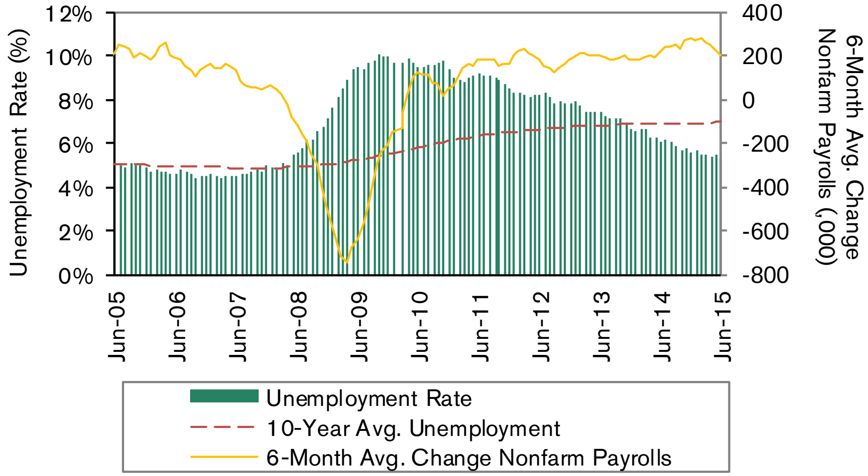
In percent of total terms, goods-producing industries contributed less jobs to payroll gains in Q2 than in Q1, while services contributed more jobs than in Q1, and private industries contributed about the same number of jobs as in Q1.

The one-month diffusion index* rose to 60.5 in June from 59.3 in March.

The labor force participation rate was 62.6 percent in June, 0.1 percent lower than it was in March.

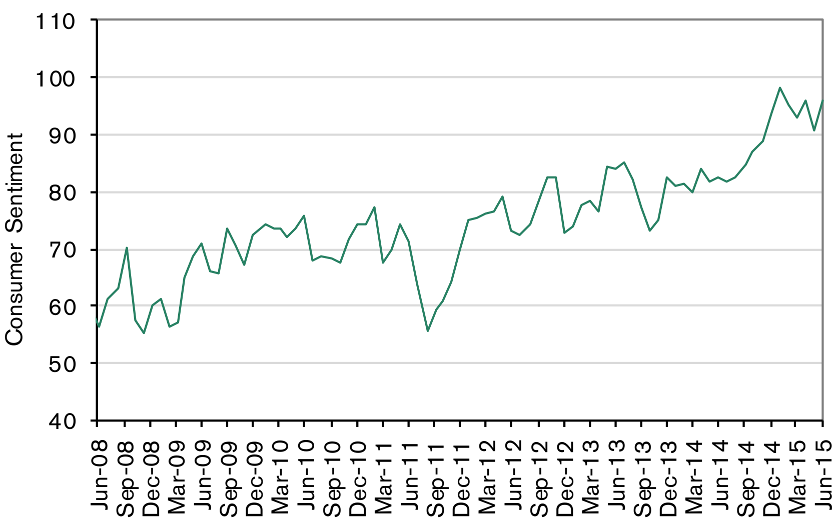
*According to the Bureau of Labor Statistics, figures represent the percent of industries with employment increasing plus one-half of the industries with unchanged employment, where 50 percent indicates an equal balance between industries with increasing and decreasing employment.

Unemployment and Nonfarm Payrolls



Source: Bureau of Labor Statistics

U.S. Consumer Sentiment



Source: Moody's Economy.com using data from the Thomson Reuters/University of Michigan Consumer Sentiment Index

Consumer Sentiment

The University of Michigan Index of U.S. Consumer Sentiment is an economic indicator that measures individuals' confidence in the stability of their incomes as well as the state of the economy. The Consumer Sentiment Index increased from 93.0 in March to 96.1 in June. Views on present conditions and expectations rebounded during Q2.

A stronger job market along with low inflation helped to boost consumer confidence. Increases in personal income, which rose more than expectations, with higher consumer outlays (the dollar value of goods purchases) also contributed to the improved sentiment.

Inflation expectations on both a one-year and five-year basis decreased from Q1.

Segal Rogerscasey

Investor Sentiment: Mutual Fund Flows

This page presents mutual fund flows across equity and fixed-income funds. Flow estimates are derived from data collected covering more than 95 percent of industry assets and are adjusted to represent industry totals.

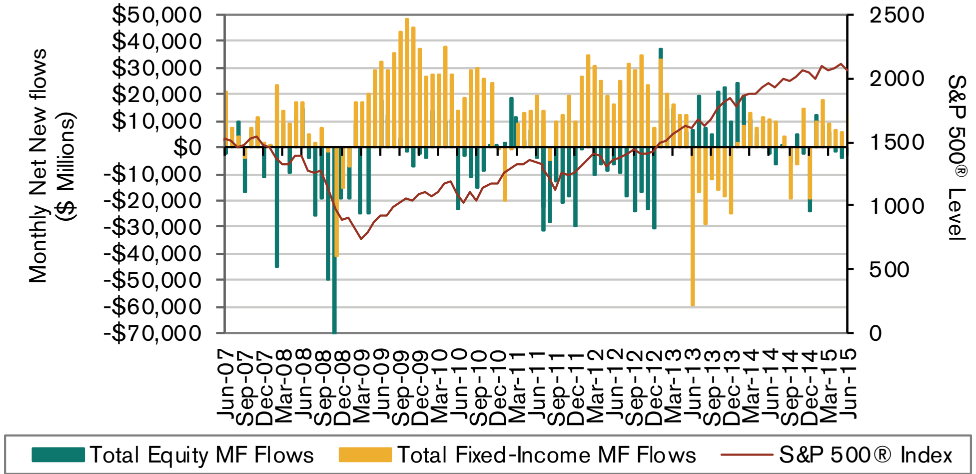
Net Mutual Fund Flows

The adjacent graph shows net flows into equity and fixed income mutual funds. In Q2, mutual funds experienced net inflows of approximately $17.7 billion, a significant slowdown from Q1, when roughly $63.1 billion was invested in such vehicles. Q2 inflows were driven by fixed income mutual funds, as equity flows turned negative.

Treasuries in the U.S. continued to generate positive results for the quarter; the Fed indicated it may raise rates gradually later this year. Overall, the Treasury yield curve widened during Q2. The 10-year Treasury note closed at 2.33 percent, 41 bps higher than Q1.

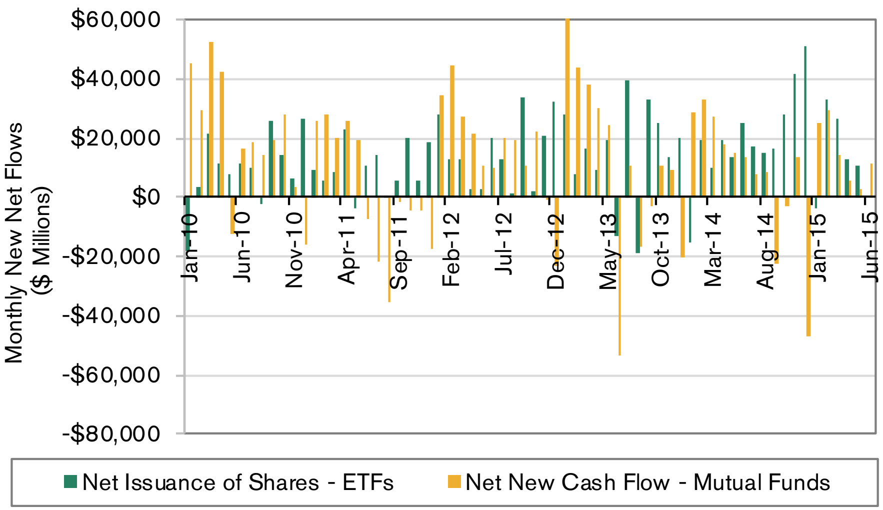
Equity mutual funds experienced around $6.5 billion in outflows during Q2, as domestic mutual fund outflows of $50.8 billion exceeded international mutual fund inflows of $44.3 billion. Hybrid mutual funds experienced inflows of $2.2 billion.

Monthly Mutual Fund Net Flows ($ Millions) Q2 2015



Source: Investment Company Institute http://www.ici.org

Mutual Fund Flows vs. ETFs ($ Millions): New Net Cash Flows



Source: Investment Company Institute http://www.ici.org

Mutual Fund Flows vs. Exchange-Traded Funds

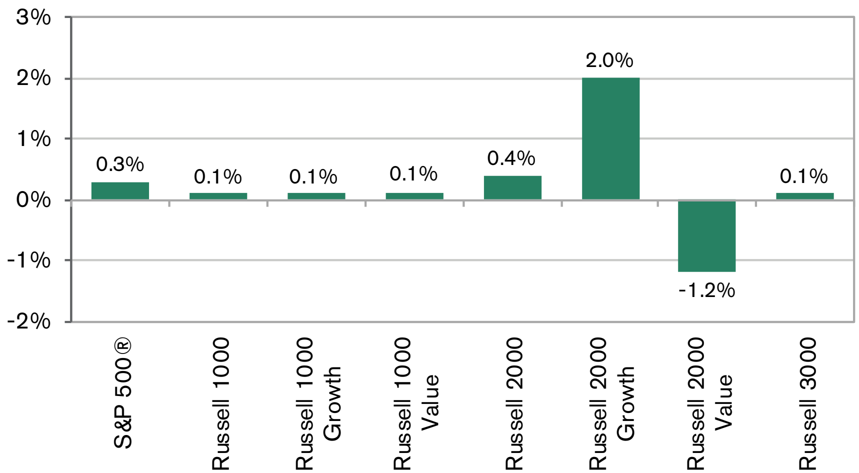
In addition to the $17.7 billion in Q2 mutual fund net inflows, ETFs also experienced net flows totaling $23.2 billion during April and May 2015 (June numbers have not yet been reported). At the end of May, ETF assets totaled about $2.1 trillion, up from around $1.8 trillion in May 2014. All types of ETFs, including domestic equity, foreign equity, taxable bonds, municipal bonds, and hybrid mutual funds experienced inflows in April and May.

Investment Performance: U.S. Equities

This section presents data and Segal Rogerscasey's commentary on U.S. equity index returns and sector performance for Q2 2015.

U.S. Equity Index Returns

The graph below illustrates Q2 2015 rates of return for selected U.S. equity indices. The table shows returns for the latest quarter, year-to-date, one-year, three-year, five-year and 10-year annualized timeframes. All data in the table are percentages.



Equity Indices	QTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500® Index	0.28	1.23	7.42	17.31	17.34	7.89
Russell 1000	0.11	1.71	7.37	17.73	17.58	8.13
Russell 1000 Growth	0.12	3.96	10.56	17.99	18.59	9.10
Russell 1000 Value	0.11	-0.61	4.13	17.34	16.50	7.05
Russell 2000	0.42	4.75	6.49	17.81	17.08	8.40
Russell 2000 Growth	1.98	8.74	12.34	20.11	19.33	9.86
Russell 2000 Value	-1.20	0.76	0.78	15.50	14.81	6.87
Russell 3000	0.14	1.94	7.29	17.73	17.54	8.15

Sources: Standard & Poor's and Russell Investments

S&P 500 Index® Sector Performance – Q2 2015

	QTD (%)	YTD (%)
Consumer Discretionary	1.9	6.8
Consumer Staples	-1.7	-0.8
Energy	-1.9	-4.7
Financials	1.7	-0.4
Healthcare	2.8	9.6
Industrials	-2.2	-3.1
Information Technology	0.2	0.8
Materials	-0.5	0.4
Telecommunications Services	1.6	3.2
Utilities	-5.8	-10.7

This table shows quarter-to-date and year-to-date price changes for each sector.
Source: Standard & Poor's

Index and Sector Performance

The S&P 500® (0.3 percent) eked out a positive return, and most major U.S. equity indexes followed suit to a greater or lesser extent. With the Global Financial Crisis becoming a more distant memory, only the 10-year index returns shown in the table above incorporate those bad times; the 3- and 5-year returns are much higher than very long term historical averages for U.S. equities.

Among large cap names, style was not a differentiating factor, as the Russell 1000 Growth and Russell 1000 Value benchmarks were only 1 basis point apart at the end of Q2. This is in contrast to small cap stocks, where the difference between the styles was 318 bps in favor of growth.

At the sector level, Q1 trends continued into Q2. Utilities (-5.8 percent) fell again on concerns about interest rate increases, and Healthcare (2.8 percent) rose as fears about the negative impact of a Republican Congress lost their urgency. Consumer Discretionary (1.9 percent) had another good quarter thanks to healthy spending due to low interest rates and the job market's continued improvement.

Investment Performance: U.S. Equities

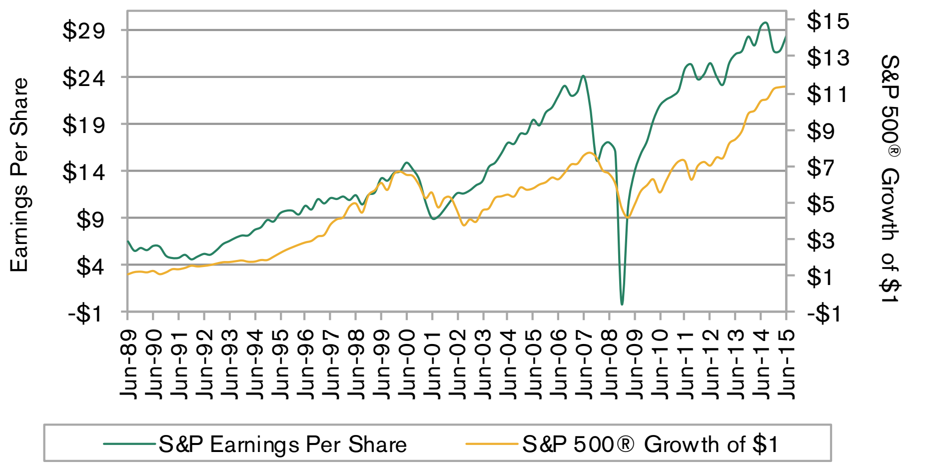
This section presents Segal Rogerscasey's commentary on U.S. equity earnings and growth- vs. value-stock performance for Q2 2015.

U.S. Equity Market Earnings and Volatility

The adjacent graph compares the earnings per share of companies in the S&P 500® Index and the growth of $1.00 since June 1989. While earnings per share growth does not align perfectly with the growth of stock prices, there does appear to be a directional linkage, which is something many investors count upon. It is interesting that earnings dipped in Q4 and Q1, but this was not reflected in stock returns.

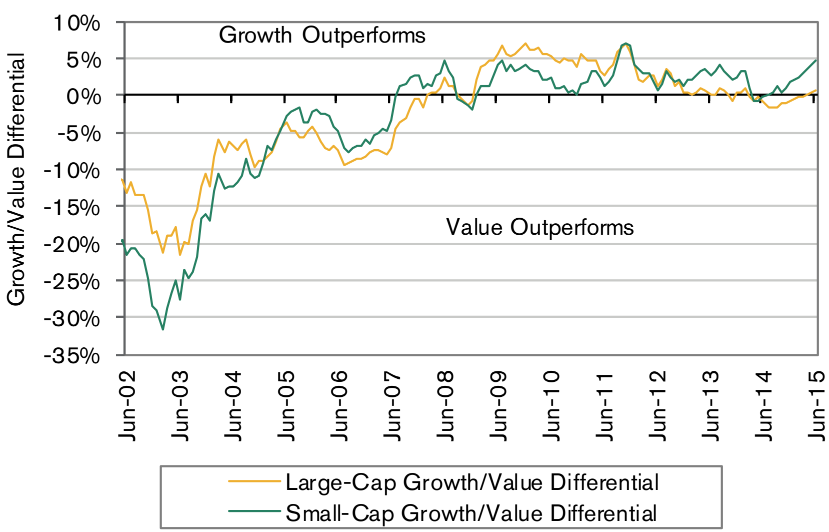
Earnings are perhaps the single most studied metric in a company's financial statements because they show a company's profitability. A company's quarterly and annual earnings are typically compared to analysts' estimates and guidance provided by the company itself. In most situations, when earnings do not meet either of those estimates, a company's stock price will tend to drop. On the other hand, when actual earnings beat estimates by a significant amount, the share price will likely surge. At the aggregate level, these swings tend to be more muted.

S&P 500® Index: Earnings Per Share and Growth of $1



Source: Standard & Poor's

Growth Stocks vs. Value Stocks (Rolling 3-Year)



Source: Russell Investments

Growth vs. Value

The adjacent graph depicts the growth versus value differential for both large- and small-cap stocks over rolling three-year intervals. The large-cap calculation uses the Russell 1000 Growth (R1000G) versus the Russell 1000 Value (R1000V) and the small-cap differential is composed of the Russell 2000 Growth (R2000G) versus the Russell 2000 Value (R2000V).

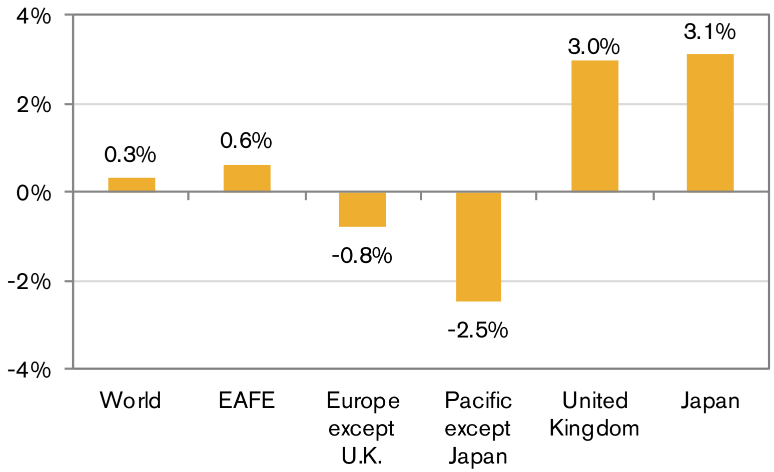
An interesting dynamic in recent years has been the fact that growth and value have largely been irrelevant in driving large cap equity returns, as the spread between the growth and value benchmarks has been quite narrow. Small caps have shown some preference for growth, particularly during the first half of 2015.

Investment Performance: Non-U.S. Equities

This section presents data and Segal Rogerscasey's commentary on international equity returns and sector performance for Q2 2015.

MSCI Non-U.S. Equity Index Returns

The graph below illustrates Q2 2015 rates of return for selected non-U.S. equity indices. The table shows returns for the latest quarter, year-to-date, one-year, three-year, five-year and 10-year annualized timeframes. All data in the table are percentages.



MSCI Indices	QTD	YTD	1 Year	3 Year	5 Year	10 Year
World	0.31	2.63	1.43	14.27	13.10	6.38
Europe, Australasia and Far East (EAFE)	0.62	5.52	-4.22	11.97	9.54	5.12
Europe except U.K.	-0.79	4.67	-7.39	14.13	9.66	5.21
Pacific except Japan	-2.48	0.58	-6.79	7.53	8.70	7.94
United Kingdom	2.99	2.00	-8.24	9.10	10.68	4.71
Japan	3.09	13.62	8.31	13.30	8.80	4.23

Source: Morgan Stanley Capital International

MSCI EAFE Sector Performance – Q2 2015

	QTD (%)	YTD (%)
Consumer Discretionary	-0.9	6.9
Consumer Staples	-0.6	3.5
Energy	1.1	-4.8
Financials	0.5	4.6
Healthcare	-2.0	6.3
Industrials	-0.6	4.8
Information Technology	-1.7	5.0
Materials	-1.8	0.6
Telecommunications Services	3.3	5.4
Utilities	-0.1	-5.2

This table shows quarter-to-date and year-to-date price changes for each sector.
Source: Morgan Stanley Capital International

Index and Sector Performance

International equity market returns were mixed in Q2, as early gains on improving economic growth were offset by fears of rising interest rates, a worsening debt crisis in Greece, and heightened concerns over slowing growth in China during the second half of the quarter. Both the EAFE and World indices were relatively neutral, returning 0.6 percent and 0.3 percent, respectively. The strongest performance came from Ireland (8.5 percent), Hong Kong (5.6 percent) and Norway (3.3 percent), but these returns were countered by weak numbers in New Zealand (-13.1 percent), Australia (-6.2 percent) and Germany (-5.6 percent). Currency remained a key topic, as the USD weakened against most developed nations' currencies, except New Zealand and Japan, resulting in higher returns for U.S.-based investors. For example, the U.K. fell -2.8 percent in local terms, but earned 3.0 percent when converted back to USD.

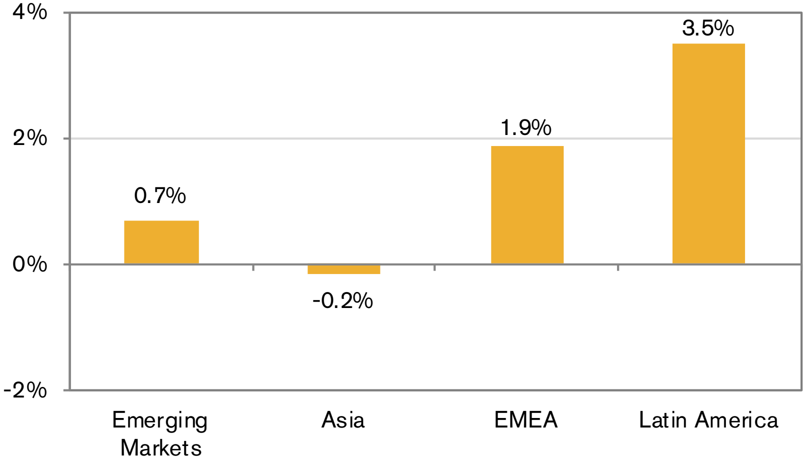
Most sectors of the MSCI EAFE fell during Q2 with the exception of Telecom (3.3 percent), Energy (1.1 percent) and Financials (0.5 percent). Telecom benefitted from increased M&A deals, which helped to fuel activity in the sector, while Energy stocks gained from higher oil prices. Healthcare (-2.0 percent) fell the most in Q2, mainly due to poor performance in the pharmaceutical industry, particularly driven by GlaxoSmithKline and AstraZeneca's double-digit negative returns. Within the Materials sector (-1.8 percent), mining companies were hurt by uncertainty surrounding the subdued growth of the Chinese economy.

Investment Performance: Emerging Market Equities

This section presents data and commentary on emerging market (EM) equity returns and sector performance for Q2 2015.

MSCI Emerging Market Equity Index Returns

The graph below illustrates Q2 2015 rates of return for selected emerging market equity indices. The table shows returns for the latest quarter, year-to-date, one-year, three-year, five-year, and 10-year annualized timeframes. All data in the table are percentages.



MSCI EM Indices	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Emerging Markets (All)	0.69	2.95	-5.12	3.71	3.68	8.11
Asia	-0.15	5.07	3.14	8.96	6.79	9.29
Europe, Middle East and Africa (EMEA)	1.88	3.87	-14.16	-1.39	1.72	4.93
Latin America	3.51	-6.38	-23.41	-8.08	-4.39	7.45

Source: Morgan Stanley Capital International

MSCI EM Sector Performance – Q2 2015

	QTD (%)	YTD (%)
Consumer Discretionary	-3.2	0.7
Consumer Staples	2.3	4.4
Energy	8.5	11.0
Financials	2.9	2.6
Healthcare	-4.0	2.4
Industrials	1.1	2.4
Information Technology	-4.0	4.2
Materials	1.3	-0.9
Telecommunications Services	0.1	1.5
Utilities	-0.3	-3.5

This table shows quarter-to-date and year-to-date price changes for each sector.
Source: Morgan Stanley Capital International

Index and Sector Performance

The MSCI Emerging Markets (EM) Index (0.7 percent) gained in Q2. Strong April performance (7.7 percent), was offset by significant declines in May (-4.0 percent) and June (-2.6 percent). Until the last week of June, Asian markets were buoyed by continued accommodative policies in China. In addition, boding poorly for Q2, was a revival of the Greek debt crisis at the end of June, roiling developed and developing markets alike.

At the total index level, currency did not have a material impact on Q2 performance, as the local and USD returns were nearly identical. That said, the euro, the Russian ruble, and the Brazilian real appreciated versus the USD. Currencies that lost ground against the USD during Q2 included the Thai baht, Turkish lira and Mexican peso.

Latin America (3.5 percent) and EMEA (1.9 percent) posted positive returns in Q2, while Asia (-0.2 percent) slightly declined. Hungary (11.0 percent) and the United Arab Emirates (10.7 percent) were the top-performing EM countries, while Indonesia (-14.1 percent) and Malaysia (-7.8 percent) fell the most. Higher commodity prices helped oil-producing countries such as Brazil (6.7 percent), Russia (7.6 percent), and the United Arab Emirates (10.7 percent).

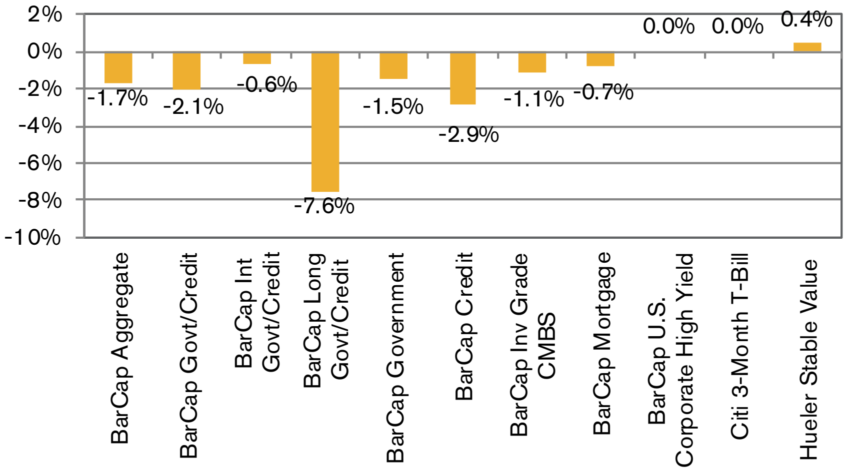
Adding to its Q1 turnaround, Energy (8.5 percent) gained again in Q2 and led all sectors on a quarterly and year-to-date basis. Energy stocks benefitted from a 25 percent rally in oil prices. Healthcare (-4.0 percent) and Information Technology (-4.0 percent) posted the weakest sector returns in Q2, but are still positive year-to-date.

Investment Performance: U.S. Fixed Income

This section presents select U.S. fixed-income index data along with commentary on option-adjusted spreads (OAS) during Q2 2015.

U.S. Fixed Income Index Returns

The graph below illustrates Q2 2015 rates of return for selected U.S. fixed-income indices. The table shows returns for the latest quarter, year-to-date, one-year, three-year, five-year and 10-year annualized timeframes. All data in the table are percentages.



Fixed-Income Indices	QTD	YTD	1 Year	3 Year	5 Year	10 Year
BarCap Aggregate	-1.68	-0.10	1.86	1.83	3.35	4.44
BarCap Govt/Credit	-2.10	-0.30	1.69	1.76	3.52	4.38
BarCap Int Govt/Credit	-0.62	0.82	1.68	1.60	2.79	4.02
BarCap Long Govt/Credit	-7.57	-4.47	1.94	2.48	6.71	6.14
BarCap Government	-1.50	0.08	2.27	0.93	2.63	3.99
BarCap Credit	-2.88	-0.78	0.93	3.03	4.93	5.12
BarCap Inv Grade CMBS	-1.11	0.72	2.00	3.45	5.83	4.87
BarCap Mortgage	-0.74	0.31	2.28	1.92	2.89	4.56
BarCap U.S. Corporate High Yield	0.00	2.53	-0.40	6.81	8.61	7.89
Citi 3-Month T-Bill	0.00	0.01	0.02	0.05	0.06	1.34
Hueler Stable Value	0.44	0.88	1.75	1.83	2.18	3.21

Sources: Barclays Capital, Citigroup and Hueler Analytics

OAS* in Bps

	03/31/15	06/30/15	Change in OAS	10-Year Average
U.S. Aggregate Index	46	51	5	71
U.S. Agency (Non-mortgage) Sector	54	54	-	42
Securitized Sectors:				
Mortgage-Backed Securities	20	26	6	54
Asset-Backed Securities	62	62	-	134
Commercial Mortgage-Backed Securities	95	101	6	231
Corporate Sectors:				
U.S. Investment Grade	129	145	16	167
Industrial	136	153	17	154
Utility	121	137	16	157
Financial Institutions	118	133	15	190
U.S. High Yield	466	476	10	561

*OAS is the yield spread of bonds versus Treasury yields taking into consideration differing bond options.
Source: Barclays Capital

Option-Adjusted Spreads

Nearly all sectors of the bond market posted negative results in Q2, which was not surprising given the widening of option-adjusted spreads and the rising yield environment. U.S. Agencies' Q2 spread was flat, but it remained the only sector to outperform its respective 10-year spread average.

Corporate spreads widened across all sectors due to heavy supply and uncertainty in Greece and China. The high yield market experienced the least amount of expansion as issuance slowed. Investment grade corporates, along with its underlying sectors, widened the most, as issuance continued to soar and uncertainty surrounding Greece persisted.

Investment Performance: U.S. Fixed Income

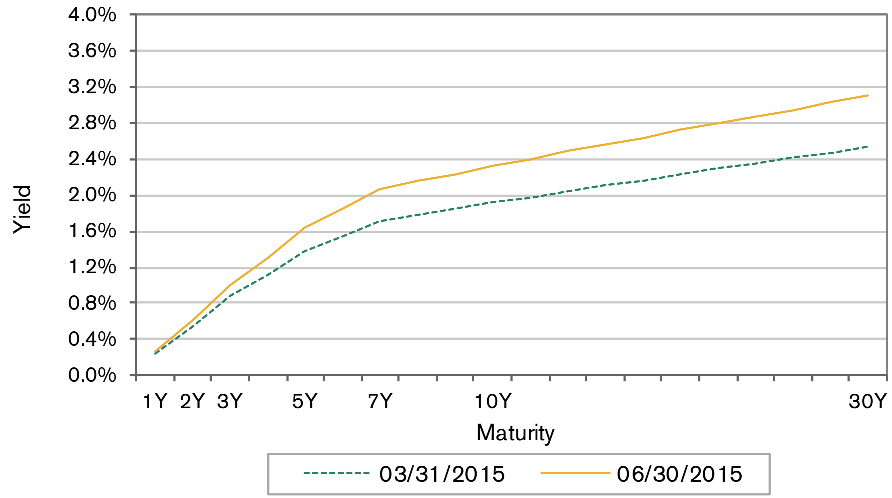
This section presents commentary on the U.S. Treasury yield curve and credit spreads during Q2 2015.

Yield Curve

The U.S. Treasury yield curve widened during Q2. The yield gap between 2-year and 10-year Treasuries increased from 1.36 percent to 1.70 percent. Yields rose across the curve in response to moderate economic growth, higher and more stable oil prices, and subsiding European deflationary concerns.

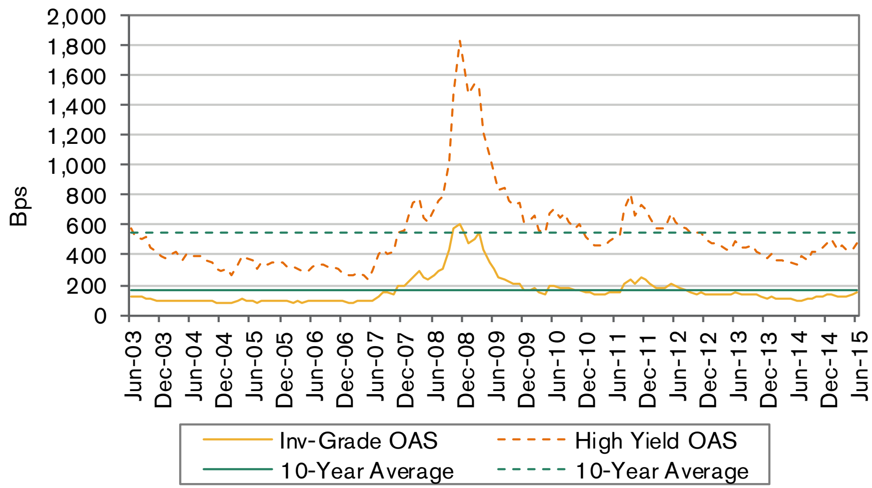
The 10-year U.S. Treasury yield ended Q2 at 2.33 percent, 41 bps above Q1.

U.S. Treasury Yield Curve



Source: Bloomberg

Barclays Capital Corporate Bond Spreads



Source: Barclays Capital

Credit Spreads

Investment grade corporate spreads widened by 16 bps during Q2 2015 and ended the quarter with an option-adjusted spread of 145 bps over Treasuries, as shown in the adjacent graph. From a historical perspective, spreads are 24 bps below the 10-year average of 169 bps.

High yield bond spreads widened by 10 basis points, ending Q2 with a OAS of 4.76 percent at the end of June, which is 73 bps below the 10-year average of 549 bps.

Investment Performance: Non-U.S. Fixed Income

This page focuses on international fixed-income asset class data and information on EM debt (EMD) for Q2 2015.

International Fixed Income

In Q2, global sovereign bonds, as measured by the Citigroup World Government Bond Index (WGBI), fell 2.7 percent in local currency terms, and also trailed 1.6 percent in unhedged terms. The BarCap Global Aggregate Index, which includes spread sectors, lost 1.2 percent, lagging the sovereign-only Citigroup WGBI Index by roughly 40 bps on an unhedged basis. Non-U.S. government bonds, as measured by the Citigroup Non-U.S. WGBI, underperformed U.S. government bonds by roughly 160 bps in local currency terms, but led by 10 bps in unhedged currency terms.

On an unhedged basis, nearly all WGBI components finished Q2 in the red. The exceptions were Canada with flat results and the U.K. at 2.0 percent.

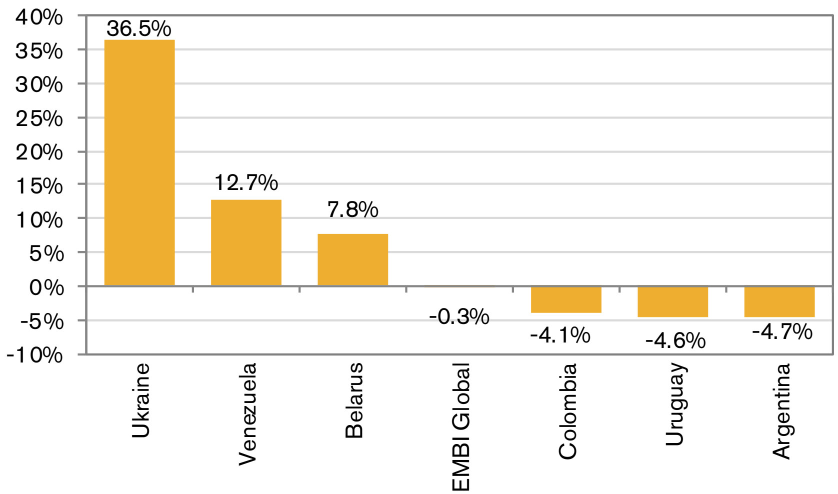
There were several notable underperformers in Q2. Italy (-2.7 percent), Spain (-2.5 percent), and Belgium (-2.5 percent) declined the most on an unhedged basis. Much of the negative results can be attributed to the distress in Greece.

Citigroup WGBI: Returns of Major Constituents (%)

Country	Local Currency Return (Qtr)	Currency Effect	Unhedged Total Return (Qtr)
United States	-1.6	0.0	-1.6
Canada	-1.4	1.4	0.0
Australia	-2.8	0.6	-2.2
Japan	-0.3	-2.0	-2.3
Austria	-5.1	3.5	-1.6
Belgium	-6.0	3.5	-2.5
France	-5.1	3.5	-1.6
Germany	-4.4	3.5	-0.9
Italy	-6.2	3.5	-2.7
Netherlands	-4.8	3.5	-1.3
Spain	-6.0	3.5	-2.5
United Kingdom	-3.9	5.9	2.0
Non-U.S. Govt. Bond	-3.2	1.7	-1.5
World Govt. Bond	-2.7	1.1	-1.6

Sources: Citigroup and Barclays Capital

JPMorgan EMBI Global Index Best and Worst-Performing Markets



Source: JPMorgan

Emerging Market Debt

The JPMorgan Emerging Market Bond Index (-0.3 percent) fell in Q2. Despite the poor overall result, performance by asset class varied as developed market interest rates rose and EM spreads tightened. The three best- and worst-performing markets of the index are noted in the adjacent graph.

The corporate JPMorgan CEMBI Broad Diversified Index gained 1.3 percent. Ukraine (31.9 percent) was the most notable outperformer despite continued tensions with Russia. Nearly all countries within the index posted positive results, excluding the Czech Republic (-3.9 percent) and Morocco (-3.4 percent), which reported modest detractions.

The local JPMorgan GBI-EM Global Diversified Index (-0.3 percent) declined in USD unhedged terms. The currency effect was the primary reason for the drawdown, as the index gained 0.2 percent in local terms. From a regional perspective, Asia was the primary source of negative results, as Indonesia (-5.2 percent) suffered from inflationary risks and a depreciating currency.

Investment Performance: Commodities and Currencies

This section presents performance information about commodities and major world currencies as of Q2 2015.

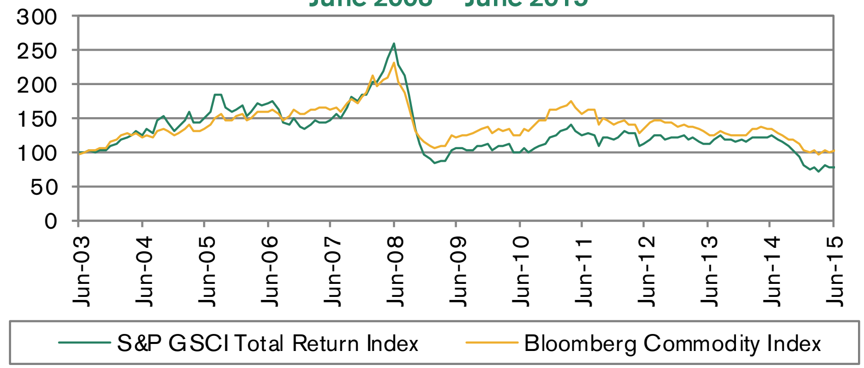
Commodities

After a weak Q1, commodities, as represented by the Bloomberg Commodity Index (BCI) and the S&P GSCI, rallied in Q2, gaining 4.7 percent and 8.7 percent, respectively. Most commodities are priced in USD, so the overall asset class benefitted from a weaker USD, as its recent strength had dampened international demand.

Sectors posted mixed results. Agriculture and Energy generated positive returns, while Industrial Metals, Precious Metals and Livestock declined. The most significant driver of positive performance during Q2 was Energy, which returned 10.9 percent in the BCI and 13.0 percent in the S&P GSCI. In particular, oil prices, which reached six-year lows in Q1, gained almost 25 percent in Q2 due to expectations of slowing supply and higher demand. Given the Energy's heavy weighting in the S&P GSCI, this served as a large contributor to that index's outperformance relative to the BCI. Cocoa was also a big winner during Q2. The commodity rose more than 20 percent, as Ghana, the second largest cocoa grower, surprised the market with a 30 percent shortfall in this year's crop.

Regarding detractors, Industrial Metals was the biggest laggard in both indices, falling 5.3 percent in the BCI and 5.5 percent in the S&P GSCI. Copper suffered during Q2, dropping 4.5 percent, as demand in China continued to decrease.

Monthly Commodity Returns, Growth of $100: June 2003 – June 2015



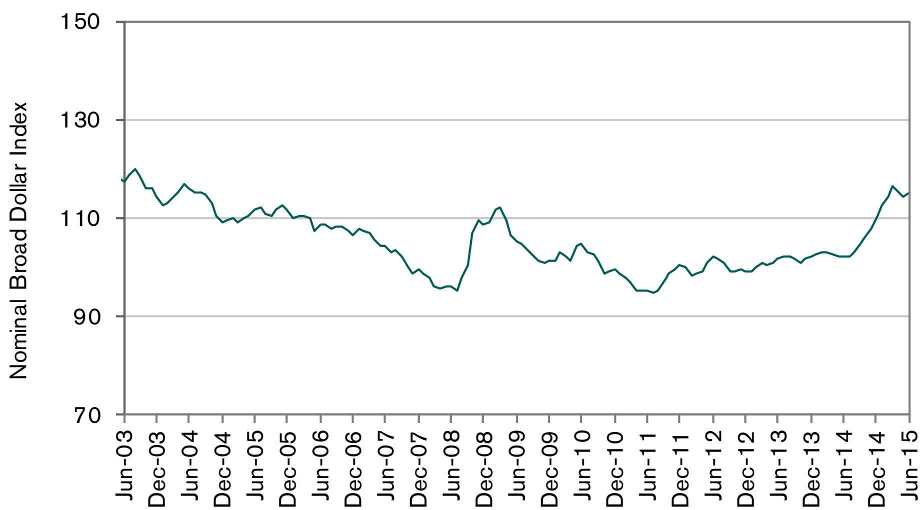
The graph above shows the major commodity indices, the S&P GSCI* Index and Bloomberg Commodity Index**

* The S&P GSCI Index is calculated primarily on a world production-weighted basis and is composed of the principal physical commodities that are the subject of active, liquid futures markets.

** The Bloomberg Commodity Index is composed of futures contracts on physical commodities, with weighting restrictions on individual commodities and commodity groups to promote diversification.

Source: Investment Metrics

Nominal Broad Dollar Index: USD vs. Basket of Major Trading Partners



Sources: Federal Reserve and Bloomberg

Currencies

The adjacent graph shows the U.S. dollar (USD) against a basket of 16 major market currencies, including those listed in the table below: the Canadian dollar (CAD), the euro (EUR), the Japanese yen (JPY), the Swiss franc (CHF), and the British pound-sterling (GBP).

In Q2, the U.S. nominal broad dollar weakened by 0.98 percent. Despite the drop, the USD will continue to benefit from higher relative economic growth and potential for rising interest rates.

USD Major Trading Partners	Pairs	Q2 Level	YTD	5-Year Average
Canada	USD/CAD	1.2494	7.51%	1.0536
Eurozone	USD/EUR	0.8979	8.63%	0.7660
Japan	USD/JPY	122.5000	2.27%	93.2237
Switzerland	USD/CHF	0.9355	-5.91%	0.9254
U.K.	USD/GBP	0.6367	-0.81%	0.6287

Investment Performance: Hedge Funds

This section provides an overview of hedge fund results along with an analysis of strategy performance during Q2 2015.

Hedge Fund Overview

The Hedge Fund Research, Inc. (HFRI) Fund Weighted Composite Index gained 0.3 percent in Q2. Hedge funds broadly produced gains in April and May, but losses in June detracted from performance. Four of the five major hedge fund strategies posted positive returns in Q2. The strongest performer was Emerging Markets (3.7 percent), followed by Equity Hedge (2.0 percent), Event Driven (0.8 percent) and Relative Value (0.7 percent). Meanwhile, Global Macro (-3.5 percent) was the worst performing major hedge fund strategy.

Longer-term results were also positive. Hedge funds recorded a gain of 6.4 percent over the three-year period ending June 30, 2015, as measured by the HFRI Fund Weighted Composite Index.

Hedge funds of funds were mostly flat in Q2, as represented by the HFRI Fund of Funds (FOF) Composite Index's 0.1 percent return. The HFRI FOF: Conservative Index (0.2 percent) posted a slight gain and the HFRI FOF: Diversified Index (-0.2 percent) fell.

Hedge Fund Industry Performance

* Distressed funds focus on companies that are close to or in bankruptcy.
**Relative-value funds focus on arbitrage opportunities between equity and fixed income securities.
Source: Hedge Fund Research, Inc.

HFRI Index Returns – Q2 2015 (%)

	Apr	May	June	QTD	YTD
Fund of Funds Composite	0.3	1.0	-1.2	0.1	2.6
FOF: Conservative	0.2	0.7	-0.7	0.2	2.1
FOF: Diversified	0.0	0.9	-1.1	-0.2	2.4
Fund Weighted Composite	0.9	0.6	-1.2	0.3	2.5
Equity Hedge (Total)	1.8	1.0	-0.7	2.0	4.1
Equity Market Neutral	0.1	0.5	0.2	0.8	2.4
Short Bias	-0.3	-0.8	0.3	-0.8	-2.9
Event-Driven (Total)	1.3	0.7	-1.2	0.8	2.6
Distressed/Restructuring	0.9	0.3	-1.4	-0.2	0.6
Merger Arbitrage	0.6	1.0	-0.6	0.9	3.1
Relative Value (Total)	1.1	0.4	-0.7	0.7	2.6
FI-Convertible Arbitrage	1.4	0.8	-0.8	1.3	3.4
Global Macro (Total)	-1.2	0.0	-2.3	-3.5	-0.3
Emerging Markets (Total)	5.5	0.1	-1.8	3.7	4.7

Source: Hedge Fund Research, Inc.

Strategy Analysis

The HFRI Emerging Markets Index (3.7 percent) gained in Q2. Strong performance in April offset mostly flat performance in May and losses during June. China managers led gains followed by Asia ex-Japan, Russia, MENA, Global and Latin American managers. Meanwhile, India managers detracted from returns.

The HFRI Equity Hedge Index (2.0 percent) was positive in Q2, as gains in April and May offset losses during June. Technology/Healthcare managers posted the strongest returns of the group, followed by Fundamental Growth, Fundamental Value, Energy/Basic Materials, Multi-Strategy, Market Neutral and Quantitative Directional managers. Meanwhile, Short-Biased managers (-0.8 percent) detracted from the return.

The HFRI Event-Driven Index (0.8 percent) gained in Q2. Activist managers contributed the most to performance, followed by Special Situations, Credit Arbitrage, and Merger Arbitrage managers. Meanwhile, Multi-Strategy and Distressed/Restructuring managers weakened Q2 performance.

The HFRI Relative Value Index (0.7 percent) posted a positive return in Q2. Volatility managers were the strongest performers, followed by Fixed-Income Asset Backed, Fixed Income Convertible Arbitrage, Fixed-Income Sovereign, Fixed Income Multi-Strategy, and Fixed-Income Corporate managers. Meanwhile, Yield Alternatives managers detracted from Q2 gains.

The HFRI Global Macro Index (-3.5 percent) fell in Q2 and was the only major hedge fund strategy to post a loss. Discretionary Thematic was the only underlying strategy that reported positive Q2 results. Meanwhile, Systematic Diversified managers detracted the most from performance, followed by Active Trading, Multi-Strategy, Currency, and Commodity strategies.

Investment Performance: Private Equity

This section provides data on private equity industry performance, fundraising, buyout funds, initial public offering (IPO) activity and venture capital. The information in this section reflects the most recent private equity data available.

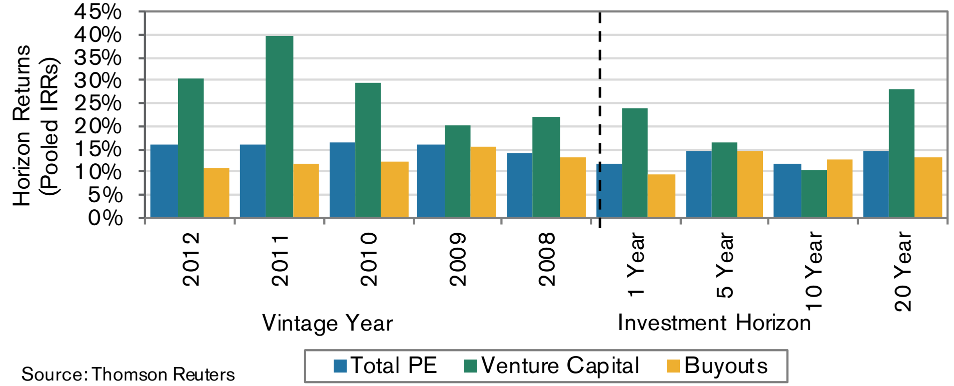
Private Equity Industry Performance

The adjacent graph shows private equity fund performance for Q4 2014, calculated as pooled internal rates of return (IRRs) of funds reporting to Thomson One. Performance for 2008 through 2012 vintage-year* funds, as well as one-, five-, 10- and 20-year returns is calculated for funds in the following categories: all private equity, venture capital and buyouts.

Private equity funds for all regions returned approximately 3.4 percent in Q4 2014 and 11.8 percent over the one-year period. This includes performance across all private equity strategies. Over a 20-year period, all private equity, venture capital and buyout funds generated double-digit returns of 14.6 percent, 28.0 percent and 13.2 percent, respectively.

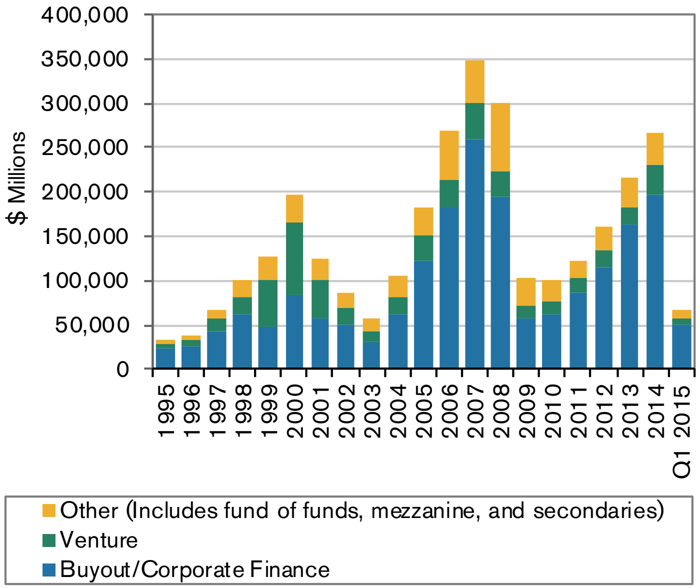
*"Vintage year" refers to the first year capital was committed in a particular fund. Vintage-year performance is calculated as the median percentile returns of all funds reporting as pooled IRRs.

Private Equity Performance by Vintage Year and Investment Horizon: All Regions



Source: Thomson Reuters

Private Equity Commitments: United States



Source: *The Private Equity Analyst*

Private Equity Overview

According to *Private Equity Analyst*, private equity funds raised $66.1 billion in Q1 2015, the strongest first quarter result since Q1 2008. The potent exit environment over the past several years, especially in 2014, supplied institutional investors with capital to reinvest in new funds. Additionally, copious cheap debt and a fairly stable U.S. economy led to increased buyout activity, although there are pricing concerns and some limits on leveraged lending.

Corporate finance funds, particularly industry-focused and energy-related vehicles, along with secondary funds, saw the greatest gains over Q1 2014. Energy-related funds raised approximately $20.1 billion, which is triple the capital those funds garnered one year prior. Secondaries, which had a record year in 2014 in terms of deal volume, raised $4.2 billion in Q1, more than double the funding of Q1 2014. Venture capital, mezzanine and fund of funds raised less capital than they did one year ago.

After a record-high year for exits in 2014, Q1 2015 experienced the slowest exit activity in two years. Seventeen venture-backed IPOs raised $1.4 billion, which was 54 percent less in number of offerings and 58 percent less in dollars versus Q1 2014. Although Q1 results were weak, activity is expected to increase throughout 2015, as 54 venture-backed companies have filed publicly for IPOs with the SEC, and more registrations have likely been filed confidentially under the JOBS Act*. Venture-backed M&A activity decelerated to its lowest levels since Q1 2013 with 86 deals, 16 of which are disclosed and total $2.1 billion. Buyout exit activity also slowed from Q4 and one year ago, but disclosed deal volume remained strong at $33.3 billion versus $35.2 billion in Q4, which was one of the best quarterly exit deal volume totals of the decade.

Venture capital deal activity reached $13.4 billion, which was less than Q4 by 10 percent, but was the highest Q1 total since 2000 and 26 percent greater than the amount invested in Q1 2014. Buyout deals totaled $34.9 billion, an increase of approximately 13 percent over Q1 2014.

*The JOBS Act was signed into U.S. law in 2012 to encourage small business/startup growth by easing regulatory requirements on emerging growth companies and allowing crowdfunding, with limitations, from private individuals. Under the JOBS Act, if an emerging growth company decides to go public, it submits an initial, confidential registration to the SEC for feedback before its privately held information becomes public.

Investment Performance: Real Estate

This page presents data and Segal Rogerscasey's commentary on private and public real estate. The information below reflects the most recent data available.

Private Real Estate

The National Council of Real Estate Investment Fiduciaries (NCREIF) Property Index (NPI), which tracks private real estate in the U.S., gained 3.1 percent during Q2. The total return is composed of 1.3 percent income and 1.9 percent property-level appreciation. Over the trailing one-year period, the Index gained 13.0 percent, composed of 7.5 percent property-level appreciation and 5.2 percent income.

In the regions of the U.S., the West performed the best during Q2 and over the last 12 months, as shown in the adjacent table.

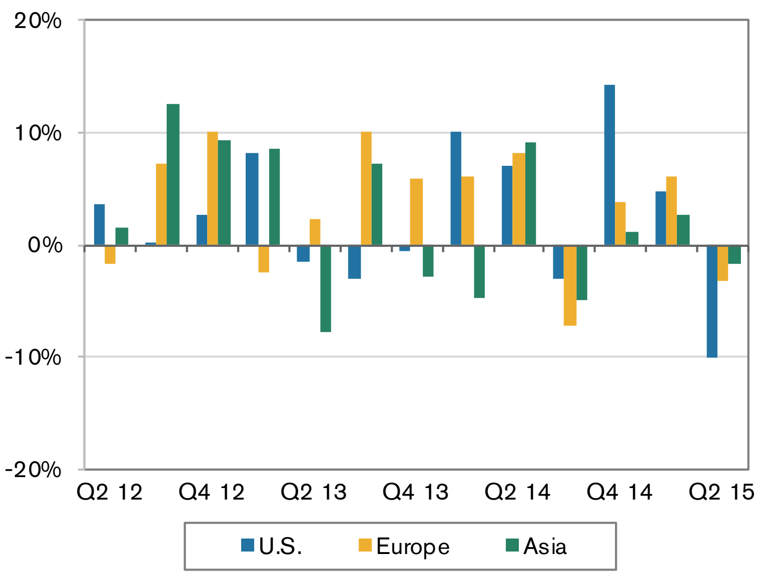
Property valuations continue to strengthen due to solid operating fundamentals and demand from investors for high-quality assets. The increase in interest rates during Q2 did not reduce investor demand and private core real estate values remain, on average, 15 percent above the peak levels reached in 2007. Supply is building in markets with strong tenant demand and rent growth albeit more slowly than previous cycles with the exception of the apartment sector where construction starts have risen to historical norms. There is also increasing supply in the office and industrial sectors, but most consists of build-to-suit/pre-leased buildings.

National Property Index Sector and Region Performance

	Ending Weight (%)	Returns as of Q2 2015 QTD (%)	Returns as of Q2 2015 1 Year (%)
NCREIF NPI Total Return	100.0	3.1	13.0
Sector			
Apartment	24.1	3.0	11.6
Hotel	1.3	3.5	14.0
Industrial	13.2	3.8	14.8
Office	38.1	3.1	12.9
Retail	23.3	3.0	13.6
NCREIF Region			
East	34.2	2.9	11.0
Midwest	9.4	3.0	12.5
South	20.4	3.1	13.9
West	36.0	3.4	14.5

Source: National Council of Real Estate Investment Fiduciaries

Regional Real Estate Securities Performance



Source: National Association of Real Estate Investment Trusts

Public Real Estate

The FTSE EPRA/NAREIT Global Developed Real Estate Index total market capitalization declined to $1.2 trillion in Q2, broken down as follows: North America $683 billion, Europe $209 billion, and Asia $351 billion. Despite strong property valuations and transaction activity in the U.S., rising interest rates led to a 6.7 percent loss on a global basis in Q2. Asia (-1.8 percent) lost less than Europe (-3.3 percent) and the U.S. (-10.0 percent) as measured by the FTSE EPRA/NAREIT indices.

Sector performance in the U.S. was negative across the board: Specialty Office (-0.5 percent), Manufactured Home Communities (-4.7 percent), Self Storage (-5.0 percent), Apartments (-6.1 percent), and Lodging (-6.2 percent) fell substantially, but outperformed the broader index, while Healthcare (-14.3 percent), Primary CBD Office (-13.1 percent), Shopping Centers (-12.6 percent), Net Lease (-12.5 percent), Industrial (-12.4 percent) and Student Apartments (-11.8 percent) declined more sharply than the index.

Property stocks in Europe were negatively affected by concern over Greece and higher bond yields. The U.K. (3.9 percent), Greece (0.5 percent) and Spain (-1.0 percent) outperformed Europe (-3.3 percent), while Finland (-14.9 percent), Sweden (-9.9 percent), France (-9.5 percent), Germany (-8.2 percent) and Ireland (-7.0 percent) fell more than the region as a whole. Asia fell, primarily due to lower economic and earnings growth expectations in Japan. Hong Kong (4.0 percent) gained while New Zealand (-7.7 percent), Japan (-5.1 percent) and Singapore (-2.0 percent) declined.

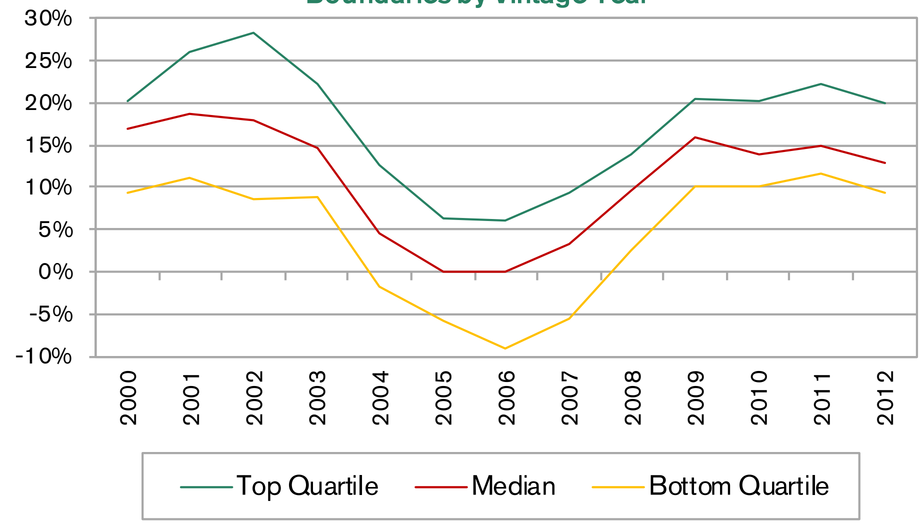
Investment Performance: Real Estate

This page presents data and Segal Rogerscasey's commentary on value-added and opportunistic real estate. The information in this section reflects the most recent data available.

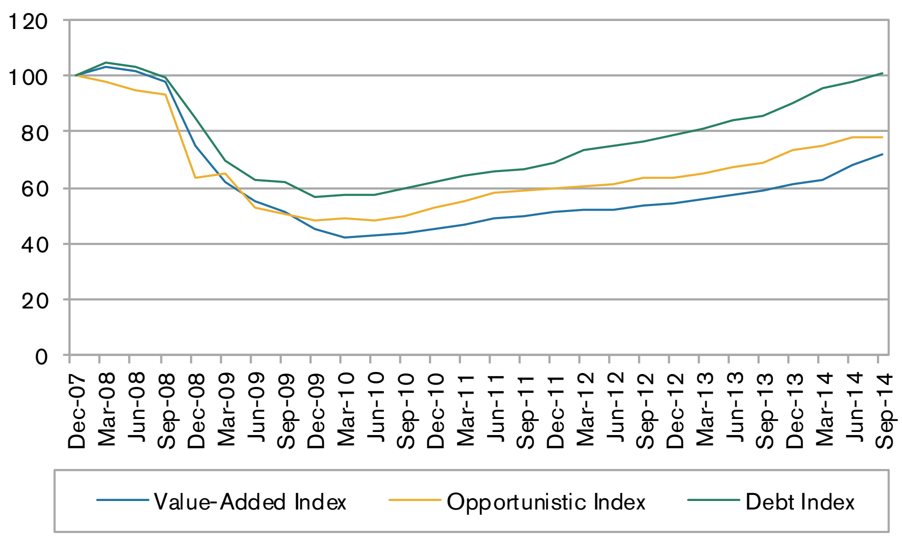
Value-Added and Opportunistic Real Estate

Value-added and opportunistic private real estate strategies have attracted investor interest over the last few years due, in part, to the economic recovery, the strong overall performance of these strategies, and high core real estate valuations. According to Preqin, during Q2, 23 value-added and 7 opportunistic funds closed raising $9.6 billion and $7.2 billion, respectively, while 6 debt funds closed raising $6.0 billion. As shown in the graph below at left, the returns earned by investors in their closed-end, private, value-added, opportunistic, and real estate debt portfolios have steadily recovered from the lows set in late 2009 and early 2010; however, real estate debt funds have outperformed. Furthermore, as illustrated in the graph below at right, closed-end private real estate dry powder has risen with increased investor interest in these strategies. Lastly, as shown in the graph at right, closed-end private real estate funds of vintage years 2005 (0.1 percent) and 2006 (0.0 percent) have the lowest median net IRRs in recent history, while the last two years for which data is available show continued improvement with the median net IRRs of 2011 and 2012 funds rising to 15.0 percent and 12.8 percent, respectively.

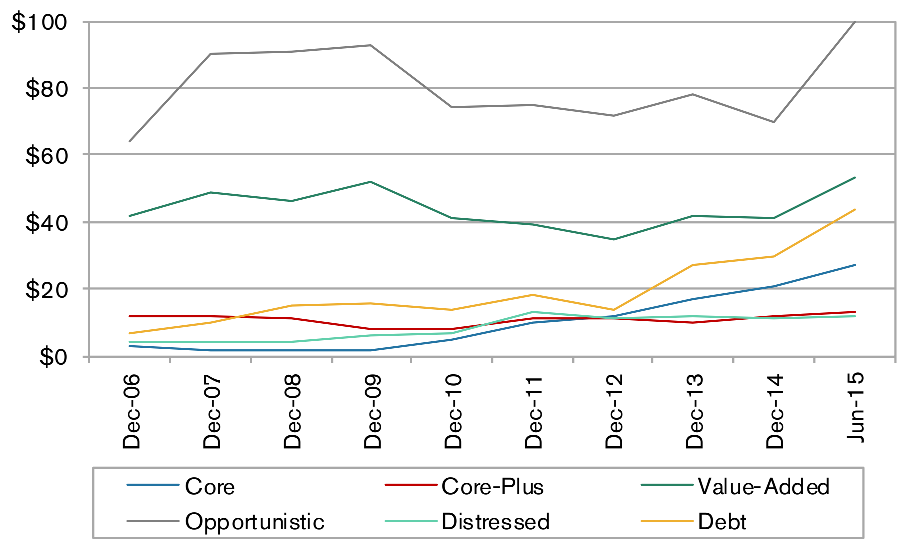
Closed-End Private Real Estate Funds Median Net IRRs and Quartile Boundaries by Vintage Year



Closed-End Private Real Estate Index Performance



Closed-End Private Real Estate Dry Powder ($ billion) by Strategy



Source (this page): Preqin Real Estate Online

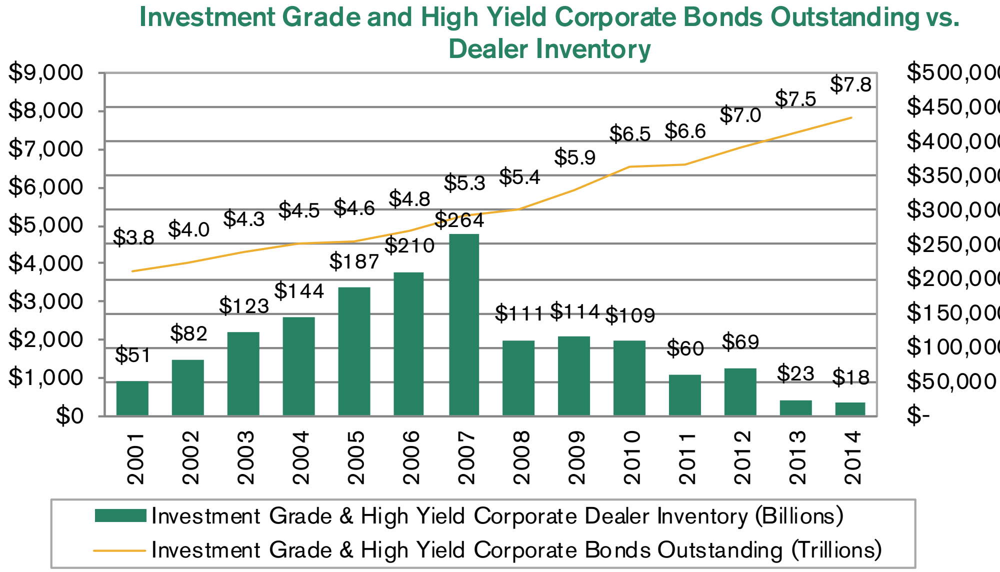
Noteworthy Developments

Segal Rogerscasey finds the developments discussed in this section to be noteworthy for investors.

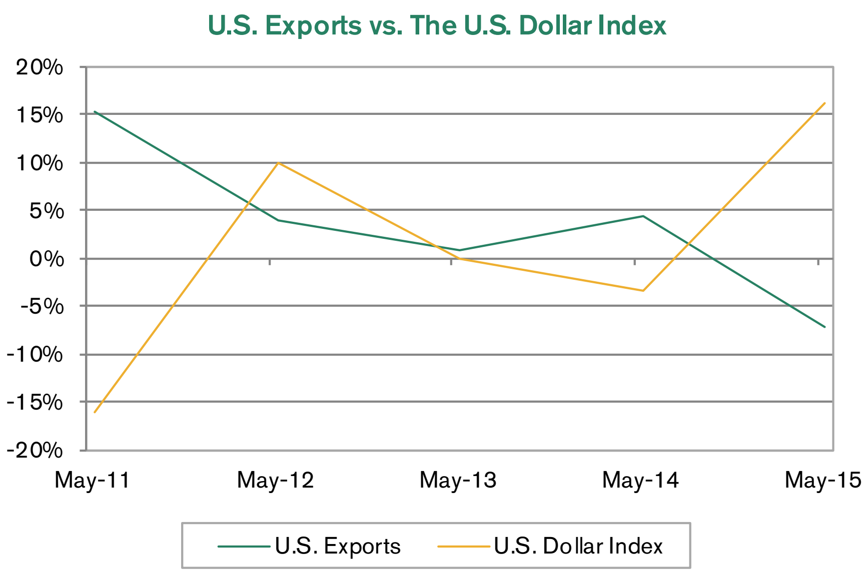
A Liquidity Challenged Bond Market

The adjacent graph highlights the declining role of traditional broker-dealers in fixed income markets, which is widely believed to have a negative impact on liquidity and volatility.

While there is evidence of higher bid/ask spreads and increased price sensitivity to asset flows from mutual funds and ETFs, there are a number of other considerations worth noting. For example, demand has been exceptionally strong, with new issuance often significantly oversubscribed; long term-oriented and patient institutional investors, both in the U.S. and abroad, have also increasingly stepped in as opportunistic buyers; and institutions continue to build out and improve electronic trading platforms and other related activities. Finally, while probably far from perfect, it is important to remember that one of the primary objectives of financial reform was to remove systemic risks in the banking system in an effort to avert or mitigate the next financial crisis.



Sources: FINRA, SIFMA, Federal Reserve



Sources: Bloomberg and The U.S. Census Bureau

The Strong U.S. Dollar's Effect on Exports and The Economy

The adjacent graph compares the USD to exports. As a result of a strong USD's effect on exports, foreign companies and consumers of U.S. goods and services could experience higher prices, which might create a headwind for GDP growth and the earnings of U.S. companies selling abroad. In addition, U.S. companies with large foreign operations could see a decline in earnings when converted back to USD. However, a stronger USD would also lower the price of imports, including commodities such as oil prices, which benefits U.S. consumers. It is uncertain whether this would spur them to import more or simply benefit from an increase in disposable income. In the case of both exports and imports, the potential impact could be a modest headwind to U.S. GDP growth and inflation, both of which could impact the timing and magnitude of any Fed interest rate increases. In May, the trade deficit increased by 2.9 percent to $41.9 billion as imports declined by 0.8 percent and exports fell by 0.8 percent. Ultimately, the impact of a stronger USD creates some uncertainty and is difficult to forecast given all the moving pieces of the global economy.

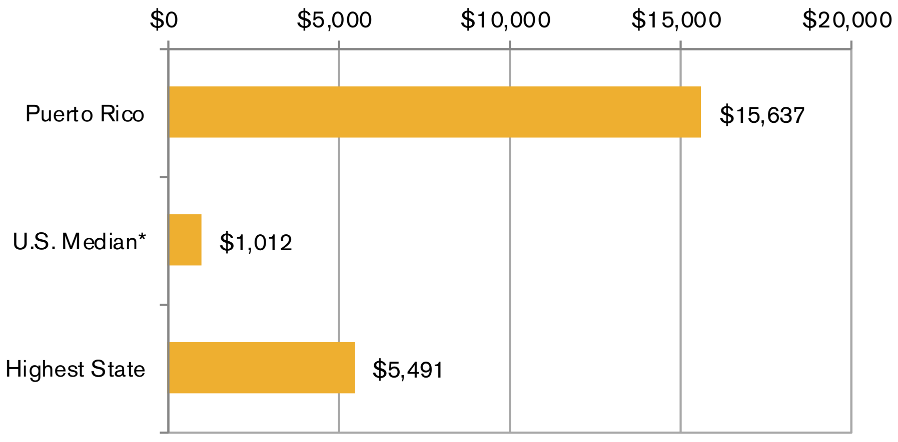
Noteworthy Developments

Segal Rogerscasey finds the developments discussed in this section to be noteworthy for investors.

Puerto Rico's Debt Crisis

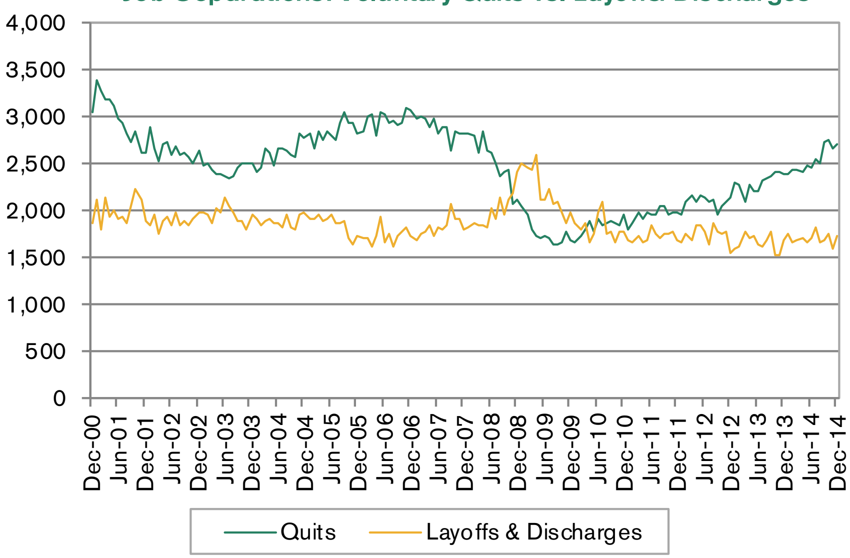
A combination of factors from U.S. tax law to economic misfortune and mismanagement has turned the Puerto Rican debt burden into a crisis of Greek-like proportions. The island's own governor, Alejandro García Padilla, announced in June that Puerto Rico's debts are "not payable." The outstanding debt at $72 billion is more than any state's except for California and New York, but the territory of Puerto Rico has the population of San Diego county and shrinking. Puerto Rico's debt per capita is about 15 times the U.S. median, and three times as much as Connecticut, the state with the highest debt per capita. With no provision for bankruptcy process and no ability to print money, options are few and solutions are likely to result in years of court battles.

Debt Per Capita



* U.S. median does not include Puerto Rico
Source: Moody's Investors Service

Job Separations: Voluntary Quits vs. Layoffs/Discharges



Source: Bureau of Labor Statistics

Another Way to Measure Labor Market Improvement

According to the Job Openings and Labor Turnover Survey conducted by the Bureau of Labor Statistics, total job separations, which comprise quits and layoffs and discharges, grew 7.2 percent during 2014, but voluntary quits contributed significantly more to that increase (10.4 percent vs. 2.7 percent). As shown in the adjacent graph, layoffs and discharges outnumbered voluntary quits during the financial crisis and shortly thereafter, but the gap between voluntary quits and involuntary separations has widened over the past several years, especially from 2012 onward, when involuntary job departures stabilized while voluntary separations climbed.

An increase in voluntary quits is a good indicator of labor market improvement because it suggests that workers feel comfortable enough in future prospects to leave their current positions. Decreased layoffs and discharges are indicative of employer confidence, but they are also a result of an increased number of quits. The expanding spread between the two types of departures paints a positive picture of the job market and is good news for the U.S. economy as a whole.

Segal Rogerscasey

Annual Asset Class Performance

As of June 30, 2015

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	YTD
Best	14.03	16.56	56.28	31.47	34.54	35.93	39.78	5.24	79.02	29.09	13.56	18.64	43.30	30.38	8.74
	12.83	13.11	48.54	25.95	14.02	32.59	11.81	1.80	58.21	28.47	8.68	18.53	38.82	13.45	5.88
	10.36	10.27	47.25	22.25	12.11	26.86	11.63	-2.35	37.21	26.85	8.46	18.05	34.52	13.24	4.75
	8.43	6.48	46.03	20.70	10.74	23.48	11.63	-10.91	34.47	24.50	7.84	17.90	33.48	13.05	3.96
	7.89	3.65	39.17	18.33	7.05	22.25	7.05	-20.30	32.46	19.20	4.98	17.78	33.11	5.97	3.12
	5.27	1.70	36.75	16.49	6.27	18.37	6.97	-26.16	28.61	16.71	2.64	17.51	32.53	5.60	2.53
	4.08	-1.37	30.03	14.31	5.66	15.46	6.28	-28.92	28.43	16.10	1.50	16.42	23.29	5.53	2.02
	2.49	-6.00	29.89	11.75	5.26	13.35	5.77	-33.79	28.19	15.51	0.39	16.35	7.90	4.89	1.76
	1.35	-11.43	29.75	11.40	4.71	11.86	4.74	-36.85	27.17	15.12	0.06	15.81	7.44	4.22	1.71
	-2.37	-15.52	28.96	11.14	4.55	9.86	1.87	-37.60	24.67	13.16	-2.44	15.26	2.47	3.64	0.76
	-5.59	-15.66	25.68	8.46	4.15	9.07	1.81	-37.98	20.58	12.06	-2.91	14.59	0.06	3.40	0.34
	-9.23	-20.48	11.53	8.20	3.01	8.99	-0.17	-38.44	19.69	8.21	-4.18	8.18	-2.02	2.45	0.01
	-12.45	-21.65	8.39	6.30	2.84	4.76	-1.57	-38.54	11.41	6.54	-5.50	6.98	-2.27	0.02	-0.10
	-20.42	-27.88	4.11	4.34	2.74	4.34	-9.78	-43.06	5.93	6.31	-11.73	4.21	-6.58	-1.82	-0.61
Worst	-21.21	-30.26	1.09	1.24	2.43	0.49	-16.81	-53.18	0.16	0.10	-18.17	0.09	-8.61	-4.48	-6.19

Russell 1000 Index	Russell 1000 Value Index	Russell 1000 Growth Index	Russell 2000 Index	Russell 2000 Value Index	Russell 2000 Growth Index	MSCI EAFE Index	MSCI Emerging Markets Index	MSCI U.S. REIT Index	Barclays Agg.	Barclays U.S. Treasury: U.S. TIPS	Barclays U.S. Corp: High Yield	JPM EMBI Global (USD)	HFRI RV: Multi-Strategy Index	Citigroup 3 Month T-Bill

Executive Summary as of June 30, 2015

Deferred Compensation Total Assets

- Plan assets totaled **$692.0 million** as of June 30, 2015. This represented a decrease of **$1.3 million**, or approximately **-0.2%,** during the first quarter of 2015.
  - State 457 $499,306,698
  - NSHE $45,675,581
  - Political Sub-Divisions $147,045,600
- On February 19, 2015, the Plan consolidated from Mass Mutual to a single service provider, VOYA.
- The majority of Plan assets, are invested in the Stable Value Funds representing **$293.9 million**, or **42.5%,** in the Voya Fixed Account. The next largest fund allocations among the Plan were: **8.8%** in the Vanguard Institutional Index Fund (S&P Index Option); **6.9%** in the Hartford Mid Cap HLS Fund; **5.0%** in the INVESCO Van Kampen Equity and Index Fund (Balanced Option); and, **4.3%** in the T. Rowe Price Growth Stock Fund (Large Cap Growth).
- Target date funds' assets totaled **$76.4 million** and accounted for approximately **11%** of Total Plan assets.
- The total revenue required for the consolidated service arrangement is projected at **15** basis points. This is comprised of **8** basis points fee on the variable assets per VOYA contract and **7** basis points in revenue for Program administrative expenses.

Nevada Public Employees' Deferred Compensation Plan
Current Investment Structure
Voya

STYLE

CAPITALIZATION	Value	Blend	Growth
Large	American Beacon Large Cap Value Inv Allianz NFJ Dividend Value	Vanguard Institutional Index (passive)	T. Rowe Price Growth Stock American Funds Growth Fund of America R3 Fidelity Contrafund
Medium		Hartford Mid Cap HLS	
SMID		Vanguard Extended Market Index (passive) Oppenheimer Main St Small & Mid Cap Y	Goldman Sachs Small/Mid Cap Growth

Additional Asset Categories within Investment Line-up

Fixed Income/Stable Value
Voya Fixed Account

Fixed Income/Bond
Vanguard Total Bond Market Index

Balanced
Invesco Van Kampen Equity & Income R5
Voya T. Rowe Price Cap Apprec Port I

Socially Responsive Equity
Parnassus Equity Income

International Equity
Vanguard Developed Markets Index (passive)

International Eq (w/ Emerging Markets exposure)
Dodge & Cox International Stock

Global Equity
Franklin Mutual Global Discovery A

Target Date/Lifecycle Funds
Vanguard Target Retirement Income Inv
Vanguard Target Retirement 2015 Inv
Vanguard Target Retirement 2025 Inv
Vanguard Target Retirement 2035 Inv
Vanguard Target Retirement 2045 Inv
Vanguard Target Retirement 2055 Inv

Self Directed Brokerage
TD Ameritrade SDBA

State of Nevada Deferred Compensation Plan Line-Up

Plan Review - Investment Options Array

Conservative

Tier I - Asset Allocation

Target Date/Lifecycle Funds

Vanguard Target Retirement Income Inv
Vanguard Target Retirement 2015 Inv
Vanguard Target Retirement 2025 Inv
Vanguard Target Retirement 2035 Inv
Vanguard Target Retirement 2045 Inv
Vanguard Target Retirement 2055 Inv

Tier II- Passive Core (index options)	Tier II - Active Core
	Stable Value
	Voya Fixed Account
Core Fixed Income	
Vanguard Total Bond Market Index	
	Balanced Fund
	Invesco Van Kampen Equity & Income R6
	Voya T.Rowe Price Cap App Port I
	Large Cap Value
	American Beacon Large Cap Value Instl
	Allianz NFJ Dividend Value
Large Cap Blend	
Vanguard Institutional Index	
	Large Cap Growth
	T.Rowe Price Growth Stock
	American Funds Growth Fund of Amer R3
	Fidelity Contrafund
	Mid Cap Blend
	Hartford Mid Cap HLS
SMID Cap Blend (Small & Mid Cap)	**SMID Cap Blend (Small & Mid Cap)**
Vanguard Extended Market Index I	Oppenheimer Main St Sm & Mid Cap Y
	SMID Cap Growth
	Goldman Sachs Small/Mid Cap Growth
International Equity	**International Equity (w/Emerging Markets)**
Vanguard Developed Markets Index Adm	Dodge & Cox International Stock

Tier III- Specialty

Socially Responsive
Parnassus Equity Income
Global Equity
Franklin Mutual Discovery Z
Self-Directed Brokerage
TD Ameritrade

Aggressive

State of Nevada Deferred Compensation Plan Line-Up

Plan Review - Investment Options Array

CONSERVATIVE

Tier I: Asset Allocation	Tier II (A): Passive Core (index options)	Tier II(B): Active Core	Tier III: (Specialty
		Stable Value	
		Voya Fixed Account	
	Core Fixed Income		
	Vanguard Total Bond Market Index		
Target Date/Lifecycle Funds		**Balanced Fund**	
Vanguard Target Retirement Funds		Invesco Van Kampen Equity & Income R6	
		Voya T.Rowe Price Cap App Port I	
		Large Cap Value	
		American Beacon Large Cap Value Instl	
		Allianz NFJ Dividend Value	
	Large Cap Blend		**Socially Responsive**
	Vanguard Institutional Index		Parnassus Equity Income
		Large Cap Growth	
		T.Rowe Price Growth Stock	
		American Funds Growth Fund of Amer R3	
		Fidelity Contrafund	
		Mid Cap Blend	
		Hartford Mid Cap HLS	
	SMID Cap Blend (Small & Mid Cap)	**SMID Cap Blend (Small & Mid Cap)**	
	Vanguard Extended Market Index I	Oppenheimer Main St Sm & Mid Cap Y	
		SMID Cap Growth	
		Goldman Sachs Small/Mid Cap Growth	
	International Equity	**International Equity (w/Emerging Market)**	**Global Equity**
	Vanguard Developed Markets Index Adm	Dodge & Cox International Stock	Franklin Mutual Discovery A
			Self-Directed Brokerage
			TD Ameritrade

AGGRESSIVE

Current Watch List as of June 30, 2015

Fund	Date Put on Watch List	Prior Action	Current Recommendation
American Funds Growth Fund of America	February 1, 2011	Placed on Watch List due to underperformance.	Remain on Watch List due to underperformance of the benchmark and median over the 5-year period.

Historical Watch List as of June 30, 2015

Fund	Date Put on Watch List	Date Removed from Watchlist	Prior Action
American Funds Growth Fund of America (ING)	February 1, 2011	Remain	Placed on Watch List due to underperformance.
Keeley Small Cap Value Fund (ING)	November 1, 2010	December 31, 2014	This Fund has been removed from the Plan as a result of the vendor consolidation to Voya.
Hartford Small Company Fund HLS (Mass Mutual)	December 31, 2012	September 30, 2014	Removed from Watch List due to outperformance of the benchmark and median of the peer universe over the 5-year period, as well as outperformance of the median over the 3-year period.
Victory Diversified Stock Fund (Mass Mutual)	March 31, 2013	December 31, 2014	This Fund has been removed from the Plan as a result of the vendor consolidation to Voya.
Oppenheimer Main St Small & Mid Cap Fund (Mass Mutual)	March 31, 2013	September 30, 2014	Removed from Watch List due to strong recent and long term performance.
American Funds Capital World Growth & Income (ING)	September 30, 2013	December 31, 2014	This Fund has been removed from the Plan as a result of the vendor consolidation to Voya.
Lord Abbett Value Opportunities Fund (MM & ING)	December 31, 2013	December 31, 2014	This Fund has been removed from the Plan as a result of the vendor consolidation to Voya.
Columbia Acorn Fund (ING)	December 31, 2013	December 31, 2014	This Fund has been removed from the Plan as a result of the vendor consolidation to Voya.
Hartford MidCap HLS (Mass Mutual)	February 1, 2011	September 30, 2014	Removed from Watchlist.
Lazard US Mid Cap Equity Fund (ING)	May 1, 2008	March 31, 2013	Fund terminated at the 6/30/2012 review period. Assets were mapped to the Hartford Mid Cap HLS Fund.
Munder Mid Cap Core Growth Fund (Mass Mutual)	November 1, 2010	September 30, 2014	This fund will be removed from the Plan as a result of the vendor consolidation to Voya.
Mutual Global Discovery(Mass Mutual)	February 1, 2010	September 30, 2014	Removed from Watchlist.
Hartford General Account	March 1, 2012	September 30, 2014	This Fund has been removed from the Plan as a result of the vendor consolidation to Voya.

New Fund Structure effective Feb 2015

Voya T.Rowe Price Capital Appreciation Portfolio

- The Voya T. Rowe Price Capital Appreication Portfolio I underperformed the blended benchmark over the recent quarter (-1.1% vs. -0.05%).
- During the second quarter, the Portfolio outpaced its all-equity benchmark, the S&P 500 Index. The Portfolio's stock segment outperformed the S&P 500 Index, while its fixed income segment posted a flat return but significantly outperformed the Barclays US Aggregate Bond index.
- During the quarter, the Fund's equity weight increased as they rotated into the lower beta Consumer Staples and Utilities sectors after seeing a modest correction in higher dividend-yielding stocks following the rise in interest rates. Conversely, they lowered the Fund's exposure to the more cyclical Consumer Discretionary sector, while also trimming select holdings in the Energy and Financials sector.
- The Fund's fixed income weight decreased as they trimmed select high yield corporate bond energy holdings on strength.

Allianz NFJ Dividend Value Fund

- The Allianz NFJ Dividend Value Fund slightly outperformed the Russell 1000 Value Index over the second quarter (0.3% vs. 0.1%); yet, underperformed over the year-to-date period (-1.4% vs. -0.6%).
- Relative outperformance for the quarter was due to positive sector allocation, a fall out of NFJ's bottom-up investment process, though stock selection was positive.
- The Fund's strongest stock picks were sourced from the Financials, Energy and Consumer Discretionary sectors. These positive results were somewhat offset by the less favorable selection across the IT, Consumer Staples, and Health Care sectors.
- The NFJ investment process targets dividend-paying, low valuation stocks that exhibit strong quality fundamentals.

American Funds Growth Fund of America

- The American Funds Growth Fund of America outperformed the Russell 1000 Growth Index over the recent quarter (1.3% vs. 0.1%); yet, continues to lag its benchmark and median of its peer universe over the 1-year and 5-year periods.
- All sectors, apart from Industrials and Energy, were positive contributors to the Fund's relative results.
- Holdings of Consumer Discretionary companies were most additive to the Fund's returns, with Amazon, Netflix and Tesla Motors among the top contributors.
- Health companies outpaced the broader market. The Fund's higher-than-index weighting was beneficial, as was the selection of companies such as Gilead Sciences and Illumina.
- Investments in Industrials companies were a drag on the Fund's results, with United Continental and American Airlines among the largest detractors.
- Disappointing returns from Noble Energy dampened results among holdings of energy companies.

Revenue Sharing Analysis for Total Plan

As of June 30, 2015

Fund Name	Ticker	Asset Class	Plan Assets 6/30/2015	Mutual Fund Expense Ratio	Mutual Fund Total Expense Ratio $	Revenue Sharing	Revenue Sharing $
Voya Fixed Account	n/a	Stable Value	$ 293,850,373	0.00%	$ -	0.00%	$ -
Vanguard Total Bond Market Index I	VBTIX	Core Fixed Income	$ 12,962,025	0.07%	$ 9,073	0.00%	$ -
Voya T. Rowe Price Cap Apprec Port I	ITRIX	Balanced	$ 7,446,609	0.64%	$ 47,658	0.28%	$ 20,851
Invesco Equity & Income R5	ACEKX	Balanced	$ 34,577,168	0.49%	$ 169,428	0.10%	$ 34,577
Allianz NFJ Dividend Value Instl	NFJEX	Large Cap Value	$ 3,947,602	0.70%	$ 27,633	0.10%	$ 3,948
American Beacon Large Cap Value	AADEX	Large Cap Value	$ 14,757,729	0.59%	$ 87,071	0.00%	$ -
Vanguard Institutional Index I	VINIX	Large Cap Core (passive)	$ 60,750,888	0.04%	$ 24,300	0.00%	$ -
Parnassus Equity Income - Inv	PRBLX	Socially Conscious	$ 7,016,299	0.87%	$ 61,042	0.40%	$ 28,065
American Funds Growth Fund of Amer R3	RGACX	Large Cap Growth	$ 7,323,580	0.98%	$ 71,771	0.65%	$ 47,603
T Rowe Price Growth Stock Fund	PRGFX	Large Cap Growth	$ 29,861,922	0.69%	$ 206,047	0.15%	$ 44,793
Fidelity Contrafund	FCNTX	Large Cap Growth	$ 4,577,379	0.64%	$ 29,295	0.25%	$ 11,443
Hartford Mid Cap HLS	HBMCX	Mid Cap Blend	$ 47,595,800	0.96%	$ 456,920	0.30%	$ 142,787
Oppenheimer Main Street Mid Cap Fund	OPMYX	SMID Blend	$ 26,939,492	0.86%	$ 231,680	0.25%	$ 67,349
Vanguard Extended Market Idx I	VIEIX	SMID Blend	$ 15,122,909	0.08%	$ 12,098	0.00%	$ -
Goldman Sachs Small/Mid Cap Growth	GSMAX	SMID Growth	$ 14,935,972	1.33%	$ 198,648	0.55%	$ 82,148
Vanguard Developed Markets Index Instl	VTMNX	International Equity	$ 10,655,794	0.07%	$ 7,459	0.00%	$ -
Dodge & Cox International Stock	DODFX	International Equity w/EM	$ 5,820,116	0.64%	$ 37,249	0.10%	$ 5,820
Franklin Mutual Global Discovery Fund	TEDIX	Global Equity	$ 14,752,356	1.29%	$ 190,305	0.55%	$ 81,138
Vanguard Target Retirement Income Inv	VTINX	Lifecycle	$ 7,489,813	0.22%	$ 16,478	0.06%	$ 4,494
Vanguard Target Retirement 2015 Inv	VTXVX	Lifecycle	$ 25,490,482	0.22%	$ 56,079	0.06%	$ 15,294
Vanguard Target Retirement 2025 Inv	VTTVX	Lifecycle	$ 14,966,756	0.23%	$ 34,424	0.06%	$ 8,980
Vanguard Target Retirement 2035 Inv	VTTHX	Lifecycle	$ 22,918,126	0.24%	$ 55,004	0.06%	$ 13,751
Vanguard Target Retirement 2045 Inv	VTIVX	Lifecycle	$ 5,245,346	0.24%	$ 12,589	0.06%	$ 3,147
Vanguard Target Retirement 2055 Inv	VFFVX	Lifecycle	$ 279,862	0.24%	$ 672	0.06%	$ 168
TD Ameritrade SDBA	N/A	Brokerage account	$ 2,743,481	0.00%	$ -	0.08%	$ 2,195
TOTALS			**$ 692,027,879**		**$ 2,042,923**		**$ 618,551**

All Funds	
Average Expense Ratio[1]	0.54%
Weighted Average Variable Expense Ratio[1]	0.51%
Weighted Average Variable Revenue Share (w/TD SDBA)	0.155%

[1] Does not include Stable Value or TD Ameritrade

ING Contract Requirements: 0.08% on variable assets	$	318,542
Plan Administration Costs: 0.07% on variable assets	$	278,724
Total Revenue Required: 0.15% on variable assets	**$**	**597,266**

Plan Activity: Total All Plans
April 1, 2015 through June 30, 2015

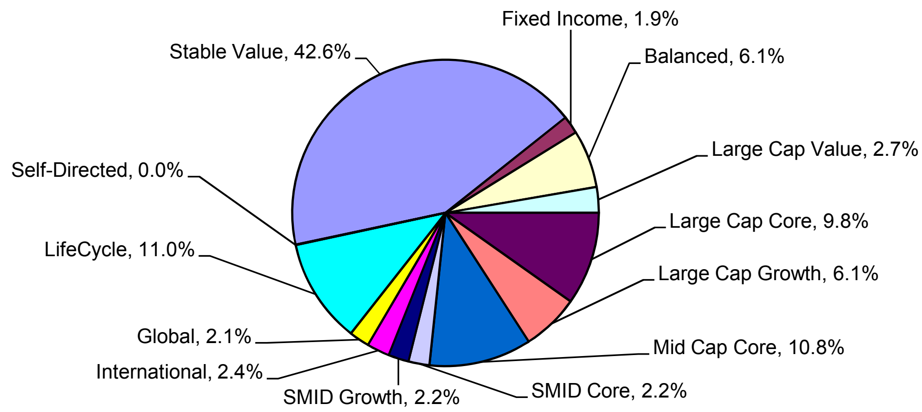
Funds	Beginning Balance April 1, 2015	Contributions	Withdrawals	Transfers	Conversions	Fees/Misc*	Investment Gain/Loss (incl. Dividends)	Ending Balance June 30, 2015
Voya Fixed Account	$ 295,108,394	$ 3,066,573	$ (6,675,630)	$ (261,342)	$ (50,758)	$ 136,189	$ 2,526,947	$ 293,850,373
Vanguard Total Bond Market Index I	$ 13,166,930	$ 218,249	$ (349,787)	$ (219,512)	$ (1,787)	$ 379,401	$ (231,469)	$ 12,962,025
Voya T. Rowe Price Cap Apprec Port I	$ 6,716,538	$ 234,974	$ (184,146)	$ 649,128	$ (1,036)	$ (209)	$ 31,360	$ 7,446,609
Invesco Equity & Income R5	$ 35,286,682	$ 401,846	$ (1,065,220)	$ (494,493)	$ (4,283)	$ 4,323	$ 448,313	$ 34,577,168
Allianz NFJ Dividend Value Instl	$ 4,284,190	$ 79,260	$ (145,516)	$ (281,853)	$ (4,485)	$ (265)	$ 16,271	$ 3,947,602
American Beacon Large Cap Value	$ 15,112,062	$ 208,241	$ (393,988)	$ (274,826)	$ (2,954)	$ (156)	$ 109,350	$ 14,757,729
Vanguard Institutional Index I	$ 60,919,970	$ 869,153	$ (1,393,382)	$ 180,164	$ (2,730)	$ 14,733	$ 162,980	$ 60,750,888
Parnassus Equity Income - Inv	$ 7,368,708	$ 143,276	$ (261,680)	$ (206,065)	$ (1,372)	$ (79)	$ (26,489)	$ 7,016,299
American Funds Growth Fund of Amer R3	$ 7,252,415	$ 121,832	$ (251,536)	$ 114,085	$ (4,544)	$ (50)	$ 91,378	$ 7,323,580
T Rowe Price Growth Stock Fund	$ 29,302,408	$ 339,146	$ (615,102)	$ 555,341	$ (15,442)	$ (223)	$ 295,794	$ 29,861,922
Fidelity Contrafund	$ 4,169,263	$ 151,202	$ (78,780)	$ 289,706	$ -	$ 3,548	$ 42,440	$ 4,577,379
Hartford Mid Cap HLS	$ 48,910,731	$ 430,973	$ (1,223,222)	$ (340,078)	$ (7,878)	$ 2,517	$ (177,243)	$ 47,595,800
Oppenheimer Main Street Mid Cap Fund	$ 27,762,308	$ 374,863	$ (713,256)	$ (182,881)	$ (8,103)	$ 1,916	$ (295,355)	$ 26,939,492
Vanguard Extended Market Idx I	$ 14,351,750	$ 482,043	$ (284,468)	$ 643,458	$ (715)	$ (310)	$ (68,849)	$ 15,122,909
Goldman Sachs Small/Mid Cap Growth	$ 14,522,491	$ 185,514	$ (188,169)	$ (172,065)	$ (4,699)	$ (26)	$ 592,926	$ 14,935,972
Vanguard Developed Markets Index Instl	$ 10,302,867	$ 242,503	$ (282,514)	$ 299,293	$ (1,188)	$ 1,369	$ 93,464	$ 10,655,794
Dodge & Cox International Stock	$ 5,570,458	$ 136,430	$ (149,614)	$ 291,847	$ (1,884)	$ (431)	$ (26,690)	$ 5,820,116
Franklin Mutual Global Discovery Fund A	$ 14,894,977	$ 209,849	$ (299,625)	$ 18,154	$ (1,420)	$ (87)	$ (69,492)	$ 14,752,356
Vanguard Target Retirement Income Inv	$ 7,978,521	$ 315,290	$ (122,538)	$ (610,922)	$ (2,285)	$ (72)	$ (68,181)	$ 7,489,813
Vanguard Target Retirement 2015 Inv	$ 25,803,882	$ 1,005,957	$ (626,246)	$ (607,652)	$ (13,233)	$ 90,144	$ (162,370)	$ 25,490,482
Vanguard Target Retirement 2025 Inv	$ 14,373,691	$ 685,629	$ (217,819)	$ 197,234	$ (2,365)	$ 323	$ (69,937)	$ 14,966,756
Vanguard Target Retirement 2035 Inv	$ 22,287,480	$ 923,003	$ (516,289)	$ 191,390	$ (13,633)	$ 80,005	$ (33,830)	$ 22,918,126
Vanguard Target Retirement 2045 Inv	$ 5,128,701	$ 505,077	$ (207,888)	$ (188,354)	$ (609)	$ 889	$ 7,530	$ 5,245,346
Vanguard Target Retirement 2055 Inv	$ 25,690	$ 8,495	$ (1,201)	$ 253,571	$ -	$ -	$ (6,693)	$ 279,862
TD Ameritrade SDBA	$ 2,705,555	$ -	$ -	$ 80,649	$ -	$ -	$ (42,723)	$ 2,743,481
Total	**$ 693,306,662**	**$ 11,339,378**	**$ (16,247,616)**	**$ (76,023)**	**$ (147,403)**	**$ 713,449**	**$ 3,139,432**	**$ 692,027,879**

** Interprovider transfers and 457 plan-to-plan transfers*

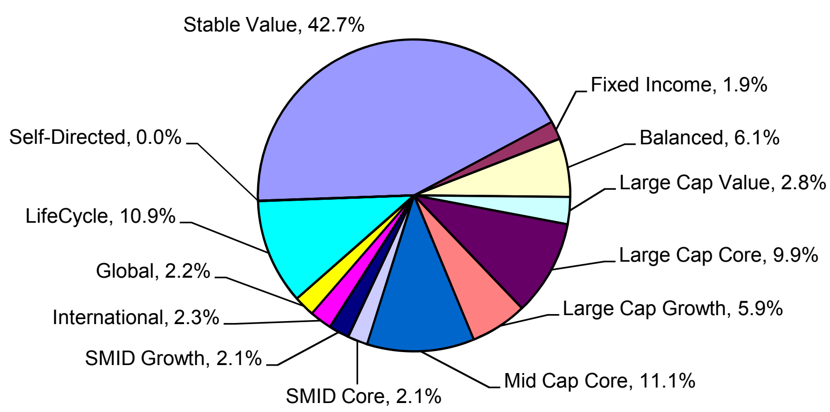
Asset Allocation Summary: Total All Plans

	June 30, 2015		
Fund		**Assets**	**% of Total Assets**
Voya Fixed Account	$	293,850,373	42.5%
Vanguard Total Bond Market Index I	$	12,962,025	1.9%
Voya T. Rowe Price Cap Apprec Port I	$	7,446,609	1.1%
Invesco Equity & Income R5	$	34,577,168	5.0%
Allianz NFJ Dividend Value Instl	$	3,947,602	0.6%
American Beacon Large Cap Value	$	14,757,729	2.1%
Vanguard Institutional Index I	$	60,750,888	8.8%
Parnassus Equity Income - Inv	$	7,016,299	1.0%
American Funds Growth Fund of Amer R3	$	7,323,580	1.1%
T Rowe Price Growth Stock Fund	$	29,861,922	4.3%
Fidelity Contrafund	$	4,577,379	0.7%
Hartford Mid Cap HLS	$	47,595,800	6.9%
Oppenheimer Main Street Mid Cap Fund	$	26,939,492	3.9%
Vanguard Extended Market Idx I	$	15,122,909	2.2%
Goldman Sachs Small/Mid Cap Growth	$	14,935,972	2.2%
Vanguard Developed Markets Index Instl	$	10,655,794	1.5%
Dodge & Cox International Stock	$	5,820,116	0.8%
Franklin Mutual Global Discovery Fund A	$	14,752,356	2.1%
Vanguard Target Retirement Income Inv	$	7,489,813	1.1%
Vanguard Target Retirement 2015 Inv	$	25,490,482	3.7%
Vanguard Target Retirement 2025 Inv	$	14,966,756	2.2%
Vanguard Target Retirement 2035 Inv	$	22,918,126	3.3%
Vanguard Target Retirement 2045 Inv	$	5,245,346	0.8%
Vanguard Target Retirement 2055 Inv	$	279,862	0.0%
TD Ameritrade SDBA	$	2,743,481	0.4%
Total	**$**	**692,027,879**	**100.0%**

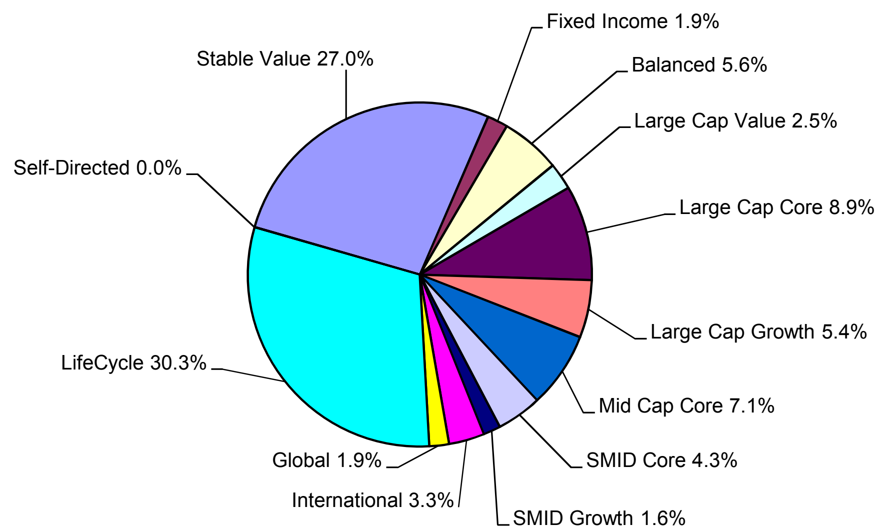
Asset Allocation as of June 30, 2015



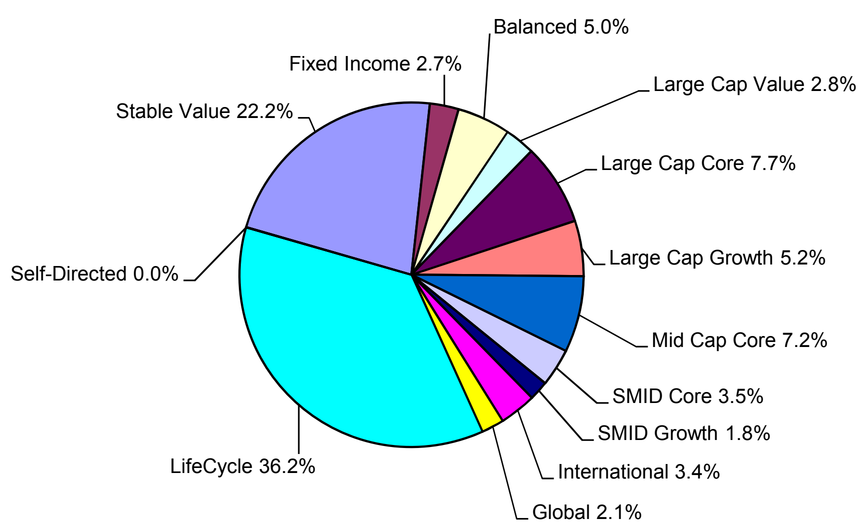
Asset Allocation as of April 1, 2015



Plan Contributions - 2nd Quarter 2015



Plan Contributions - 1st Quarter 2015



Plan Activity: State Plan Activity
April 1, 2015 through June 30, 2015

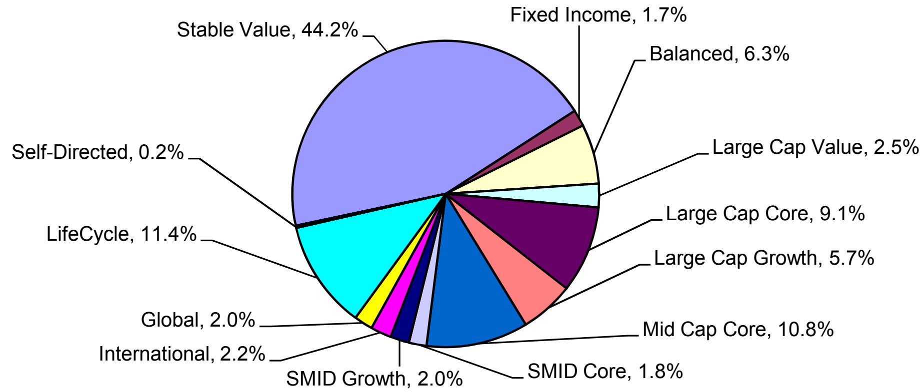
Funds	Beginning Balance April 1, 2015	Contributions	Withdrawals	Transfers	Loan	Fees/Misc*	Investment Gain/Loss (incl. Dividends)	Ending Balance June 30, 2015
Voya Fixed Account	$ 222,369,840	$ 1,820,823	$ (5,252,067)	$ (190,797)	$ (50,749)	$ 94,028	$ 1,898,875	$ 220,689,953
Vanguard Total Bond Market Index I	$ 8,979,227	$ 124,748	$ (287,997)	$ 18,027	$ (1,766)	$ (484)	$ (157,754)	$ 8,674,001
Voya T. Rowe Price Cap Apprec Port I	$ 4,567,811	$ 150,973	$ (181,354)	$ 585,911	$ (1,029)	$ (167)	$ 20,716	$ 5,142,861
Invesco Equity & Income R5	$ 26,810,909	$ 296,707	$ (792,885)	$ (408,661)	$ (4,278)	$ 4,361	$ 341,712	$ 26,247,865
Allianz NFJ Dividend Value Instl	$ 3,208,706	$ 54,990	$ (142,535)	$ (155,665)	$ (4,475)	$ (239)	$ 11,756	$ 2,972,538
American Beacon Large Cap Value	$ 9,822,357	$ 111,261	$ (307,770)	$ (119,005)	$ (2,952)	$ (140)	$ 70,123	$ 9,573,874
Vanguard Institutional Index I	$ 41,357,021	$ 462,454	$ (988,526)	$ 140,953	$ (2,722)	$ 14,766	$ 110,926	$ 41,094,872
Parnassus Equity Income - Inv	$ 4,696,522	$ 85,404	$ (156,777)	$ (72,765)	$ (1,370)	$ (77)	$ (17,973)	$ 4,532,964
American Funds Growth Fund of Amer R3	$ 5,640,036	$ 75,162	$ (239,642)	$ 492	$ (4,543)	$ (48)	$ 72,615	$ 5,544,072
T Rowe Price Growth Stock Fund	$ 19,423,418	$ 172,671	$ (447,328)	$ 452,796	$ (15,442)	$ (210)	$ 197,950	$ 19,783,855
Fidelity Contrafund	$ 2,733,408	$ 89,128	$ (66,016)	$ 271,627	$ -	$ 3,548	$ 27,428	$ 3,059,123
Hartford Mid Cap HLS	$ 38,323,673	$ 278,635	$ (1,057,478)	$ (407,533)	$ (7,878)	$ 2,539	$ (135,341)	$ 36,996,617
Oppenheimer Main Street Mid Cap Fund	$ 17,370,918	$ 202,096	$ (550,558)	$ (121,279)	$ (8,086)	$ 1,996	$ (182,522)	$ 16,712,565
Vanguard Extended Market Idx I	$ 8,804,896	$ 228,082	$ (269,762)	$ 464,089	$ (705)	$ (296)	$ (40,563)	$ 9,185,741
Goldman Sachs Small/Mid Cap Growth	$ 9,734,584	$ 110,712	$ (137,494)	$ (33,815)	$ (4,699)	$ (26)	$ 398,147	$ 10,067,409
Vanguard Developed Markets Index Instl	$ 6,560,534	$ 104,923	$ (218,903)	$ 238,916	$ (1,185)	$ 1,379	$ 59,647	$ 6,745,311
Dodge & Cox International Stock	$ 3,979,186	$ 88,785	$ (132,984)	$ 171,685	$ (1,868)	$ (387)	$ (16,430)	$ 4,087,987
Franklin Mutual Global Discovery Fund	$ 9,855,746	$ 114,773	$ (191,832)	$ 69,029	$ (1,419)	$ (84)	$ (46,324)	$ 9,799,889
Vanguard Target Retirement Income Inv	$ 4,803,766	$ 137,319	$ (92,354)	$ (325,458)	$ (2,285)	$ (72)	$ (40,751)	$ 4,480,165
Vanguard Target Retirement 2015 Inv	$ 21,043,945	$ 524,825	$ (613,182)	$ (533,655)	$ (13,233)	$ 17,737	$ (126,465)	$ 20,299,972
Vanguard Target Retirement 2025 Inv	$ 10,098,677	$ 414,099	$ (160,981)	$ 3,034	$ (2,365)	$ 323	$ (49,129)	$ 10,303,658
Vanguard Target Retirement 2035 Inv	$ 18,661,001	$ 679,714	$ (496,343)	$ (175,074)	$ (13,633)	$ (259)	$ (16,204)	$ 18,639,202
Vanguard Target Retirement 2045 Inv	$ 3,302,759	$ 323,839	$ (152,382)	$ (257,862)	$ (609)	$ 889	$ 7,322	$ 3,223,956
Vanguard Target Retirement 2055 Inv	$ 17,485	$ 4,868	$ (1,201)	$ 245,602	$ -	$ -	$ (6,451)	$ 260,303
TD Ameritrade SDBA	$ 1,159,222	$ -	$ -	$ 63,385	$ -	$ -	$ (34,662)	$ 1,187,945
Total	**$ 503,325,647**	**$ 6,656,991**	**$ (12,938,351)**	**$ (76,023)**	**$ (147,291)**	**$ 139,077**	**$ 2,346,648**	**$ 499,306,698**

** Interprovider transfers and 457 plan-to-plan transfers*

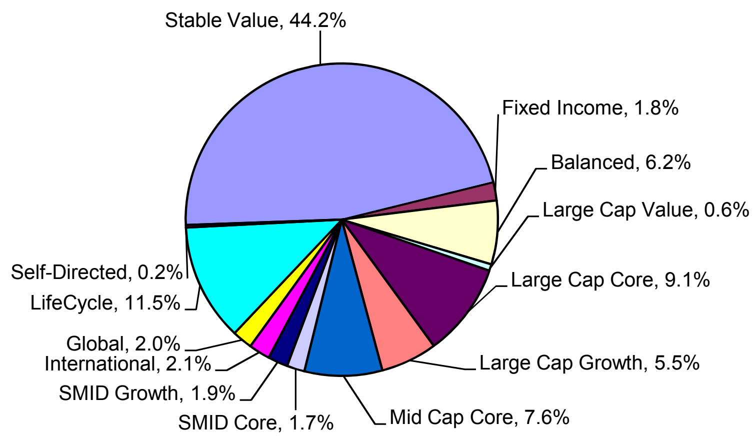
Asset Allocation Summary: State Plan Activity

	June 30, 2015		
Fund		**Assets**	**% of Total Assets**
Voya Fixed Account	$	220,689,953	44.2%
Vanguard Total Bond Market Index I	$	8,674,001	1.7%
Voya T. Rowe Price Cap Apprec Port I	$	5,142,861	1.0%
Invesco Equity & Income R5	$	26,247,865	5.3%
Allianz NFJ Dividend Value Instl	$	2,972,538	0.6%
American Beacon Large Cap Value	$	9,573,874	1.9%
Vanguard Institutional Index I	$	41,094,872	8.2%
Parnassus Equity Income - Inv	$	4,532,964	0.9%
American Funds Growth Fund of Amer R3	$	5,544,072	1.1%
T Rowe Price Growth Stock Fund	$	19,783,855	4.0%
Fidelity Contrafund	$	3,059,123	0.6%
Hartford Mid Cap HLS	$	36,996,617	7.4%
Oppenheimer Main Street Mid Cap Fund	$	16,712,565	3.3%
Vanguard Extended Market Idx I	$	9,185,741	1.8%
Goldman Sachs Small/Mid Cap Growth	$	10,067,409	2.0%
Vanguard Developed Markets Index Instl	$	6,745,311	1.4%
Dodge & Cox International Stock	$	4,087,987	0.8%
Franklin Mutual Global Discovery Fund	$	9,799,889	2.0%
Vanguard Target Retirement Income Inv	$	4,480,165	0.9%
Vanguard Target Retirement 2015 Inv	$	20,299,972	4.1%
Vanguard Target Retirement 2025 Inv	$	10,303,658	2.1%
Vanguard Target Retirement 2035 Inv	$	18,639,202	3.7%
Vanguard Target Retirement 2045 Inv	$	3,223,956	0.6%
Vanguard Target Retirement 2055 Inv	$	260,303	0.1%
TD Ameritrade SDBA	$	1,187,945	0.2%
Total	**$**	**499,306,698**	**100.0%**

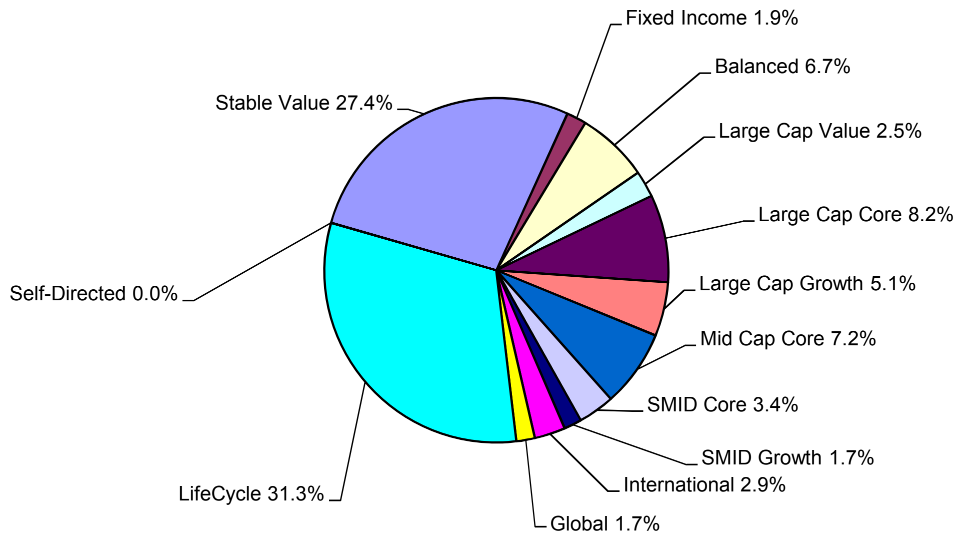
Asset Allocation as of June 30, 2015



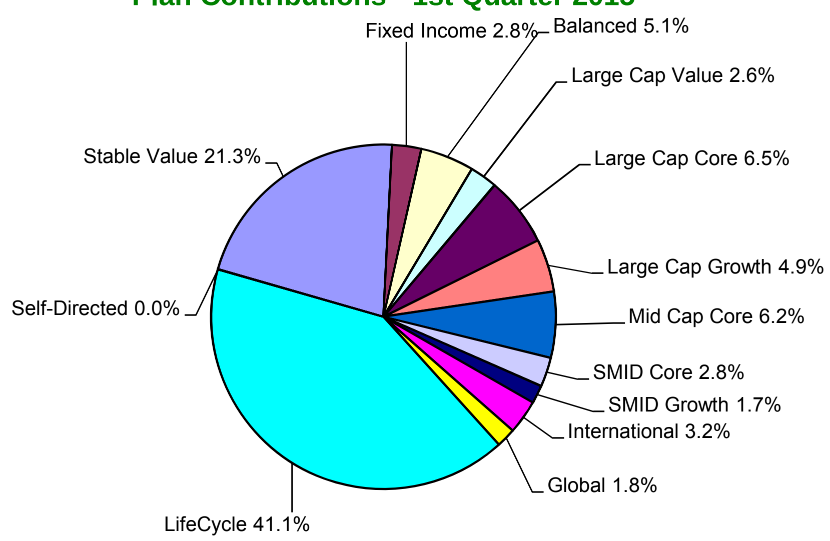
Asset Allocation as of April 1, 2015



Plan Contributions - 2nd Quarter 2015



Plan Contributions - 1st Quarter 2015



Plan Activity: Nevada System of Higher Education
April 1, 2015 through June 30, 2015

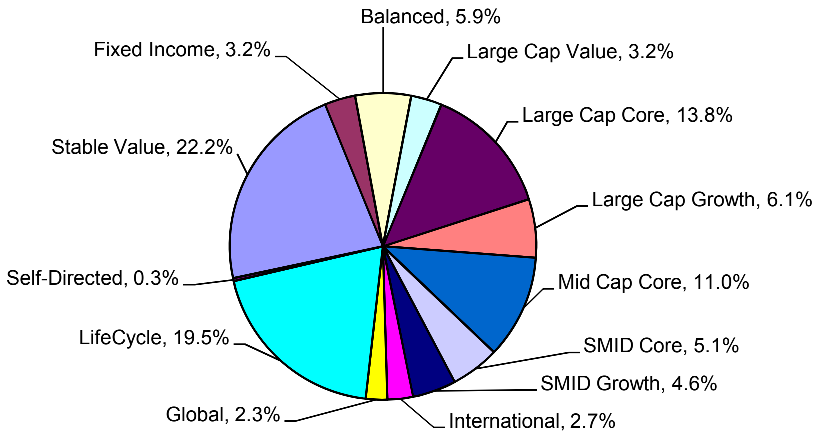
Funds	Beginning Balance April 1, 2015	Contributions	Withdrawals	Transfers	Fees/Misc*	Investment Gain/Loss (incl. Dividends)	Ending Balance June 30, 2015
Voya Fixed Account	$ 9,893,643	$ 282,570	$ (201,218)	$ 69,643	$ (9)	$ 85,391	$ 10,130,020
Vanguard Total Bond Market Index I	$ 1,516,124	$ 44,566	$ (35,719)	$ (14,433)	$ (21)	$ (26,830)	$ 1,483,687
Voya T. Rowe Price Cap Apprec Port I	$ 1,377,574	$ 70,743	$ (1,789)	$ 12,537	$ (7)	$ 6,992	$ 1,466,050
Invesco Equity & Income R5	$ 1,188,475	$ 23,794	$ (11,899)	$ 2,745	$ (5)	$ 15,076	$ 1,218,186
Allianz NFJ Dividend Value Instl	$ 627,012	$ 16,998	$ (2,484)	$ (431)	$ (10)	$ 1,635	$ 642,720
American Beacon Large Cap Value	$ 838,560	$ 14,028	$ (303)	$ (19,262)	$ (2)	$ 5,954	$ 838,975
Vanguard Institutional Index I	$ 5,631,800	$ 160,538	$ (20,097)	$ 59,536	$ (8)	$ 13,493	$ 5,845,262
Parnassus Equity Income - Inv	$ 449,022	$ 31,631	$ (501)	$ (13,168)	$ (2)	$ (2,084)	$ 464,898
American Funds Growth Fund of Amer R3	$ 965,876	$ 17,290	$ -	$ 40,302	$ (1)	$ 12,018	$ 1,035,485
T Rowe Price Growth Stock Fund	$ 1,250,200	$ 19,725	$ (109)	$ (42,511)	$ -	$ 12,756	$ 1,240,061
Fidelity Contrafund	$ 504,649	$ 34,617	$ -	$ (13,193)	$ -	$ 5,010	$ 531,083
Hartford Mid Cap HLS	$ 2,590,178	$ 33,603	$ (7,139)	$ (7,299)	$ -	$ (10,216)	$ 2,599,127
Oppenheimer Main Street Mid Cap Fund	$ 2,406,444	$ 42,678	$ (11,451)	$ (4,798)	$ (17)	$ (26,422)	$ 2,406,434
Vanguard Extended Market Idx I	$ 2,271,671	$ 86,309	$ (4,425)	$ 1,633	$ (10)	$ (10,369)	$ 2,344,809
Goldman Sachs Small/Mid Cap Growth	$ 1,297,037	$ 24,454	$ (213)	$ 42,320	$ -	$ 56,373	$ 1,419,971
Vanguard Developed Markets Index Instl	$ 636,264	$ 33,095	$ (4,673)	$ 6,061	$ (3)	$ 6,030	$ 676,774
Dodge & Cox International Stock	$ 1,141,702	$ 27,238	$ (5,852)	$ 67,830	$ (16)	$ (6,494)	$ 1,224,408
Franklin Mutual Global Discovery Fund	$ 1,032,939	$ 32,805	$ (187)	$ (15,993)	$ (1)	$ (5,250)	$ 1,044,313
Vanguard Target Retirement Income Inv	$ 1,049,240	$ 147,070	$ -	$ (225,174)	$ -	$ (8,158)	$ 962,978
Vanguard Target Retirement 2015 Inv	$ 2,908,383	$ 389,873	$ (2,585)	$ (904)	$ -	$ (22,845)	$ 3,271,922
Vanguard Target Retirement 2025 Inv	$ 2,049,709	$ 182,793	$ (10,912)	$ 56,329	$ -	$ (11,081)	$ 2,266,838
Vanguard Target Retirement 2035 Inv	$ 1,686,332	$ 89,667	$ (9,532)	$ (4,817)	$ -	$ (2,274)	$ 1,759,376
Vanguard Target Retirement 2045 Inv	$ 612,893	$ 50,752	$ -	$ -	$ -	$ (262)	$ 663,383
TD Ameritrade SDBA	$ 135,249	$ -	$ -	$ 3,047	$ -	$ 525	$ 138,821
Total	**$ 44,060,976**	**$ 1,856,837**	**$ (331,088)**	**$ -**	**$ (112)**	**$ 88,968**	**$ 45,675,581**

** Interprovider transfers and 457 plan-to-plan transfers*

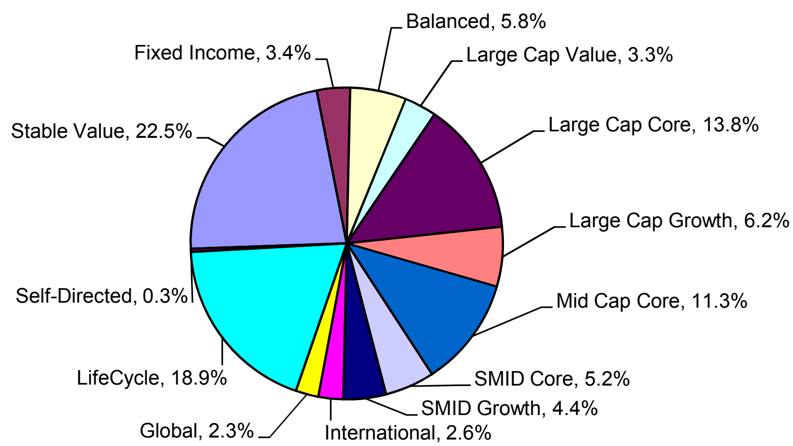
Asset Allocation Summary: Nevada System of Higher Education

Fund	June 30, 2015 Assets		% of Total Assets
Voya Fixed Account	$	10,130,020	22.2%
Vanguard Total Bond Market Index I	$	1,483,687	3.2%
Voya T. Rowe Price Cap Apprec Port I	$	1,466,050	3.2%
Invesco Equity & Income R5	$	1,218,186	2.7%
Allianz NFJ Dividend Value Instl	$	642,720	1.4%
American Beacon Large Cap Value	$	838,975	1.8%
Vanguard Institutional Index I	$	5,845,262	12.8%
Parnassus Equity Income - Inv	$	464,898	1.0%
American Funds Growth Fund of Amer R3	$	1,035,485	2.3%
T Rowe Price Growth Stock Fund	$	1,240,061	2.7%
Fidelity Contrafund	$	531,083	1.2%
Hartford Mid Cap HLS	$	2,599,127	5.7%
Oppenheimer Main Street Mid Cap Fund	$	2,406,434	5.3%
Vanguard Extended Market Idx I	$	2,344,809	5.1%
Goldman Sachs Small/Mid Cap Growth	$	1,419,971	3.1%
Vanguard Developed Markets Index Instl	$	676,774	1.5%
Dodge & Cox International Stock	$	1,224,408	2.7%
Franklin Mutual Global Discovery Fund	$	1,044,313	2.3%
Vanguard Target Retirement Income Inv	$	962,978	2.1%
Vanguard Target Retirement 2015 Inv	$	3,271,922	7.2%
Vanguard Target Retirement 2025 Inv	$	2,266,838	5.0%
Vanguard Target Retirement 2035 Inv	$	1,759,376	3.9%
Vanguard Target Retirement 2045 Inv	$	663,383	1.5%
TD Ameritrade SDBA	$	138,821	0.3%
Total	**$**	**45,675,581**	**100.0%**

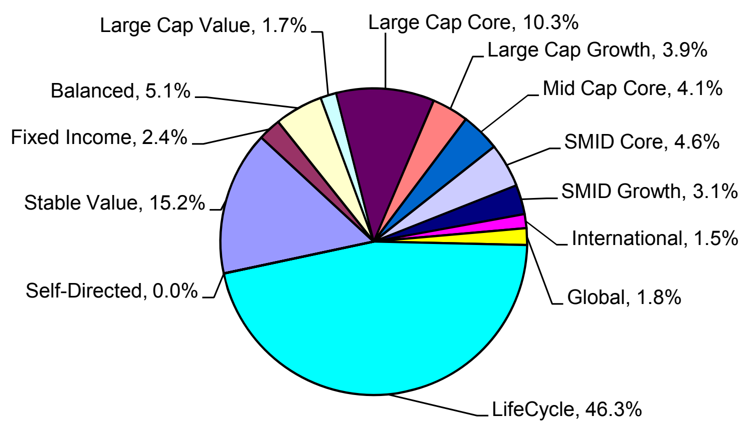
Asset Allocation as of June 30, 2015



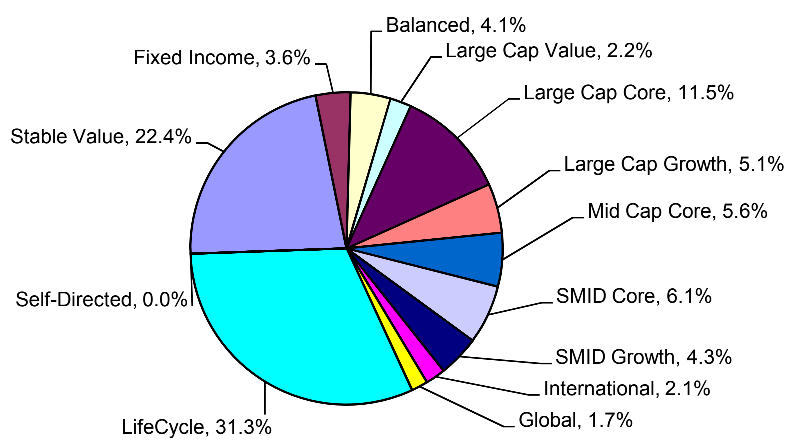
Asset Allocation as of April 1, 2015



Plan Contributions - 2nd Quarter 2015



Plan Contributions - 1st Quarter 2015



Plan Activity: SAR Alliance
April 1, 2015 through June 30, 2015

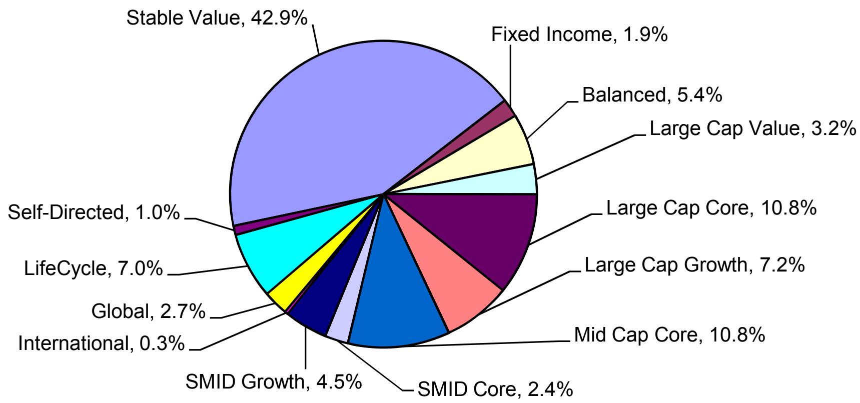
Funds	Beginning Balance April 1, 2015	Contributions	Withdrawals	Transfers	Fees/Misc*	Investment Gain/Loss (incl. Dividends)	Ending Balance June 30, 2015
Voya Fixed Account	$ 62,844,911	$ 963,180	$ (1,222,345)	$ (140,188)	$ 42,161	$ 542,681	$ 63,030,400
Vanguard Total Bond Market Index I	$ 2,671,579	$ 48,935	$ (26,071)	$ (223,106)	$ 379,885	$ (46,885)	$ 2,804,337
Voya T. Rowe Price Cap Apprec Port I	$ 771,153	$ 13,258	$ (1,003)	$ 50,680	$ (42)	$ 3,652	$ 837,698
Invesco Equity & Income R5	$ 7,287,298	$ 81,345	$ (260,436)	$ (88,577)	$ (38)	$ 91,525	$ 7,111,117
Allianz NFJ Dividend Value Instl	$ 448,472	$ 7,272	$ (497)	$ (125,757)	$ (26)	$ 2,880	$ 332,344
American Beacon Large Cap Value	$ 4,451,145	$ 82,952	$ (85,915)	$ (136,559)	$ (16)	$ 33,273	$ 4,344,880
Vanguard Institutional Index I	$ 13,931,149	$ 246,161	$ (384,759)	$ (20,325)	$ (33)	$ 38,561	$ 13,810,754
Parnassus Equity Income - Inv	$ 2,223,164	$ 26,241	$ (104,402)	$ (120,132)	$ (2)	$ (6,432)	$ 2,018,437
American Funds Growth Fund of Amer R3	$ 646,503	$ 29,380	$ (11,894)	$ 73,291	$ (2)	$ 6,745	$ 744,023
T Rowe Price Growth Stock Fund	$ 8,628,790	$ 146,750	$ (167,665)	$ 145,056	$ (13)	$ 85,088	$ 8,838,006
Fidelity Contrafund	$ 931,206	$ 27,457	$ (12,764)	$ 31,272	$ -	$ 10,002	$ 987,173
Hartford Mid Cap HLS	$ 7,996,880	$ 118,735	$ (158,605)	$ 74,754	$ (22)	$ (31,686)	$ 8,000,056
Oppenheimer Main Street Mid Cap Fund	$ 7,984,946	$ 130,089	$ (151,247)	$ (56,804)	$ (80)	$ (86,411)	$ 7,820,493
Vanguard Extended Market Idx I	$ 3,275,183	$ 167,652	$ (10,281)	$ 177,736	$ (14)	$ (17,917)	$ 3,592,359
Goldman Sachs Small/Mid Cap Growth	$ 3,490,870	$ 50,348	$ (50,462)	$ (180,570)	$ -	$ 138,406	$ 3,448,592
Vanguard Developed Markets Index Instl	$ 3,106,069	$ 104,485	$ (58,938)	$ 54,316	$ (10)	$ 27,787	$ 3,233,709
Dodge & Cox International Stock	$ 449,570	$ 20,407	$ (10,778)	$ 52,332	$ (44)	$ (3,766)	$ 507,721
Franklin Mutual Global Discovery Fund	$ 4,006,292	$ 62,271	$ (107,606)	$ (34,882)	$ (3)	$ (17,918)	$ 3,908,154
Vanguard Target Retirement Income Inv	$ 2,125,515	$ 30,901	$ (30,184)	$ (60,290)	$ -	$ (19,272)	$ 2,046,670
Vanguard Target Retirement 2015 Inv	$ 1,851,554	$ 91,259	$ (10,479)	$ (73,093)	$ 72,407	$ (13,060)	$ 1,918,588
Vanguard Target Retirement 2025 Inv	$ 2,225,305	$ 88,737	$ (45,926)	$ 137,871	$ -	$ (9,727)	$ 2,396,260
Vanguard Target Retirement 2035 Inv	$ 1,940,147	$ 153,622	$ (10,414)	$ 371,281	$ 80,264	$ (15,352)	$ 2,519,548
Vanguard Target Retirement 2045 Inv	$ 1,213,049	$ 130,486	$ (55,506)	$ 69,508	$ -	$ 470	$ 1,358,007
Vanguard Target Retirement 2055 Inv	$ 8,205	$ 3,627	$ -	$ 7,969	$ -	$ (242)	$ 19,559
TD Ameritrade SDBA	$ 1,411,084	$ -	$ -	$ 14,217	$ -	$ (8,586)	$ 1,416,715
Total	**$ 145,920,039**	**$ 2,825,550**	**$ (2,978,177)**	**$ -**	**$ 574,372**	**$ 703,816**	**$ 147,045,600**

** Interprovider transfers and 457 plan-to-plan transfers*

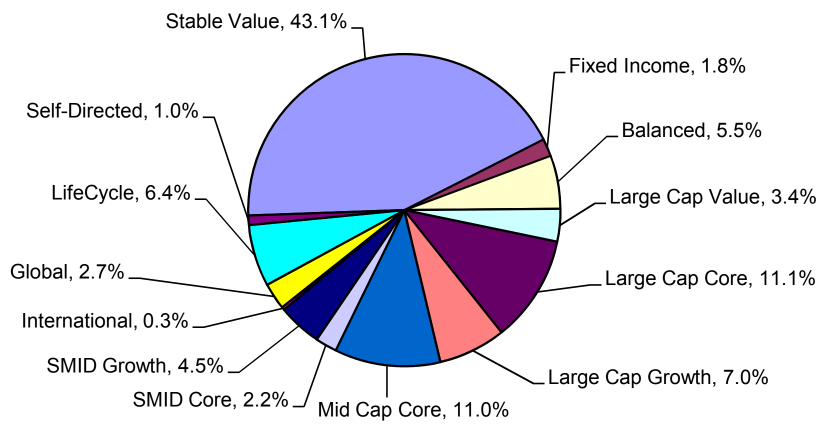
Asset Allocation Summary: SAR Alliance

	June 30, 2015		
Fund		**Assets**	**% of Total Assets**
Voya Fixed Account	$	63,030,400	42.9%
Vanguard Total Bond Market Index I	$	2,804,337	1.9%
Voya T. Rowe Price Cap Apprec Port I	$	837,698	0.6%
Invesco Equity & Income R5	$	7,111,117	4.8%
Allianz NFJ Dividend Value Instl	$	332,344	0.2%
American Beacon Large Cap Value	$	4,344,880	3.0%
Vanguard Institutional Index I	$	13,810,754	9.4%
Parnassus Equity Income - Inv	$	2,018,437	1.4%
American Funds Growth Fund of Amer R3	$	744,023	0.5%
T Rowe Price Growth Stock Fund	$	8,838,006	6.0%
Fidelity Contrafund	$	987,173	0.7%
Hartford Mid Cap HLS	$	8,000,056	5.4%
Oppenheimer Main Street Mid Cap Fund	$	7,820,493	5.3%
Vanguard Extended Market Idx I	$	3,592,359	2.4%
Goldman Sachs Small/Mid Cap Growth	$	3,448,592	2.3%
Vanguard Developed Markets Index Instl	$	3,233,709	2.2%
Dodge & Cox International Stock	$	507,721	0.3%
Franklin Mutual Global Discovery Fund	$	3,908,154	2.7%
Vanguard Target Retirement Income Inv	$	2,046,670	1.4%
Vanguard Target Retirement 2015 Inv	$	1,918,588	1.3%
Vanguard Target Retirement 2025 Inv	$	2,396,260	1.6%
Vanguard Target Retirement 2035 Inv	$	2,519,548	1.7%
Vanguard Target Retirement 2045 Inv	$	1,358,007	0.9%
Vanguard Target Retirement 2055 Inv	$	19,559	0.0%
Vanguard Target Retirement 2055 Inv	$	1,416,715	1.0%
Total	**$**	**147,045,600**	**100.0%**

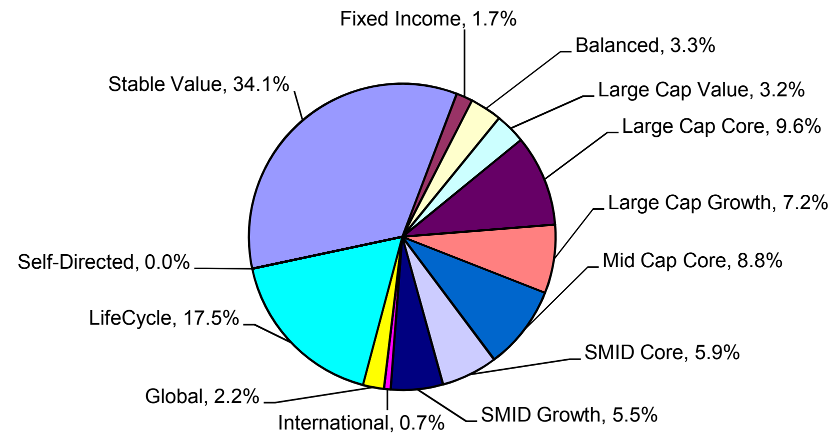
Asset Allocation as of June 30, 2015



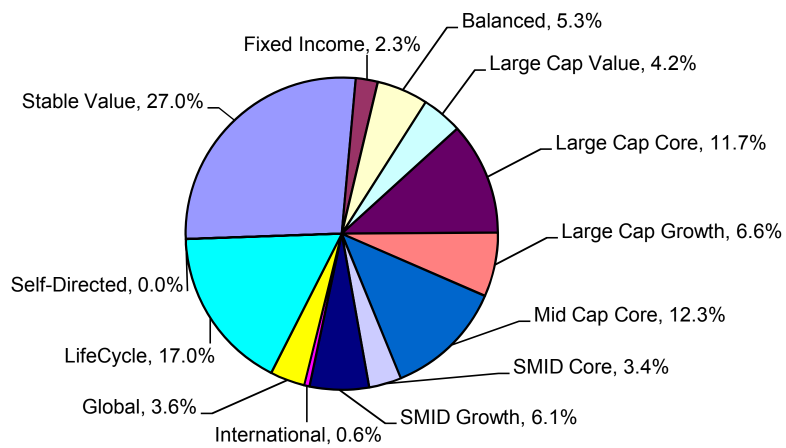
Asset Allocation as of April 1, 2015



Plan Contributions - 2nd Quarter 2015



Plan Contributions - 1st Quarter 2015



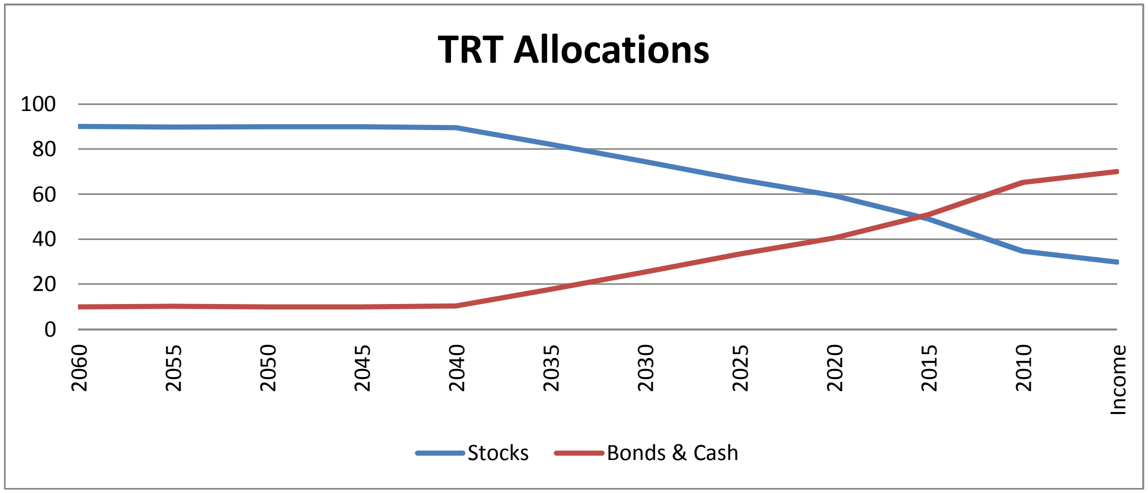
Number of Participants Invested by Fund: Total Plan
As of June 30, 2014

Fund	# of Participants	# of One-Funders
Voya Fixed Account	6,164	2,490
Vanguard Total Bond Market Index I	1,258	16
Voya T. Rowe Price Cap Apprec Port I	588	23
Invesco Equity & Income R5	2,105	106
Allianz NFJ Dividend Value Instl	527	4
American Beacon Large Cap Value	1,630	5
Vanguard Institutional Index I	3,631	112
Parnassus Equity Income - Inv	813	12
American Funds Growth Fund of Amer R3	690	10
T Rowe Price Growth Stock Fund	2,165	68
Fidelity Contrafund	466	9
Hartford Mid Cap HLS	3,310	36
Oppenheimer Main Street Mid Cap Fund	2,773	12
Vanguard Extended Market Idx I	1,236	10
Goldman Sachs Small/Mid Cap Growth	1,301	14
Vanguard Developed Markets Index Instl	1,896	8
Dodge & Cox International Stock	736	12
Franklin Mutual Global Discovery Fund	1576	5
Vanguard Target Retirement Income Inv	390	110
Vanguard Target Retirement 2015 Inv	1,274	771
Vanguard Target Retirement 2025 Inv	1,029	645
Vanguard Target Retirement 2035 Inv	1,736	1127
Vanguard Target Retirement 2045 Inv	1,064	797
Vanguard Target Retirement 2055 Inv	41	26
TD Ameritrade SDBA	72	0

Vanguard Target Date Retirement Funds

Estimated allocations

Fund	Total Stock Market Index Fund	Total International Stock Index Fund	Total Bond Market Index II Fund	Total Intl Bond Market Index Fund	ST Inflation-Protected Securities Fund	Stocks	Bonds & Cash
2055	54.1%	35.7%	7.2%	3.0%	0.0%	89.8%	10.2%
2045	57.7%	32.3%	7.0%	3.0%	0.0%	90.0%	10.0%
2035	54.6%	27.6%	12.5%	5.3%	0.0%	82.2%	17.8%
2025	44.4%	22.2%	23.3%	10.1%	0.0%	66.6%	33.4%
2015	31.1%	18.0%	30.0%	12.7%	8.2%	49.1%	50.9%
Income	18.6%	11.3%	37.5%	16.0%	16.6%	29.9%	70.1%



Voya General Fixed Account

	US Gov/Agency	Mortgage-Backed Securities	Corporate Bonds	Asset-Backed Securities	CMBS	Cash / Equivalents	Foreign Securities	Other *	Total
Stable Value	4.0%	14.0%	43.0%	1.0%	4.0%	0.0%	21.0%	13.0%	100%
Barclays Aggregate Bond Index	*42.6%*	*28.2%*	*23.5%*	*0.6%*	*2.0%*	*0.0%*	*3.2%*	*0.0%*	*100%*

*Other for Voya includes Derivatives, LPs & Policy Loans and Mortgage Loans.

Quality Ratings	Voya	BC Agg
AAA	19.0%	71.4%
AA	5.0%	4.4%
A	27.0%	11.5%
BBB	43.0%	12.7%
BB and Below	6.0%	0.0%

Voya Financial Insurance Company Ratings		
Fitch	A	*Strong*
S&P	A	*Strong*
Moody's	A2	*Good*
A.M. Best	A	*Excellent*

Minimum Crediting Rate Per Contract	
Year 1:	3.50%
Year 2:	3.15%
Year 3:	2.75%

*Effective 12/19/2014 the separate account funds were transferred to Voya General Account.

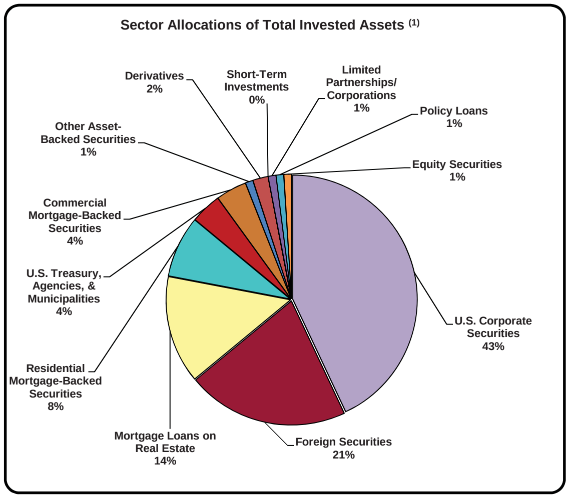
Portfolio Update

Voya Retirement Insurance and Annuity Company ("VRIAC") - General Account Portfolio

As of March 31, 2015

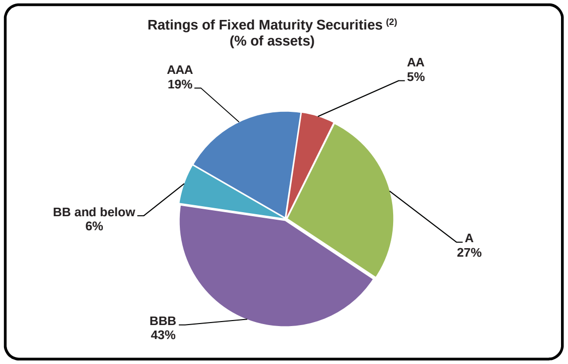
General Account Facts:

Market Value of Invested Assets ($B):	$27.2 [1]



Sector Allocations [1]:	% of Assets
U.S. Corporate Securities	43%
Foreign Securities	21%
Mortgage Loans on Real Estate	14%
Residential Mortgage-Backed Securities	8%
U.S. Treasury, Agencies, & Municipalities	4%
Commercial Mortgage-Backed Securities	4%
Other Asset-Backed Securities	1%
Derivatives	2%
Short-Term Investments	0%
Limited Partnerships/ Corporations	1%
Policy Loans	1%
Equity Securities	1%
Total	100%

Ratings on Fixed Maturity Securities [2]:	% of Assets
AAA	19%
AA	5%
A	27%
BBB	43%
BB and below	6%
Total	100%



Market Value by Contractual Maturity of Fixed Maturity Securities ($B) [3]:	
One year or less	$ 0.6
After one year through five years	$ 4.5
After five years through ten years	$ 6.3
After ten years	$ 7.3
Mortgage-backed securities	$ 3.2
Other asset-backed securities	$ 0.3
Total	$ 22.2

Notes:

[1] Total invested assets exclude due and accrued investment income, real estate, and loans to affiliates.
Source: Compiled from information included in the VRIAC Form 10-Q as of 03/31/2015, page 4 and page 14.

[2] The fixed maturities in VRIAC's portfolio are generally rated by external rating agencies and, if not externally rated, are rated by VRIAC on a basis similar to that used by the rating agencies. Ratings are derived from three National Association of Insurance Commissioners acceptable rating organizations ("ARO") ratings and are applied as follows based on the number of agency ratings received:

- when three ratings are received, then the middle rating is applied;
- when two ratings are received, then the lower rating is applied;
- when a single rating is received, then the ARO rating is applied; and
- when ratings are unavailable, then an internal rating is applied.

Source: Compiled from information included in the VRIAC Form 10-Q as of 03/31/2015, page 60.

[3] Compiled from information included in the VRIAC Form 10-Q as of 03/31/2015, page 16.

The General Account supports the insurance and annuity obligations of Voya Retirement Insurance and Annuity Company ("VRIAC"), One Orange Way, Windsor, CT, 06095-4774, a member of the Voya® family of companies. Products may vary by state and may not be available in all states. This information relates to VRIAC's entire General Account and is neither an offer to sell nor a solicitation of an offer to buy, and cannot be used as such, for any particular insurance or annuity product that is registered as a security with the Securities and Exchange Commission and supported by the General Account.

Institutional Investor Use Only

As of June 30, 2015

	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Expense Ratio
Voya Fixed Account	0.86	1.72	2.91	2.49	2.61	0.75
Hueler Stable Value	0.44	0.88	1.75	1.83	2.18	
Vanguard Total Bond Market Index	-1.78	-0.16	1.74	1.71	3.26	0.06
Vanguard Total Bond Policy Index	-1.76	-0.13	1.78	1.82	3.38	
IM U.S. Broad Market Core Fixed Income (MF) Median	-1.73	-0.11	1.21	2.00	3.52	
Vanguard Total Bond Market Index Rank	62	59	21	65	64	
Voya T Rowe Price Cap App Port I	-1.06	2.21	5.85	13.13	13.22	0.64
60 S&P 500 / 40 Barclays Agg	-0.51	0.79	5.28	10.98	11.76	
IM All Balanced (MF) Median	-0.48	1.57	1.51	9.23	9.79	
Voya T Rowe Price Cap App Port I Rank	82	32	3	13	8	
Invesco Equity and Income R5	1.25	1.45	4.35	13.82	13.02	0.49
60 S&P 500 / 40 Barclays Agg	-0.51	0.79	5.28	10.98	11.76	
IM All Balanced (MF) Median	-0.48	1.57	1.51	9.23	9.79	
Invesco Equity and Income R5 Rank	2	54	9	8	9	
Allianz NFJ Dividend Value	0.29	-1.38	-0.29	14.75	15.27	0.70
Russell 1000 Value Index	0.11	-0.61	4.13	17.34	16.50	
IM U.S. Large Cap Value Equity (MF) Median	0.43	0.36	4.32	16.68	15.25	
Allianz NFJ Dividend Value Rank	55	91	98	83	50	
American Beacon Large Cap Value Instl	0.68	1.27	3.83	17.96	16.44	0.59
Russell 1000 Value Index	0.11	-0.61	4.13	17.34	16.50	
IM U.S. Large Cap Value Equity (MF) Median	0.43	0.36	4.32	16.68	15.25	
American Beacon Large Cap Value Instl Rank	41	24	61	22	20	
Vanguard Institutional Index	0.28	1.22	7.41	17.28	17.31	0.04
S&P 500	0.28	1.23	7.42	17.31	17.34	
IM U.S. Large Cap Core Equity (MF) Median	0.15	1.10	6.26	16.72	15.99	
Vanguard Institutional Index Rank	43	46	27	36	22	

Returns for periods greater than one year are annualized.
Returns are expressed as percentages.

As of June 30, 2015

	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Expense Ratio
Parnassus Equity Income	-0.41	-1.19	4.46	17.97	16.29	0.87
S&P 500	0.28	1.23	7.42	17.31	17.34	
IM U.S. Large Cap Core Equity (MF) Median	0.15	1.10	6.26	16.72	15.99	
Parnassus Equity Income Rank	74	92	73	22	44	
American Funds Growth Fund R3	1.27	4.64	7.77	18.58	16.14	0.98
Russell 1000 Growth Index	0.12	3.96	10.56	17.99	18.59	
IM U.S. Large Cap Growth Equity (MF) Median	0.64	3.85	10.72	17.76	17.24	
American Funds Growth Fund R3 Rank	30	39	80	31	74	
T.Rowe Price Growth Stock	1.02	7.12	13.47	19.43	19.42	0.68
Russell 1000 Growth Index	0.12	3.96	10.56	17.99	18.59	
IM U.S. Large Cap Growth Equity (MF) Median	0.64	3.85	10.72	17.76	17.24	
T.Rowe Price Growth Stock Rank	38	12	17	17	11	
Fidelity Contrafund	1.00	5.09	10.29	17.42	17.11	0.64
Russell 1000 Growth Index	0.12	3.96	10.56	17.99	18.59	
IM U.S. Large Cap Growth Equity (MF) Median	0.64	3.85	10.72	17.76	17.24	
Fidelity Contrafund Rank	38	33	56	58	53	
Hartford Mid Cap HLS	-0.38	5.46	5.49	20.49	17.36	0.96
Russell Midcap Index	-1.54	2.35	6.63	19.26	18.23	
IM U.S. Mid Cap Core Equity (MF)	-0.95	3.07	5.86	18.02	16.33	
Hartford Mid Cap HLS Rank	34	15	56	10	29	
Oppenheimer Main Street Mid Cap Fund	-1.08	2.34	5.86	18.04	17.23	0.86
Russell Midcap Index	-1.54	2.35	6.63	19.26	18.23	
IM U.S. Mid Cap Core Equity (MF) Median	-0.95	3.07	5.86	18.02	16.33	
Oppenheimer Main Street Mid Cap Fund Rank	54	62	51	50	33	
Vanguard Extended Market Idx I	-0.44	4.85	6.25	19.35	18.28	0.08
S&P Completion Index	-0.44	4.84	6.17	19.26	18.18	
IM U.S. SMID Cap Core Equity (MF) Median	-0.12	4.05	5.20	17.32	16.09	
Vanguard Extended Market Idx I Rank	58	31	33	16	11	

Returns for periods greater than one year are annualized.
Returns are expressed as percentages.

As of June 30, 2015

	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Expense Ratio
Goldman Sachs Small/Mid Cap Growth	4.10	8.71	13.71	21.17	18.79	1.33
Russell 2500 Growth Index	0.61	8.09	11.30	20.35	19.55	
IM U.S. SMID Cap Growth Equity (MF) Median	1.88	7.82	10.68	18.11	18.18	
Goldman Sachs Small/Mid Cap Growth Rank	8	39	20	10	40	
Vanguard Developed Markets Index Instl	1.02	6.63	-3.95	12.02	9.87	0.07
Vanguard Developed Market Policy Index	0.84	6.03	-3.74	12.22	9.68	
IM International Equity (MF) Median	1.20	5.46	-3.89	10.38	8.75	
Vanguard Developed Markets Index Instl Rank	55	35	51	31	31	
Dodge & Cox International Stock	-0.30	3.89	-3.64	15.44	11.24	0.64
MSCI AC World ex USA (Net)	0.53	4.03	-5.26	9.44	7.76	
MSCI EAFE (Net)	0.62	5.52	-4.22	11.97	9.54	
IM International Core Equity (MF) Median	1.12	6.25	-3.75	11.46	9.41	
Dodge & Cox International Stock Rank	92	86	48	7	16	
Franklin Mutual Global Discovery	-0.47	2.65	1.56	13.47	11.38	1.29
MSCI AC World Index (Net)	0.35	2.66	0.71	13.01	11.93	
IM Global Core Equity (MF) Median	0.30	3.02	1.27	13.74	12.39	
Franklin Mutual Global Discovery Rank	81	62	47	54	69	
Vanguard Target Retirement Income Inv	-0.93	0.81	1.94	5.35	6.76	0.16
Vanguard Target Income Composite Index	-0.84	0.94	2.15	5.57	6.91	
IM Mixed-Asset Target 2010 (MF) Median	-0.53	1.27	0.85	6.96	7.80	
Vanguard Target Retirement Income Inv Rank	88	71	14	82	75	
Vanguard Target Retirement 2015 Inv	-0.64	1.37	2.61	8.81	9.68	0.16
Vanguard Target 2015 Composite Index	-0.57	1.46	2.82	9.02	9.80	
IM Mixed-Asset Target 2015 (MF) Median	-0.63	1.26	1.11	7.85	8.65	
Vanguard Target Retirement 2015 Inv Rank	54	44	5	19	14	
Vanguard Target Retirement 2025 Inv	-0.41	1.81	3.09	11.18	11.52	0.17
Vanguard Target 2025 Composite Index	-0.34	1.89	3.32	11.47	11.77	
IM Mixed-Asset Target 2025 (MF) Median	-0.45	1.63	1.82	9.98	10.43	
Vanguard Target Retirement 2025 Inv Rank	49	45	11	21	25	

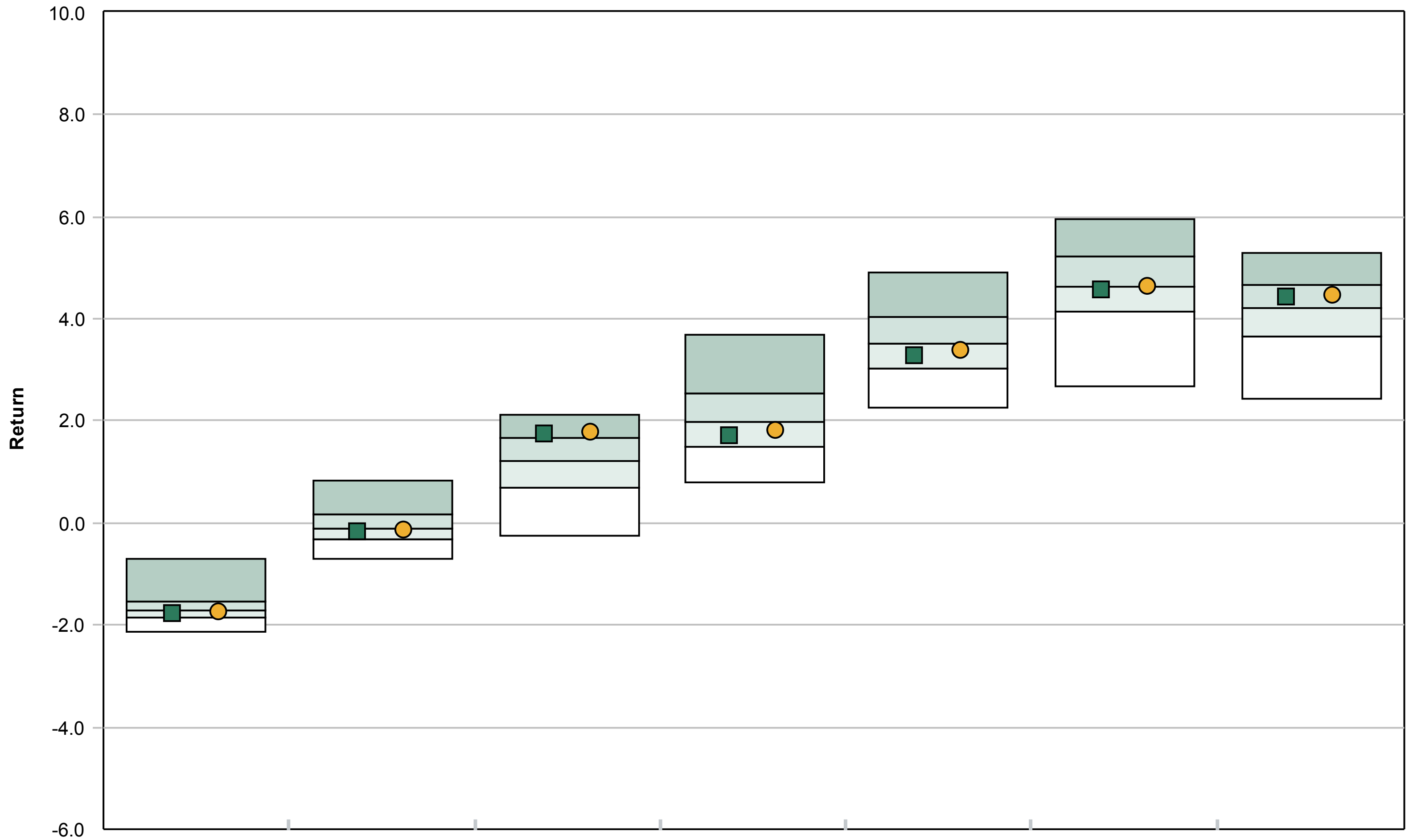
Returns for periods greater than one year are annualized.
Returns are expressed as percentages.

	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Expense Ratio
Vanguard Target Retirement 2035 Inv	-0.05	2.30	3.26	13.21	13.16	0.18
Vanguard Target 2035 Composite Index	0.01	2.33	3.49	13.50	13.39	
IM Mixed-Asset Target 2035 (MF) Median	-0.14	2.37	2.40	12.14	12.04	
Vanguard Target Retirement 2035 Inv Rank	46	57	24	22	17	
Vanguard Target Retirement 2045 Inv	0.10	2.52	3.29	13.80	13.51	0.18
Vanguard Target 2045 Composite Index	0.19	2.54	3.59	14.14	13.76	
IM Mixed-Asset Target 2045 (MF) Median	0.00	2.66	2.49	13.00	12.61	
Vanguard Target Retirement 2045 Inv Rank	42	60	28	23	17	
Vanguard Target Retirement 2055 Inv	0.06	2.44	3.21	13.79	N/A	0.18
Vanguard Target 2055 Composite Index	0.19	2.54	3.59	14.14	13.76	
IM Mixed-Asset Target 2055+ (MF) Median	0.10	2.79	2.65	13.38	12.62	
Vanguard Target Retirement 2055 Inv Rank	58	70	33	32	N/A	

Returns for periods greater than one year are annualized.
Returns are expressed as percentages.

Vanguard Total Bond Market Index

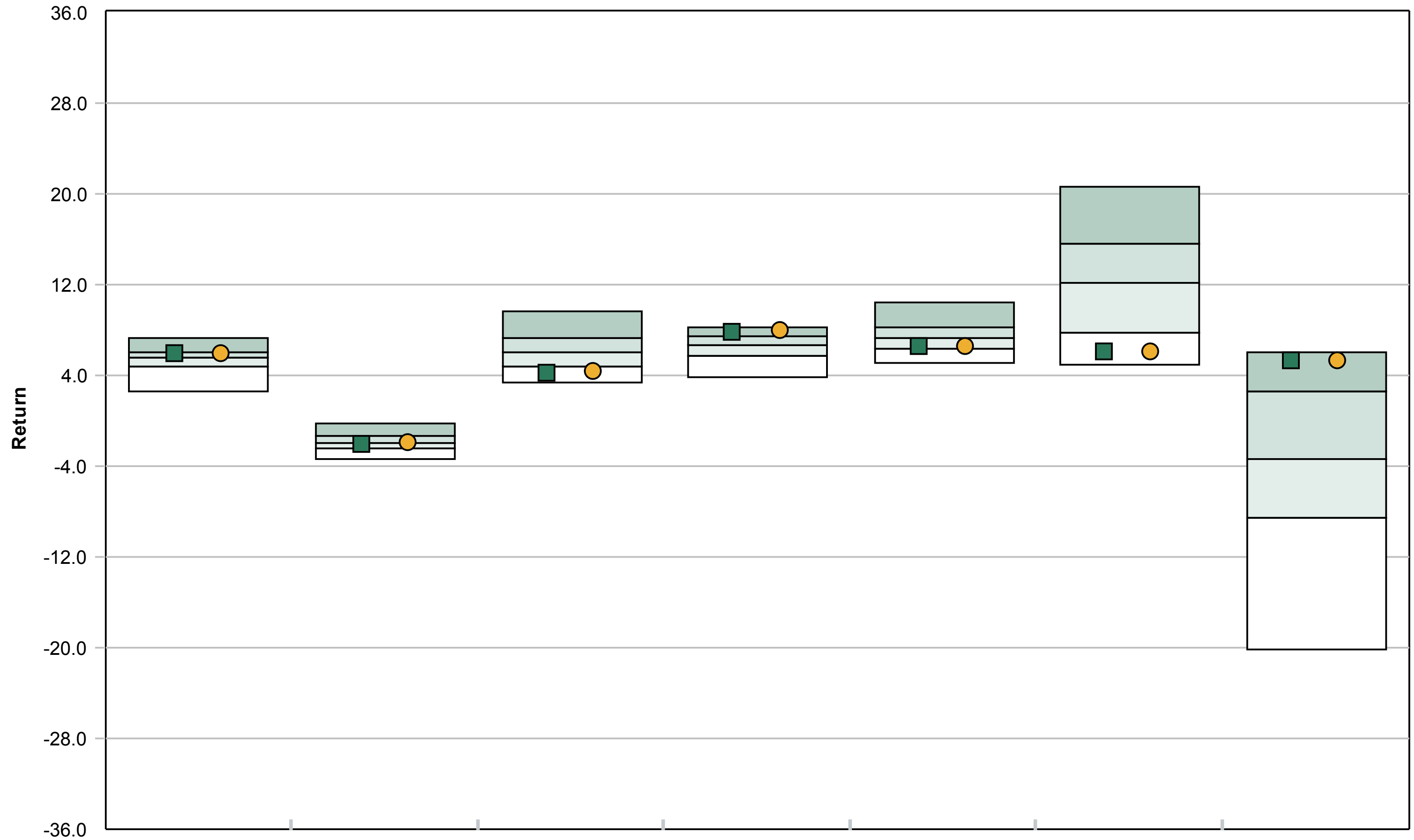
Peer Group Analysis - IM U.S. Broad Market Core Fixed Income (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
■ Vanguard Total Bond Market Index	-1.78 (62)	-0.16 (59)	1.74 (21)	1.71 (65)	3.26 (64)	4.55 (56)	4.43 (36)
● Vanguard Total Bond Policy Index	-1.76 (57)	-0.13 (54)	1.78 (17)	1.82 (60)	3.38 (57)	4.62 (53)	4.46 (36)
5th Percentile	-0.69	0.82	2.12	3.69	4.92	5.97	5.30
1st Quartile	-1.55	0.18	1.66	2.52	4.03	5.21	4.65
Median	-1.73	-0.11	1.21	2.00	3.52	4.64	4.23
3rd Quartile	-1.86	-0.32	0.69	1.51	3.02	4.13	3.65
95th Percentile	-2.14	-0.72	-0.23	0.78	2.27	2.67	2.42

Vanguard Total Bond Market Index

Peer Group Analysis - IM U.S. Broad Market Core Fixed Income (MF)



	2014	2013	2012	2011	2010	2009	2008
Vanguard Total Bond Market Index	5.91 (30)	-2.13 (59)	4.18 (81)	7.72 (14)	6.58 (67)	6.09 (88)	5.19 (11)
Vanguard Total Bond Policy Index	5.85 (34)	-1.97 (51)	4.32 (79)	7.92 (9)	6.58 (67)	5.98 (89)	5.24 (10)
5th Percentile	7.29	-0.20	9.62	8.28	10.36	20.59	6.03
1st Quartile	5.99	-1.29	7.29	7.39	8.19	15.65	2.61
Median	5.54	-1.96	6.01	6.68	7.23	12.13	-3.45
3rd Quartile	4.75	-2.46	4.82	5.72	6.37	7.73	-8.59
95th Percentile	2.53	-3.44	3.35	3.89	5.08	4.87	-20.19

Vanguard Total Bond Market Index

Fund Information

Fund Name :	Vanguard Bond Index Funds: Vanguard Total Bond Market Index Fund; Institutional Shares	Portfolio Assets :	$149,747 Million
Fund Family :	Vanguard Group Inc	Portfolio Manager :	Joshua C. Barrickman
Ticker :	VBTIX	PM Tenure :	2013
Inception Date :	09/18/1995	Fund Style :	IM U.S. Broad Market Core Fixed Income (MF)
Fund Assets :	$28,592 Million	Style Benchmark :	Vanguard Total Bond Policy Index

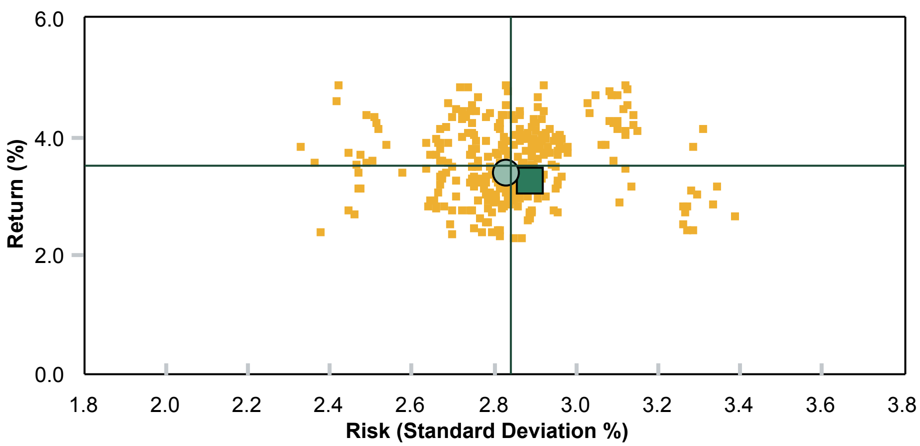
Fund Investment Policy

The Fund seeks to generate returns that track the performance of the Barclays U.S. Aggregate Float Adjusted Index, and will maintain a dollar-weighted average maturity consistent with that of the index. The Index measures investment-grade, taxable fixed income securities in the U.S.

Historical Statistics (07/01/10 - 06/30/15) *

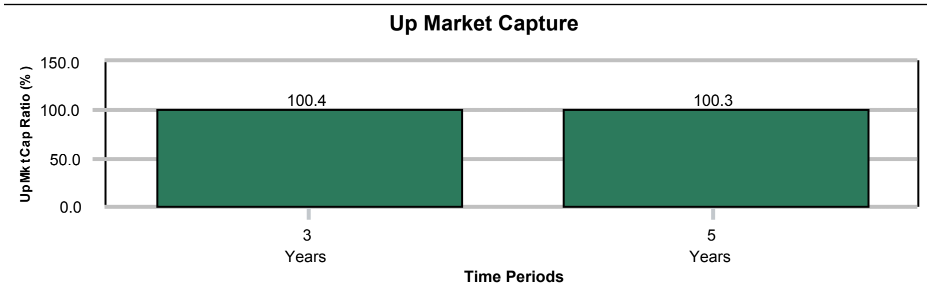
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Vanguard Total Bond Market Index	3.26	2.89	1.10	-0.17	1.02	0.99	0.25	-0.43	2.89	10/01/1995
Vanguard Total Bond Policy Index	3.38	2.83	1.16	0.00	1.00	1.00	0.00	N/A	2.83	10/01/1995
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	2.83	-1.16	0.00	10/01/1995

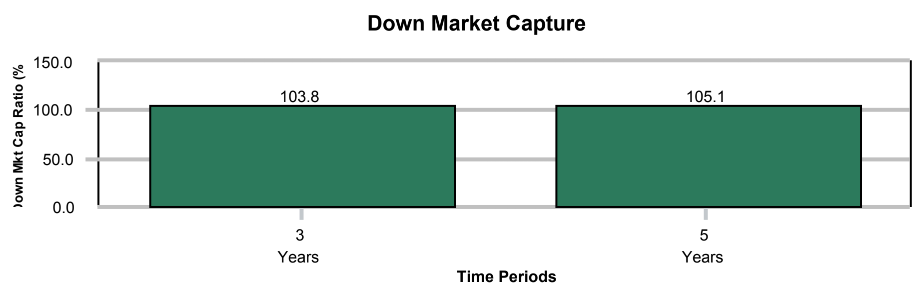
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
■ Vanguard Total Bond Market Index	3.26	2.89
● Vanguard Total Bond Policy Index	3.38	2.83
— Median	3.52	2.84

Up Down Market Capture

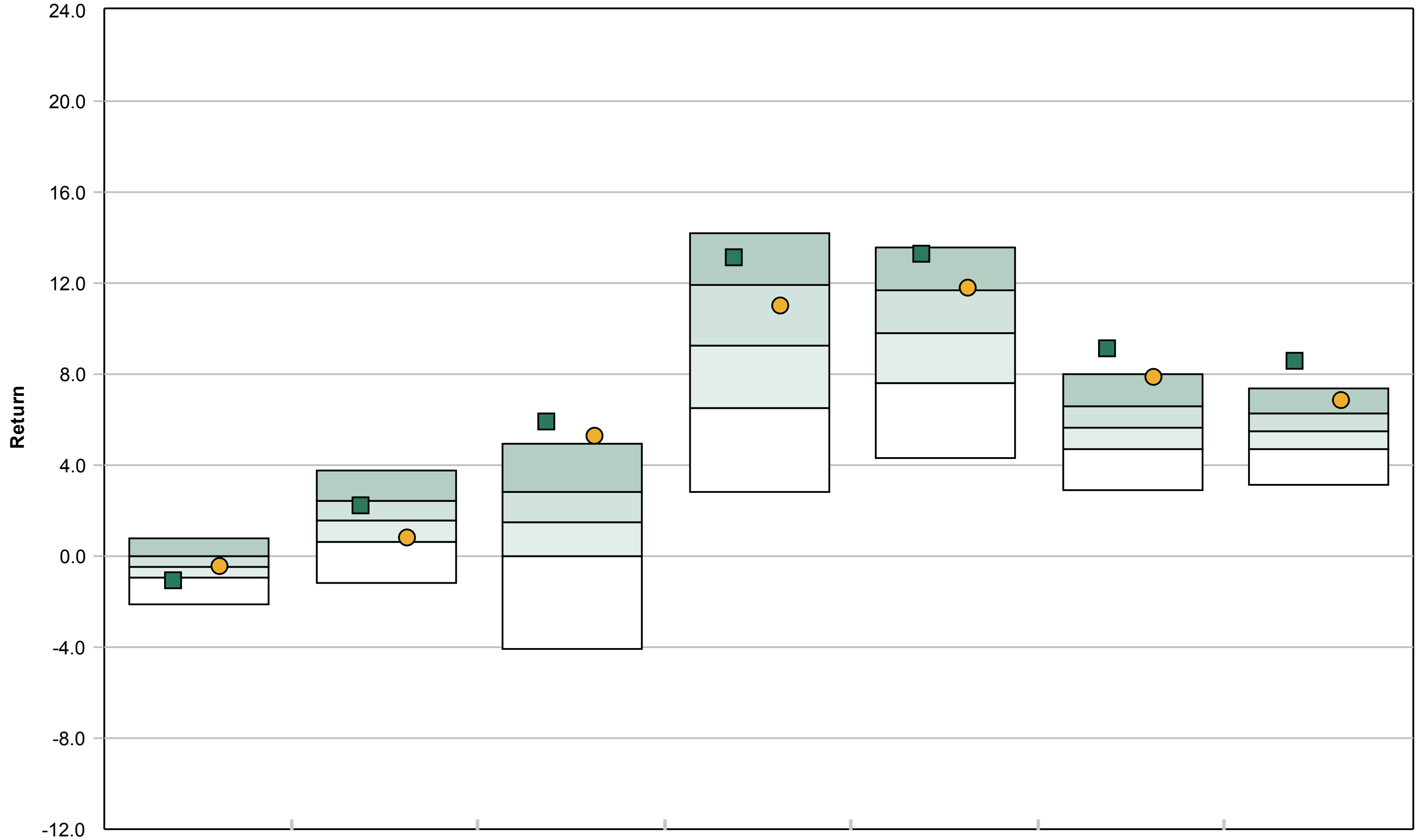




* Monthly periodicity used.

Voya T Rowe Price Cap App Port I

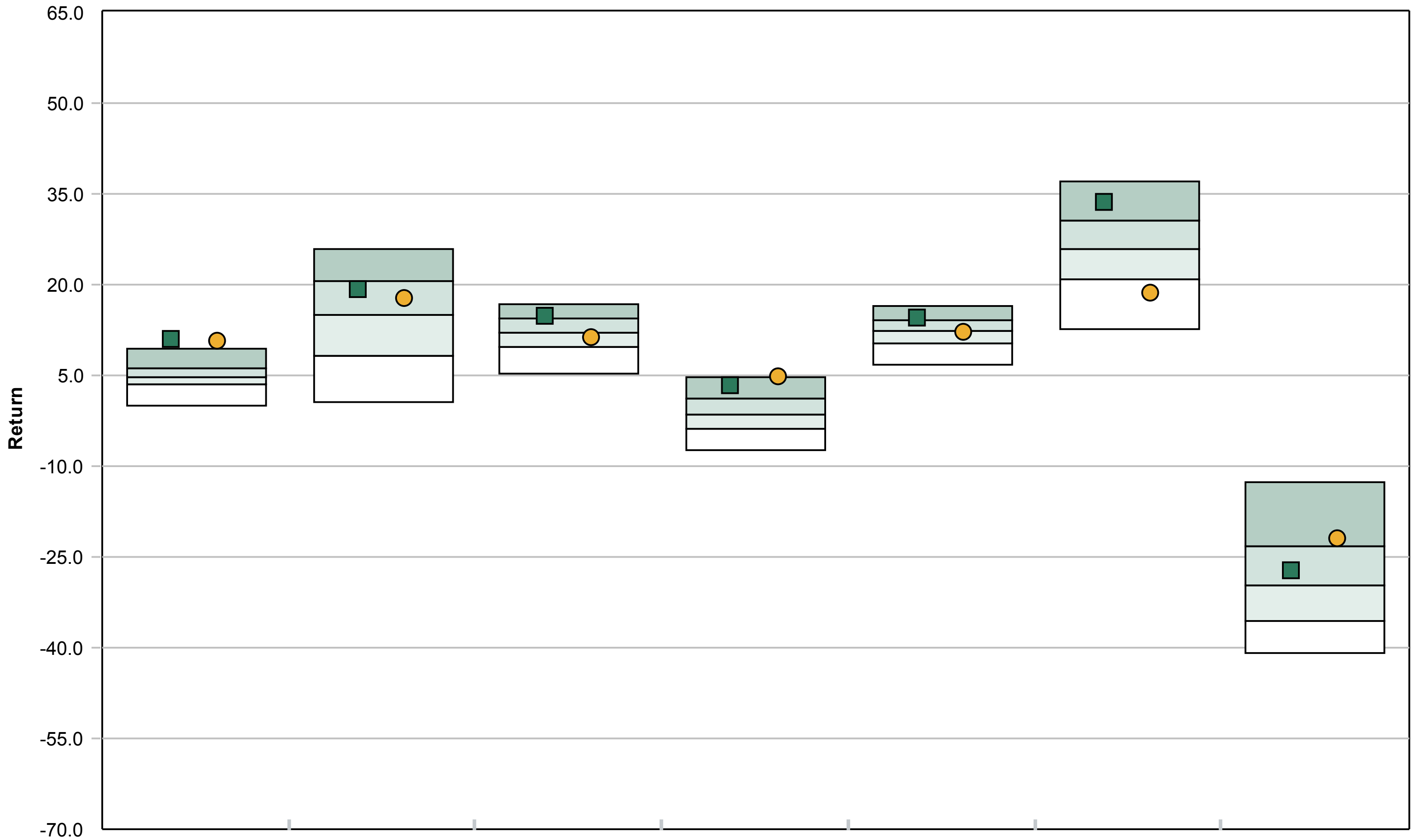
Peer Group Analysis - IM All Balanced (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Voya T Rowe Price Cap App Port I	-1.06 (82)	2.21 (32)	5.85 (3)	13.13 (13)	13.22 (8)	9.07 (1)	8.55 (1)
60 S&P 500 / 40 Barclays Agg	-0.51 (52)	0.79 (72)	5.28 (4)	10.98 (35)	11.76 (24)	7.82 (7)	6.79 (14)
5th Percentile	0.76	3.74	4.92	14.23	13.55	7.97	7.33
1st Quartile	0.00	2.45	2.81	11.88	11.70	6.59	6.26
Median	-0.48	1.57	1.51	9.23	9.79	5.67	5.50
3rd Quartile	-0.91	0.65	0.03	6.51	7.58	4.67	4.70
95th Percentile	-2.14	-1.14	-4.10	2.82	4.29	2.91	3.12

Voya T Rowe Price Cap App Port I

Peer Group Analysis - IM All Balanced (MF)



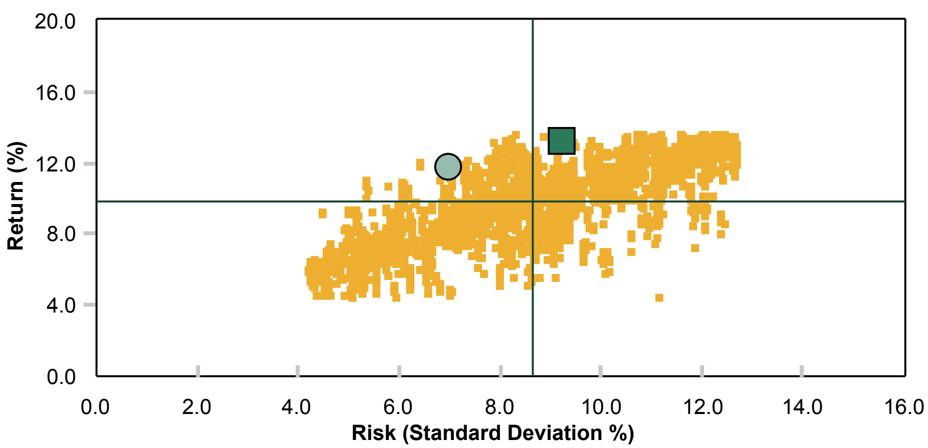
	2014	2013	2012	2011	2010	2009	2008
Voya T Rowe Price Cap App Port I	10.92 (3)	19.05 (33)	14.78 (21)	3.16 (10)	14.30 (23)	33.56 (13)	-27.34 (41)
60 S&P 500 / 40 Barclays Agg	10.62 (3)	17.56 (40)	11.31 (60)	4.69 (5)	12.13 (53)	18.40 (86)	-22.06 (22)
5th Percentile	9.27	25.81	16.65	4.64	16.51	36.97	-12.67
1st Quartile	6.20	20.64	14.34	1.18	14.04	30.46	-23.27
Median	4.75	15.12	12.13	-1.47	12.30	26.00	-29.56
3rd Quartile	3.45	8.34	9.84	-3.75	10.43	20.87	-35.62
95th Percentile	0.08	0.55	5.37	-7.33	6.83	12.69	-40.99

Voya T Rowe Price Cap App Port I

Historical Statistics (07/01/10 - 06/30/15) *

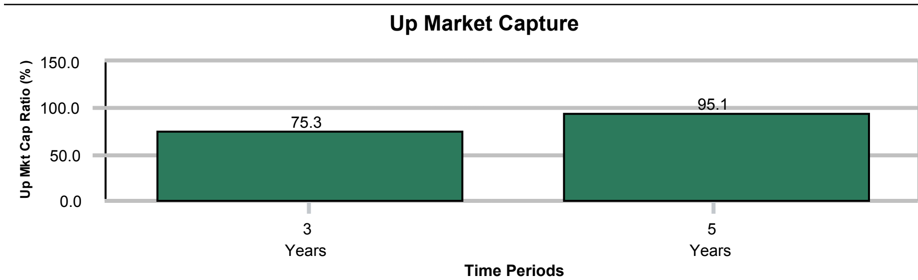
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Voya T Rowe Price Cap App Port I	13.22	9.24	1.39	2.42	0.92	0.48	6.65	0.22	9.24	01/01/2004
60 S&P 500 / 40 Barclays Agg	11.76	6.99	1.62	0.00	1.00	1.00	0.00	N/A	6.99	01/01/2004
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	6.99	-1.62	0.00	01/01/2004

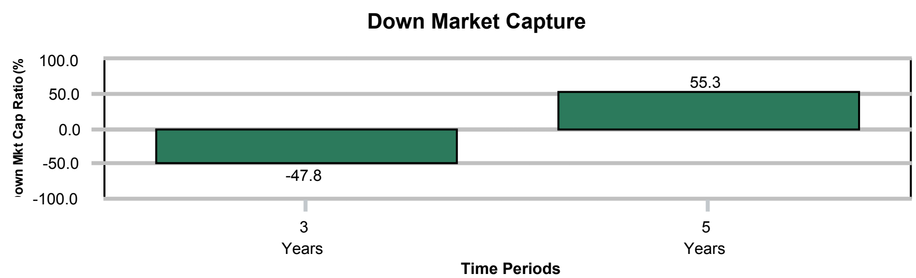
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
Voya T Rowe Price Cap App Port I	13.22	9.24
60 S&P 500 / 40 Barclays Agg	11.76	6.99
Median	9.79	8.63

Up Down Market Capture

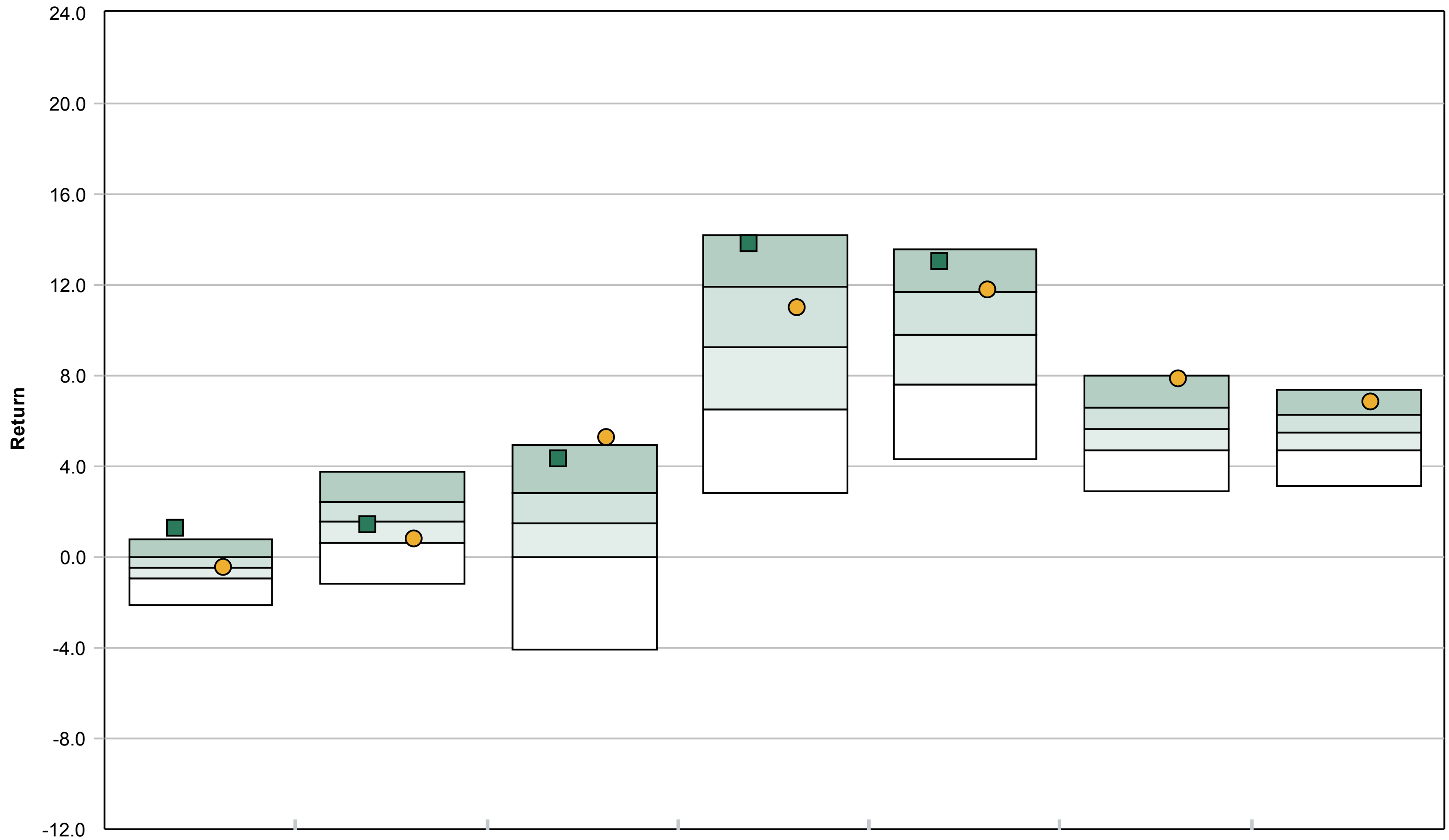




* Monthly periodicity used.

Invesco Equity and Income R5

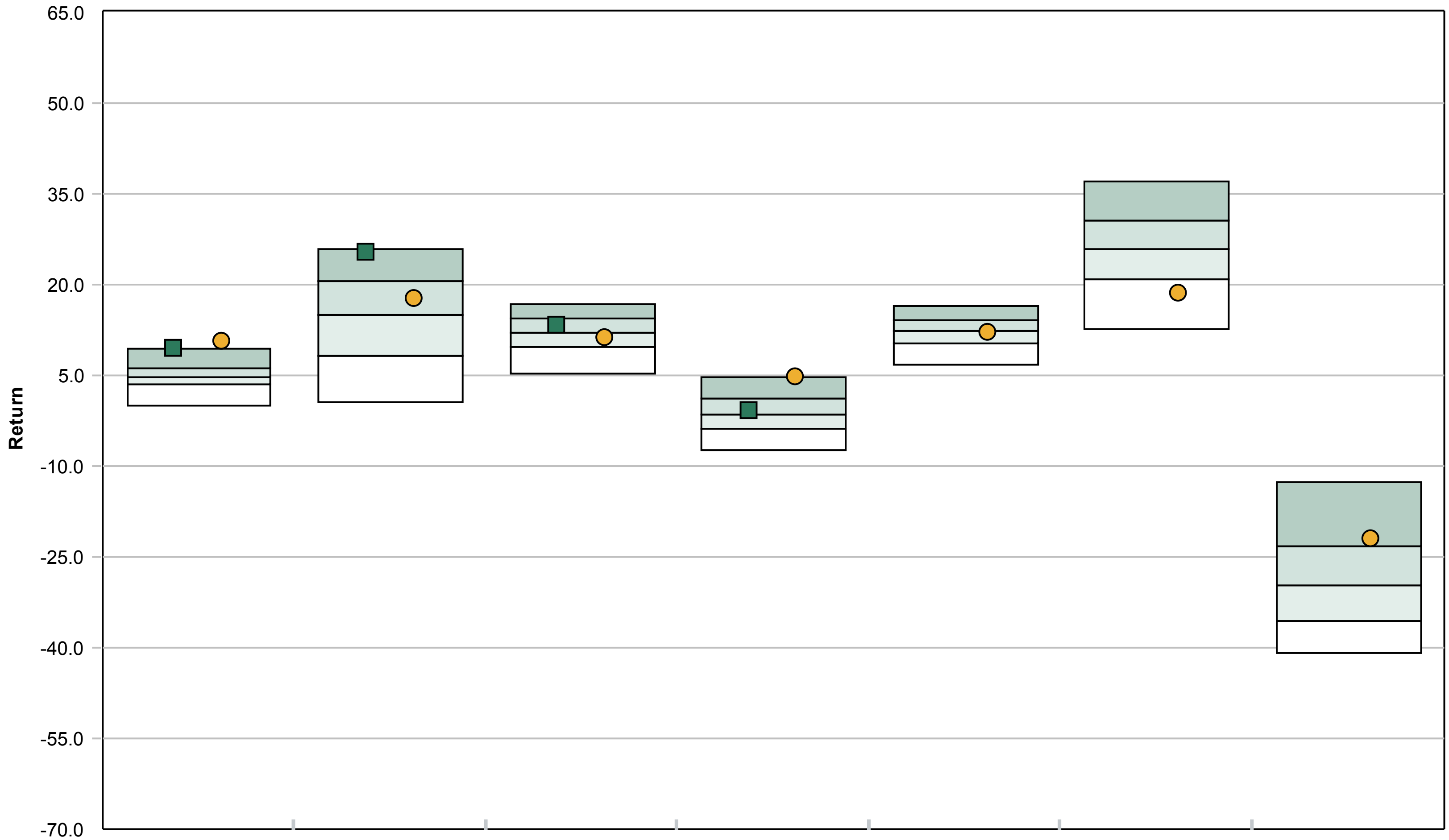
Peer Group Analysis - IM All Balanced (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
■ Invesco Equity and Income R5	1.25 (2)	1.45 (54)	4.35 (9)	13.82 (8)	13.02 (9)	N/A	N/A
● 60 S&P 500 / 40 Barclays Agg	-0.51 (52)	0.79 (72)	5.28 (4)	10.98 (35)	11.76 (24)	7.82 (7)	6.79 (14)
5th Percentile	0.76	3.74	4.92	14.23	13.55	7.97	7.33
1st Quartile	0.00	2.45	2.81	11.88	11.70	6.59	6.26
Median	-0.48	1.57	1.51	9.23	9.79	5.67	5.50
3rd Quartile	-0.91	0.65	0.03	6.51	7.58	4.67	4.70
95th Percentile	-2.14	-1.14	-4.10	2.82	4.29	2.91	3.12

Invesco Equity and Income R5

Peer Group Analysis - IM All Balanced (MF)



	2014	2013	2012	2011	2010	2009	2008
Invesco Equity and Income R5	9.42 (5)	25.35 (7)	13.24 (37)	-0.78 (44)	N/A	N/A	N/A
60 S&P 500 / 40 Barclays Agg	10.62 (3)	17.56 (40)	11.31 (60)	4.69 (5)	12.13 (53)	18.40 (86)	-22.06 (22)
5th Percentile	9.27	25.81	16.65	4.64	16.51	36.97	-12.67
1st Quartile	6.20	20.64	14.34	1.18	14.04	30.46	-23.27
Median	4.75	15.12	12.13	-1.47	12.30	26.00	-29.56
3rd Quartile	3.45	8.34	9.84	-3.75	10.43	20.87	-35.62
95th Percentile	0.08	0.55	5.37	-7.33	6.83	12.69	-40.99

Invesco Equity and Income R5

Fund Information

Fund Name :	AIM Counselor Series Trust (Invesco Counselor Series Trust): Invesco Equity & Income Fund; Class R5 Shares	Portfolio Assets :	$14,013 Million
Fund Family :	Invesco Funds	Portfolio Manager :	Thomas Bastian
Ticker :	ACEKX	PM Tenure :	2010
Inception Date :	06/01/2010	Fund Style :	IM All Balanced (MF)
Fund Assets :	$438 Million	Style Benchmark :	60 S&P 500 / 40 Barclays Agg

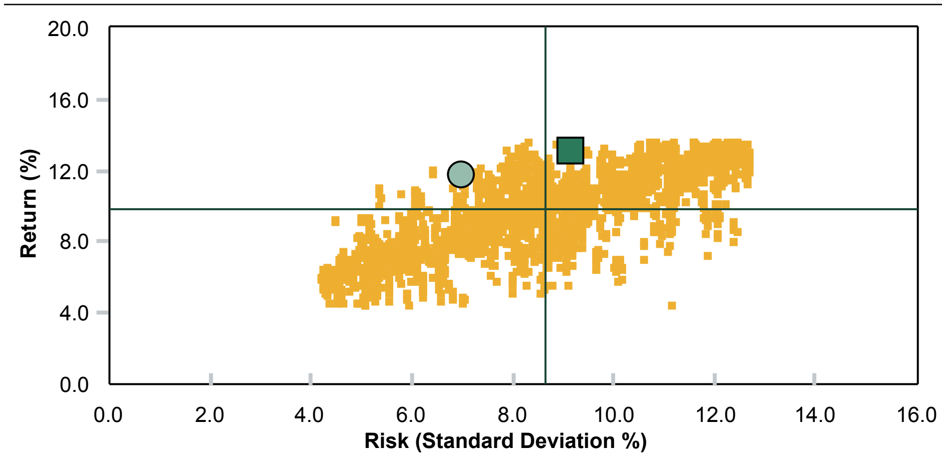
Fund Investment Policy

The Fund seeks the highest possible income consistent with safety of principal. Long-term growth of capital is an important secondary objective. The Fund seeks to achieve its investment objective by investing primarily in income-producing equity securities and investment grade quality debt securities.

Historical Statistics (07/01/10 - 06/30/15) *

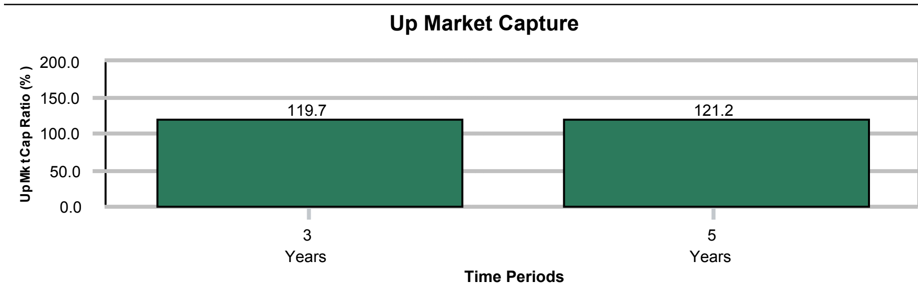
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Invesco Equity and Income R5	13.02	9.15	1.38	-1.60	1.26	0.92	3.13	0.42	9.15	07/01/2010
60 S&P 500 / 40 Barclays Agg	11.76	6.99	1.62	0.00	1.00	1.00	0.00	N/A	6.99	07/01/2010
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	6.99	-1.62	0.00	07/01/2010

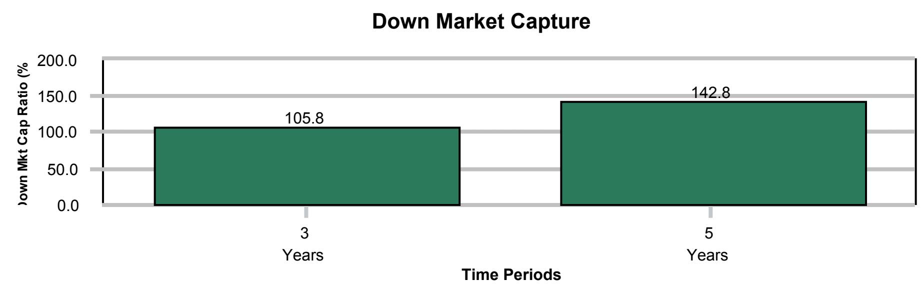
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
Invesco Equity and Income R5	13.02	9.15
60 S&P 500 / 40 Barclays Agg	11.76	6.99
Median	9.79	8.63

Up Down Market Capture





* Monthly periodicity used.

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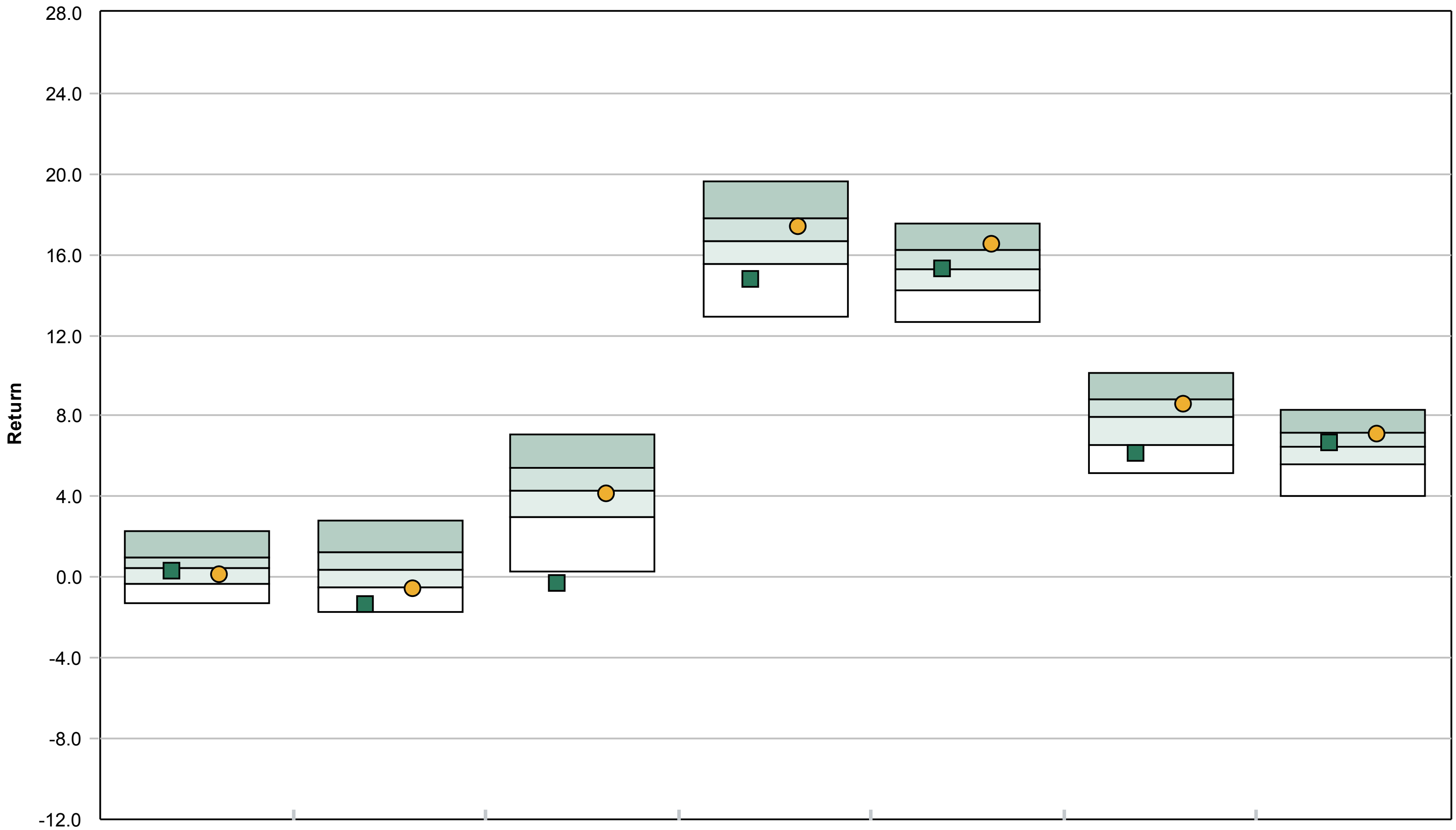
Allianz NFJ Dividend Value

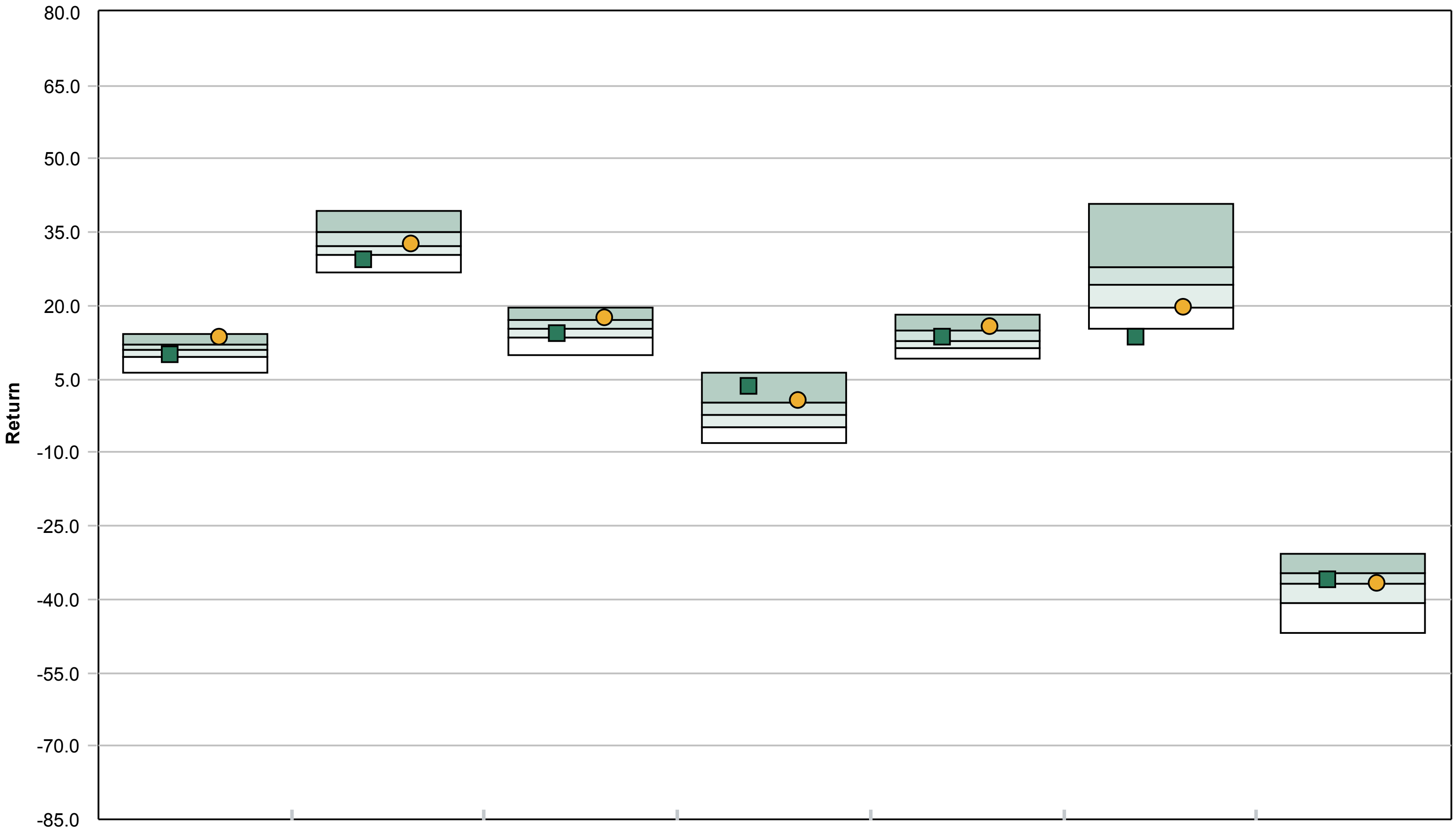
Peer Group Analysis - IM U.S. Large Cap Value Equity (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Allianz NFJ Dividend Value	0.29 (55)	-1.38 (91)	-0.29 (98)	14.75 (83)	15.27 (50)	6.13 (85)	6.68 (43)
Russell 1000 Value Index	0.11 (63)	-0.61 (77)	4.13 (54)	17.34 (35)	16.50 (19)	8.59 (32)	7.05 (30)
5th Percentile	2.31	2.84	7.09	19.62	17.55	10.15	8.32
1st Quartile	1.00	1.21	5.43	17.79	16.25	8.80	7.19
Median	0.43	0.36	4.32	16.68	15.25	7.93	6.49
3rd Quartile	-0.35	-0.53	2.97	15.57	14.21	6.60	5.59
95th Percentile	-1.29	-1.69	0.30	12.90	12.69	5.20	4.00

Allianz NFJ Dividend Value

Peer Group Analysis - IM U.S. Large Cap Value Equity (MF)



	2014	2013	2012	2011	2010	2009	2008
Allianz NFJ Dividend Value	9.99 (69)	29.21 (87)	14.31 (65)	3.44 (11)	13.57 (39)	13.33 (98)	-36.06 (37)
Russell 1000 Value Index	13.45 (9)	32.53 (48)	17.51 (23)	0.39 (24)	15.51 (20)	19.69 (74)	-36.85 (48)
5th Percentile	14.19	39.31	19.61	6.16	18.19	40.90	-30.88
1st Quartile	12.10	34.93	17.21	0.22	15.00	28.05	-34.82
Median	10.90	32.29	15.28	-2.30	12.78	24.37	-36.99
3rd Quartile	9.61	30.52	13.50	-4.85	11.36	19.53	-40.73
95th Percentile	6.44	26.86	9.90	-8.14	9.25	15.23	-46.90

Allianz NFJ Dividend Value

Fund Information

Fund Name :	Allianz Funds: AllianzGI NFJ Dividend Value Fund; Institutional Class Shares	Portfolio Assets :	$7,978 Million
Fund Family :	Allianz Global Investors	Portfolio Manager :	Team Managed
Ticker :	NFJEX	PM Tenure :	
Inception Date :	05/08/2000	Fund Style :	IM U.S. Large Cap Value Equity (MF)
Fund Assets :	$3,430 Million	Style Benchmark :	Russell 1000 Value Index

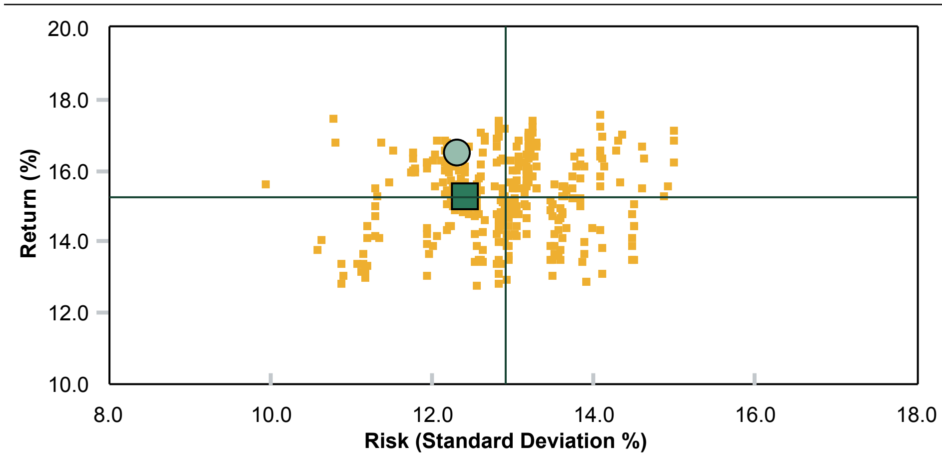
Fund Investment Policy

The Fund seeks current income as a primary objective, and long-term growth of capital as a secondary objective. Focus is on income-producing common stocks with the potential for capital appreciation.

Historical Statistics (07/01/10 - 06/30/15) *

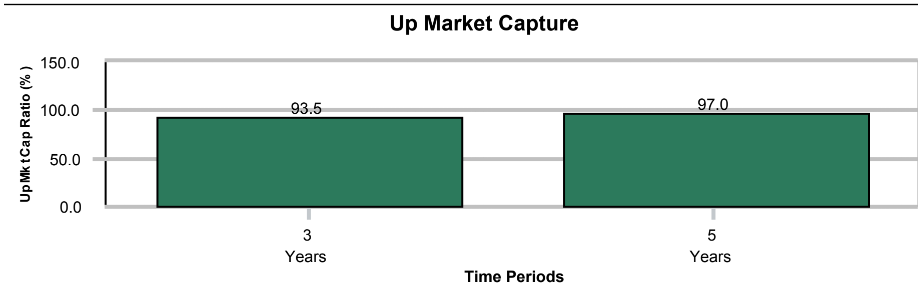
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Allianz NFJ Dividend Value	15.27	12.41	1.21	-0.77	0.98	0.95	2.82	-0.38	12.41	06/01/2000
Russell 1000 Value Index	16.50	12.32	1.30	0.00	1.00	1.00	0.00	N/A	12.32	06/01/2000
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	12.32	-1.30	0.00	06/01/2000

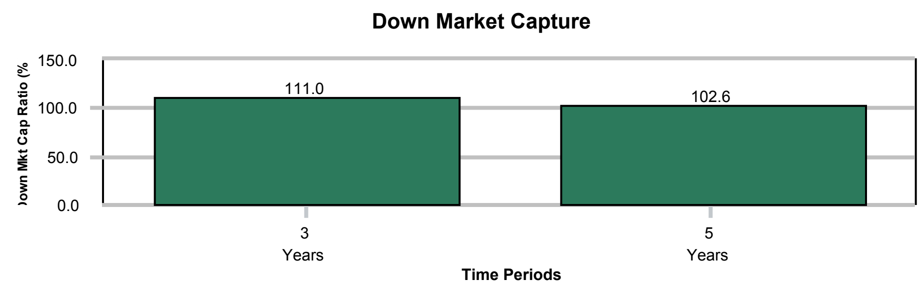
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
Allianz NFJ Dividend Value	15.27	12.41
Russell 1000 Value Index	16.50	12.32
Median	15.25	12.91

Up Down Market Capture

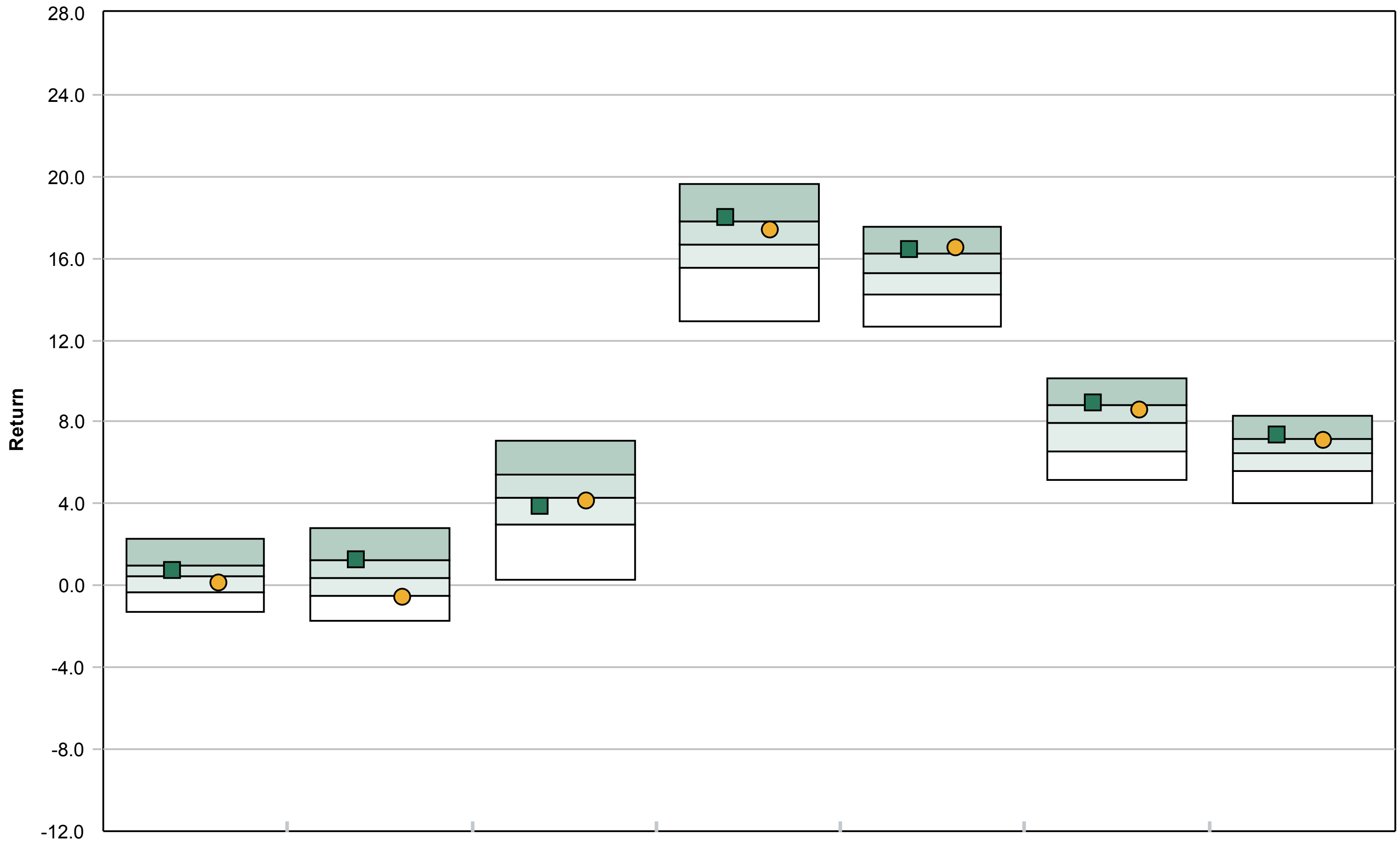




* Monthly periodicity used.

American Beacon Lg Cap Value Instl

Peer Group Analysis - IM U.S. Large Cap Value Equity (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
American Beacon Lg Cap Value Instl	0.68 (41)	1.27 (24)	3.83 (61)	17.96 (22)	16.44 (20)	8.94 (22)	7.37 (21)
Russell 1000 Value Index	0.11 (63)	-0.61 (77)	4.13 (54)	17.34 (35)	16.50 (19)	8.59 (32)	7.05 (30)
5th Percentile	2.31	2.84	7.09	19.62	17.55	10.15	8.32
1st Quartile	1.00	1.21	5.43	17.79	16.25	8.80	7.19
Median	0.43	0.36	4.32	16.68	15.25	7.93	6.49
3rd Quartile	-0.35	-0.53	2.97	15.57	14.21	6.60	5.59
95th Percentile	-1.29	-1.69	0.30	12.90	12.69	5.20	4.00

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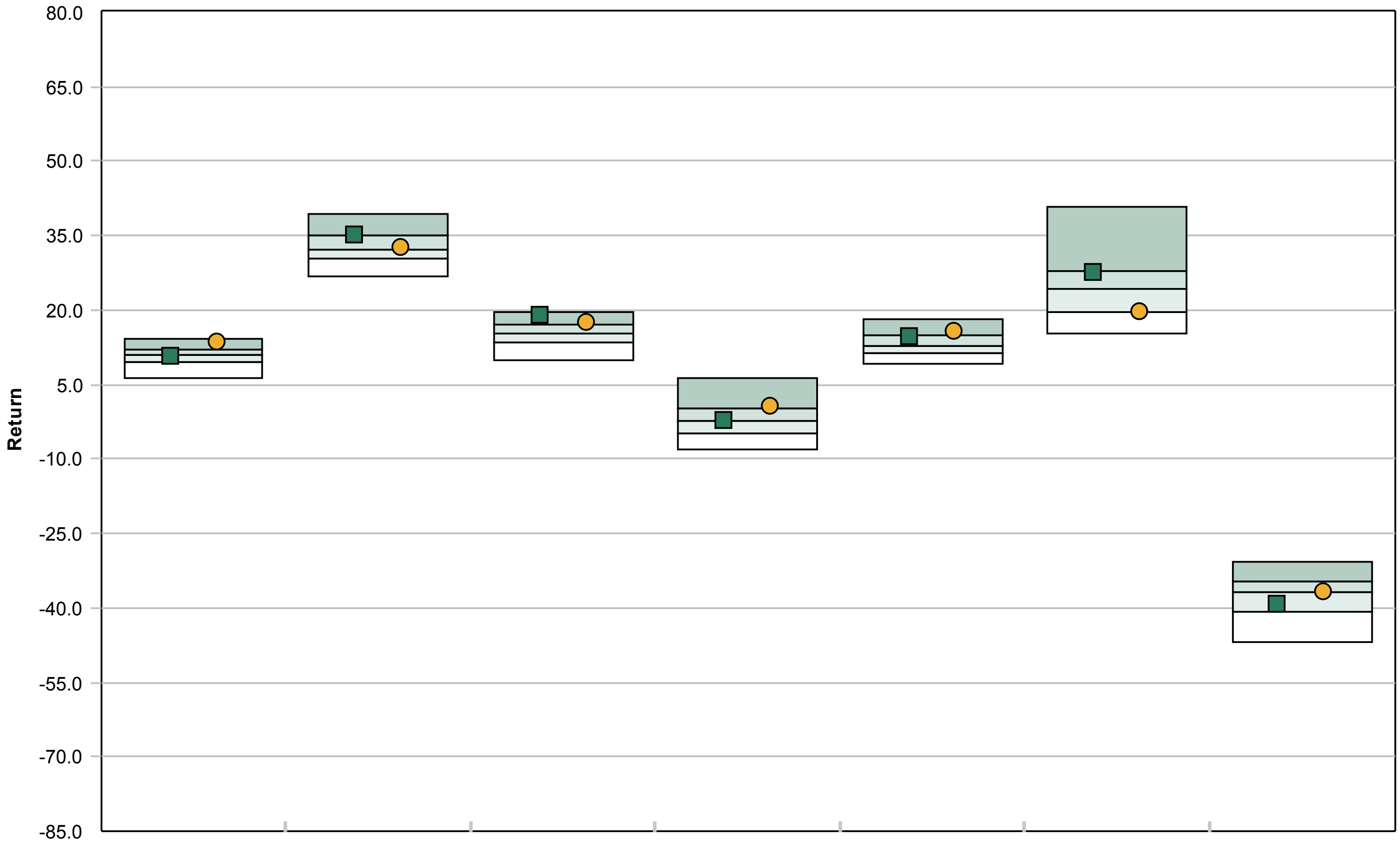
American Beacon Lg Cap Value Instl

Peer Group Analysis - IM U.S. Large Cap Value Equity (MF)



	2014	2013	2012	2011	2010	2009	2008
American Beacon Lg Cap Value Instl	10.55 (59)	34.93 (25)	19.07 (9)	-2.34 (51)	14.56 (29)	27.52 (28)	-39.39 (68)
Russell 1000 Value Index	13.45 (9)	32.53 (48)	17.51 (23)	0.39 (24)	15.51 (20)	19.69 (74)	-36.85 (48)
5th Percentile	14.19	39.31	19.61	6.16	18.19	40.90	-30.88
1st Quartile	12.10	34.93	17.21	0.22	15.00	28.05	-34.82
Median	10.90	32.29	15.28	-2.30	12.78	24.37	-36.99
3rd Quartile	9.61	30.52	13.50	-4.85	11.36	19.53	-40.73
95th Percentile	6.44	26.86	9.90	-8.14	9.25	15.23	-46.90

American Beacon Lg Cap Value Instl

Fund Information

Fund Name :	American Beacon Funds: American Beacon Large Cap Value Fund; Institutional Class Shares	Portfolio Assets :	$11,417 Million
Fund Family :	American Beacon Advisors Inc	Portfolio Manager :	Team Managed
Ticker :	AADEX	PM Tenure :	
Inception Date :	07/17/1987	Fund Style :	IM U.S. Large Cap Value Equity (MF)
Fund Assets :	$6,272 Million	Style Benchmark :	Russell 1000 Value Index

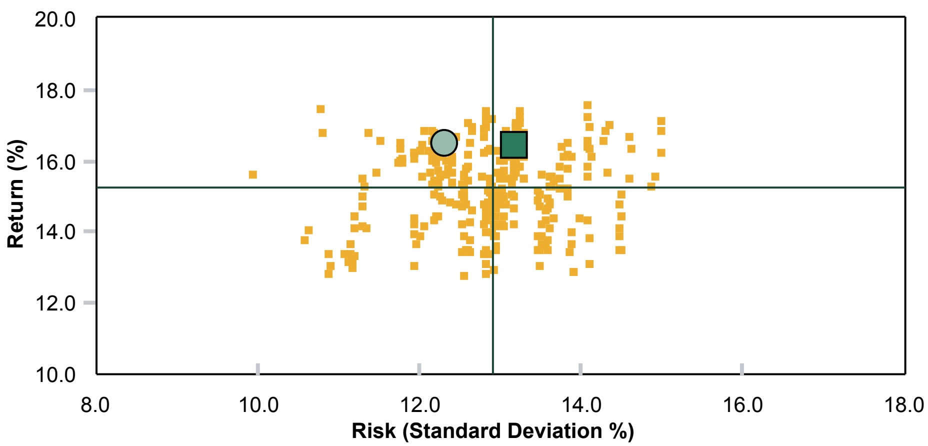
Fund Investment Policy

The Fund seeks long-term capital appreciation and current income by typically investing in equity securities of U.S. companies with market capitalizations of $5 billion or more at the time of investment.

Historical Statistics (07/01/10 - 06/30/15) *

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
American Beacon Lg Cap Value Instl	16.44	13.19	1.22	-0.84	1.06	0.97	2.31	0.02	13.19	08/01/1987
Russell 1000 Value Index	16.50	12.32	1.30	0.00	1.00	1.00	0.00	N/A	12.32	08/01/1987
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	12.32	-1.30	0.00	08/01/1987

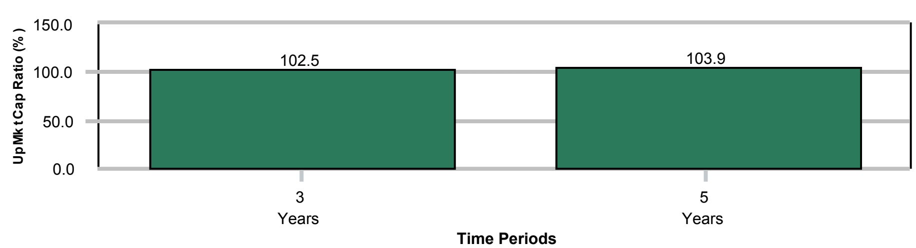
Peer Group Scattergram (07/01/10 to 06/30/15)



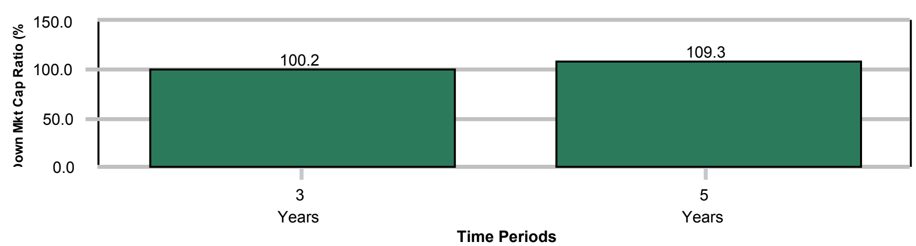
	Return	Standard Deviation
American Beacon Lg Cap Value Instl	16.44	13.19
Russell 1000 Value Index	16.50	12.32
Median	15.25	12.91

Up Down Market Capture

Up Market Capture



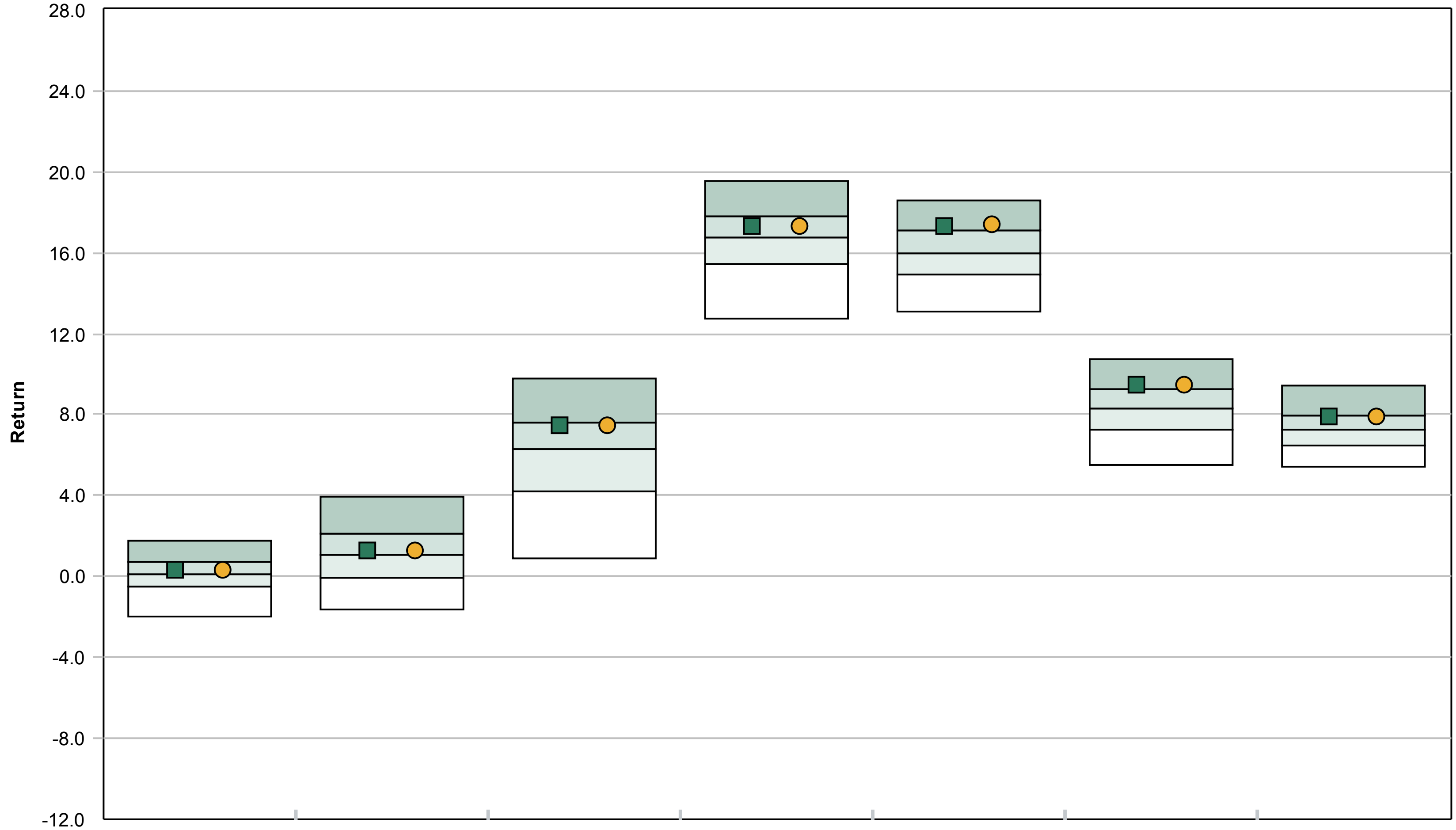
Down Market Capture



* Monthly periodicity used.

Vanguard Institutional Index

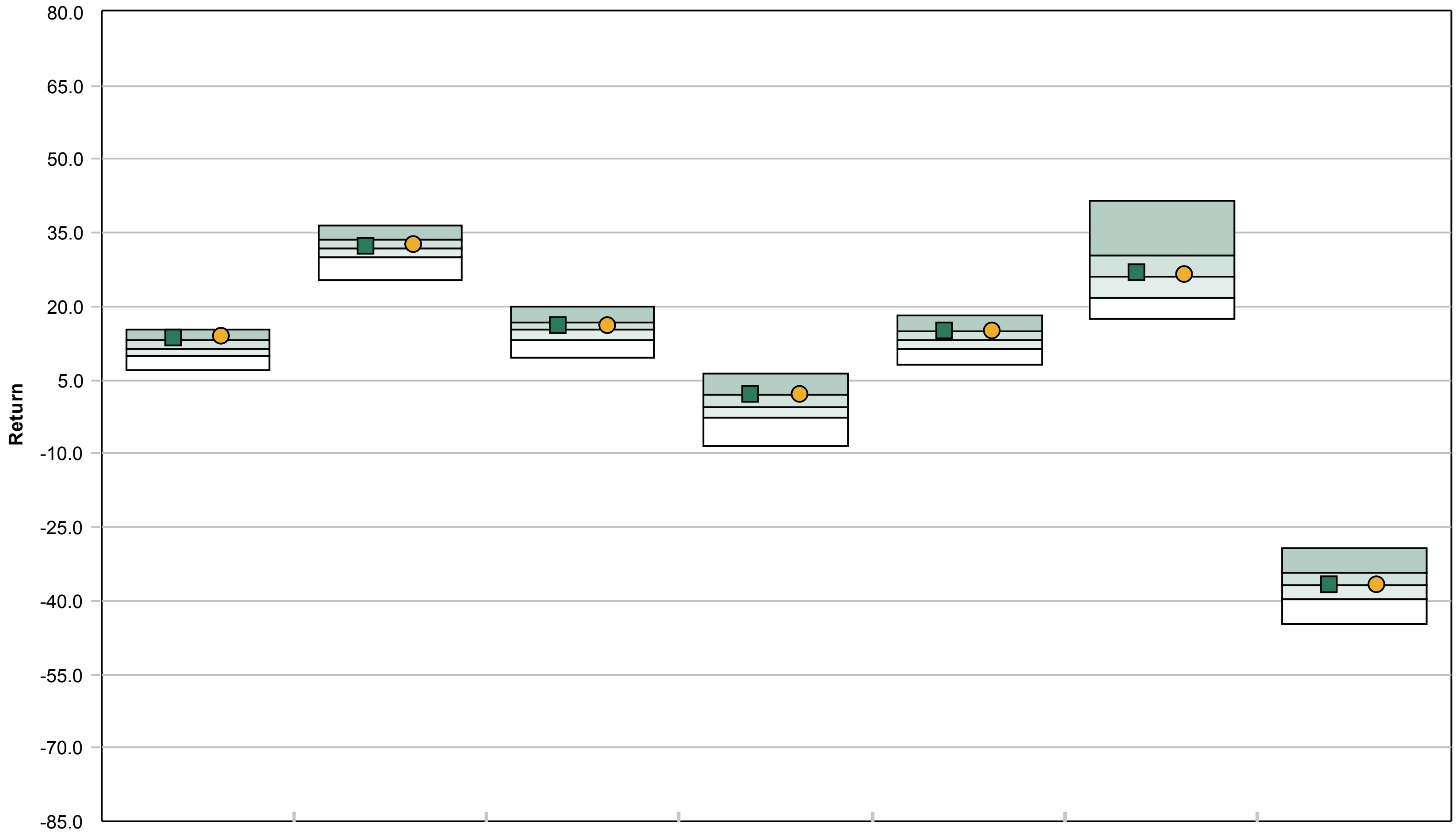
Peer Group Analysis - IM U.S. Large Cap Core Equity (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Vanguard Institutional Index	0.28 (43)	1.22 (46)	7.41 (27)	17.28 (36)	17.31 (22)	9.44 (22)	7.90 (28)
S&P 500	0.28 (43)	1.23 (46)	7.42 (27)	17.31 (36)	17.34 (21)	9.42 (22)	7.89 (28)
5th Percentile	1.76	3.99	9.80	19.52	18.58	10.78	9.44
1st Quartile	0.73	2.11	7.58	17.80	17.09	9.28	7.97
Median	0.15	1.10	6.26	16.72	15.99	8.33	7.23
3rd Quartile	-0.50	-0.03	4.20	15.44	14.93	7.29	6.47
95th Percentile	-1.94	-1.65	0.94	12.73	13.11	5.54	5.40

Vanguard Institutional Index

Peer Group Analysis - IM U.S. Large Cap Core Equity (MF)



	2014	2013	2012	2011	2010	2009	2008
Vanguard Institutional Index	13.65 (18)	32.35 (43)	15.98 (41)	2.09 (24)	15.05 (23)	26.63 (48)	-36.95 (50)
S&P 500	13.69 (18)	32.39 (42)	16.00 (40)	2.11 (24)	15.06 (23)	26.46 (49)	-37.00 (51)
5th Percentile	15.46	36.68	19.88	6.48	18.21	41.56	-29.35
1st Quartile	13.09	33.74	16.84	1.83	14.81	30.57	-34.28
Median	11.37	31.88	15.41	-0.36	13.12	26.12	-36.98
3rd Quartile	10.04	29.91	13.23	-2.64	11.31	21.74	-39.83
95th Percentile	7.08	25.47	9.60	-8.49	7.94	17.52	-44.65

Vanguard Institutional Index

Fund Information

Fund Name :	Vanguard Institutional Index Fund: Vanguard Institutional Index Fund; Institutional Shares	Portfolio Assets :	$198,317 Million
Fund Family :	Vanguard Group Inc	Portfolio Manager :	Donald M. Butler
Ticker :	VINIX	PM Tenure :	2000
Inception Date :	07/31/1990	Fund Style :	IM U.S. Large Cap Core Equity (MF)
Fund Assets :	$107,226 Million	Style Benchmark :	S&P 500

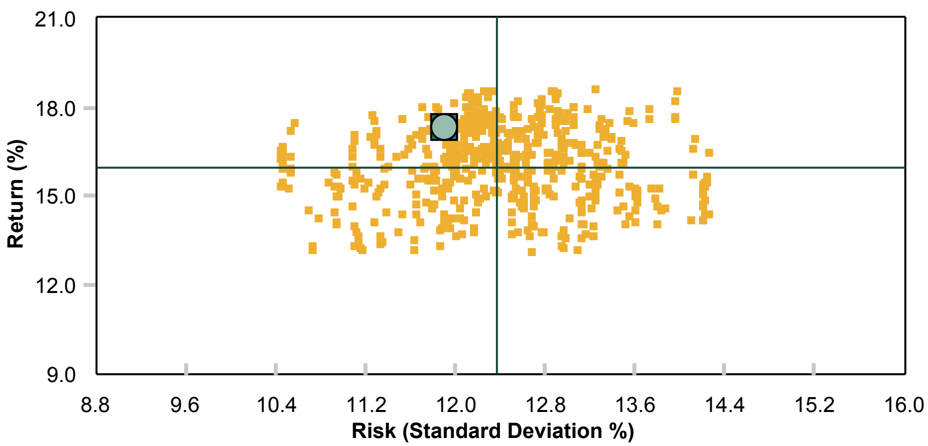
Fund Investment Policy

The Fund seeks to match the investment performance of the Standard & Poor's 500 Composite Stock Price Index.

Historical Statistics (07/01/10 - 06/30/15) *

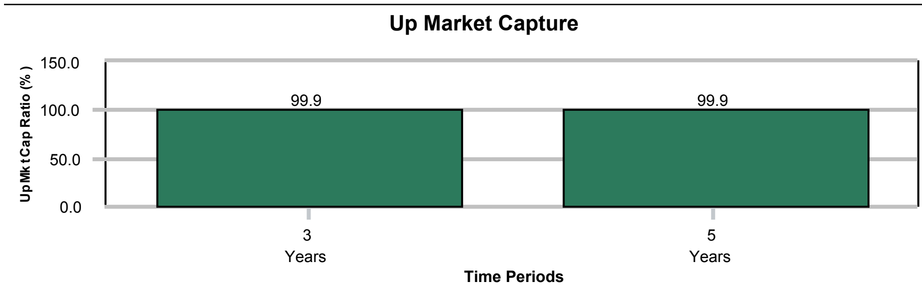
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Vanguard Institutional Index	17.31	11.90	1.40	-0.02	1.00	1.00	0.01	-1.71	11.90	08/01/1990
S&P 500	17.34	11.90	1.41	0.00	1.00	1.00	0.00	N/A	11.90	08/01/1990
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	11.90	-1.41	0.00	08/01/1990

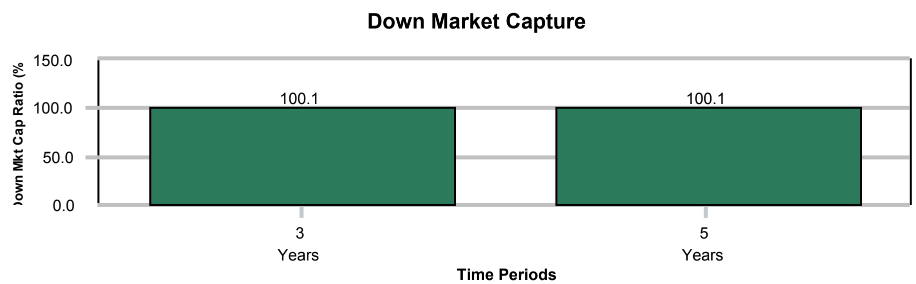
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
Vanguard Institutional Index	17.31	11.90
S&P 500	17.34	11.90
Median	15.99	12.37

Up Down Market Capture

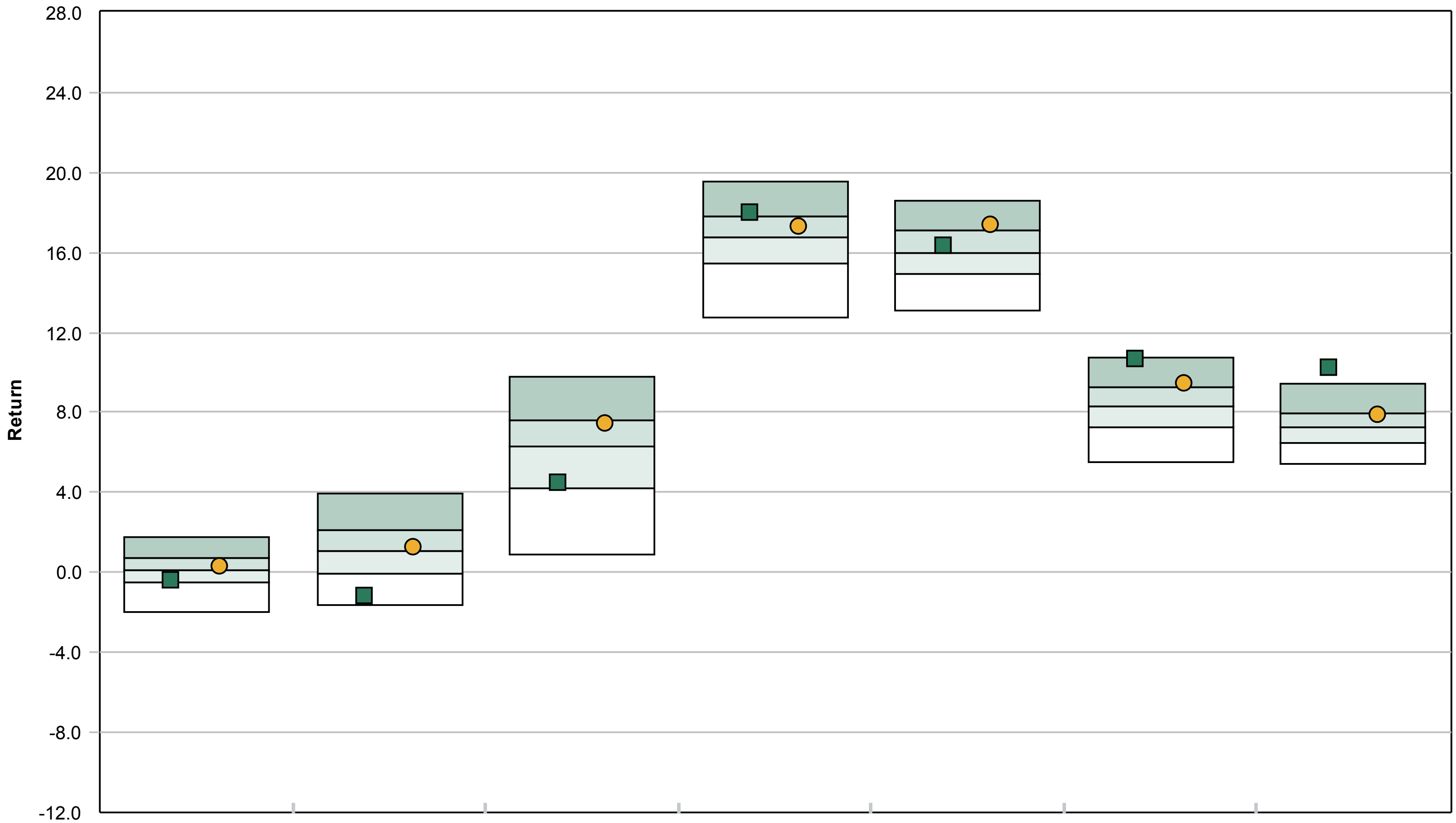




* Monthly periodicity used.

Parnassus Equity Income

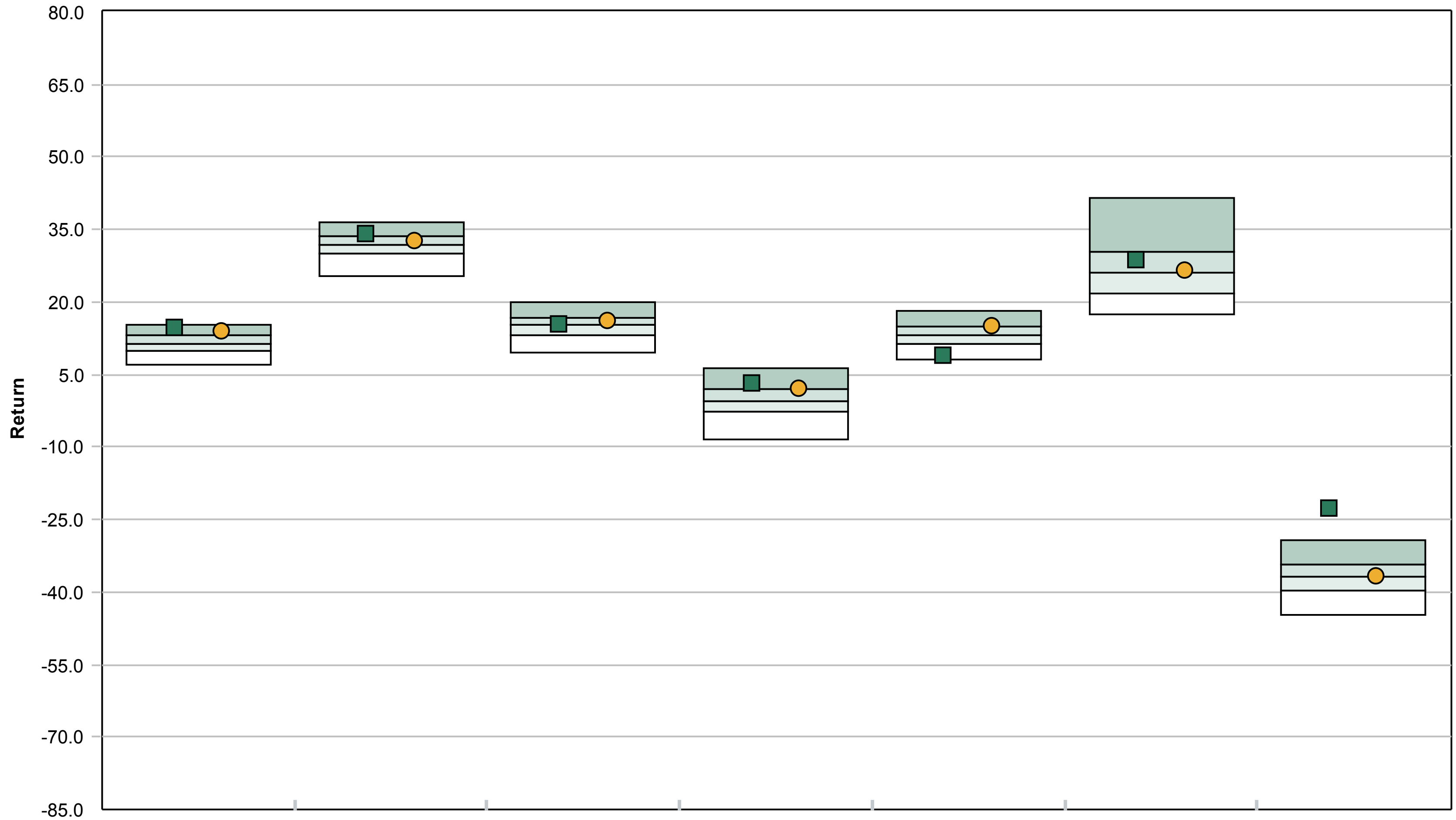
Peer Group Analysis - IM U.S. Large Cap Core Equity (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Parnassus Equity Income	-0.41 (74)	-1.19 (92)	4.46 (73)	17.97 (22)	16.29 (44)	10.64 (6)	10.20 (3)
S&P 500	0.28 (43)	1.23 (46)	7.42 (27)	17.31 (36)	17.34 (21)	9.42 (22)	7.89 (28)
5th Percentile	1.76	3.99	9.80	19.52	18.58	10.78	9.44
1st Quartile	0.73	2.11	7.58	17.80	17.09	9.28	7.97
Median	0.15	1.10	6.26	16.72	15.99	8.33	7.23
3rd Quartile	-0.50	-0.03	4.20	15.44	14.93	7.29	6.47
95th Percentile	-1.94	-1.65	0.94	12.73	13.11	5.54	5.40

Parnassus Equity Income

Peer Group Analysis - IM U.S. Large Cap Core Equity (MF)



	2014	2013	2012	2011	2010	2009	2008
Parnassus Equity Income	14.48 (11)	34.01 (23)	15.43 (50)	3.13 (18)	8.89 (91)	28.73 (35)	-22.95 (1)
S&P 500	13.69 (18)	32.39 (42)	16.00 (40)	2.11 (24)	15.06 (23)	26.46 (49)	-37.00 (51)
5th Percentile	15.46	36.68	19.88	6.48	18.21	41.56	-29.35
1st Quartile	13.09	33.74	16.84	1.83	14.81	30.57	-34.28
Median	11.37	31.88	15.41	-0.36	13.12	26.12	-36.98
3rd Quartile	10.04	29.91	13.23	-2.64	11.31	21.74	-39.83
95th Percentile	7.08	25.47	9.60	-8.49	7.94	17.52	-44.65

Parnassus Equity Income

Fund Information

Fund Name :	Parnassus Income Funds: Parnassus Core Equity Fund; Investor Shares	Portfolio Assets :	$11,884 Million
Fund Family :	Parnassus Investments	Portfolio Manager :	Ahlsten/Allen
Ticker :	PRBLX	PM Tenure :	2001--2012
Inception Date :	08/31/1992	Fund Style :	IM U.S. Large Cap Core Equity (MF)
Fund Assets :	$8,345 Million	Style Benchmark :	S&P 500

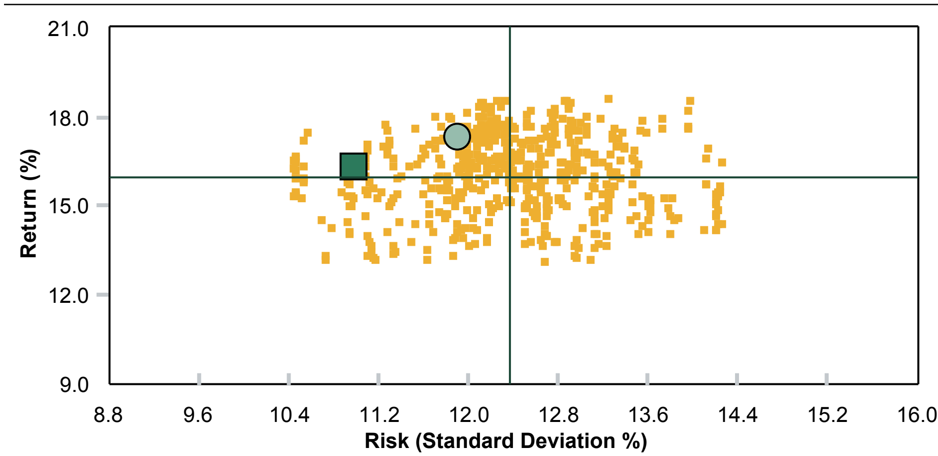
Fund Investment Policy

The Fund seeks current income and capital appreciation. The Fund also screens all investments using social responsibility criteria.

Historical Statistics (07/01/10 - 06/30/15) *

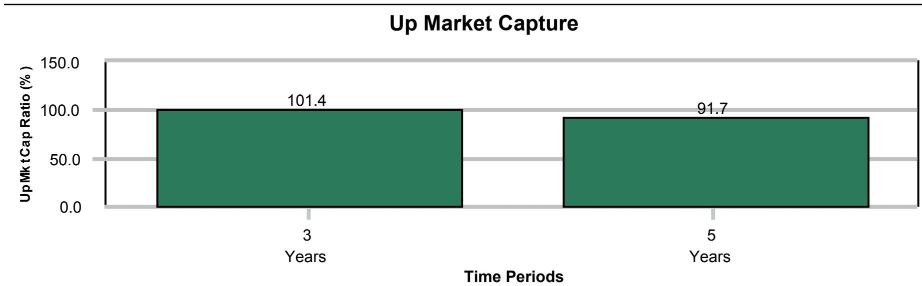
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Parnassus Equity Income	16.29	10.98	1.43	0.99	0.88	0.91	3.57	-0.29	10.98	09/01/1992
S&P 500	17.34	11.90	1.41	0.00	1.00	1.00	0.00	N/A	11.90	09/01/1992
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	11.90	-1.41	0.00	09/01/1992

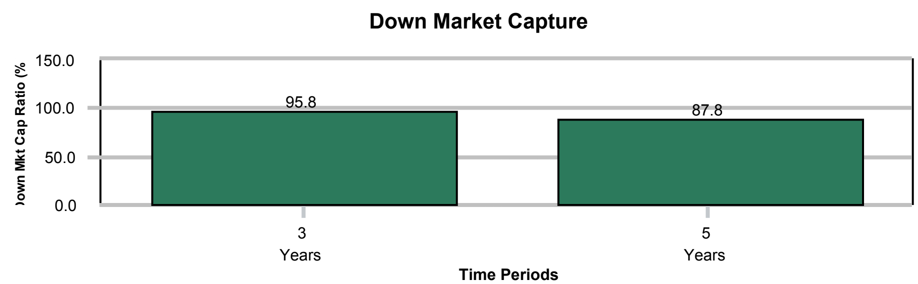
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
Parnassus Equity Income	16.29	10.98
S&P 500	17.34	11.90
Median	15.99	12.37

Up Down Market Capture





* Monthly periodicity used.

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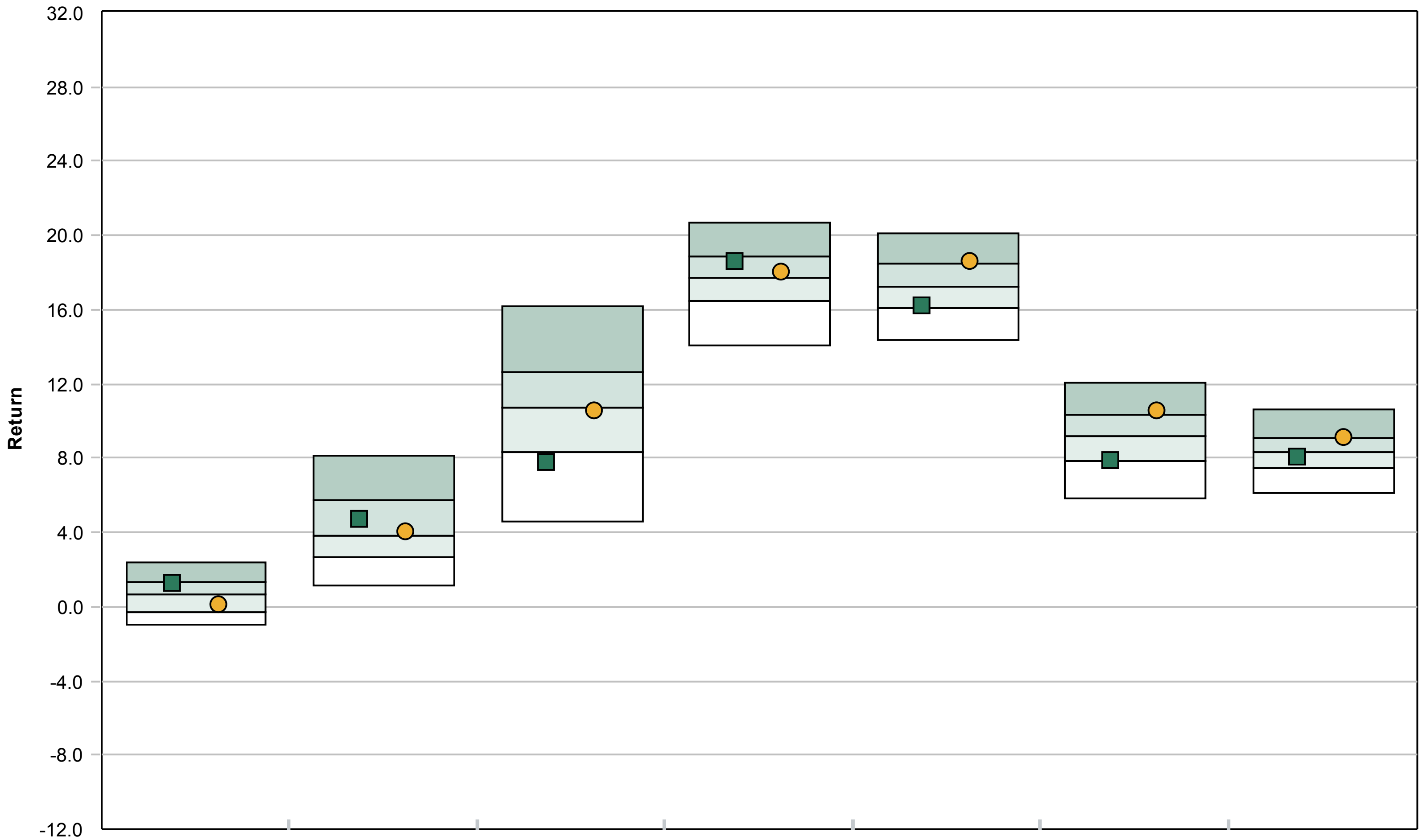
American Funds Growth Fund R3

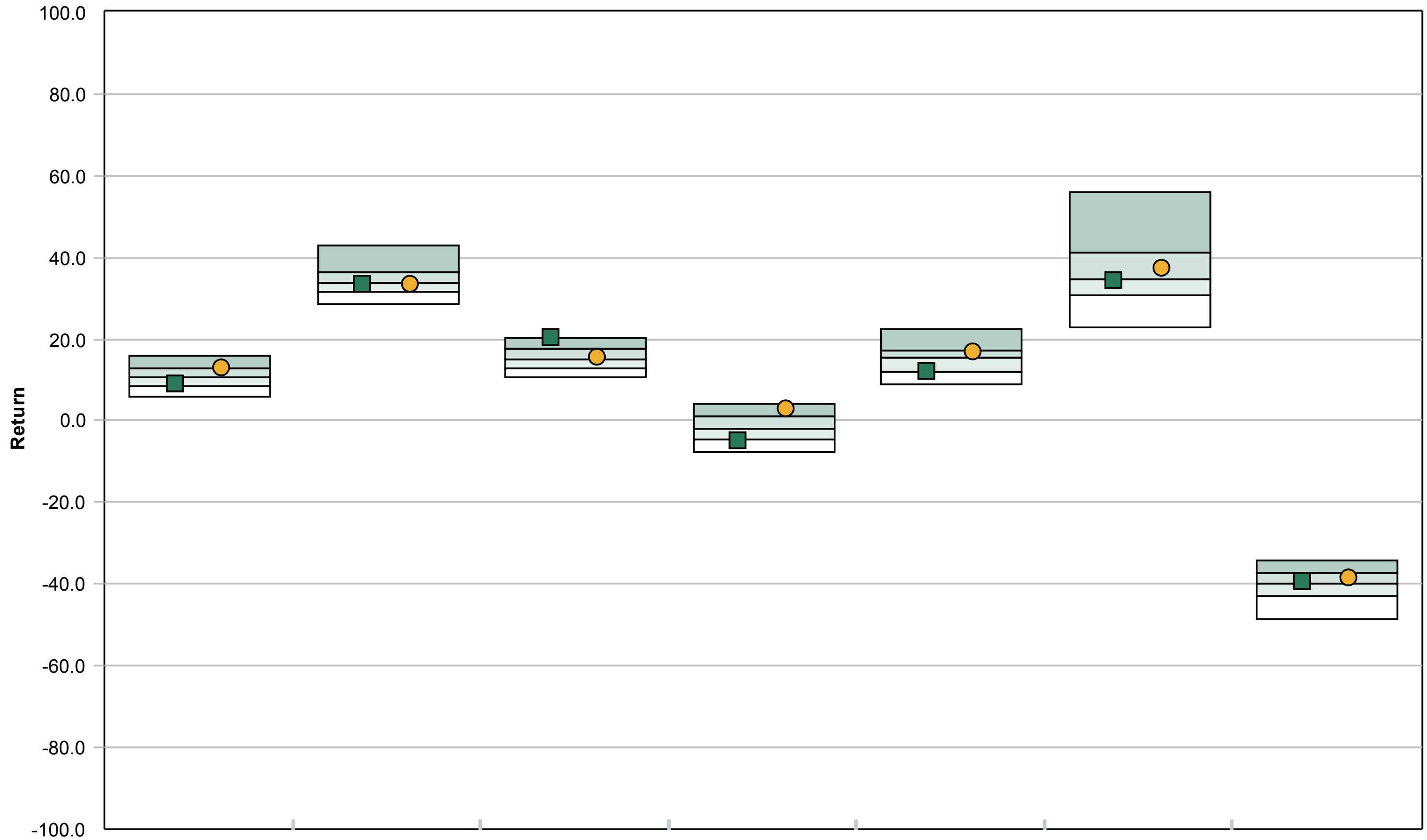
Peer Group Analysis - IM U.S. Large Cap Growth Equity (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
American Funds Growth Fund R3	1.27 (30)	4.64 (39)	7.77 (80)	18.58 (31)	16.14 (74)	7.86 (76)	8.06 (57)
Russell 1000 Growth Index	0.12 (66)	3.96 (48)	10.56 (53)	17.99 (44)	18.59 (24)	10.50 (22)	9.10 (26)
5th Percentile	2.35	8.16	16.17	20.69	20.11	12.10	10.61
1st Quartile	1.36	5.75	12.63	18.90	18.50	10.34	9.13
Median	0.64	3.85	10.72	17.76	17.24	9.16	8.29
3rd Quartile	-0.26	2.70	8.32	16.45	16.05	7.87	7.49
95th Percentile	-0.99	1.14	4.60	14.03	14.32	5.85	6.12

American Funds Growth Fund R3

Peer Group Analysis - IM U.S. Large Cap Growth Equity (MF)



	2014	2013	2012	2011	2010	2009	2008
American Funds Growth Fund R3	8.94 (72)	33.43 (55)	20.20 (6)	-5.14 (83)	11.95 (77)	34.12 (55)	-39.24 (46)
Russell 1000 Growth Index	13.05 (23)	33.48 (55)	15.26 (48)	2.64 (12)	16.71 (32)	37.21 (39)	-38.44 (38)
5th Percentile	15.71	42.82	20.42	4.32	22.41	55.94	-34.24
1st Quartile	12.81	36.25	17.51	0.89	17.36	41.12	-37.46
Median	10.53	33.84	14.96	-1.75	15.26	34.77	-39.75
3rd Quartile	8.70	31.39	13.07	-4.36	12.15	30.77	-42.96
95th Percentile	5.72	28.33	10.62	-7.76	8.81	22.78	-48.54

American Funds Growth Fund R3

Fund Information

Fund Name :	Growth Fund of America; Class R-3 Shares	Portfolio Assets :	$146,488 Million
Fund Family :	American Funds	Portfolio Manager :	Team Managed
Ticker :	RGACX	PM Tenure :	
Inception Date :	05/21/2002	Fund Style :	IM U.S. Large Cap Growth Equity (MF)
Fund Assets :	$7,770 Million	Style Benchmark :	Russell 1000 Growth Index
Portfolio Turnover :	26%		

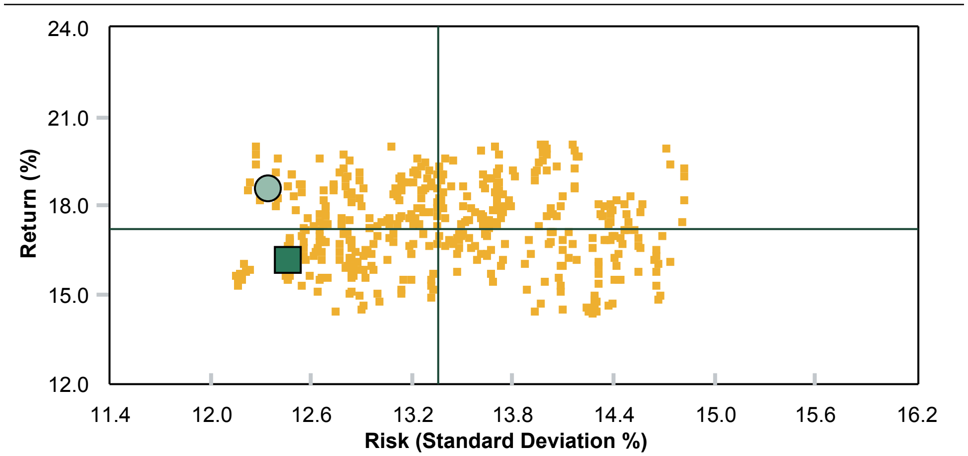
Fund Investment Policy

The Fund seeks to provide growth of capital. The Fund invests primarily in common stocks in companies that appear to offer superior opportunities for growth of capital. The Fund seeks to invest in attractively valued companies that, it the Adviser's opinion, represent good, long-term investment opportunities.

Historical Statistics (07/01/10 - 06/30/15) *

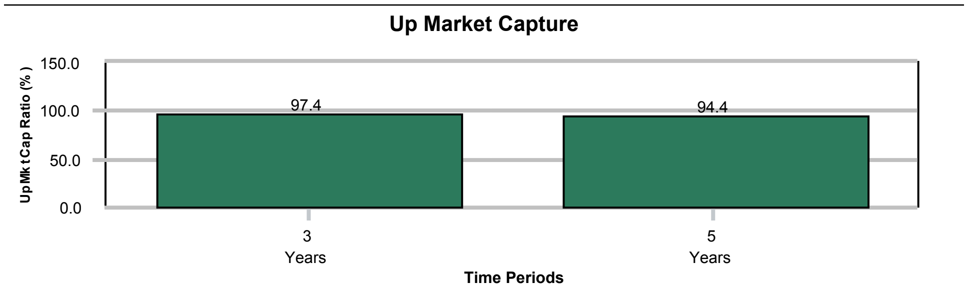
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
American Funds Growth Fund R3	16.14	12.46	1.26	-1.82	0.99	0.95	2.68	-0.78	12.46	06/01/2002
Russell 1000 Growth Index	18.59	12.35	1.45	0.00	1.00	1.00	0.00	N/A	12.35	06/01/2002
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	12.35	-1.45	0.00	06/01/2002

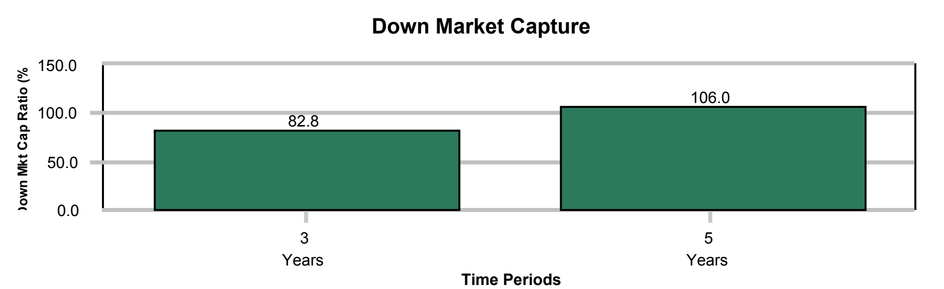
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
American Funds Growth Fund R3	16.14	12.46
Russell 1000 Growth Index	18.59	12.35
Median	17.24	13.36

Up Down Market Capture

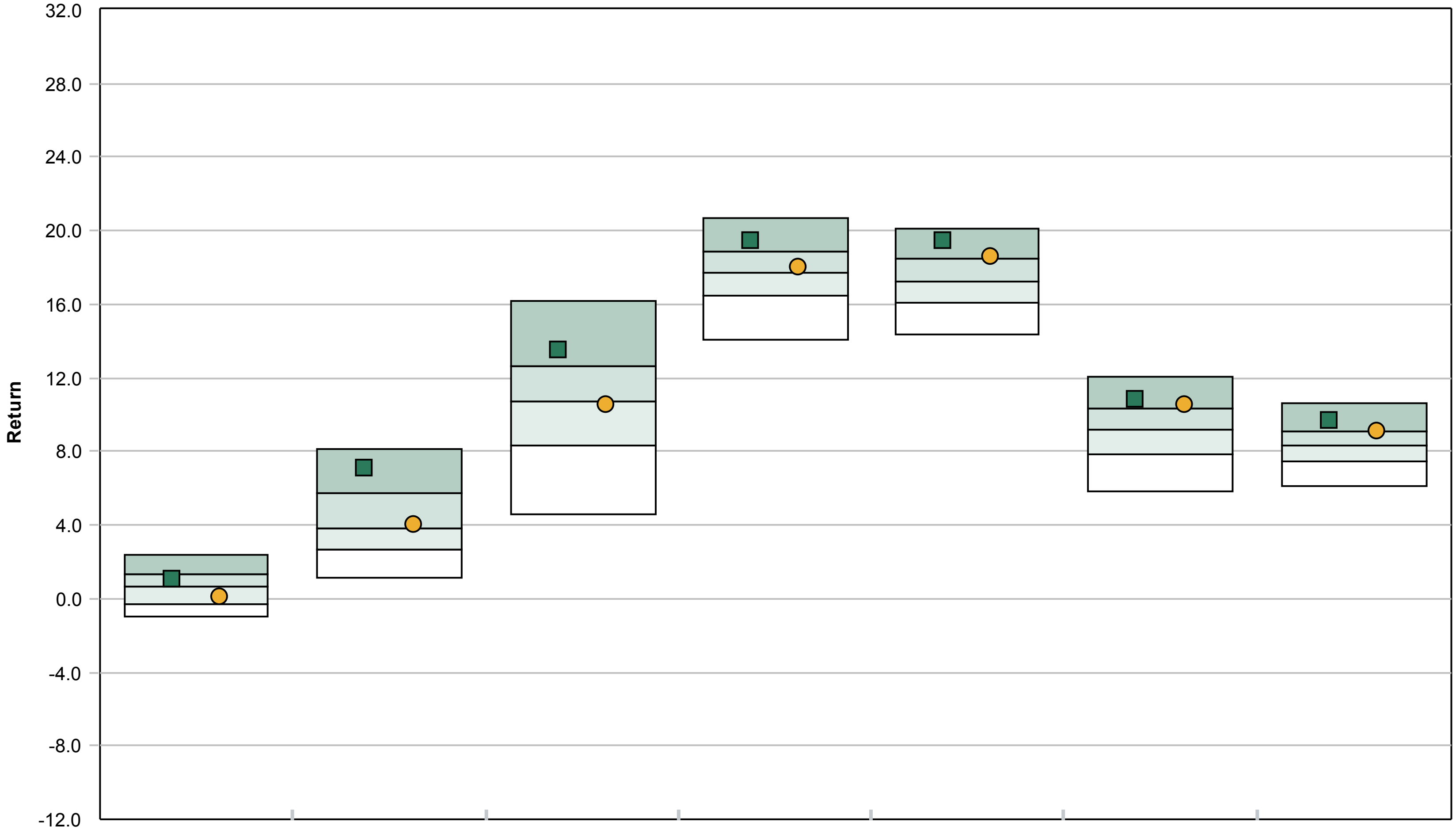




* Monthly periodicity used.

T.Rowe Price Growth Stock

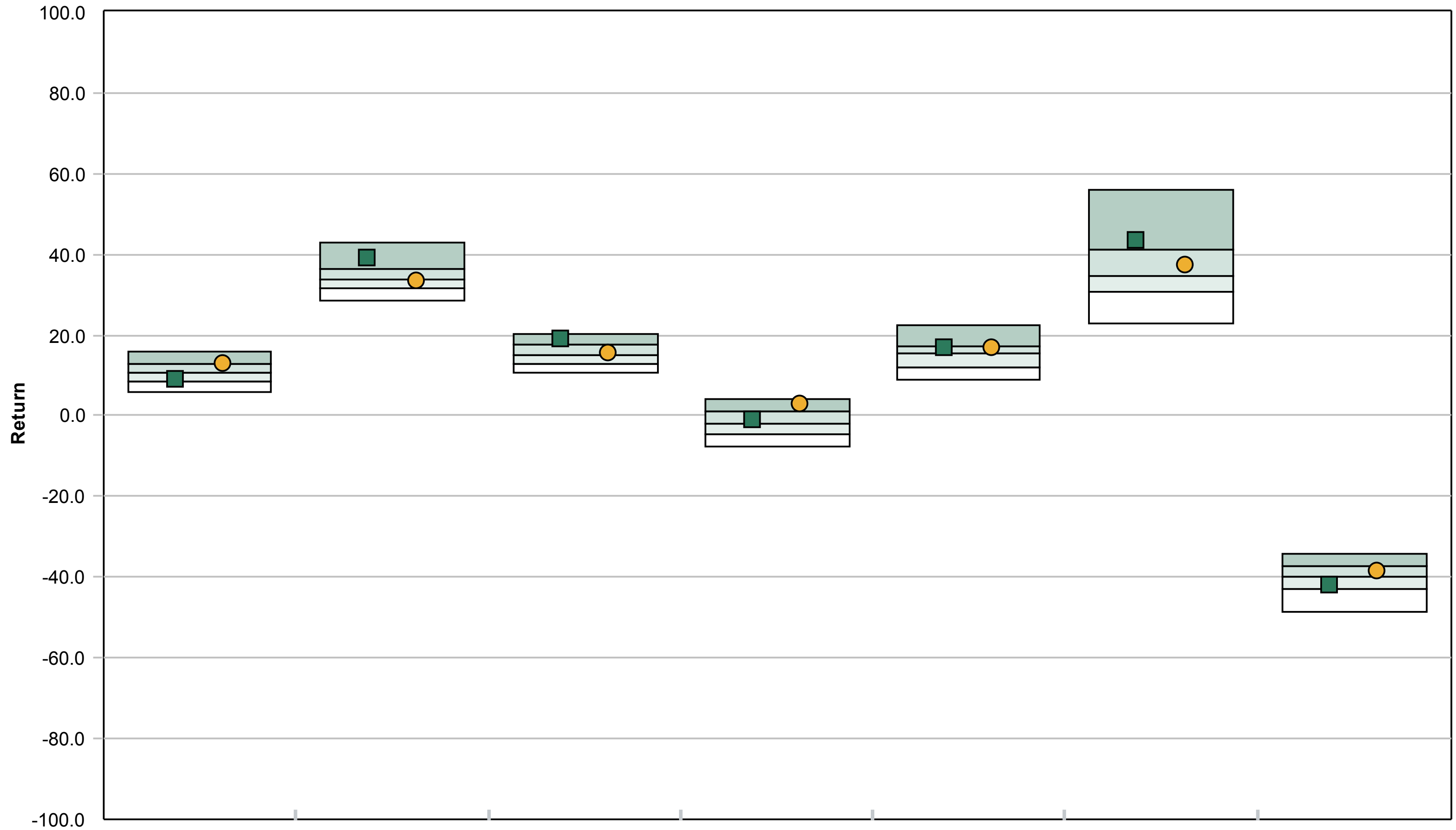
Peer Group Analysis - IM U.S. Large Cap Growth Equity (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
T.Rowe Price Growth Stock	1.02 (38)	7.12 (12)	13.47 (17)	19.43 (17)	19.42 (11)	10.82 (18)	9.63 (14)
Russell 1000 Growth Index	0.12 (66)	3.96 (48)	10.56 (53)	17.99 (44)	18.59 (24)	10.50 (22)	9.10 (26)
5th Percentile	2.35	8.16	16.17	20.69	20.11	12.10	10.61
1st Quartile	1.36	5.75	12.63	18.90	18.50	10.34	9.13
Median	0.64	3.85	10.72	17.76	17.24	9.16	8.29
3rd Quartile	-0.26	2.70	8.32	16.45	16.05	7.87	7.49
95th Percentile	-0.99	1.14	4.60	14.03	14.32	5.85	6.12

T.Rowe Price Growth Stock

Peer Group Analysis - IM U.S. Large Cap Growth Equity (MF)



	2014	2013	2012	2011	2010	2009	2008
T.Rowe Price Growth Stock	8.83 (73)	39.20 (11)	18.92 (14)	-0.97 (41)	16.93 (30)	43.25 (18)	-42.26 (69)
Russell 1000 Growth Index	13.05 (23)	33.48 (55)	15.26 (48)	2.64 (12)	16.71 (32)	37.21 (39)	-38.44 (38)
5th Percentile	15.71	42.82	20.42	4.32	22.41	55.94	-34.24
1st Quartile	12.81	36.25	17.51	0.89	17.36	41.12	-37.46
Median	10.53	33.84	14.96	-1.75	15.26	34.77	-39.75
3rd Quartile	8.70	31.39	13.07	-4.36	12.15	30.77	-42.96
95th Percentile	5.72	28.33	10.62	-7.76	8.81	22.78	-48.54

Segal Rogerscasey

T.Rowe Price Growth Stock

Fund Information

Fund Name :	T Rowe Price Growth Stock Fund, Inc	Portfolio Assets :	$46,053 Million
Fund Family :	T Rowe Price Associates Inc	Portfolio Manager :	Joseph B. Fath
Ticker :	PRGFX	PM Tenure :	2014
Inception Date :	04/11/1950	Fund Style :	IM U.S. Large Cap Growth Equity (MF)
Fund Assets :	$41,360 Million	Style Benchmark :	Russell 1000 Growth Index
Portfolio Turnover :	37%		

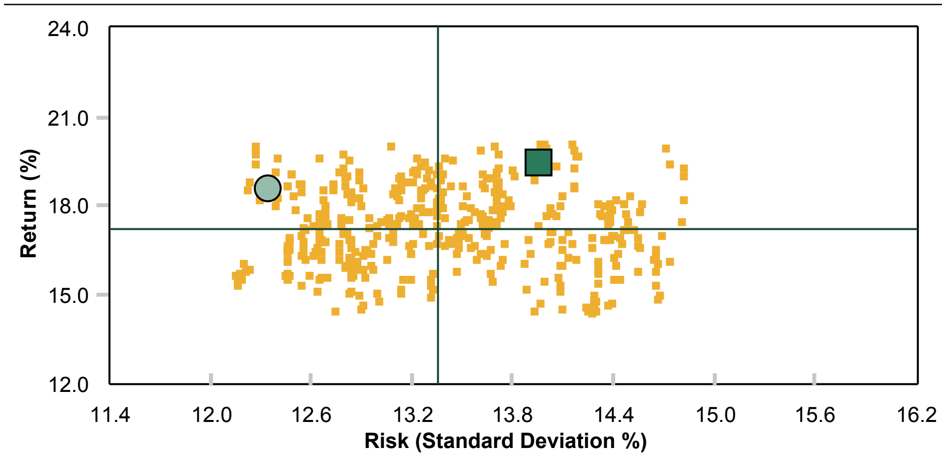
Fund Investment Policy

The Fund seeks to provide long-term capital growth and, secondarily, increasing dividend income through investments in the common stocks of well-established growth companies. The Fund will normally invest at least 80% of net assets in the common stocks of a diversified group of growth companies.

Historical Statistics (07/01/10 - 06/30/15) *

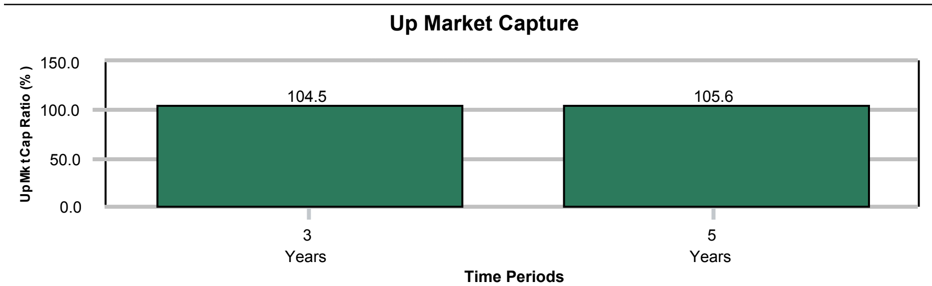
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
T.Rowe Price Growth Stock	19.42	13.96	1.34	-0.81	1.10	0.94	3.62	0.25	13.96	01/01/1960
Russell 1000 Growth Index	18.59	12.35	1.45	0.00	1.00	1.00	0.00	N/A	12.35	01/01/1960
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	12.35	-1.45	0.00	01/01/1960

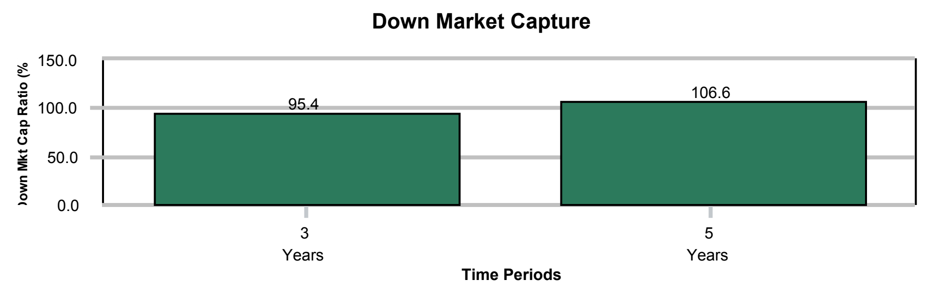
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
T.Rowe Price Growth Stock	19.42	13.96
Russell 1000 Growth Index	18.59	12.35
Median	17.24	13.36

Up Down Market Capture

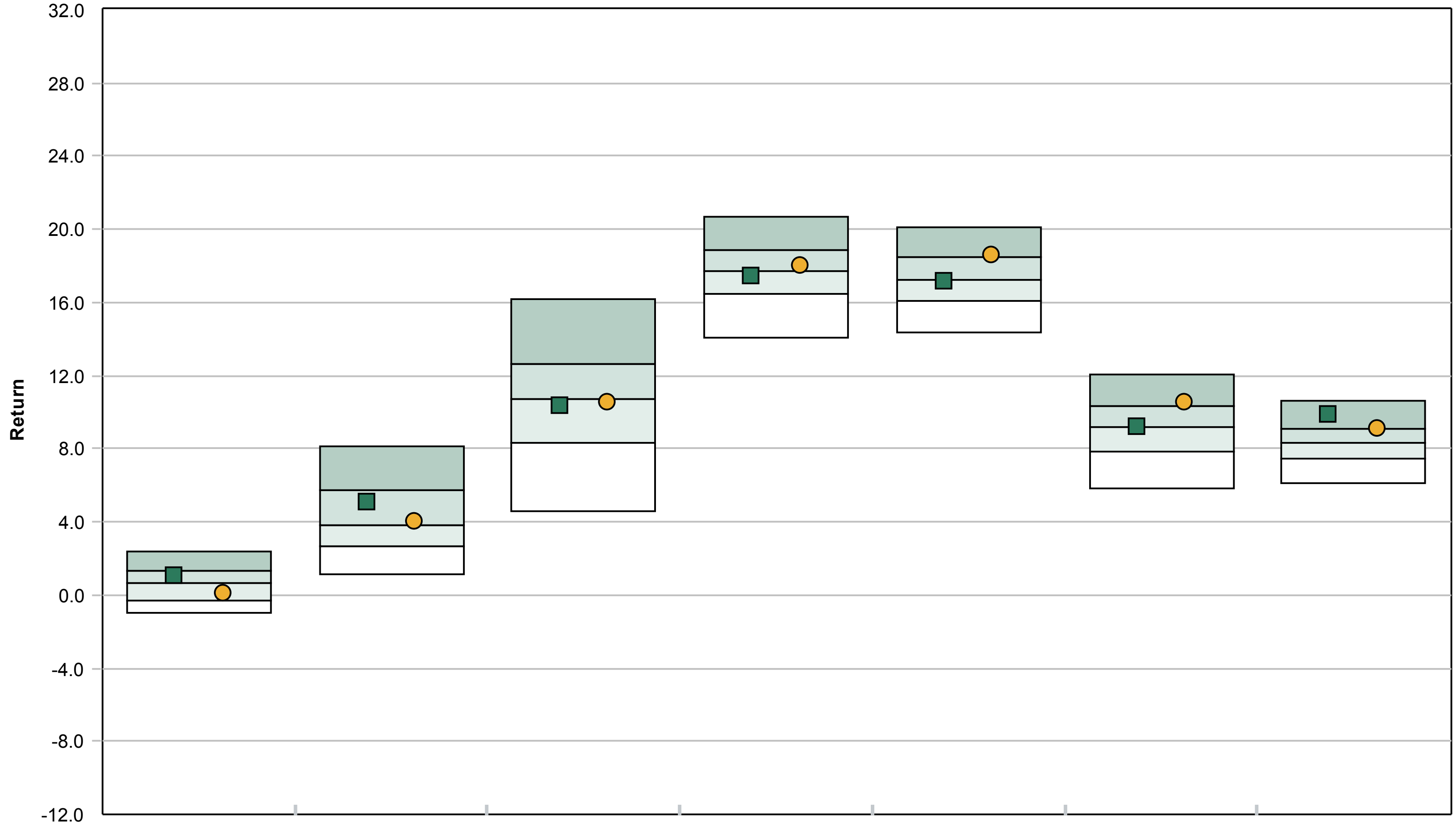




* Monthly periodicity used.

Fidelity Contrafund

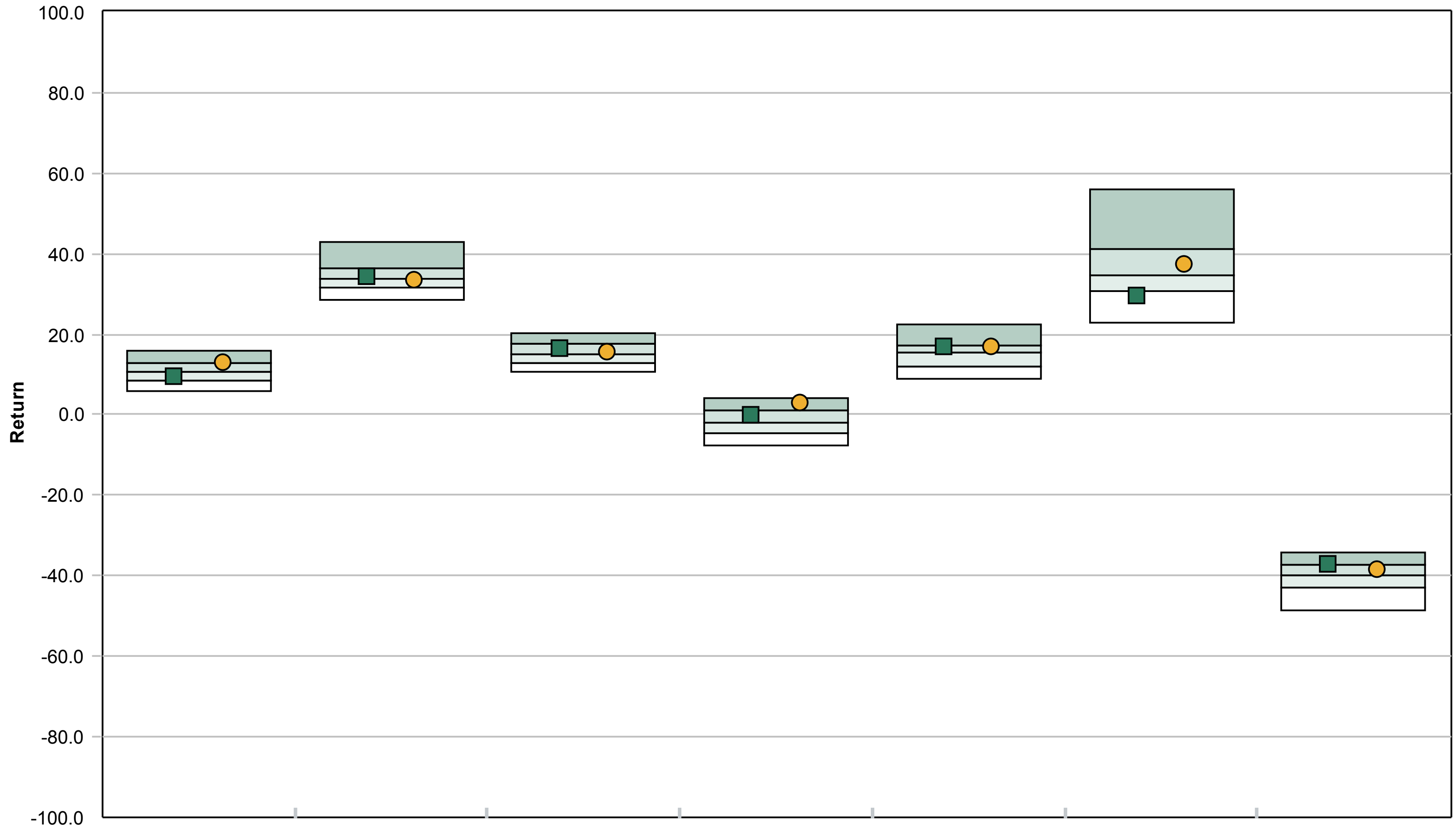
Peer Group Analysis - IM U.S. Large Cap Growth Equity (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Fidelity Contrafund	1.00 (38)	5.09 (33)	10.29 (56)	17.42 (58)	17.11 (53)	9.22 (49)	9.85 (12)
Russell 1000 Growth Index	0.12 (66)	3.96 (48)	10.56 (53)	17.99 (44)	18.59 (24)	10.50 (22)	9.10 (26)
5th Percentile	2.35	8.16	16.17	20.69	20.11	12.10	10.61
1st Quartile	1.36	5.75	12.63	18.90	18.50	10.34	9.13
Median	0.64	3.85	10.72	17.76	17.24	9.16	8.29
3rd Quartile	-0.26	2.70	8.32	16.45	16.05	7.87	7.49
95th Percentile	-0.99	1.14	4.60	14.03	14.32	5.85	6.12

Fidelity Contrafund

Peer Group Analysis - IM U.S. Large Cap Growth Equity (MF)



	2014	2013	2012	2011	2010	2009	2008
Fidelity Contrafund	9.56 (62)	34.15 (47)	16.24 (35)	-0.12 (32)	16.93 (30)	29.23 (81)	-37.16 (22)
Russell 1000 Growth Index	13.05 (23)	33.48 (55)	15.26 (48)	2.64 (12)	16.71 (32)	37.21 (39)	-38.44 (38)
5th Percentile	15.71	42.82	20.42	4.32	22.41	55.94	-34.24
1st Quartile	12.81	36.25	17.51	0.89	17.36	41.12	-37.46
Median	10.53	33.84	14.96	-1.75	15.26	34.77	-39.75
3rd Quartile	8.70	31.39	13.07	-4.36	12.15	30.77	-42.96
95th Percentile	5.72	28.33	10.62	-7.76	8.81	22.78	-48.54

Fidelity Contrafund

Fund Information

Fund Name :	Fidelity Contrafund	Portfolio Assets :	$112,539 Million
Fund Family :	Fidelity Management & Research Company	Portfolio Manager :	William Danoff
Ticker :	FCNTX	PM Tenure :	1990
Inception Date :	05/17/1967	Fund Style :	IM U.S. Large Cap Growth Equity (MF)
Fund Assets :	$77,651 Million	Style Benchmark :	Russell 1000 Growth Index
Portfolio Turnover :	45%		

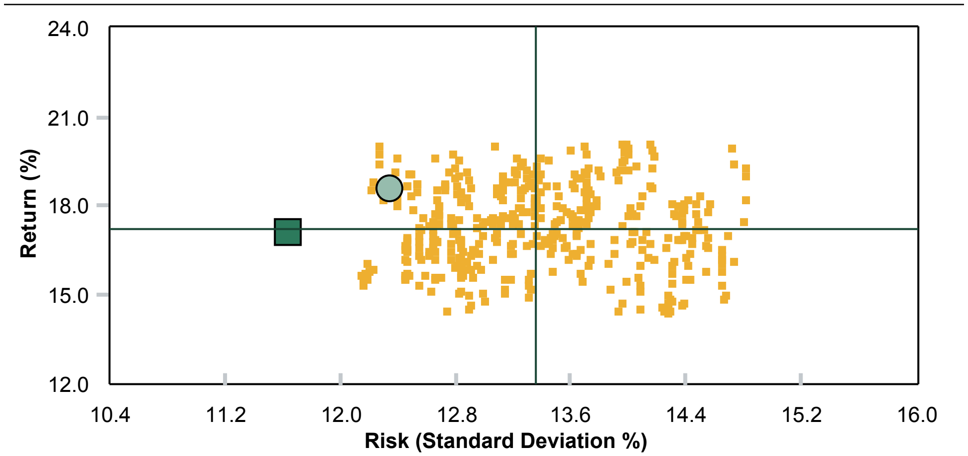
Fund Investment Policy

The Fund seeks capital appreciation. The Fund seeks to achieve its investment objective by investing in securities of companies whose value it believes is not fully recognized by the public. The Fund normally invests primarily in common stocks and may invest in both domestic and foreign issuers.

Historical Statistics (07/01/10 - 06/30/15) *

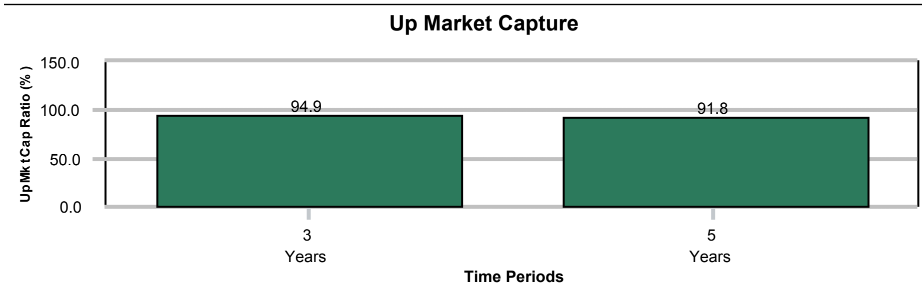
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Fidelity Contrafund	17.11	11.65	1.42	0.10	0.92	0.95	2.84	-0.48	11.65	06/01/1967
Russell 1000 Growth Index	18.59	12.35	1.45	0.00	1.00	1.00	0.00	N/A	12.35	06/01/1967
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	12.35	-1.45	0.00	06/01/1967

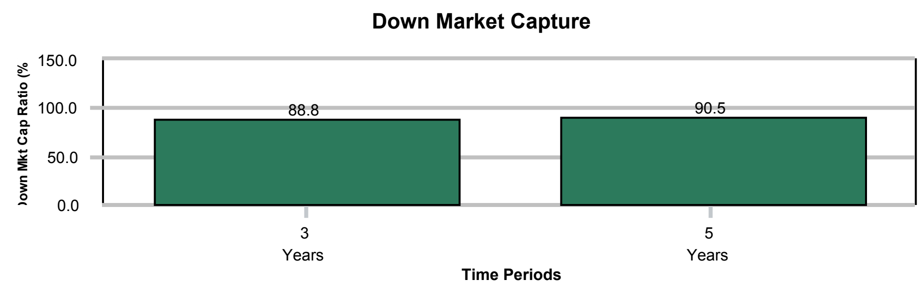
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
Fidelity Contrafund	17.11	11.65
Russell 1000 Growth Index	18.59	12.35
Median	17.24	13.36

Up Down Market Capture

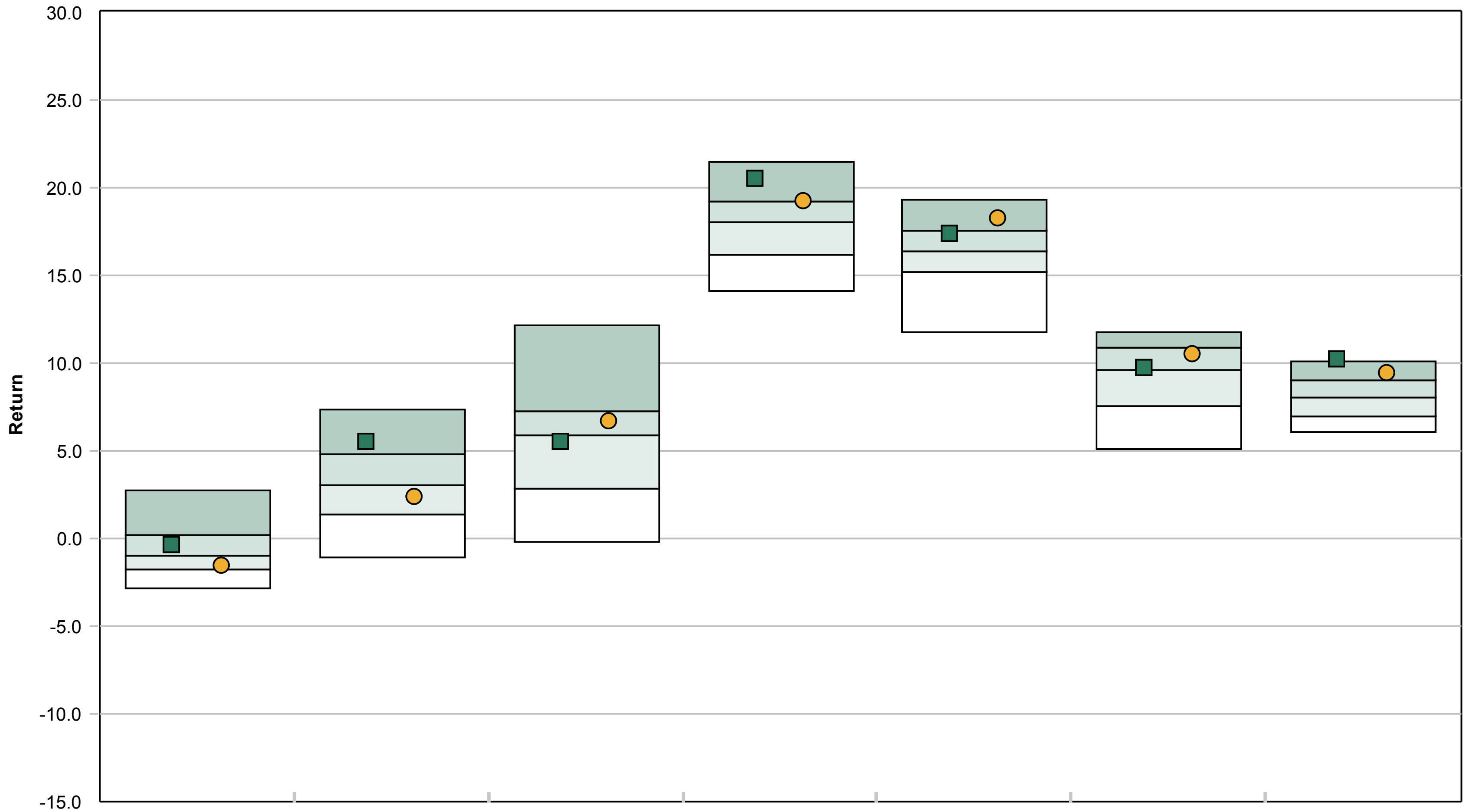




* Monthly periodicity used.

Hartford Mid Cap HLS

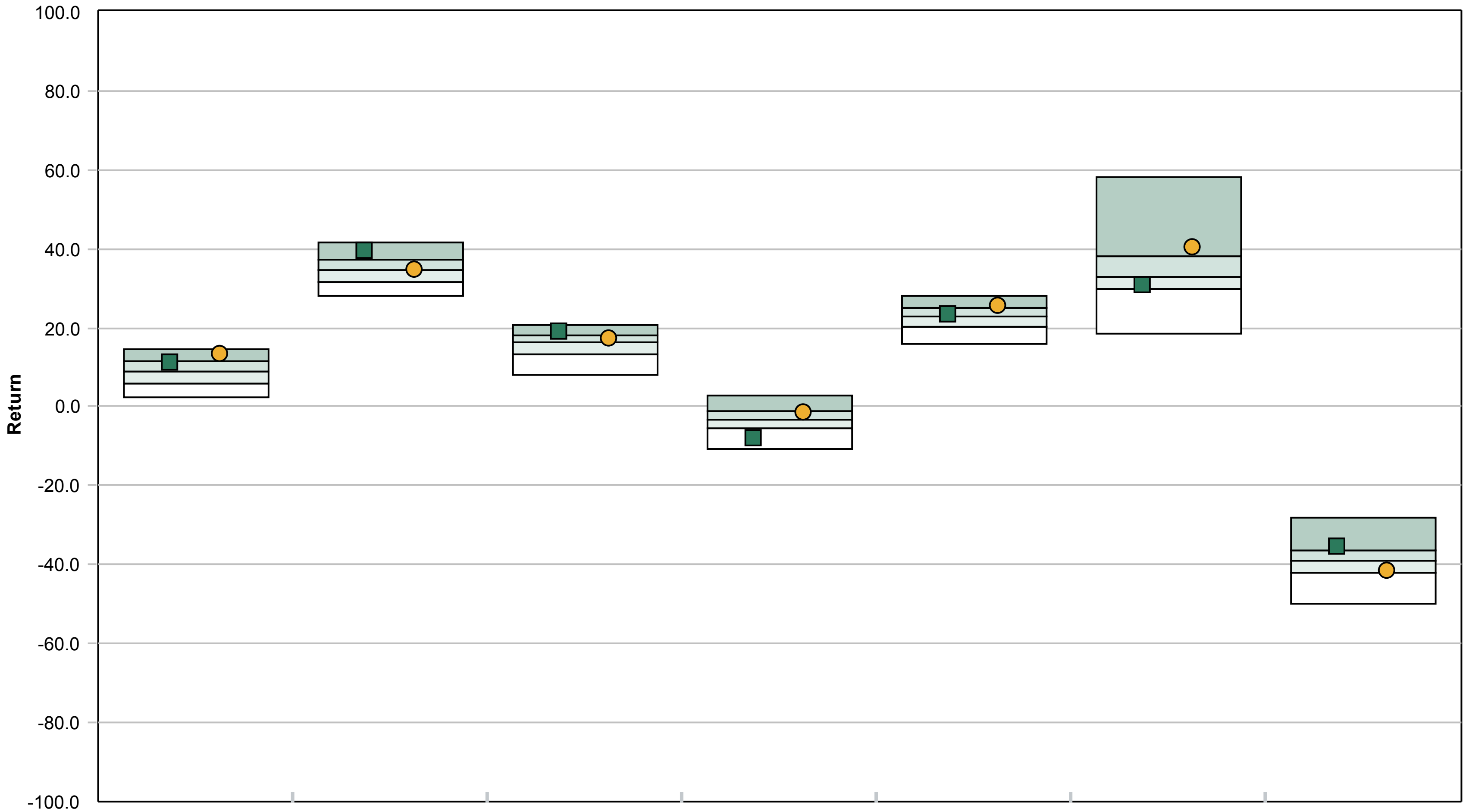
Peer Group Analysis - IM U.S. Mid Cap Core Equity (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Hartford Mid Cap HLS	-0.38 (34)	5.46 (15)	5.49 (56)	20.49 (10)	17.36 (29)	9.68 (47)	10.19 (5)
Russell Midcap Index	-1.54 (70)	2.35 (62)	6.63 (36)	19.26 (24)	18.23 (17)	10.51 (32)	9.40 (18)
5th Percentile	2.70	7.35	12.15	21.42	19.30	11.79	10.14
1st Quartile	0.17	4.76	7.28	19.20	17.57	10.88	9.06
Median	-0.95	3.07	5.86	18.02	16.33	9.61	8.07
3rd Quartile	-1.72	1.40	2.87	16.13	15.16	7.56	6.96
95th Percentile	-2.82	-1.07	-0.18	14.13	11.75	5.11	6.05

Hartford Mid Cap HLS

Peer Group Analysis - IM U.S. Mid Cap Core Equity (MF)



	2014	2013	2012	2011	2010	2009	2008
Hartford Mid Cap HLS	11.09 (32)	39.46 (13)	19.14 (10)	-8.16 (93)	23.15 (49)	30.62 (70)	-35.49 (20)
Russell Midcap Index	13.22 (12)	34.76 (48)	17.28 (35)	-1.55 (27)	25.47 (23)	40.48 (16)	-41.46 (66)
5th Percentile	14.60	41.59	20.75	2.74	28.10	58.02	-28.21
1st Quartile	11.50	37.35	17.98	-1.10	25.19	37.96	-36.56
Median	8.96	34.48	16.17	-3.41	23.08	33.03	-39.10
3rd Quartile	6.05	31.50	13.16	-5.50	20.30	29.70	-42.18
95th Percentile	2.51	28.28	7.89	-10.82	16.12	18.68	-49.96

Hartford Mid Cap HLS

Fund Information

Fund Name :	Hartford Series Fund, Inc: Hartford MidCap HLS Fund; Class IB	Portfolio Assets :	$1,869 Million
Fund Family :	Hartford Funds Management Company LLC	Portfolio Manager :	Team Managed
Ticker :		PM Tenure :	
Inception Date :	11/09/1999	Fund Style :	IM U.S. Mid Cap Core Equity (MF)
Fund Assets :	$112 Million	Style Benchmark :	Russell Midcap Index
Portfolio Turnover :	42%		

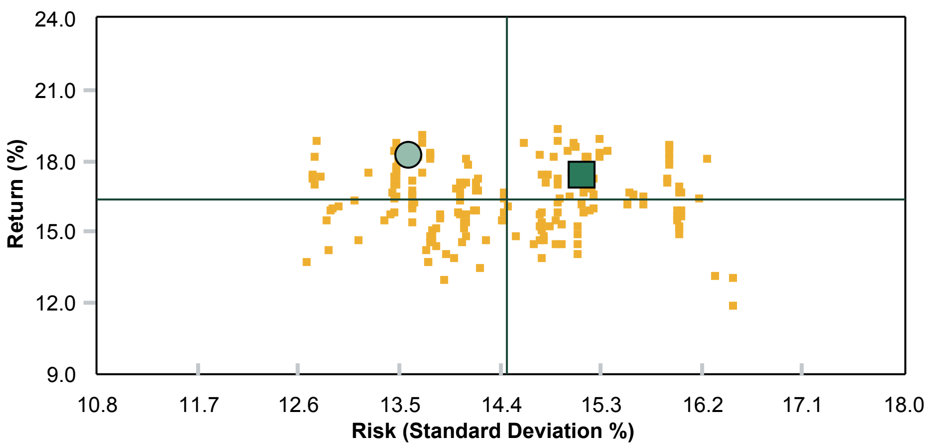
Fund Investment Policy

The Fund seeks long-term growth of capital. The Fund invests at least 80% of its assets in common stocks of mid-capitalization companies. The Fund may invest up to 20% of its total assets in securities of foreign issuers and non-dollar securities.

Historical Statistics (07/01/10 - 06/30/15) *

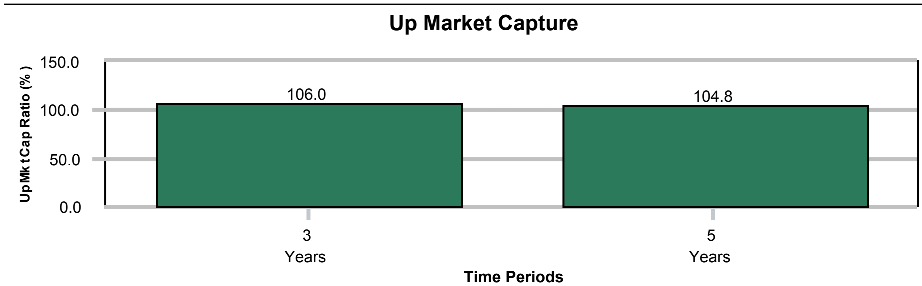
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Hartford Mid Cap HLS	17.36	15.13	1.14	-2.12	1.09	0.96	3.24	-0.16	15.13	12/01/1999
Russell Midcap Index	18.23	13.60	1.30	0.00	1.00	1.00	0.00	N/A	13.60	12/01/1999
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	13.60	-1.30	0.00	12/01/1999

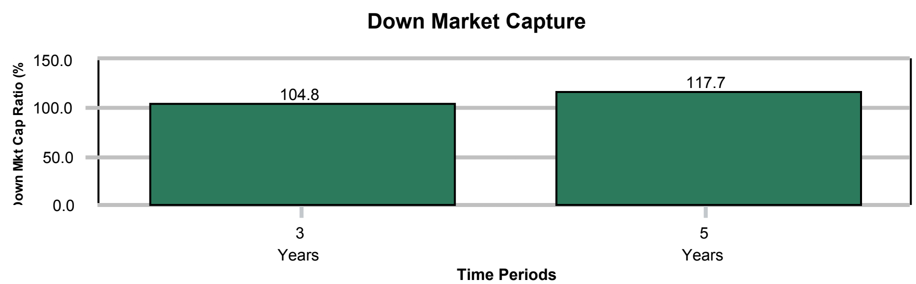
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
Hartford Mid Cap HLS	17.36	15.13
Russell Midcap Index	18.23	13.60
Median	16.33	14.47

Up Down Market Capture



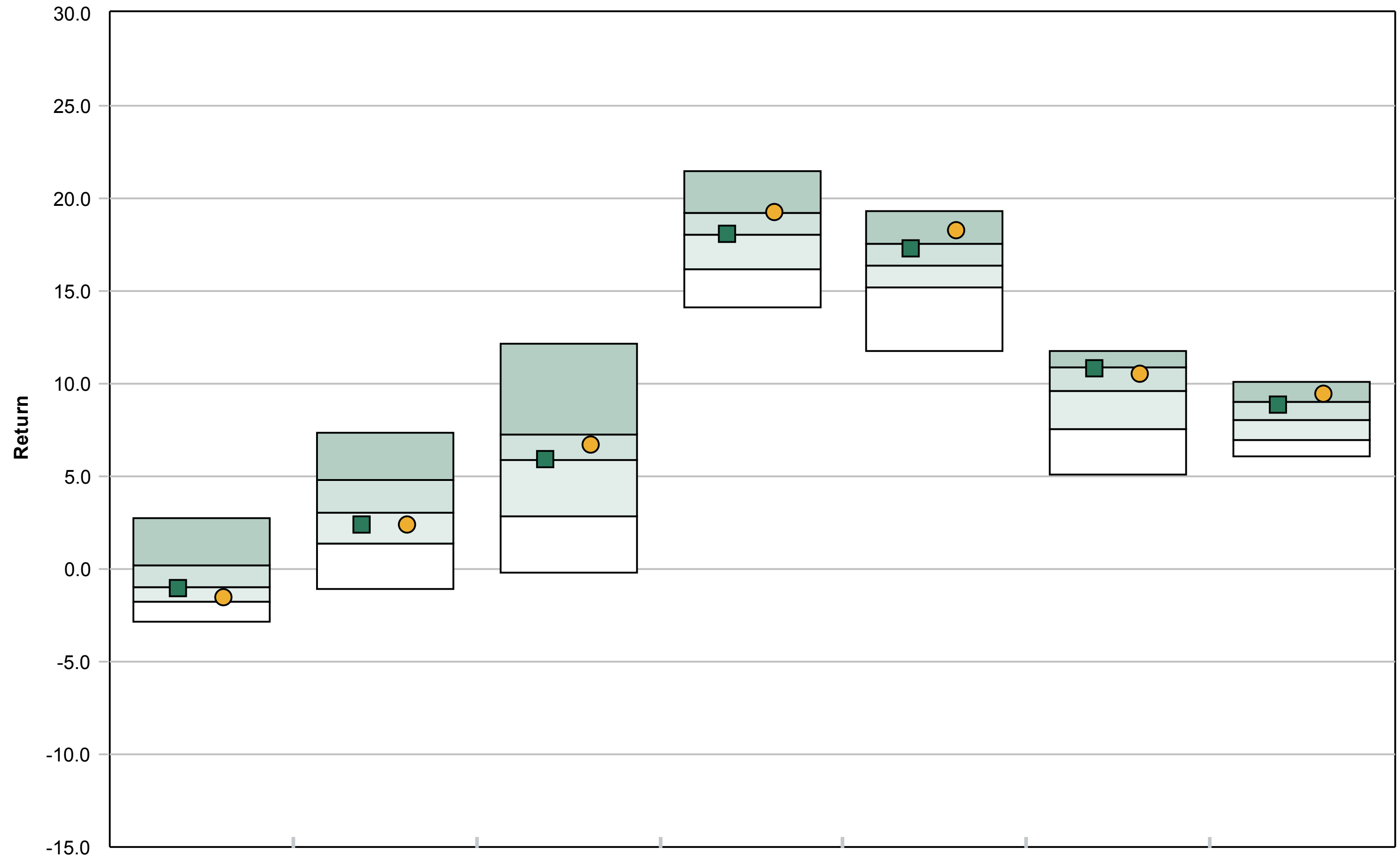


* Monthly periodicity used.

Segal Rogerscasey

Oppenheimer Main Street Mid Cap Fund

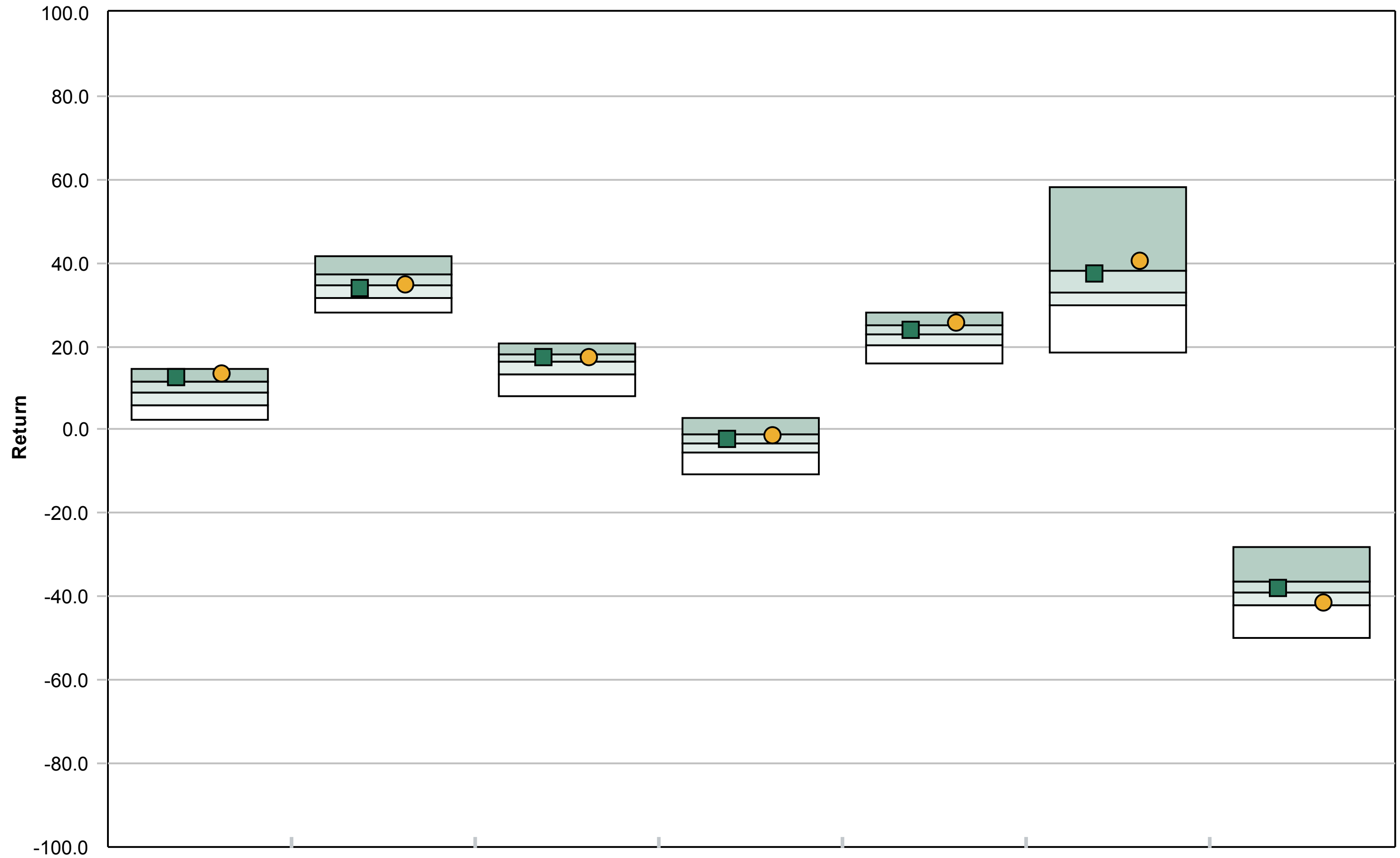
Peer Group Analysis - IM U.S. Mid Cap Core Equity (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Oppenheimer Main Street Mid Cap Fund	-1.08 (54)	2.34 (62)	5.86 (51)	18.04 (50)	17.23 (33)	10.78 (27)	8.81 (31)
Russell Midcap Index	-1.54 (70)	2.35 (62)	6.63 (36)	19.26 (24)	18.23 (17)	10.51 (32)	9.40 (18)
5th Percentile	2.70	7.35	12.15	21.42	19.30	11.79	10.14
1st Quartile	0.17	4.76	7.28	19.20	17.57	10.88	9.06
Median	-0.95	3.07	5.86	18.02	16.33	9.61	8.07
3rd Quartile	-1.72	1.40	2.87	16.13	15.16	7.56	6.96
95th Percentile	-2.82	-1.07	-0.18	14.13	11.75	5.11	6.05

Oppenheimer Main Street Mid Cap Fund

Peer Group Analysis - IM U.S. Mid Cap Core Equity (MF)



	2014	2013	2012	2011	2010	2009	2008
Oppenheimer Main Street Mid Cap Fund	12.57 (17)	33.82 (59)	17.26 (35)	-2.31 (38)	23.72 (42)	37.37 (29)	-38.02 (36)
Russell Midcap Index	13.22 (12)	34.76 (48)	17.28 (35)	-1.55 (27)	25.47 (23)	40.48 (16)	-41.46 (66)
5th Percentile	14.60	41.59	20.75	2.74	28.10	58.02	-28.21
1st Quartile	11.50	37.35	17.98	-1.10	25.19	37.96	-36.56
Median	8.96	34.48	16.17	-3.41	23.08	33.03	-39.10
3rd Quartile	6.05	31.50	13.16	-5.50	20.30	29.70	-42.18
95th Percentile	2.51	28.28	7.89	-10.82	16.12	18.68	-49.96

Segal Rogerscasey

Oppenheimer Main Street Mid Cap Fund

Fund Information

Fund Name :	Oppenheimer Main Street Mid Cap Fund; Class Y Shares	Portfolio Assets :	$3,630 Million
Fund Family :	OppenheimerFunds Inc	Portfolio Manager :	Raymond Anello
Ticker :	OPMYX	PM Tenure :	2011
Inception Date :	08/02/1999	Fund Style :	IM U.S. Mid Cap Core Equity (MF)
Fund Assets :	$689 Million	Style Benchmark :	Russell Midcap Index
Portfolio Turnover :	63%		

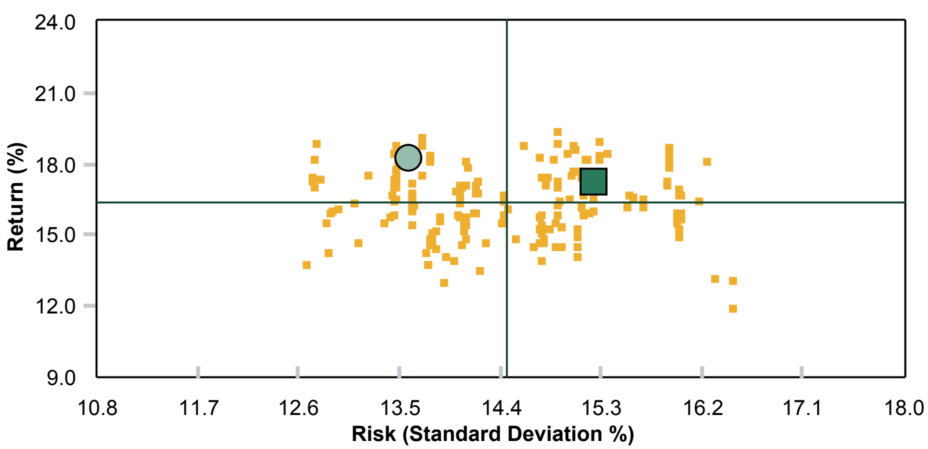
Fund Investment Policy

The Fund seeks capital appreciation. The Fund mainly invests in common stocks of small and mid-cap companies. Under normal market conditions, the Fund will invest at least 80% of its net assets in securities of companies having a market capitalization in the range of the Russell 2500 Index and the Russell Midcap Index.

Historical Statistics (07/01/10 - 06/30/15) *

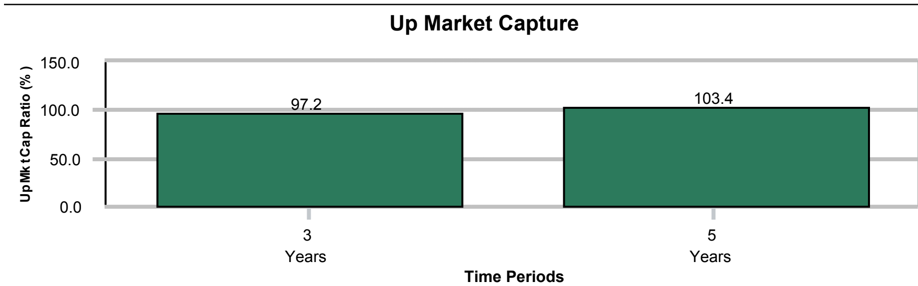
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Oppenheimer Main Street Mid Cap Fund	17.23	15.24	1.12	-2.43	1.10	0.97	3.08	-0.21	15.24	09/01/1999
Russell Midcap Index	18.23	13.60	1.30	0.00	1.00	1.00	0.00	N/A	13.60	09/01/1999
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	13.60	-1.30	0.00	09/01/1999

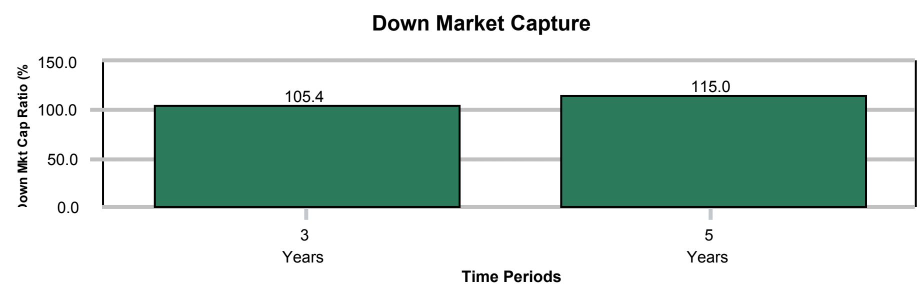
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
Oppenheimer Main Street Mid Cap Fund	17.23	15.24
Russell Midcap Index	18.23	13.60
Median	16.33	14.47

Up Down Market Capture

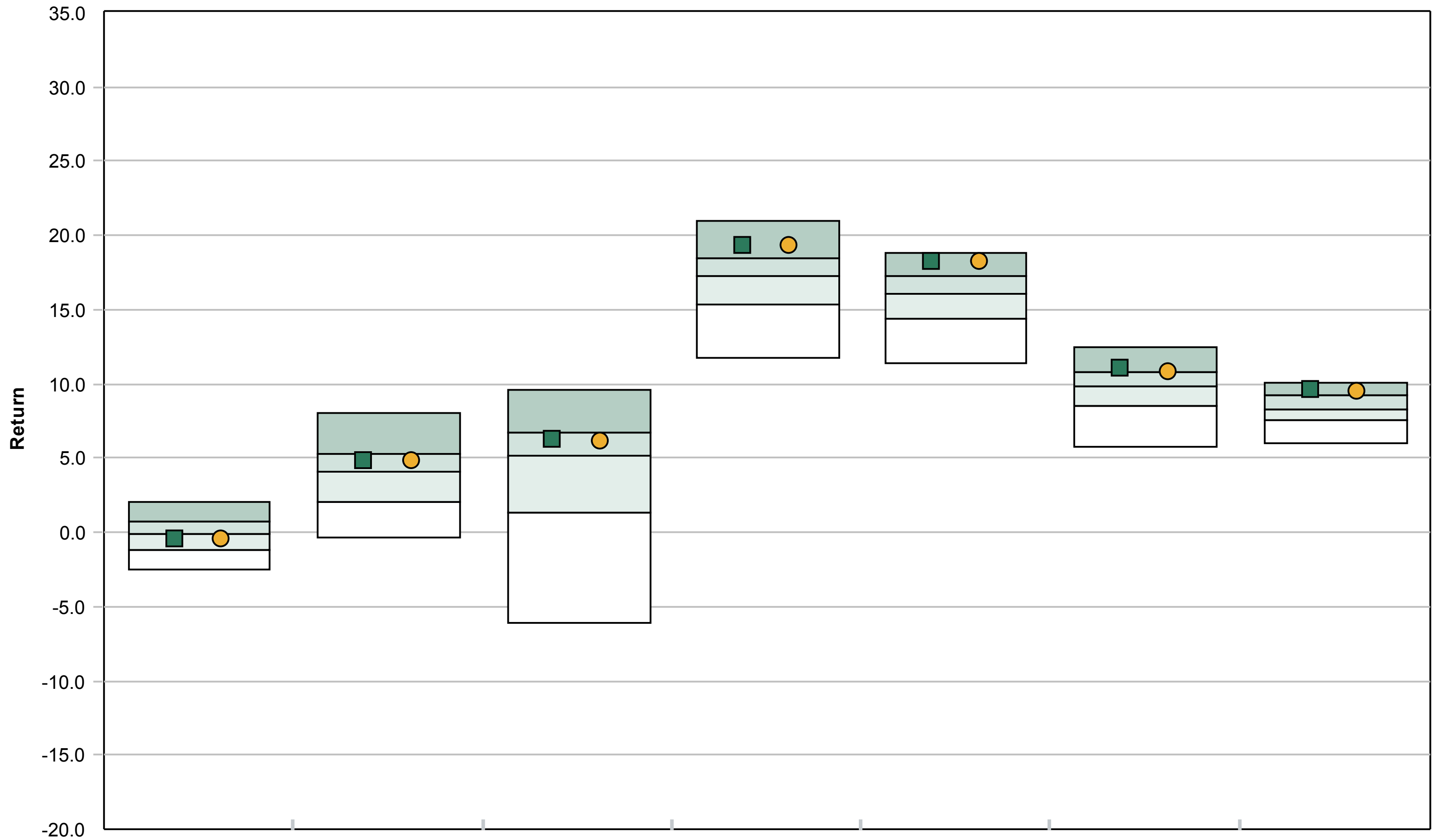




* Monthly periodicity used.

Vanguard Extended Market Idx I

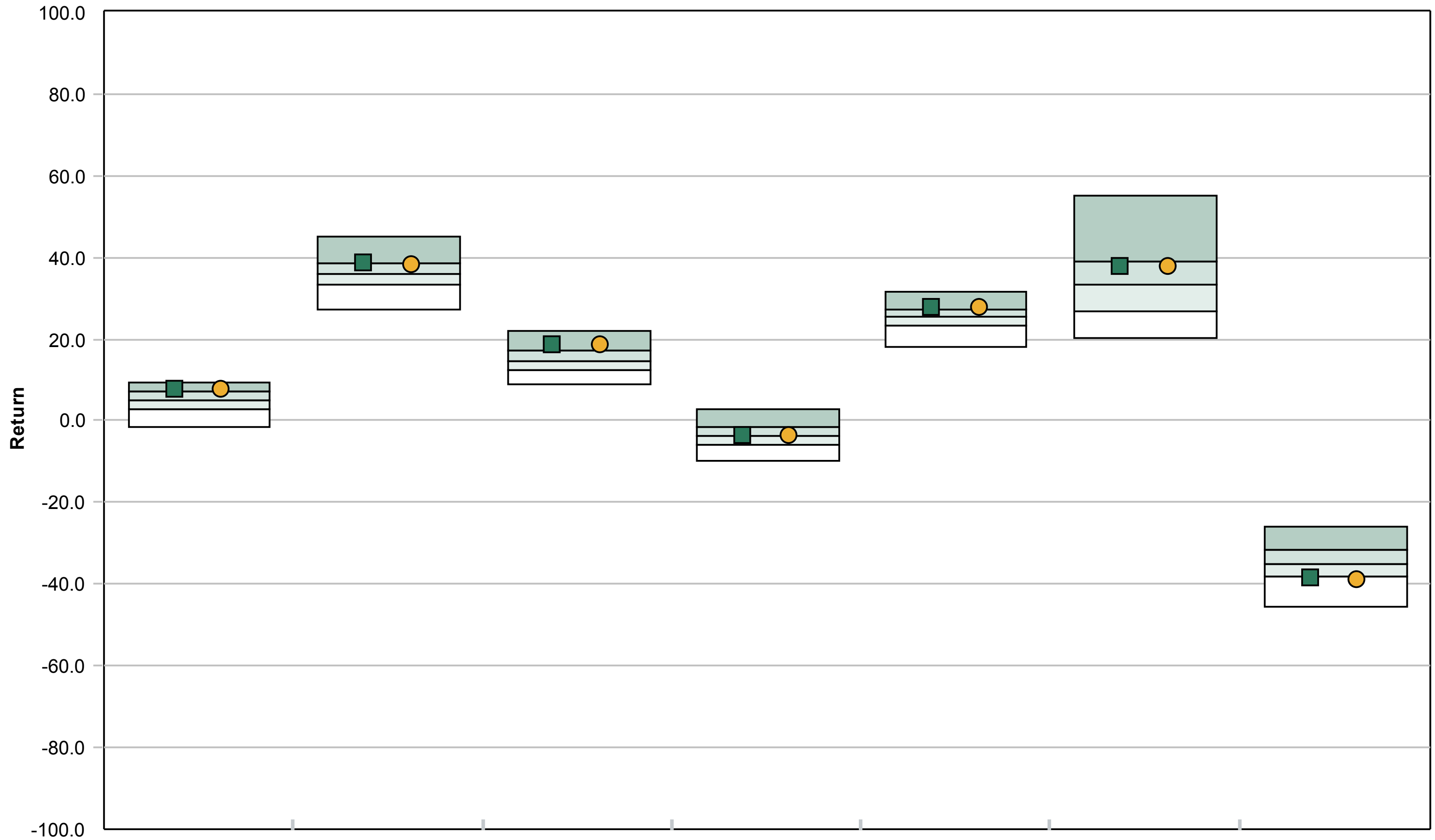
Peer Group Analysis - IM U.S. SMID Cap Core Equity (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
■ Vanguard Extended Market Idx I	-0.44 (58)	4.85 (31)	6.25 (33)	19.35 (16)	18.28 (11)	10.99 (22)	9.56 (12)
● S&P Completion Index	-0.44 (58)	4.84 (31)	6.17 (35)	19.26 (17)	18.18 (12)	10.85 (24)	9.43 (16)
5th Percentile	2.05	8.07	9.59	20.95	18.85	12.50	10.11
1st Quartile	0.70	5.32	6.75	18.50	17.29	10.75	9.19
Median	-0.12	4.05	5.20	17.32	16.09	9.78	8.30
3rd Quartile	-1.13	2.10	1.35	15.32	14.43	8.51	7.51
95th Percentile	-2.56	-0.37	-6.05	11.79	11.37	5.75	5.98

Vanguard Extended Market Idx I

Peer Group Analysis - IM U.S. SMID Cap Core Equity (MF)



	2014	2013	2012	2011	2010	2009	2008
Vanguard Extended Market Idx I	7.56 (20)	38.42 (28)	18.50 (15)	-3.57 (49)	27.59 (21)	37.69 (29)	-38.58 (77)
S&P Completion Index	7.50 (22)	38.24 (29)	18.45 (15)	-3.71 (50)	27.46 (23)	37.65 (29)	-38.94 (79)
5th Percentile	9.51	45.22	22.04	2.96	31.38	55.16	-25.95
1st Quartile	7.14	38.76	17.17	-1.57	27.27	38.80	-31.75
Median	5.00	35.90	14.64	-3.76	25.52	33.15	-35.16
3rd Quartile	2.73	33.30	12.48	-6.08	23.20	26.88	-38.27
95th Percentile	-1.47	27.28	8.77	-9.84	18.26	20.26	-45.36

Vanguard Extended Market Idx I

Fund Information

Fund Name :	Vanguard Index Funds: Vanguard Extended Market Index Fund; Institutional Shares	Portfolio Assets :	$46,708 Million
Fund Family :	Vanguard Group Inc	Portfolio Manager :	Donald M. Butler
Ticker :	VIEIX	PM Tenure :	1997
Inception Date :	07/07/1997	Fund Style :	IM U.S. SMID Cap Core Equity (MF)
Fund Assets :	$9,564 Million	Style Benchmark :	S&P Completion Index

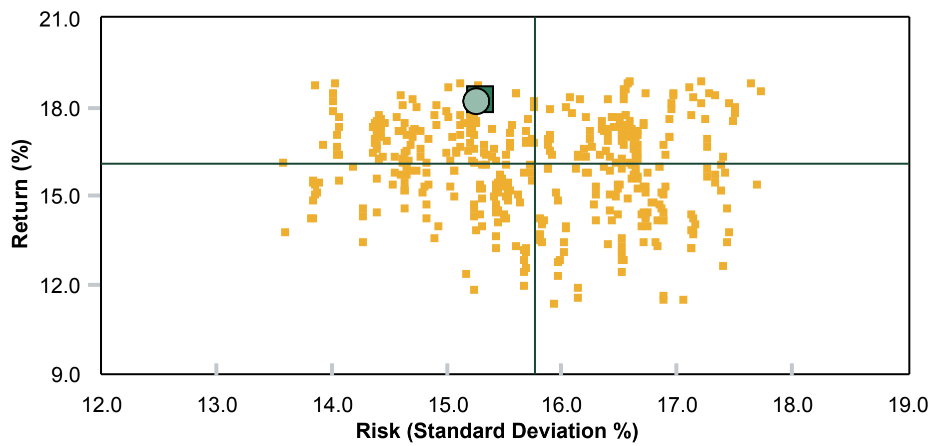
Fund Investment Policy

The Fund seeks to track the performance of a benchmark index that measures the investment return of small and mid capitalization stocks. The Fund employs a passive management or indexing investment approach designed to track the performance of the Standard & Poors Completion Index.

Historical Statistics (07/01/10 - 06/30/15) *

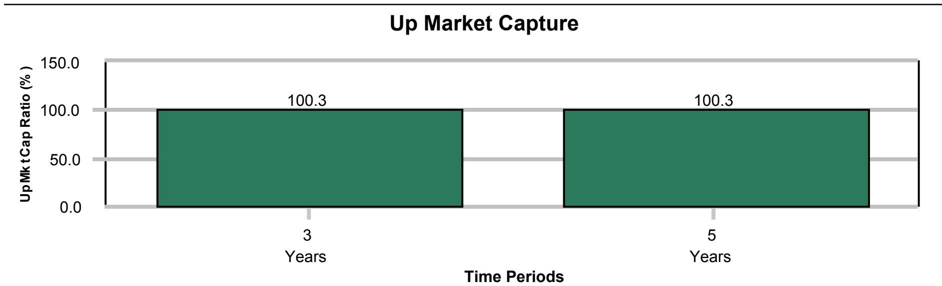
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Vanguard Extended Market Idx I	18.28	15.31	1.18	0.06	1.00	1.00	0.09	1.09	15.30	08/01/1997
S&P Completion Index	18.18	15.27	1.17	0.00	1.00	1.00	0.00	N/A	15.27	08/01/1997
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	15.27	-1.17	0.00	08/01/1997

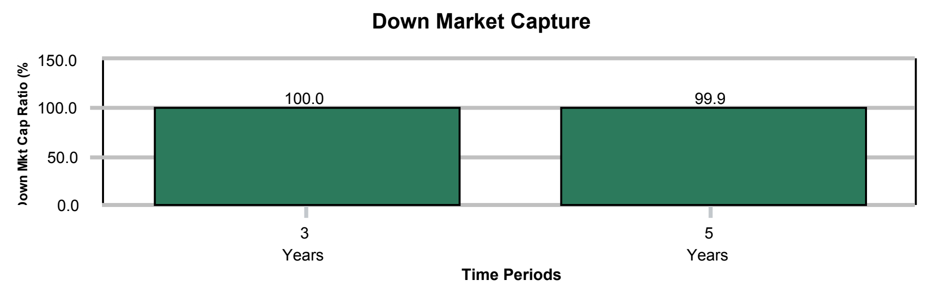
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
Vanguard Extended Market Idx I	18.28	15.31
S&P Completion Index	18.18	15.27
Median	16.09	15.77

Up Down Market Capture

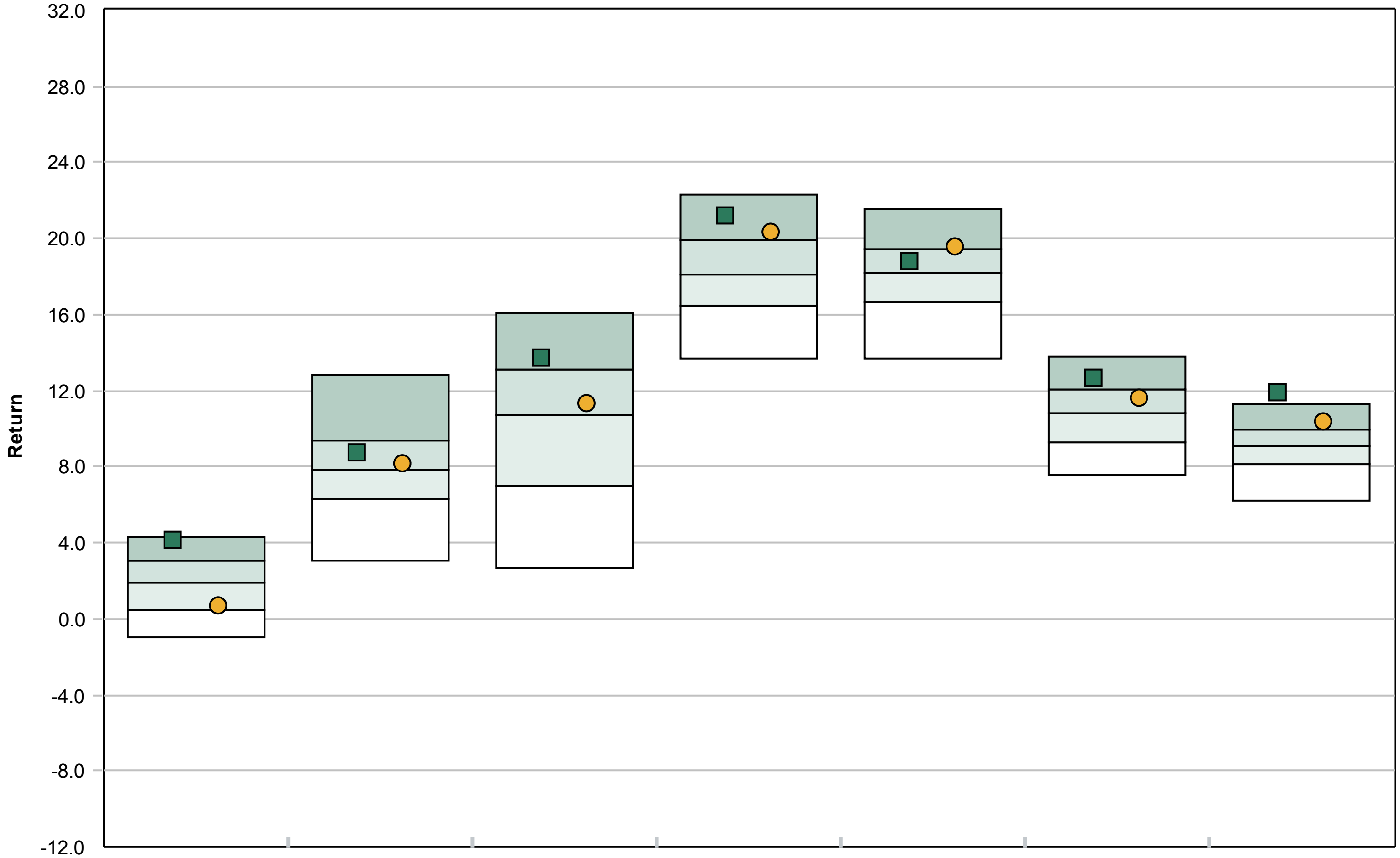




* Monthly periodicity used.

Goldman Sachs Small/Mid Cap Growth

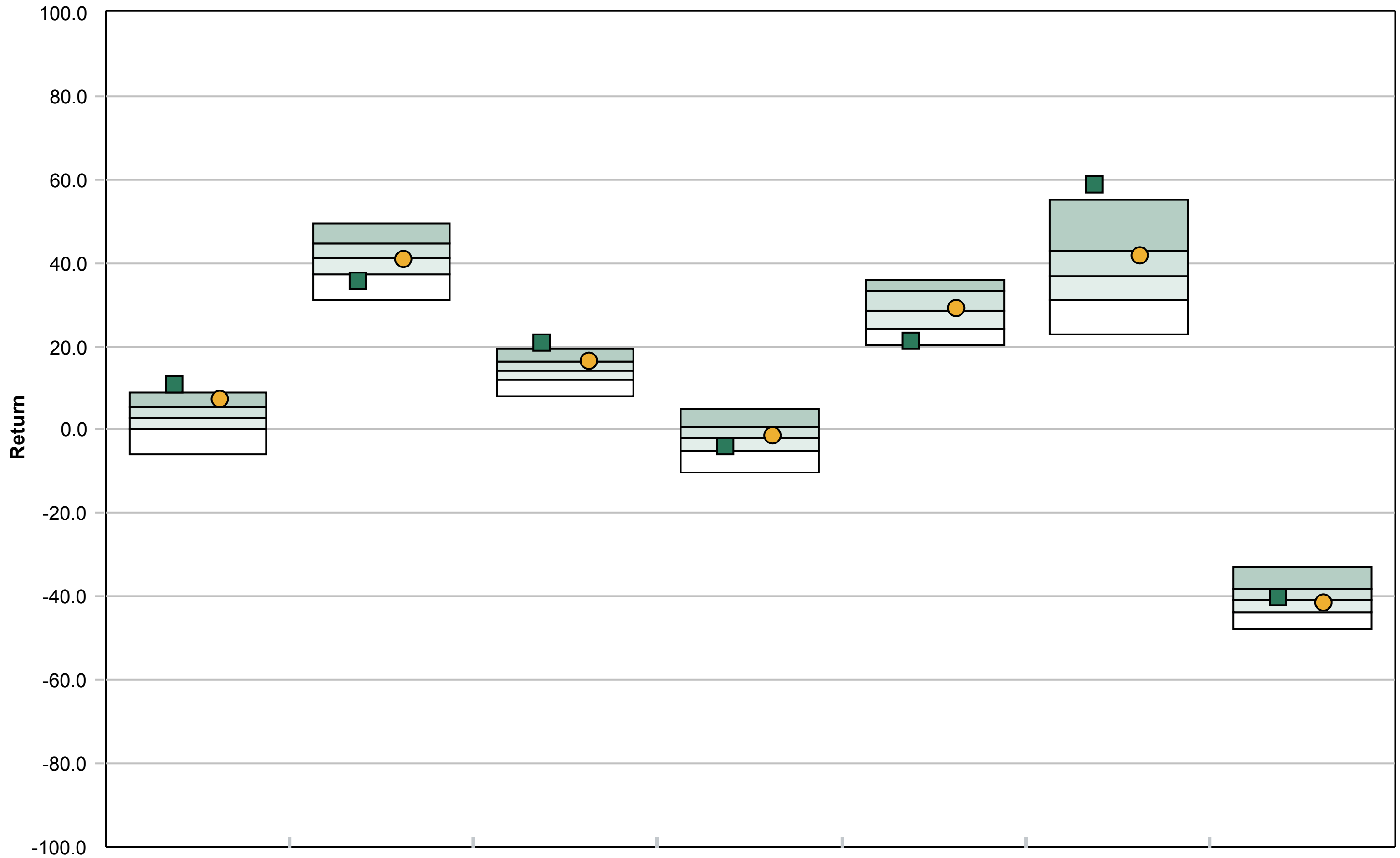
Peer Group Analysis - IM U.S. SMID Cap Growth Equity (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Goldman Sachs Small/Mid Cap Growth	4.10 (8)	8.71 (39)	13.71 (20)	21.17 (10)	18.79 (40)	12.61 (17)	11.85 (4)
Russell 2500 Growth Index	0.61 (73)	8.09 (47)	11.30 (42)	20.35 (19)	19.55 (24)	11.60 (34)	10.32 (17)
5th Percentile	4.31	12.85	16.12	22.28	21.57	13.80	11.31
1st Quartile	3.04	9.42	13.08	19.90	19.43	12.05	10.00
Median	1.88	7.82	10.68	18.11	18.18	10.78	9.09
3rd Quartile	0.46	6.32	7.00	16.47	16.70	9.28	8.17
95th Percentile	-0.99	3.09	2.63	13.66	13.73	7.57	6.26

Goldman Sachs Small/Mid Cap Growth

Peer Group Analysis - IM U.S. SMID Cap Growth Equity (MF)



	2014	2013	2012	2011	2010	2009	2008
Goldman Sachs Small/Mid Cap Growth	10.62 (1)	35.54 (84)	20.81 (3)	-4.27 (69)	21.12 (93)	58.57 (5)	-40.17 (46)
Russell 2500 Growth Index	7.05 (13)	40.65 (56)	16.13 (29)	-1.57 (44)	28.86 (50)	41.65 (32)	-41.50 (61)
5th Percentile	9.01	49.51	19.20	5.09	36.08	55.08	-33.01
1st Quartile	5.52	44.71	16.41	0.82	33.20	42.84	-38.16
Median	3.03	41.20	14.21	-2.14	28.64	36.87	-40.53
3rd Quartile	0.19	37.24	11.97	-4.95	24.26	31.36	-43.58
95th Percentile	-5.97	31.29	8.15	-10.42	20.24	22.88	-47.80

Goldman Sachs Small/Mid Cap Growth

Fund Information

Fund Name :	Goldman Sachs Trust: Goldman Sachs Small/Mid-Cap Growth Fund; Class A Shares	Portfolio Assets :	$2,824 Million
Fund Family :	Goldman Sachs & Co/GSAM	Portfolio Manager :	Barry/Zimmerman
Ticker :	GSMAX	PM Tenure :	2005--2014
Inception Date :	06/30/2005	Fund Style :	IM U.S. SMID Cap Growth Equity (MF)
Fund Assets :	$927 Million	Style Benchmark :	Russell 2500 Growth Index

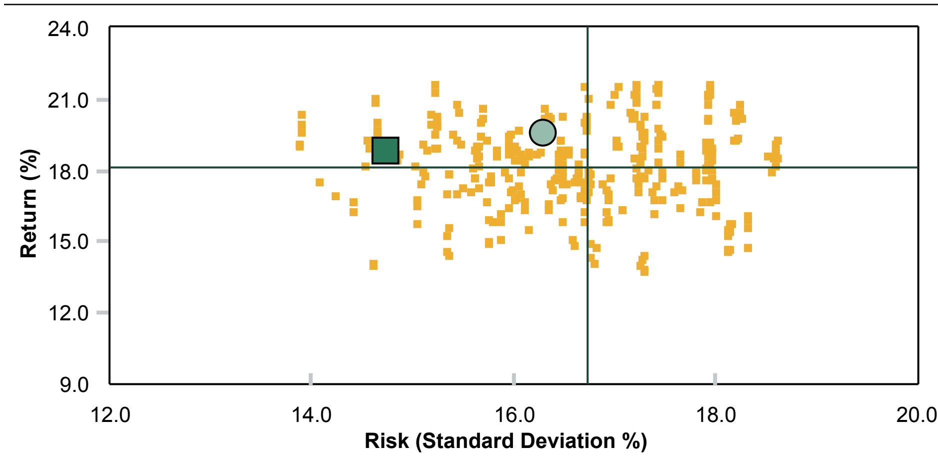
Fund Investment Policy

The Fund seeks long-term growth of capital. The Fund achieves this objective by investing at least 90% of its assets in equity investments with a primary focus on small and mid-capitalization companies.

Historical Statistics (07/01/10 - 06/30/15) *

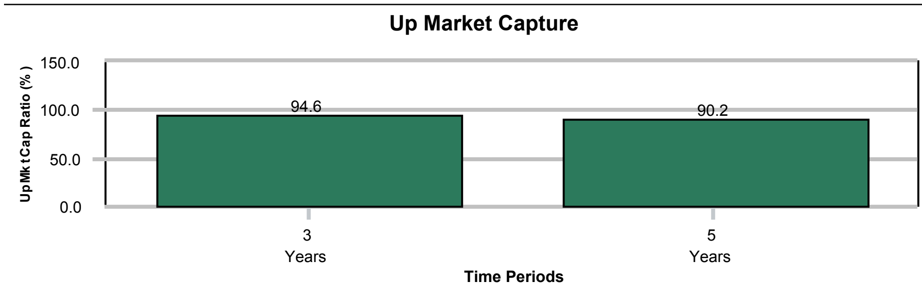
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Goldman Sachs Small/Mid Cap Growth	18.79	14.75	1.24	1.39	0.88	0.95	3.80	-0.23	14.75	07/01/2005
Russell 2500 Growth Index	19.55	16.30	1.18	0.00	1.00	1.00	0.00	N/A	16.30	07/01/2005
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	16.30	-1.18	0.00	07/01/2005

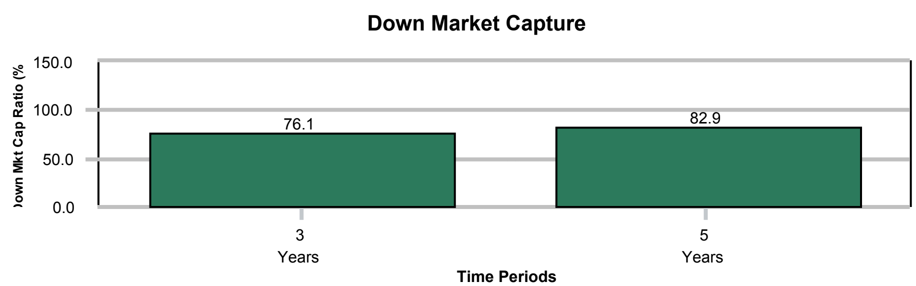
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
Goldman Sachs Small/Mid Cap Growth	18.79	14.75
Russell 2500 Growth Index	19.55	16.30
Median	18.18	16.74

Up Down Market Capture

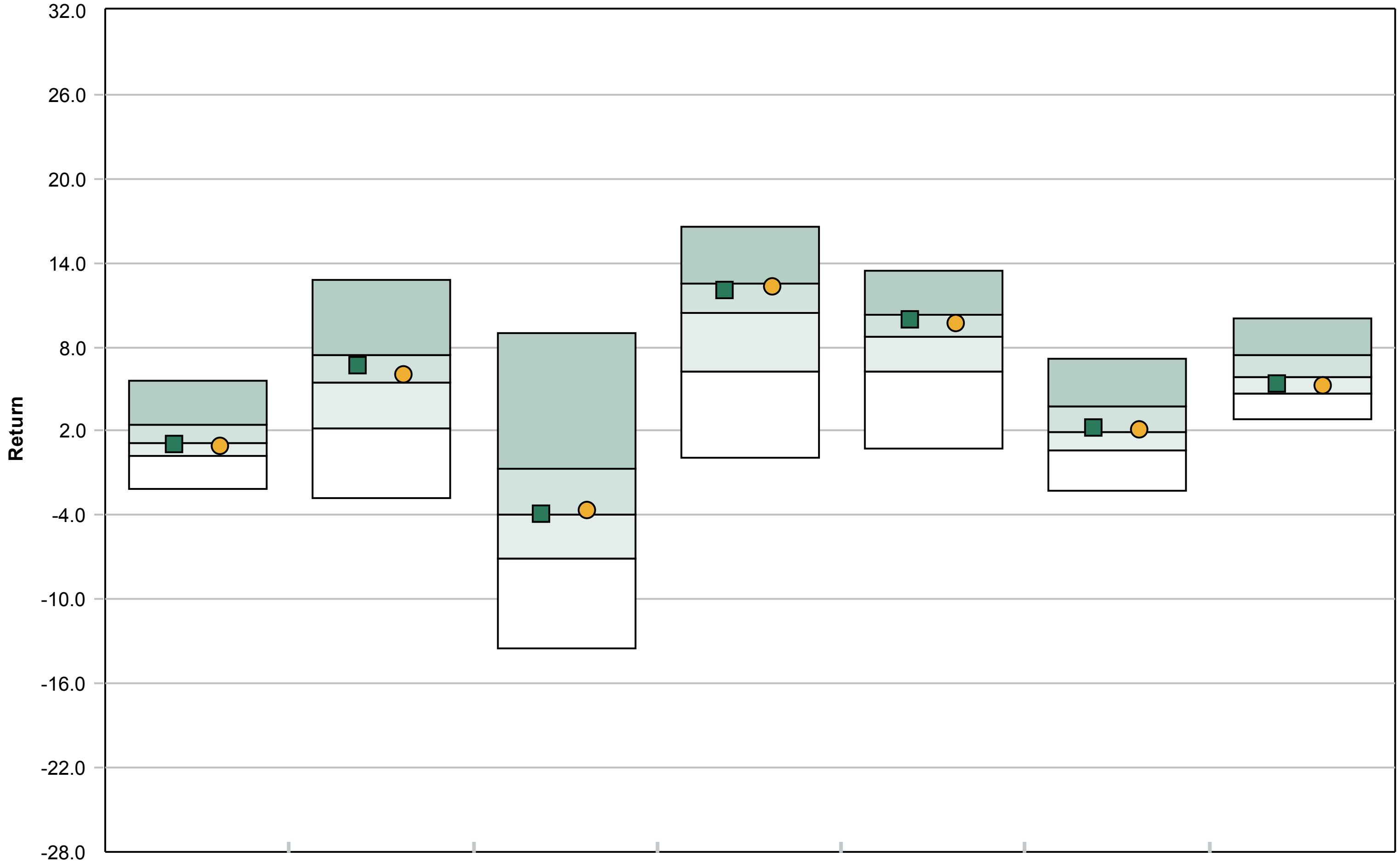




* Monthly periodicity used.

Vanguard Developed Markets Index Instl

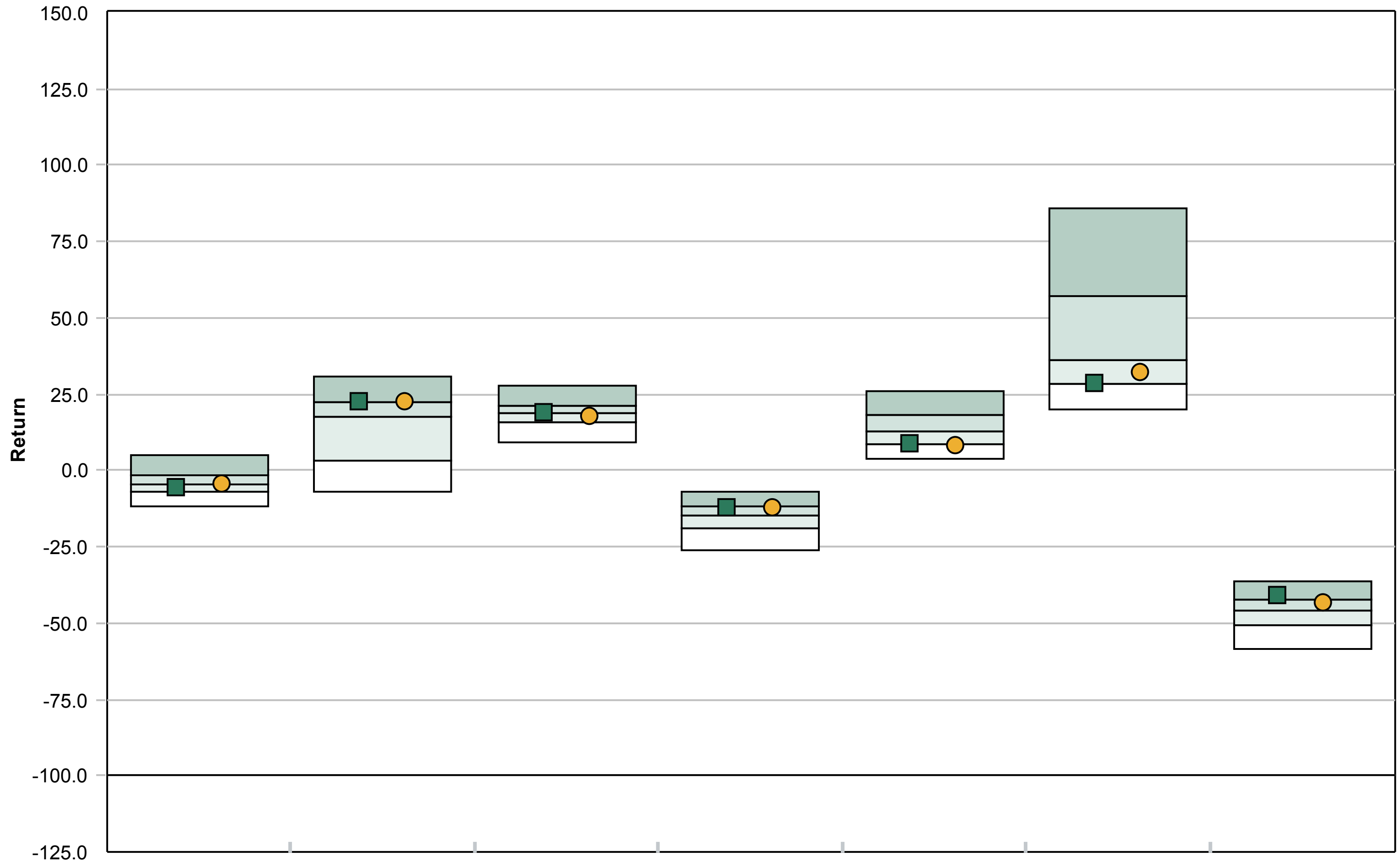
Peer Group Analysis - IM International Equity (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
■ Vanguard Developed Markets Index Instl	1.02 (55)	6.63 (35)	-3.95 (51)	12.02 (31)	9.87 (31)	2.23 (45)	5.40 (60)
● Vanguard Developed Market Policy Index	0.84 (60)	6.03 (44)	-3.74 (49)	12.22 (29)	9.68 (34)	2.07 (48)	5.19 (64)
5th Percentile	5.57	12.74	9.01	16.62	13.38	7.18	9.98
1st Quartile	2.46	7.39	-0.66	12.55	10.28	3.80	7.49
Median	1.20	5.46	-3.89	10.38	8.75	1.95	5.88
3rd Quartile	0.22	2.23	-7.12	6.19	6.28	0.61	4.65
95th Percentile	-2.16	-2.72	-13.52	0.05	0.73	-2.25	2.86

Vanguard Developed Markets Index Instl

Peer Group Analysis - IM International Equity (MF)



	2014	2013	2012	2011	2010	2009	2008
Vanguard Developed Markets Index Instl	-5.72 (63)	22.15 (27)	18.70 (49)	-12.62 (31)	8.55 (76)	28.48 (76)	-41.27 (19)
Vanguard Developed Market Policy Index	-4.60 (52)	22.61 (24)	17.32 (64)	-12.14 (27)	7.75 (80)	31.78 (64)	-43.38 (33)
5th Percentile	5.05	30.59	27.63	-7.00	26.18	85.96	-36.12
1st Quartile	-1.52	22.39	21.29	-11.98	18.14	57.05	-42.40
Median	-4.51	17.45	18.61	-14.93	12.88	36.33	-46.00
3rd Quartile	-6.79	3.26	15.77	-18.66	8.57	28.49	-50.74
95th Percentile	-11.68	-6.88	8.91	-25.85	3.94	19.70	-58.25

Vanguard Developed Markets Index Instl

Fund Information

Fund Name :	Vanguard Tax-Managed Funds: Vanguard Developed Markets Index Fund; Institutional Shares	Portfolio Assets :	$53,320 Million
Fund Family :	Vanguard Group Inc	Portfolio Manager :	Chistine D. Franquin
Ticker :	VTMNX	PM Tenure :	2013
Inception Date :	01/04/2001	Fund Style :	IM International Equity (MF)
Fund Assets :	$8,467 Million	Style Benchmark :	Vanguard Developed Market Policy Index

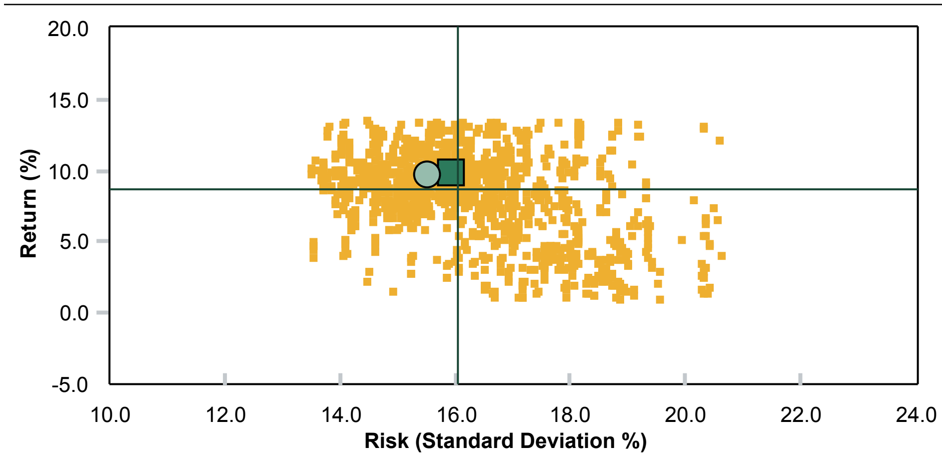
Fund Investment Policy

The Fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in the major markets of Europe and the Pacific Region. The Fund employs an indexing investment approach designed to track the performance of the FTSE Developed ex North America Index.

Historical Statistics (07/01/10 - 06/30/15) *

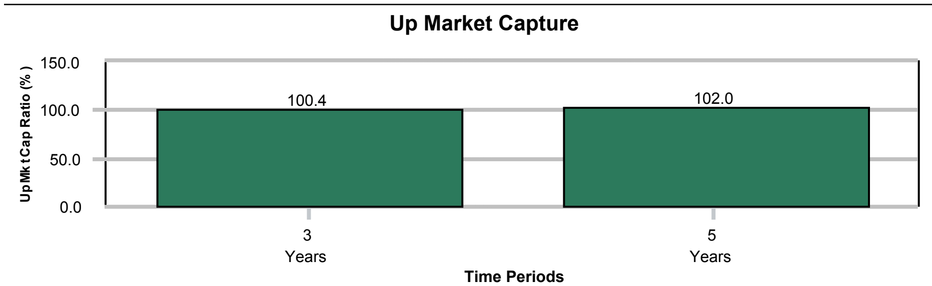
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Vanguard Developed Markets Index Instl	9.87	15.96	0.67	0.04	1.02	0.98	2.02	0.12	15.95	02/01/2001
Vanguard Developed Market Policy Index	9.68	15.53	0.67	0.00	1.00	1.00	0.00	N/A	15.53	02/01/2001
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.01	15.53	-0.67	0.00	02/01/2001

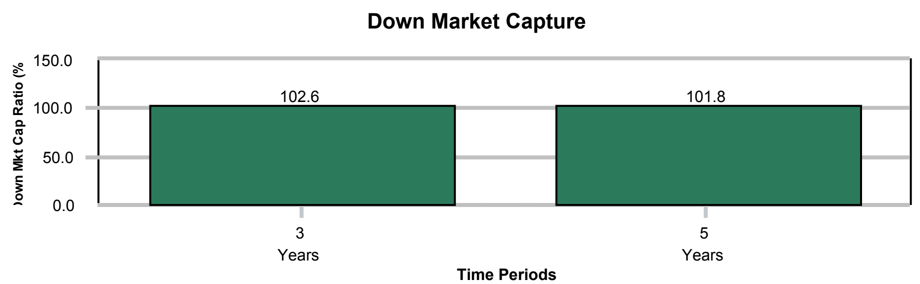
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
Vanguard Developed Markets Index Instl	9.87	15.96
Vanguard Developed Market Policy Index	9.68	15.53
Median	8.75	16.04

Up Down Market Capture

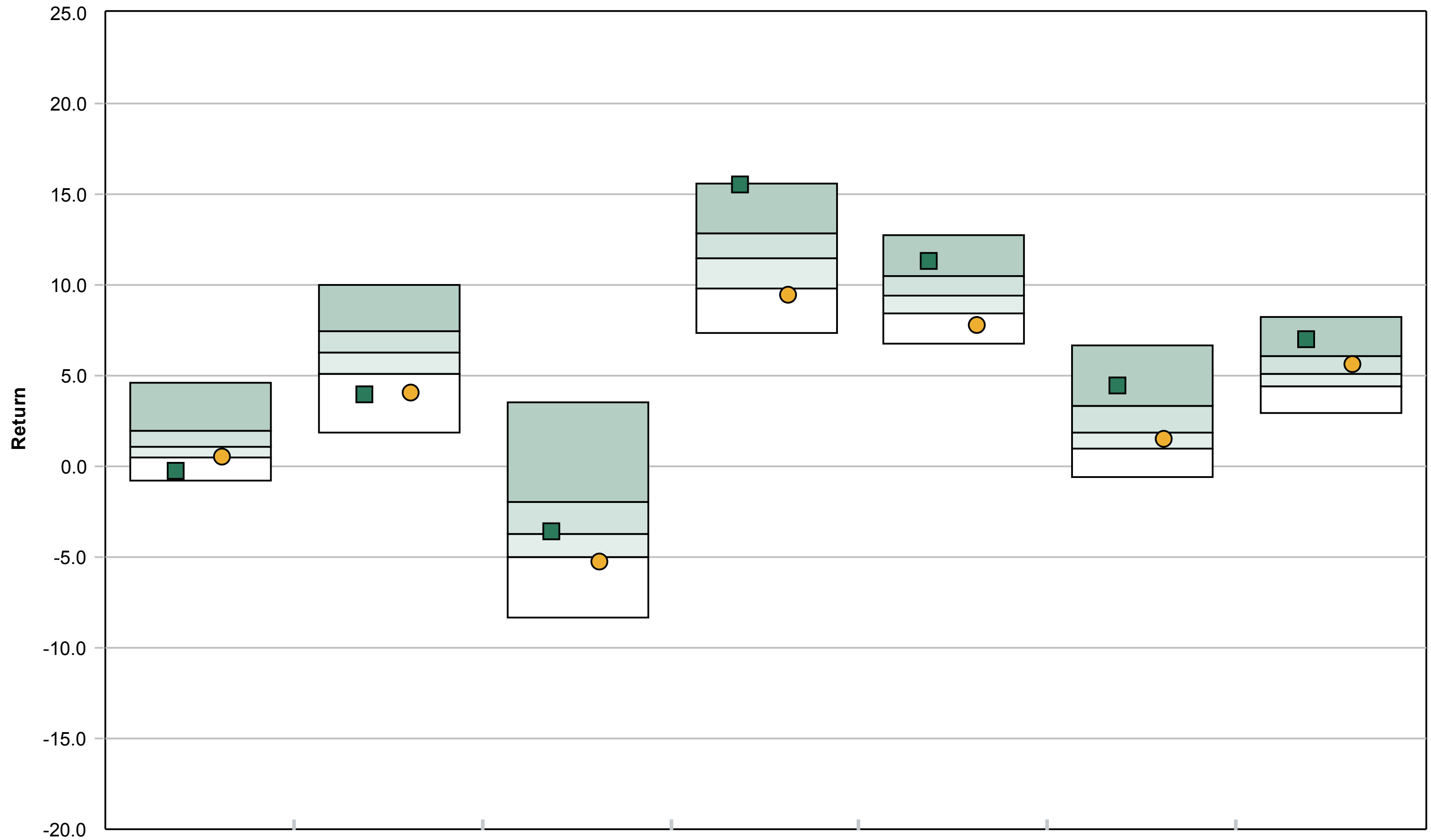




* Monthly periodicity used.

Dodge & Cox International Stock

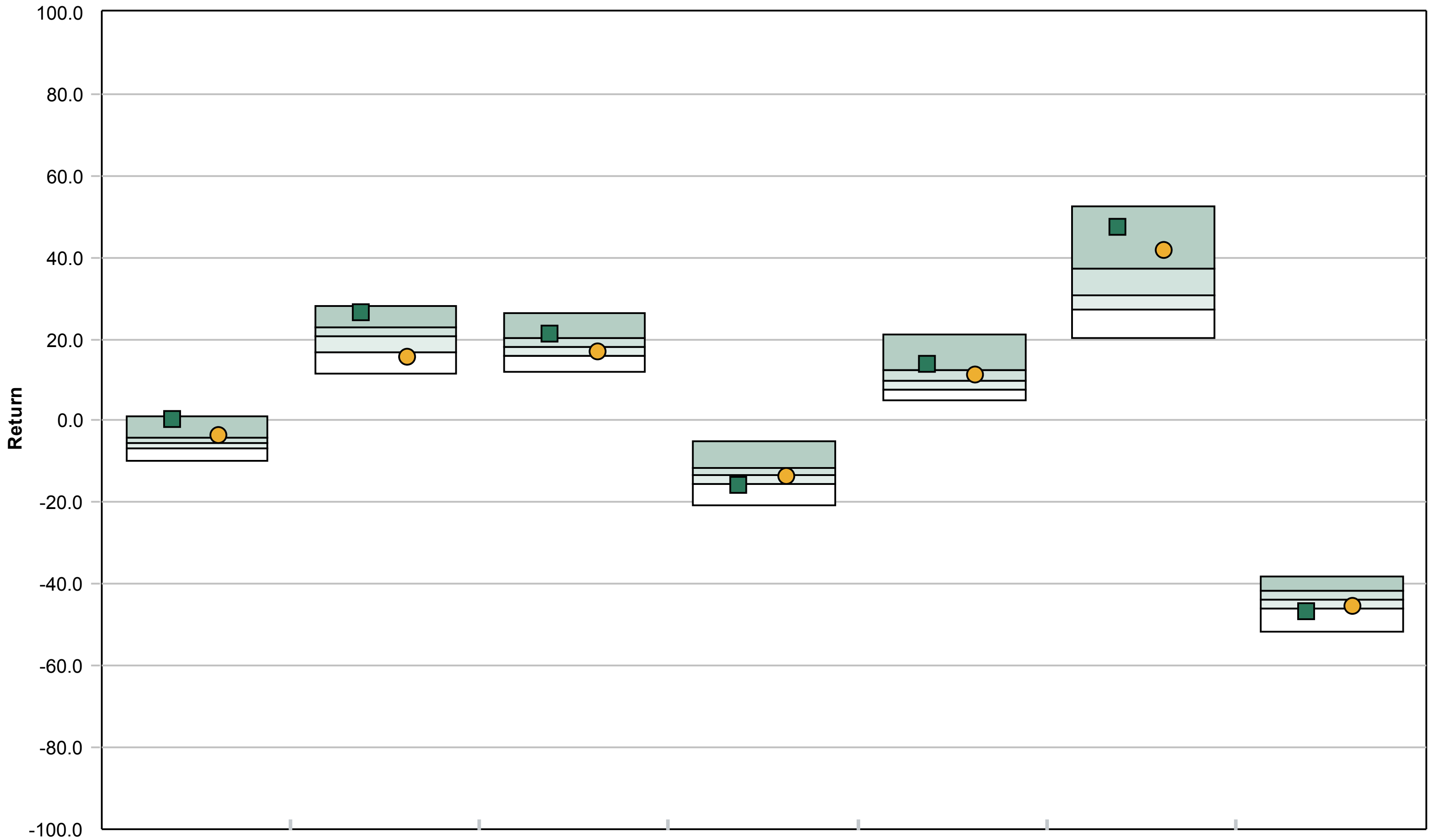
Peer Group Analysis - IM International Core Equity (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Dodge & Cox International Stock	-0.30 (92)	3.89 (86)	-3.64 (48)	15.44 (7)	11.24 (16)	4.38 (18)	6.96 (15)
MSCI AC World ex USA (Net)	0.53 (76)	4.03 (86)	-5.26 (79)	9.44 (82)	7.76 (85)	1.48 (63)	5.54 (38)
5th Percentile	4.56	9.96	3.48	15.63	12.75	6.64	8.27
1st Quartile	1.96	7.46	-1.98	12.88	10.50	3.34	6.10
Median	1.12	6.25	-3.75	11.46	9.41	1.86	5.10
3rd Quartile	0.53	5.12	-4.96	9.81	8.41	0.97	4.38
95th Percentile	-0.79	1.91	-8.28	7.34	6.79	-0.60	2.90

Dodge & Cox International Stock

Peer Group Analysis - IM International Core Equity (MF)



	2014	2013	2012	2011	2010	2009	2008
■ Dodge & Cox International Stock	0.08 (9)	26.31 (14)	21.03 (19)	-15.97 (82)	13.69 (18)	47.46 (10)	-46.69 (79)
● MSCI AC World ex USA (Net)	-3.87 (25)	15.29 (84)	16.83 (69)	-13.71 (54)	11.15 (36)	41.45 (18)	-45.53 (68)
5th Percentile	0.94	28.27	26.33	-5.22	21.23	52.70	-37.96
1st Quartile	-3.95	23.06	20.05	-11.46	12.42	37.15	-41.59
Median	-5.52	20.55	18.06	-13.41	9.73	30.74	-43.91
3rd Quartile	-6.71	16.96	16.06	-15.50	7.49	27.28	-46.13
95th Percentile	-10.01	11.62	11.93	-20.88	4.83	20.16	-51.61

Dodge & Cox International Stock

Fund Information

Fund Name :	Dodge & Cox Funds: Dodge & Cox International Stock Fund	Portfolio Assets :	$71,487 Million
Fund Family :	Dodge & Cox	Portfolio Manager :	Team Managed
Ticker :	DODFX	PM Tenure :	
Inception Date :	05/01/2001	Fund Style :	IM International Core Equity (MF)
Fund Assets :	$71,487 Million	Style Benchmark :	MSCI AC World ex USA (Net)
Portfolio Turnover :	12%		

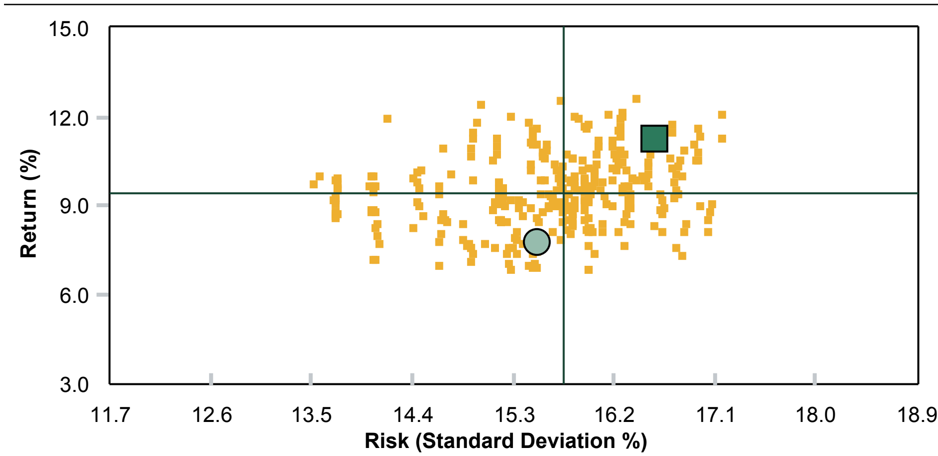
Fund Investment Policy

The Fund seeks long-term growth of principal and income by investing primarily in a diversified portfolio of equity securities issued by non-U.S. companies from at least three different foreign countries, including emerging markets.

Historical Statistics (07/01/10 - 06/30/15) *

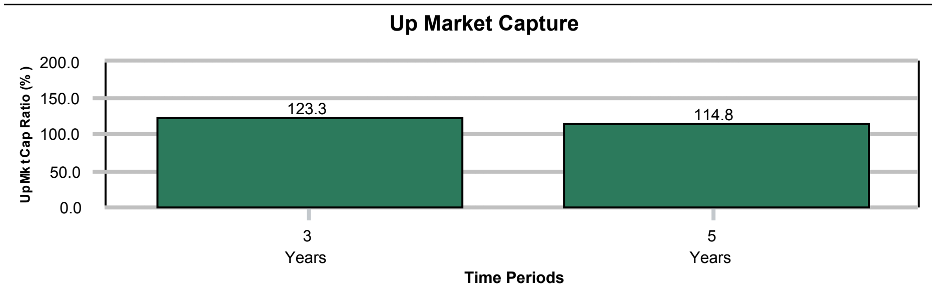
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Dodge & Cox International Stock	11.24	16.57	0.72	3.04	1.04	0.96	3.53	0.96	16.57	06/01/2001
MSCI AC World ex USA (Net)	7.76	15.53	0.56	0.00	1.00	1.00	0.00	N/A	15.52	06/01/2001
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.01	15.52	-0.56	0.00	06/01/2001

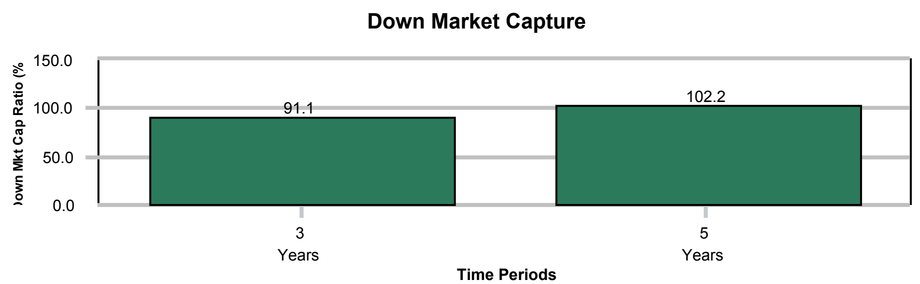
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
Dodge & Cox International Stock	11.24	16.57
MSCI AC World ex USA (Net)	7.76	15.53
Median	9.41	15.76

Up Down Market Capture

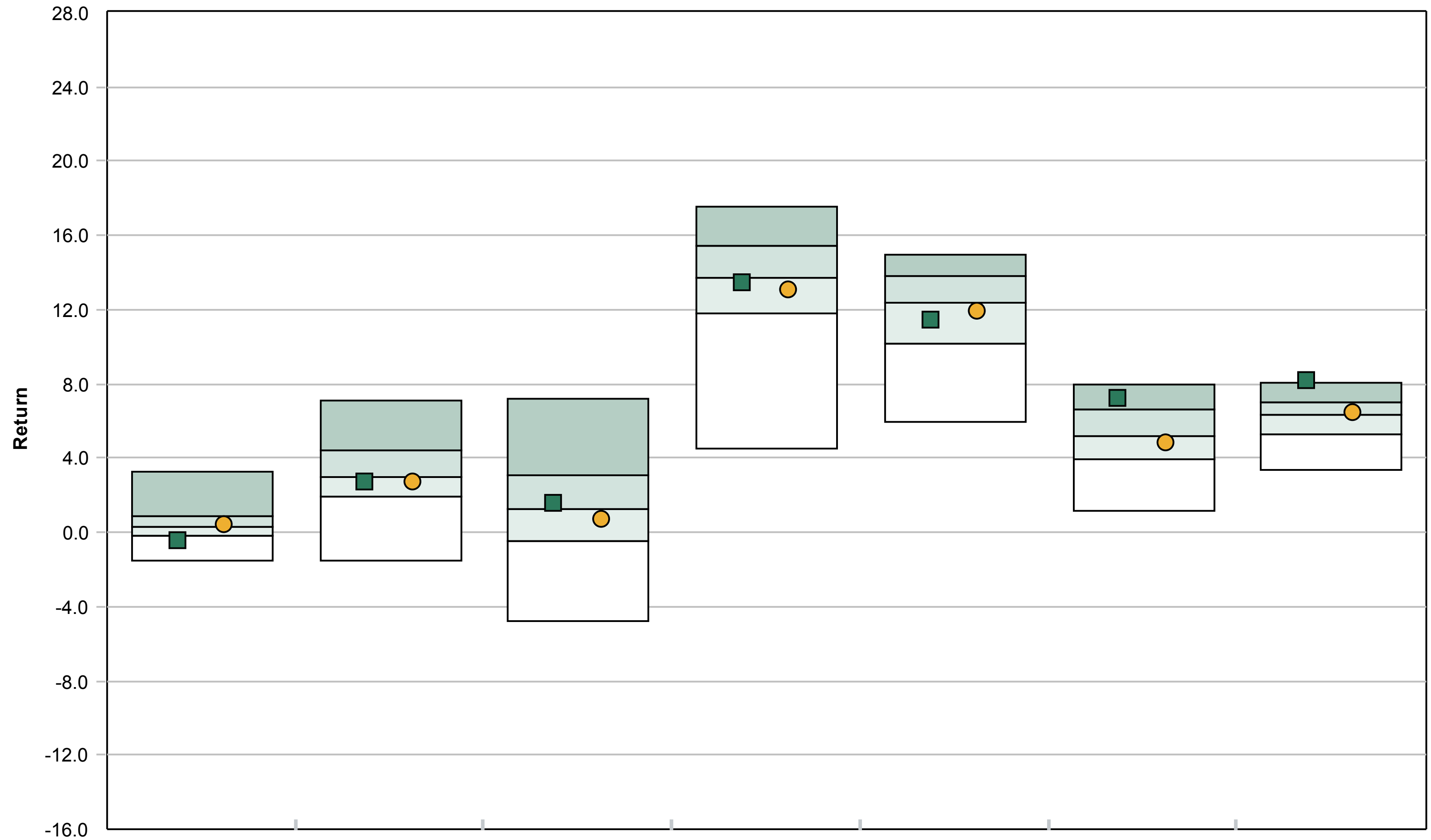




* Monthly periodicity used.

Franklin Mutual Global Discovery

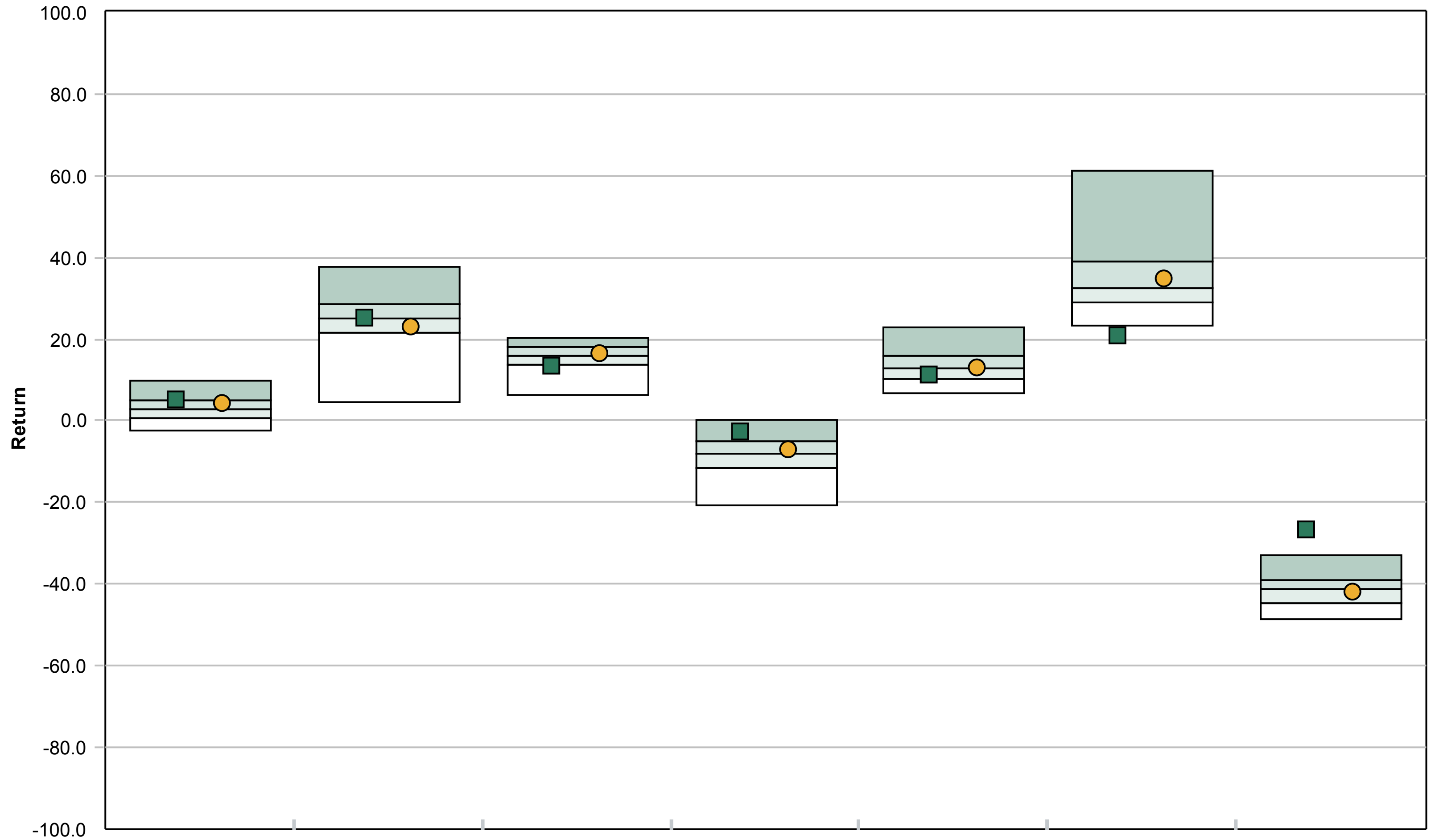
Peer Group Analysis - IM Global Core Equity (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Franklin Mutual Global Discovery	-0.47 (81)	2.65 (62)	1.56 (47)	13.47 (54)	11.38 (69)	7.16 (17)	8.20 (4)
MSCI AC World Index (Net)	0.35 (48)	2.66 (61)	0.71 (62)	13.01 (64)	11.93 (63)	4.79 (60)	6.41 (48)
5th Percentile	3.25	7.11	7.16	17.60	14.95	7.93	8.01
1st Quartile	0.90	4.44	3.12	15.40	13.79	6.66	7.00
Median	0.30	3.02	1.27	13.74	12.39	5.19	6.31
3rd Quartile	-0.22	1.89	-0.51	11.85	10.13	3.98	5.30
95th Percentile	-1.49	-1.48	-4.78	4.49	5.97	1.14	3.35

Franklin Mutual Global Discovery

Peer Group Analysis - IM Global Core Equity (MF)



	2014	2013	2012	2011	2010	2009	2008
Franklin Mutual Global Discovery	5.01 (27)	25.26 (47)	13.34 (80)	-2.99 (13)	11.08 (65)	20.89 (98)	-26.73 (1)
MSCI AC World Index (Net)	4.16 (38)	22.80 (70)	16.13 (47)	-7.35 (41)	12.67 (53)	34.63 (39)	-42.19 (58)
5th Percentile	9.90	37.87	20.31	0.28	22.68	61.40	-32.69
1st Quartile	5.19	28.46	18.24	-5.16	16.03	39.14	-38.80
Median	2.93	24.87	15.74	-7.91	12.95	32.57	-41.34
3rd Quartile	0.60	21.53	13.54	-11.39	10.09	28.98	-44.51
95th Percentile	-2.42	4.52	6.22	-20.70	6.87	23.51	-48.55

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Franklin Mutual Global Discovery

Fund Information

Fund Name :	Franklin Mutual Series Funds: Franklin Mutual Global Discovery Fund; Class A Shares	Portfolio Assets :	$27,475 Million
Fund Family :	Franklin Templeton Investments	Portfolio Manager :	Langerman/Brugere-Trelat/Ranki
Ticker :	TEDIX	PM Tenure :	2009--2009--2013
Inception Date :	11/01/1996	Fund Style :	IM Global Core Equity (MF)
Fund Assets :	$12,530 Million	Style Benchmark :	MSCI AC World Index (Net)

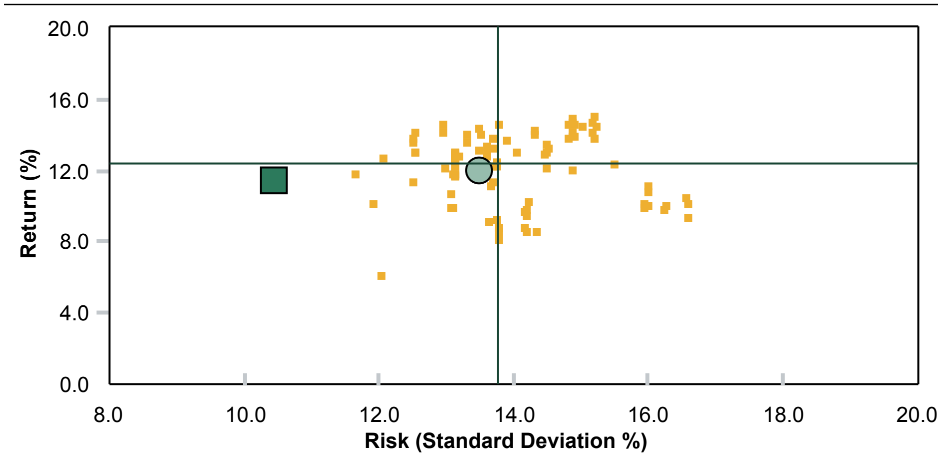
Fund Investment Policy

The Fund seeks capital appreciation. Under normal market conditions, the Fund invests mainly in equity securities of companies that the Manager believes are available at market prices less than their value based on certain recognized criteria. The fund generally invests a majority of its assets in foreign securities.

Historical Statistics (07/01/10 - 06/30/15) *

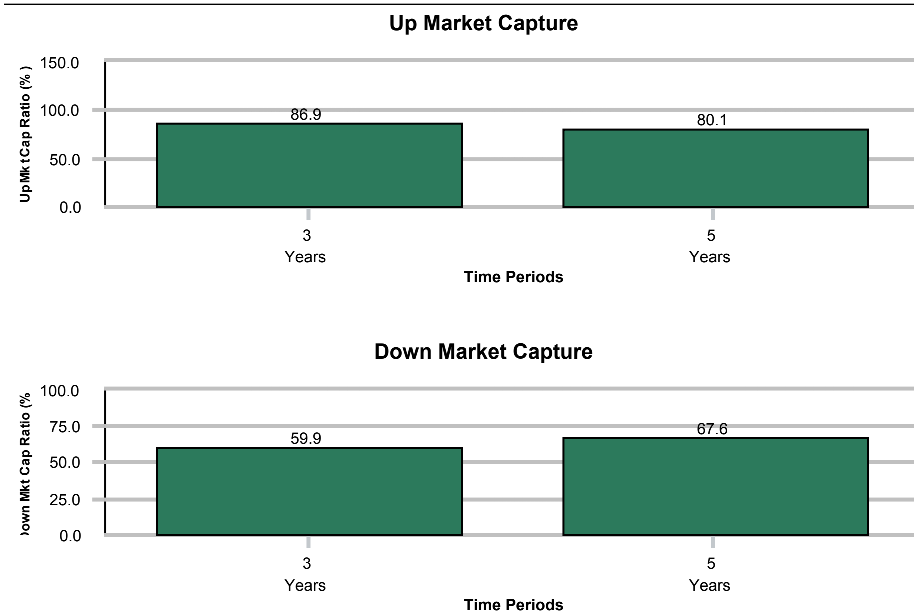
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Franklin Mutual Global Discovery	11.38	10.46	1.08	2.33	0.74	0.92	4.64	-0.19	10.46	12/01/1996
MSCI AC World Index (Net)	11.93	13.50	0.90	0.00	1.00	1.00	0.00	N/A	13.50	12/01/1996
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	13.50	-0.90	0.00	12/01/1996

Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
Franklin Mutual Global Discovery	11.38	10.46
MSCI AC World Index (Net)	11.93	13.50
Median	12.39	13.78

Up Down Market Capture

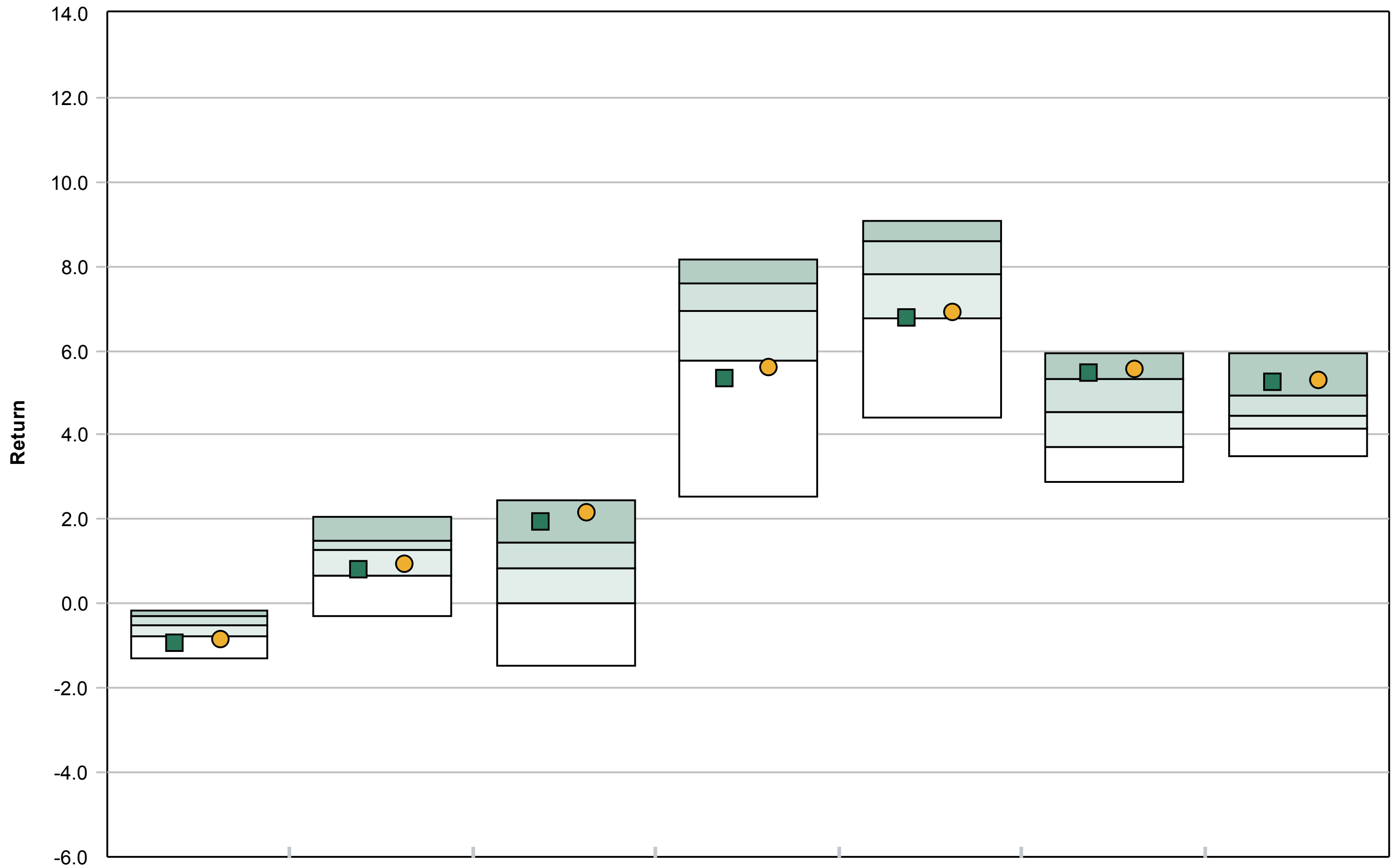


* Monthly periodicity used.

Segal Rogerscasey

Vanguard Target Retirement Income Inv

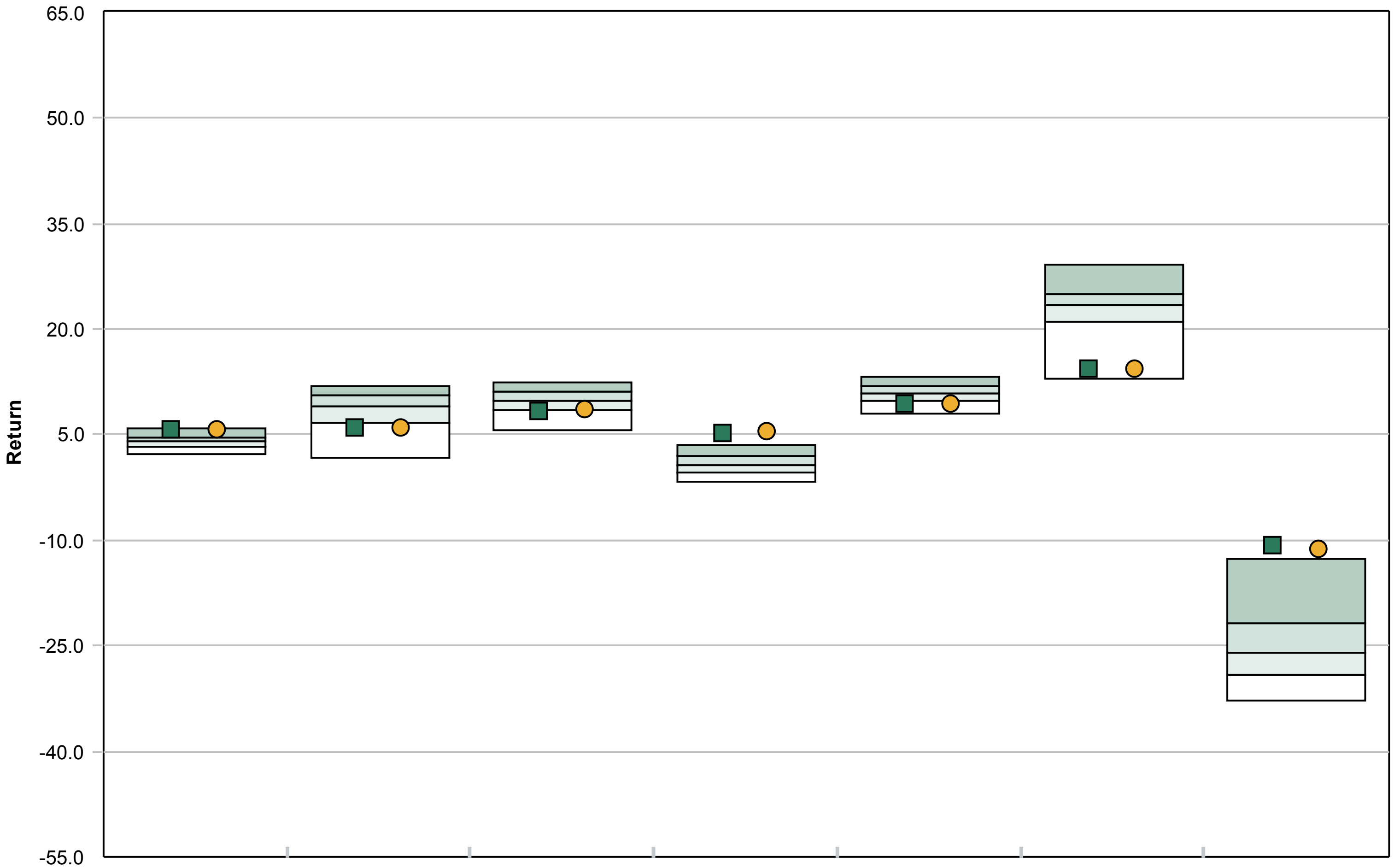
Peer Group Analysis - IM Mixed-Asset Target 2010 (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Vanguard Target Retirement Income Inv	-0.93 (88)	0.81 (71)	1.94 (14)	5.35 (82)	6.76 (75)	5.48 (21)	5.23 (20)
Vanguard Target Income Composite Index	-0.84 (83)	0.94 (69)	2.15 (10)	5.57 (78)	6.91 (72)	5.53 (20)	5.27 (19)
5th Percentile	-0.17	2.06	2.46	8.17	9.08	5.96	5.92
1st Quartile	-0.30	1.50	1.43	7.58	8.60	5.33	4.95
Median	-0.53	1.27	0.85	6.96	7.80	4.54	4.45
3rd Quartile	-0.75	0.68	0.02	5.77	6.75	3.73	4.16
95th Percentile	-1.30	-0.30	-1.45	2.53	4.42	2.88	3.51

Vanguard Target Retirement Income Inv

Peer Group Analysis - IM Mixed-Asset Target 2010 (MF)



	2014	2013	2012	2011	2010	2009	2008
■ Vanguard Target Retirement Income Inv	5.54 (12)	5.87 (80)	8.23 (80)	5.25 (1)	9.39 (85)	14.28 (95)	-10.93 (3)
● Vanguard Target Income Composite Index	5.76 (9)	6.03 (79)	8.42 (78)	5.30 (1)	9.42 (85)	14.33 (95)	-11.34 (4)
5th Percentile	6.02	11.95	12.39	3.52	13.11	29.27	-12.76
1st Quartile	4.66	10.68	11.24	1.95	11.81	25.11	-21.67
Median	4.10	9.10	9.83	0.75	10.80	23.34	-25.97
3rd Quartile	3.32	6.62	8.57	-0.41	9.92	21.06	-29.01
95th Percentile	2.30	1.67	5.76	-1.71	7.89	12.85	-32.90

Vanguard Target Retirement Income Inv

Fund Information

Fund Name :	Vanguard Chester Funds: Vanguard Target Retirement Income Fund; Investor Class Shares	Portfolio Assets :	$11,877 Million
Fund Family :	Vanguard Group Inc	Portfolio Manager :	Buek/Coleman/Nejman
Ticker :	VTINX	PM Tenure :	2013--2013--2013
Inception Date :	10/27/2003	Fund Style :	IM Mixed-Asset Target 2010 (MF)
Fund Assets :	$11,877 Million	Style Benchmark :	Vanguard Target Income Composite Index

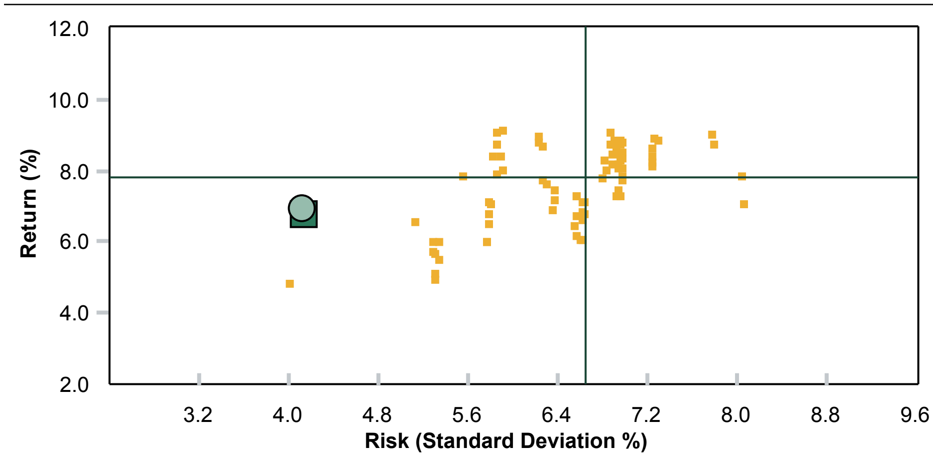
Fund Investment Policy

The Fund seeks to provide current income and some capital appreciation The Fund is a fund-of-funds with an asset allocation strategy designed is for investors currently in retirement.

Historical Statistics (07/01/10 - 06/30/15) *

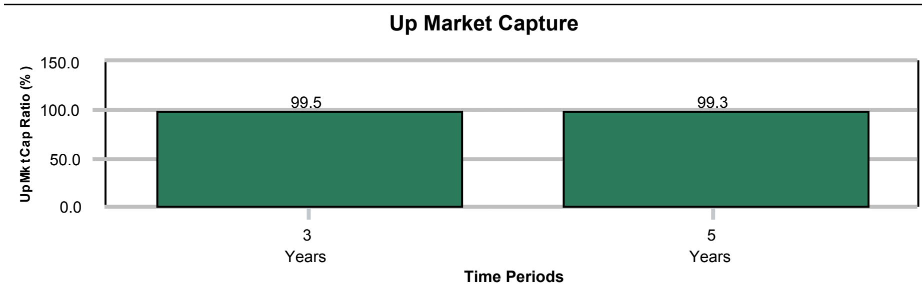
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Vanguard Target Retirement Income Inv	6.76	4.14	1.59	-0.15	1.00	1.00	0.21	-0.67	4.13	11/01/2003
Vanguard Target Income Composite Index	6.91	4.13	1.63	0.00	1.00	1.00	0.00	N/A	4.13	11/01/2003
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	4.13	-1.63	0.00	11/01/2003

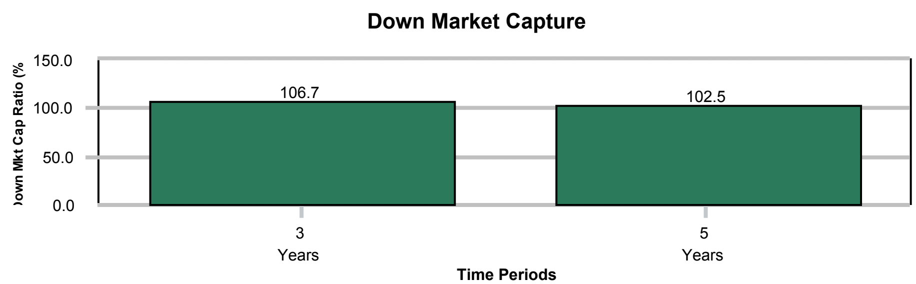
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
Vanguard Target Retirement Income Inv	6.76	4.14
Vanguard Target Income Composite Index	6.91	4.13
Median	7.80	6.64

Up Down Market Capture

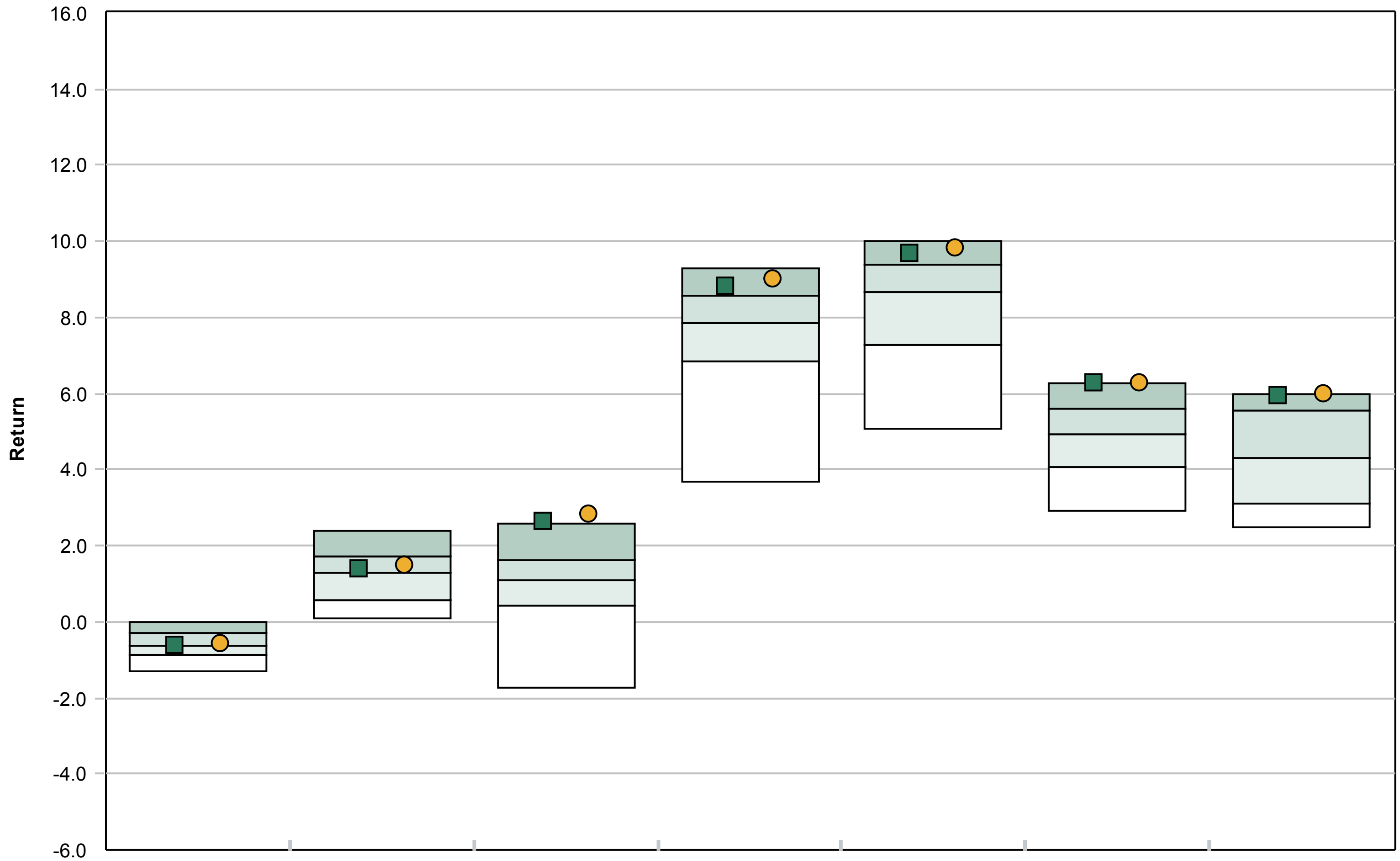




* Monthly periodicity used.

Vanguard Target Retirement 2015 Inv

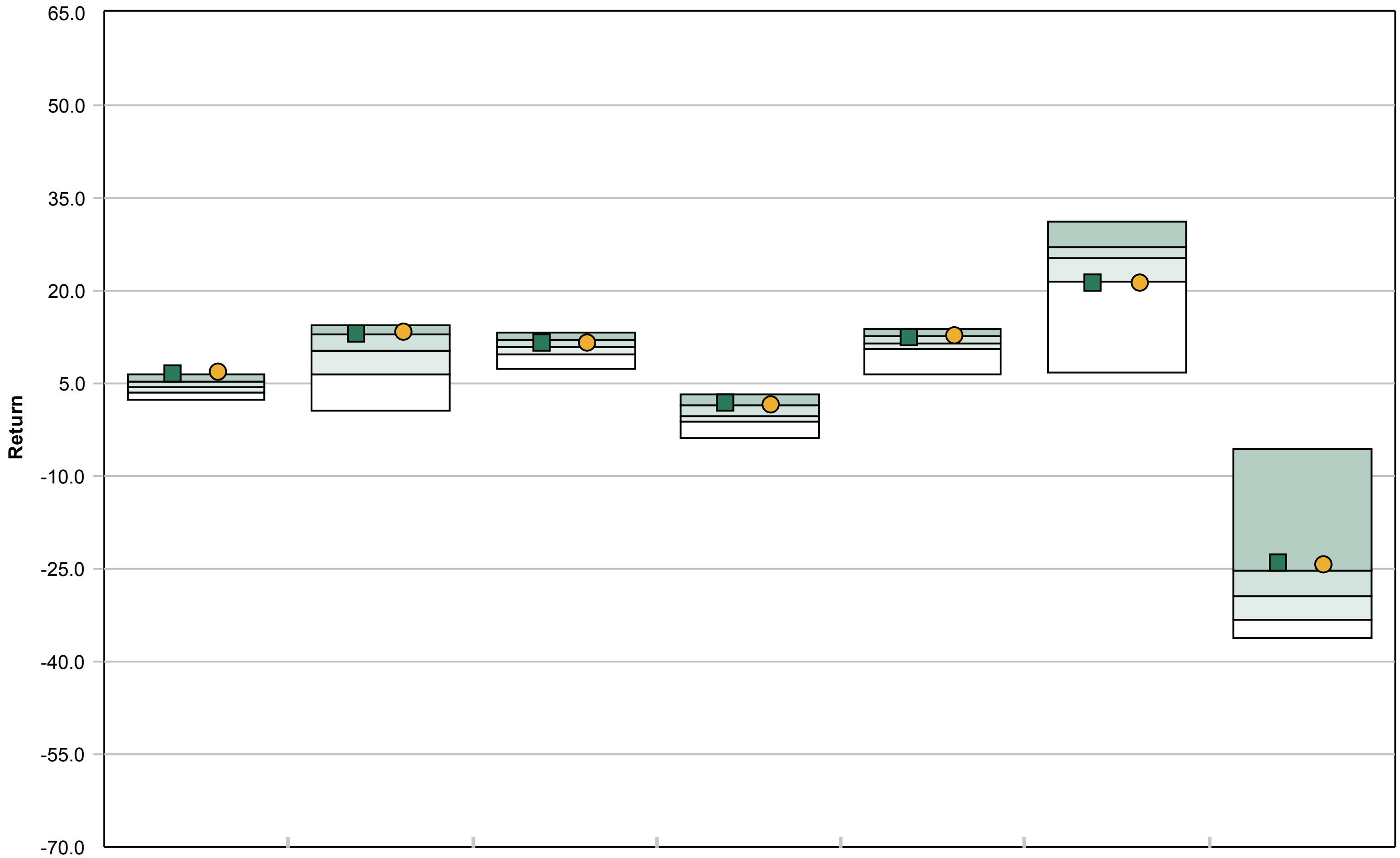
Peer Group Analysis - IM Mixed-Asset Target 2015 (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Vanguard Target Retirement 2015 Inv	-0.64 (54)	1.37 (44)	2.61 (5)	8.81 (19)	9.68 (14)	6.29 (5)	5.95 (6)
Vanguard Target 2015 Composite Index	-0.57 (45)	1.46 (39)	2.82 (2)	9.02 (12)	9.80 (9)	6.29 (5)	5.97 (6)
5th Percentile	0.00	2.39	2.60	9.27	9.99	6.28	5.98
1st Quartile	-0.28	1.70	1.61	8.58	9.40	5.59	5.55
Median	-0.63	1.26	1.11	7.85	8.65	4.92	4.32
3rd Quartile	-0.88	0.59	0.43	6.82	7.28	4.06	3.09
95th Percentile	-1.30	0.09	-1.73	3.69	5.09	2.91	2.49

Vanguard Target Retirement 2015 Inv

Peer Group Analysis - IM Mixed-Asset Target 2015 (MF)



	2014	2013	2012	2011	2010	2009	2008
Vanguard Target Retirement 2015 Inv	6.56 (4)	13.00 (22)	11.37 (35)	1.71 (23)	12.47 (33)	21.30 (77)	-24.06 (17)
Vanguard Target 2015 Composite Index	6.78 (1)	13.27 (19)	11.46 (33)	1.56 (24)	12.54 (30)	21.24 (77)	-24.35 (17)
5th Percentile	6.43	14.50	13.34	3.09	13.88	31.32	-5.68
1st Quartile	5.30	12.82	12.19	1.45	12.74	26.99	-25.30
Median	4.35	10.44	10.76	-0.23	11.50	25.36	-29.30
3rd Quartile	3.55	6.44	9.58	-1.26	10.48	21.55	-33.29
95th Percentile	2.38	0.72	7.37	-3.91	6.60	6.81	-36.11

Vanguard Target Retirement 2015 Inv

Fund Information

Fund Name :	Vanguard Chester Funds: Vanguard Target Retirement 2015 Fund; Investor Class Shares	Portfolio Assets :	$22,673 Million
Fund Family :	Vanguard Group Inc	Portfolio Manager :	Buek/Coleman/Nejman
Ticker :	VTXVX	PM Tenure :	2013--2013--2013
Inception Date :	10/27/2003	Fund Style :	IM Mixed-Asset Target 2015 (MF)
Fund Assets :	$22,673 Million	Style Benchmark :	Vanguard Target 2015 Composite Index

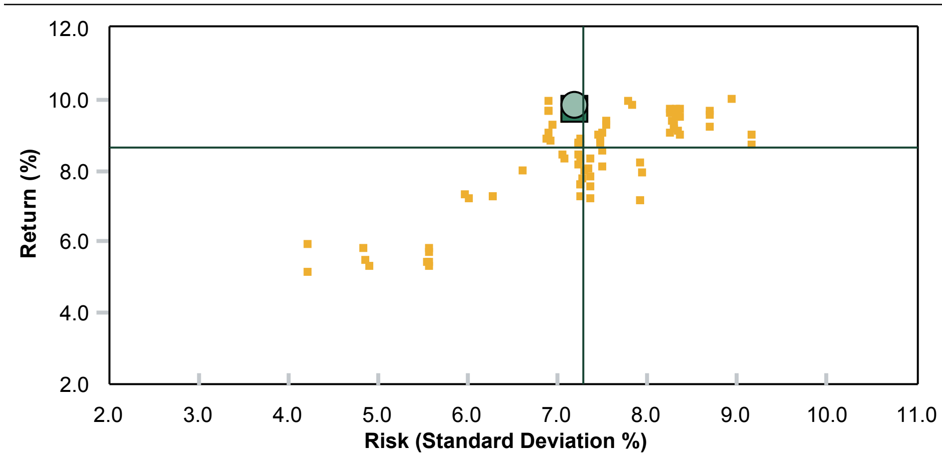
Fund Investment Policy

The Fund seeks capital appreciation and current income consistent with its current asset allocation. The Fund is a fund-of-funds with the asset allocation becoming more conservative over time. The allocation strategy designed is for investors planning to retire in or within a few years of 2015.

Historical Statistics (07/01/10 - 06/30/15) *

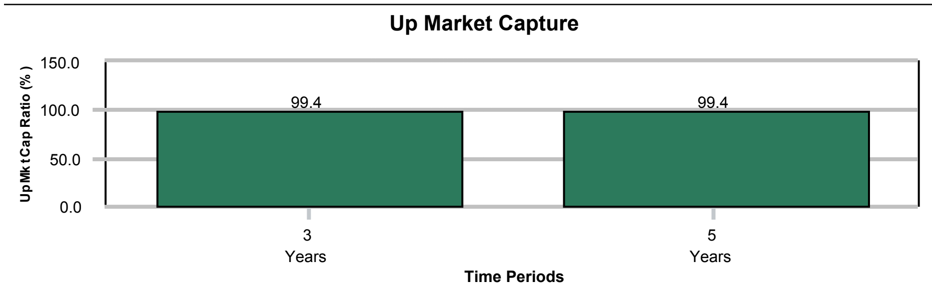
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Vanguard Target Retirement 2015 Inv	9.68	7.21	1.31	-0.10	1.00	1.00	0.34	-0.31	7.20	11/01/2003
Vanguard Target 2015 Composite Index	9.80	7.20	1.33	0.00	1.00	1.00	0.00	N/A	7.20	11/01/2003
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	7.20	-1.33	0.00	11/01/2003

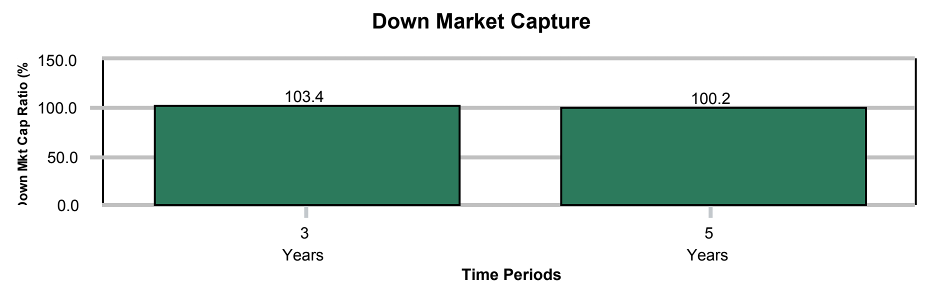
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
Vanguard Target Retirement 2015 Inv	9.68	7.21
Vanguard Target 2015 Composite Index	9.80	7.20
Median	8.65	7.29

Up Down Market Capture

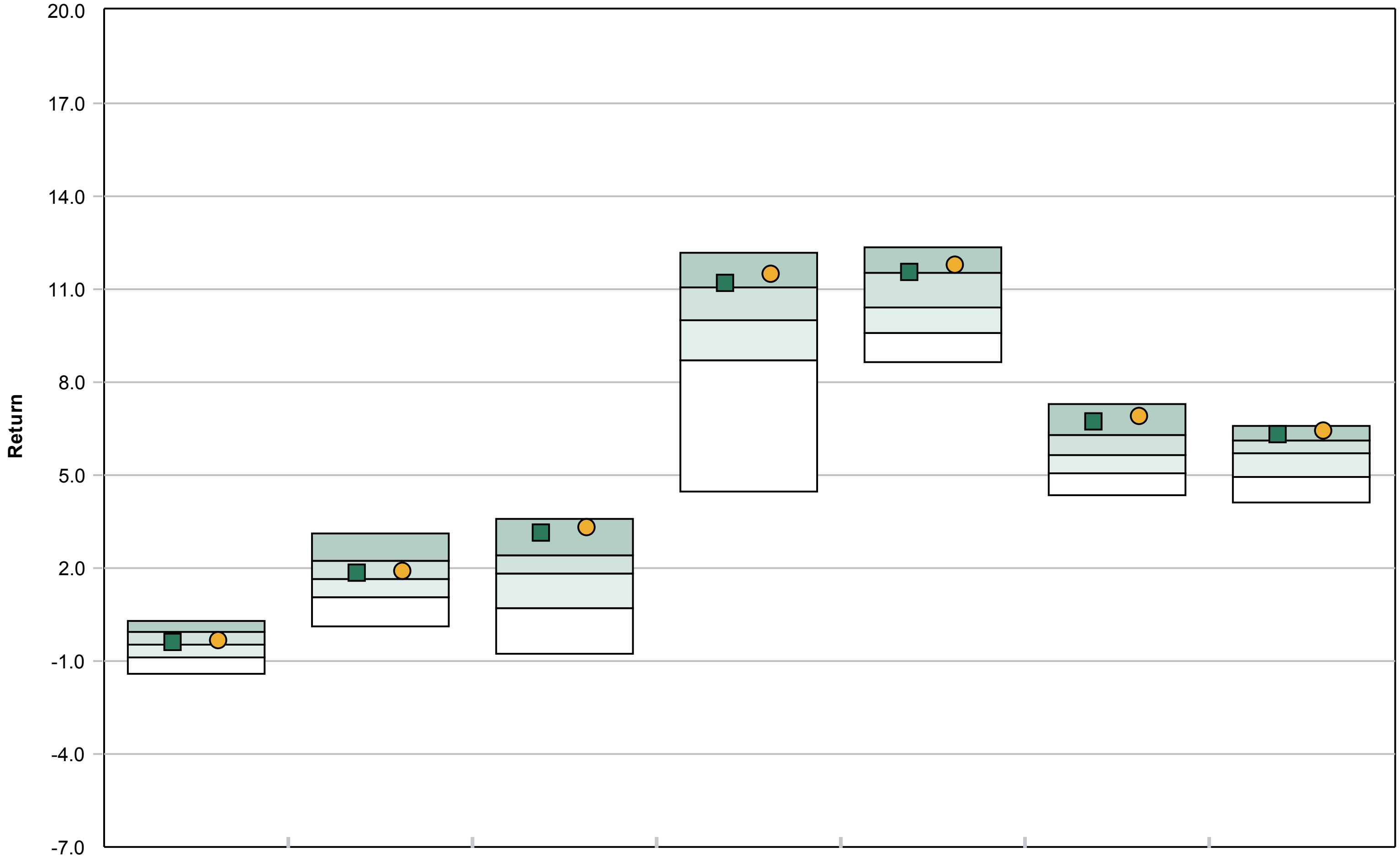




* Monthly periodicity used.

Vanguard Target Retirement 2025 Inv

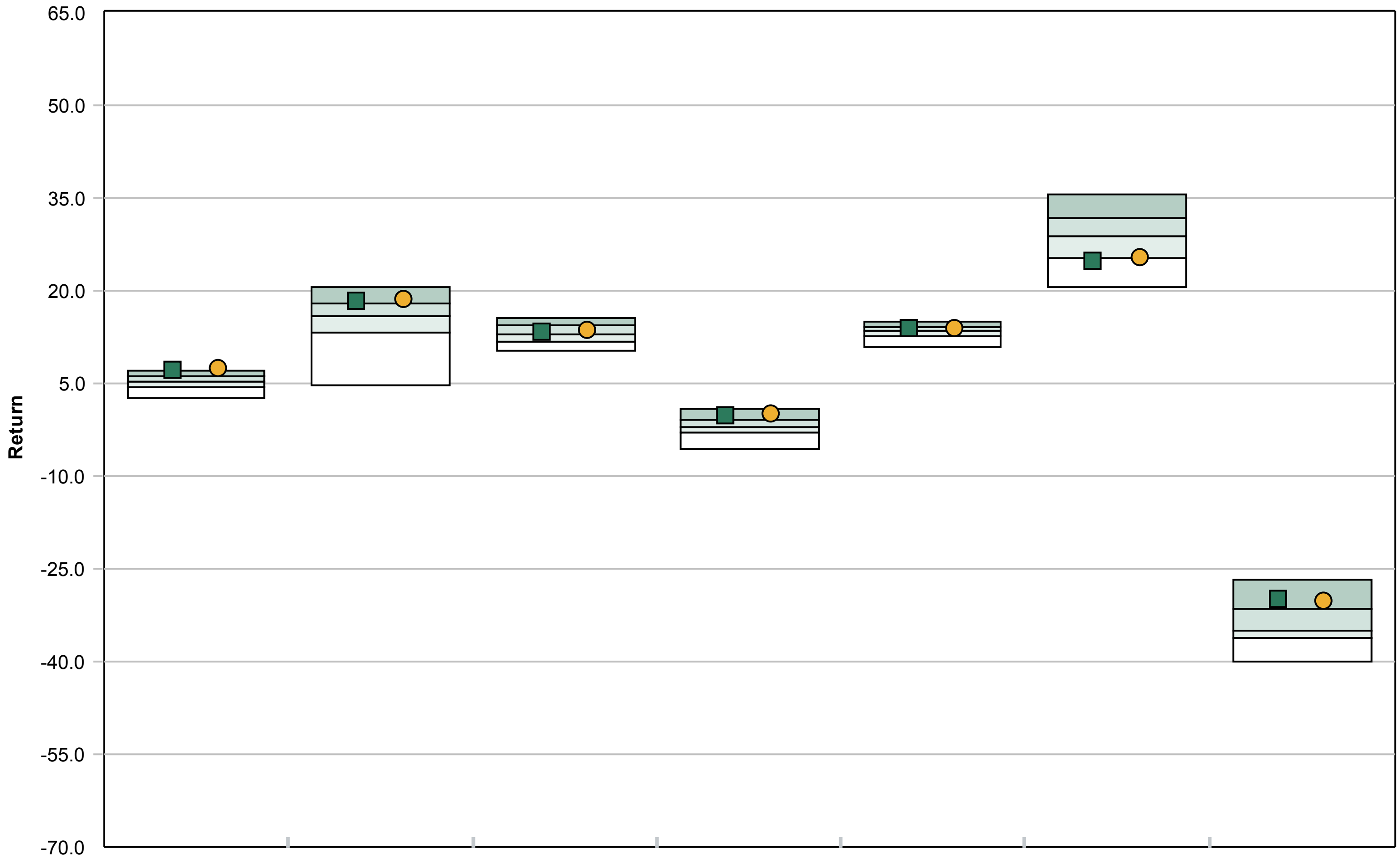
Peer Group Analysis - IM Mixed-Asset Target 2025 (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Vanguard Target Retirement 2025 Inv	-0.41 (49)	1.81 (45)	3.09 (11)	11.18 (21)	11.52 (25)	6.73 (16)	6.31 (16)
Vanguard Target 2025 Composite Index	-0.34 (43)	1.89 (40)	3.32 (10)	11.47 (14)	11.77 (14)	6.88 (11)	6.44 (9)
5th Percentile	0.27	3.10	3.61	12.17	12.34	7.32	6.61
1st Quartile	-0.08	2.22	2.41	11.07	11.51	6.32	6.12
Median	-0.45	1.63	1.82	9.98	10.43	5.67	5.73
3rd Quartile	-0.89	1.08	0.70	8.68	9.61	5.06	4.92
95th Percentile	-1.41	0.14	-0.77	4.47	8.66	4.38	4.10

Vanguard Target Retirement 2025 Inv

Peer Group Analysis - IM Mixed-Asset Target 2025 (MF)



	2014	2013	2012	2011	2010	2009	2008
Vanguard Target Retirement 2025 Inv	7.17 (4)	18.14 (24)	13.29 (45)	-0.37 (18)	13.84 (39)	24.81 (80)	-30.05 (16)
Vanguard Target 2025 Composite Index	7.45 (1)	18.52 (21)	13.39 (43)	0.07 (14)	13.94 (33)	25.15 (77)	-30.39 (17)
5th Percentile	7.07	20.61	15.54	0.84	15.14	35.57	-26.67
1st Quartile	6.20	17.87	14.45	-0.96	14.19	31.80	-31.48
Median	5.16	15.86	13.00	-2.03	13.42	28.95	-35.04
3rd Quartile	4.35	13.13	11.74	-2.86	12.57	25.40	-36.15
95th Percentile	2.72	4.78	10.37	-5.46	10.93	20.62	-40.09

Vanguard Target Retirement 2025 Inv

Fund Information

Fund Name :	Vanguard Chester Funds: Vanguard Target Retirement 2025 Fund; Investor Class Shares	Portfolio Assets :	$35,917 Million
Fund Family :	Vanguard Group Inc	Portfolio Manager :	Buek/Coleman/Nejman
Ticker :	VTTVX	PM Tenure :	2013--2013--2013
Inception Date :	10/27/2003	Fund Style :	IM Mixed-Asset Target 2025 (MF)
Fund Assets :	$35,917 Million	Style Benchmark :	Vanguard Target 2025 Composite Index

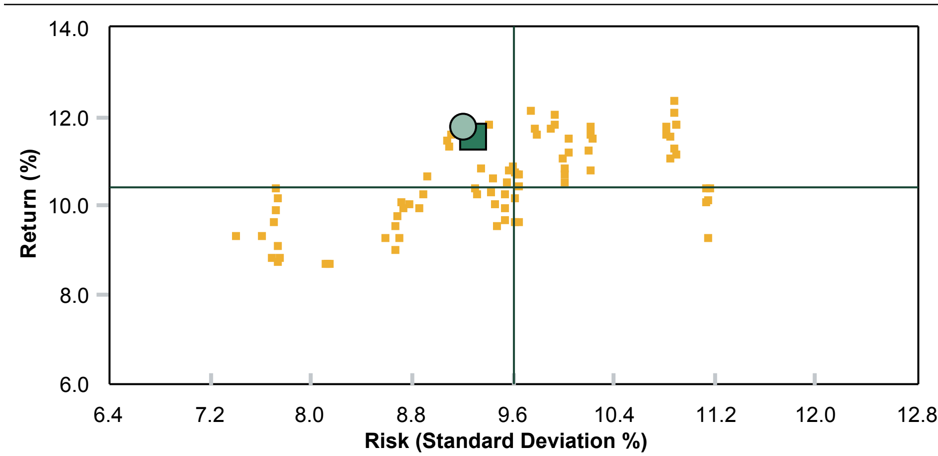
Fund Investment Policy

The Fund seeks capital appreciation and current income consistent with its current asset allocation. The Fund is a fund-of-funds with the asset allocation becoming more conservative over time. The allocation strategy designed is for investors planning to retire in or within a few years of 2025.

Historical Statistics (07/01/10 - 06/30/15) *

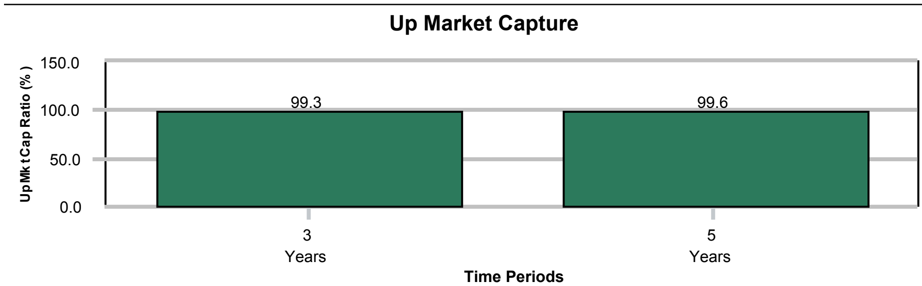
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Vanguard Target Retirement 2025 Inv	11.52	9.29	1.22	-0.31	1.01	1.00	0.40	-0.53	9.29	11/01/2003
Vanguard Target 2025 Composite Index	11.77	9.21	1.25	0.00	1.00	1.00	0.00	N/A	9.21	11/01/2003
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	9.21	-1.25	0.00	11/01/2003

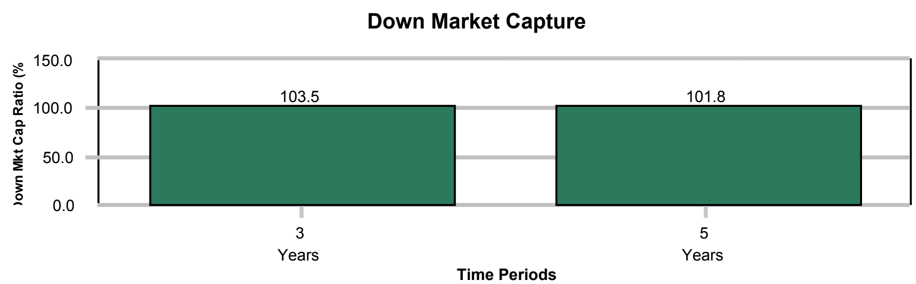
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
Vanguard Target Retirement 2025 Inv	11.52	9.29
Vanguard Target 2025 Composite Index	11.77	9.21
Median	10.43	9.61

Up Down Market Capture

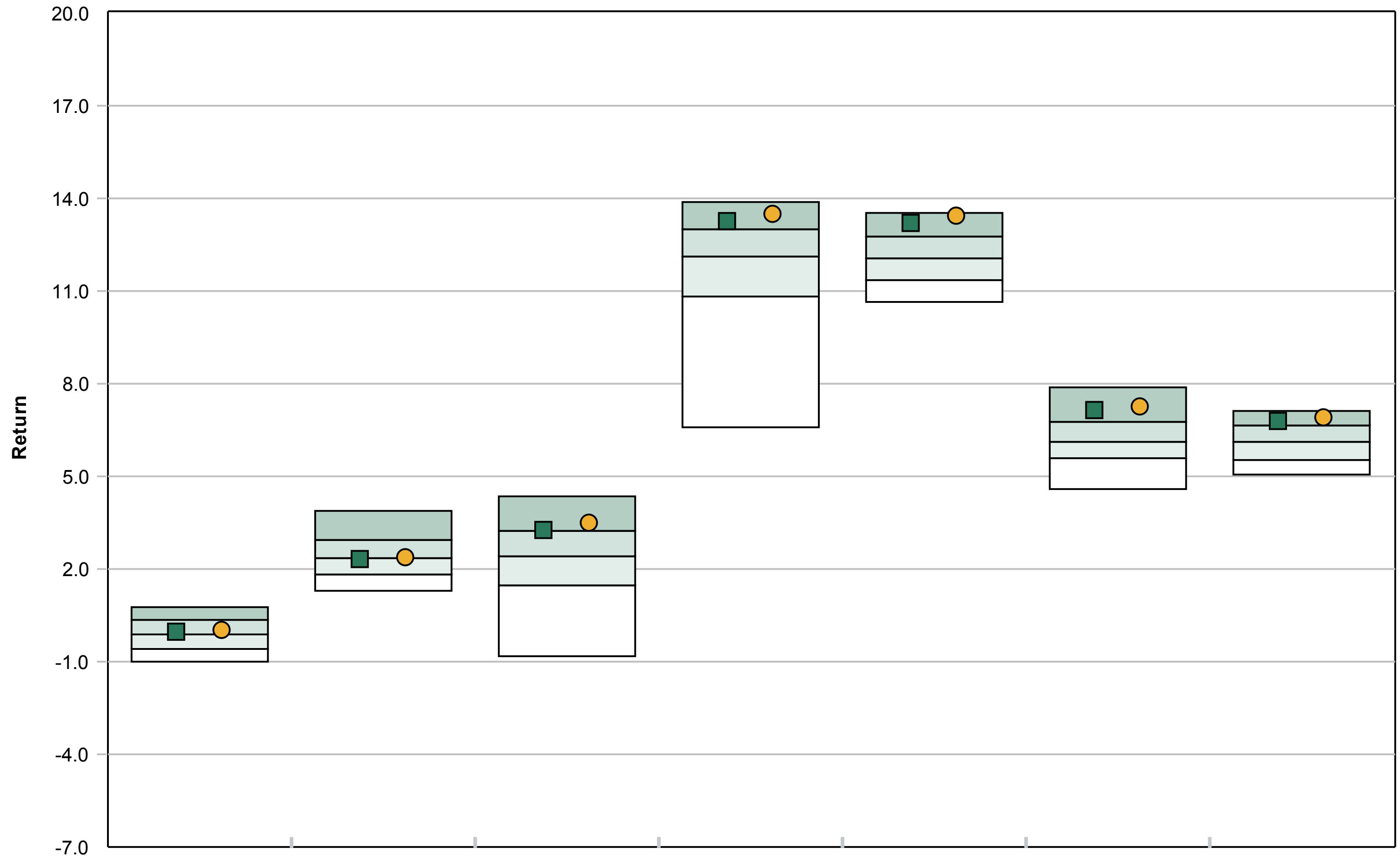




* Monthly periodicity used.

Vanguard Target Retirement 2035 Inv

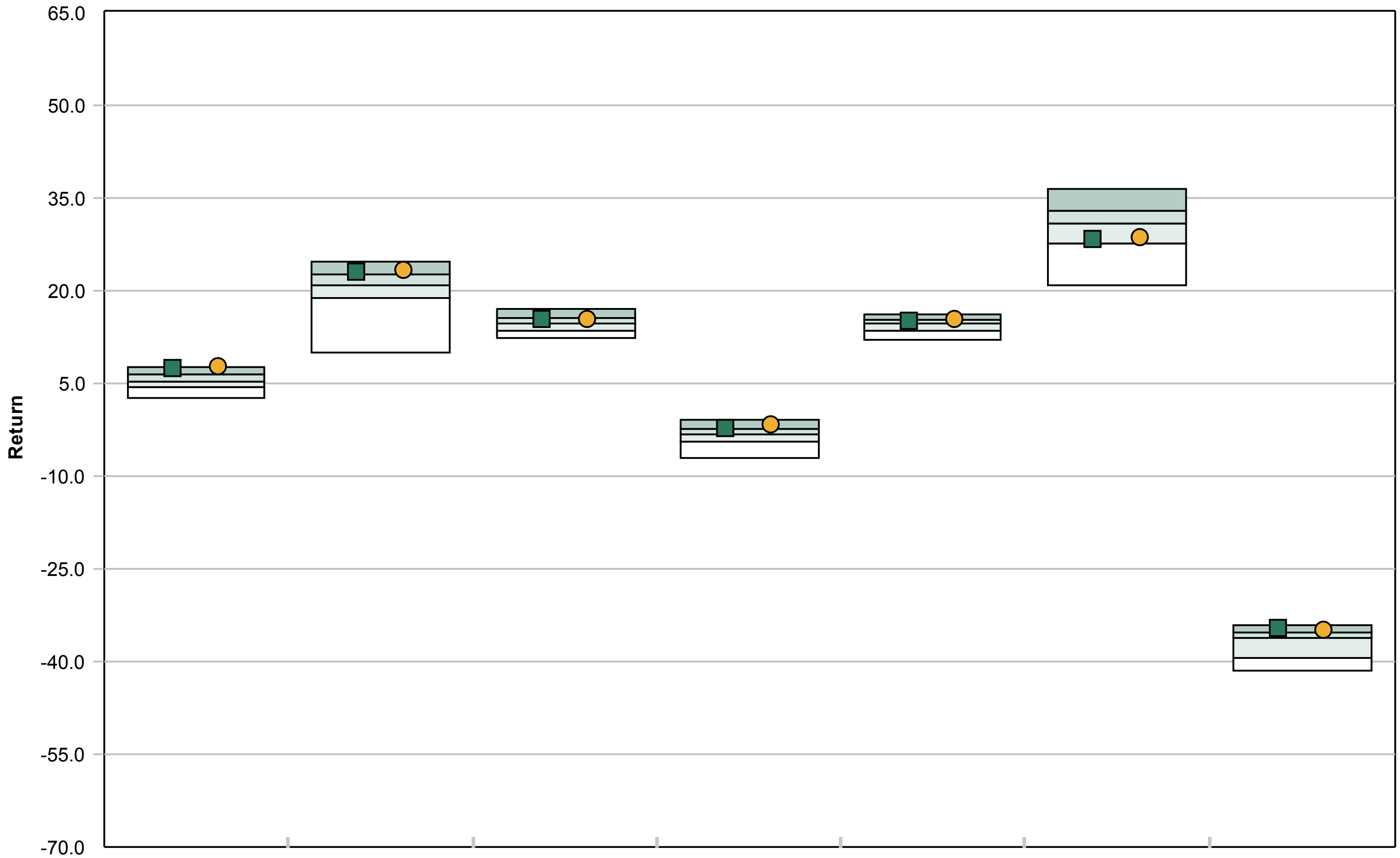
Peer Group Analysis - IM Mixed-Asset Target 2035 (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
■ Vanguard Target Retirement 2035 Inv	-0.05 (46)	2.30 (57)	3.26 (24)	13.21 (22)	13.16 (17)	7.12 (16)	6.76 (16)
● Vanguard Target 2035 Composite Index	0.01 (42)	2.33 (54)	3.49 (20)	13.50 (11)	13.39 (12)	7.26 (14)	6.89 (11)
5th Percentile	0.75	3.88	4.35	13.88	13.55	7.87	7.12
1st Quartile	0.34	2.92	3.22	13.01	12.79	6.77	6.65
Median	-0.14	2.37	2.40	12.14	12.04	6.10	6.10
3rd Quartile	-0.59	1.80	1.45	10.81	11.34	5.61	5.51
95th Percentile	-0.99	1.32	-0.80	6.58	10.64	4.56	5.05

Vanguard Target Retirement 2035 Inv

Peer Group Analysis - IM Mixed-Asset Target 2035 (MF)



	2014	2013	2012	2011	2010	2009	2008
Vanguard Target Retirement 2035 Inv	7.24 (9)	22.82 (25)	15.16 (42)	-2.24 (21)	15.14 (29)	28.17 (67)	-34.66 (13)
Vanguard Target 2035 Composite Index	7.57 (5)	23.27 (16)	15.23 (41)	-1.86 (15)	15.19 (26)	28.67 (62)	-35.11 (24)
5th Percentile	7.56	24.72	17.18	-0.86	16.09	36.34	-34.05
1st Quartile	6.36	22.78	15.71	-2.41	15.21	32.84	-35.25
Median	5.39	20.79	14.75	-3.34	14.57	30.99	-36.09
3rd Quartile	4.31	18.74	13.59	-4.35	13.46	27.65	-39.32
95th Percentile	2.65	9.88	12.39	-7.02	12.08	20.80	-41.34

Vanguard Target Retirement 2035 Inv

Fund Information

Fund Name :	Vanguard Chester Funds: Vanguard Target Retirement 2035 Fund; Investor Class Shares	Portfolio Assets :	$27,489 Million
Fund Family :	Vanguard Group Inc	Portfolio Manager :	Buek/Coleman/Nejman
Ticker :	VTTHX	PM Tenure :	2013--2013--2013
Inception Date :	10/27/2003	Fund Style :	IM Mixed-Asset Target 2035 (MF)
Fund Assets :	$27,489 Million	Style Benchmark :	Vanguard Target 2035 Composite Index

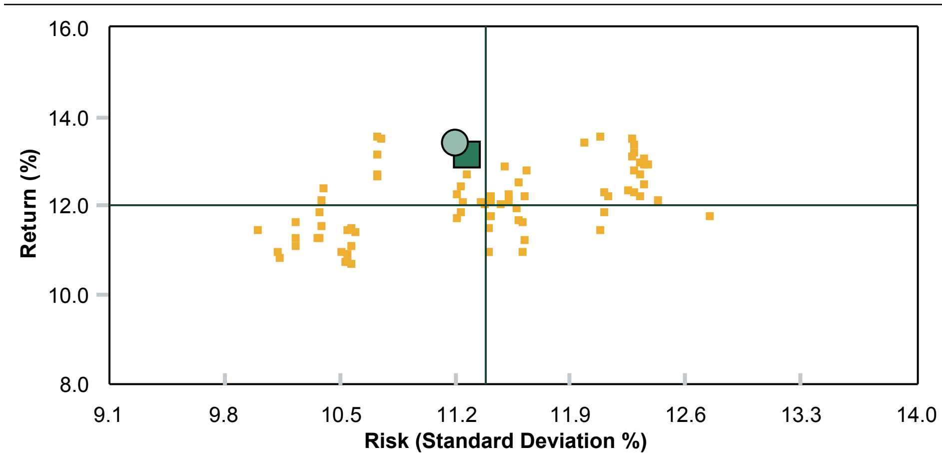
Fund Investment Policy

The Fund seeks capital appreciation and current income consistent with its current asset allocation. The Fund is a fund-of-funds with the asset allocation becoming more conservative over time. The allocation strategy designed is for investors planning to retire in or within a few years of 2035.

Historical Statistics (07/01/10 - 06/30/15) *

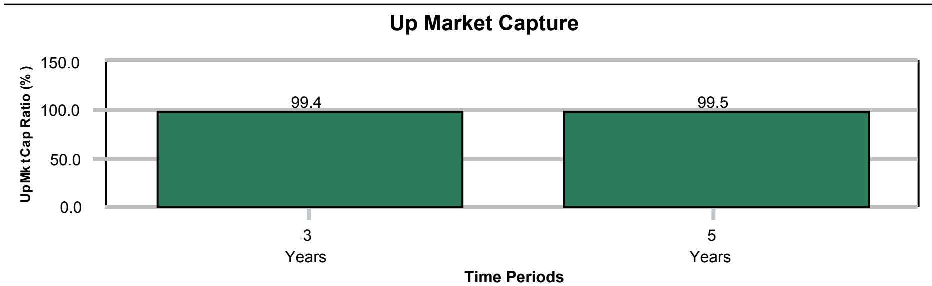
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Vanguard Target Retirement 2035 Inv	13.16	11.28	1.15	-0.27	1.01	1.00	0.50	-0.40	11.28	11/01/2003
Vanguard Target 2035 Composite Index	13.39	11.21	1.18	0.00	1.00	1.00	0.00	N/A	11.20	11/01/2003
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	11.20	-1.18	0.00	11/01/2003

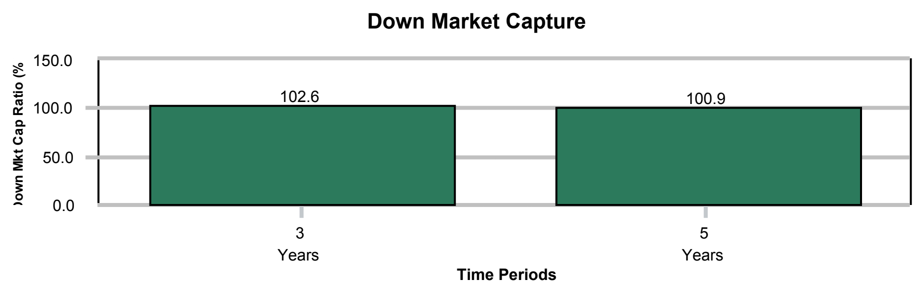
Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
Vanguard Target Retirement 2035 Inv	13.16	11.28
Vanguard Target 2035 Composite Index	13.39	11.21
Median	12.04	11.38

Up Down Market Capture

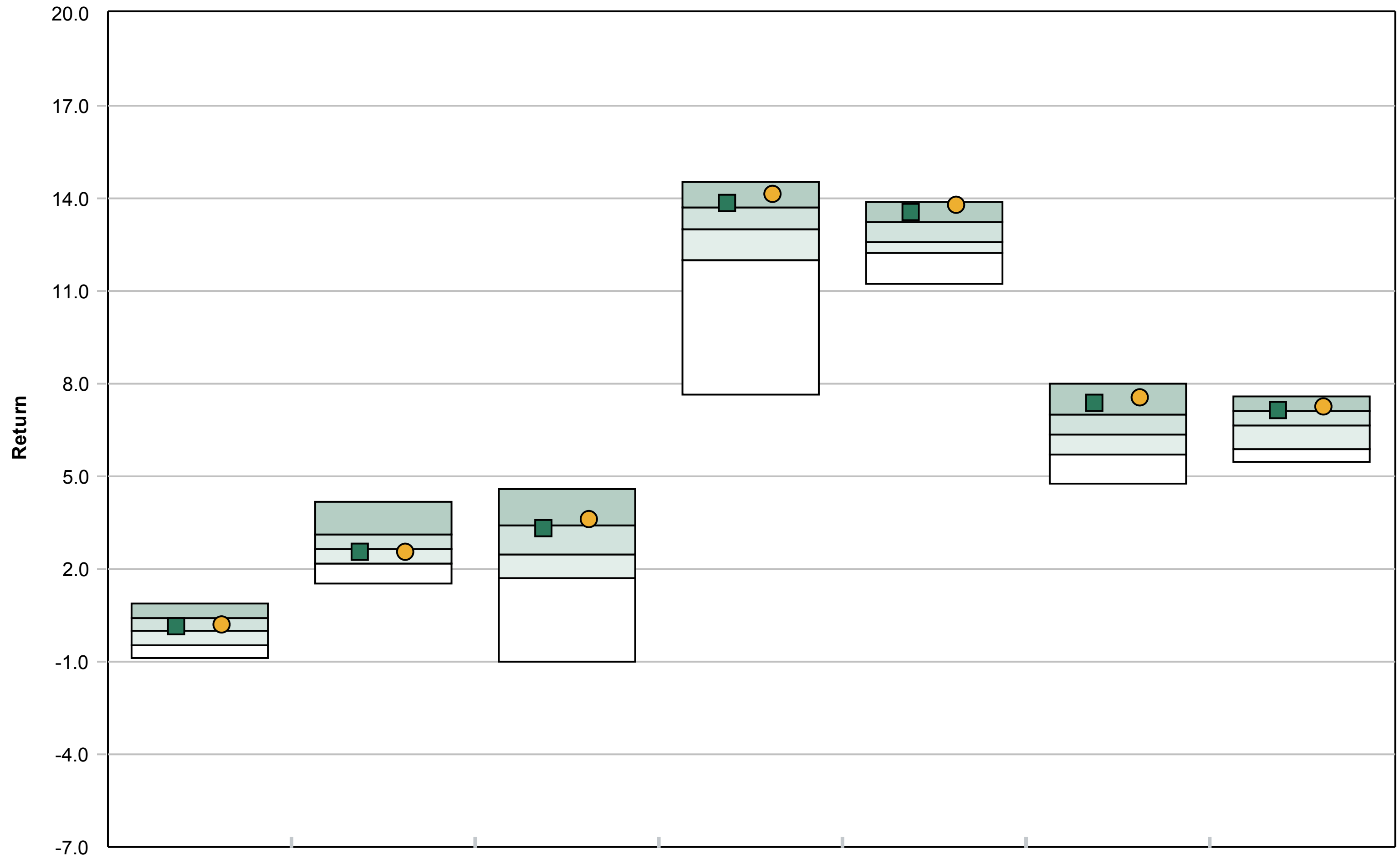




* Monthly periodicity used.

Vanguard Target Retirement 2045 Inv

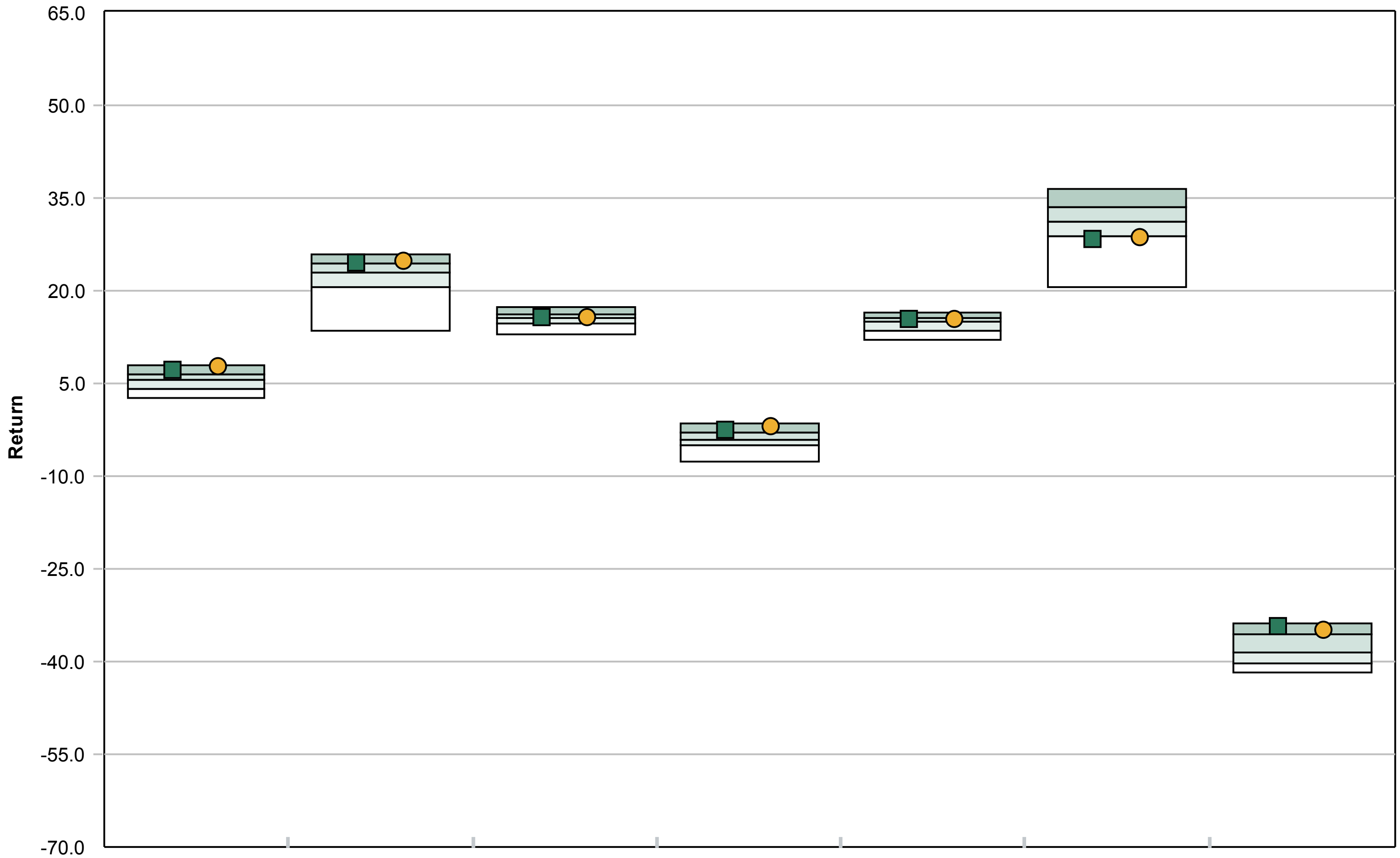
Peer Group Analysis - IM Mixed-Asset Target 2045 (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Vanguard Target Retirement 2045 Inv	0.10 (42)	2.52 (60)	3.29 (28)	13.80 (23)	13.51 (17)	7.37 (15)	7.10 (28)
Vanguard Target 2045 Composite Index	0.19 (36)	2.54 (58)	3.59 (22)	14.14 (14)	13.76 (8)	7.51 (12)	7.22 (22)
5th Percentile	0.89	4.19	4.60	14.51	13.88	8.00	7.60
1st Quartile	0.42	3.09	3.44	13.68	13.22	7.02	7.15
Median	0.00	2.66	2.49	13.00	12.61	6.33	6.63
3rd Quartile	-0.47	2.16	1.72	12.00	12.22	5.70	5.87
95th Percentile	-0.87	1.50	-1.01	7.65	11.26	4.76	5.45

Vanguard Target Retirement 2045 Inv

Peer Group Analysis - IM Mixed-Asset Target 2045 (MF)



	2014	2013	2012	2011	2010	2009	2008
Vanguard Target Retirement 2045 Inv	7.16 (13)	24.37 (27)	15.58 (44)	-2.51 (15)	15.19 (43)	28.15 (87)	-34.56 (11)
Vanguard Target 2045 Composite Index	7.61 (10)	24.79 (19)	15.58 (45)	-2.11 (9)	15.33 (36)	28.67 (76)	-35.11 (13)
5th Percentile	8.09	25.95	17.32	-1.48	16.44	36.60	-33.77
1st Quartile	6.53	24.49	16.22	-2.97	15.65	33.57	-35.64
Median	5.55	23.07	15.47	-4.03	15.03	31.12	-38.51
3rd Quartile	4.25	20.66	14.70	-4.91	13.41	28.74	-40.43
95th Percentile	2.64	13.38	12.99	-7.78	11.96	20.64	-41.71

Vanguard Target Retirement 2045 Inv

Fund Information

Fund Name :	Vanguard Chester Funds: Vanguard Target Retirement 2045 Fund; Investor Class Shares	Portfolio Assets :	$17,123 Million
Fund Family :	Vanguard Group Inc	Portfolio Manager :	Buek/Coleman/Nejman
Ticker :	VTIVX	PM Tenure :	2013--2013--2013
Inception Date :	10/27/2003	Fund Style :	IM Mixed-Asset Target 2045 (MF)
Fund Assets :	$17,123 Million	Style Benchmark :	Vanguard Target 2045 Composite Index

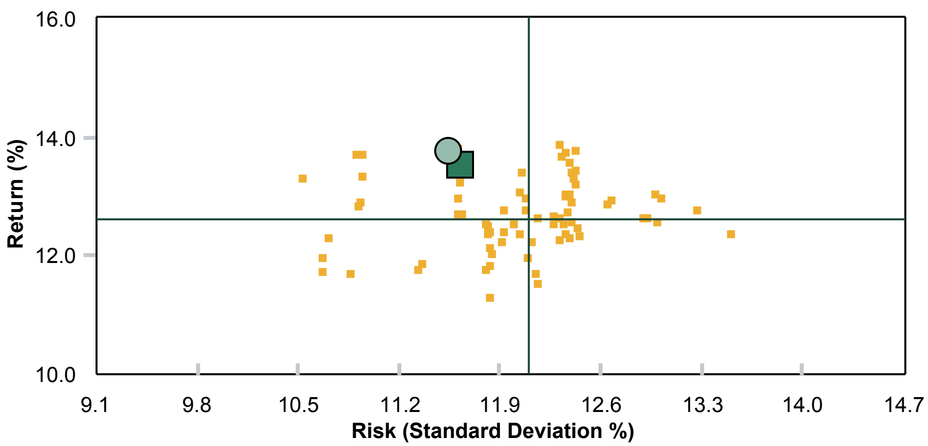
Fund Investment Policy

The Fund seeks capital appreciation and current income consistent with its current asset allocation. The Fund is a fund-of-funds with the asset allocation becoming more conservative over time. The allocation strategy designed is for investors planning to retire in or within a few years of 2045.

Historical Statistics (07/01/10 - 06/30/15) *

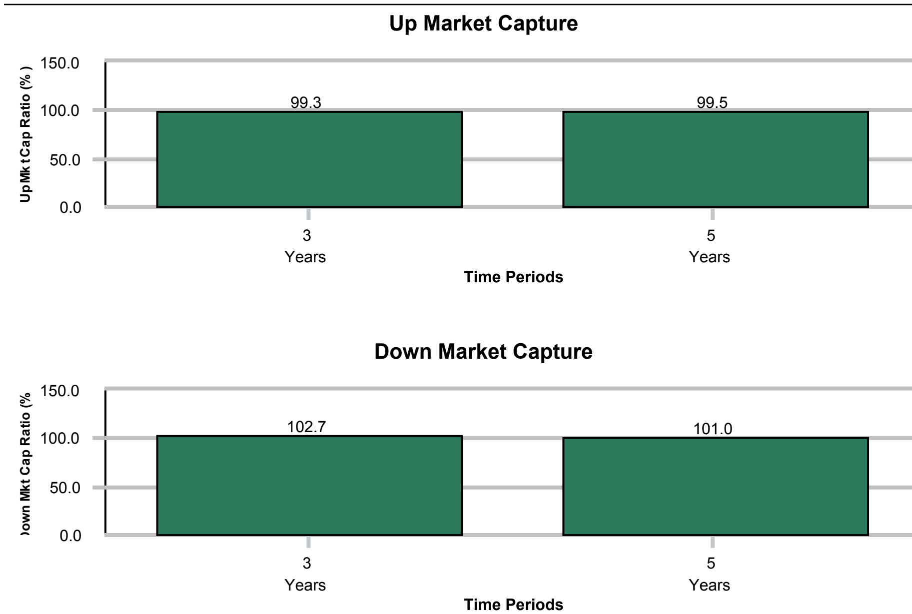
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Vanguard Target Retirement 2045 Inv	13.51	11.63	1.15	-0.29	1.01	1.00	0.48	-0.44	11.63	11/01/2003
Vanguard Target 2045 Composite Index	13.76	11.55	1.17	0.00	1.00	1.00	0.00	N/A	11.55	11/01/2003
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	11.55	-1.17	0.00	11/01/2003

Peer Group Scattergram (07/01/10 to 06/30/15)



	Return	Standard Deviation
Vanguard Target Retirement 2045 Inv	13.51	11.63
Vanguard Target 2045 Composite Index	13.76	11.55
Median	12.61	12.10

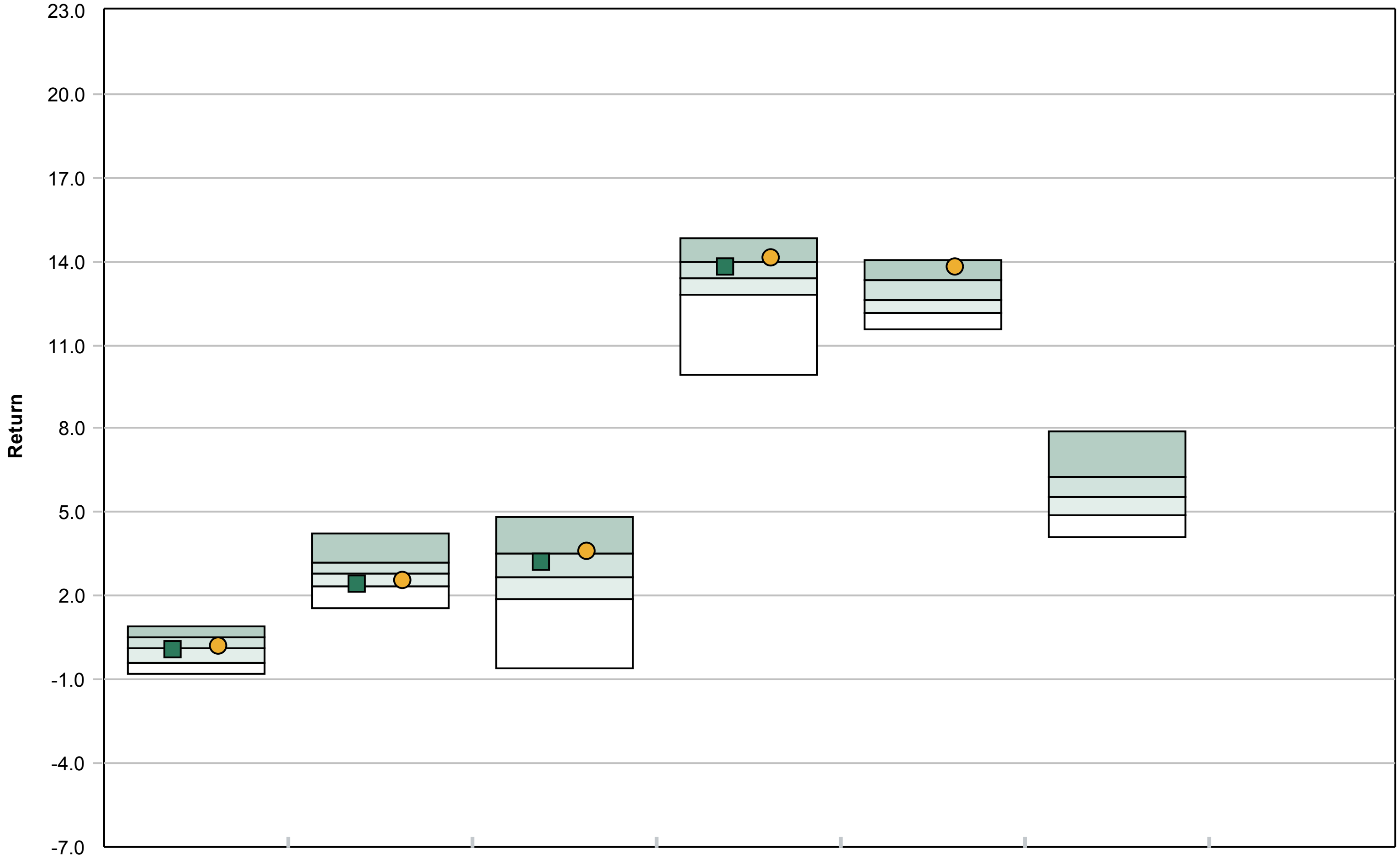
Up Down Market Capture



* Monthly periodicity used.

Vanguard Target Retirement 2055 Inv

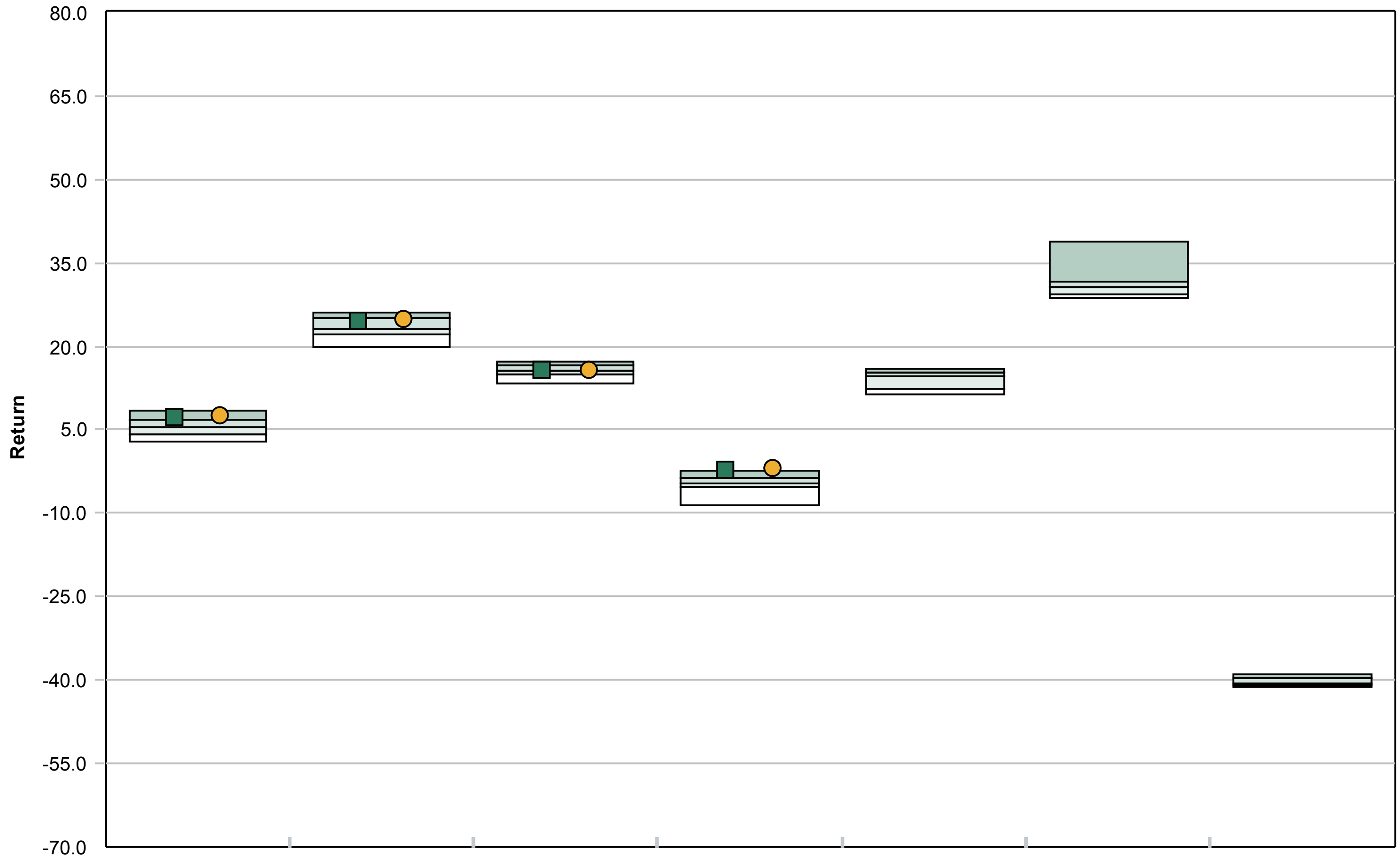
Peer Group Analysis - IM Mixed-Asset Target 2055+ (MF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Vanguard Target Retirement 2055 Inv	0.06 (58)	2.44 (70)	3.21 (33)	13.79 (32)	N/A	N/A	N/A
Vanguard Target 2055 Composite Index	0.19 (43)	2.54 (63)	3.59 (24)	14.14 (21)	13.76 (12)	N/A	N/A
5th Percentile	0.90	4.25	4.85	14.84	14.05	7.89	N/A
1st Quartile	0.49	3.18	3.55	13.97	13.30	6.24	N/A
Median	0.10	2.79	2.65	13.38	12.62	5.58	N/A
3rd Quartile	-0.38	2.36	1.87	12.79	12.15	4.87	N/A
95th Percentile	-0.77	1.59	-0.59	9.90	11.58	4.09	N/A

Vanguard Target Retirement 2055 Inv

Peer Group Analysis - IM Mixed-Asset Target 2055+ (MF)



	2014	2013	2012	2011	2010	2009	2008
Vanguard Target Retirement 2055 Inv	7.20 (17)	24.33 (38)	15.58 (51)	-2.27 (1)	N/A	N/A	N/A
Vanguard Target 2055 Composite Index	7.61 (13)	24.79 (31)	15.58 (51)	-2.11 (1)	N/A	N/A	N/A
5th Percentile	8.57	26.18	17.28	-2.44	16.02	38.77	-38.98
1st Quartile	6.73	25.04	16.45	-3.78	15.16	31.66	-39.57
Median	5.44	23.26	15.58	-4.66	14.78	30.80	-40.69
3rd Quartile	4.29	22.02	14.83	-5.26	12.45	29.25	-40.91
95th Percentile	2.91	19.92	13.47	-8.51	11.28	28.56	-41.23

Vanguard Target Retirement 2055 Inv

Fund Information

Fund Name :	Vanguard Chester Funds: Vanguard Target Retirement 2055 Fund; Investor Class Shares	Portfolio Assets :	$2,476 Million
Fund Family :	Vanguard Group Inc	Portfolio Manager :	Buek/Coleman/Nejman
Ticker :	VFFVX	PM Tenure :	2013--2013--2013
Inception Date :	08/18/2010	Fund Style :	IM Mixed-Asset Target 2055+ (MF)
Fund Assets :	$2,476 Million	Style Benchmark :	Vanguard Target 2055 Composite Index

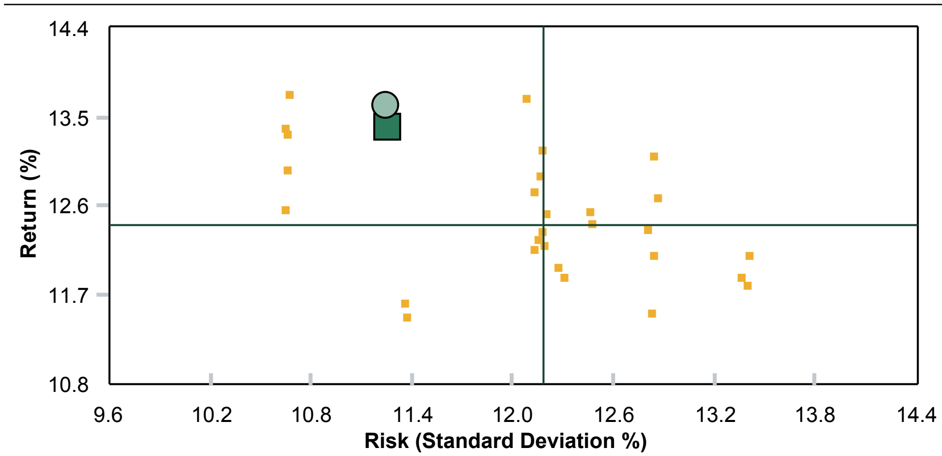
Fund Investment Policy

The Fund seeks capital appreciation and current income consistent with its current asset allocation. The Fund is a fund-of-funds with the asset allocation becoming more conservative over time. The allocation strategy designed is for investors planning to retire in or within a few years of 2055.

Historical Statistics (09/01/10 - 06/30/15) *

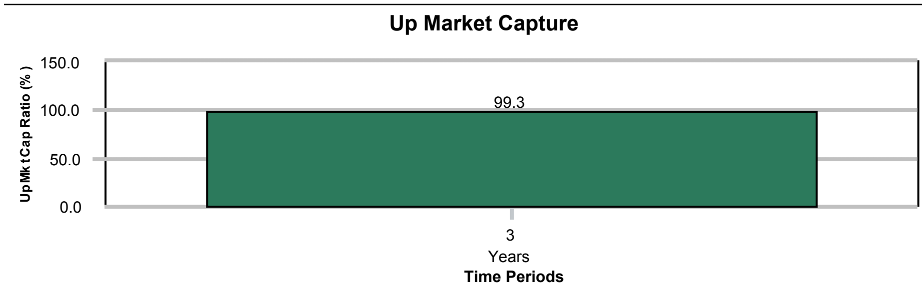
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	Information Ratio	Excess Risk	Inception Date
Vanguard Target Retirement 2055 Inv	13.40	11.26	1.17	-0.20	1.00	1.00	0.50	-0.39	11.26	09/01/2010
Vanguard Target 2055 Composite Index	13.62	11.24	1.19	0.00	1.00	1.00	0.00	N/A	11.24	09/01/2010
90 Day U.S. Treasury Bill	0.07	0.02	N/A	0.07	0.00	0.00	11.24	-1.19	0.00	09/01/2010

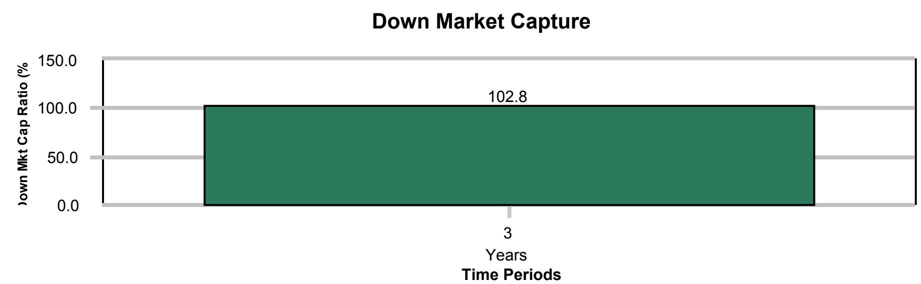
Peer Group Scattergram (09/01/10 to 06/30/15)



	Return	Standard Deviation
Vanguard Target Retirement 2055 Inv	13.40	11.26
Vanguard Target 2055 Composite Index	13.62	11.24
Median	12.42	12.18

Up Down Market Capture





* Monthly periodicity used.

Nevada Public Employees Deferred Compensation Program

Statement of Investment Policy

Amended 2015

Amended 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~~contracted service 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/Program Coordinator monitor the Program ~~investment providers~~contracted Service Providers (i.e.: Recordkeeper, Investment Consultant, and other service provider, etc.), communicate the importance of supplemental savings through educational group, individual, or electronic efforts ~~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~~Recordkeepers.

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. Although the Program is not mandated to follow guidelines set forth under the Employee Retirement Income Security Act (ERISA), we choose to follow pertinent guidelines that are recommended as "Best Practices" in the industry. (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.

Decision Making Process

Participants make their own decisions when directing the investment of future contributions and accumulated account balances among the investment options offered under the Program. Participants bear the risk of investment results deriving from all decisions and from all investment results. No fiduciaries of the Program, shall be liable for any losses resulting from participant-directed investments

The Program is structured to enable a participant to build his/her own investment strategy, it is the participant's responsibility to re-allocate assets among investment options as personal circumstances and market conditions change. Participants may exchange and transfer money among the various investment options on a daily basis, subject to restrictions, if any, imposed by the Recordkeeper and the applicable investment manager .

The Recordkeeper/Service Provider will make information available to participants regarding the various investment funds offered and the basic principles of investing, in accordance with ERISA and applicable law. However, the dissemination of such information alone does not constitute advice to participants. Participants are responsible for reading ~~Program communications~~Program communications regarding the investment funds, establishing financial goals for themselves and addressing their risks by diversification.

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Selection of Investment Options

The Program may offer the following investment options:

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

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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"

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

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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.

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Tier II (A): Passive Core Options	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.
Tier II (B): Active Core Options	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.
Tier III: Specialty Options	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.

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Objectives & Performance Standards

Asset Allocation Portfolios / –Target Retirement Date Funds

Objective

The objective of this investment category is to invest in a diversified portfolio of holdings that are systematically rebalanced during the various market cycles or stages of an investor's lifetime. ~~These~~ Lifecycle Funds (also known as Target Date Funds) establishes a targeted "maturity date" and will automatically reallocate the investments over time from a more aggressive to a more conservative allocation. The funds are designed for the participant to select the fund that has its "maturity date" set similarly to his or her own investment horizon, often the participant's retirement age. The underlying mutual fund investments that comprise each Lifecycle Fund will be either active or passively managed by the investment manager. The dynamic asset allocation applied to each target date fund will be determined and rebalanced, accordingly, by the investment manager.

~~The~~ Lifecycle Funds provide a single, diversified alternative for retirement savings for participants in various stages of saving. . The Funds allow the investor to ~~passively~~ take advantage of the diversification and asset allocation strategies that are in line with the date of retirement.

Performance Standards/Benchmarks (Net of fees)

- Index funds should track the performance of the custom index.
- The composite index for each fund will be established by the fund manager to reflect the asset allocation of the portfolio.
- The composite indices for all the funds will consistently change allocation by gradually shifting its allocation to more conservative investments as the fund matures.

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Stability of Principle/Guaranteed Option~~(s)~~

Objective

The objective of this fund option is to provide principal preservation, benefit responsiveness, liquidity, and current income at levels that typically are higher than those provided by money market funds over an interest rate cycle. The book value accounting feature of the Stable Value Fund investments is expected to produce relatively stable annual return on fund assets with little to no fluctuation in account values. The fund is to rovide a competitive rate of interest consistent with the marketplace of similar products.

Performance Standards

- To provide a competitive rate of interest relative to the Hueler Stable Value Index.
- This fund declares an annualized rate of interest at least quarterly and prior to the quarter.
- Review the book to market ratio of the portfolio on a quarterly basis.

Investment Objective:

Within the parameters as stated below, the objectives of the fund are to:

1. Preserve principal
2. Provide sufficient liquidity to pay plan benefits
3. Provide stable and predictable returns
4. Earn a high level of return relative to other objectives of the fund

Benchmark Index:

The interest rates provided to participants after investment management fees will be compared to the yield of three-year treasury notes, on a constant maturity basis.

To exceed the returns of the Hueler Stable Value index, over a full market cycle, or general a period of 3 to 5 years

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~~The objective of this investment category is to make available an investment option to plan participants that strives to preserve principal and provide a stable, competitive rate of return.~~ ~~A~~ General Account Stable Value Fund ~~fund in this category~~ may primarily invest in fixed income instruments, including those of the US Government and its agencies, corporations, mortgage- and asset-backed securities, collateralized, emerging market and high yield debt, foreign securities, privately placed notes and bonds and preferred stock securities. A Stable Value, General Account holds a diversified portfolio of securities that provides the capital, reserves and liquidity to support the insurance company's contractual obligations. The General Account product is designed to protect investors from market volatility by offering a guaranteed dependable crediting rate. Invested principal remains stable during the ups and downs of capital market cycles. The crediting rate provided to participants will reflect the contractual minimum guarantees. The general account contract should contain competitive discontinuance settlement options in the event of a change in investment manager.

General Account ~~Other~~ Characteristics:

Investment Objective: A Guaranteed option provided by the Insurance Company, which seeks to provide a minimum level of return while preserving principal.

This option is typically supported by the General Account of the Insurance Company.

Performance: This funding option should provide a rate of return that is competitive with other similar options in the marketplace and will generally provide a higher return than money market funds.

Issuer Credit Rating/Risk and Reserves : The issuer shall have and maintain a rating that conveys significant financial strength as determined by nationally recognized statistical rating agencies such as A.M. Best, Standard & Poor's, Moody's, and Fitch and retain adequate reserves to meet liabilities as measured by maintaining a risk based capital ratio that is equal to or exceeds NIAC requirements. In the event of a ratings downgrade, the Committee will take necessary actions in accordance with its responsibilities as a fiduciary.

Portfolio management: The insurance company shall invest the underlying assets in a diversified portfolio of securities and instruments to support the contractual guarantees and to provide the required liquidity to satisfy all participant and contractual obligations.

Liquidity: ~~The Stability of Principal l option is to~~ General Account is to provide full liquidity at all times for participant directed benefit payments. Stable value will also offer full liquidity to fund participant-directed transfers to other investment options offered within the plan, except in the case where the plan offers a competing investment option. In the event of a competing option, a restriction such as an "equity wash-provision" may apply.

The General Account product is to contain favorable discontinuance features that will allow for the transfer of assets to a new investment manager.

Risk Based Capital and other publicly available financial information to enable the evaluation of the insurer's ability to support the liability and guaranteed contractual rates

In addition to a General Account Stable Value fund the Plan may also offer a separate account stable value structure as an alternative vehicle. The Committee is to periodically review the book to market ratio of the portfolio and guidelines established by the investment manager of the portfolio.

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.

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- 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

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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.

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- 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

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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)

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- 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.

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Socially Responsive Option(s)

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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.

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Fees & Expense Standards

The Committee along with the investment consultant will review the fee structure of the the investment options at least annually. Investment management fees for each of the investment options should be competitive versus asset in their peer universe for similar managed funds. Where several share classes of an investment fund are available, the Committee will seek to offer the least costly share class available to support the recordkeeping and administration costs that are required, to administer and support the Program. All fund revenue sharing generated from the investment offerings will be used to pay Program expenses.

The Committee will review all Program costs, including investment management fees and revenue sharing at least annually.

Currently, individual investment manager advisory and administrative expenses are included in the mutual fund fees deducted from fund returns. Certain other Plan administrative expenses are currently paid from revenue sharing, including but not limited to consulting, audit and Program costs. At year-end, any surplus revenue sharing may be allocated to plan participants on a basis selected by the Committee. Committee reserves the right to change its Plan fee and expense policy at any time in its sole discretion.

FOR DISCUSSION

The Qualified Default Investment Alternative (QDIA) –will be the Lifecycle option based upon a participant normal retirement age. This election has been based upon guidelines under the Department of Labor rules and guidelines related to permissible default investment options.

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);
- Formally evaluate recordkeeping and investment fees at least annually

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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

The Committee, in its discretion, may conduct informal review and evaluation of an investment option at any time.

The Committee may place an investment option under formal fund review, terminate an investment option, or "freeze" an investment option to new contributions for any of the following reasons:

1. The investment option has not met the performance standards under the Plan for the investment category;
2. The investment option has changed investment manager, or such change appears imminent;
3. The investment option has had a significant change in ownership or control;

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4. The investment option has changed investment focus or has experienced style drift, departing from the investment objectives or parameters in its prospectus or "fact sheet";
5. The investment option has violated an SEC rule or regulation.
6. The fund has experienced other changes or problems in its procedures, operations, investing, or reporting which, in the Committee's view, has or could detract from the objectives of the Plan.
7. 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 mangers' 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 on-going 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

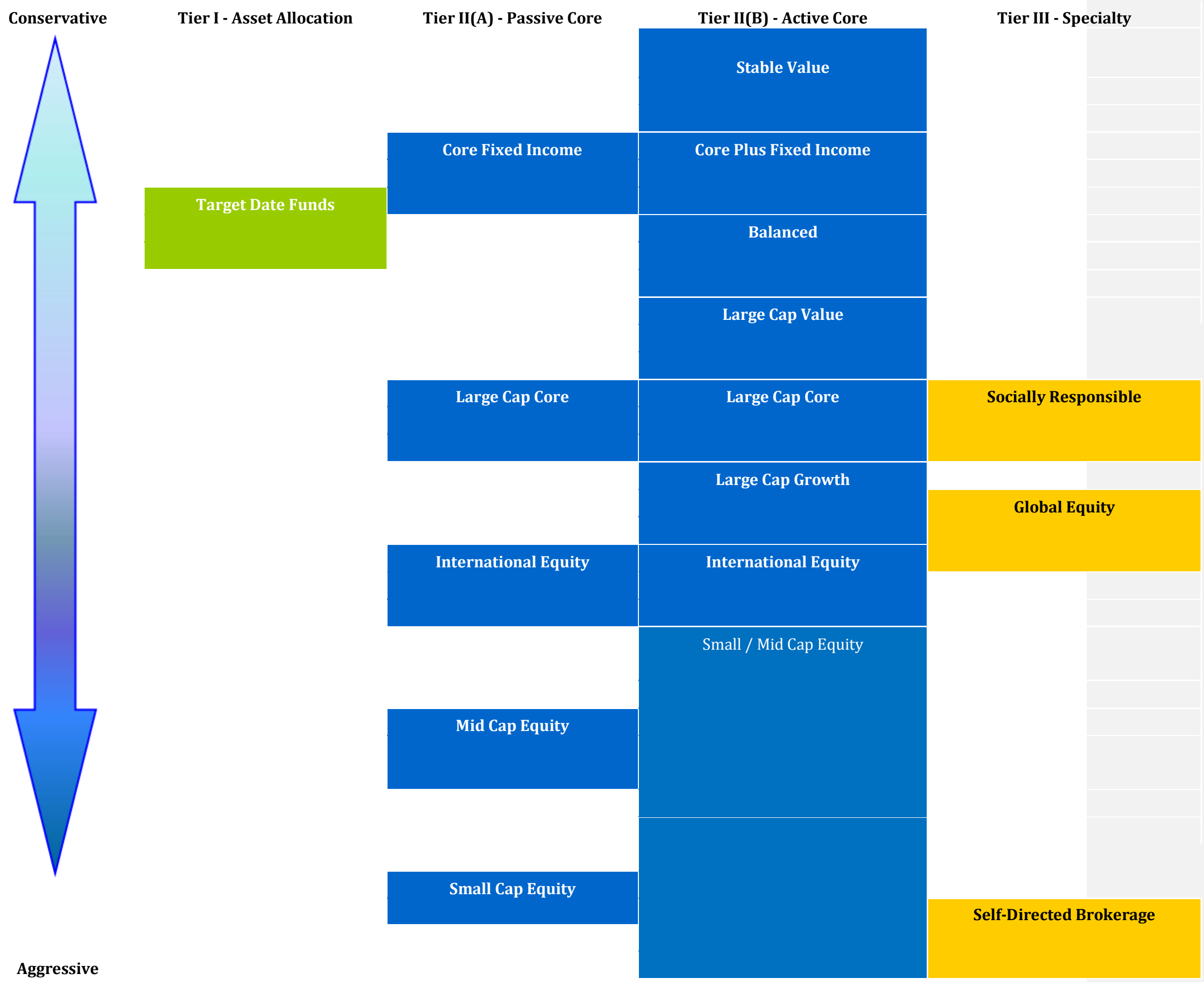
The Program may provide participant advisory services.

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


Conservative
Tier I - Asset Allocation
Tier II(A) - Passive Core
Tier II(B) - Active Core
Tier III - Specialty
Stable Value
Core Fixed Income
Core Plus Fixed Income
Target Date Funds
Balanced
Large Cap Value
Large Cap Core
Large Cap Core
Socially Responsible
Large Cap Growth
Global Equity
International Equity
International Equity
Small / Mid Cap Equity
Mid Cap Equity
Small Cap Equity
Self-Directed Brokerage
Aggressive

Nevada Deferred Compensation Plan

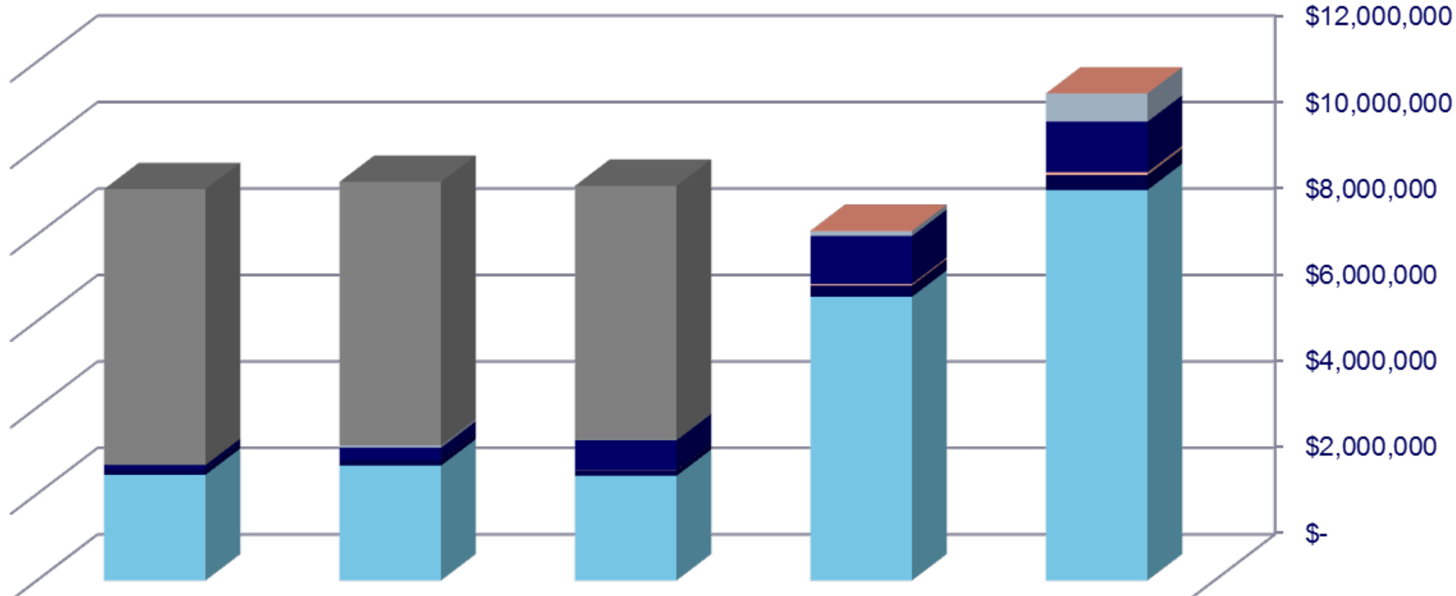
Voya Quarterly Review

August 13, 2015

Contribution Trends – Quarterly Dollars

Nevada Deferred Compensation

Quarterly Contribution $ by Source

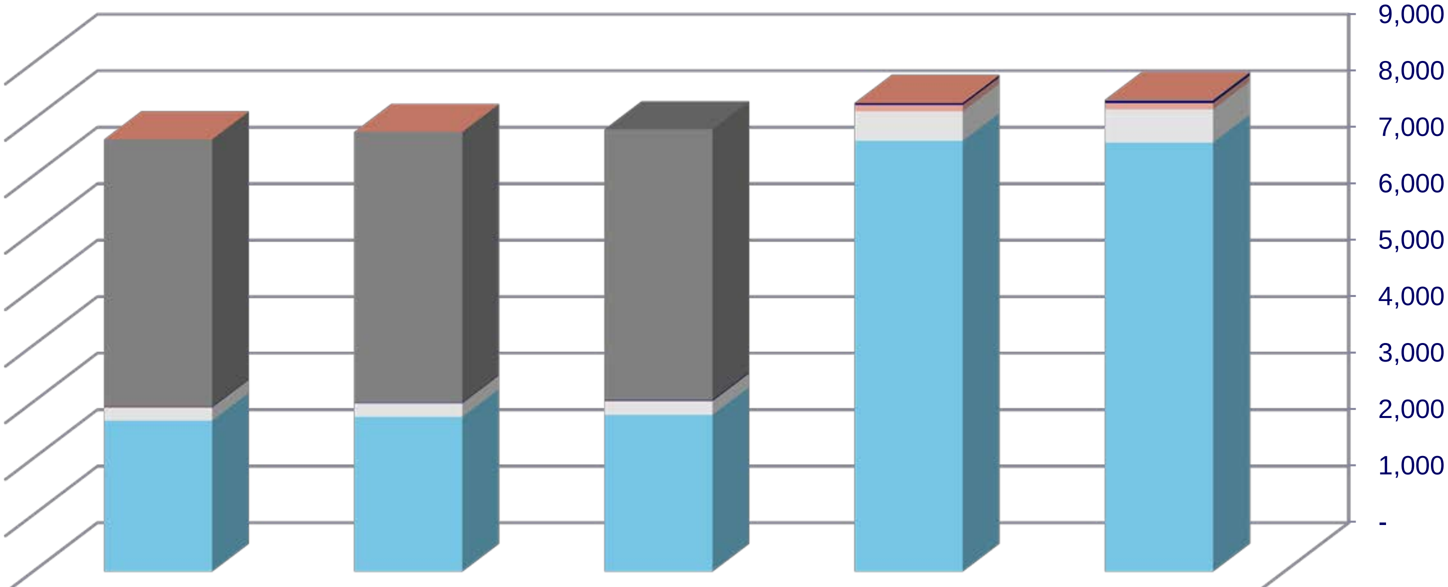


	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2
401/403 Roth Rollover				$5,123	$-
MassMutual	$6,380,486	$6,096,221	$5,874,048		
Rollover 457		$52,943	$10,000	$113,207	$652,294
Rollover	$107,361	$284,975	$699,094	$1,109,418	$1,171,478
ER Match	$1,228	$1,930	$2,009	$37,953	$62,556
Roth	$117,874	$126,682	$124,883	$261,345	$348,437
EE PreTax	$2,442,038	$2,654,772	$2,416,680	$6,559,426	$9,028,605

Contribution Trends – Quarterly Count

Nevada Deferred Compensation

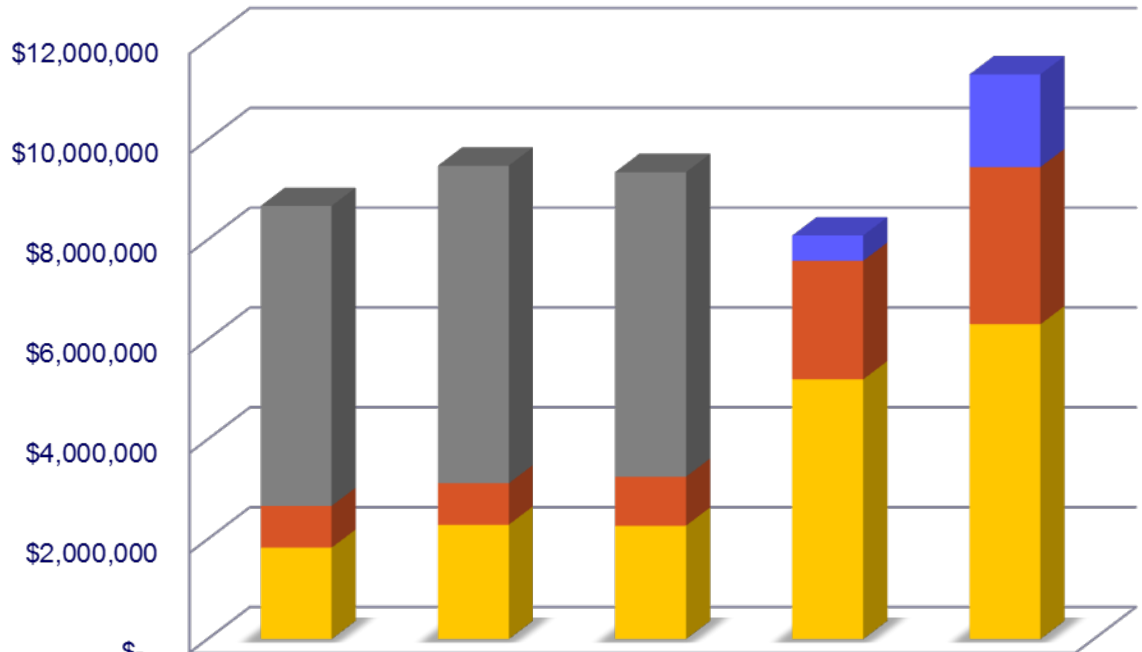
Quarterly Contribution Counts by Source



	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2
401/403 Roth Rollover	0	0		2	-
MassMutual	4,735	4,790	4,791		
Rollover 457	0	2	1	4	15
Rollover	9	9	15	30	42
ER Match	5	7	6	114	111
Roth	230	238	242	524	589
EE PreTax	2,668	2,734	2,770	7,620	7,591

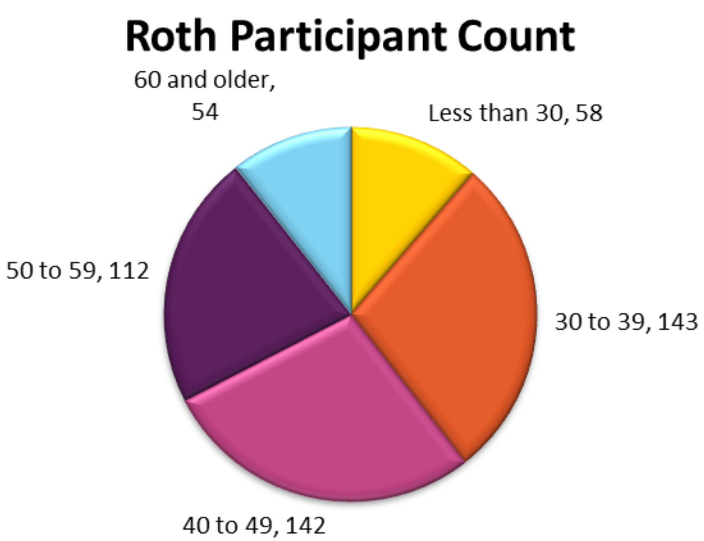
State vs. Alliance Partners – Quarterly Contributions

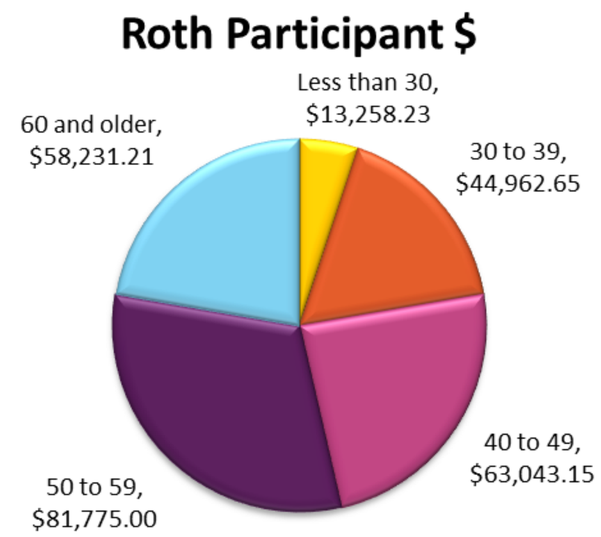
State vs. Alliance Partner Contributions



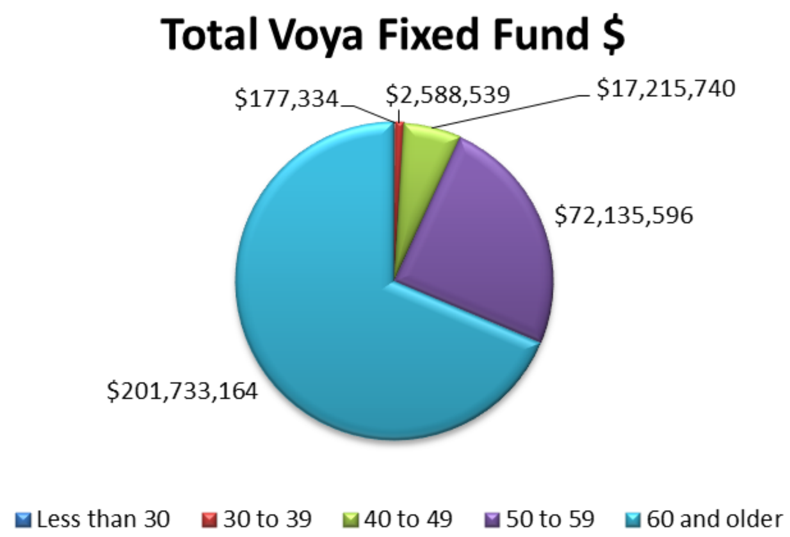
	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
MassMutual	$6,009,396	$6,363,484	$6,103,492		
NSHE				$507,326	$1,856,841
Alliance Partners	$837,321	$829,188	$980,389	$2,375,731	$3,150,586
State Employers	$1,831,181	$2,292,114	$2,272,277	$5,203,416	$6,306,251

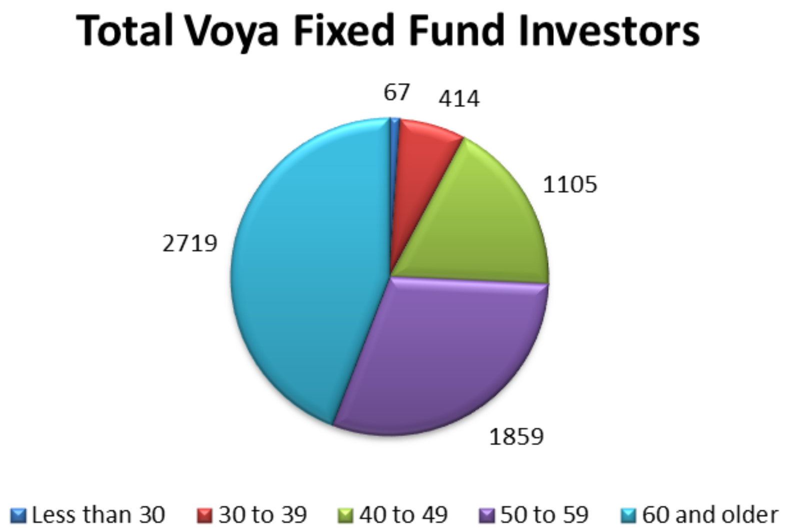
Roth Contributions by Age

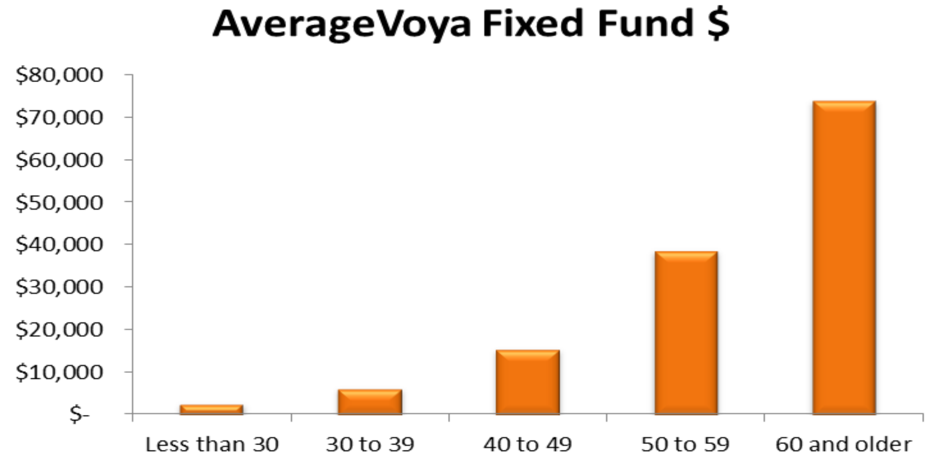




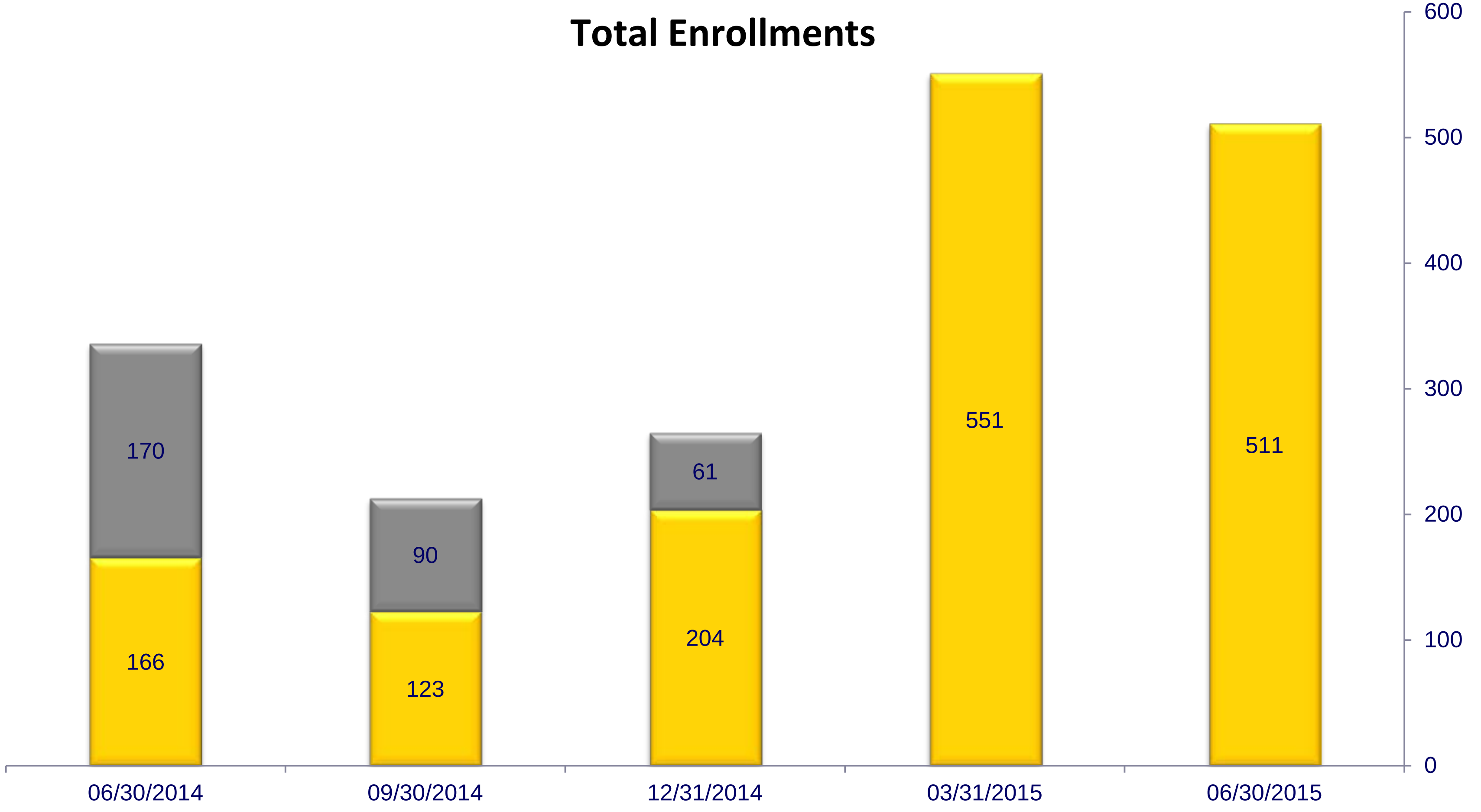
Fixed Account Investments by Age



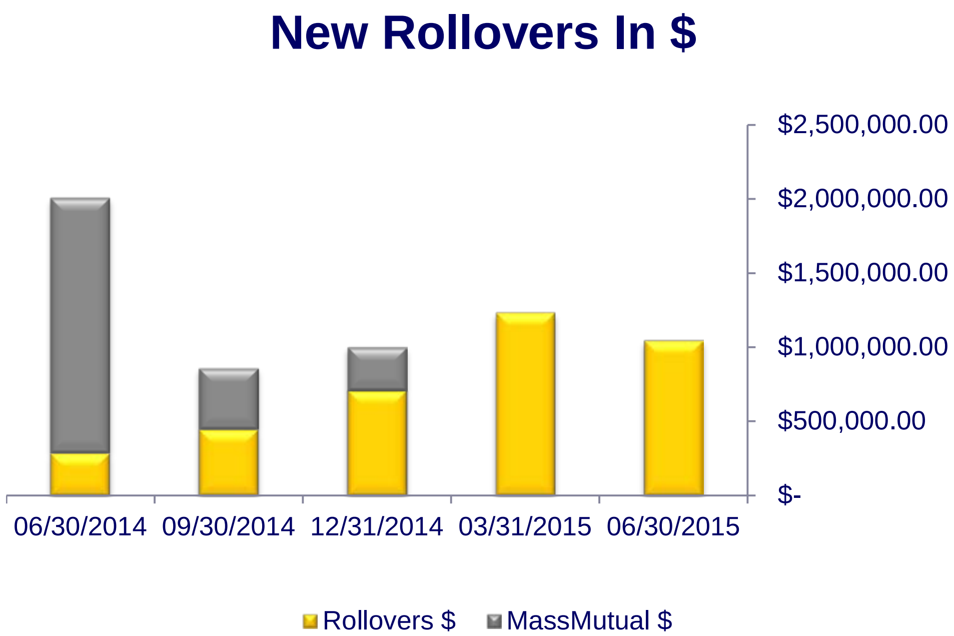


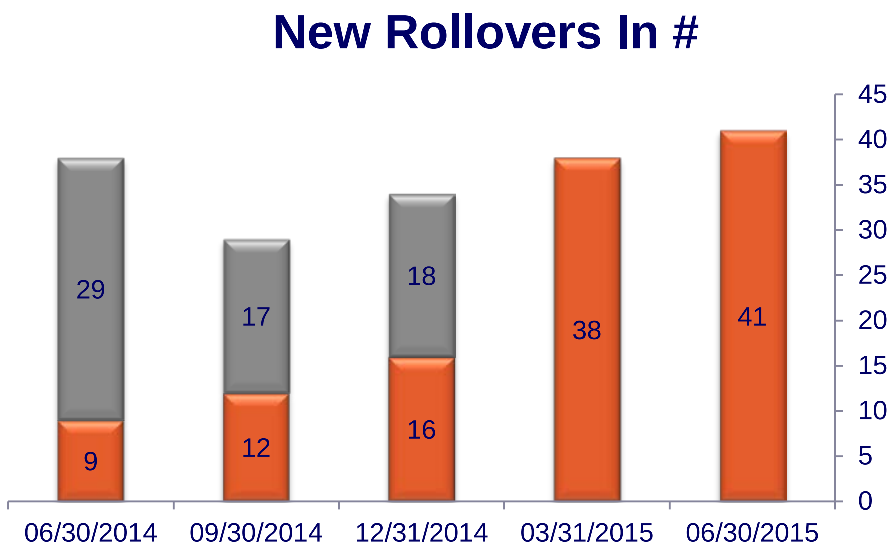


Quarterly Enrollment Trends

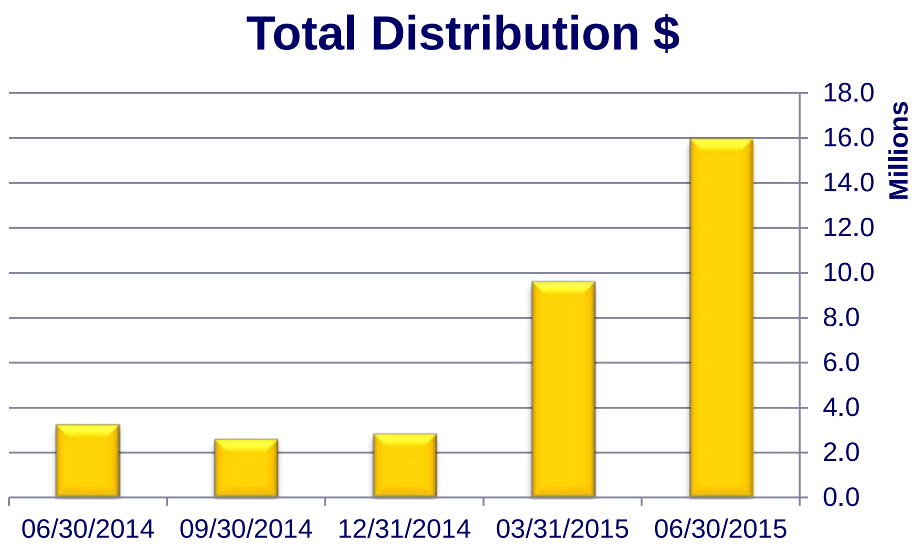


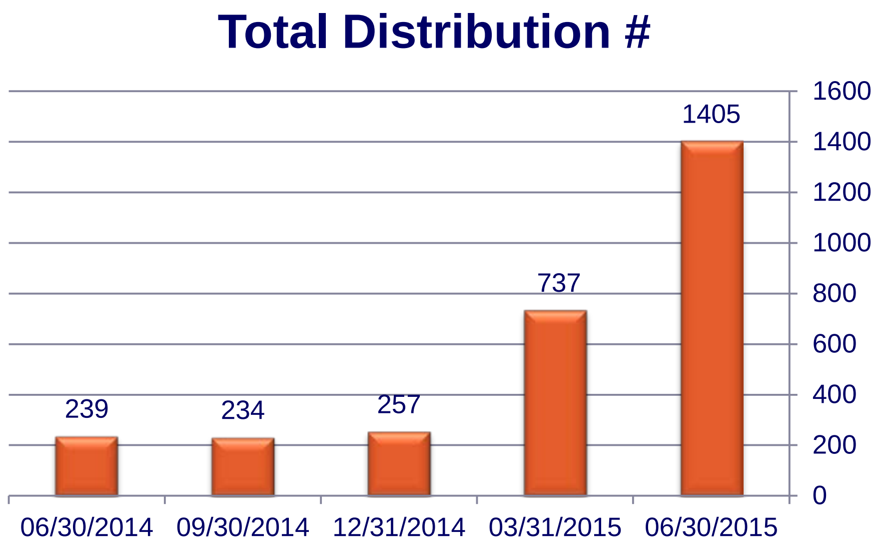
Quarterly Rollover Trends





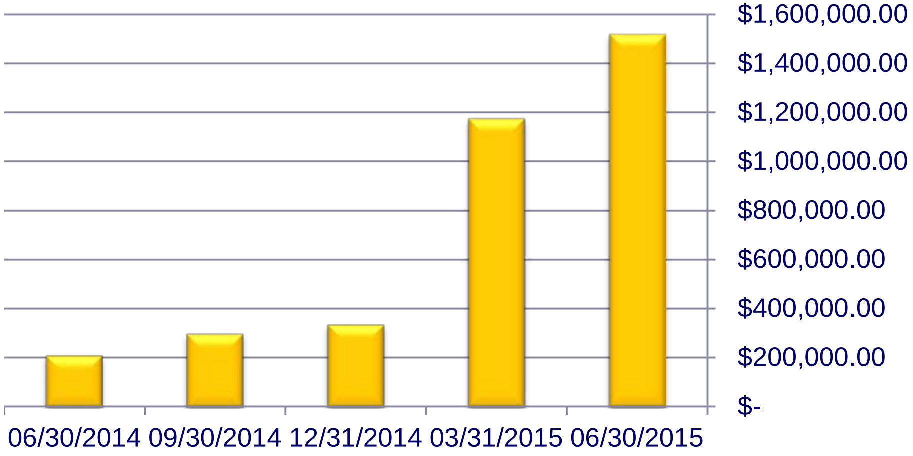
Distribution Trends – Total



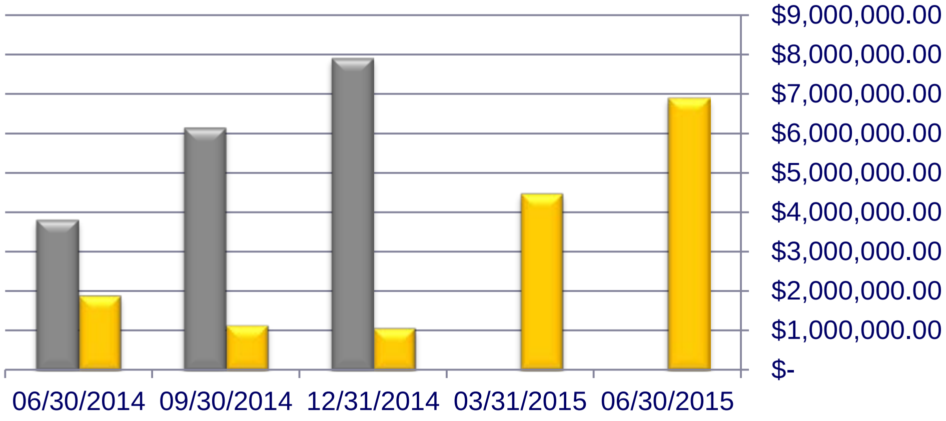


Distribution Trends – Lump Sum and Rollover Out Detail

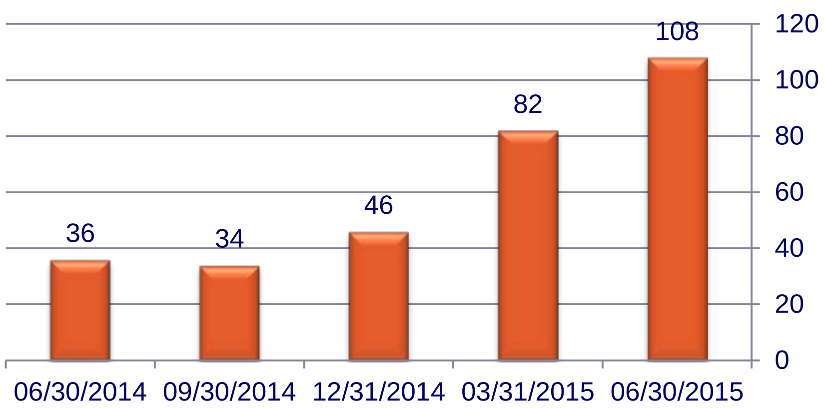
Cash Out $



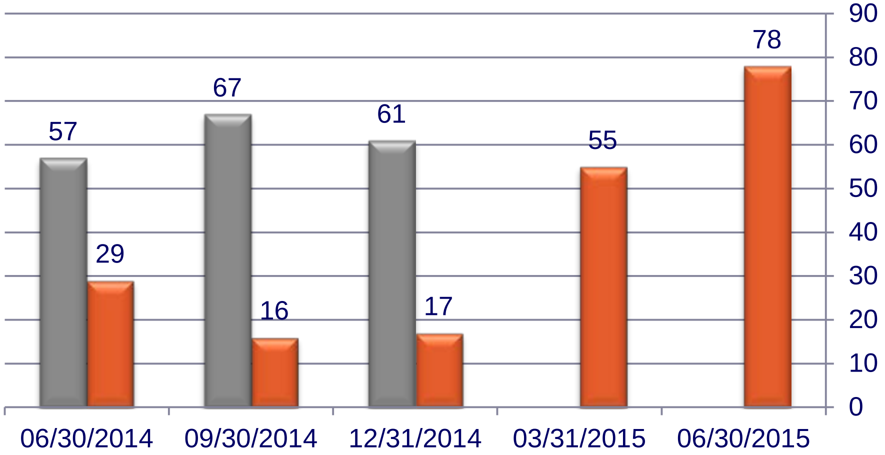
Rollovers Out $



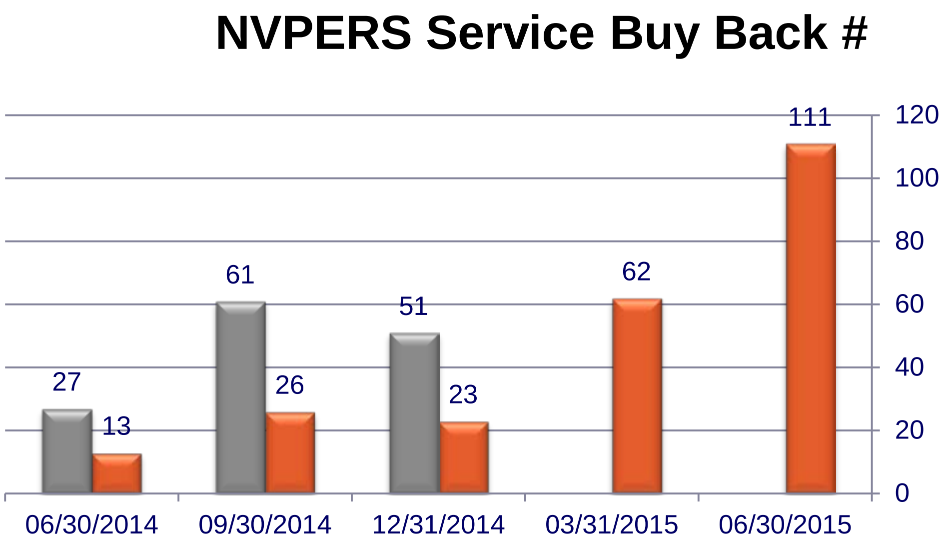
Cash Out

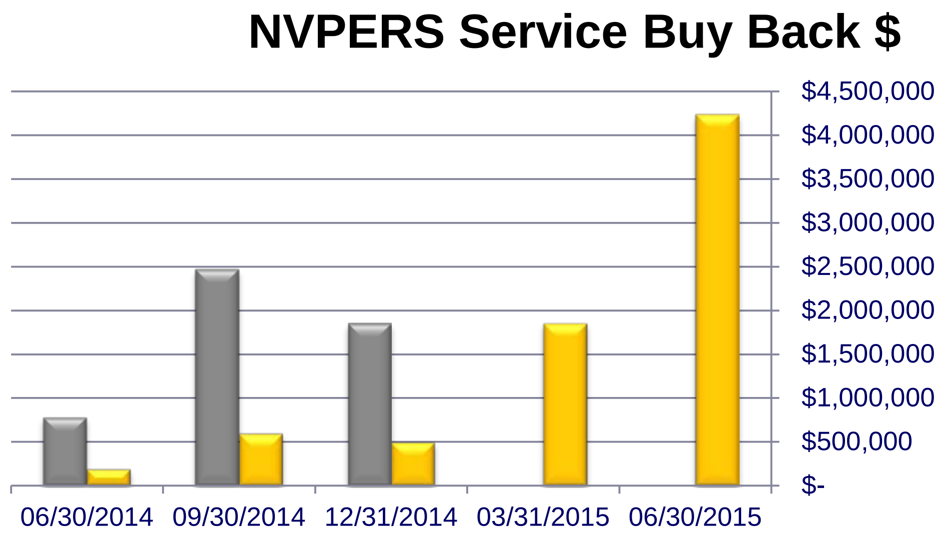


Rollovers Out



Distribution Trends – Service Buy Back Detail

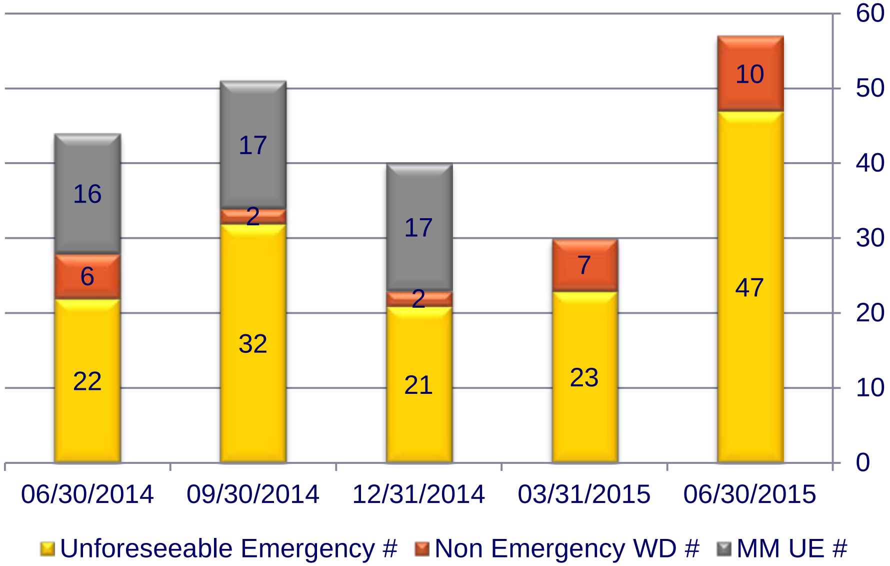




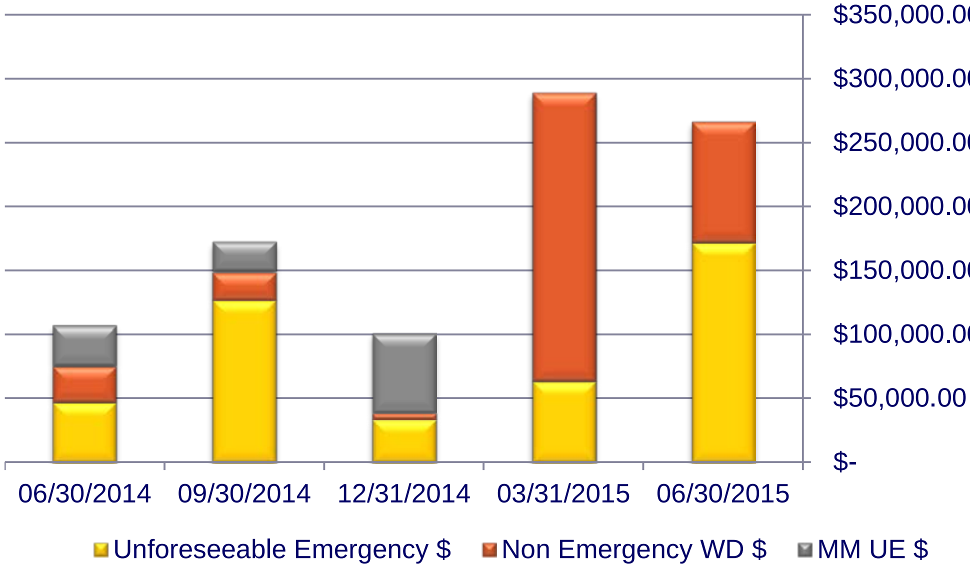
Distribution Trends – UE and Non-Emergency WD Detail

Nevada Deferred Compensation

UE and Non Emergency Withdrawal

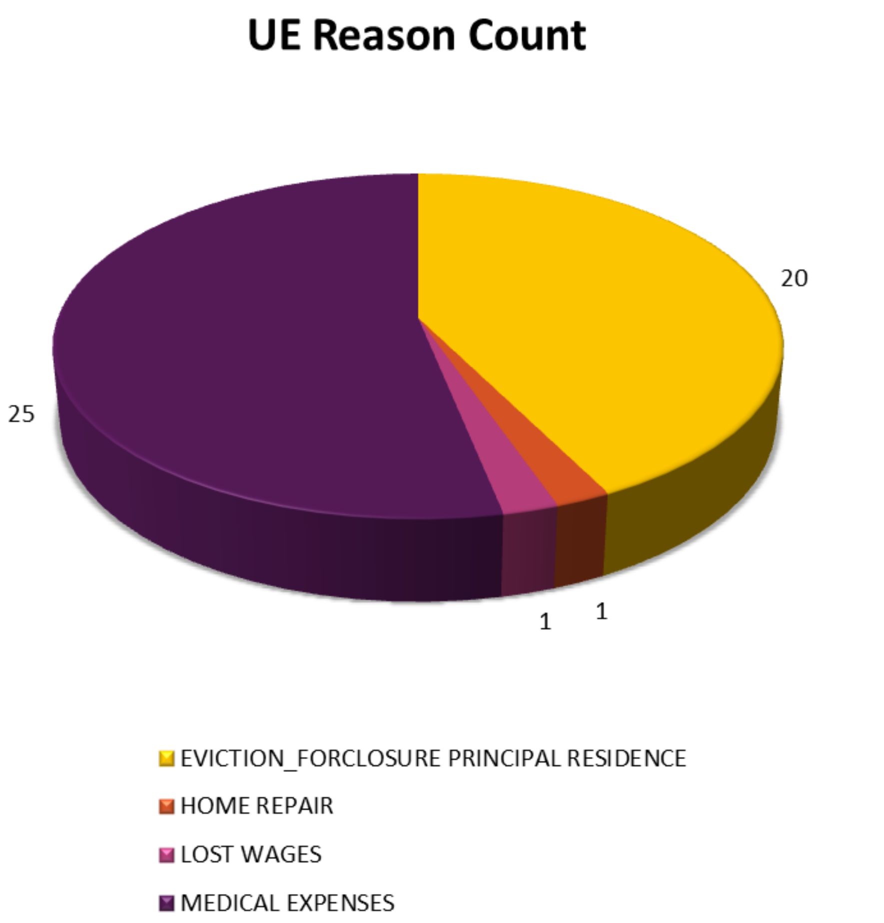


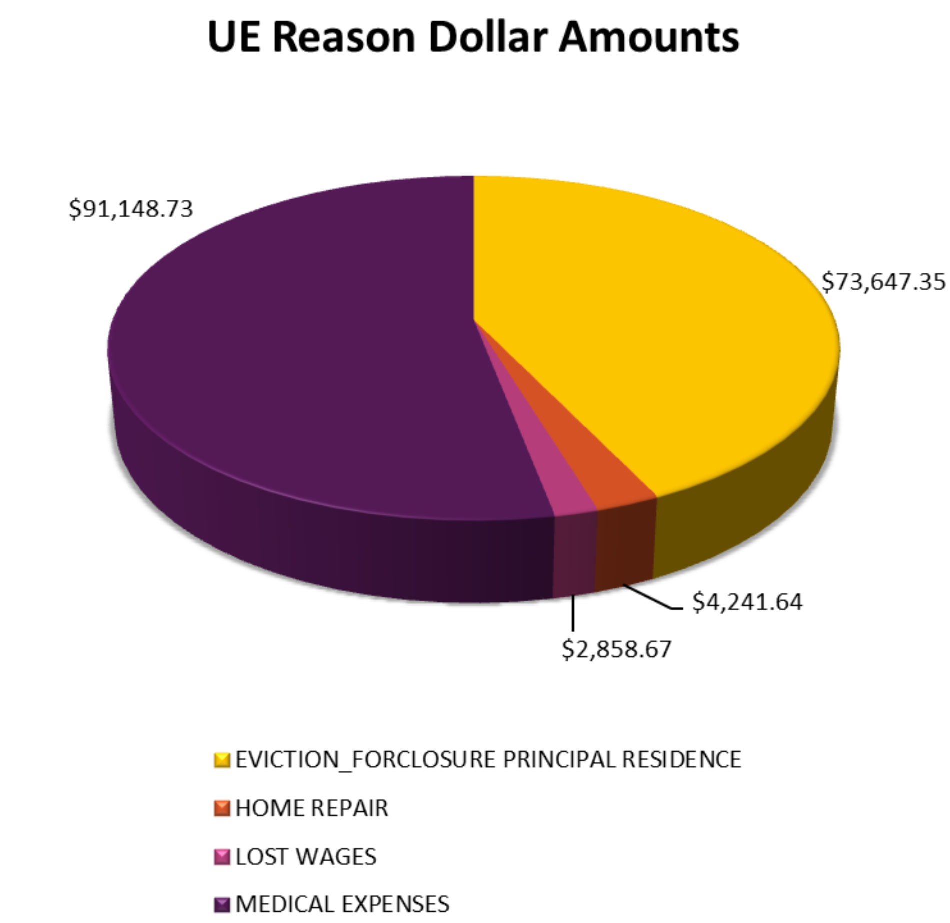
UE and Non Emergency Withdrawal $



UE Reasons by Count and Dollar Amount

Nevada Deferred Compensation





Beneficiary strategy - snapshot

	Q2		Q3		Q4
Beneficiary Maintenance					
	STATEMENT *Message*	Email 	Web Messaging	Email  Web Messaging	Mailer 

	Q2	Q3	Q4
PURPOSE	• **Reinforce importance of named/updated bene on file**	• **Reinforce importance of named/updated bene on file**	• **Acknowledge still no bene of file; need info updated.**
THEME	• Make sure your hard earned assets go to the right people	• Who do you love? Do the right thing!	• Whose your number one?
VERSIONS	• All participants	• All participants	• No bene on file
CALL TO ACTION	• Log on and name beneficiary	• Log on and name beneficiary	• Log on and name beneficiary

666783 | 666970 | 666971 – No bene on file current number - 7453 *as of 3/11/15*
666782 – No bene on file current number – *31,710 as of 3/11/15*

MEMO

RETIREMENT
INVESTMENTS
INSURANCE

VOYA FINANCIAL

TAX EXEMPT MARKETS

To: Rob Boehmer

cc: Frank Picarelli

From: M. Bishop Bastien

Date: May 12, 2015

Re: Ongoing effort to attain beneficiary information

Rob –

As you have requested, I have prepared the attached memo to review and highlight the overall status of the accountholders within the Nevada Deferred Compensation plans as it pertains to beneficiary information. This memo includes all of the information you had sought from us with regards to the overall numbers of beneficiaries on file, the steps taken during the transition process, all steps and actions taken since the beginning of march 2015 to address this issue and it also outlines the future steps we have discussed with you in subsequent conference calls to address this issue. Like you, and the Nevada Deferred Compensation Committee, we believe this to be one of the most important issues we can address for the participants of the plan.

Background information
Pursuant to the last meeting of the Nevada Deferred Compensation Committee and our recent conversation, Voya continues to take as many steps as possible to increase the number of participants with up to date beneficiary information on file.

To recap our discussions on this issue, Voya sought to solicit participant beneficiary data throughout the transition process. Voya's efforts included personal solicitations via group and individual meetings held during the transition period. Messages regarding the needs to update this information and its importance were included within all informational materials sent to plan participants and posted online on the plan transition website. Also, details regarding the need to provide this information were included within the confirmation statements sent to all participants at the close of the transition.

Measuring the post transition need
In an effort to quantify the impact of all of our efforts as you requested, Voya reviewed the plans rolling into the Nevada Deferred Compensation program on March 11, 2015 and found the following:

- There were 7,453 participants within the three main plans of the program with no beneficiary information on file. This number is reflective of all participants in the main State of Nevada plan, the NSHE plan and all of the State Alliance Partners.
- There were an additional 31,710 participants in the FICA Alternative plan with no beneficiary information on file.

Efforts to mitigate the lack of beneficiary information
Since the last meeting of the Nevada Deferred Compensation Committee and with your review and approval, Voya has carried out the following steps to reduce the overall number of participants with no beneficiary information on file:

- A message was included upon all participant statements for the first quarter of 2015 reminding them of the importance of updating their beneficiary data and encouraging them to do so.
- The new custom website for the Nevada Deferred Compensation program includes a reminder that updating beneficiary information is crucial and includes a link to a Voya flyer on the importance of designating a beneficiary. This flyer also includes the steps needed to update or provide a beneficiary.
- Voya also provided the Nevada Deferred Compensation program's staff with the contents for an HTML e-mail to be sent to all plan participants. This e-mail reminding participants of the need to designate a beneficiary and of the importance to doing so in the event of their untimely death. This message also included the steps to take to update, or provide, this information as well as the contact information for Voya's office in the event personal assistance was needed.
- Additionally, Voya's assigned representatives to the plan continue to solicit this information in the context of all group and individual meetings held.

Results of Efforts as of May 11, 2015
As a result of the previously mentions steps, Voya measured the number of participants in all plans on May 11, 2015 and found the following impact:

- The overall number of the participants in the three main plans – the main State of Nevada plan, the NSHE plan and all of the State Alliance Partners – had decreased by 672. As such, as of May 11th, 2015, there remain 6,781 participants with no beneficiary information on file.
- Unfortunately, due to the nature of the enrollment process of the FICA Alternative plan, the total number of participants with no beneficiary data on file has increased. The total increased by 1,255 to a total of 32,965.

Current Beneficiary Status
As you requested, Voya is able to provide you with the following details for the NDC on the status of the overall efforts to capture beneficiary information within the plan:

State Employee Plan
Out of the current 10,096 participants with an account, 4,652 of these accountholders have beneficiary information on file. This leaves a total of 5,444 participants needing to designate a beneficiary.

Alliance Partners Plan
Out of the current 2,472 participants with an account, 595 of these accountholders have beneficiary information on file. This leaves 1,877 participants needing to designate a beneficiary.

NSHE Plan
Out of 565 participants with an account, 415 have beneficiaries leaving 150 we still need to capture.

FICA Alternative Plan
Out of the current 30,570 participants with an account, 923 of these accountholders have beneficiary information on file. This leaves 29,647 participants needing to designate a beneficiary.

RETIREMENT
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Future and ongoing efforts
As we have discussed and have outlined to the Nevada Deferred Compensation Committee previously, Voya plans to continue to utilize a variety of sources to continue its effort to decrease the number of plan participants with no beneficiary date on file. Attached is a portion of the marketing plan which Jennifer Whitman previously reviewed which outlines the steps we intend to carryout in the coming months. Our focus will include the following steps:

- As included in participant statements for the first quarter, Voya will continue to include a message on the importance of providing beneficiary data all statements through the remainder of the year;
- In the second and third quarters of 2015, Voya's marketing team will provide an HTML e-mail to the NDC staff which may be sent to all plan participants via e-mail.
- In the fourth quarter of 2015, Voya intends to carry out a specific targeted mailing on the importance of providing beneficiary data to all plan participants with no beneficiary data on file.
- Throughout the remainder of the year, we will continue to include the message on beneficiary information on the Nevada Deferred Compensation custom website.
- Voya representatives will continue to solicit beneficiary information from plan participants in both individual and group meetings held throughout the State of Nevada.

Voya remains confident that the overall number of participants in the plan without beneficiary information on file will decrease. We appreciate the direction you have provided to us on this issue to date and look forward to continuing to work with you to reduce the numbers of participants that lack such an importance piece of information. Please let me know if you should have any questions.

Best regards -- Bishop

MEMO

RETIREMENT
INVESTMENTS
INSURANCE

VOYA FINANCIAL

TAX EXEMPT MARKETS

To: Rob Boehmer

cc: Frank Picarelli

From: M. Bishop Bastien

Date: May 12, 2015

Re: Small account balance information

Rob –

At your request, we have reviewed information with all of the State of Nevada plans related to small account balances within the plan. Our research found the following number of participants would be impacted within each plan:

Main State of NV Plan w/term dates
Accounts under $1,000 – 507
Assets impacted -- $112,277.44

NSHE Plan w/term dates
Accounts under $1,000 – 4
Assets impacted -- $1,990.01

Alliance Partner Plans w/term dates
Accounts under $1,000 – 53
Assets impacted -- $6,611.53

FICA Alternative Plan
Accounts under $500 – 19,037
Assets impacted -- $2,980,201.99

Accounts under $1,000 – 23,136
Assets impacted -- $5,924,120.08

Accounts between $1,000 and less than $5,000 – 6,304
Assets impacted -- $13,534,117.07

Additionally, for the three main plans there are a large number of participants that do not currently have a termination date on file but otherwise qualify for the plan's cash out provisions. As you have directed, Voya has begun the effort to identify the termination dates for as many of those accountholders who do not have termination information on file. As discussed, this will allow us to include them in this effort as well. We believe this will result in an increase in the numbers provided for each group previously noted. The number of qualifying accounts with no term dates are as follows:

Main State of NV Plan without term dates
Accounts under $1,000 – 1,168
Assets impacted -- $436,977.16

NSHE Plan without term dates
Accounts under $1,000 – 36
Assets impacted -- $12,970.37

Alliance Partner Plans without term dates
Accounts under $1,000 – 166
Assets impacted -- $57,377.59

As mentioned previously, we have already begun to further identify the termination dates of those participants with no such information on file. This should result in a slight increase in the numbers listed above. Thank you for your direction and input as we have moved through this issue. Please let me know if you should have any questions.

Best regards -- Bishop

Internal Revenue Service

Federal, State and Local Governments

February 2013

QUICK REFERENCE GUIDE FOR PUBLIC EMPLOYERS

CONTENTS

This guide is intended to provide basic information on the subjects covered. It reflects the interpretation by the IRS of tax laws, regulations, and court decisions. The explanations in the guide are intended for general guidance only, and are not intended to provide a specific legal determination with respect to a particular set of circumstances. Additional research may be required before a determination may be made on a particular issue. Citations to legal authority are included in the text. You may contact the IRS for additional information. You may also want to consult a tax advisor to address your situation.

when it is credited or set apart to a person without any substantial limitation or restriction. Never use Form 1099-MISC to report compensation or reimbursements to employees. Information reporting is discussed in greater detail in Section 8 and the Instructions for Form 1099-MISC.

2. SOCIAL SECURITY AND MEDICARE COVERAGE

Public employers need to be aware of the rules that govern social security and Medicare (FICA) coverage for their employees. Public employees fall into three different categories with respect to social security:

(1) Subject to social security tax withholding through mandatory coverage,
(2) Subject to social security through a Section 218 Agreement, or
(3) Exempt from mandatory social security because they are covered by a public retirement system (also called a "FICA replacement plan"). These employees may or may not also be covered optionally for social security under a Section 218 Agreement.

In many cases, several issues must be considered to determine the correct social security and Medicare status of an individual worker.

A Section 218 Agreement between the Social Security Administration and a state's Social Security Administrator provides coverage for a group of state or local government employees. To determine the coverage that applies in a given situation, it is first necessary to determine whether a Section 218 Agreement covers services performed by the worker. If the Section 218 Agreement includes the position, any employee holding that position is covered under the Agreement, regardless of other factors.

See the Key Dates section, later, for more information about the history and application of Section 218.

If you are not sure whether a worker's position is covered, or have any questions about your Section 218 Agreement, please call your State Social Security Administrator. A list of state administrators is available at www.ncsssa.org.

If a position is not covered by a Section 218 Agreement, you need to establish the date the worker in question was hired in order to determine the social security coverage for that worker. This is the date the worker began his/her current employment. If a worker was terminated and re-hired, the re-hire date is the date you use to determine whether coverage applies.

For any period after July 1, 1991, any employees who are not participating in a qualifying retirement system made available through their employer MUST be covered by social security and Medicare (although certain services may be excluded from social security).

If the position is covered for social security, either by a Section 218 Agreement or under mandatory coverage, the worker in that position is subject to social security tax, and the employer is responsible for contributing an additional share of the tax.

Note: Employees covered under a public retirement system may also be covered for social security by a Section 218 Agreement.

All state and local government employees hired after March 31, 1986, are subject to the Medicare tax. A worker hired prior to April 1, 1986, and not covered by a section 218 Agreement, may be exempt from Medicare if he or she was a bona fide employee on that date, and has been in continuous service since that date. Any worker hired after March 31, 1986, must be covered by Medicare, either by a section 218 Agreement or under mandatory coverage provisions. See Revenue Ruling 86-88 in Publication 963.

Note: Any Section 218 Agreement in effect on April 20, 1983, cannot be terminated regardless of whether an additional retirement plan is later made available to affected employees.

3. PUBLIC RETIREMENT SYSTEM

As stated above, employees are excluded from mandatory social security coverage if they are covered by a public retirement system. "A "public retirement system" is not required to be a qualified plan within the meaning of the Employees' Retirement Income Security Act of 1974 (ERISA). The employee may be a member of any type of retirement system, including a nonqualified system (for example, a section 457(b) plan, discussed below), as long as the plan provides a minimum level of benefits, as specified by law, under that system.

A public retirement system may take one of two forms: the **defined benefit retirement system**, which is based on a guaranteed minimum benefit, and the **defined contribution retirement system,** which is based on a required contribution from the employee.

In order for a **defined benefit retirement system** to be considered a public retirement system, it must provide a benefit generally comparable to that provided by social security. The computation of the benefit that the plan provides is made based on various factors, including years of service rendered by the employee, compensation earned by the employee and the age of the employee at retirement. The Service issued Revenue Procedure 91-40 to clarify the minimum retirement benefit tests, which must be met in the plan's formula. This Revenue Procedure can be found in the Appendix of Publication 963.

In order for a **defined contribution retirement system** to be considered a qualified plan, the worker must be covered in a plan in which, generally, at least 7.5% of his/her compensation is credited to a retirement plan account on his or her behalf. This contribution can be any combination of employer and employee contributions, but must total a minimum of 7.5% of pay, and cannot include any credited interest in the calculation. The system may include any plan described in section 401(a), an annuity plan or contract under section 403(b) or a plan described in section 457(b) or (f) of the Internal Revenue Code.

Any person working for a public employer after July 1, 1991, who is not covered by a public retirement system that meets the requirements discussed above, or the defined benefit system safe harbor rules of Revenue Procedure 91-40, must be covered by social security and Medicare under the mandatory coverage provisions of Section 210 of the Social Security Act.

4. RETIREMENT PLANS

Various sections of the Code provide for favorable treatment of employee retirement plans. Under IRC section 401, employees may receive tax-deferred treatment of elective deferrals and employer contributions to retirement plans. These are referred to as qualified plans. Employer contributions are also exempt from social security and Medicare tax. In most cases, employee contributions are subject to withholding for social security and Medicare.

Section 403(b) Annuity Plans

Section 403(b) provides for tax-sheltered annuities for employees of public schools or tax-exempt organizations. These plans may provide for elective, nonelective, or after-tax contributions, subject to annual limits, to an annuity or custodial account. Contributions may be made See Publication 571 for more information on section 403(b) plans.

Section 457 (Nonqualified) Plans

Nonqualified, or section 457, deferred compensation plans, can be established only by state and local governments or tax-exempt organizations. These plans do not meet the requirements for treatment under section 401, or a tax-sheltered annuity under section 403, but may still provide for deferred compensation. If it meets the requirements of IRC section 457(b), a plan is an "eligible" plan; if not, it is considered "ineligible" and is governed by the rules of IRC section 457(f).

The section 457 plan can be used either as a primary retirement plan or as a deferred compensation plan in addition to the employee's retirement system or social security.

Governmental 457(b), or eligible, plans must be funded, with assets held in trust for the benefit of employees. Plans eligible under 457(b) may defer amounts from income tax up to an annual limit ($17,500 in 2013). In addition, "catch-up" contributions may be made to employees age 50 or older. Social security and Medicare taxes generally apply to all employer and employee contributions. For further information regarding social security and Medicare tax withholding and reporting on amounts deferred into eligible deferred compensation plans, see Section VI of Notice 2003-20 and the irs.gov Employee Plans site.

The government entity holds the funds in trust until the employee is eligible for a distribution (usually at retirement) and withdraws the money. The employer can match the employee's contribution, but is not required to do so. Employer contributions generally vest immediately. See the irs.gov Employee Plans site.

Federal-State Reference Guide

A Federal-State Cooperative Publication

- **Social Security Administration**
- **Internal Revenue Service**
- **National Conference of State Social Security Administrators**

Providing guidelines for social security and Medicare coverage and tax withholding requirements for state, local and Indian tribal government employees and public employers.

Publication 963 (Rev. 11-2014) Catalog Number 21843B Department of the Treasury **Internal Revenue Service** www.irs.gov

Introduction

The *Federal-State Reference Guide* provides state and local government employers a comprehensive reference source on social security and Medicare coverage and federal tax withholding issues. The *Guide* was first published by the Internal Revenue Service (IRS) in July 1995 with special assistance from the State of Colorado, and is a cooperative effort of the Social Security Administration, the IRS, and the National Conference of State Social Security Administrators (NCSSSA). Topics addressed in this publication include determination of worker status, public retirement systems (FICA replacement plans), social security and Medicare coverage and benefits, Section 218 Agreements, employment tax laws, and other tax issues. The tax information is generally applicable to federal agencies, with some exceptions; for example, Section 218 Agreement information and section 530 relief are not applicable to federal agencies.

Since 2002, the IRS office of Federal, State and Local Governments (FSLG) has produced the *Federal-State Reference Guide* annually, primarily as a web-based document. FSLG was created as part of the reorganization of the IRS, to be an office devoted exclusively to the federal tax needs of governmental entities. The most recent version of Publication 963 can be downloaded at any time from the FSLG website. This website also contains information about other related tax topics, upcoming events, the FSLG Newsletter, and the IRS. All IRS forms and publications referred to in this publication can be ordered without charge from the IRS at (800) 829-3676, or can be downloaded from the IRS website. Governmental taxpayers may get assistance with general or account-related questions by calling Customer Account Services at (877) 829-5500, Monday through Friday.

This publication also includes information to assist Indian tribal governments. Federal tax law establishes the role of Indian tribal governments as employers. Tribal governments are required to follow substantially the same procedures as other employers; however, tribes are not eligible for Section 218 Agreements, and other special statutory provisions apply to these entities. If you have questions about Indian Tribal governments, please visit the office of Indian Tribal Governments (ITG) website or telephone your local IRS ITG office. This website also contains Publication 4268, *Employment Tax Desk Guide,* containing further information that specifically addresses employment tax issues for tribal governments.

Frequently asked questions appear at the end of each chapter. After each answer, the primary contact for the topic is indicated - "IRS," "SSA," or "STATE".

The *Federal-State Reference Guide* is for informational and reference purposes only. Under no circumstances should the content be used or cited as authority for assuming, or attempting to sustain, a technical position with respect to employment tax, social security benefits, or other legal issues. The Internal Revenue Code (IRC), Social Security Act (Act) and related regulations, rulings and case law are the only valid citations of authority for technical matters.

Contents

Steps To Determine Social Security and Medicare Coverage of State and Local Government Employees

State and local government employees may be covered for social security and Medicare under either a Section 218 Agreement, which applies to anyone holding the affected position; or under mandatory coverage, which is based on the situation of the individual employee.

If the position is covered under a Section 218 Agreement, any employee occupying that position is covered. This is the first coverage consideration for a governmental employer. If, however, the position is not covered under an Agreement, then the employer must determine whether mandatory FICA coverage applies. To do this, the employer must first determine whether the employee is deemed to be a member of a public retirement system (or "FICA replacement plan"). This is a critical consideration in determining whether and how Section 218 or mandatory FICA coverage applies to an employee.

The following steps outline how a public employer should determine whether social security and Medicare coverage or Medicare-only coverage applies to an employee.

Step 1: Determine whether the employee's position is covered by a Section 218 Agreement (Chapter 5, **Social Security and Medicare Coverage**.)* If the answer is "yes," the employee is covered for social security and Medicare under the Agreement, unless an exclusion applies for that position. If the answer is "no," proceed to the next step.

Step 2: If the employee's position is not covered under a Section 218 Agreement, determine whether the employee is a member of a public retirement system (Chapter 6, **Social Security and Public Retirement Systems**.) If "no," the employee is subject to mandatory social security and Medicare, unless an exclusion applies. If "yes" (the employee is a member of a public retirement system), the employee is exempt from mandatory social security. Medicare is mandatory for public employees hired or rehired after March 31, 1986, regardless of membership in a public retirement system. Proceed to the next step to determine Medicare coverage for any employee hired prior to April 1, 1986.

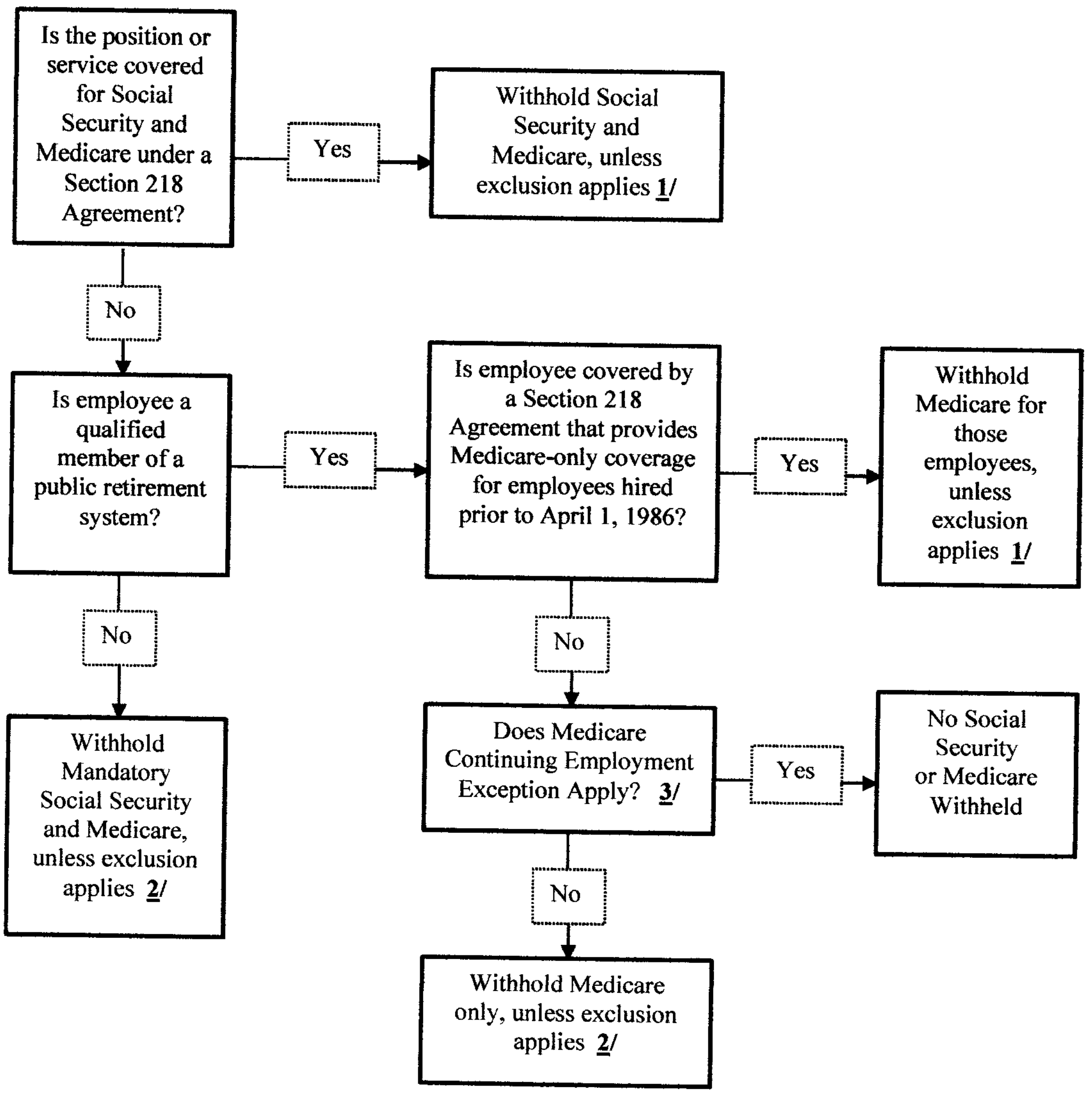
Step 3: Determine whether a Section 218 Agreement provides Medicare-only coverage for employees hired prior to April 1, 1986. If "yes," the employee is covered for Medicare only. If "no," proceed to the next step.

Step 4: Determine whether the Medicare continuing employment exception applies to the employee (Chapter 5). If "yes," the employee is exempt from mandatory Medicare. If "no," the employee is subject to mandatory Medicare, unless an exclusion applies.

* State enabling legislation can have an effect on positions and entities covered by the particular state's Section 218 Agreement. Consult the appropriate state's enabling legislation to determine which positions are eligible for coverage under that state's Section 218 Agreement. For a list of state enabling statutes, see the Appendix of this Guide.

The flowchart on the next page illustrates the above steps.

SOCIAL SECURITY AND MEDICARE COVERAGE OF STATE AND LOCAL GOVERNMENT EMPLOYEES



1/ **Section 218 Mandatory and Optional Exclusions (see Chapter 5)** – page 5-6
2/ **Mandatory Exclusions from FICA (see Chapter 5)** – page 5-11
3/ **Medicare Continuing Employment Exception (see Chapter 5)** – page 5-18

NOTE: This chart is meant as a guide only and is not a substitute for discussing complex Section 218 coverage situations with your State Social Security Administrator or FICA taxation issues with your IRS FSLG Specialist.

Chapter 5

Social Security and Medicare Coverage

As discussed in Chapter 3, cash or noncash compensation for services is subject to income, social security, and Medicare taxes unless certain exceptions apply. In addition to the exceptions for certain payments, state and local employees may be exempted from social security (and in some cases, Medicare) taxes based on coverage under a public retirement system. A public employee may be covered for social security and Medicare, Medicare only, or may be exempt from both. The flowchart in Chapter 1, "Social Security and Medicare Coverage of State and Local Employees," illustrates the process for determining the social security and Medicare coverage that applies to an employee. This chapter addresses various categories of employees and rules by which coverage is established, including the process for obtaining coverage under a Section 218 Agreement ("Agreement"). As a supplement to the social security coverage information provided in this publication, refer to the State and Local Government Employers page on the SSA website. Additional information is also available on the IRS FSLG home page.

All state and local government employees fall into one of three categories with respect to social security coverage:

1) Employees under Section 218 coverage (also called "voluntary coverage"). These employees are covered for social security by a voluntary Section 218 Agreement between the State Administrator and the SSA. They may or may not participate in a public retirement system. This chapter discusses coverage under Section 218 Agreements. (Public retirement systems are discussed in Chapter 6.)

2) Employees under mandatory social security coverage. These employees are required to be covered for amounts that are deemed to be wages, because they are not members of a qualifying public retirement system and are not covered by a Section 218 Agreement. Government employees not covered by a public retirement system or social security are subject to mandatory coverage after July 1, 1991.

3) Employees with no social security coverage. These employees are covered by a qualifying public retirement system, and are therefore exempt from mandatory social security. They are not covered by a Section 218 Agreement.

Each of the three categories of employees is discussed below.

1) Employees Under Section 218 Coverage

State and local government employees can be covered for social security and Medicare through a Section 218 Agreement between the state and the SSA. This agreement may provide any of the following:

- Coverage for groups of employees in positions covered by a retirement system
- Coverage for groups of employees in positions not covered by a retirement system
- Coverage for employees in positions that are excluded from mandatory coverage provisions, but are optional exclusions under Section 218 Agreements (for example, student services).
- Medicare Hospital Insurance (HI)-only coverage for employees hired prior to April 1, 1986, who are members of a public retirement system.

Each state's original Agreement incorporates the basic provisions, definitions, and conditions for coverage. Only the State Social Security Administrator can initiate a request for Section 218 coverage on behalf of an entity in the state. Additional coverage can be provided by modifications. Each modification, like the original Agreement, is binding upon all parties.

In order to establish an Agreement, authority must exist under state law (state enabling legislation) to enter into an Agreement and to extend coverage under an Agreement. The types and extent of coverage provided under an Agreement must be consistent with federal and state laws.

State and local government employees who are covered under an Agreement have the same benefits, rights, and responsibilities as employees who have mandatory social security coverage. The cost to the employer of providing social security protection for state and local government employees is the same as that for employees in mandatory coverage.

Coverage under an Agreement must be provided for groups of employees. An Agreement may be modified to increase, but ***not*** to decrease, the extent of coverage. (An exception applies to election worker services and solely fee-based positions; see **Optional Section 218 Exclusions** below.)

Termination of Agreements

Before legislation was enacted in 1983, states could terminate coverage for any group of employees covered under the state's Section 218 Agreement. A state did this by providing a two-year advance notice to the federal government. Once it was terminated, the coverage for this group of employees could not be reinstated. The 1983 Social Security Amendments rescinded this provision and prohibited states from terminating coverage on or after April 20, 1983, but permitted states to cover again any group terminated before this date.

Coverage Groups

Coverage under Section 218 Agreements can be extended only to groups of employees, referred to as coverage groups. Once an employee position is covered under a Section 218 Agreement, any employee filling that position is a member of the coverage group for social security and Medicare. There are two types of coverage groups: **1)** an **absolute,** or

non-retirement, coverage group (employees not in a retirement system); and **2)** a **retirement system coverage group**. Each state decides, within federal and state law, which groups to include under its Agreement, and when their coverage begins. The state can choose to cover non-retirement system groups, retirement system groups, or both.

Absolute Coverage Groups (Non-Retirement System Groups)

An **absolute coverage group** includes the services of employees in positions not covered by a retirement system, except those whose services are mandatorily or optionally excluded from social security and Medicare coverage. They may also be referred to as **non-retirement system groups** or **Section 218(b)(5) groups**. A state may extend Section 218 coverage to an absolute retirement system group without considering the desires of the employees. An absolute coverage group may consist of any of the following:

- All employees of a state engaged in performing services in connection with governmental (nonproprietary) functions
- All employees of a state engaged in performing services in connection with a single proprietary function
- All employees of a political subdivision of a state engaged in performing services in connection with governmental (nonproprietary) functions
- All employees of a political subdivision of a state engaged in performing services in connection with a single proprietary function
- Certain civilian employees working with the National Guard of a state
- Individuals employed under an agreement between a state and the United States to perform services as inspectors of agricultural products

Retirement System Coverage Group

A retirement system coverage group consists of employees working in positions covered by a public retirement system (FICA replacement plan), as provided in section 218(d)(4) of the Social Security Act (Act). Such a group may be provided social security and Medicare coverage under an Agreement only if approved by a referendum. The Act gives the state the option, for referendum purposes, of breaking down a retirement system into its components. If a retirement system covers positions of employees of one or more political subdivisions of the state, the state has the following choices. It may hold a referendum for:

1) All employees in positions under the retirement system
2) State employees in positions under the system
3) Employees of one or more political subdivisions in positions under the system
4) Any combination of the groups in (2) and (3)
5) Employees of a hospital that is an integral part of a political subdivision
6) Employees of two or more hospitals (each hospital must be an integral part of the same political subdivision); or
7) Employees of each institution of higher learning

The referendum for retirement system employees is conducted either on a majority vote basis (allowed in all states), or on a divided system basis (allowed in certain states).

Majority Vote Referendum

Under this type of referendum, social security and Medicare coverage may be extended to employees in positions covered by a retirement system only if a majority of the eligible employees vote in favor of such coverage. A majority of ***all*** of the eligible employees under the system (not a majority of the eligible employees casting votes), must vote in favor of coverage. All states are authorized by federal law to use the majority vote referendum procedures. Although the referendum itself is a state matter, federal law requires that the following conditions be met to establish coverage:

1) Eligible employees are given not less than 90 days notice of the referendum
2) An opportunity to vote is given, and limited to eligible employees who were in an employment relationship with the employer both on the date the notice was given and on the date the referendum is held
3) The referendum is held by secret ballot
4) The referendum is supervised by the governor (or his/her designee)
5) A majority of the retirement system's eligible employees vote for coverage

Divided System Retirement Referendum

In addition to the majority vote referendum procedure, certain states and all interstate instrumentalities are authorized to divide a retirement system based on whether the employees in positions under the retirement system want coverage. Under the divided vote referendum, only those employees who vote "yes" and all future employees who become members of the retirement system will be covered. Members who vote "no" are not covered as long as they maintain continuous employment in a position within the same public retirement system coverage group.

The states having this authority under Section 218(d)(6)(c) of the Act are:

Alaska	Illinois	New Jersey	Tennessee
California	Kentucky	New Mexico	Texas
Connecticut	Louisiana	New York	Vermont
Florida	Massachusetts	North Dakota	Washington
Georgia	Minnesota	Pennsylvania	Wisconsin
Hawaii	Nevada	Rhode Island	

These "divided vote" states may choose between a divided system vote and a majority vote referendum.

States authorized to use the divided vote retirement system referendum to extend coverage may use either of two voting procedures:

1) ***Simplified One-Step Method:*** Poll all eligible members and divide the system into two parts, with each member placed in either the "Yes" or "No" group based on his or her choice (simplified one-step referendum), or

2) ***Original Two-Step Method:*** Subdivide the retirement system into two parts or systems – "Yes" and "No" groups - based on individual members' choices and then, after the individuals are separated based on this preference, conduct a majority vote referendum among the "Yes" group. These individuals can then change their original poll vote.

The conditions for a divided vote referendum are the same as those given for the majority vote referendum with two exceptions: (1) the ballots are not secret, because the individuals choosing coverage must be identified, and (2) the individual must be in an employment relationship and a member of the retirement system when the vote is held (but not necessarily when the referendum notice was given).

At the discretion of the state, employees who become members of the retirement system after the referendum (division) date and before the execution of the modification extending coverage to the retirement system coverage group may be given a choice to receive coverage.

The referendum procedures must be conducted under the direction of the State Social Security Administrator.

Continuation of Coverage Rules

Once coverage is provided for state and local government employees, it generally continues unless an event occurs that results in termination of the coverage, such as a change in employer. The continuation rules are applied for each type of coverage group as follows:

Absolute Coverage Group: Social security and Medicare coverage for non-retirement system groups continues as long as the continuing governmental entity exists. This is true even if the positions are later placed under a retirement system. (This provision includes police and firefighter positions that were first covered as an absolute coverage group.)

Majority Vote Retirement System Group: Following a favorable majority vote referendum, services under the retirement system, including positions brought under the retirement system in the future, are compulsorily covered for social security under the State's Section 218 Agreement. Social security and Medicare coverage will continue as long as the continuing governmental entity exists, even though the positions are later removed from under the retirement system, the system is abolished, or the positions are placed under an additional retirement system.

Divided Vote Retirement System Group: If the use of procedure (2) above – the original two-step referendum – results in a favorable majority, then the entire "Yes" group ***and*** all future members of the retirement system are covered.

As a result of procedure (1) – the simplified one-step referendum – all those retirement system members who voted "Yes" and all future retirement system members are covered for social security. If all current retirement system members vote against social security coverage (the "No" group), then only future retirement system members will be covered for social security and make up the "Yes" group.

Under a divided retirement system, employees carry the "no" or "yes " vote with them if they transfer to another position within the same retirement system coverage group. Social security coverage is not terminated because the positions are later covered under an additional retirement system.

If the divided vote retirement system is later abolished or positions are removed from coverage under it, the "Yes" group (those employees who voted "Yes" in the referendum and those subsequently hired retirement system members) continue to be covered for social security. New employees hired into positions after the removal from, or abolishment of, the former retirement system, are not covered for social security because they would not be considered new members of that former retirement system.

Section 218 Coverage Exclusions

When a state or local government entity voluntarily enters into the state's Section 218 Agreement with the Social Security Administration, it is important to determine which employee services will be excluded from social security coverage. If services are excluded, any employees performing these services are not covered by the Agreement.

Certain services – known as **mandatory exclusions** – are excluded from voluntary social security coverage by Section 218(c)(6) of the Social Security Act.

Other services, however, are **optional exclusions** under Section 218(c)(3), (5) and (8) and, therefore, may be covered under a voluntary Section 218 Agreement. Coverage under a Section 218 Agreement supersedes all other considerations. If optional exclusion services are covered under a Section 218 Agreement, these amounts are subject to social security and Medicare tax.

Mandatory Section 218 Exclusions Flow Chart (1)

Federal law requires the exclusion of the following services from section 218 coverage under Section 218(c)(6) of the Social Security Act:

- **Services performed by individuals hired to be relieved from unemployment.** The intent of the program establishes whether the program is designed to relieve individuals from unemployment. This is usually determined from the statutes or other authorities that established the program. The exclusion does not include services performed by individuals under programs, such as work-study, where the primary purpose is to provide work experience and training to increase the employability of the person, because the primary intent of such programs is not to relieve them from unemployment.

- **Services performed in a hospital, home or other institution by a patient or inmate thereof as an employee of a state or local government.** Generally, these services are performed by individuals who are not normally in an employment relationship with the state or political subdivision. In the case of work performed by inmates in a state prison or local jail, they are excluded from coverage, whether or not the services are performed outside the confines of the prison or jail, because in either case the inmates are normally not in such an employment relationship with the state or political subdivision. However, services performed by inmates outside the prison or jail for an entity other than the state or local government operating the prison or jail, such as on a work-release program, may be covered if an employment relationship exists. The employer for tax purposes is determined under the common-law rules, discussed in Chapter 4. **Note:** Services performed by patients or inmates as part of the rehabilitative or therapeutic program of the institution are not usually considered to be services performed by employees.

- **Covered transportation service.** This includes services performed by transportation system employees who are covered for Social Security under Section 210(k) of the Social Security Act.

- **Other services that would be excluded if performed for a private employer because the work is not defined as employment under Section 210(a) of the Social Security Act.** This includes services performed by a nonresident alien temporarily residing in the U.S. holding an F-1, J-1, M-1 or Q-1 visa, when the services are performed to carry out the purpose for which the alien was admitted to the U.S. (A state may optionally include certain agricultural services under a Section 218 Agreement.) See the section Foreign Students, Teachers and Apprentices later.

- **Services performed by an employee hired on a temporary basis in case of fire, storm, snow, earthquake, flood or similar emergency.** This exclusion applies only to those who are hired on a temporary basis in response to a specific emergency. It does not include workers considered temporary for other reasons, or individuals in a continuous employment relationship who perform services related to emergencies on a regular or continuing basis.

- **Service described in section 210(a)(7)(F) of the Social Security Act that is included as "employment" under section 210(a).** Services by individuals not covered by a public retirement system and subject to mandatory coverage are excluded from coverage under a Section 218 Agreement.

Caution: Mandatory exclusions apply to **voluntary** social security coverage situations (through a Section 218 Agreement) and should not be confused with the different set of exclusions that applies to **mandatory** social security coverage situations.

Optional Section 218 Exclusions Flow Chart (4)

Under a Section 218 Agreement, a state has the option to exclude from social security coverage the services listed below when they are performed by members of any coverage group, including retirement system coverage groups. If the Agreement does not specifically exclude these services, they are covered.

The following are positions and services that may be excluded at the option of the state:

- **All services in any class or classes of elective positions.** These are positions filled by an election; they also may be referred to as "elected officials." The election may be by a legislative body, a board or committee, or by the qualified electorate of a jurisdiction. The method of selection must constitute an election under state law. The election may be conducted through open voting by the electorate at large, or by a chosen body from a list of candidates. Generally, elective positions fall into three classes: executive, legislative, and judicial.

- **All services in any class or classes of part-time positions.** A part-time position is one for which the number of work hours normally required by the position in a week or a pay period is less than the normal time requirements for the majority of the positions in the employing entity. The part-time position exclusion is based on the normal time requirements of the position and not the time spent by an employee in the position. If a position is established as a full-time position, but the employee works part-time in this position, the exclusion does not apply. Conversely, if a position is established as a part-time position and the employee works full time in this position, the services of the employee are excluded. Whether seasonal or temporary positions that require full-time services for a period of short duration are part-time positions depends on the definition of part-time established for the coverage group. Where the part-time position exclusion is taken, the state should include a definition of "part-time" in the modification if one has not been previously established.

  Note: The definition of "part-time" under a Section 218 Agreement provisions may be different from the definition of "part-time" used to determine whether an individual is a qualified participant in a public retirement system (discussed in Chapter).

Example: A city provides social security coverage to some of its employees under a Section 218 Agreement, but excludes services performed in part-time positions. The Section 218 Agreement defines part-time positions as positions normally requiring less than 50 hours of service per month. The city must apply the definition in the Section 218 Agreement to determine which employees are excluded from social security coverage under the Agreement. Any employees excluded from coverage under the Agreement may then be subject to mandatory coverage.

- **All services in any class or classes of positions compensated solely by fees received directly from the public, by an individual who is treated by the municipality as self-employed.** See the section **Fee-Based Public Officials**, later.

- **Agricultural labor, but only those services that would be excluded if performed for a private sector employer.** A state that initially excludes agricultural labor may later modify its agreement to cover it. However, if agricultural labor is not excluded initially, it cannot be excluded later. If a state has not taken the agricultural exclusion, then all remuneration for agricultural labor is covered for social security.

- **Services performed by students enrolled and regularly attending classes at the school, college or university for which they are working.** The student exclusion applies only during periods of regular school attendance, whether during the regular academic year or in summer session. The exclusion does not apply to work done during summer vacation if the student is not attending a summer session. Services performed by students during holidays, weekends, seasonal breaks, and between semesters falling within the academic year when classes are not scheduled, are excluded.

- **Services performed by election officials or election workers paid less than the calendar year threshold amount mandated by law.** (If the state's Section 218 Agreement does not have an election-worker exclusion or the entity has an Agreement that does not exclude election workers, social security and Medicare taxes apply from the first dollar paid.) See the section **Election Officials and Election Workers**, later.

Note: Effective July 2, 1991, elective and part-time positions, although optionally excluded under a Section 218 Agreement, must be covered under a qualifying public retirement system or else they will be covered for social security under the mandatory social security provisions.

Optional exclusions can be taken by the state in any combination and applied to both absolute and retirement system coverage groups. Any services a state excludes can be included later if permitted by federal and state law and the state's Agreement. Generally, if one of the types of work listed above has been included in a coverage group, it cannot later be removed from coverage, except for services performed by (1) election officials/workers, and (2) solely fee-based positions.

Optional exclusions apply only to voluntary social security coverage under a Section 218 Agreement; there are no optional exclusions from mandatory coverage.

Note: *The 1972 Amendments to the Social Security Act allowed states a limited period to exclude services in part-time positions and services performed by students, in cases where this exclusion was not initially chosen. An additional window to make this election was provided by Public Law 105-277, enacted October 21, 1998, which allowed states a limited period to exclude the services of students employed by the public school, college or university where they are regularly attending classes. In those states exercising this option, the student exclusion was effective July 1, 2000. Where a state used either or both of these special one-time provisions for excluding services that had been covered previously, it cannot again cover these services under a Section 218 Agreement.*

2) Employees Under Mandatory Social Security Coverage

Public Law 101-508 mandated full social security coverage beginning July 2, 1991, for state and local government employees who are not members of a qualifying public retirement system (also called a "FICA replacement plan") and who are not covered under a Section 218 Agreement, unless a specific exclusion applies under the law.

If an employee is mandatorily covered for social security, then becomes a member of a qualifying public retirement system, mandatory coverage ends; social security coverage would apply only if the position becomes covered by a Section 218 Agreement.

If an employee becomes a member of a public retirement system and is covered for social security under a Section 218 Agreement, the employee continues to be covered for social security and Medicare.

The determination of whether an employee is covered by mandatory social security is made on an individual basis. For example, a Section 218 Agreement may exclude part-time positions, and a public retirement system may exclude part-time employees for the same entity. If an employee is excluded from section 218 coverage because of work performed in a part-time position, (as defined under the Agreement), and is also excluded from membership in a public retirement system because of part-time status, that employee is subject to mandatory social security.

> **Example:** A city has a Section 218 Agreement that excludes part-time positions requiring less than 18 hours of work a week. City cafeteria positions require employees to work only 3 hours per day, or 15 hours per week. The city's public retirement system does not allow

membership for employees unless they work 25 hours or more per week. The cafeteria workers are subject to mandatory social security.

Exclusions from Mandatory Social Security Coverage Flow Chart (2)

Under Section 210(a) of the Social Security Act, the following categories of employees are not subject to mandatory social security coverage, even if they are not covered by a public retirement system:

- **Services performed by individuals hired to be relieved from unemployment.** The intent of the program establishes whether the program is designed to relieve individuals from unemployment. This is usually determined from the statutes or other authorities that established the program. The exclusion does not include services performed by individuals under programs, such as work-study, where the primary purpose is to provide work experience and training to increase the employability of the person, because the primary intent of such programs is not to relieve them from unemployment.

- **Services performed in a hospital, home or other institution by a patient or inmate thereof as an employee of a state or local government.** Generally, services performed by inmates in a state prison or local jail are excluded from coverage. This is true whether or not the services are performed outside the confines of the prison or jail, because the inmates are not normally in an employment relationship with the state or political subdivision. However, services performed by inmates outside the prison or jail for an entity other than the state or local government operating the prison or jail, such as on a work-release program, may be covered if an employment relationship exists. The employer for tax purposes is determined under the common-law rules, discussed in Chapter 4. ***Note:*** Services performed by patients or inmates as part of the rehabilitative or therapeutic program of the institution are generally not employment.

- **Services performed by an employee hired on a temporary basis in case of fire, storm, snow, earthquake, flood or similar emergency.** This exclusion applies only to those workers who are hired on a temporary basis in response to a specific emergency. It does not include workers considered temporary for other reasons, or individuals in a continuous employment relationship who perform services related to emergencies on a regular or continuing basis.

- **Services performed by election officials or election workers paid less than the calendar year threshold amount mandated by law, unless a Section 218 Agreement covers election workers.** See the section **Election Officials and Election Workers,** below.

- **Services in positions compensated solely by fees that are subject to self-employment tax (SECA), unless a Section 218 Agreement covers these services.** See the section **Fee-Based Public Officials**, below.

- **Services performed by a nonresident alien temporarily residing in the U.S. holding an F-1, J-1, M-1 or Q-1 visa, when the services are performed to carry out the purpose for which the individual was admitted to the U.S.** See the section **Foreign Students, Teachers and Apprentices** below.

- **Services performed by students enrolled and regularly attending classes at the school, college or university where they are working, unless a Section 218 Agreement covers student services.**

- **Services that would be excluded if performed for a private employer because the work is defined as employment under Section 210(a) of the Social Security Act, unless a Section 218 Agreement covers certain agricultural services.**

Note: Coverage under a Section 218 Agreement always takes precedence over other employment circumstances. When considering whether the mandatory social security coverage and exclusion rules apply to a worker's services, first determine whether the services are covered by a Section 218 Agreement.

Election Officials and Election Workers

Prior to the 1967 Social Security Amendments, there was no specific provision for the exclusion of election officials or election workers. The Social Security Act was amended for years beginning with 1968 to allow states to modify their Agreements to exclude the services of election officials and election workers whose pay was below an annually determined threshold amount.

The Federal Insurance Contributions Act (FICA) tax exclusion for election officials and election workers is $1,600 for the calendar year beginning January 1, 2015, unless those wages are subject to social security and Medicare at a lower threshold under the state's Section 218 Agreement.

If the entity is covered by a Section 218 Agreement, the Agreement determines the treatment of election workers for FICA purposes. The Agreement may specify a lower threshold amount for election officials and election workers (for example, $50 a calendar quarter or $100 a calendar year). In these states, the social security and Medicare tax applies when the amount specified in the state's Agreement is met. States may modify the Agreement to exclude the services of election officials and election workers paid less than the threshold amount mandated by law. Such modifications are effective in the calendar year the modification is mailed or delivered to the Social Security Administration.

If the Section 218 Agreement does not exclude election workers from coverage, or does not provide a threshold for coverage, social security and Medicare taxes apply from the first dollar paid. If the entity is not covered under a Section 218 Agreement, the rules for mandatory social security and Medicare under Section 210(a)(7)(F) of the Social Security Act apply.

The election official/worker thresholds under mandatory social security for calendar years prior to 2016 are as follows:

2013-2015	$1,600
2009-2012	$1,500
2008	$1,400
2006-2007	$1,300
2002-2005	$1,200
2000-2001	$1,100
1995-1999	$1,000
1978-1994	$ 100

For calendar years 1968 through 1977, the threshold was $50 per calendar quarter.

Generally, Form W-2 is required for these workers; however, if the worker received only wages for election work and the total is less than $600 total for the year, Form W-2 is not required and no withholding of social security or Medicare tax is required. The amount paid is includible in the gross income of the worker. Revenue Ruling 2000-6 provides reporting procedures for payments to election officials and election workers in several different situations.

Contact your State Social Security Administrator concerning the status of election officials and election workers under the state's Section 218 Agreement. Additional information and threshold amounts can be found on the SSA website.

Fee-Based Public Officials

A fee-based public official receives and retains remuneration directly from the public. An individual who receives payment for services from government funds in the form of wages or salary is not a fee-based public official, even if the compensation is called a fee.

Beginning in 1968, services performed in positions compensated solely by fees are excluded from coverage under Section 218 Agreements unless the state specifically covers these services. If a state covered these positions before 1968, it may modify its Agreement to exclude these positions prospectively. The exclusion is effective the first day of the year following the year in which the modification is mailed or delivered by other means to SSA. If a state covered and later excluded these positions, the state cannot again cover these positions.

Fee-Basis Exclusion – Positions Compensated Solely by Fees

Services in positions compensated solely by fees are excluded from coverage under Section 218 Agreements (except where the state specifically included these services) and are covered as self-employment and subject to self-employment tax (SECA).

Fee-Basis Exclusion – Position Compensated by Salary and Fees

Generally, a position compensated by a salary and fees is considered a fee-basis position if the fees are the principal source of compensation, unless a state law provides that a position for which any salary is paid is not a fee-basis position.

If the state law does include this provision, none of the compensation, including the salary, is covered wages under the state's Section 218 Agreement. In this case, the salary payment, while excluded under the Agreement, is subject to mandatory social security if the official is not a qualified participant in a public retirement system.

Police Officers and Firefighters

Beginning August 16, 1994, ***all*** states were allowed to extend Section 218 social security and Medicare or Medicare-only coverage to police officer and firefighter positions covered under a retirement system through a referendum procedure conducted by the state. (Prior to August 16, 1994, only 23 states, and all interstate instrumentalities, were specifically authorized by Congress to do so.) Those states were:

Alabama	Kansas	North Carolina	Tennessee
California	Maine	North Dakota	Texas
Florida	Maryland	Oregon	Vermont
Georgia	Mississippi	Puerto Rico	Virginia
Hawaii	Montana	South Carolina	Washington
Idaho	New York	South Dakota	

As noted earlier, all states may use the majority vote referendum procedure. Some states are also authorized under the Act to use the divided retirement system referendum, discussed earlier. (Interstate instrumentalities may use the majority or divided retirement system referendum procedures.) As with other retirement system employees, before referendums can be held and coverage extended to police officer and firefighter positions already covered by a retirement system, there must first be authority to provide such coverage under state law (state statutes and/or the enabling act) and the federal-state agreement (via a modification to the state's Section 218 Agreement).

Generally, state statutes and court decisions establish the definition of police officer and firefighter positions. For social security purposes, the terms do not include services in positions that, although connected with police and firefighting functions, do not meet the definitions of police officer and firefighter positions.

Note: *Police officers and firefighters are* ***not*** *considered emergency workers for purposes of the mandatory exclusion from social security and Medicare coverage for such workers. This exclusion applies only to services of an employee who was hired because of an unforeseen emergency to do work in connection with that emergency on a temporary basis to provide emergency assistance in fires or other disasters such as severe ice storm, earthquake, volcano eruption or flood.*

Police and Firefighter Positions Not Covered Under a Retirement System

If police officer and firefighter positions are not covered under a retirement system, these positions are mandatorily covered for social security and Medicare unless the positions were already covered under a Section 218 Agreement as part of a non-retirement system coverage group.

Foreign Students, Teachers and Apprentices

Individuals admitted to the United States under an F-1, J-1, M-1 or Q-1 visa are generally exempt from both social security and Medicare taxes. Wages earned within the United States are subject to income tax, whether or not the workers are U.S. citizens. Nonresident students who are not U.S. citizens, permanent residents or resident aliens for tax purposes may be able to take advantage of treaty exemptions to exclude a portion of their U.S. source income from withholding. For more information on specific treaty provisions, contact the IRS or SSA. The following IRS publications have additional information on social security and Medicare coverage for foreign workers:

- Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*
- Publication 519, *U.S. Tax Guide for Aliens*
- Publication 901, *U.S. Tax Treaties*

3) Employees With No Social Security Coverage

The final category of workers includes those who are not subject to any voluntary or mandatory social security coverage at all. This can only occur where the workers are covered by a qualifying public retirement system ("FICA replacement plan") and are not covered by a Section 218 Agreement. Employers of these workers will not withhold social security taxes or show any "social security wages" on Form W-2; they are generally covered for Medicare. Public retirement systems are the subject of Chapter 6.

Identifying Covered Employment

In addition to determining whether specific employees are members of a social security coverage group, questions may arise as to whether certain positions constitute employment. These determinations may be based on decisions regarding specific issues to which either federal or state law is applicable. It is important to know whether federal or state law is applied in making a determination on a specific issue. Generally, questions involving interpretation or application of state law are resolved by the authorized legal officers of the state in accordance with applicable state and local laws, regulations and the state court decisions. Jurisdiction for some of the major questions is indicated in the table below:

Federal Law:
Does an employer-employee relationship exist?
Who is the employer?
Are the earnings wages?
What are emergency services?
What are student services?

State Law:
Who is an officer of a state or political subdivision?
Is an entity a political subdivision?
Is a function governmental or proprietary?
Is a position under a retirement system?
Which employees are eligible for membership in a retirement system?
Who is an employee for purposes of retirement system participation?

Although federal law determines whether earnings are wages subject to social security and Medicare, state laws have a bearing on the issue of employment, such as whether a position is that of a public official of a state. Where this is the case, an opinion of the state legal officer may be requested. The state's opinion will be given weight in making the decision, but it will not be determinative of the issue. Before contacting IRS or SSA, contact the State Social Security Administrator for guidance.

The federal courts provide the ultimate determination of how social security and tax laws will apply in a given situation.

Note: Federal Circuit Court decisions are binding only in the circuit in which they are issued. For a map of federal Circuit Court jurisdictions, see the interactive map at www.uscourts.gov/court_locator.aspx.

Identity of the Employer for Social Security Coverage Purposes

Because entities have different social security and retirement plan situations, it is important to determine which of two or more entities, organizations, or individuals is the employer. In some cases, certain individuals, referred to as "leased workers," are supplied or paid by one entity but work under the direction of another. Generally, if there is a provision in a statute or ordinance that creates a position and the individual is hired or elected under this authority, the individual is an employee of the state or political subdivision to which the provision applies. If there is no such authority, the employer is the entity that has the right to control the worker in the performance of the work, i.e., the common-law employer.

The employing entity is responsible for withholding and paying social security and Medicare taxes on its employees' wages, as well as reporting to SSA the amount of wages paid. These withholding, paying and reporting requirements apply to wages of individuals subject to mandatory social security and Medicare, as well as to wages of individuals covered under a Section 218 Agreement. See Publication 15.

Indian Tribal Governments and Section 218

Indian Tribal Governments, while treated as states for other purposes, are not treated as states for social security and Medicare tax purposes under Internal Revenue Code (IRC) section 7871. Thus, Indian tribal governments do not enter into Section 218 Agreements with SSA and may not participate in a public retirement system as an alternative to paying social security and Medicare tax under the provisions of IRC section 3121(b)(7)(F).

Mandatory Medicare Coverage

Prior to April 1, 1986, state and local government employees could only be covered for Medicare through a voluntary Section 218 Agreements between the state and the federal government. This changed with the enactment of the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985, which mandated that all state and local employees hired or rehired after March 31, 1986, must be covered for Medicare, and pay Medicare taxes regardless of their membership in a retirement system. Employees covered by social security under a Section 218 Agreement are automatically covered for Medicare. Public employees already covered under a Section 218 Agreement are covered under Medicare and subject to the tax. Employees who are not covered by social security, but are subject to the Medicare-only portion of FICA, are referred to as Medicare Qualified Government Employees (MQGE). Reporting procedures for MQGE employees are covered in Chapter 3.

Employees who have been in continuous employment with the employer since March 31, 1986, who are not covered under a Section 218 Agreement nor subject to the mandatory social security and Medicare provisions, remain exempt from both social security and Medicare taxes, provided they are members of a public retirement system. (See Continuing Employment Exception, below.)

The flowchart "Social Security and Medicare Coverage for State and Local Government Employees" in Chapter 1 shows how to determine whether Medicare coverage applies.

Continuing Employment Exception Flow chart (3)

Services performed after March 31, 1986, by an employee who was hired by a state or political subdivision employer before April 1, 1986, are exempt from mandatory Medicare tax if the employee is a member of a qualifying public retirement system and ***all*** of the following requirements are met:

- The employee was performing regular and substantial services for remuneration for the state or political subdivision employer before April 1, 1986, and
- The employee was a bona fide employee of that employer on March 31, 1986, and
- The employment relationship with that employer was not entered into for purposes of avoiding the Medicare tax, and
- The employment relationship with that employer has been continuous since March 31, 1986.

In general, the following employment changes are considered continuous employment and qualify the employee for the exception:

1) From a state agency to another state agency in the same state.
2) From an employer of one political subdivision to an employer in the same political subdivision.

The following are **not** considered continuous employment for this purpose:

1) From a state agency to a political subdivision of that state.
2) From a political subdivision to a state agency.
3) From one political subdivision to another.
4) From a state agency to an agency of another state.

See Revenue Ruling 86-88, Revenue Ruling 88-36, (in the Appendix) and Revenue Ruling 2003-46 for more information about the continuing employment exception.

The Centers for Medicare & Medicaid Services (CMS) is the federal agency that administers the Medicare program. For more information, see the CMS website.

Services Not Subject to Mandatory Medicare Coverage

The following are not subject to mandatory Medicare tax even though the services are performed by an employee hired after March 31, 1986. ***(Note: These are the same services that are excluded from mandatory social security coverage, discussed earlier.)***

- Services performed by individuals hired to be relieved from unemployment. (This does not include many programs financed from federal funds where the primary purpose is to give the employee work experience or training.)
- Services performed in a hospital, home or other institution by a patient or inmate thereof as an employee of a state or local government employer.

- Services performed by an employee on a temporary basis in case of fire, storm, snow, earthquake, flood or other similar emergency.
- Services performed by non-resident aliens with F-1, J-1, M-1 and Q-1 visas.
- Services in positions compensated solely by fees that are subject to SECA, the Self-Employment Contributions Act (unless a Section 218 Agreement covers these services).
- Services performed by a student enrolled and regularly attending classes at the school, college or university where he or she is working (unless a Section 218 Agreement covers student services).
- Services performed by an election worker or official whose pay in a calendar year is less than the amount mandated by law (unless a Section 218 Agreement covers election workers).
- Services that would be excluded if performed for a private employer because it is not work defined as employment under Section 210(a) of the Social Security Act (unless a Section 218 Agreement covers certain agricultural services).

See the sections on **Mandatory Exclusions** and **Optional Exclusions** in this chapter for more details on these exclusions.

Voluntary Medicare Coverage

A Section 218 Agreement can be executed to provide Medicare-only coverage for employees who are qualified participants in a public retirement system and not covered under a Section 218 Agreement and not subject to the mandatory Medicare provisions. Contact your State Social Security Administrator for further information. (A list of State Administrators is available at www.ncsssa.org.)

Frequently Asked Questions

1) **Are any services excluded from mandatory social security and Medicare coverage?** Yes. The same exclusions apply to mandatory social security and mandatory Medicare; this list appears in this chapter under the discussion of mandatory social security and again under the discussion of mandatory Medicare. see the lists in this chapter. However, some services excluded from mandatory coverage under provisions of the Internal Revenue Code may be covered by a Section 218 Agreement. [IRS, SSA]

2) **If a local government has a public retirement system that qualifies as a FICA replacement plan and does not have a Section 218 Agreement, can employees elect to participate in social security on a voluntary basis?** No. An employee can only participate in social security if the position is covered either by the mandatory provisions or by a Section 218 Agreement. Only the State Social Security Administrator can initiate a request for Section 218 coverage. [SSA]

3) **Does a college student employed by a university during the summer months qualify for the student social security and Medicare exception from**

mandatory social security if he/she is not regularly enrolled and attending classes at the university during that time? If an individual is not enrolled in classes during school breaks of more than five weeks, including summer breaks, the student social security and Medicare exception does not apply (other than during payroll periods of a month or less that fall wholly or partially within the academic term). See Revenue Procedure 2005-11, sections 7.04 and 7.05. [IRS]

4) **Are elected and appointed officials considered employees?** For income tax purposes, elected (or elective) and most appointed officials are defined by section 3401(c) of the Internal Revenue Code as employees of the public entity they serve (e.g., mayors, members of the legislature, county commissioners, city council members and board or commission members). In general, elected as well as appointed officials will meet the common-law tests to be considered employees. Regardless of the common-law tests, some positions may be defined as employment by state statute. Some fee-basis officials are by law treated as self-employed. An elected or appointed official who is an employee is subject to rules for mandatory social security and Medicare unless covered under a Section 218 Agreement or a qualified participant in a retirement system. All officials elected or appointed to their positions after March 31, 1986, are subject to Medicare withholding. See Chapter -. [IRS]

5) **How is "termination of employment" defined for purposes of determining whether the continuing employment exception for Medicare tax is applicable?** Whether an employment relationship has terminated is a question of fact that must be determined on the basis of all the relevant facts and circumstances. Great weight, however, will be given to the personnel rules of the state employer or political subdivision employer to determine whether an employment relationship has been terminated. (Revenue Ruling 86-88.) [IRS]

6) **An employee who was hired before April 1, 1986, by the state transferred after March 31, 1986, to another state agency. The transfer was made without terminating the employee's employment with the state. Does the employee qualify for the continuing employment exception?** Yes. An employee hired before April 1, 1986, by a state employer who transfers after March 31, 1986, to another state employer of the same state may qualify for the continuing employment exception, provided the transfer was made without a termination of the employee's overall employment relationship with that state. The same rule applies to an employee hired before April 1, 1986, by a political subdivision employer, who transfers after March 31, 1986, to another employer of that same political subdivision. However, an employee hired before April 1, 1986, does not qualify for the continuing employment exception if after March 31, 1986, the employee transfers from a state employer to a political subdivision employer or from a political subdivision employer to a state employer. Likewise, an employee does not qualify for the exception if the employee transfers from a political subdivision employer in one political subdivision to a political

subdivision employer in a different political subdivision, or from a state employer in one state to a state employer in a different state. [IRS]

7) **Can employees who were hired prior to April 1, 1986, and who are not currently paying into Medicare, enroll in Medicare in the future?** Individual employees can never elect voluntarily to participate in social security or Medicare. State or local public employers can voluntarily choose to cover one or more groups of employees under Medicare-only, even if they are otherwise exempt because of the continuing employment exception. To elect such coverage, the state or local government (through the state) must enter into a modification of the state's Section 218 Agreement. Contact your State Social Security Administrator for further information about a Medicare-only modification. If an individual's state or local government employment is not covered under social security or Medicare, the individual may not be insured (i.e., have enough work credits) for Medicare based on his/her own wages. That individual may be entitled to coverage based on sufficient other work that is covered for social security, or Medicare on his/her own earnings record or that of an insured spouse. [SSA]

Glossary

Absolute Coverage Group (also called a "non-retirement coverage group) - for Section 218 coverage purposes, a group of employees whose positions are not covered under a public retirement system; also referred to as a "non-retirement system coverage group" or a "Section 218(b)(5) coverage group".

Alternative Lookback Rule – An optional method for determining whether an employee can be treated as a qualified participant in a retirement plan for purposes of determining whether mandatory social security applies. Under this rule, an employer may treat an employee as a qualified participant in the first year of employment if it is reasonable to believe the employee will be a qualified participant on the last day of the plan year. An employer may treat an employee as a qualified participant in a calendar year if the employee was a qualified participant at the end of the previous plan year. See Section 31.3121(b)(7)-2(d)(3), Employment Tax Regulations.

Continuing Employment Exception – Provision for exclusion of an employee from Medicare tax and coverage for services of a state or local government employee who is not covered by a Section 218 Agreement and is a participant in a public retirement system and meets all of the following requirements:

- The employee was performing regular and substantial services for remuneration for the employer before April 1, 1986;
- The employee was a bona fide employee on March 31, 1986;
- The employment relationship was not entered into for purposes of avoiding the Medicare tax; and
- The employment relationship with the employer has not been terminated after March 31, 1986.

Coverage Groups – Categories of state and local government employees with respect to a Section 218 Agreement. There are two types of coverage groups:

1. ***Absolute coverage groups***, composed of employees in positions not covered under a retirement system; and

2. ***Retirement system coverage groups***, composed of employees in positions covered by a retirement system.

The Social Security Act gives each state the right, within the limits of state and federal laws, to decide which coverage groups are to be included under its Agreement and any modifications to the Agreement.

Defined Benefit Plan – An employer plan that determines retirement benefits under a formula, generally based on age, years of service and salary level.

Defined Contribution Plan – An employer plan that provides for an individual account for each participant and for benefits based solely on the amount contributed to the participant's account, and any income, expenses, gains, losses and forfeitures of accounts of other participants that may be allocated to the participant's account.

Earnings Record - The information maintained by the Social Security Administration for an individual indicating social security and Medicare covered wages and self-employment income. Each individual's record is accessed by social security number (SSN).

Employee – Generally any individual who, under the usual common-law rules applicable in determining the employer-employee relationship, is subject to the employment tax requirements of Internal Revenue Code (IRC) 3121 and 3401. The term is defined for social security and Medicare purposes in Sections 210(j) and 218(b)(3) of the Social Security Act and IRC section 3121(d).

Employer Identification Number (EIN) – A unique nine-digit identification number assigned by IRS to state and local governments, businesses, and other entities for tax-filing and reporting purposes, including withholding and paying FICA taxes. An entity can obtain an EIN by filing Form SS-4, Application for Employer Identification Number, with the IRS.

Entity – A separate legal "person," that is not an individual; includes a corporation, partnership, LLC, or a political unit, including a state, a political subdivision, a wholly-owned instrumentality, a municipality, etc.

Federal Insurance Contributions Act (FICA) – Federal statute providing for payroll tax deduction to fund social security and Medicare coverage.

Federal Unemployment Tax Act (FUTA) – Federal statute imposing tax on employers in order to provide for payments of unemployment compensation to workers who have lost their jobs. States and political subdivisions of a state are exempt from paying FUTA, but under state unemployment law, most state and local government employees must be covered for state unemployment insurance.

Fee-Based Public Official – A public official who receives and retains remuneration directly from members of the public; for example, a justice of the peace. An official who receives payment for services from government funds in the form of a wage or salary is not a fee-based public official, even if the compensation is called a fee.

FICA - Federal Insurance Contributions Act; refers to social security and Medicare taxes withheld from wages to fund the social security system.

FICA Replacement Plan – Alternate name for a public retirement system, as described in the regulations for section 3121(b)(7)(F). Refers to a pension, annuity, retirement, or similar fund or system established by a state or political subdivision for the purpose of providing retirement benefits to employees. See Public Retirement System.

FRA (Full Retirement Age) – The age at which unreduced social security benefits are payable. Depending on the date of birth, an individual's FRA ranges from 65 to 67.

Full Social Security – Coverage for both the Old-Age, Survivors, and Disability Insurance (OASDI) program and Medicare Hospital Insurance (HI). Both the employer and employee pay these taxes.

FUTA - Federal Unemployment Tax Act; refers to tax paid by employers to fund unemployment insurance. Government employers are generally not subject to FUTA.

Governmental Function – Activity normally associated with the authority of government, legislative, executive, judicial, such as the control and prevention of crime, promoting the general welfare, and providing for public safety. Income derived from any essential governmental function is exempt from federal income tax under IRC section 115.

Government Pension Offset (GPO) – A reduction in the social security benefits that applies to individuals who (1) receive a government pension from work not covered for social security and (2) are eligible for social security as a spouse or widow(er). Two-thirds of the government pension offsets any spouse's or widow(er)'s social security benefit.

HI - Hospital Insurance (Medicare Part A).

Indian Tribal Government – The governing body of any federally recognized tribe, band, community, village or group of Indians or Alaska Natives that is determined by the Secretary of the Treasury, with the Secretary of the Interior, to exercise governmental functions, under IRC section 7701(a)(40). Under IRC section 7871, an Indian tribal government is treated as a state for certain purposes. Likewise, a subdivision of an Indian tribal government is treated as a political subdivision of a state if that the subdivision has been delegated the right to exercise one or more of the substantial governmental functions of the Indian
Tribal government. However, a tribal government is not a "state" for purposes of Section 218 and is not eligible for a Section 218 Agreement.

Interstate Instrumentality – An independent legal entity organized by two or more states to carry out one or more governmental functions. For purposes of a Section 218 Agreement, an interstate instrumentality has the status of a state.

IRC - Internal Revenue Code.

IRS - Internal Revenue Service.

Mandatory Exclusions – Categories of services that are not covered for social security under Sections 210 and 218 of the Social Security Act. These exclusions should not be confused with the the different set of exclusions that apply to those services not covered under the Section 210 mandatory social security provisions.

Mandatory Medicare (HI) – Medicare tax and coverage not included as part of a Section 218 Agreement; imposed on all state and local government employees hired or rehired after March 31, 1986.

Mandatory Social Security – Required social security coverage for state and local government employees who are not members of a public retirement system and who are not covered by a Section 218 Agreement; effective July 2, 1991.

Medicare – Federally established health insurance program for people age 65 and older and certain people with disabilities. Part A (Hospital Insurance – HI) is financed through employer and employee taxes on covered wages/self-employment or by individual payment of monthly premiums. Part B (Supplemental Medical Insurance – SMI) is financed by individuals paying monthly premiums.

Medicare Qualified Government Employment (MQGE) – Services of state and local government employees subject to Medicare tax but not to social security tax.

Modification – An amendment to an original Section 218 Agreement to extend coverage to additional groups of employees or to implement changes in federal and state laws. Each modification, like the original Agreement, is a legally binding document.

MQGE – Medicare Qualified Government Employment.

NCSSSA (National Conference of State Social Security Administrators) – Professional association of State Social Security Administrators. These state officials are authorized by state law to administer Section 218 Agreements with the Social Security Administration and responsible for all other activities associated with federal and state laws addressing social security and Medicare coverage of state and local public employers. Additional duties of individual State Administrators vary from state to state.

Non-Covered Employment – Employment not covered by social security under the Social Security Act and the Internal Revenue Code.

Nonproprietary Function – Governmental activity integral to the operation of a state or political subdivision, e.g., maintaining order or levying tax; distinguished from activity in the nature of a private or commercial venture).

Old-Age, Survivors and Disability Insurance Program (OASDI) – Program administered by the Social Security Administration, providing monthly benefits to retired and disabled workers, their spouses and children, and to survivors of insured workers.

Optional Exclusions – Categories of services that, under social security law, may be included or excluded from coverage under a Section 218 Agreement at the option of the state.

Parallel Social Security Office (PSSO) – The SSA office, usually located in the state capital, responsible for day-to-day negotiations with the states on state and local coverage issues.

Pension Plan – A plan that provides systematically for the payment of definitely determinable benefits to employees over a period of years, usually for life, after retirement. Retirement benefits are generally determined by factors such as an employee's years of service, age, and compensation.

Political Subdivision – A separate legal entity of a state that has governmental powers and functions. Examples of political subdivisions include a county, city, town, village, school district and other similar governmental entities.

Proprietary Function – Function of a governmental entity, such as a business venture for profit or in competition with private industry, or other discretionary act on behalf of citizens, that by its nature is not an integral governmental activity.

PSSO – Parallel Social Security Office.

Public Retirement System – (Also called a "FICA replacement plan") A plan, fund or system established by a state or political subdivision for the purpose of providing retirement benefits to employees that meets the tests under IRC section 3121(b)(7)(F) and section 31.3121(b)(7)-2(e) of the Employment Tax Regulations. A public retirement system may be a pension, annuity, retirement, or similar system. For this purpose, it is irrelevant whether a public retirement system is a "qualified plan" within the meaning of the Employees' Retirement Income Security Act of 1974 (ERISA).

Qualified Participant – An individual who is (or has been) an actual participant in a public retirement system and who has a total accrued benefit under the retirement system that meets the minimum retirement benefit requirements of IRC section 3121(b)(7) and regulations thereunder. Section 31.3121(b)(7)-2(d) of the Employment Tax Regulations establishes standards for defined contribution retirement systems. See Rev. Proc. 91-40 in the Appendix, for safe-harbor formulas for defined benefit retirement systems.

Retirement System – See Public Retirement System.

Retirement System Coverage Group – A group of employees whose positions are covered under a retirement system by referendum under the provisions of Section 218(d). The retirement system does not need to meet the tests under IRC Section 3121(b)(7)(F) and Section 31.3121(b)(7)-2(e) of the Employment Tax Regulations to secure coverage under a Section 218 Agreement.

SECA - Self Employment Contributions Act.

Section 218 Agreement – Voluntary agreement between a state and the Commissioner of Social Security (prior to March 31, 1995, the Secretary of Health and Human Services); allows states to voluntarily provide social security and Medicare or Medicare-only coverage for the services of state and local government employees. The Section 218 Agreements cover positions, not individuals; if the position is covered under the agreement, then any employee filling that position is subject to FICA taxes.

Self-Employment Contributions Act (SECA) – Federal statute imposing tax on the net earnings of self-employed individuals, to fund social security and Medicare.

Social Security Act (Act) – Federal statute providing Old-Age, Survivors and Disability Insurance (OASDI) and Hospital Insurance (Medicare), as well as other benefits.

Social Security Administration (SSA) – An independent agency in the executive branch of the federal government responsible for administering the Old-Age, Survivors and Disability (OASDI) insurance program and for determining eligibility for Medicare benefits.

Social Security Statement – Annual statement issued by SSA to workers, with information about their individual social security and Medicare earnings as reported by employers, with estimates of the different types of benefits for which they and their family may qualify.

Social Security Number (SSN) – The identification number assigned by the Social Security Administration to individuals. It must always be used in reporting an individual's earnings and in correspondence regarding specific employees. Each individual's earnings record is maintained under this number.

State – For purposes of a Section 218 Agreement, one of the fifty states, Puerto Rico, the Virgin Islands and interstate instrumentalities. The term, for this purpose, does not include the District of Columbia, Guam or American Samoa.

State Social Security Administrator (SSSA) – The principal state official authorized by state law to administer the Section 218 Agreement with the Social Security Administration, responsible for all other activities associated with applicable federal and state laws addressing social security and Medicare by state and local public employers in the state.

Taxpayer Identification Number (TIN) – The number used to identify employee (SSN) or employer (EIN) for tax reporting purposes.

Wage Base – The maximum amount of wages of each worker that is subject to the OASDI portion of social security tax in any calendar year. The social security wage base is adjusted annually. There has been no wage base limit for Medicare since 1994.

Wholly-Owned Instrumentality – An entity created by or pursuant to state statute to carry on a governmental function of a state or political subdivision. It is an independent legal entity with the power to hire, supervise, and discharge its employees and, generally, it may sue and be sued, may enter into contracts, and may hold or transfer property in its own name. Normally a wholly-owned instrumentality of a state or political subdivision does not exercise governmental powers, e.g., the police power, the taxing power and the power of eminent domain. An instrumentality can also be created by a state and a political subdivision, by more than one political subdivision, or by more than one state. See "Interstate Instrumentality."

Windfall Elimination Provision (WEP) – A social security benefit formula that may be applied to workers who receive both a social security retirement or disability benefit AND a pension based on work not covered under social security. The WEP benefit formula produces a lower social security retirement or disability insurance benefit.

IRS

Government Retirement Plans Toolkit

Retirement plans established for the benefit of governmental employees generally function in ways similar to those covering private employers. However, in many cases, different sections of the Internal Revenue Code determine the tax treatment of these plans. Depending on the statutory basis for the plan and how it operates, employer and employee contributions may be subject to Federal income tax at the time of contribution, or tax-deferred until distributed; and they may be taxable or excluded from social security and Medicare taxes (FICA).

Public Retirement Systems (FICA Replacement Plans)

Effective July 2, 1991, Congress made social security coverage mandatory for state and local government employees who are neither covered by a Section 218 Agreement nor qualifying participants in a public retirement system. Under this provision, states can provide these mandatorily covered employees with membership in a public retirement system as an alternative to mandatory social security coverage. Employees may also be covered by both a public retirement system and social security under a section 218 Agreement.

A governmental retirement plan must meet certain minimum benefit or contribution standards to qualify as a public retirement system, and thereby serve as a "replacement" plan exempting the participants from mandatory social security coverage. These standards are based solely on meeting a minimum benefit level provided (defined benefit plan), or a minimum amount contributed (defined contribution plan) to the participant. Whether a plan meets the standard to exempt employees from mandatory FICA has no bearing on the rules discussed below, and a public retirement system is not necessarily a "qualified plan" within the meaning of Employee Retirement Income Security Act (ERISA). For a detailed discussion of the requirements for public retirement systems, see Chapter 6 of Publication 963, *Federal-State Reference Guide.*

Types of Public Employer Plans

The following types of retirement plans are discussed here (sections refer to the Internal Revenue Code)

- Section 401(a) - Qualified Plan
- Section 403(b) – Annuity for public schools and 501(c)(3) organizations
- Section 457(b) – Nonqualified, eligible deferred compensation plans for state and local governments and tax-exempt organizations
- Section 457(f) – Nonqualified, ineligible deferred compensation plans

Note: After May 6, 1986, state and local governments are not eligible to adopt Section 401(k) plans except for rural cooperatives, Indian tribal entities. Under grandfather provisions, plans established prior to that date may continue to operate and add new participants.

Almost all governmental plans are covered under one of these sections. They are discussed individually below.

Key Terms and Concepts

The following are some important terms that are used in discussing the features of public employer plans.

Constructive Receipt: Under the provisions of sections 451 and 457 of the Internal Revenue Code, generally all amounts employees receive are taxable when received or made available to the employee. However, numerous code sections provide exceptions to either defer or exempt amounts from current employee income. They are discussed below as they apply to governmental plans.

Employer Contributions: Amounts credited to individual employee retirement accounts paid in addition to salary; the employee does not have the option to receive these amounts in cash. These amounts are always tax deferred, because the employee does not have constructive receipt. Except for section 457(b) deferrals and section 457(f) contributions, employer contributions are exempt from FICA.

Tax-Deferred: Refers to amounts set aside or credited to the employee retirement account are not included in gross income at the time of the transaction. They are included in income when they are distributed to or constructively received by the employee. Generally, they are subject to withholding requirements at that time also.

Salary Reduction Agreement: An arrangement that provides for amounts recognized as a cash or deferred election because the employee either (a) elects to reduce cash compensation, or (b) elects to forego an increase in cash compensation.

Mandatory Employee Contributions: Amounts deducted from employee salary and credited to a retirement account.

Employer "Pick-Up" Contributions: Section 414(h)(2) allows state or local government entities with section 401(a) plans to treat certain contributions designated as employee contributions, but which are "picked up" (paid) by the employer, to be treated as employer contributions, and therefore as exempt from income tax. This does not include contributions made under a salary reduction

Below is a webinar/forum conducted by the Internal Revenue Service to address the multitude of compliance questions and concerns posed by Government Plan Sponsors throughout the Country regarding establishment of Federal and State authority for qualified Governmental entities to be able to create, adopt, and manage a Public Retirement System in lieu of making Social Security Contributions, otherwise known as a FICA Replacement Plan. The following is the written script of the forum presented in 2013, and the Audio of the Forum may be heard at the following link:

http://www.irsvideos.gov/Governments/Employers/FICAReplacementPlans

FICA Replacement Plans- IRS Phone Forum conducted in 2013

FORUM TRANSCRIPT:

Hello, and welcome to the Internal Revenue Service Phone Forum on "When is a Government entity and their employees excluded from participating in Social Security: FICA Replacement Plans".

My name is James Driver and joining me today Lynette Thibodaux. We both serve in the Federal, State, and Local Government Division within the Tax Exempt/Government Entities Division of the IRS. We will be citing several regulations and we will repeat the citations so you can write them down for your reference.

This forum will be posted on our site along with a transcript. Use the email address to request the link once it is posted. te.ge.fslg.outreach@irs.gov please use “FICA Plans” in the subject line.

Also, we will be discussing some FICA for government entities using a flow chart from Publication 963. You should have received it in an email yesterday. If you don't have the chart, please email us at te.ge.fslg.outreach@irs.gov and we will send you one so you can follow along with us."

Today, we will discuss those other circumstances Government Employers and Employees don't participate in Social Security; namely FICA replacement plans. We will discuss Revenue Procedure 91-40 that sets forth rules relating to the minimum retirement benefit requirement prescribed under **Employment Tax Regulations**.

This presentation is not official guidance for your specific issues. We are providing general guidance to help government entities understand the unique nature of FICA replacement plans. If you have a specific question following this phone forum, you can go to IRS.gov and keyword search "FSLG Newsletter". Within the newsletter you will see a list of FSLG Specialists for your State you can call and ask questions unique to your entity. You can also sign up to receive the newsletter from this page. In addition, you can email your question to **te.ge.fslg.outreach@irs.gov**and we will do our best to address your questions.

Before we discuss FICA Replacement Plans, it may be helpful to discuss the ways in which a government employer and their employees **do** participate in Social Security and/or Medicare.

A government employer (when serving as the "Common Law" employer), is responsible for the appropriate social security and/or Medicare coverage. Such coverage of the Government entities' current and/or future employees, under the Federal Insurance Contributions Act (FICA), social security and/or Medicare, is determined in three ways:

1. Full FICA coverage, social security and Medicare, is extended through a voluntary plan and agreement through your State Social Security Administrator. These agreements are commonly referred to as "Section 218" agreements. [Section 218 of the Social Security Act (Act)].
2. For employment services performed after July 1, 1991, full FICA coverage, social security and Medicare, is a requirement for employees whose services are not covered under a Section 218 agreement or **by a qualified, employer's retirement system.** This coverage is commonly referred to as "mandatory FICA".
3. Medicare only coverage is a requirement for political subdivision employees whose services are not covered for social security under a Section 218 agreement or under mandatory FICA, but who were hired after March 31, 1986. This coverage constitutes Medicare qualified government employment.

Let's take a look at our decision tree or flow chart for Social Security and Medicare Coverage of State and Local Government Employees. This can also be found in IRS Publication 963 "Federal-State Reference Guide" on page 1-5.

First question on the flow chart: Is this position or service covered for Social Security and Medicare under a Section 218 Agreement? If yes you withhold Social Security and Medicare, unless there is a position that is excluded within the Section 218 Agreement.

If the answer is No, then you have to ask the question "is the employee a qualified member of a public retirement system?' (We will take a more in depth look at what a qualified member means later in this phone forum). If the employee is not a qualified member of a public retirement system then you withhold Mandatory Social Security and Medicare, unless some exclusion applies.

If the answer is yes the employee is a qualified member of a public retirement system, then you have to determine if the employee is in a position that is covered by a Section 218 Agreement that provides Medicare-only coverage for employees hired prior to April 1, 1986. If the employee is a qualified member of a public retirement system and is covered for Medicare by a Section 218 Agreement then you would withhold Medicare for that employee unless an exclusion applies. However you would not withhold Social Security in this instance.

If in this instance there is no Section 218 Agreement for Medicare-Only, then would the Medicare Continuing Employment exception apply? If yes, then no Social Security or Medicare is withheld. If the continuing employment exception does not apply, then you withhold Medicare only for all hires after March 31, 1986.

The Section 218 Agreement trumps all aspects of Social Security and/or Medicare coverage. It is important to understand whether or not your entity has coverage under a Section 218 Agreement before deciding if your retirement plan qualifies as a FICA replacement plan. To do so, you may want to contact your State Social Security Administrator whose contact information can be found at NCSSSA.org

If a government entity does not have a Section 218 Agreement, then does that entity have **a qualified, employer's retirement system?** Under section **3121(b)(7)-2(e) of the regulations**(repeat), a retirement system generally includes any pension, annuity, retirement or similar fund or system within the meaning of Section 218 of the Social Security Act that is maintained by a state, political subdivision or instrumentality thereof to provide retirement benefits to its employees who are participants.

However, the definition of retirement system is limited. Under the regulations, in order to work for a state or local government entity and qualify for exemption from Social Security for wages earned – the employee must be a member of a retirement system that provides certain minimum retirement benefits.

If the government entity does not have a Section 218 Agreement and it does have a retirement plan in which an employee participates that meets the minimum retirement benefits, then the employer and employee may be exempt from participating in Social Security only.

Remember all employees hired after March 31, 1986 are covered under mandatory Medicare. Yet it is possible that employees hired before March 31, 1986 are covered for Medicare if the employer has a Section 218 Agreement coverage for Medicare only. Again you will want to contact your State Social Security Administrator for more information.

Generally retirement plans fall into two categories: Defined Contribution and Defined Benefit.

A defined contribution plan provides an individual account for each participant and provides benefits based solely on the amount contributed to the participant's account. A defined contribution plan that satisfies the definition of a retirement system must provide for an allocation to the employee's account of at least 7.5 percent of the employee's compensation during any period under consideration.

A variety of plan types could meet the requirement: for example, plans established under Internal Revenue Code sections 401(a), 403(b) or 457. Contributions from both the employer and the employee maybe used to make up the 7.5 percent. Employer contributions can be calculated with employee contributions to reach the 7.5 percent.

A plan with only employee contributions would also satisfy the minimum benefit requirement, provided contributions constitute at least 7.5 percent of compensation. However, the 7.5 percent cannot include any earnings on the account.

Earnings or compensation is considered "base pay" as long as "base pay" is reasonable. A defined contribution retirement system may disregard overtime pay, bonuses, and/or single sum amounts received on account of death or separation from service, amounts received under a bona fide vacation, compensatory time or sick leave pay plan, or funds received under severance pay plans.

Any compensation in excess of the social security maximum wage base for that particular year may also be disregarded for this purpose. For example, for tax year 2013, the social security maximum wage base is $113,700.

Generally, for an employee who holds more than one position with the same employer, all compensation with that employer is considered in applying the 7.5 percent test. However, at the employer's option, compensation from only one position may be considered, if that position is not part-time, temporary, or seasonal. We will discuss part-time, temporary, or seasonal later in this "forum".

A defined benefit plan (for purposes of determining whether it qualifies as a public retirement system), is any plan other than defined contribution plan. A defined benefit plan determines benefits on the basis of a formula, generally based on age, years of service, and salary level.

A defined benefit retirement plan system that qualifies as an alternative to social security provides for a retirement benefit to the employee that is comparable to the benefit provided by the social security part of FICA. Generally, a plan meets the requirement if the benefit under the system is at least 1.5 percent of average compensation during an employee's last three years of employment, multiplied by the employee's number of years of service.

A defined benefit plan has safe harbor formulas that use the Final and highest average pay formulas of 36 months or less at 1.5%. Revenue Procedure 91-40 provides the formula for calculating benefits for periods more than 36 months (or 3 years).

- 37-48 months 1.55%
- 49-60 months 1.60%
- 61-120 months 1.75%
- Over 120 months 2.0 %

What does this mean for Social Security participation purposes? If a government entity meets the safe harbor rules as participating in a defined benefit plan, then they have a "FICA replacement plan". In short, if the government entity does not have a Section 218 Agreement and the retirement system plan meets the Revenue Procedure 91-40 safe harbor rules the government entity and the employees do not participate in Social Security. (Although anyone hired after March 31,1986 would participate in Medicare).

Earlier in this presentation when we were discussing the flow chart for Social Security coverage we used the terminology qualified member of a public retirement system.

Who is a Qualified Participant or member of a public retirement system? For an employee to be excluded from mandatory social security coverage, the employing entity must maintain a retirement system as defined by **Internal Revenue Code section 3121(b)(7)(F)**. The employee must also be a qualified participant in that system, as defined in **Internal Revenue Code Section 3121.**

An entity may maintain a retirement system in which not every employee is a qualified participant. For both defined contribution plans and for defined benefit plans, the determination of whether an individual is a qualified participant is made as services are performed; however, there are different tests to determine participation.

An employee is a qualified participant in a defined contribution retirement system with respect to services performed on a given day if, on that day, the employee has satisfied all conditions (other than vesting) for receiving an allocation to his or her account (exclusive of earnings) that meet the minimum retirement benefit requirement. The benefit must be calculated with respect to compensation during a period ending on that day and beginning on or after the beginning of the plan year of the retirement system. This is the case regardless of whether the allocations were made or accrued before the effective date of **Internal Revenue code section 3121**.

Here is an example: A political subdivision maintains an elective defined contribution plan as defined by IRS regulations. The plan operates on a calendar year. It has two open seasons – in December and June – when employees can change their contribution elections. In December, an employee elects not to contribute to the plan. In June, the employee elects (beginning July 1) to contribute a uniform percentage of compensation for each pay period to the plan for the remainder of the plan year.

The employee is not a qualified participant in the plan during the period January-June because no allocations are made to the employee's account during that time. If the level of contributions during the period of July-December meets the minimum retirement benefit requirement with respect to compensation during that period the **employee is treated as a qualified participant during July-December only.**

An employee is a qualified participant in a defined benefit retirement system with respect to services performed on a given day if:

1. on that day, the employee is (or ever has been) an actual participant in the retirement system and
2. on that day, the employee actually has a total accrued benefit that meets the minimum retirement benefit requirement.

An employee may not be treated as an actual participant under certain conditions (other than vesting) that have not been satisfied. The conditions might include a requirement that the participant attain a minimum age, perform a minimum period of service, make an election in order to participate, or be present at the end of the plan year in order to be credited with an accrual.

An example would be a political subdivision that maintains a defined benefit plan that is a retirement system under IRS regulations. Under the terms of the plan, service during a plan year is not credited for accrual purposes unless a participant has at least 1,000 hours of service during the year. For purposes of determining whether social security coverage applies, benefits that accrue only upon satisfaction of this 1000 hours requirement may not be taken into account in determining whether an employee is a qualified participant in the plan before the 1000 hour requirement is satisfied.

Special rules apply to part-time, seasonal and temporary employees for purposes of determining whether they are qualified participants in a public retirement system. To be exempt from mandatory social security coverage, these employees must not only be qualified participants; but they must be fully vested in their benefits. **This means the benefits cannot be forfeited.** If a part-time, seasonal or temporary employee is not a qualified participant in a public retirement system with benefits fully vested from the first day of employment, **that employee is subject to mandatory social security and Medicare tax until the employee becomes fully vested.**

The special vesting requirement is considered to be met if a part-time, seasonal or temporary employee in a defined benefit plan has the right to at least 7.5 percent of the compensation the employee earned while covered under the retirement system plus interest when the employee leaves employment.

For purposes of applying the qualified participant test, part time employees are those who normally work 20 hours or less per week. If mandatory coverage applies, part time positions cannot be excluded; but part time positions may be excluded from coverage under a Section 218 Agreement, at the option of the State.

A special rule provided that teachers employed by a post-secondary educational institution such as a community or junior college, post secondary vocational school, college, university or graduate schools are not considered part-time if the teacher normally teaches half or more of the number of classroom hours normally considered to be full-time employment.

For example: A community college treats a teacher as a full-time employee if the teacher is assigned to work 15 classroom hours per week. A new teacher is assigned to work eight classroom hours per week. Because the assigned classroom hours of the new teacher are at least one-half of the school's definition of full-time teacher, the teacher is not a part-time employee for our discussion today.

For purposes of applying the qualified participant test, a seasonal employee is any employee who normally works on a full-time basis less than 5 months in a year. For example, individuals who are hired by a political subdivision during the tax return season in order to process incoming returns and work full-time over a three-month period are seasonal employees.

For purposes of applying the qualified participant test, a temporary employee is one who performs services under a contractual agreement that is expected to last two years or less. Under this rule, a teacher under an annual contract may or may not be a temporary employee. Possible contract extensions must be considered in determining the duration of a contractual arrangement if there is a significant likelihood that the employee's contract will be extended.

Contract extensions are considered likely to occur if, on average, 80 percent of similarly situated employees have had bona fide offers to renew their contracts in the immediately preceding two academic or calendar years. Contract extensions are also considered significantly likely to occur if the employee has a history of contract extensions in the current position. These special rules are covered in **Regulation 31.3121(b)(7)-2(e)(2)(iii)(C).**

We have covered part-time, seasonal, and temporary employees as it pertains to this qualified participant test. But what about an individual who works in more than one position?

If an employee is not covered by a Section 218 Agreement, but is a member of a retirement system with respect to one full-time position, the employee is generally treated as a member of a retirement system with respect to any other position with the same employer.

Let's look at an example. An individual is employed full-time by a county and is a qualified participant in its retirement plan. In addition to this full-time employment, the individual is employed part-time in another position with the same county. The part-time position is not covered by the county retirement plan. Nevertheless, if the individual is a qualified participant in the retirement plan because of the full-time position, the part-time position is excluded from mandatory coverage.

This rule does not apply to employment by two different employers. For example, an individual is employed full-time by a state and is a member of its retirement plan, and is also employed part-time by a city located in the state, but does not participate in the city's retirement system. The services of the individual for the city are not excluded from mandatory social security coverage, because the determination of whether services constitute employment for such purposes is made separately with respect to each political subdivision for which services are performed. These rules can be found in **Regulation 31.3121(b)(7)-2(c)(2)**

We have discussed a lot of information and have thrown out a lot of law and scenarios at you. Let's take a step back and ask some questions that may help you as you review your retirement plans and determine whether your plan exempts employees from participation in social security.

- Do you have a defined contribution plan or a defined benefit plan?
- If you have a defined contribution plan, is the total contribution by the employer and employee at least equal to 7.5% of compensation to the retirement plan?
- If you have a defined benefit plan do you understand that:
    - The benefit must be at least equal to or greater than 1.5% of average compensation for each year of credited service
    - The system or plan provides a single life annuity, or equivalent, payable at age 65.

- The average compensation perimeters when the system calculates based on a period of 36 months?
- The average compensation perimeters when the system calculates based on a period of more than 36 months (for example the highest factor over 120 months is 2.00 percent)?
- That for any defined benefit plan the definition of compensation must generally meet the definition of the employee's base salary as designated by the employer and the retirement system, provided such designation is reasonable under all the facts and circumstances
- If your employee is Qualified participant per **Regulation 31.3121(b)(7)-2(d)(1)?**

As we review what we have covered we will answer some frequently asked questions.

What is a "public retirement system" as defined by the IRS? A "public retirement system (sometimes referred as a "FICA replacement system or plan) is a pension plan maintained by a public employer that meets the requirements of **Internal Revenue Code 3121(b)(7)(F).** These requirements must be met as an alternative to mandatory social security coverage. A retirement system may be a pension, annuity, retirement or similar fund or system established by a state or political subdivision.

The system does not have to be a state creation, nor does it have to be a plan under which the benefits are guaranteed by the state constitution. A retirement system can include a group annuity purchased by the state or political subdivision from a private insurance company. Whether a system qualifies as a "public retirement system" does not depend on whether it meets the requirements within the Employees' Retirement Income Security Act of 1974 or commonly referred to as ERISA.

What does it mean to be a qualified participant in a retirement system? To be a qualified participant, a member must actually participate in the system. An employee who is eligible for an optional system, but decides not to participate, will be subject to mandatory social security tax.

How are part-time, seasonal and temporary workers defined for purposes of determining whether they are qualified participants in a public retirement system under Internal Revenue Code section 3121? A part-time employee normally works 20 hours or less per week. A seasonal employee may work full-time, but for less than five months a year. In the case of teachers above the high school level, part-time is defined as less than one-half the classroom hours designated as full-time by the school.

A temporary employee performs services under a contractual agreement arrangement of two or less years. Remember this does not apply when future contract extensions on an average of 80 percent of similarly situated employees have had bona fide offers to renew their contracts in the immediately preceding two academic or calendar years, or the contract history of a particular employee indicates that the employee is not a temporary employee.

For new employees, entering a retirement system, is there any waiting period for coverage in which social security does not have to be paid? If a full-time employee can be enrolled in the plan by the first day of the first full calendar month of service, social security taxes do not have to be paid during the partial month in which he or she begins work. This rule does not apply to part-time, seasonal, and temporary employees.

Is a retirement system that does not cover all employees a "retirement system" within the meaning of Regulations 31.3121? A retirement system is not required to cover all employees; it may be a retirement system for some employees and not others. The coverage determination is made separately for each individual.

A teacher who is a participant in a retirement system during the academic year also works a few hours per week in the summer in the school library. The library job is not covered by a Section 218 Agreement or by the public retirement system because it does not fall during the normal 10-month school year. Are the wages for the summer job subject to social security or Medicare taxes? Not for social security but possibly Medicare. The wages are not subject to social security taxes because the teacher is a qualified participant in the public retirement system with respect to her full-time job. The Medicare tax applies, unless the employee was hired prior to April 1, 1986, and qualifies for the continuing employment exception.

We have discussed Revenue Procedure 91-40 that defines rules relating to the minimum retirement benefit requirement prescribed under 31.3121(b)(7)-2 of the Employment Tax Regulations. We have discussed the ways government employers and employees participate in social security and/or Medicare as well as when the employers and employees are exempt from social security if participating in a FICA replacement plan as qualified participants.

One other area where employees may not participate in social security is for rehired annuitants. We will not be discussing this here. However, this topic may be presented in the future. Please check back at the FSLG web page.

Again, this presentation is not official guidance for your specific issues. We have provided general guidance to help government entities understand the unique nature of FICA replacement plans. If you have a more specific question following this phone forum, you can go to IRS.gov and keyword search "FSLG Newsletter". Within the newsletter you will see a list of FSLG Specialists for your State whom you can call and ask questions unique to your entity. If you do not already receive the FSLG Newsletter, you can also sign up to receive the newsletter from this page.

In addition, you can email us with your request at **te.ge.fslg.outreach@irs.gov**

This forum will be posted on our site along with a transcript. Use the email address to request the link once it is posted. Please use FICA Plans in the subject line.

Again. Thank you for attending today's session. Have a good day.

This IRS Phone Forum and publication is the most up-to-date direction on FICA Replacement Plans published by the IRS. The forum, including the transcript and audio can be found at the following link: http://www.irsvideos.gov/Governments/Employers/FICAReplacementPlans

History of Nevada’s Section 218 Agreements Issues/Modifications

Nevada first entered into a Section 218 agreement of the Social Security Act, with the Secretary of Health, Education, and Welfare on November 24, 1953 with an effective date of January 1, 1951. The agreement covered the services of some employees in the Reno School District No. 10 and consolidated B School District in Fallon, Nevada.

The Nevada Revised Statutes NRS 287.05 - 287.240 were created in the 1955 legislative session allowing OASIS coverage to employees of the State and its political subdivisions that were not eligible to participate in the Public Employees' Retirement System.

The state apparently made a request for an explanation from the Dept. of Health, Education and Welfare concerning verbiage to be included in modifications sent to them. Nevada would include a statement in its transmittal letter that the modification is "for employees not eligible under the Nevada Public Employees' Retirement System.” A letter dated February 11, 1976 by the Deputy Regional Attorney of the Social Security Administration (SSA) was written concerning this issue. The main concern that SSA had was whether the state was interpreting the controlling factor of eligibility for SSA based on the employee's eligibility for membership in the retirement system. If that was how the state was interpreting the Federal law then there was potential that the state did not have the social security coverage for its employees that it thought it had.

At the time the state executed its agreement the Social Security Act barred social security coverage on service "in positions covered by a retirement system.” In 1954 the Act was amended to authorize coverage of services in positions covered by a retirement system under specific conditions such as individuals in retirement-covered positions who were personally ineligible for membership of the retirement system. (This became effective 09/01/54 or on the date of execution of a state's modification to their agreement.) Nevada had never changed its Agreement after the Act was amended; therefore positions covered by the state retirement system were not eligible for social security coverage even if the individual in the position was not eligible for the state retirement system. The Deputy Regional Attorney for SSA asked for an opinion of Nevada's Attorney General concerning NRS 287.050 and 287.190(1) and if the statute is meant to provide social security coverage of employees in positions covered by the state retirement system but is personally ineligible for membership in that system.

The Nevada Office of the Attorney General's response, dated May 20, 1976 was that there was denied participation in the state retirement system "because of the nature of the position itself.” The attorney general was basing their decision on that fact that "in Nevada each position with the government service is considered to be unique and separate from all other positions,” even though the positions may contain the same job title. They were of the opinion that NRS 287.050 et seq., intended to provide social security to those individuals that were not eligible for the state retirement system and that it is the position that is ineligible, regardless of who occupies the position at any particular time.

In 1977 Nevada amended NRS 287.050 and 287.190(1), (A. B. 618) by removing the wording "are in positions which" so the statute address' employees that are not eligible for the state retirement as oppose to the position, thus allowing social security coverage of such employees. This made the law conform to the recommendation of the Deputy Regional Attorney of the Social Security Administration.

Nevada then attempted to modify its original Agreement with SSA based on the changes to the statutes made in the 1977 legislative session. The amendment was to remove the bar prohibiting coverage of ineligibles and provide, on a statewide basis, that ineligible employee coverage will cease if he later becomes eligible to be a member of the retirement system. SSA requested that the amendment be submitted in two parts. The first modification (#44) was to amend the original agreement and permit coverage of ineligibles. The second modification (#45) was to extend coverage to the services of ineligibles in the various absolute coverage groups. The modification became effective with the enactment date of A.B. 618.

Brief Overview of Section 218 Agreements In Nevada

Overview

Employees of State and local governments were not eligible to participate in Old Age and Survivor Insurance (OASI) when social security was first created. Section 218 of the Social Security Act first made OASI available for participation by State and local governmental employees in 1951. Participation in the program was on a voluntary basis by each state. Federal law required a state agency to administer the program within the respective state. The Employment Security Department was designated as the administrative agency pursuant to NRS 287.130. The law also required two agreements, referred to as Section 218 Agreements:

1. An agreement between each political entity requesting coverage and the state administrative agency. The political entity had to get approval, through a referendum from the majority of its eligible employees.
2. An agreement between the state administrative agency and the Department of Health and Human Services. A modification was required for each new entity that sought coverage.

An amendment to the Social Security Act, effective April 20, 1983, mandated that coverage of any group of employees under Section 218 Agreements could no longer be terminated. A Section 218 Agreement could only be terminated if the public entity was dissolved.

Effective April 1, 1986 all state and local government employees hired from this date forward were mandatorily covered for Medicare only unless excluded by law.

Social security coverage became mandatory July 2, 1991 on most state and local government employees unless they were members of PERS or covered under a Section 218 Agreement.

Withholding of Social Security Taxes

The Employment Security Department collected the Social Security Taxes from the state and local entities and deposited them with the Internal Revenue Service. The Internal Revenue Service (IRS) relieved the states of this duty beginning in 1987. The Employment Security Department retained the role of administering agreements with new entities and/or modifications of existing agreements with the Department of Health and Human Services.

State of Nevada Employees

The State of Nevada did not have a Section 218 Agreement to cover state employees. The only employees covered were civilians that worked for the National Guard. Therefore, the State of Nevada employees not eligible for participation in PERS were subject to mandatory social security coverage starting July 2, 1991 due to OBRA 1990.

During the 2003 legislative session, the state changed the deferred compensation statutes and allowed employees ineligible for the state retirement system to pay into a FICA alternative plan and eliminate participation in social security coverage.

Had the state employees been covered under a Section 218 agreement, they would not have been able to terminate their social security coverage. Since their current social security coverage was due to the OBRA 1990 amendments mandating coverage, they are allowed to withdraw from social security provided they are paying into an approved retirement/annuity plan.

Current Status

There doesn't seems to be a need for the creation of any new Section 218 agreement, since social security became mandatory for public employees not eligible for PERS. Any newly formed political subdivisions would have mandated social security coverage if the person/position were not eligible for PERS.

We have 28 active Section 218 Agreements. They must remain active unless the entity is legally dissolved. The Agreements are typically for specific coverage groups, primarily where the position is part time and not eligible for PERS. Nevada's last new Section 218 Agreement became effective December 12, 1988 due to the development of a new political subdivision with employees that were not eligible for PERS. The only other activity in recent years is the termination of a Section 218 Agreement due to a political subdivision dissolving (Washoe Medical Center become a private organization 11/12/1985). We have a total of 25 Section 218 Agreements that have been dissolved.

In 2004 I created a database listing all agreements, their status, effective date etc. I also verified the database with my regional federal social security counterpart who maintains our agreement list for the Social Security Administration and all agreements were identified and accounted for.

Resources

The *Federal-State Reference Guide* (IRS Publication 963) is a reference source for issues that relate to social security and Medicare coverage issues. The guide's development is a result of a cooperative effort between the Social Security Administration (SSA), the Internal Revenue Service (IRS) and the National Conference of State Social Security Administrator (NCSSSA).

The social security regulations require states to appoint an administrator over the Section 218 Agreements. The primary responsibilities per the *Federal-State Reference Guide* are:

1. Administer and maintain the Section 218 Agreement.
2. Negotiate modifications to the original Agreement.
3. Maintain Agreements in a secure location.
4. Provide notice to SSA of legal dissolutions of state or political subdivision entities.
5. Resolve coverage and taxation questions.
6. Negotiate with SSA to resolve social security contribution payment and wage reporting questions on wages paid before 1987.
7. Provide information to state and local public employers covered under the Agreements.

8. Provide information to state and local public employers in accordance with the state's legislation, policies, procedure and standards with non-section 218 entities, but involvement varies from state to state.

NCSSSA has annual conferences with speakers form the IRS and SSA to provide information on issues that may affect social security administration/coverage at a state/local level.

Since we're one of seven states that does not provide dual coverage of state government employees for social security and a public retirement system, our involvement since about 1988 has been limited to answering questions that may arise from entities in Nevada operating under Section 218 Agreements and state/local employees with questions regarding social security and Medicare. (This assumption is based on a review of all internal files related to Section 218 Agreements, correspondence, memos etc.)

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

White Pine County Tourism and Recreation
(Political Subdivision)
150 Sixth Street
Ely, NV 89301

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

2. <u>DEFINITIONS</u>. "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.

White Pine County Tourism and Recreation
(Political Subdivision)

By: ______________________ 05/12/2015
Date

BUSINESS MANAGER
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

TAHOE DOUGLAS FIRE PROTECTION DISTRICT

RESOLUTION #02-2015

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

Tahoe Douglas Fire Protection District
(Political Subdivision)
PO Box 919
Zephyr Cove, Nevada 89448

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 FICA Alternative deferred compensation, and whereas NRS 287.381 to 287.480, inclusive, authorize the political subdivision to create a program for FICA Alternative deferred compensation;

WHEREAS, The Committee has created a FICA Alternative 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;

TAHOE DOUGLAS FIRE PROTECTION DISTRICT

RESOLUTION #02-2015

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 FICA Alternative 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 FICA Alternative 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 Public Employees' FICA Alternative 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 FICA Alternative deferred compensation program; and

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.

TAHOE DOUGLAS FIRE PROTECTION DISTRICT

RESOLUTION #02-2015

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

Tahoe Douglas Fire Protection District
(Political Subdivision)

By: Ben Sharit

4/20/15
Date

Fire Chief
Title

Attorney for (Political Subdivision) (optional)

4/20/15
Date

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

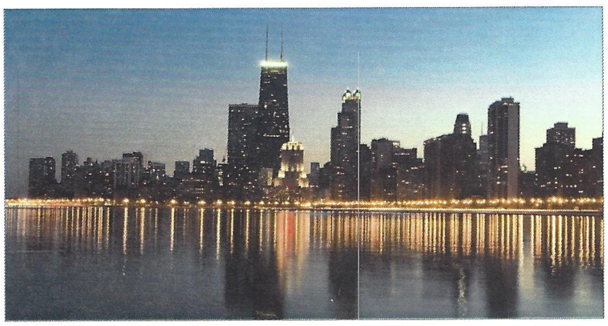
Date

Amended 10/2014

SECTION SEVEN

2015 Calendar of Events

Please mark your calendar now to hold these important dates for 2015. All members and supporting members receive program mailings. Preliminary programs are sent roughly sixteen weeks prior to each Roundtable, at which time supporting members are invited to provide relevant program content suggestions. Final programs are sent approximately two months in advance. Roundtables may be attended by one representative per supporting member firm and two representatives per senior supporting member firms.



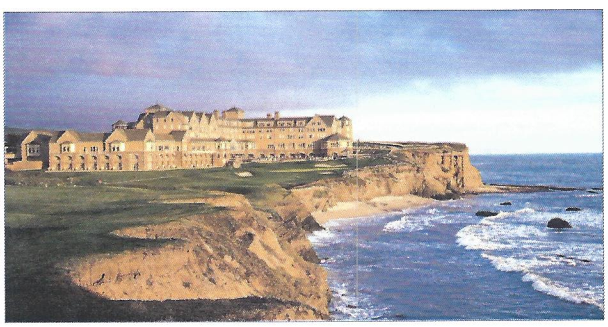
April 27-28, 2015

Defined Contribution Forum

With a 25-year history.

Four Seasons Hotel

Chicago, IL



September 15-16, 2015

Defined Contribution Symposium

With an 8-year history.

The Ritz-Carlton

Half Moon Bay, CA

November 17-18, 2015

Defined Contribution Summit

With a 9-year history.

November 19, 2015

Senior Delegates Roundtable

Apella

New York, NY

The three client-facing Roundtables bring together plan sponsors, asset managers and distinguished outside experts from all across North America to discuss pressing DC issues of common concern. The agendas balance sessions on "big picture" topics with smaller tabletop discussions in order to provide a deeper dive into niche topics. These smaller discussion sessions, along with social time throughout the roundtable, will provide supporting members the opportunity to develop and enhance relationships with plan sponsors.

Committee Schedule of Meetings

2015	2016
January 21, 2015 **Planning Session** Capitol Building 101 N. Carson St., Guinn Room Carson City, Nevada	**January 2016** **Planning Session** Location TBD Carson City, Nevada
February 18, 2015 **Quarterly Meeting** Capitol Building 101 N. Carson St., Guinn Room Carson City, Nevada	**February 2016** **Quarterly Meeting** Location TBD Carson City, Nevada
May 21, 2015 **Quarterly Meeting** Attorney General's Office 100 N. Carson St., Mock Courtroom Carson City, Nevada	**May 2016** **Quarterly Meeting** Location TBD Carson City, Nevada
August 13, 2015 **Quarterly Meeting** Legislature Building 401 S. Carson St., Room 2135 Carson City, Nevada	**August 2016** **Quarterly Meeting** Location TBD Carson City, Nevada
September 27-October 1, 2015 **National Conference NAGDCA** National Association of Governmental Deferred Compensation Administrators **Indianapolis, IN**	**September 18-21, 2016** **National Conference NAGDCA** National Association of Governmental Deferred Compensation Administrators **Denver, CO**
December 3, 2015 **Quarterly Meeting** Location TBD Carson City, Nevada	**November 2016** **Quarterly Meeting** Location TBD Carson City, Nevada

July 16, 2015

Nevada State Public Employees Deferred Compensation Program
100 N. Stewart St., Suite 210
Carson City, NV 89701

Dear Board Members and Plan Participants:

It with the spirit of deep regret and betrayal that I share my story regarding the Nevada Deferred Compensation Plan 457(b) FICA Alternative accounts, which for the last 5 months have been managed in such a way that is to the DIRECT DETRIMENT of plan participants.

I am not alone in my belief that NDC and Voya Financial short-changed public employees of Nevada with the recent change in administration. Plan participants were not solicited for comments regarding the switch to Voya, and the choice of NDC to use a single administrator whose fees which are unreasonable leaves Nevada Public Employees with very limited or no say in the management of their retirement funds. The Retired Public Employees of Nevada and numerous other plan participants voiced numerous legitimate concerns during this switch to Voya and were largely ignored.

I am a Graduate Student at UNLV. During summer and temporary contracts I am bound to participate in these FICA Alternative plans. I had a small account that was opened in 2012 which had slowly been growing. Because I had no need for the small sum, I was content in letting that money sit in a capital preservation fund to grow at a slow rate.

This all changed however in January when I was notified of the switch to Voya Financial. The biggest change that occurred in the switch was a DRASTIC change in the fee structures of these FICA Alternative accounts. Now if the accounts are below a certain value the fees are WELL IN EXCESS of interest accrued, meaning that these accounts are GUARANTEED to lose value. Given that these plans are for temporary employees often on SMALL contracts I HIGHLY DOUBT that I am alone in having an account that since February has served no purpose but a source of income for Voya Financial.

Making matters worse is the claim that because I am still employed by NSHE albeit in a contract NOT bound (or able to contribute) to FICA alternative accounts that I am somehow unable to withdraw money that is now being managed to my direct detriment. This is quite plainly wrong, and potentially illegal. Section 457 of IRS Code (Section which outlines provisions for these accounts) states that these deferred compensation accounts are to be managed SOLELY for the benefit of plan participants. The fact that my account was GUARANTEED to lose value because of excessive fees shows that this has not been happening for some participants since the switch to Voya.

Nevada revised statutes defines theft as when any party “controls the property of another person with the intent to deprive that person of the property”. The IRS states that my contributions to these accounts are 100% owned by the participant e.g. my property. I do believe that the withdrawal of principal from accounts (without consent of participants) below a certain value constitutes THEFT that is committed by Voya Financial and perpetuated by NDC. Especially considering that they have refused to allow me to withdraw this money even though my position is NO longer subject (or able to contribute) to FICA Alt plans.

Finally, I would like to mention my impressions of Voya representatives (which prides itself on "corporate ethics") and the program Coordinator, Mr. Rob Boehmer. My sole interaction with Mr. Boehmer was him treating me with disdain. The entirety of my conversation with Mr. Boehmer consisted of me trying to explain to him that annual percent yield was the interest rate earned by an account ANNUALLY rather than MONTHLY. How is someone that is tasked with managing state retirement accounts so woefully unqualified that he does not understand the concept of APY? I sincerely wish that time at these previous NDC meetings had been spent trying to help plan participants manage the switch and working to ensure these plans work for everyone, RATHER than spending so much time discussing Mr. Boehmer's raise.

My interactions with Voya Representatives were similarly abysmal. The first several times I contacted Voya regarding disbursement of the account they did not initiate the disbursement process. I contacted them two times after which they did not contact the appropriate person at NSHE to move forward. Despite them refusing to start the disbursement process they continued to charge these fees.

I request that the NDC Committee immediately vote on a fix that will ensure that participants with plans that are now being managed to their detriment are able to immediately access their funds, or that a change is made in the fee structure of these accounts to ensure that low capital accounts DO NOT bear the heaviest burden of these new fees.

My request is simple. Either manage these funds for MY benefit or disburse the funds to me so that I can manage them myself, as I am no longer in a position that is subject or able to contribute to these plans.

Sincerely,
Alexander Jones
Plan participant