Brian Sandoval, Governor

COMMITTEE Mark Stevens, Chair, Retired Kent Ervin, Vice Chair, NSHE Todd Myler, DHHS-ADSD Wayne Thorley, SOS

STAFF Rob Boehmer, Program Coordinator Micah Salerno, Administrative Assistant

Gregg Ott, Acting Senior Deputy Attorney General

#### NOTICE OF PUBLIC MEETING

#### NEVADA PUBLIC EMPLOYEES' DEFERRED COMPENSATION COMMITTEE

Thursday, January 18, 2018 8:30 am

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

Governor's Office of Economic Development 808 W. Nye Lane Conference Room Carson City, Nevada 89701

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.

#### <u>AGENDA</u>

- 1. Call to Order/Roll Call and Introductions
- 2. Public Comment. Comments from the public are invited at this time prior to the commencement of possible action items. The Nevada Public Employees Deferred Compensation Program ("NDC Committee" or "NDC") 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 NDC 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. Informational Item- Receive Annual Fiduciary Training- Presented by Frank Picarelli and/or Melanie Walker of Segal Marco- 20 minutes
- 4. Informational Item- Receive *Behavioral Finance Investment Decisions* Training- Presented by Segal Marco's Christopher Goldsmith- 45 minutes



- 5. Informational Item- Receive Annual Open Meeting Law & Ethics Training- Presented by Deputy Attorney General (DAG)- 30-45 minutes
- 6. For Possible Action- Investment Option Plan Review:
  - a. Receive presentation from Voya Fixed Income Investment Team and engage in discussion regarding current status of the Voya Fixed Account currently in the NDC core investment lineup, and contractual rate guarantees.
  - b. Review, discuss, and potentially take action to amend the NDC Self Directed Brokerage Account (SDBA) Option within the core investment line-up:
    - i. Receive, review, and discuss proposed recommendations and data provided by the NDC contracted recordkeeper and Investment consultant on widely used practices with SDBA options.
    - ii. Receive and review the NDC Committee Action Summary of research, benchmarking data, and Program utilization data related to the SDBA option.
    - iii. Receive report on investment options offered in the SDBA option, evaluate the current allowance of the purchasing of individual stocks and concerns with regards to the potential investments into limited partnerships, and engage in discussion centered on the NDC Program potentially incurring any tax liability as a result of allowing participants to engage in the investing of such options.
  - c. Discuss any proposed core investment line-up changes; addition/deletion of asset classes or investment options; fund searches; or any other activity involving the NDC adopted core investment line-up- Presented by Frank Picarelli of Segal Marco
- 7. For Possible Action- Review, discuss, and potentially take action on proposed amendments from NDC Administrative Staff, recommended as part of the 2017 compliance audit report performed by Segal Marco, and/or any recommended amendments or changes recommended by the NDC Committee to the:
  - a. Investment Policy Statement (IPS)
    - i. Review information on number of investment options that other plans across the Country have within their programs.
    - ii. Review watch list criteria on variable investment options.
    - iii. SDBA language (Section 6; pg. 22)
    - iv. Committee Responsibilities (Section 5; pg. 19-20)
    - v. Executive Officer and Administrative Staff Responsibilities (Section 5; pg. 19-22)
  - b. 457(b) Plan Document
    - i. Proposed Amendments as specified in the attached redlined 457(b) Plan Document DRAFT
    - ii. Amendment of Special Catch-Up administration and monitoring process
    - iii. Amendment of Unforeseeable Emergency distributions qualification, administration, approval, and monitoring process
  - c. Federal Insurance Contributions Act (FICA) Plan Document
    - i. Proposed Amendments as specified in the attached redlined FICA Plan Document DRAFT
  - d. Administrative Manual
    - i. Proposed Amendments as specified in the attached redlined DRAFT Administrative Manual
    - ii. Development of participant claims, complaints, and/or appeals process
  - e. State Administration Manual (SAM)
    - i. Proposed Amendments as specified in the attached redlined SAM DRAFT

- 8. Informational Item- Review draft proposed Regulation changes as a result of the passage and implementation of SB502 passed in the 79<sup>th</sup> Legislative Session.
- 9. For Possible Action- Discuss any proposed budgetary amendments, additions, or deletions in preparation for the FY2020/2021 budget building kick-off which is scheduled for February 27, 2018.
  - a. Addition of training budget category
  - b. Administrative Staff changes or additions
  - c. Revenue review:
    - i. Report and review current projection of revenue based on up-to-date participant level, and projection of expected reserve balance at the end of FY2018 and FY2019 biennium.
    - ii. Report and review of Administrative Account and how quarterly reports are illustrated.
- 10. For Possible Action- Receive and discuss Marketing/Education Administrative Plan for 2018:
  - a. Annual Participant Satisfaction Survey
  - b. Review overall Plan Participation
    - i. Report on 2017 vs. 2016 and 2015 participation
    - ii. Proposed plan to increase Program participation in 2018
  - c. Present and discuss proposed monthly and quarterly communication plan
  - d. Program Marketing Plan for 2018
  - e. Retiree Financial Wellness Fair (June 2018 timeframe)
  - f. National Financial Security Week- State of Nevada Financial Wellness Days (October 2018)
  - g. Marketing to Political Sub-Divisions (existing and new)
  - h. Nevada System of Higher Education (NSHE) Marketing and Outreach Plan
- 11. For Possible Action- Discuss and review adopted policy governing conducting Compliance and Financial Audits within the Program:
  - a. Last Compliance audit was conducted in 2017 by Segal Marco's Melanie Walker and her team.
  - b. FY2016 and FY2017 Financial audits are currently being performed by Eide Baily.
- 12. For Possible Action- NDC contract(s) review and discuss Program contract evaluations:
  - a. Contract Expirations:
    - i. Investment Consulting/Compliance review contract
    - ii. Recordkeeping contract
    - iii. Financial Audit contract
  - b. Mandatory Vendor Rating Evaluations:
    - i. Investment Consultant/Compliance Audit Contractor (Segal Rogerscasey)
    - ii. Financial Audit Contractor (Eide Baily)
    - iii. Recordkeeper (Voya)
- 13. For Possible Action- Discuss National Association Government Defined Contribution Administrators (NAGDCA), Institutional Investor, Segal Marco's Client Research and Educational Summit, Plan Sponsor, or Pensions and Investments Conference Participation in 2018.

#### Comments/Updates/Future Agenda Items

- 14. Committee Members
- 15. Investment Consultant
- 16. Deputy Attorney General (DAG)
- 17. Recordkeeper

- 18. NDC Administrative Staff/Department of Administration
- 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

Meeting agendas are available for download at the NDC website: http://defcomp.nv.gov/, and Nevada Public Notice Website: <u>www.notice.nv.gov</u>. Anyone desiring the agenda or supporting materials regarding any NDC Committee meeting is invited to call or email Micah Salerno at 775-684-3398 or <u>deferredcomp@defcomp.nv.gov</u>. The agenda and supporting materials may also be picked up in person at the following office location: 100 N. Stewart Street, Suite 100, Carson City, Nevada, 89701.

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

<u>Notice of this meeting was posted at the following locations in Las Vegas, Nevada:</u> Grant Sawyer State Office Building, 555 E. Washington Avenue Fax to Capitol Police – (702) 486-2012

This Notice of Public Meeting and Agenda have been sent to all members of the Committee and other interested persons who have requested a notice and agenda from the Committee. Persons who wish to continue to receive notice of meetings must renew the request every six months after the first request is made because "[a] request for notice lapses 6 months after it is made." NRS 241.020(3)(c).

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 Administrative office at 100 North Stewart Street, Suite 210, Carson City, Nevada, at least one working day before the meeting or call (775) 684-3398 or 3397, or you can fax your request to (775) 684-3399.

 $\star$  Segal Marco Advisors

Nevada Public Employees' Deferred Compensation Program

# FIDUCIARY RESPONSIBILITIES/ PLAN GOVERNANCE

Presented by:

Frank Picarelli Senior Vice President

January 18, 2018

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## Today's Agenda





> Anyone who:

- Has discretionary authority over the management of the plan
- Exercises any control over plan assets or disposition of plan assets
- Gives investment advice for compensation

≻ Examples:

 Plan Sponsor, Plan Committee, and Registered Investment Advisors

Exercise of **discretion** is the key





- Anyone who performs administrative functions but does not have authority for discretionary decisions:
- > Examples:
  - The following are generally not considered fiduciary activities:
    - Applying established rules
    - Preparing communication material
    - Processing payroll contributions
    - General administrative functions

# **Functional Analysis**

> Did you participate in the decision to:

- Offer the plan, or make decisions on plan design
- Select the plan type
- Choose investment options
- ≻ Observation:
  - You don't have to make decisions to be a fiduciary just having the authority to do so makes you one



# **Functional Analysis**

- > Are you on a Committee that reviews:
  - the plan
  - Its provisions
  - Its investment options
  - Its administration services
- > Observation:
  - Advising or recommending actions may also be a fiduciary function



Do you have responsibility to:

- choose or evaluate service providers
- bind employer through contracts
- establish policies and procedures and/or make exceptions to these rules

➢ Observation:

 Contracting out all services, functions and/or decisions does not remove you from your fiduciary









Are You A Fiduciary?			
Yes	No		
		Did you participate in the decision to offer the plan, the type of plan that is offered, or in the selection of the investment options?	
		Do you participate in a committee meetings to implement the plan, to administer its provisions or to select and monitor its investment options?	
		Do you have any responsibility to choose or evaluate service providers?	
		Do you establish policies and procedures relating to plan administration or do you have authority to make exceptions to these rules?	
		Do you have authority to bind the employer through contracts, or to delegate certain functions for the plan?	

## If you've checked yes to any of the above, you are likely a fiduciary.



- > The plan sponsor (employer) is the ultimate fiduciary
- Fiduciaries may be appointed or elected
  - Members of Plan Committees
- If appointed, decisions must be prudent and take into consideration position/abilities of individuals or contractors



- Certain activities/responsibilities may be delegated
- Plan sponsor or Committee is responsible to ensure delegated actions and activity are
  - handled appropriately, and
  - in accordance with fiduciary duties, plan documents and governing laws



# **Fiduciary Duties**



- Act solely in the interest of plan participants and beneficiaries
  - Duty loyalty
  - May not engage in "self-dealing," acts that serve personal or business interests
  - Internal Revenue Code §401(a)(2) exclusive benefit rules and §4975 prohibited transactions
  - ERISA can provide guidance even if your plan is not subject to it
- State statutes and municipal codes on plan creation, ethics and conflicts of interest
- Common law and applicable court decisions



- > Maintain the plan and its assets for exclusive purpose of providing benefits
  - Exclusive benefit rule; primary plan purpose is to provide retirement benefits for participants and beneficiaries
- > Example:
  - Expenses paid from plan assets must be for the benefit of participants and beneficiaries

≻ Under ERISA §404(a)(1), affirmative duties are:

- Act prudently with respect to plan assets and expenses
- Diversify assets to minimize risk of large losses
- Loyalty to beneficiaries of trust
- Act solely in the interests of such beneficiaries for the exclusive purpose of providing plan benefits and paying plan expenses
- Comply with plan provisions and applicable laws

Fiduciary duties under common law of trusts:

- Prudence
- Loyalty

≻ Example:

• When selecting and monitoring investments, it may be necessary to hire expert services to advise decision makers



- > Diversify plan's assets to minimize risk unless it is clearly prudent to do otherwise
- > Example:
  - You should provide suitable, diversified investment choices, and adequate investment education, to enable participants to make decisions that will minimize their investment risk



- The legal standards applied to fiduciaries (duties of prudence and loyalty) are the highest standards under the law and are often difficult to understand.
- Meeting the fiduciary standards requires more than just common sense or a good faith attempt.
- The fiduciary standards are the same for all Committee members regardless of how they became a member.
- The fiduciary standard is not applied on a "sliding scale," therefore, all members of the Committee are instantly held to this very high standard as soon as they become committee members.



# **Duty of Prudence**

- ➤ A retirement plan fiduciary is to manage the plan with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. This level of care is known as the "prudent expert" rule.
- A determination of whether a fiduciary has exercised prudence in an investment decision must be made by considering the investment of all of the assets of the trust over which the Committee has management and control, rather than by considering the prudence of a single investment. This description of the duty of prudence comes from "modern portfolio theory" and reflects current best practices.
- Technically, ERISA does not apply to public retirement plans. ERISA only protects those in the private sector; however, there is no good policy reason to provide less protection to public employees by using lower standards.
- Fiduciaries for public retirement plans who do not live up to the prudent expert standard are not following current best practices in the public retirement arena and are depriving their members of the protections afforded to employees in the private sector.

- Act in accordance with the plan documents and governing instruments
- > Example:
  - Fiduciaries must make sure that the plan document and trust agreements are amended to comply with any changes in federal/state laws and applicable regulations
  - Maintain vendor service performance standards
  - Investment and administrative guidelines



#### Committee's Role

- Strategic governance
- Establish internal controls
- Audit of processes and people
- Examination of issues and options
- Due diligence activities

## ≻ Staff's Role

- Implementation of administrative and reporting activities
- Operations, documentation and research
- Assist Committee in fact finding, vendor management and implementation of program changes/modifications





# **Role of Advisors**

## Type of Advisors

- Investment Consultant
- External Counsel
- Field Representatives
- > Auditor

## Selection Process

- Selection is done in the best interest of the participants
- ≻ A prudent, clearly defined process is key
- Assures competitive cost for value
- Adhere to appropriate due diligence processes
- Identify selection decision responsibility

## **Reporting Structure**

- Clarify reporting schedule and content
- Reporting structures can vary depending on the service providers' focus





- Provide a governance manual to all Committee members
  - Committee's mission statement, including its vision and guiding principles
  - Governing plan documents (statutes, regulations, plan summaries)
  - Organizational chart, role descriptions and summaries of contracts
  - Governance policies and procedures
  - Committee meeting schedules and rules of procedure
- Develop Committee practices
  - Development of a strategic plan that guides the Plan towards its goals
  - Adoption of fiduciary education program to improve skill sets
  - Perform periodic assessment and audits to evaluate internal controls, performance and risks to fund and its fiduciaries





# **Best Governance Practices**

- Maintain written policies
  - Standards of conduct, ethics and conflict of interest rules
  - Investment policy that includes goals, monitoring procedures and risk tolerances
  - Procurement guidelines that document procedures to select/monitor contractors
  - Privacy and information policy
- Conduct risk oversight
  - Governance structure that defines risk and accountability
  - Assessments to test internal controls and risk events (e.g., data systems)
  - Key measures to assess exposure to risk (including financial, operational, reputational)
- Make a strategic plan
  - Set goals and performance measures for key functions
  - Long-term investment goals, risk tolerance and diversification objectives
  - Multi-year budget needs
  - Service quality goals and plans to achieve them
  - Process for improving plan compliance and internal controls

Intent	Guidance	Protection
<ul> <li>Implement plan documents/applicable laws</li> <li>Provide governance framework</li> <li>Communicate to stakeholders</li> <li>Establish historic record</li> </ul>	<ul> <li>Provide direction to fiduciaries and their delegates</li> <li>Set expectations for committee and individual trustee conduct</li> </ul>	<ul> <li>Set out due diligence process</li> <li>Establish monitoring and reporting process</li> </ul>

# **Key Governance Policies**

#### $\succ$ Ethics

- Code of conduct
- Gifts and consideration

#### Education

- Describe educational objectives and how funding will be allocated
- Require justification for any educational sessions attended
- Include travel reimbursement rules

#### Investment

- Asset class diversity
- Benchmarks (RFP process)
- Guidance on evaluation and changes

#### ➢ Governance

- Define Committee and staff roles
- Implementation of Plan rules

#### Communications

- Identify rules under which the Committee will operate
- Guidelines for Committee communications (with participants, external parties)
- Specifics on information dissemination and privacy concerns





## **Fiduciary Governance Checklist**



Fiduciaries must document:

- Monitoring activities, actions and decisions
- Meeting minutes and rationale for any decisions and actions
- Process to select and monitor outside contractors and service providers

- Hold Committee meetings
- Maintain documentation of actions and meeting minutes
- Establish written procedures and policies (investment policy)
- Outsource when experience and expertise is needed

## What is an Investment Policy?

- > Guides all decisions about the Plan's investment options
- > More plans recognizing the need for an established policy

## What should it say?

- Clarify responsibilities of parties
- > Identity types of investments to be offered, selection criteria and processes
- > Define how funds will be monitored, replaced, or removed

## This policy is not static!

- Periodically review and update
- Document should evolve as plan and industry evolves
- Evaluate the performance of the Plans investment options to its benchmarks and peer universe
- > Monitor the administration services of the plan service provider

# DISCUSSION

0



# Nevada Deferred Compensation Committee Behavioral Economics Learning Session

Using Behavioral Economics to Encourage Employees to Make Better Decisions about their §401(k) Plans

By Christopher Goldsmith and Stewart D. Lawrence



## January 18, 2018

# $\star$ Segal Consulting

#### Assumes that all actors always...

- Act in their own self-interest
- Research options
- > Try to maximize utility/value
- > Make rational, informed decisions



## Is This How The Real World Works?



#### **Participants**

- Spend little time planning for retirement, reviewing progress and a majority regret their decisions
- Don't optimize voluntary contributions
- Under-choose target date funds
- Under-select annuities
- Over-react to the latest DJIA report
- Few participants access the substantial resources available covering:
  - financial goal setting
  - investment alternatives
  - tax strategies
  - longevity risk

#### **Investment Committees**

- Believe that participants make decisions rationally and competently (just like committee members)
- Educate participants while conveying a neutral point of view and thereby under-emphasize intelligent choices
- Focus on "how we did lately" and "what is the near term investment outlook"
- Make investment picks by glancing in the rear view mirror and relying on familiarity


### Agenda

- **1. What is Behavioral Economics?**
- **2.** How might it help participants?
- **3.** How might it help trustees?
- 4. Which techniques are important to master?





### Things That Make You Go "Hmmm..."

- A father and daughter have simultaneously decided to replace their existing vehicles with more efficient models
  - Father increases his MPG from 16.5 to 20 with his purchase
  - Daughter increases her MPG from 33 to 50 with her purchase
- > Who will save the most gas over 10,000 miles?



### ➢Both will save about 100 gallons over 10,000 miles

Source: Based upon The MPG Illusion, Rick Larrick and Jack Soll (http://www.mpgillusion.com/)



### **Doing the Arithmetic**

#### Father

- > 10,000 miles / 16.6 miles per gallon = 606 gallons
- > 10,000 miles / 20.0 miles per gallon = 500 gallons
- Difference = 106 gallons



#### Daughter

- > 10,000 miles / 33 miles per gallon = 303 gallons
- > 10,000 miles / 50 miles per gallon = 200 gallons
- Difference = 103 gallons









	6 kinds of jams	24 kinds of jams
Shoppers who stopped	<b>40%</b>	60%
Shoppers who bought jam	30%	3%



Source: Iyengar & Lepper (2000)

### Things That Make You Go "Hmmm..."

### **Question:** What percent of United Nations member countries are on the African continent?

But before answering, spin the wheel of fortune



	Manager A	Manager B
Assets Under Management	\$20 Billion	\$7.2 Million
Clients	Over 100, including sophisticated investors and well-known families	11 Doctors
Results	Average annual 10 years of 25%; volatility 2% / year	Average annual 6 years of 25%; volatility 14% / year
Portfolio	Basket of S&P 100 stocks with options strategy	30–40 stocks
Offices	New York and London	Omaha, Nebraska



#### Answer





Manager A Bernie Madoff, 2001 Manager B Warren Buffett, 1962

HERDING BIAS: Gravitating to an investment opportunity based principally on the fact that many others are doing so.



#### What is Behavioral Economics?

"Behavioral economics is the study of how real people actually make financial choices; it draws on insights from both psychology and economics."

- Research based critique of rational decision theory
- The science of trying to understand how and why individuals make suboptimal and optimal consumer choices



# Stockholm's Piano Subway Staircase makes musical sounds as you walk on it. 66% increase in people choosing stairs.

**Definition:** The Marketplace of Perceptions: Behavioral economics explains why we procrastinate, buy, borrow, and grab chocolate on the spur of the moment. Craig Lambert, Harvard Magazine. March – April 2006



### Agenda

- **1. What is Behavioral Economics?**
- **2.** How might it help participants?
- **3.** How might it help trustees?
- 4. Which techniques are important to master?



### What's Going On When Plan Participants Make Sub-optimal Decisions: Human Nature!

Mental Shortcuts as BARRIERS TO CHANGE	Examples with Retirement Plans
Complexity Aversion and Clue Seeking Bias	Look at all of these investment options. Well, the Company must have put the Money Market Fund at the top of the list for a good reason. I will choose it.
Hyperbolic Discounting	I can spend that 3% of salary on a vacation in Orlando or put it away in the retirement plan. What is the big deal anyway about compound interest?
Sentinel Event Bias	My former boss chose the annuity at retirement and died young. I won't make the same mistake—give me the lump sum!



### **Behavioral Biases Can Also Be Used to Improve Outcomes**



your pension with the new Hybrid Retirement Distribution Option (click here).



### **Choice Overload and Retirement Plan Participation**



Source: "How Much Choice is Too Much?: Contributions to 401(k) Retirement Plans," Iyengar, Jiang and Huberman, *Pension Research Council, The Wharton School*, 2003



### **Countering Hyperbolic Discounting Encourages People to Save**

#### How do we help a 30 year old view what their life will be like at age 70?

Participants who saw their CURRENT selves contributed 4.4% toward retirement Participants who saw their *FUTURE* selves contributed 6.2% toward retirement



Source: "Increasing Saving Behavior Through Age-Progressed Renderings of the Future Self," Hal E. Hershfield, et al, *Journal of Marketing Research* Vol. XLVIII, S23–S37, November 2011



### Communication Concept Employees are Savvy Consumers; not Investors



community center.

\* Segal Consulting 18

Travel to exotic locations; live the good life!

### Framing: It Can Hinder or Help Savings Rates

Typical DC Plan Choice Structure: 50% Match up to 6% of Pay								
EmployeeCompanyTotalDeferralMatchContribution								
0%	0.0%	0.0%						
2%	1.0%	3.0%						
4%	2.0%	6.0%						
6%	3.0%	9.0%						
8%	3.0%	11.0%						
10%	3.0%	13.0%						
12%	3.0%	15.0%						

#### **Implied Messages**

- > Any contribution other than 0% is good
- The right amount to save is 6% because the company caps its match at 6%
- A total contribution at 9% of pay is sufficient for retirement readiness

Typical DC Plan Choice Structure:								
50% Match up to 6% of Pay								
<u>Employee</u>	<u>Employee Company</u>							
<u>Deferral</u>	<u>Match</u>	<b>Contribution</b>						
0%	0.0%	0.0%						
2%	1.0%	3.0%						
4%	2.0%	6.0%						
6%	3.0%	9.0%						
8%	3.0%	11.0%						
10%	3.0%	13.0%						
12%	3.0%	15.0%						

niad DC Dian Chains Structures

- Anchor attention toward the higher savings rates.
- Emphasize loss with lower savings rates.

#### **BEHAVIORAL ECONOMIC SOLUTION**

Revised DC Plan Choice Structure: 50% Match up to 6% of Pay						
Employee Savings RateEmployer ContributionTotal 						
12%	3%	15%	0%			
10%	3%	13%	0%			
8%	3%	11%	0%			
6%	3%	9%	0%			
4%	2%	6%	1%			
2%	1%	3%	2%			
0%	0%	0%	3%			

#### Also consider Auto-Escalation arrangements.



# **Example:** Auto Enroll and Auto Escalation Added to a Financial Services Organization DC Plan

#### **Plan Configuration**

- Defined Benefit Pension Plan 1.25% x Final Avg. Pay
- Defined Contribution Plan 50% Match up to 6 % of Pay

#### **New Default Configuration**

New Year Default Contribution Rate	
3%	
4% - 6%	
No Change	

#### Participation and Retirement Readiness 100% 77% 80% 64% 60% 54% 40% 20% 6% 7% 0% Participation Average Retirement Deferral Readiness Before After

#### **Results Over a Six Year Period**

- Dramatic increase in DC plan participation!
- Increase in average deferrals!
- Increase in retirement readiness!



#### **Study Approach:**

Subjects were asked, "What should Mr. Red do? Should he take an annuity or a lump sum?"

#### **Investment (ROI) Framing**

"Mr. Red invests \$100,000 in an account which earns \$650 each month for as long as he lives. He can only withdraw the earnings he receives, not the invested money. When he dies, the earnings will stop and his investment will be worth nothing."

#### **Consumption Framing**

"Mr. Red can spend \$650 each month for as long as he lives in addition to social security. When he dies, there will be no more payments."

#### **Results:**

Investment framing: 21% of study participants chose the annuity.

Consumption framing: 71% of study participants chose the annuity.

Source: Why Don't People Insure Late Life Consumption? A Framing Explanation of the Under-Annuitization Puzzle" Jeffrey R. Brown, Jeffrey R. Kling, Sendhil Mullainathan, and Marian V. Wrobel. NBER Working Paper No. 13748. January 2008.



#### **TWO APPROACHES TO CONFIGURING DISTRIBUTION OPTIONS**

Typical Retirement Plan Election Language	Simplified Retirement Election Language
<ul> <li>If you are married when your benefit begins, your benefit will be paid to you as a Qualified Joint and Survivor Annuity. A Qualified Joint and Survivor Annuity provides reduced, equal monthly payments to you during your lifetime and, if your spouse lives longer than you, to your spouse for your spouse's lifetime. Although your monthly benefit payments are reduced, the payments to you and the survivor benefit for your spouse have the same actuarial value as the Single Life Annuity described above. If you are married and your spouse consents, you may elect to receive one of the optional forms of payment have the same actuarial value as the Single Life Annuity as the Single Life Annuity.</li> <li>Single Life Annuity: Monthly Benefit = \$1,000</li> </ul>	<ul> <li>Choose one of the following monthly income streams for your retirement benefit:</li> <li>\$667 monthly income while you and your spouse are both living.</li> <li>\$500 monthly income for your spouse after you pass away.</li> <li>\$1,000 monthly income while you and your spouse are both living.</li> <li>\$0 monthly income for your spouse after you pass away.</li> <li>Under this option, your spouse must sign a notarized consent form.</li> </ul>
<ul> <li>Joint and Survivor Annuity = \$667, reducing to a \$500 survivor benefit</li> </ul>	



### Agenda

- **1. What is Behavioral Economics?**
- **2.** How might it help participants?
- **3.** How might it help Committees?
- 4. Which techniques are important to master?



### **Behavioral Finance Meets Investment Decision Making**

#### **Premise**

- > Investment decisions involve rational thinking, mental shortcuts and emotion
- Retirement plan participants may make more sub-optimal decisions, but members of investment committees and their advisors are also human
- The operating model of a committee should be structured to mitigate sub-optimal decisionmaking at the committee and in the workforce

#### **Our Goals**

- Improve retirement plan outcomes and retirement readiness
- Improve your decision-making process

"...to make a decision, emotion is the necessary trigger. Without emotion, one would be reduced to the state of an idiot savant who goes on endlessly calculating without the ability to make a choice."

Source: Perceptions of Financial Risk: Axioms and Affect, Robert A Olsen. The Icfai University Press (2008).



### **Availability Heuristic**

### Media Bias

"The good news is everywhere; the S&P 500 continues to rise; the DJIA is at an "all time" high. The forecast for equities is strong. I know we are outside of IPS guidelines; so let's change the guidelines."



**IDEA:** Assign a committee member to take a contrarian view.



### **Expert's Certainty Bias**

#### **The Blind Spot Bias**

"Sure, a lot of people let these things get in their way, but not us."



**IDEA:** Team building exercises.

Experts Certainty Bias: The tendency of experts to ignore data contrary to their informed experience and the belief that most people analyze choices as they do.



### **Complexity Aversion**

Choice Paralysis: "Let's give both managers money."



**IDEA:** Establish a disciplined set of criteria with a scorecard.



### Impact of Framing on Decision-Making

### **SCENARIO:**

Two doctors are meeting separately with two patients that have the same medical condition. They are each discussing the risks of surgery with their patient.



### Impact of Framing on Decision-Making

#### **SCENARIO:**

Committee members must recommend Fund X or Fund Y based on separate evaluations of two equally weighted major criteria.

	Performance History (50%)		Style Consistency & Management (50)		<b>jement</b> (50%)	
	Member 1	Member 2	Member 3	Member 1	Member 2	Member 3
Fund X	7	7	9	9	8	7
Fund Y	8	8	7	7	9	8

#### **COMMON SELECTION RULE:**

Select Highest Weighted Average Score

Fund X Average = **7.83**, Fund Y Average = **7.83** 



### **Investment Committee Decision Rules**

### **Common Rule Used for Resolution:**

Select the Proposal Winning "Majority of Criterion"

	Performance History (50%)		Style Consistency & Management (50		ement (50%)	
	Member 1	Member 2	Member 3	Member 1	Member 2	Member 3
Fund X	7	7	9	9	8	7
Fund Y	8	8	7	7	9	8

Fund Y wins the majority of the contests.

	Member 1		Member 1 Member 2		Member 3	
	<b>Perf</b> (50%)	<b>Mgmt</b> (50%)	<b>Perf</b> (50%)	<b>Mgmt</b> (50%)	<b>Perf</b> (50%)	<b>Mgmt</b> (50%)
Fund X	7	9	7	8	9	7
Fund Y	8	7	8	9	7	8

Fund X wins the majority of the contests.

**IDEA:** When scoring is close, determine if there is a framing effect.



### Suggestions for Investment Committees Creating High Performing Teams



Align Advisors' Framings with Investment Policy Execute an Operating Model Designed to Avoid Making Suboptimal Decisions

### Agenda

- **1. What is Behavioral Economics?**
- **2.** How might it help participants?
- **3.** How might it help trustees?
- 4. Which techniques are important to master?

 $\star$  Segal Consulting 33



### Creating High Performance Investment Committees Behavioral Economic Training Curriculum

#### Human Biases

- Availability Heuristic
- Comparative Competence
- Complexity Aversion
- Confirmation Bias
- Endowment Effect
- Familiarity Bias
- Gambler's Fallacy
- Groupthink Bias
- Halo Effect
- Hindsight Bias
- Loss Aversion
- Mental Accounting
- Narrative Fallacy
- Optimism Bias
- Outcome Bias
- Probability Neglect
- Recency Bias
- Regressive v. Exaggeration Biases
- Risk Aversion and Risk Seeking Biases
- Sample Size Neglect Bias
- Status Quo Bias
- Sunk Cost

#### Curriculum

- Experiencing Behavioral Bias First Hand
- Informative Research and Applications
- Reflecting on Past Committee Biases
- Planning: Revise the Committee
   Operating Model



#### **Applied to Key Activities**

- Selecting Investment Options
- Revisiting the Investment Policy
   Statement
- Developing an Education Policy
   Statement
- Reviewing Fund Performance
- Evaluating Proposals
- Checking References
- Selecting Defaults
- Communicating Investment and Distribution Options to Participants
- Offering Participant Education Sessions





### **Conduct a Behavioral Economic Review**

3. Identify Types & Prevalence of Sub-optimal Decisions

#### 1. Clarify the Presenting Issues

- Retirement Readiness
- Savings Rates
- Financial Wellbeing

#### 2. Inventory Benefit Program

- Plan Designs
- Communication Campaigns
- Election Forms / Enrollment Process
- Vendor Resources
- Participant Reports

#### 4. Enhance Choice Architecture

- Characterize Current State
- Propose Future State
- Assess Feasibility of Change
- Implement and Measure



### Key Takeaways

- There are a number of documented behavioral biases that impact human behavior
- > These biases have a substantial influence upon investment and financial decisions
- > They impact individuals, Committees, and Markets
- > There are ways to minimize the impacts for your participants and plan assets
  - Understand these biases and how they operate
  - Appropriately frame information
  - Apply contrarian thinking
  - Create high performing teams



## Nevada's Open Meeting Law

Making Public Bodies Transparent Since 1960!

# What is it?

 The Open Meeting Law "OML" is a shorthand name for chapter 241 of the Nevada Revised Statutes which place certain requirements on Public Bodies.

# Why is it Necessary?

 NRS 241.010 (1) "all public bodies exist to aid in the conduct of the people's business. It is the intent of the law that their actions be taken openly and that their deliberations be conducted openly."
## What is Covered?

 NRS 241.020(1) Except as otherwise provided by specific statute, all meetings of public bodies must be open and public, and all persons must be permitted to attend any meeting of these public bodies.

# Public Body?

- See also NRS 241.015(4):
  - A government body
  - 2 or more people,
  - supported by tax dollars
  - make collective decisions or recommendations
- AG's Manual states: "...to the extent that a group is appointed by a public body and is given the task of making decisions for or recommendations to the public body, the group would be governed by the Open Meeting Law."
- This includes the Committee to administer the Deferred Compensation Program (NRS 287.325)

## What about a Sub-committee?

- If a sub-committee recommendation to a parent **body** is more than **mere fact-finding** because the sub-committee has to choose or accept options, or decide to accept certain facts while rejecting others, or if it has to make any type of choice in order to create a recommendation, then it has participated in the decision-making process and is subject to the OML. (unless specifically exempted by statute.)
- OML Manual: section 3.04

## Meeting?

- NRS 241.015 (3): "The gathering of members of a public body at which a quorum is present, whether in person or by means of electronic communication, to deliberate toward a decision or to take action on any matter over which the public body has supervision, control, jurisdiction or advisory power."
- Quorum + (Deliberation or Action) = Meeting

# Why is the OML Important?

- NRS 241.036 Action taken in violation of chapter void.
- NRS 241.040 Criminal and civil penalties;
- Attorney General has subpoena authority to investigate from NRS 241.039.

## How to avoid Violation

• Enforcement against a member of a public body based on "participation" may only occur when the member makes a commitment, promise, or casts an affirmative vote to take action on a matter under the public body's jurisdiction or control when the member **knew** his/her commitment, promise, or vote was taken in violation of the OML.

## What Does it Require?

- A lot of things, but remember the spirit:
- NRS 241.010 (1) "all public bodies exist to aid in the conduct of the people's business. It is the intent of the law that their actions be taken openly and that their deliberations be conducted openly."
- Generally several components:
  - Agendas
  - Non-Meeting Conduct
  - Meetings
  - Public Access

## Agendas 101

- NRS 241.020(2)(d)(1): "A clear and complete statement of the topics scheduled to be considered during the meeting."
- Agenda topics must be specific to alert the public to topics that will be discussed.
- Related matters to an agenda topic may not be discussed or the public body may have strayed from the agenda even if no vote is taken (OMLO 98-03)
- Items on which action may be taken must clearly denote that action may be taken. NRS 241.020(2)(d)(2)

## Non-Meetings 101

- OML does not prohibit every private discussion of a public issue by members of public body or even forbid lobbying for votes, but;
- ...a quorum must not be involved.
- But 2 + 2 = 4: NRS 241.015(2)(a)(2)(II) "The members of the public body attending one or more of the gatherings collectively constitute a quorum."
- Texting counts too: NRS 241.015(2)(a)(2)(I): "... whether in person or by means of electronic communication"

## Meetings 101

- Follow the Agenda
- NRS 241.020 (3) Comments by the general public must be taken:

(I) At the beginning of the meeting before any items on which action may be taken are heard by the public body and again before the adjournment of the meeting; **or** 

(II) After each item on the agenda on which action may be taken is discussed by the public body, but before the public body takes action on the item.

• This is the minimum, can allow additional comment

## Public Access 101

- NRS 241.020 (1) "[A]II persons must be permitted to attend meeting."
- Periods of public comment must be taken, but can be restricted
- All public comment restrictions must be on Agenda
  - Restrict public speakers to the subjects within its supervision, control, jurisdiction or advisory power;
  - Limit public comment if the "speech becomes irrelevant or repetitious."
  - Apply reasonable time limitations (2 to 5 Minutes),
  - limit caustic personal attacks.
  - But a public body can not limit public comment based disagreement with "viewpoint" of the speaker.
- A person or persons who "willfully disrupts a meeting to the extent its orderly conduct has been made impractical" can be removed.

## Remember. . .

## OPENNESS IS THE NORM, NOT THE EXCEPTION; The OML is:

"...for the public benefit and should be liberally construed and broadly interpreted to promote openness in government."

Dewey v. Redevelopment Agency of City of Reno, 119 Nev. 87, 94 (2003)

# I Still Don't Understand

- AG's Open Meeting Law Manual (11<sup>th</sup> ed., June 2012)
- Statutory provisions
- Explanation of requirements
- Examples
- Compliance checklists
- Sample Forms: agenda, minutes and notice of meeting to consider a person's character, etc.
- Available on the Attorney General's website at: www.ag.state.nv.us/Open Meeting law (link)

## Phone a Friend?

- Greg Ott
- Deputy Attorney General
- Telephone (775) 684-1229
- 100 North Carson Street
   Carson City, Nevada 89701
- gott@ag.nv.gov

# Ethics Introduction for Public Officers

## Ethics vs. Morals

- Ethics refer to rules provided by an external source, e.g., codes of conduct in workplaces or principles in religions.
- Morals refer to an individual's own principles regarding right and wrong.
- Public Officers Ethical Standards are given in NRS chapter 281A

## Who Do These Standards Apply to?

- Ethical Standards apply to Public Officers and Employees (NRS 281A.400, 150 and 160)
- "Public employee" means any person who performs public duties under the direction and control of a public officer for compensation paid by the State or any county, city or other political subdivision.
- "Public officer" means a person who is:

(a) Elected or appointed to a position which:

(1) Is established by the Constitution of the State of Nevada, a statute of this State or a charter or ordinance of any county, city or other political subdivision;

## What Can't I Do?

- Don't use public office for private benefit (NRS 281A.400)
  - No gifts (subsection 1)
  - No assistance for affiliated businesses (subsection 2)
  - No negotiating self-interested contracts (subsection 3)
  - No private compensation for public duties (subsection 4)
  - No gaining from inside information (subsection 5)
  - No suppressing adverse information (subsection 6)
  - No using public time or equipment (subsection 7)
  - No forcing subordinates to do these things for you (subsection 9)
  - No soliciting private contracts or employment (subsection 10)

## What about Board Discussions and Voting?

- When you can't participate or vote at all (NRS 281A.420(1))
  - When you have accepted a gift or loan
  - When you have a pecuniary interest
  - When your vote would be affected by a private commitment (unless fully disclosed before participation).
- When you can't vote or advocate a position, but can participate (NRS 281A.420(3))
  - When a reasonable person might think your judgment could be affected by
    - The acceptance of a gift of loan
    - A significant pecuniary interest
    - A private commitment to a third party

## But I'm a Participant? Can I Vote on Anything?

- NRS 287.325(1)(c) requires Committee Members to be participants
- That participation does not require recusal but other interests could
- But remember your oath (NRS 282.020)
  - "...I will well and faithfully perform all the duties of the office..."
- And the Committee's Statutory Obligation (NRS 287.330(1)(b))
  - "... Act in such a manner as to promote the collective best interests of the participants in the Program."
- And willful violation of ethical provisions can result in fines (NRS 281A.480)
  - Up to \$5,000 for a first offense

## I See a Lot of Grey Here

- The Commission on Ethics has a bank of opinions (NRS 281A.200)
  - <u>http://ethics.nv.gov/Opinions/</u>
- They also take requests for opinions (NRS 281.440(1))
  - Reply within 45 days
  - Opinion is binding on the requester
- Also feel free to call your lawyer (preferably before the meeting)

## Voya Stable Value and Fixed Account Overview State of Nevada

Presented by: Anthony Camp, CEBS, Vice President – Product Director

January 18,2018

Information contained herein is proprietary, confidential and non-public and is not for public release.





- **Stable Value Overview** 
  - General/Separate Account Product Comparison
- Voya Stable Value/Financial Strength
- Voya Fixed Account Characteristics
- □ Voya Fixed Account Crediting Rates



## Asset Class Overview

#### Stable Value Funds are a Core Investment in Defined Contribution (DC) Employee Benefit Plans

- \$742 billion invested in stable value assets<sup>1</sup>
- Offered in over half of all 401(k) plans<sup>2</sup>

#### **Conservative Option for 404(c) in DC plans**

"Strives to be an income producing, low-risk, liquid fund"

#### **Stable Value Objectives**

- Principal preservation/stability
- **Given Steady growth over time without daily fluctuations**
- **General liquidity for participant transactions (certain conditions may apply)**

#### Some of the Keys to Meeting These Objectives

- Benefit responsive contracts that guarantee participants can transact at book value (i.e.; principal value plus accrued interest)
- □ High quality, liquid fixed income securities backing contracts
- Current accounting regulations (S.O.P. 94-4 & FASB ASC Section 946-210-45 and 946-210-50) allow valuation of benefit responsive contracts at "contract value" or "book value" in Defined Contribution plans

#### **Providers**

- Insurance Companies
- Banks
- Investment Firms / Trust Companies
- 1. Stable Value Investment Association (SVIA) 9/30/2017.
- 2. "A Primer on Stable Value Funds for Retirement Plan Advisers," by Anthony Isola, October 9, 2017

#### Voya Stable Value Product Comparison

	Separate Account	General Account	
Offered By	Voya Retirement Insurance & Annuity Company – Voya's product is called "Stabilizer"	ny – Voya's product is called Company – Voya's product is called "Voya	
Funding Vehicle	Insurance Company <u>Separate</u> Account - Group Annuity participating contract.	Insurance Company <u>General</u> Account - Group Annuity contract.	
Crediting Rate Reset - Return Stability	Each contract receives its own crediting rate, based initially on the estimated portfolio yield, thereafter based on contractual formula which utilizes the underlying portfolio total return, yield and duration. Rates announced in advance (calendar quarter frequency).	Voya's Fixed Account has a annually declared portfolio rate using a proprietary rate setting methodology and is announced in advance.	
Investment Strategy	Sponsor can select from several underlying investment strategies.	Single strategy. Portfolio invested in fixed income securities across the entire credit spectrum.	
Guarantee	Guarantee of principal and accumulated interest for life of contract.	Guarantee of principal and accumulated interest for life of contract Voya's Fixed Account has a 1.00% minimum lifetime floor crediting rate	



# Voya Stable Value Product Comparison (continued)

	Separate Account	General Account	
Guarantee Risk	<ul> <li>Separate account contractholders are insulated from claims of creditors if insurance company/bank becomes insolvent</li> <li>Book Value Guarantee - subject to insurance company claims paying ability</li> </ul>	<ul> <li>General Account contractholders are <u>not</u> insulated from claims of creditors if insurance company/bank becomes insolvent</li> <li>Book Value Guarantee - subject to insurance company claims paying ability</li> </ul>	
Transparency	<ul> <li>Fees and crediting rate formula are disclosed in contract</li> <li>Underlying portfolio assets backing contract are disclosed - market value performance can be tracked</li> </ul>	<ul> <li>Crediting rate formula is proprietary .</li> <li>Summary of underlying portfolio general</li> </ul>	
Participant Transfer/ Surrender Treatment	Industry standard competing fund rule if the plan contains a competing fund.	Industry standard competing fund rule if the plan contains a competing fund.	
Plan-Level Surrender Treatment	Market value of portfolio in cash, or securities in-kind (if separate account), or book value installment payout over investment portfolio duration.	Fixed Account surrender options include market value adjustment (MVA) or book	



# Voya Stable Value Product Comparison (continued)

	Separate Account	General Account
Minimum Contract Size	<ul> <li>\$10 million</li> <li>\$100 million for individual separate account</li> </ul>	Generally no minimum
Fees	Dependent upon asset size and strategy utilized	Not applicable



## **Our Financial Strength**



 Insurance financial strength ratings for Voya Retirement Insurance and Annuity Company, Voya Insurance and Annuity Company, ReliaStar Life Insurance Company, ReliaStar Life Insurance Company of New York, and Security Life of Denver Insurance Company; for all insurance financial strength ratings, refer to the 1Q'17 supplement at investors.voya.com

 Estimated combined RBC ratio primarily for our four principal U.S. insurance subsidiaries

Statutory Total Adjusted Capital (\$ billion) and Estimated Combined RBC Ratio<sup>2</sup>





### Voya Stable Value Products



## Voya Fixed Account Characteristics



- General Account investment option offered through a group annuity contract
- Portfolio Method of crediting interest The entire contract balance receives one specified current rate of interest, regardless of when money was placed in the account.
- Guarantees principal and features two (2) interest rates as follows:
  - 1. Current Interest Rate Voya and The State Of Nevada have contractually agreed to committed rates.
  - Guaranteed Minimum Interest Rate (GMIR) Good for the life of the contract. Rate will never be lower than the GMIR. \*



VOYA

\* GMIR of 1.00%.

A general account product that represents a well-diversified portfolio, consisting primarily of:

- Treasuries
- U.S. government securities
- Corporate bonds
- Mortgage-backed securities
- Asset-backed securities
- Commercial mortgages
- Private placements
- Short term investments

Strategy focused on producing competitive credited interest rates sustainable over the long term with an emphasis on high credit quality, liquidity and careful monitoring of the portfolio's risk to interest rate changes to help maintain competitive rates.



#### **Sector Allocations:**

- □ U.S. corporate public securities (30%)
- U.S. corporate private securities (11%)
- Foreign corporate public securities and foreign governments (9%)
- □ Foreign corporate private securities (11%)
- Mortgage loans on real estate (16%)
- Residential mortgage-backed securities (9%)
- □ U.S. treasury, agencies and municipalities (5%)
- Commercial mortgage-backed securities (5%)
- Other asset-backed securities (2%)
- Derivatives (0%)
- □ Short-term investments (0%)
- Limited partnerships/corporations (1%)
- Policy loans (1%)
- Equity Securities (0%)







Contract Type: General Account Group Annuity Contract

Non Participating

- □ Four Contracts:
  - 666783 State Of Nevada Deferred Comp.
  - 666970 State Of Nevada DCP Alliance Partner
  - 666971 State Of Nevada DCP NSHE
  - State Of Nevada FICA Alternative
- □ JOI: Issued in the State of Nevada
- Objective: Stability of Principal
- Issuer: Voya Retirement Insurance & Annuity Company
- Contract Funding Date: January 1, 2015



Assets in Voya Fixed Account December 31, 2017:

- State Of Nevada Deferred Comp.:
- State Of Nevada DCP Alliance Partner:
- > State Of Nevada DCP NSHE:
- > State Of Nevada FICA Alternative:
- Total:

\$231,603,941.15 \$72,537,911.02 \$13,565,692.06 <u>\$36,814,368.85</u> \$354,521,913.08

- Approximate Allocation to Fixed: 40%
- Asset Based Plan Administration Fee: 8 Basis Points
  - Assessed on all Variable Funds (not Fixed Account)
- > Annual Participant Fee: \$30
  - Deducted quarterly across all plan assets

# State Of Nevada – Voya Fixed Account Equity Wash/Competing Funds

Plans are subject to a 90 day Equity Wash Rule\*

- If the plan contains competing fund, no direct transfers are allowed between the competing fund and the Fixed Account
- Equity Wash rule is a rule that protects participants in Voya Fixed Account from anti-selection

- Competing Fund
  - TD Ameritrade Self Directed Brokerage Account

\*FICA Plan not subject to Equity wash - contains a single investment option – Voya Fixed Account


# State Of Nevada – Voya Fixed Account Sponsor Surrender Options

### Market Value Adjustment

- □ Formula based can be positive or negative
- □ Full Surrender Paid Out in five installment payments
  - > 1/5<sup>th</sup> of Balance on initial request date
  - > 1/4<sup>th</sup> of remaining balance on 2<sup>nd</sup> anniversary
  - > 1/3<sup>rd</sup> of remaining balance on 3<sup>rd</sup> anniversary
  - $> \frac{1}{2}$  of remaining balance on 4<sup>th</sup> anniversary
  - Remaining balance on 5<sup>th</sup> anniversary
  - Participant Cashflow Treatment During Installment Payout
    - Voya Fixed Account will stop accepting deposits
    - Voya will continue to pay participant withdrawals subject to terms of the contract



## State Of Nevada Fixed Account Crediting Rates



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# State of Nevada – Contractually Committed Crediting Rates

2015	3.50%
2016:	3.15%
2017	2.75%
2018	2.50%
2019	2.50%
After 12/31/2019:	TBD
Lifetime Minimum Floor Rate:	1.00%



### State of Nevada - Voya Fixed Account Crediting Rate Methodology

- □ Fixed Account product does not have a formula to reset crediting rates
- □ Crediting rates are reviewed periodically and set based upon:
  - Plan specific characteristics
  - Contract guarantees
  - Portfolio investment income earned on invested assets
  - Amortization of any portfolio capital gains/losses on the sales of assets
- Rate Setting Factors 2017/2018
  - Although there were 3 FED rate increases during 2017, they produced no yield benefit for longer term fixed income investments
  - □ Yields on corporate bonds declined during 2017
  - Older higher yielding investment proceeds are being invested at lower rates
  - Overall portfolio net earned rate still declining
- Contractual guarantee of 2.50% (2018 and 2019) is above our Large Case Credit Crediting Rate



### Market Overview – US Treasury Rates

• Short rates sold off while long rates rallied and the curve flattened in 2017

Tenor	<u>1M</u>	<u>3M</u>	<u>6M</u>	<u>1Y</u>	<u>2Y</u>	<u>3Y</u>	<u>5Y</u>	<u>7Y</u>	<u>10Y</u>	<u>30Y</u>
12/29/2017	1.23%	1.38%	1.53%	1.73%	1.88%	1.97%	2.21%	2.33%	2.41%	2.74%
12/30/2016	0.42%	0.50%	0.61%	0.81%	1.19%	1.45%	1.93%	2.25%	2.44%	3.07%
Change	0.81%	0.88%	0.92%	0.92%	0.69%	0.52%	0.28%	0.09%	-0.04%	-0.33%



Source: Bloomberg Data as of 12/31/2017



### **Historical Treasury Yields**



Treasury rates are annualized month end market yield on U.S. Treasury securities at 2-year, 5-year and 10-year constant maturity, quoted on an investment basis. Source: Federal Reserve.

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### SVIA's Stable Value Funds' Quarterly Characteristics Survey\*

Weighted Average	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16
Crediting Rate	4.05%	3.35%	3.26%	2.86%	2.48%	2.40%	2.28%	2.16%	2.14%
Duration (years)	2.75	2.89	3.00	2.74	2.81	2.95	3.03	3.30	3.39
Credit Quality	AA	AA	AA	AA1	AA1	AA1	AA1	AA1	AA1

\*Data Source: Weighted Average from Stable Value Investment Association (SVIA) Stable Value Funds' Characteristics Survey published December 31, 2016



### **Presenter Biography**



#### Anthony "Tony" Camp, Jr., CEBS

Vice President, Stable Value Years of investment experience: 35

Tony Camp is Vice President of Voya's Stable Value Product Group and has over 30 years of experience in the Pension Industry working with Defined Benefit and Defined Contribution Plans and Insurance Products. His responsibilities include all aspects of stable value product and client management for Voya's stable value Tax Exempt, Corporate and Investment Only clients. Specific duties include business generation, client relationship and management, product development, business development and research. Tony directly manages stable value product offerings for Voya's premiere Tax Exempt and Corporate Full Service and Investment Only clients. Tony holds FINRA Series 6 and 26 securities registrations and insurance licenses in all 50 states





# TD Ameritrade Self-Directed Brokerage Account

### Inside your participant guide

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Who Do I Contact?

#### TD Ameritrade Self-Directed Brokerage Account Overview

#### What is the TD Ameritrade Self-Directed Brokerage Account (SDBA)?

The TD Ameritrade SDBA is available to you as an additional investment option through your employer-sponsored retirement Plan (Plan), referred to as the "core account" administered by Voya Retirement Insurance and Annuity Company. This option gives you the freedom to invest a portion of your plan assets in a self-directed brokerage account that provides access to a wider array of investment choices, including open-end mutual funds, fixed income securities, Exchange Traded Funds (ETFs) and publicly traded stocks.

### How is the TD Ameritrade SDBA different from a typical brokerage account?

Since the TD Ameritrade SDBA is an investment option under your Plan, it is subject to the Internal Revenue Code that governs your plan, other laws and the Plan document. Therefore, the same rules and restrictions that govern your core account apply to the dollars transferred to your TD Ameritrade SDBA.

The TD Ameritrade SDBA can only be funded through transfers from one or more of the Plan's core investment options. The following securities and transactions are generally not available through the TD Ameritrade SDBA: short sales, margin trading, options trading, foreign securities, currencies, nonexchanged listed limited partnership (private limited partnerships), pink sheet securities, bulletin board securities, futures/commodities, promissory notes, real estate/ property, collectibles, municipal bonds, alternative investments.

#### How are the investment choices in the TD Ameritrade SDBA different from those available through my employer's retirement Plan?

There is a significant difference between the investment choices available through your employer's retirement plan and the investments available through the TD Ameritrade SDBA.

Investment options offered through your Plan are selected by a thorough due-diligence process which helps ensure that you are offered a diverse and balanced array of appropriate longterm investments.

The investment choices available through TD Ameritrade, however, are not approved, selected, monitored or reviewed by Voya Retirement Insurance and Annuity Company or your employer-sponsored Plan. When you elect to open a TD Ameritrade SDBA, you assume the sole responsibility for researching, selecting, monitoring and managing the investments in your TD Ameritrade SDBA. As an investor, you need to be aware of the additional risk that may be present in the investments available through this option.

### Is a self-directed brokerage account right for me?

A TD Ameritrade SDBA is designed for the experienced investor who wants to independently and actively manage an even greater choice of investments and is willing to pay additional fees and accept full responsibility for researching, selecting, monitoring and managing their investments. Additionally, Voya and its affiliated companies, its officers, agents or employees cannot advise concerning the suitability of a security or investment strategy, nor can they provide financial, legal or tax advice. If you are confident with an independent approach to actively managing the retirement assets you've invested in the Plan, the TD Ameritrade SDBA may be right for you. Keep in mind, however, that if

you choose to open a TD Ameritrade SDBA, you also assume the added responsibility for actively managing the investments in your account. If you are not comfortable actively managing your own investment portfolio, it's likely the core investments in the Plan will help meet your needs.

### What should I consider before opening a TD Ameritrade SDBA?

The TD Ameritrade SDBA is designed for the experienced investor. Before using this option as part of your retirement savings portfolio, you should consider whether a TD Ameritrade SDBA is appropriate for your long-term investment needs. If all of the following describes you as an investor, the brokerage account may be right for you:

- I have access to the Internet.
- I am knowledgeable about investment matters.
- I am comfortable with, and understand risk, and I am capable of making my own personal investment decisions.
- I have experience using the Internet to research and manage my investments.
- I have the time and investment expertise to research, evaluate and select investments consistent with my investment strategy and personal risk profile.
- I have the time to monitor and manage my retirement plan portfolio.
- I am willing to pay additional fees and charges to invest in investment choices not available within my core account.

#### Am I eligible?

To open a TD Ameritrade SDBA, you must have a balance of at least \$5,000 in your core investment options. Generally, the maximum amount that can be transferred to the SDBA is 50% of your total core retirement plan account balance. The minimum transfer amount is typically \$2,500 and you must maintain a minimum core account balance of \$2,500. This minimum core account balance will be monitored each time you request a transfer. Please contact Customer Service at **(800) 584-6001** for more details.

Your investments in the TD Ameritrade SDBA are made through transfers from your core account. Your payroll contributions cannot be directed to TD Ameritrade – they must continue to be directed to one or more of the Plan's core investment options.

Remember, your TD Ameritrade SDBA is an investment choice under the Plan administered by Voya, so only assets held in your Plan may be transferred to the TD Ameritrade SDBA. Eligibility rules may vary by plan. Please contact your Benefits Office for more information.

### Broader choice of investment options

#### What investments are available?

Through your TD Ameritrade account you can select from publicly traded stocks, ETFs, fixed income securities and a broad range of mutual funds, including No Transaction Fee (NTF) mutual funds.<sup>1</sup> Using TD Ameritrade's online screening tools, you will be able to research and access in-depth, independent information about the investments that you are considering. You should consider the investment objectives, risks, and charges and expenses of the investment company carefully before investing. To obtain a prospectus containing this and other important information, please call a TD Ameritrade representative at 866-766-4015. Please read the prospectus carefully before investing.

As a plan participant in a tax-deferred retirement plan, you should be aware that certain funds, such as tax-exempt municipal bond funds and retail versions of the Plan's core options, may not be appropriate investments because of their fund and/or fee structure.

### What are No Transaction Fee mutual funds?

The No Transaction Fee (NTF) program allows you to place orders with certain mutual funds without paying a transaction fee. Shares of mutual funds in the NTF program must be held for 90 days from the date of purchase. Funds redeemed or exchanged within 90 days of the purchase date may incur a transaction fee. The NTF eligibility applies only to the initial transaction fee associated with the purchase of the fund. It does not apply to the management fee or other expenses associated with the fund including any redemption fees. For full details on expenses/fees, please refer to the mutual fund prospectus. Read it carefully before investing. Commission schedules and fees are subject to change without notice. Go to

#### www.tdameritraderetirement.com for more complete details on commissions and fees.

<sup>1</sup>No-Transaction-Fee (NTF) mutual funds are no-load mutual funds for which TD Ameritrade does not charge a transaction fee. NTFs, as well as other funds, have other continuing fees and expenses described in the fund's prospectus. TD Ameritrade receives remuneration from fund companies for record-keeping, shareholder and other administrative services. The amount of remuneration is based in part on the amount of investments in such funds by TD Ameritrade clients. Almost all funds held 90 days or less will be subject to a short-term redemption fee of \$49.99. This fee is in addition to any applicable transaction fees or fees described in the fund's prospectus.

#### **Getting started**

#### How do I open a TD Ameritrade SDBA?

### To open an SDBA, please follow these steps below.

 Logon to your core product account at nevada.beready2retire.com and select Forms to access the TD Ameritrade Commission Schedule and Participant Guide. Please contact TD Ameritrade Participant Services at 866-766-4015 to request an application to open a TD Ameritrade SDBA.

If you would like to transfer assets from your Roth money source, you will need to open an additional SDBA so your Roth money can be kept segregated from your other money sources. On the application to open a TD Ameritrade SBBA, please check the appropriate box under Account Information to identify the type of account you wish to establish. If you hold assets in the Roth money source and intend to transfer assets from there to the SDBA, please select "Both (Roth and Non-Roth)."

2. Complete and return the application(s) to TD Ameritrade. TD Ameritrade will open your Account(s) within 3 (three) business days. Once the account is opened, TD Ameritrade will send you a Welcome Kit that includes your brokerage account number and explains their brokerage account services, procedures, commissions and fees. Additionally, you will receive a Personal Identification Number (PIN) under separate cover. This will arrive separately for security purposes. Please note that you will need both your account number and PIN to access your account through TD Ameritrade at www.tdameritraderetirement.com.

Furthermore, you will receive two Welcome Kits if you open a Roth SDBA in addition to a regular SDBA. 3. Logon using your TD Ameritrade account number and PIN. You will then be prompted to create a unique User ID and password. At this point you will be required to read and accept various agreements. A TD Ameritrade SDBA can only be funded through transfers from investment options in your core account. You cannot make direct deferrals/contributions into the TD Ameritrade SDBA account or request a withdrawal directly from the account.

### What are the fees and charges associated with the TD Ameritrade SDBA?

If you choose to open a TD Ameritrade SDBA, you will be charged a \$50 fee, annually on November 1st or the next business day the New York Stock Exchange (NYSE) is open, irrespective of when the account was opened. This fee will be deducted from the core investment options in your account under the Plan with Voya. Additionally, you will pay the brokerage account commission and fees as described in the Commission Schedule. Fees may vary by the type of security traded. Please refer to the mutual fund prospectus for additional fees and charges that may apply to mutual fund trades.

### How do I transfer assets to my TD Ameritrade SDBA?

To transfer assets to your TD Ameritrade SDBA, you must logon to your core product account at **nevada.beready2retire.com** and select Manage Investments/ Fund Transfer.

### Are there any restrictions on transferring money to a TD Ameritrade SDBA?

Generally, the maximum transfer amount is 50% of your total Voya retirement plan account balance. The minimum transfer amount is \$2,500. You must maintain a minimum core account balance of \$2,500. Please contact Customer Service **(800) 584-6001** for more details.

- Direct transfers from some core investment options (i.e., Stable Value Options, Fixed Accounts) may be subject to a Market Value Adjustment and may also have other restrictions and limitations. See the core product disclosure booklet for more information.
- Direct transfers to or from some core investment options such as competing Investment Options may prohibit or invoke equity wash provisions as applicable. See the core product disclosure booklet for more information on equity wash rules.
- A confirmation of the transfer from your core account will be mailed immediately following the transfer.

Transferring assets from the core account to the TD Ameritrade SDBA will be processed as follows:

- Transfer instructions received by us in good order before the close of the New York Stock Exchange (NYSE), typically 4:00 p.m. Eastern Time, will be valued at the next determined close of the NYSE (generally, same day).
- Transfer instructions received on a day the NYSE is closed, or after the NYSE is closed, will be valued at the next determined close of the NYSE (generally, the next business day).
- Once the funds have been transferred into your TD Ameritrade SDBA, you may begin trading.
- Your assets will be transferred to a cash account and moved to an Insured Deposit Account the following business day. This may result in your funds being out of the market for one business day.

Carefully consider the investment objectives, risks, charges and expenses of any money market fund before investing. To obtain a prospectus containing this and other important information, please call a TD Ameritrade representative at (866) 766-4015. Please read the prospectus carefully before investing. An investment in money market funds is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the funds seek to preserve their value of your investment at \$1 per share, it is possible to lose money by investing in the funds.

The TD Bank Insured Deposit Account serves as a cash sweep vehicle for earning income on cash balances in the Self-Directed Brokerage Account (SDBA) for plan participants. Balances in a TD Ameritrade FDIC Insured Deposit Account are held at TD Bank, N.A. and TD Bank USA, N.A. or both, where they are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 per depositor. TD Bank N.A. and TD Bank USA, N.A. are affiliates of TD Ameritrade. The TD Bank Insured Deposit Account (insured deposit account) is the designated sweep vehicle in SDBAs.

Cash in a TD Ameritrade FDIC Insured Deposit Account is held at TD Bank, N.A. and TD Bank USA, N.A., affiliates of TD Ameritrade. Deposit accounts offered by participating institutions are eligible for Federal Deposit Insurance Corporation (FDIC) insurance up to \$250,000. Limits are per account ownership per institution. Please monitor your entire deposit to ensure it does not exceed the coverage limit. To learn more about FDIC coverage go to HYPERLINK "file://www. FDIC.gov" www.FDIC.gov.

Non-Deposit Investment Products: NOT FDIC INSURED-NO BANK GUARANTEE-MAY LOSE VALUE.

### Accessing your TD Ameritrade SDBA and placing trades

### What should I know before I place a trade in my TD Ameritrade SDBA?

Your TD Ameritrade SDBA is a cash account, which means you must have sufficient cash or available funds to cover your trade(s) and any applicable commissions and fees. Additionally, mutual funds traded within the TD Ameritrade account may be subject to initial and subsequent investment minimums. (For example, many mutual funds require an investment minimum of \$1,000.)

### How do I place trades in my TD Ameritrade SDBA?

After you have opened and transferred money to your TD Ameritrade SDBA, you can access your account and place trade orders (buy, sell, redeem or exchange) 24 hours a day, 7 days a week, to be submitted during market hours. You may place trade orders by:

- Accessing your account on TD Ameritrade's website at www.tdameritraderetirement.com
   24 hours a day, 7 days a week
- Using TD Ameritrade's Interactive Voice Response (IVR) by calling toll free (866) 766-4015 – 24 hours a day, 7 days a week
- Calling TD Ameritrade Participant Services toll free at **(866) 766-4015**, 8:00 a.m. to 7:00 p.m. Eastern Time (excluding market holidays).
- Mobile-Device-specific trading applications for the most popular mobile products. Helps you stay on top of the markets from anywhere. TD Ameritrade offers you a choice: two free mobile apps that both deliver access to your watch lists, real-time charts, quotes, and comprehensive news and research. Choose the one that matches your trading style – TD Ameritrade Mobile or TD Ameritrade Mobile Trader. Log on to your brokerage account at www.tdameritraderetirement.com for details.

#### **Account statements**

### What information will I receive about my TD Ameritrade SDBA?

You will continue to receive your Plan's regular quarterly statement that shows the total account value of your core account investment options in addition to the aggregate value of your TD Ameritrade account. You will also receive a separate statement from TD Ameritrade for your SDBA detailing individual holdings and transactions. You will receive this statement monthly when there is trade activity in your TD Ameritrade account, and quarterly when there is no activity. You can designate how you would like to receive statements and trade confirmations by logging on to your brokerage account at

www.tdameritraderetirement.com. Electronic statements and trade confirmations are available.

You will also receive fund prospectuses, semi-annual and annual reports for the investments in your TD Ameritrade SDBA.

### How do I transfer back to my core account?

To transfer assets back to your core account, you may first need to redeem/ sell the securities held in your TD Ameritrade SDBA. Once the trades have settled (generally one to three business days, depending upon the type of security), you can request a transfer to your core account at **nevada.beready2retire.com**.Select Manage Investments/Fund Transfer.

### Loans and distributions from my TD Ameritrade SDBA

### Are distributions available from the TD Ameritrade SDBA?

Loans and distributions can only be made from the core account investment options; your TD Ameritrade SDBA cannot be directly accessed for any type of distribution or transfer, including Automated Customer Account Transfers (ACATs). All distributions from the Plan, including amounts in the TD Ameritrade SDBA, are subject to the requirements of the Internal Revenue Code Section that govern your Plan, other laws, and the Plan document.

#### Withdrawals

If you request a withdrawal from the Plan for any reason, only the assets in your core account can be used for the withdrawal amount. If the amount of the withdrawal is greater than the amount available in your core investment options, you will need to transfer assets from your TD Ameritrade SDBA to your core account, prior to your withdrawal request being processed.

#### Loans

Loan disbursements can only be withdrawn from assets in your core investment options. However, assets held in your SDBA will be included in the calculation of the maximum loan amount available to you. If you require a loan amount greater than the assets available in your core investment options, you may need to liquidate securities in your TD Ameritrade SDBA and transfer the assets to your core account, to satisfy the loan amount. Please keep in mind that loans may impact your withdrawal value and limit participation in future growth potential.

#### Systematic Distribution Options

If you elect a Systematic Distribution Option from your core account, you will be required to liquidate the securities in your TD Ameritrade SDBA and transfer the assets to your core account. Voya will not process your systematic distribution request until the assets have been transferred to your core account. Systematic distributions will be taxed as ordinary income in the year the money is distributed to you. Account values fluctuate with market conditions, and the principal value may be worth more or less than its original amount invested.

Account Activity	TD Ameritrade 1-866-766-4015 tdameritraderetirement.com	Voya Retirement Insurance and Annuity Company 1-800-584-6001 nevada.beready2retire.com
Request transfers between investment options within the core account		х
Request transfers from the core account to the TD Ameritrade SDBA		x
Request transfers from the TD Ameritrade SDBA to the core account		x
Place trade orders within the TD Ameritrade SDBA	х	
Obtain TD Ameritrade SDBA balance	х	
Obtain total core account and TD Ameritrade SDBA balance		х
Obtain investment information about the choices within the TD Ameritrade SDBA	х	
Obtain investment information about the choices in the core account		x
Ask plan questions		х
Request a withdrawal from the Plan		х

#### Profile changes to my TD Ameritrade SDBA

Please contact Voya at **800-584-6001** to make profile changes to your TD Ameritrade SDBA such as name or address.

# More information is available from:

Voya Financial Advisors, Inc. 844 West Nye Lane, Suite 101 • Carson City, NV 89703

#### nevada.beready2retire.com

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### Self-Directed Brokerage Account (SDBA)

#### **NAGDCA Network Data**

We reach out to our NAGDCA colleagues across the Country to inquire about answers to the following questions regarding the management and Plan design parameters of the following questions:

- 1. Of those that offer an SDBA option in their line-up, <u>what is the percentage of</u> <u>assets</u> that your Plan allows to be invested in the SDBA by participants?
- 2. Those that allow participants to invest in individual stocks, has anybody ever run into an issue where a participant invests in a limited partnership and creates tax liability for the Plan Sponsor? If so, how has your Plan handled that?
- 3. Of those that have a SDBA option in their Plans, do you allow participants the ability to authorize third-party advisors to execute batched trading agreements/authority or access the platform?
- NY Metro Transportation Authority Kim Russell, Director
  - Allow employees to transfer 20% of their balance into the Self Directed Brokerage Account.
  - Only allow Plan Participants to purchase mutual funds not individual stocks.
  - Do not allow third-party advisors the ability to execute trading for the employees.
- <u>CO County Employee Retirement</u>- Jacob Kuijer, Director
  - $\circ$  50% Max Contribution of Participant Plan Assets allowed to be invested into the SDBA
  - Allow the purchase of individual Stocks, but not the purchase of stock in any Limited Partnership due to potential tax implications to the Plan.
  - Do not allow third-party advisors the ability to execute trading for the employees, but they have run into issues and have evidence were Participants freely give out their PIN numbers to advisers and then "compensate them under the table".
- <u>Utah Retirement System-</u> Craige Stone, Director
  - Allow up to 100%, but they must keep at least \$1,000 in the core options. However, we are looking to change our policy to require \$5,000 to stay in the core primarily due to RMDs.
  - Do allow investments in individual stocks, but <u>not</u> the purchase of stocks in Limited Partnerships. The big problem is the taxability associated with the Unrelated Business Income Tax (UBIT) which has different rules for tax reporting. Governmental Pensions are exempt from filing the UBIT for Defined Benefit Plans. However, the new tax bill almost made it taxable to the funds, and many States had to lobby against it. Also, it is not clear if UBIT creates a taxable event for an individually controlled retirement account. To be safe, we have instructed Charles Schwab (our brokerage provider) to block securities coded as LPs. We are going to take a close look at this issue before using Private Equity or Limited Partnerships within the DC options (including the target date funds).

- Regrettably, we allow our participants to sign a limited power of attorney authorizing an advisor to manage the accounts and charge their fee to the account. The participants don't understand that the advisors are not employed by us, and they don't understand what fees they are being charged. This has caused some concern and confusion among our members and employers.
- Commonwealth of Virginia DC Plan- Kelly Heirs, Director and Plan Administrator
  - We do not restrict based on a percentage of assets. Rather, we require that the participant maintain a minimum balance of \$2,500 in the core line-up and restrict transfers to the SDBA to a minimum of \$1,000.
  - Do allow the investment into individual Stocks, but do NOT allow the investment into Limited Partnerships.
  - Participants can authorize a third party to manager their SDBA, although the advisor is unable to receive fees paid from the participant's account.
- South Carolina Public Employee Benefit Authority, Ashley Brindle, DC Manager
  - The South Carolina Deferred Compensation Program restricts participants to retaining a minimum of the greater of \$2,500 and 50% in the core investment options. Transfers into the SDBA are subject to a minimum transfer restriction of \$1,000.
  - Participants are not allowed to invest in limited partnerships.
  - The Program does not allow participants the ability to authorize third-party advisors to access the platform.
- State of CA Saving Plus Program- Brian Hinton, Investment Analyst
  - Participants must retain \$2500.00 or 50% of their total account balance, whichever is less, in their Savings Plus core account. The minimum account balance is applied per plan, 401(k) / 457 (b).
  - Participants are not allowed to invest in limited partnerships.
  - Savings Plus participants may grant authority to an Investment Advisor who has a relationship with Schwab or to a Third Party to trade in the Participants PCRA and they are allowed to draw managment fees from the account.
- University of Oregon- Gay Lynn Bath, Director of Retirement Plan Management
  - Participants can invest all but \$500 which they need to leave in core funds to pay plan fees.
  - Allow only investment into Mutual funds
  - Participants are not allowed to authorize third-party advisors to execute batched trading agreements/authority or access the platform.

### EXECUTIVE SUMMARY



#### RETIREMENT PLAN ENVIRONMENT AND PLAN INDICATIVE DATA

As shown below, the "typical" survey respondent's plan had \$1.3 billion in total assets, and four out of five plans were designated as supplemental, so participants are also eligible for additional retirement benefits from their primary plan.





Over half of the participating plans were multiemployer, as opposed to single employer.



Almost 70% of the responding plans were 457(b), followed in popularity by 401(k) and 401(a) plans.



Just under two-thirds of the responding plans offered both pre-tax and Roth savings methods.



The median number of plan participants as of December 31, 2106 was 27,764, as shown below.





The median account balance reported by the surveyed plans across all accounts was \$15,545 for 2016, versus \$13,715 last year. In both years, the significantly higher average account balance was influenced by the largest account holders in the plans.



As was the case last year and would be expected, the median account balances for older plan members were substantially higher than those of their younger counterparts.



The same was true of account balances by years of service, with those having the longest tenure reporting the highest account balances.



For the oldest age group, both the reported mean and reported median account balances were higher in the current survey year than they were in last year's survey



In terms of tenure, the most seasoned group reported a higher average for 2016, while the reported median for this group was down somewhat.



#### **ELIGIBILITY, ENROLLMENT AND CONTRIBUTIONS**

Due no doubt in part to their higher income levels and closer proximity to retirement, the older groups were also more likely to be contributing larger amounts to their plans.





As in 2015, those with more years of service were also more likely to contribute higher amounts to their plans.



For the oldest age grouping, respondents contributed more in 2016 than in 2015.



As with the oldest age group, the most tenured group also reported higher contribution levels in 2016.



One in five responding plans offered auto-enrollment (versus one in four in last year's survey)...



...and of those that offered auto-enrollment, target date funds were the most common default investments by far.



The reasons given for not offering auto-enrollment are shown below. Over one-third of the plans said they are prohibited by law from offering autoenrollment.





One in five plans offered auto-escalation in 2015, while over 30% did so in 2016.



#### INVESTMENTS

As shown below, almost nine out of 10 plans used mutual funds, while seven out of 10 used separate accounts.



In terms of the various asset classes held by respondents' plans, domestic large cap stocks, target date and stable value were the assets with the largest balances.



Just over 40% of all assets were in mutual funds. Separate accounts and collective trust funds now represent over half of all assets.



The percentage of plan assets that were actively managed was approximately 70% in 2015 and 2016. Fig 23



Seventy percent of the responding plans had a brokerage window in 2016, but only 1% of the applicable respondents use it.





#### **DISTRIBUTIONS AND WITHDRAWALS**

Fifty-four percent of the responding plans offered loans in 2016 (versus 56% in 2015).



For 2015 and 2016, in terms of transfers and direct rollovers, more money flowed out of plans than into plans.



The breakdown of plan distribution types changed very little between 2016 and 2015, with 60% of the distributions being full lump sum.

Fig 27



 $\star$  Segal Marco Advisors

Nevada Public Employees' Deferred Compensation Program

### **REVIEW OF INVESTMENT STRUCTURE**

Presented by:

Frank Picarelli Senior Vice President

January 18, 2018

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### Introduction

With the recent transition to fee level model, this study is to evaluate alternative investment products and asset classes for Committee consideration.

The objective is to determine optional number and types of options/products to further enhance participant diversification.

The total assets at approximately \$800 million presents opportunities to evaluate the pros and cons of alternative investment products.

Any new investment asset class or product requires participant education, so participants can make informed investment decisions.

The goal is to continue to follow industry best practices as they pertain to the overall design of the investment structure of the Plan, and ensure that the lowest possible management fees are made available to the participants.

### **Collective Investment Trusts CITs**

- > CITs are pooled institutional investment vehicles and are not publicly traded
- Trust must be established by a bank trust company that will act as fiduciary and maintain the ultimate responsibility for the discretion and control of the trust
- > CITs are regulated and governed by federal or state levels
- > Unlike mutual funds, they are exempt from SEC regulations
- CITs aren't new, mutual funds were the option of choice in all types of Defined Compensation Programs
- > CITs today have more common shared features as mutual funds
- CITs are attractive to plans that have large asset under management in an specific individual fund for favorable investment management fees however this may require higher recordkeeping fees, daily unit value
- > State of Nevada plan assets in variable options range from \$8 million to a high of \$70 million
- > Under the new fee level mode the investment options are at the most efficient share class with revenue sharing if any being returned back into the participants account.

Pricing	Generally CITs have a low cost advantage over mutual funds, due to different regulatory requirements
Flexibility	Managers have the ability to offer multiple fee classes to clients with sliding fee schedules based on asset growth
NSCC Trading	Can trade through NSCC same operational process as mutual funds for recordkeeper daily valuations

Plans greater than \$1 billion in AUM hold 37% of assets in CITs.

Two-thirds of large mega plans hold CITs in their plans

Mutual Funds vs. CITs Fees					
Large	Blend	Foreign La	arge Blend	Intermedia	ate Bonds
Mutual F	CIT	Mutual F	CIT	Mutual F	CIT
0.74	0.66	0.85	0.52	0.52	0.32

- > Low regulatory cost structure
- > Can customize portfolio for specific needs and asset size
- Rename a fund to simplify participant communications or create branding example State of Nevada Large Cap Growth Fund

### Mutual Funds versus White Label Funds

	Mutual Funds	White Label
Pros	- Participants are used to the investment structure	- Can provide diversification by combining multiple managers under one fund; may allow investment in niche strategies (i.e. asset allocation models) All market caps under one option
	<ul> <li>Mutual funds are publically traded so information is readily available</li> </ul>	<ul> <li>Easy to change underlying managers if needed with no extensive participant education and communications as overall objective of asset class is maintained</li> </ul>
	<ul> <li>Often well recognized firms manage the investment options; may give participants a comfort level</li> </ul>	- Identify a fund by asset class or objective rather than the brand of the investment firm; often guideline flexibility over underlying managers
	<ul> <li>Plan sponsors do not have to make decisions on fund management; only need to monitor the investment managers</li> </ul>	<ul> <li>May realize lower management fees through combining active and passive strategies, collective trusts or leveraging separate account managers used on other plans</li> </ul>
Cons	- Participant notification recommended each time an option changes	- Participants may feel that choice has been taken away with reduced total number of investments
	<ul> <li>Do not force investment diversification as participants can put their money into a single fund</li> </ul>	<ul> <li>No ticker symbol or public transparency and lack a trackrecord; may frustrate participants who want to do their own research</li> </ul>
	- No control over investment guidelines of the mutual fund	- May incur additional costs such as calculating a daily net asset value, rebalancing, structure design, custody, etc.
		- Committee retain fiduciary responsibility over fund structure and implementation unless outsourced



Investment programs that include a broad cross-section of asset classes

Solutions-oriented in that they can be tailored to fit specific client needs

*Will shift allocations between various asset classes to produce improved outcomes* 



	Risk Parity	GTAA	Other Liquid Alternative Solutions
Investment Objective(s)	<ul> <li>Diversification</li> <li>Attractive risk-adjusted performance</li> </ul>	<ul> <li>Diversification</li> <li>Downside protection with upside potential</li> <li>Inflation hedging</li> <li>Alpha through TAA</li> </ul>	<ul> <li>Diversification</li> <li>Downside protection with upside potential</li> <li>Inflation hedging</li> <li>Alpha through short-and medium-term market dislocations</li> <li>Among other things</li> </ul>
Strategy Characteristics	<ul><li>Risk-weighted</li><li>Long-only</li></ul>	<ul> <li>Capital-weighted but risk-conscious</li> <li>Generally long-only, but may have shorting flexibility</li> </ul>	<ul> <li>Contrarian</li> <li>Leverage proprietary models and senior team experience to identify and exploit inefficiencies</li> </ul>
How Strategy is Used in Broad Portfolio	Complementary beta diversifying strategy to pair with more alpha centric mandates	<ul> <li>Core beta diversifying strategy with alpha potential through TAA</li> <li>Complement to less liquid and/or more alpha-centric investment solutions; productive liquidity source</li> </ul>	<ul> <li>Complement to traditional allocations; used in part as a hedge</li> <li>Core, standalone diversifying allocation</li> </ul>
Return Expectations	<ul> <li>Tends to <u>outperform</u> when: markets reward diversification</li> <li>Tends to <u>underperform</u> when: markets trend and/or experience sharp upward rallies</li> </ul>	<ul> <li>Tends to <u>outperform</u> when: asset class fundamentals dominate macro noises</li> <li>Tends to <u>underperform</u> when: market uncertainty dictates asset pricing</li> </ul>	<ul> <li>Tends to <u>outperform</u> when: markets are trending</li> <li>Tends to <u>underperform</u> when: markets experience material and persistent price fluctuations</li> </ul>
Fee Terms	0.30% to 0.50% management fee, on average	0.60% to 1.20% management fee, on average	Management fee + incentive fee, on average
Liquidity Terms	Daily, Weekly, Monthly	Daily, Weekly, Monthly	Daily, Weekly, Monthly

- Managing volatility and enhance diversification view as a balanced type product with multiple assets classes
- > Reducing reliance upon equity exposure
- > Acting as a swing balanced type option between cheap and expensive assets classes
- > Creating an active method of hedging inflation risk, downside protection
- > Assisting in managing complexity and adding new opportunities quickly
- A substitute for other absolute return approaches if liquidity, fees, transparency are desirable or necessary
- > An alternative to fully outsourcing where governance of areas like rebalancing would be helpful, but the asset owner does not wish to cede decisions such as manager selection
- Investing in alpha generators overlooked by many traditional managers (risk tactical trading, and factor tilts, for example)

>ESG stands for Environmental, Social and Governance

- Concept of "Universal Ownership" as a long-term owner of a diversified investment portfolio, an investor's long-term financial interest in their investment depends on the ability of global markets to produce economic growth on a sustainable basis
- Goal to integrate the long-term nature of the investments (30 years or longer for certain pension funds) with the short-term behavior of their agents



Source: MSCI ESG Research; 2017



### **ESG** Factors and Impact

Area of Focus	Activity	Potential Impact on Financial Performance
Environment	Resource management and pollution prevention Reduced emissions and climate impact Environmental reporting/disclosure	Avoid or minimize environmental liabilities Lower costs/increase profitability through energy and other efficiencies Reduce regulatory, litigation and reputational risk Indicator of well-governed company
Social	Workplace: Diversity Health and safety Labor-Management relations Human rights Product Integrity: Safety Product quality Emerging technology issues Community Impact: Community relations Responsible lending Corporate philanthropy	Workplace: Improved productivity and morale Reduce turnover and absenteeism Openness to new ideas and innovation Reduce potential for litigation and reputational risk Product Integrity: Create brand loyalty Increase sales based on products safety and excellence Reduce potential for litigation and reputational risk Community Impact: Improve brand loyalty Protect license to operate
Corporate Governance	Executive compensation Board accountability Shareholder rights Reporting and disclosure	Align interests of shareowners and management Avoid negative financial surprises or "blow-ups" Reduce reputational risk



### Mutual Fund Options for ESG/SRI Investing

## Several Fund Families are specifically committed to a focus on ESG and SRI:

- Calvert
- Domini
- Pax World



In addition, several traditional investment firms offer funds specific to different forms of ESG and SRI:

- American Century
- Brown Advisory
- DFA
- Fidelity
- Invesco
- Legg Mason/Clearbridge

- Morgan Stanley
- Neuberger Berman
- Saturna Capital / Amana (Halal Investing)
- Sentinel
- Touchstone
- Wells Fargo
## Retirement Date Funds Off-the Shelf versus Custom TDF Implementation

	Off-the-Shelf	Custom TDF
Pros	- Strategy and implementation known and consistent; track record available for analysis	- Ability to choose from the best-in-class funds already in place; may allow investment in niche strategies (i.e. private real estate & alternatives) that may be excluded from off-the-shelf options
	- Mutual funds are publically traded so information is readily available	- Glidepath designed as a better fit for the specific characteristics of the plan participants
	<ul> <li>Often well recognized firms manage the investment options; may give participants a comfort level</li> </ul>	<ul> <li>Managers removed from or added to the plan lineup can be simultaneously replicated in the custom TDF</li> </ul>
	<ul> <li>Plan sponsors do not have to make decisions on fund management; only need to monitor the investment manager</li> </ul>	- Provide the plan sponsor greatest flexibility in construction
Cons	- "Best" fit glidepath, not specific to participant base	<ul> <li>Additional fiduciary responsibilities of due diligence, asset allocation, oversight, implementation, and ongoing monitoring for the plan sponsor</li> </ul>
	- Many are 100% proprietary for underlying investments; no flexibility in manager implementation	<ul> <li>Additional costs associated with glidepath design, administration, consultant fees, etc.</li> </ul>
	<ul> <li>Plan sponsor and participants subject to any generic changes (i.e. glidepath updates &amp; tactical asset allocation) made to the product</li> </ul>	<ul> <li>No ticker symbol or public transparency and lack a trackrecord; may frustrate participants who want to do their own research</li> </ul>



The box below represents the current offering.



- Core Bond or Core Plus Most common bond offering
- Long Bonds Higher yielding, volatile option
- International/Global Provides diversification from US bonds
- Emerging Market Debt Higher risk/return profile that provides diversification from US bonds
- TIPS

Provides investors with a haven from inflation, as well as a "real return" over inflation throughout the investment period.

- High Yield Higher risk/return option
- Stable Value

most popular options favorable minimum guarantee rates.



# Fixed Income Investment Asset Classes Available

Investment options should span the risk return spectrum and most asset classes should be represented. Risk/return spectrum not drawn to scale.



Asset Class	Currently in the Plan*	Comments
Stable Value	Yes	Popular option—favorable minimum rates
Core Bonds	Yes	Popular option— passive management low cost management fee
Core Plus Bonds	No	Riskier than Core Bonds due to the exposure to high yield, emerging markets debt and international bonds
TIPs	No	Current income and inflation hedge, timing of implementation
High Yield Bonds	No	Return enhancer and diversifier
International or Global Bonds	No	Diversifier—Global equities include US equities, International Equities do not
Emerging Market Debt	No	Return enhancer and diversifier

Fixed Income Investment	Percent Offered	Participant Allocation
Domestic, Active	82.8%	7.3%
Domestic, Passive	57.0	2.5
International Active	12.9	0.6
TIPS	12.9	0.1
Money Market	40.9	2.5
Stable Value	63.4	10.4

PSCA 57<sup>th</sup> Annual Survey – Plans over 5,000 participants

The above table highlights for plans over 5,000 participants what percent of plans offer the investment option and how much participants have invest in those options. Biggest challenge is in the participant communication and education



Core U. S. Bonds: All fixed rate debt securities issued in the U.S., including government, corporate, agency, mortgage pass-through and asset-backed securities, that are rated investment grade (BBB) or higher. Duration comparable to Barclays Capital Aggregate.

#### > Advantages

- > With its income component, bonds provide stability in a diversified portfolio.
- > Large very liquid market with many derivative instruments to supplement exposures.

#### > <u>Disadvantages</u>

Bond value is sensitive to changes in interest rates, credit quality, and inflation.



**Core Plus Bonds:** All fixed rate debt securities issued in the U.S., including government, corporate, agency, mortgage pass-through and asset-backed securities, that are rated investment grade (BBB) or higher. Core Plus Bonds enhances these features with the opportunistic value-added potential of exposure to three additional asset classes:

- High Yield Higher expected long-term returns than investment grade bonds with a low correlation with every major asset class. Over 90% of the return is derived from the bonds' interest income.
- *Emerging Markets Debt* High current income component and potential for enhanced returns.
- Developed Non U.S. Fixed Income Features similar to domestic core portfolio, but a global opportunity set.

#### Advantages

With its income component, bonds provide stability in a diversified portfolio.

#### > Disadvantages

- Bond value is sensitive to changes in interest rates, credit quality, and inflation.
- Higher volatility that Core Bond
- > Political and/economic instability of emerging market countries
- > Specialized management skills are needed to effectively invest in the asset class



**Developed Non-U.S. Fixed Income:** Bonds that are issued by companies or governments in developed countries other than U.S.

#### > Advantages

- > Pays fixed coupon rate.
- > Diversification across multiple yield curves.

#### > Disadvantages

- > Exposure to currency exchange risk.
  - > Funds can be hedged to eliminate currency risk.
- > Exposure to political or economic instability.



**High Yield:** All corporate debt issued in the U.S. that is rated below investment grade, or is not rated. These securities have a higher yield than investment grade corporates, and are riskier, both in terms of price risk and default risk.

#### > Advantages

- Offer higher expected long-term returns than investment grade bonds. 90% + of the return is derived from the bonds' interest income.
- > Increased diversification. High Yield has a low correlation with every major asset class.

#### **Disadvantages**

- > Higher volatility than investment grade corporates.
- > Higher default rate relative to traditional investments.
- > Specialized management skills are needed to effectively invest in the asset class.



**Emerging Markets Debt:** Emerging market debt includes debt securities in countries with less developed economies

#### Advantages

- > High current income component.
- > Potential for enhanced returns relative to core fixed income.

#### Disadvantages

- > Higher default risk associated with lower quality issuers.
- > Interim volatility associated with political or economic instability of emerging market countries.



**Inflation Linked Bonds (TIPS):** A special type of Treasury note or bond that offers protection from inflation. As with other Treasuries, when you buy an inflation-linked bond you receive interest payments every six months, which is continuously adjusted for inflation.

#### Advantages

- > High Credit Quality
- > Principal and Interest are Protected against Inflation
- > Accrued Principal Value is Higher than its Face Value

#### Disadvantages

Due to the protection against inflation, these are some of the disadvantages:

- > Principal could Decline during Deflation.
- > Could have Higher Volatility than Core Bonds
- > Due to the protection against inflation, which guarantees a real rate of return, TIPS offer a low return.



Long Term Fixed Income: Bond issues with maturities typically greater than 15 years

#### > Advantages

> Higher interest rates than core fixed income.

#### Disadvantages

- > Higher credit and inflation risk.
- > Higher overall volatility than core fixed income.

# Fixed Income – Strong Case for Active Management

- Full replication of the Barclays Capital Aggregate Index is impossible. Only approximately 60% of the index is liquid and available for purchase, leaving passive managers to replicate the additional 40% by taking, often unintended, security specific risk. The passive management fees tend to be below 10 basis points.
- > Optimization techniques are employed to best match the characteristics of the index, such as sector and quality weights, duration and convexity, duration contribution by sector and quality, and cash flow distribution.
- Certain sector are easier to replicate than others. For example, sovereign and mortgage sectors can be accessed, while the credit sector poses unique challenges. Indexers simply cannot own the entire credit index, they attempt to replicate through holding a diverse credit portfolio with risk exposures similar to the index.
- Corporate securities faced an increasingly volatile environment leading to increased in downgrade risk and defaults. Considerable manager skill is required in the corporate sector. Therefore a passive sampling approach to indexing is inherently and increasingly riskier.
- Issuer-specific risk is perhaps the largest risk present in index replication strategies, as many corporate securities represented in the index are not available for purchase.
- Hedge funds have added to the volatility and complexity of execution. Prices of "must own issues" are bid up. Subsequently, prices of downgraded issues are driven down. Indexers are forced to sell securities downgraded from investment grade to non-investment grade even if the fundamentals don't necessarily support the downgrades.

# Fixed Income – Strong Case for Active Management

- Active managers have a broad range of opportunities to add value through decisions, including duration and yield curve bets, sector allocation, security selection, and non-benchmark securities. Different types of mortgages, asset-backed notes, structured notes, high yield and non-dollar securities can all be incorporated into fixed income strategies to add to the opportunity set.
- Inefficiencies have always existed in the fixed income market because it is an over-the-counter market where prices for bonds are not readily and publicly available. Additionally, there are a vast number of securities with esoteric and complex structures which provide opportunity for research and analysts to add value.
- Many large investors, some mutual funds, insurance companies and CBO's who are buy and hold investors seeking yield, are not necessarily driven by total return. These investors buy bonds as spread widen or interest rates go up in order to capture higher yields. They sell securities as spreads are tightening in order to harvest capital gains for earnings management. This kind of mis-alignment of objectives by different types of investors creates opportunities for active management.
- We recommend identifying fixed income managers with an extensive range of capabilities and allowing them considerable flexibility to invest across the broad array of fixed income securities. Fixed income markets allow scale among active managers, permitting many of the largest managers to continue to add significant value despite their size.

## **Current Investment Structure**

#### Voya

#### STYLE



#### Additional Asset Categories within Investment Line-up

**Fixed Income/Stable Value Voya Fixed Account** 

International Equity

International Eq (w/ Emerging Markets

exposure)

**Dodge & Cox International Stock** 

**Global Equity** 

Franklin Mutual Global Discovery A

Fixed Income/Bond Vanguard Total Bond Market Index Vanguard Developed Markets Index (passive)

Vanguard Target Retirement Income Inv

Vanguard Target Retirement 2015 Inv

Target Date/Lifecycle Funds

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**



### **Investment Structure Asset Classes Available**

Investment options should span the risk return spectrum and most asset classes should be represented. Risk/return spectrum not drawn to scale.





### Nevada Public Employees Deferred Compensation Program

### **Statement of Investment Policy**

Amended 2/2017

**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 contracted service providers (i.e., Recordkeeper, Investment Consultant, and other 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 high-quality investment options at competitive costs while maintaining high standards of customer service. The Committee and its Executive Officer/Program Coordinator monitor the Program's contracted Service Providers (i.e., Recordkeeper, Investment Consultant, and other contracted service providers), communicate the importance of supplemental savings through educational group or individual sessions, electronic communications, newsletters, and other informational efforts, and administer the Program in accordance with state and federal guidelines. All Program expenses are paid from revenue sharing reimbursement by its private sector service 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), the Program chooses to follow pertinent guidelines that are recommended as "Best Practices" in the industry as relevant to the Program. 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;" and
- 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 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
- Minimize investment management and administrative expenses without compromising quality, performance, and service.

#### 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:

- Define the Program objectives and link them to the Program's investment structure;
- Document the responsibilities of Program fiduciaries and non-fiduciaries;
- Define the investment categories offered and establish investment objectives and guidelines for each category;
- Determine appropriate benchmarks/performance standards;
- Set guidelines for monitoring investment performance;
- 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; and
- 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 guidance on 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 communications regarding the investment funds, establishing financial goals for themselves, and addressing their risks by diversification. The Program's contracted Recordkeeper will not provide investment advice to program participants, except through an optional independent third-party fiduciary advisory program as directed by the Committee (Section 6). Only educational information and general allocation guidance is permitted to be provided directly by the Recordkeeper and its representatives.

#### **Selection of Investment Options**

The Program, at the Committee's discretion, may offer any of the following investment options:

Asset Allocation /Target Date Retirement Funds Principal Protection/Guaranteed Options Fixed Income Funds Balanced Funds U.S. Equity Funds International Equity Funds Global Equity Funds

Each investment option offered under the Program shall:

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

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

#### **Investment Fund Selection**

Before hiring a new investment fund manager, and based on the Investment consultant's recommendation to the Committee, 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; and
- Invest in assets consistent with investment objectives.

#### Section 2- Investment Categories:

#### **Investment Structure**

The Committee, taking into account the advice and counsel of its contracted 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	Allows participants to choose a pre-mixed,
(Target Date Portfolios)	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 and cash.

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.

#### **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. Lifecycle Funds (also known as Target Date Funds) establish 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.

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

The Lifecycle/Target Date option will be the Qualified Default Investment Alternative (QDIA) based upon a participant date of birth and assumed retirement age of 65. This election has been based upon guidelines under the Department of Labor rules and guidelines related to permissible default investment options.

#### 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 indexes for all the funds will consistently change allocation by gradually shifting its allocation to more conservative investments as the fund matures.

#### Stability of Principle/Guaranteed Option

#### **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 provide a competitive rate of interest consistent with the marketplace of similar products.

#### Performance Standards

- Competitive rate of interest relative to the Hueler Stable Value Index;
- Declared annualized rate of interest at least quarterly and prior to the quarter; and
- Book to market ratio of the portfolio reviewed 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; and
- 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 in general, a period of 3 to 5 years.

General Account Stable Value Fund 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 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:** General Account is to provide full liquidity at all times for participant directed transfers. 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 newly contracted investment manager, and/or Recordkeeper.

The custodian's 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 is monitored by the Plan through its contracted Investment Consultant.

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-backed and assetbacked securities.

#### Performance Standards (Net of Fees)

- Actively managed accounts should exceed the return of the Bloomberg Barclays US Aggregate Bond Index and the median return of the fixed income fund universe over a 5 year period.
- 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 Bloomberg Barclays US Aggregate Bond Index and the fixed income fund universe, as appropriate

#### Balanced

#### Objective

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

#### Performance Standards (Net of Fees)

- Actively managed accounts should exceed the return of the S&P 500 Index and the Bloomberg Barclays US Aggregate Bond Index, allocated the same as the option selected; and the median of the balanced fund universe over a 5 year period.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the composite index and the balanced fund universe, as appropriate

#### U.S. Equity

#### Objective

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

#### Performance Standards (Net of Fees)

- Actively managed funds shall exceed the return of the stated index and median return of the appropriate equity fund universe over a 5 year period.
- 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 5 year period.
- Index funds should track the performance of the stated index.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the MSCI EAFE Index (net) and the international equity fund universe.

#### **Global Equity**

#### Objective

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

#### Performance Standards (Net of fees)

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

#### Socially Responsive Option(s)

#### Objective

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

#### Performance Standards (Net of Fees)

• To exceed the return of a market index applicable to the investment style of the fund and median return of the universe applicable to a fund's investment style over a 5 year periods.

#### Fees & Expense Standards

The Committee along with the investment consultant will review the fee structure of 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, including contracted Recordkeeper 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.

#### **Qualified Default Investment Alternative**

The Qualified Default Investment Alternative (QDIA) will be the Lifecycle (Target Date) option based upon a participant date of birth and assumed retirement age of 65. This election has been based upon guidelines under the Department of Labor rules and guidelines related to permissible default investment options. A Participant may transfer assets or reallocate contributions from the default investment into other investments at any time.

#### **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); and
- Recordkeeping and investment management fees (reviewed at least annually).

#### **Investment Option Evaluation**

The Committee shall monitor investment options on a quarterly basis and may, in its discretion, conduct informal or formal evaluations of investment funds at any time.

The Committee may place an investment option under formal fund review or on a Watch List, terminate an investment option, "freeze" an investment option to new contributions, or initiate a search for a replacement investment option 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 failed to meet its risk/return standards;
- 3. The investment option has changed investment manager, or such change appears imminent;
- 4. The investment manager has had a significant change in ownership or control;
- 5. 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";
- 6. The investment option has experienced excessive asset growth or influx of investments;
- 7. The investment option charges excessive fees or has changed the fees;
- 8. The investment option has violated a SEC rule or other applicable regulation;
- 9. The investment option 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; or

10. Any other reason that the Committee deems significant.

When a fund has been placed on the Watch List or designated for formal or informal review, the Committee shall conduct a more detailed evaluation of the fund, its operations, and its performance with the assistance of the Investment Consultant. Upon completion of the evaluation, the Committee may continue the fund under formal review status, remove the fund from formal review, terminate the fund, or conduct a search for a replacement 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, alternatively, in accordance with the Qualified Default Investment Alternative (QDIA) policy.

#### **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 adopted Program Plan 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, through its contracted Recordkeeper, shall provide quarterly statements of fund performance to Participants. The Program, through its contracted Recordkeeper, 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 recordkeeper or service provider(s), on request.

# Section 5- 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, but are not limited to include:

- Hiring the Executive Officer/Program Coordinator, 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
- Contracting for necessary audits (compliance and financial), as appropriate.

#### **Investment Consultant**

The Committee will 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 and Program Staff 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 and Program Staff the performance results for each investment option on an ongoing basis;
- Monitoring investment expenses and communicating any changes to Program Staff;
- 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 and recordkeepers;
- Keeping the Committee informed on current investment trends and issues;
- Advising the Committee of significant organizational changes of the investment mangers' firms including changes in key personnel;
- Advise the Committee through Program Staff of any Federal or State law changes; and
Maintaining and recommending changes as necessary to this Statement.

The Investment Consultant 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. Advise Committee
  and Program staff of any Federal or State Law changes that would affect the
  administration of the Program;
- 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;
- Maintaining beneficiary designations;

- Preparing activity reports;
- Preparing and providing participant statements; and
- Marketing the Program.

# Section 6- Self-Directed Brokerage Services

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

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

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

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

# Section 7- Participant Advisory Services

The Program may provide participant investment advisory services through an independent third-party fiduciary financial advisory firm.

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. There may be additional costs assessed to the participant for various advisory services elected by the individual participant.

# Section 8- 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 the Excessive Trading Policies of the Recordkeeper or investment managers. 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
$\land$			Stable Value	
	Target Date Funds	Core Fixed Income	Core Plus Fixed Income	
			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				

Aggressive



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Nevada Public Employees

**Deferred Compensation Program** 

# **Plan Document**

(Attachment A)

Amended and Effective February 25, 2016January 20187

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#### Purpose

The purpose of this Plan is to provide a supplemental retirement plan with quality, cost-effective investment options and excellent customer service. A Participant's Account value will depend upon the investment results achieved by the Investment Options in which the Participant chooses to invest. Each Participant shall be 100% vested at all times in his or her Plan Account in accordance with the terms of the Plan.

In accordance with Section 457 of the Code, all amounts of Compensation deferred or contributed under the Plan, all property and rights purchases with such amounts and all income attributable to such amounts and all property and rights are held in trust for the exclusive benefit of Participants and their Beneficiaries and Alternate Payees pursuant to the applicable Trust Agreement.

The Plan and Trust Agreements are intended to satisfy the requirements for an eligible deferred Compensation plan under Section  $457(e)(1)(\underline{AB})$  of the Code, and shall be construed and administered accordingly. To the extent that any term of the Plan is inconsistent with the provisions of Section 457 of the Code applicable to governmental employers, the inconsistent term shall, to the fullest extent possible, be treated for all purposes of the Plan as amended and reformed to conform to the applicable provisions of Section 457 of the Code.

Except as otherwise provided herein, this amendment and restatement of the Plan is effective as of the Effective Date.

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## **ARTICLE I – DEFINITIONS**

1.1 Plan Definitions

For purposes of this Plan, the following words and phrases shall have the meaning set forth below, unless a different meaning is plainly required by the context:

**"Account"** means each separate account established and maintained for a Participant under the Plan, including, as applicable, each Before-Tax Deferral Account, Roth <u>457(b)</u> Account, Rollover Account, Alternate Payee Account and Beneficiary Account.

"*Administrator*" refers to the NDC Committee appointed by the Governor of the State of Nevada and the Plan Executive Officer appointed and under the authority of the State of Nevada Department of Administration Director as duly authorized designee(s) of the Plan.

"Administrative Staff" refers to the NDC Executive Officer and any other administrative personnel under his or her authority or under the authority of the State of Nevada Department of Administration Director.

"Adoption Agreement" means the separate agreement that is executed by the Employer and sets forth the elective provisions of the Plan. The Adoption Agreement is considered a part of the Plan, and may provide particular direction to be carried out by the Plan's contracted Recordkeeper, if applicable, on behalf of the Administrator.

"Age 50 Plus Catch-Up Contribution" means the catch-up contribution for Participants who attain age 50 by the end of the calendar year, as permitted under Code Section 414(v) and pursuant to Section 3.2(d).

**"Alternate Payee"** means the person who is or was the spouse or Domestic Partner of the Participant or is the child of the Participant to the extent that such person is entitled to any or all of a Participant's Account under a court order that the Committee has determined to be Plan approved Qualified Domestic Relations Order.

"Alternate Payee Account" means the Account established for an Alternate Payee pursuant to Qualified Domestic Relations Order.

"**Amounts Deferred or Contributed**" means the aggregate of Compensation deferred or contributed by a Participant pursuant to Article III, including Before-Tax Deferrals and Roth <u>457(b)</u> Contributions.

"**Before-Tax Deferral Account**" means the <u>Elective Deferral</u> Account (s) established under the Plan to record a Participant's Before-Tax Deferrals, and the income, gains and losses crediting thereto. A Beneficiary Account or Alternate Payee Account corresponding to the deceased or relevant Participant's Before-Tax Deferrals may also be referred to as a Before-Tax Deferral Account.

"**Before-Tax Deferrals**" means that part of a Participant's Compensation which is deferred into the Plan and is not includable in the Participant's taxable income which, in the absence of a Participant's election to defer such Compensation under Article III, would have been paid to the Participant and would have been includable in the Participant's taxable income. Formatted: Font: Bold

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**"Beneficiary"** means the <u>beneficiary or beneficiaries</u> designated <u>person or person(s)</u> by a <u>Participant or Surviving Spouse(or if none, the Participant's estate)</u> who is entitled to receive <u>benefits under the Plan after the death</u> of a Participant pursuant to Article IX to receive the amount, if any, payable under the Plan upon the death of such Participant or Surviving Spouse.

"**Beneficiary Account**" means the Account established for a Beneficiary in accordance with Article 6.2.

**"Business Day"** means, subject to 4.4(b), any day (measured in accordance with State time) on which the New York Stock Exchange is open for the trading of securities.

**"Code"** means the Internal Revenue Code of 1986 as <u>now in effect or as hereafter</u> amended. and thereafter and any related regulations <u>All citations to sections of the Code are to such</u> <u>sections as they may from time to time be amended or renumbered</u>.

"Compensation" means:

- a) All <u>cash</u> compensation for services to the Employer, including salary, wages, fees, commissions, <u>bonuses</u>, and overtime pay that is includible in the Employee's gross income for each Plan year under the <u>Codethe calendar year</u>, plus amounts that would be cash compensation for services to the employer includible in the Employee's gross income for the calendar year but for a compensation reduction election under section 125, 132(f), 401(k), 403(b), or 457(b) of the Code (including an election to defer compensation under Article III).-
- b) Any differential wage payments defined in Code Section 3401(h)(2) pursuant to the HEART act;
- c) Any accumulated sick pay, accumulated vacation pay and back pay paid to a Participant by his or her Employer, provided that such accumulated sick pay, accumulated vacation pay and back pay is received by the Plan in accordance with the timing requirements of the Treasury Regulations promulgated under Section 457 of the Code.

**"Committee"** means the Deferred Compensation Committee of the State of Nevada as authorized under Nevada Revised Statute (NRS) 287.250 to 287.370. The Committee is responsible for the administration of the Plan. The Committee is identified as an Administrator in the Plan and has all of the power and authority to formally take action and deliberate on Plan design and Investment management and selection on behalf of the Plan.

"**Deferrals**" means the amount of Compensation deferred by a Participant to the Plan, comprising of Elective Deferrals and, if elected by the Employer in the Adoption Agreement and the Participant so elects on a Participation Agreement, Roth 457(b) Contributions.

**"Designated Roth Employer**" means an Employer that permits (in accordance with any applicable procedures as may be required by the Committee) Participants who are its Employees to make Roth <u>457(b)</u> Contributions pursuant to Article 3.1(c).

"**Distributee**" means a person receiving funds, including a Participant or a Participant's designated Beneficiary. In addition, the Participant's spouse or former spouse who is the

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Alternate Payee under the Qualified Domestic Relations Order as defined in Code Section 414(p) is a Distributee with regard to the interest of the spouse or former spouse.

"**Domestic Partner**" means a domestic partner as defined in NRS 122A.030. Pursuant to IRS Revenue Ruling 2013-17, Domestic Partners cannot be treated as spouses for purposes of federal tax purposes. However, Domestic Partners shall be treated as spouses under this Plan to the extent permitted under the applicable laws of the State of Nevada.

"**Elective Deferrals**" means amounts made by the Employer to the Plan on a voluntary pre-tax or after-tax basis pursuant to a Participation Agreement entered into by a Participant.

**"Eligible Retirement Plan"** means (i) an individual retirement Account described in Section 408(a) of the Code, (ii) an individual retirement annuity described in Section 408(b) of the Code, (iii) a qualified trust under Section 401(a) or 401(k) of the Code, (iv) an annuity contract described in Section 403(b) and 403(a) of the Code and (v) an eligible deferred Compensation plan described in Section 457 of the Code that is maintained by a state, political subdivision of a state, any agency or instrumentality of state or political subdivision of a state; and (f) a Roth IRA. However, for an Eligible Rollover Distribution to a designated Beneficiary other than a Surviving Spouse, an Eligible Retirement Plan is only an individual retirement Account described in Code Section 408(a) or an individual retirement annuity described in Code Section 408(b) that is treated as an inherited IRA in accordance with Code Section 402(c)(11).

**"Eligible Rollover Distribution"** means all or any portion of the balance of the Plan to the credit of the Distributee, or a Beneficiary of a Participant, except that an Eligible Rollover Distribution shall not include (a) any distribution that is (i) one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's Beneficiary or (ii) for a specified period of ten years or more, (b) any distribution to the extent such distribution is required under Section 401(a) (9) of the Code, and (c) any distribution due to a hardship of the Distributee, including, without limitation, an unforeseen emergency pursuant to Section 4.8.

"**Employee**" means any <u>natural person or</u> individual who receives Compensation for services from the Employer, including (a) any elected or appointed officer or employee of the Employer, (b) an officer or employee of an institution under management and control of Nevada System of Higher Education (NSHE), and (c) any employee who is included in a unit of employees covered by a negotiated bargaining agreement that specifically provides for participation in the Plan. An Employee shall not include an independent contractor, a consultant or any other individual classified by the Employer as not eligible to participate in the Plan.

**"Employer"** means the State of Nevada and each Participating Employer, <u>including but not</u> <u>limited to the Nevada System of Higher Education (NSHE)</u>, any authorized political subdivision <u>of the State of Nevada</u>, and any authorized agency or instrumentality of the State of Nevada<del>or</del> <del>any of them</del>.

**"Enrollment Date"** means, with respect to an Employee who is eligible to enroll or be enrolled in the Plan, any payroll date on which such Employee receives Compensation, or such other date or dates as the Recordkeeper may establish either in lieu of, or in addition to, such dates. Formatted: Font: Bold

"HEART Act" means the Heroes Earnings Assistance and Relief Tax Act of 2008.

"Includible Compensation" means an Employee's actual wages in box 1 of Form W-2 for a year for services to the Employer, but subject to a maximum of \$200,000 (or such higher maximum as may apply under section 401(a)(17) of the Code) and increased (up to the dollar maximum) by any compensation reduction election under section 125, 132(f), 401(k), 403(b), or 457(b) of the Code (including an election to defer Compensation under Article 3). The amount of Includible Compensation is determined without regard to any community property laws. Pursuant to Section 1.457-4(d)(1) of the Income Tax Regulations, Includible Compensation will include any payments made to a Participant who has had a Severance from Employment, provided that the Includible Compensation is paid by the later of 2 <sup>1</sup>/<sub>2</sub> months after the Participant's Severance from Employment or the end of the calendar year that contains the date of such Participant's Severance from Employment. In addition, pursuant to Section 1.457-4(d)(1) of the Income Tax Regulations, Includible Compensation will include payments made to an individual who does not currently perform services for the Employer by reason of qualified military service (as defined in Code Section 414(u)(5)) to the extent those payments do not exceed the amount the individual would have received if the individual had continued to perform services for the Employer rather than enter gualified military service. Includible Compensation will not include Employee pick-up contributions described in Code Section 414(h)(2). "includible compensation" as defined in Section 457(e)(5) of the Code.

"**In-Plan Roth Rollover**" means a rollover contribution to the Plan that consists of a distribution from an Elective Deferral Account, a 457(b) Rollover Account or a non-457(b) Rollover Account under the Plan that the Participant rolls over to the Participant's In-Plan Roth 457(b) Rollover Account in the Plan, in accordance with Code Section 402A(c)(4).

"**Investment Option**" means each of the investment options made available by the Committee through the Plan in accordance with Article 6.45.

**"Minimum Required Distribution Date"** means, according to Code Section 401(a)(9)(c), April 1 of the calendar year following the later of:

- a)-The calendar year in which the Participant attains age 70 1/2, or
- b)—The calendar year in which the Participant severs employment with the eligible Employer, or
- c)a) As otherwise determined in IRC

"NDC" refers to the State of Nevada Public Employees' Deferred Compensation Program.

"**NDC Administrative Office**" refers to the Administrative division governed by the State of Nevada Department of Administration and it's appointed Director which includes the Program Executive Officer and any administrative personnel under his or her authority.

**"Normal Retirement Age"** means, for purposes of Section Article 3.2(b)2.6 any -age designated by the Participant (i) beginning no earlier that the earliest age at which a Participant has the right to retire under the Employer's pension plan, if any, and to receive immediate retirement benefits without actuarial or similar reduction because of retirement before some later age specified in such retirement plan or, in the case of a Participant who does not participate in such basic pension plan, any age that is on or after the earlier of age 65, and (ii) ending no later than age 70  $V_2$ . The Normal Retirement Age is used for the Special Section 457

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Catch-up Contribution election under Section 3.2 (b). The Employer is not permitted to have more than one Normal Retirement Age for each Participant under all plans under Code Section 457(b) that it (together with any other entity required to be aggregated with the Employer under Code Section 414(b), (c), (m) or (o)) sponsors. "Participant" means an individual or Employee who is currently deferring Compensation, or who has previously deferred Compensation under the Plan by salary reduction and who has not received a distribution of his or her entire benefit under the Plan. Only individuals who perform services for the Employer as an Employee may defer Compensation under the Plan. This includes any Employee, or former Employee, beneficiary, or alternate payee who is not deceased and who has an Account or Rollover Account under the Plan and as defined in Code Section 414(p)(8).-"Participant Account" means the following accounts established for the Participant and Formatted: Font: Bold maintained by the Administrator for each Participant pursuant to Article VI, including any earnings and losses attributable thereon: (a) Before Tax Deferral Account Formatted: Numbered + Level: 1 + Numbering Style: (b) Roth 457(b) Account a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: (c) Rollover Account 0.25" + Indent at: 0.5" "Participation Agreement" means an agreement in writing or in such other form approved by the Committee Administrator pursuant to which the Employee elects to reduce his or her Compensation paid and to have Amounts Deferred or Contributed into the Plan on his or her behalf in accordance with the terms of the Plan. The document may be labeled as the "Payroll Formatted: Font: Bold, Italic Contribution Form". Formatted: Font: Bold, Italic "Participating Employer" means any eligible governmental employer, the governing body of which has adopted the Plan by appropriate resolution with the consent and authorization of the Committee and, with the written approval of such body or entity. "Plan" means the Nevada Public Employees' Deferred Compensation Plan (NDC) and other participating jurisdictions, as the same may be amended from time to time. "Plan Year" means the calendar year. "Qualified Domestic Relations Order (QDRO)" means an order, judgment or decree, including approval of a property settlement agreement that has been determined by the Plan appointed legal counsel or Recordkeeper to meet the requirements of a qualified domestic relations order within the meaning of Section 414(g) of the Code. "Qualified Roth Contribution Program" means a qualified Roth contribution program as defined in Section 402A of the Code.

**"Recordkeeper"** means a contracted third party administrator that the Plan contracts with and delegates certain administrative authority to establish and keep track of Participant Accounts, including contributions, withdrawals, balances, transactions (e.g. fund transfers), and other activities authorized by the Committee and <u>Aadministrative Staff. Recordkeeper(s) serve at the</u>

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pleasure of the Committee and under the day-to-day oversight and management of the Program's Executive Officer who serves as the primary contact and support for the Committee, but is appointed by and serves at the pleasure of the Director of the State of Nevada Department of Administration.

"**Required Beginning Date**" means April 1 of the calendar year following the later of the calendar year in which the Participant: (a) attains age 70 ½, or (b) Severs from Employment.

"**Rollover Account**" means the Account or Accounts established and maintained in respect of a Participant or a Beneficiary who is a Participant's Surviving Spouse or, if applicable, by a spousal Alternate Payee, pursuant to Article 5.2(c).

**"Rollover Contributions"** means a cash amount contributed by a Participant, Beneficiary who is a Participant's Surviving Spouse or Alternate Payee to a Rollover Account, or if applicable, an Alternate Payee Account determined as an Eligible Rollover Distribution in accordance with Code Section 402(c)(4), and provided that the distributing Eligible Retirement Plan shall have separately accounted for all amounts included in the Rollover Contribution.

**"Roth** <u>457(b)</u> Account" means the Account(s) established under the Plan to record a Participant's Roth <u>457(b)</u> Contributions, and the income, gains, and losses credited thereto. A Beneficiary Account or Alternate Payee Account corresponding to the deceased or relevant Participant's Roth <u>457(b)</u> Contributions may also be referred to as a Roth <u>457(b)</u> Account.

"**Roth** <u>457(b)</u> **Contributions**" means amounts contributed pursuant to Article 3.1 by a Participant who is an Employee of a Designated Roth Employer, which amounts are:

- a) Designated irrevocably by the Participant at the time of the contribution election as Roth <u>457(b)</u> Contributions that are being made from Compensation pursuant to Article 3.1(c); and
- b) Treated by the Designated Roth Employer as includible in the Participant's income at the time the Participant would have received that amount in Compensation.

"**Roth IRA**" has the meaning set forth in Section 408A of the Code. <u>Roth IRA Rollover</u> <u>Contributions are not permitted in the Plan.</u>

"Roth Program" means a Qualified Roth Contribution Program within the Plan.

"Section 457 Transfer" means a transfer made into an Account pursuant to Article 8.5.

**"Service Provider"** means the same as Recordkeeper who is the duly authorized designee contracted for that purpose to act as the employer's agent. The Committee may elect to contract with one or more Recordkeeper(s).

**"Severance from Employment"** means the date that the Employee dies, retires, or otherwise has a severance from employment with the Employer, as determined by the Administrator and taking into account guidance issued under a severance from employment with an Employer within the meaning of Section 457 of the Code.

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"<u>Special Section 457 Catch-up Contributions</u>" means the catch-up contribution for a Participant in the three consecutive years prior to the year in which the Participant reaches Normal Retirement Age, as permitted under Code Section 457(b)(3) and pursuant to Article 3.2 (b).

"**Staff**" refers to Administrative Staff or means Employees hired who serve as full-time or parttime staff by the Committeeunder the direction and authority of the State of Nevada Department of Administration who serve as full time or part time staff and serve as support to of the Committee. For the avoidance of doubt, Staff shall not mean any individual who performs work for or on behalf of the Plan pursuant to an agreement between the <u>State of</u> <u>NevadaCommittee</u> and a Recordkeeper(s), Trustee, or any other entity that provides <u>contractual</u> services to the <u>Committee</u>State of Nevada.

"State" means State of Nevada.

"Surviving Spouse" means the survivor of a deceased Participant to whom such Participant was legally married on the date of the Participant's death. No later than June 26, 2013, for all purposes under the Plan, the term "spouse" shall include an individual married to a person of the same sex if the individual was lawfully married to a Participant under applicable laws of the state in which the marriage was celebrated, and the term "marriage" shall include such a marriage between individuals of the same sex that was validly entered into in a state whose laws authorize the marriage of two individuals of the same sex regardless of where such individuals are domiciled.

**"Treasury Regulations"** means the regulations promulgated by the Treasury Department under the Code, as now in effect or as hereafter amended. All citations to sections of the Treasury Regulations are to such sections as they may from time to time be amended or renumbered.

**"Trust Agreement"** means a <u>writtenn</u> agreement <u>(or declaration)</u> entered into in respect of the Plan between the <u>Committee State of Nevada</u> and one or more Trustees pursuant to which all cash and other rights and properties and all income attributable to such cash and rights and properties are held in <u>a</u> <u>T</u>trust<u>Fund</u>, as such agreement may be amended from time to time.

**"Trust Fund**" means the assets of the Plan, including cash and other rights and properties arising from Amounts Deferred or Contributed, Section 457 Transfers and Rollover Contributions which are held and administered by the Trustee <u>created</u> pursuant to<u>and under</u> the Trust Agreement.

"**Trustee**" means the trustee or trustees acting as suchduly appointed and currently serving under the Trust Agreement, and any successors thereto.

**"Unforeseeable Emergency Distribution"** An unforeseeable emergency is defined as a severe financial hardship of the Participant resulting from: an illness or accident of the Participant, the Participant's spouse, or the Participant's dependent (as defined in section 152(a)); loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, *e.g.*, as a result of a natural disaster); the need to pay for the funeral expenses of the Participant's spouse or

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dependent (as defined in section 152(a) of the Code); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. For example, the imminent foreclosure of or eviction from the Participant's primary residence may constitute an unforeseeable emergency. In addition, the need to pay for medical expenses, including non-refundable deductibles, as well as for the cost of prescription drug medication, may constitute an unforeseeable emergency. Except as otherwise specifically provided in this Article 7.1, neither the purchase of a home nor the payment of college tuition is an unforeseeable emergency.means a severe financial hardship of the Participant, Participant's Beneficiary, Participant's spouse or the Participant's dependent, as defined in Section 152(a) of the Code, resulting from an illness or accident, loss of property due to casualty, funeral expenses or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or the Beneficiary.

"**Unit**" means a unit measuring the value of a Participant's proportionate interest in an Investment Option.

"Valuation Date" means each Business Day that the New York Stock Exchange is open unless otherwise provided in the Plan.

# **ARTICLE II - PARTICIPATION**

#### 2.1 Enrollment

- a) Eligibility and Enrollment. Each Employee shall be eligible to participate in the Plan as of any-and defer Compensation hereunder immediately upon becoming employed by an eligible and authorized Employer, Enrollment Date following the date he or she becomes an Employee, and shall commence such participation in the Plan by filing a Participation Agreement, pursuant to Article 2.1(c), and any enrollment forms or other pertinent information concerning the Employee and his or her Beneficiary with the Administrator, Administrative Staff, or directly with the Plan's contracted Recordkeeper in a manner prescribed and adopted by the Committee or Administrative Staff. In no event shall any deferral or contribution be accepted until the first Enrollment Dateadministratively possible payroll period-in the calendar month following the date on which such Participation Agreement is filed. Deferrals and contributions may be accepted for newly hired Employees for the first Enrollment Dateadministratively possible pay period of the calendar month in which the individual first becomes an Employee if the Participation Agreement is filed in the month before the Employee's first day of service.
- b) Information Provided by the Participant. Each Employee enrolling in the Plan should provide to the Administrator or Administrative Staff at the time of initial enrollment, and later if there are any changes, any information necessary or advisable for the Administrator to administer the plan, including, without limitation, whether the Employee is a participant in any other eligible plan under Code section 457(b) or that the AdministratorInitial Enrollment and Subsequent Changes. Each Employee enrolling in the Plan shall provide to the Plan Administrative Staff or contracted Recordkeeper, in a complete and timely manner, at the time of initial enrollment and thereafter if there are any changes, with such information that the Plan Administrative Staff or Recordkeeper determines is necessary or advisable for the administration of the Plan or to comply with applicable law.

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c)	Election Required for Participation. An Employee may elect to become a Participant		Formatted: Underline
	by executing an election to defer a portion of his or her Compensation (and have that amount contributed as an Annual Deferral on his or her behalf) and filing it with the		
	Administrator or Administrative Staff. This participation election shall be made on the		
	authorized Participation Agreement provided by the Administrator under which the		
	Employee agrees to be bound by all the terms and conditions of the Plan. The		
	Administrator may establish a minimum deferral amount, and may change such		
	minimums from time to time. The participation election shall also include designation of		
	investment funds and a designation of Beneficiary. Any such election shall remain in		
	effect until a new election is filed.		
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<u>d)</u>	Contributions Made Promptly. Annual Deferrals by the Participant under the Plan		Formatted: Underline
	shall be transferred to the Trust Fund within a period that is not longer than is		
	reasonable for the proper administration of the Participant's Account Balance. For this		
	purpose, annual Deferrals shall be treated as contributed within a period that is not		
	longer than is reasonable for the proper administration if the contribution is made to the		
	Trust Fund within 15 business days following the end of the month in which the amount		
	would otherwise have been paid to the Participant.		
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e)	Amendment of Annual Deferrals Election. Subject to other provisions of the Plan, a	_	Formatted: Underline
	Participant may at any time revise his or her participation election, including a change of		
	the amount of his or her annual Deferrals, his or her investment direction and his or her		
	designated Beneficiary. Unless the election specifies a later effective date, a change in		
	the amount of the annual Deferrals shall take effect as of the first day of the next		
	following month or as soon as administratively practicable if later. A change in the		
	investment direction shall take effect as of the date provided by the Administrator on a		
	<u>uniform basis for all Employees. A change in the Beneficiary designation shall take effect</u> when the election is accepted by the Administrator.		
	when the election is accepted by the Administrator.		Formatted List Deve graph. No builtets or such arises
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<u>f)</u>	<i>Leave of Absence</i> . Unless an election is otherwise revised, if a Participant is absent		Formatted: Underline
	from work by leave of absence, annual Deferrals under the Plan shall continue to the		
	extent that Compensation continues.		
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<u>g)</u>	_Disability. A disabled Participant may elect annual Deferrals during any portion of the		Formatted: Underline
	period of his or her disability to the extent that he or she has actual Compensation (not		
	imputed Compensation and not disability benefits) from which to make contributions to		
b)	the Plan and has not had a Severance from Employment.		Formatted: Font: (Default) Tahoma
<del>b)</del>			Formatted: No bullets or numbering
2.2 Vo	luntary Participation.		
	pation in the Plan by Employees shall be voluntary.		
<u>2.3 Ce</u>	ssation of Participation.		

The participation of a Participant shall cease upon payment to the Participant of the entire value of his or her Account or upon the Participant's death prior to such payment.

#### 2.4 Corrective Action.

If an individual is erroneously included or excluded from participation, corrective action will be taken as soon as administratively practicable to correct such erroneous inclusion or exclusion.

# ARTICLE III - AMOUNTS DEFERRED OR CONTRIBUTED CONTRIBUTIONS AND LIMITATIONS

3.1 Participant Deferrals and Contribution Authorization.

- a) <u>Initial Authorization</u>. A Participant may elect to defer or contribute Compensation under the Plan by authorizing, on <u>the authorized Participation Agreement provided by the</u> <u>Administratorhis or her Participation Agreement</u>, regular payroll deductions or contributions that do not individually or in the aggregate exceed the limitations in Article 3.2.
- b) <u>Modifications</u>. A Participant may increase or decrease the rate of deferral or contribution of his or her Compensation, and may make separate elections with respect to the increase and decrease of the rate of his or her Before-Tax Deferrals and Roth <u>457(b)</u> Contributions, within the limitations set forth in Article 3.2, as of any Enrollment Date by filing a new or modified Participation Agreement, or such other form authorized by the <u>CommitteeAdministrator</u>, with the <u>RecordkeeperNDC Administrative office</u>, which shall be reflective in the first pay period following the month in which the request was executed thereafter.
- c) <u>Roth 457(b) Contribution</u>. Effective January 1, 2012 and thereafter, a Participant who is an Employee of a Designated Roth Employer shall be permitted to make Roth <u>457(b)</u> Contributions from his or her Compensation by designating an amount of his or her initial authorization or modification authorization described in Articles 3.1(a) and 3.1(b) as Roth <u>457(b)</u> Contributions, which designation shall be reflective the first pay period following the month in which the request was executed thereafter.
- d) <u>Discontinuance or Suspension</u>. A Participant may discontinue or temporarily suspend his or her <u>D</u>deferrals or contributions, and may make separate elections with respect to discontinuance or suspension of his or her Before-Tax Deferrals and Roth <u>457(b)</u> Contributions, as any specified Enrollment Date by giving notice thereof to <u>their</u> respective authorized payroll center, the Recordkeeper, <u>NDC</u> Administrative <u>StaffStaff</u>, or <u>NDC contracted Recordkeeperauthorized payroll centers</u>. The deferral or contribution shall be discontinued or suspended to reflect the first <u>administratively possible</u> pay period following the month in which the request was executed thereafter.

3.2 General Deferral and Contribution Limitations and Catch-Up Limitations.

- a) <u>In General.</u> The aggregate amount of Before-Tax Deferrals and Roth<u>457(b)</u> Contributions that may be deferred or contributed by a Participant for any Plan Year shall not exceed the lesser of:
  - i. An amount as may be permitted pursuant to Section 457(e)(15) of the Code, and
  - ii. 100% of Participant's Includible Compensation for the Plan Year

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Provided, however, the maximum amount that a Participant may defer or contribute for any Plan Year may be calculated after accounting for mandatory and permissive payroll deductions, as reasonably determined by the Employer.

b) 457 Special Catch-Up Contributions. Notwithstanding the limitation in Article 3.2(a), a Participant may file an election in the manner required by the Recordkeeper to have the catch up limitation as set forth in Article 3.2(b) apply to the determination of the maximum amount that may be deferred or contributed during one or more of the last three Plan Years ending before attainment of the Participant's Normal Retirement Age. If the catch up limitation is elected, the maximum aggregate amount of Before Tax Deferrals and Roth Contributions that may be deferred or contributed for each of the Plan Years covered by the election shall not exceed the lesser of:

— The sum of the limitation provided for in Section 3.2(a) for each of the Plan Years the Participant was eligible to participate in the Plan, minus the aggregate amount actually deferred or contributed for such Plan Years (disregarding any Amounts Deferred or Contributed pursuant to Article 3.2(c)).

b) A Participant may not elect to have Article 3.2(b) apply more than once, whether or not the Participant rejoins the Plan after severance of Employment.<u>In</u> any one or more of a Participant's last three calendar years ending before the year in which the Participant attains Normal Retirement Age, as defined by the Employer in the Adoption Agreement, the Participant may elect to make Deferrals in an amount not exceeding the lesser of (1) twice the dollar amount permitted as a general deferral under Section 3.1 or (2) the sum of the maximum deferral permitted under Section 3.1 for the current tax year and as much of the applicable deferral limit under Code Section 457(b)(2) in prior years before the current tax year that had not previously been used ("underutilized amount"). For purposes of this Section, a prior year will be taken into account only if such year began after December 31, 1978, and the Participant was eligible to participate in the Plan during all or a portion of the prior year. A Participant may only make this election under this subsection once with respect to any plan under Code Section 457(b) of the Employer.

c) In determining a Participant's underutilized amount, the Plan will take into consideration: •

(1) Prior to 2002, if a Participant made Deferrals to the Plan and deferrals to any other plan under Code Section 457(b), salary reduction contributions made to plans under Code Section 401(k), plans under Code Section 403(b), simplified employee pension (SARSEP) plans under Code Section 402(h)(1), simple retirement accounts under Code Section 408(p), and amounts deferred under any plan for which a deduction is allowed because of a contribution to an organization described in Code Section 501(c)(18), such deferrals to the other plans will be taken into account in determining a Participant's underutilized amount under Code Section 457(b)(2). In addition, Includible Compensation will be limited to the limitation in effect in the calendar year in which the deferrals were made. If such deferrals cumulatively exceed the then-applicable dollar amount in Code Section 457(b)(2) in the year that such amounts were deferred, then there will be no underutilized amount for that year.

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(2) To the extent that the Employer did not maintain a plan under Code Section 457(b), no underutilized limitation is available to a Participant for that prior year.

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(3) After 2001, only deferrals to plans under Code Section 457(b) will be taken into account for purposes of determining the underutilized amount.

(4) Age 50 Plus Catch-Up Contributions will not be taken into account for purposes of determining a Participant's underutilized amount.

e)d) Age 50 Catch-Up. All Participants who have attained age 50 before the close of a Plan Year and who are not permitted to defer or contribute additional Compensation pursuant to Article 3.2(b) for such Plan Year, due to the application limitation imposed by the Code or the Plan, shall be eligible to make additional catch-up contributions in the form of Before-Tax Deferrals or Roth <u>457(b)</u> Contributions or a combination thereof in accordance with, and subject to, the limitations of Article 3.2(c) of the Plan and Section 414(v) of the Code. Age 50 catch-up contributions pursuant to Article 3.2(c) shall not exceed the lesser of:

- i. The excess of the 100% of Participant's Includible Compensation for the Plan Year, over the sum of any other Amounts Deferred or Contributed by the Participant for such Plan Year; and
- ii. An amount as may be permitted by Section 414(v) (2) (B) of the Code.
- (d)e) Dual Eligibility. Notwithstanding anything in Articles 3.2(b) and (c) to the contrary, if a Participant who is eligible to make additional catch-up contribution under 3.2(c) for a Plan Year in which the Participant has elected to make a catch-up contribution under Article 3.2(b), such Participant is entitled to the greater of:
- i. The 457 catch-up contribution amount under Article 3.2(b); and
- ii. The age 50 catch-up contribution under Article 3.2(c).

e)f)Excess Contributions and Deferrals. In the event that any Amounts Deferred or Contributed under the Plan for any Plan Year exceed the limitations provided for in Article 3.2, any such excess Deferrals or contributions shall be distributed to the Participant with allocable net income, in the following order (unless otherwise directed by the Participant): first, from Before-Tax Deferrals and second, from Roth 457(b) Contributions, as determined in accordance with methods and procedures established by the NDC contracted Recordkeeper, as soon as practicable after the Recordkeeper, payroll center or Administrative\_Staff determines that the amount was an excess deferral or contribution. Distributions under Section-Article 3.2(e) will be reportable as taxable income to the extent required by applicable law.

# 3.3 Military Service.

a) <u>USERRA</u>. In accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), an Employee whose employment is interrupted by qualified military service under Code Section 414(u) or who is on a leave of absence for qualified military service under Code Section 414(u) may elect to make additional Amounts Deferred or Contributed upon resumption of employment with the Employer equal to the maximum amount that the Employee could have elected during that period if the Employee's employment with the Employer had continued (at the same level of Compensation) without the interruption or leave, reduced by the such amounts, if any,

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actually made for the Employee during the period of the interruption or leave. This right applies for five years following the resumption of employment, or if sooner, for a period equal to three times the period of the interruption or leave.

b) <u>HEART Act</u>. Effective for deaths occurring on or after January 1, 2007, if a Participant dies while performing qualified military service (as defined in Code Section 414(u)(5)), this Plan shall provide all applicable benefits required in accordance with Code Section 401(a)(37), but the provisions of Code Section 414(u)(9) shall not apply to this Plan. Under Section 401(a)(37), qualified retirement Plans must provide that, in the case of a participant who dies while performing qualified military service, the survivors of the participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) that would have been provided under the Plan had the participant resumed employment and then terminated employment on account of death.

# ARTICLE IV - INVESTMENT OF AMOUNTS DEFERRED OR CONTRIBUTED AND ROLLOVER CONTRIBUTIONS

### 4.1 Remittance of Deferrals and Contributions

All Amounts Deferred or Contributed in accordance with Article III shall be paid by the applicable Employer or payroll center as promptly as possible to the <u>NDC contracted</u> Recordkeeper. Thereafter, Amounts Deferred or Contributed shall be invested by the Recordkeeper, in accordance with the investment instructions, as soon as administratively practicable.

### 4.2 Allocation of Deferrals and Contributions.

A Participant who has enrolled in the Plan pursuant to Article II shall, by filing a direction with the <u>NDC contracted</u> Recordkeeper in writing or in such other manner as the <u>Committee</u> <u>Administrator</u> may authorize, specify the percentages (in multiples of one percent) of his or her Amounts Deferred or Contributed that shall be allocated to each Investment Option made available by the Committee. A Participant's investment allocation elections shall be applied in the same manner to both Before-Tax Deferrals and Roth <u>457(b)</u> Contributions. All such <u>D</u>edeferrals and contributions shall be invested by the Recordkeeper in the Investment Options in accordance with such direction(s) as soon as administratively practicable.

#### 4.3 Continuation of Deferral and Contribution Allocation.

Any deferral and contribution allocation direction given by a Participant shall be deemed to be a continuing direction until changed by the Participant. A Participant may change his or her deferral or contribution allocation direction with respect to future Amounts Deferred or Contributed, as of any Enrollment Date, by giving notice in writing completing and submitting a newly executed Participation Agreement or in such other manner as the Committee Administrator may authorize to the NDC contracted Recordkeeper or NDC Administrative Staffprior to the Enrollment Date. Any change to a Participant's deferral and contribution allocation direction shall be applied in the same manner to both Before-Tax Deferrals and Roth

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<u>457(b)</u> Contributions. All such future <u>D</u>deferrals and contributions shall be invested by the Recordkeeper in the Investment Options in accordance with such changed direction.

### 4.4 Transfer of Assets among Investment Options.

- a) <u>Transfer of Assets.</u> As of any Valuation Date, a Participant may direct the <u>NDC</u> <u>contracted</u> Recordkeeper, by giving notice in writing or in such other manner as the <u>Committee Administrator</u> may authorize, to liquidate his or her interest in any of the Investment Options and transfer the proceeds thereof to one or more other Investment Options in proportions directed by such Participant. Participants may make separate transfer directions for their Before-Tax Deferrals (and Accounts relating to Rollover Contributions involving Before-Tax Deferrals) and their Roth <u>457(b Accounts) Accounts</u> (and Accounts relating to Rollover Contributions involving to Rollover Contributions involving Roth <u>Ceontributions</u>). Such direction must be made in accordance with the requirements and procedures established by the Committee and in effect at the time and in multiple of one percent or one dollar increments of the Participant's interest in the applicable Investment Option.
- b) <u>Committee's Right to Reduce or Deny Transfer Request.</u> If the <u>NDC contracted</u> Recordkeeper, or the Committee otherwise determines, that it is not reasonably able to prudently liquidate the necessary amount and transfer it from one Investment Option to another, the amount to be transferred with respect to each Participant who duly requested such a transfer may be reduced in proportion to the ratio which the aggregate amount that the Recordkeeper has advised the Committee may not prudently be transferred bears to the aggregate amount that all Participants have duly requested be so transferred. Regardless of any Participant's investment direction, no transfer between Investment Options may be made in violation of any restriction imposed by the terms of the agreement between the Committee or Recordkeeper providing any Investment Option or of any applicable law.

# 4.5 Administrative Actions with Regard to Investment Directions.

The <u>NDC contracted</u> Recordkeeper shall have the right to decline to implement any investment direction upon its determination that: (i) the person giving the direction is legally incompetent to do so; (ii) implementation of the investment direction would be contrary to the Plan or applicable law or governmental ruling or regulation; (iii) implementation of the investment direction would be contrary to a court order, including a Qualified Domestic Relations Order; (iv) implementation of the investment direction would be contrary to the rules, regulations or prospectuses of the Investment Options.

<u>4.6 Participant Responsibility for Deferrals, Contributions and Investment Allocations.</u> Each Participant is responsible for the allocation of his or her Amounts Deferred or Contributed, and each Participant is solely responsible for the investment allocation of his or her Account, in each case, in and among the Investment Options. Each Participant shall assume all risk in connection with the allocation of amounts in and among the Investment Options and for any losses incurred or deemed to be incurred as a result of the Participant's allocation or failure to allocate any amount the Participant's allocation or failure to allocate any amount to an Investment Option or any decrease in the value of any Investment Option. Neither the <u>Committee Administrator</u> nor the <u>NDC contracted</u> Recordkeeper is empowered to advise a Participant as to the manner in which the Participant's Account shall be allocated among the Investment Options. The fact that a particular Investment Option is available to Participants for investment under the Plan shall not be construed by any Participant as a recommendation for

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investment in such Investment Option. If the Committee has elected to make available investment guidance services or investment advice services to Participant such services shall be utilized only at the voluntary election of the Participant, and shall not limit the Participant's responsibility under Article 4.6 for the allocation of his or her Accounts in and among the Investment Options.

## 4.7 Investment Allocation of Alternate Payee Accounts.

Notwithstanding any other provision of the Plan, during any period when an Alternate Payee Account is created and segregated on behalf of an Alternate Payee pursuant to a Qualified Domestic Relations Order from the Accounts of the related Participant, the Alternate Payee shall be entitled to direct the allocation of investments of such Alternate Payee Account in accordance with Articles 4.2 and 4.4, as applicable, and shall be subject to the provisions of Articles 4.5 and 4.6, but only to the extent provided in such order. In the event that an Alternate Payee fails to specify an investment direction on the date of creation of the Alternate Payee Account shall be invested in the same manner as the relevant Participant's corresponding Before-Tax Deferral Account, Roth <u>457(b)</u> Account and Rollover Accounts on such date and, except as otherwise provided by the Qualified Domestic Relations Order, shall remain invested in accordance with such initial allocation until the Alternate Payee directs otherwise or until such time as the Alternate Payee ceases to have an Alternate Payee Account under the Plan by reason of distribution or otherwise.

### 4.8 Investment Allocation of Beneficiary Accounts.

Notwithstanding any other provision of the Plan, during any period following the death of a Participant and prior to distribution of the entire Account(s) of such Participant, such Participant's Beneficiary shall be entitled to direct the allocation of investments of such Account(s) in accordance with Article 4.4, or, as applicable, his or her proportional interest in such Account(s), in accordance with Article 4.4 and shall be subject to the provisions of Articles 4.5 and 4.6. In the event that a Beneficiary fails to specify an investment direction on the date of creation of the Beneficiary Account pursuant to Article 4.4, such Beneficiary's Beneficiary Account shall be invested in the same manner as the relevant Participant's corresponding Before-Tax Deferral Account, Roth <u>457(b)</u> Account and Rollover Accounts on such date.

# 4.9 Initial and Ongoing Investment Allocation with Respect to Rollover Contributions and Section 457 Transfers.

Unless otherwise directed by the Participant, the same deferral and contribution allocation direction applicable to a Participant pursuant to Article 4.2 or 4.3, as applicable shall apply to all Section 457 Transfers and Rollover Contributions. Notwithstanding the foregoing, in accordance with procedures established by the <u>NDC contracted</u> Recordkeeper, a Participant may make an alternative initial allocation election in accordance with the procedures set forth in Article 4.4 for any applicable Section 457 Transfer or Rollover Contribution. Thereafter, such Participant may direct the Recordkeeper to liquidate his or her interest in any of the Investment Options and transfer the proceeds thereof to one or more other Investment Options in accordance with Article 4.4 (in each case subject to the limitations set forth in Articles 4.5 and 4.6). All Rollover Contributions shall be invested by the Recordkeeper in the Investment Options in accordance with such directions as soon as administratively practicable.

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### 4.10 Fund Mapping or Similar Activity.

Notwithstanding anything in Article 4 to the contrary, if the Committee eliminates one or more of the Investment Options or undertakes similar activity on behalf of the Plan, the Committee shall be authorized to liquidate without a Participant's consent and without the need for prior notice to the Participant the portion of each Account invested in such eliminated Investment Option and direct the proceeds of such liquidation in one or more remaining or replacement Investment Options in accordance with such liquidation and transfer procedures as the <u>Committee Administrator</u> may determine to be necessary or advisable in connection with such elimination.

#### 4.11 Employer Contributions.

Nothing in this Plan prohibits the Employer from making deposits to a Participant's Account as an additional Compensation for services rendered, subject to the Participant's contribution limit.

# **ARTICLE V - ROLLOVERS AND TRANSFERS**

#### 5.1 Transfers from another Governmental 457 Plan.

Compensation previously deferred or contributed by (or contributed on behalf of) a Participant, a Beneficiary or a spousal Alternate Payee pursuant to another eligible deferred Compensation plan under Section 457 of the Code maintained by another employer described in Section 457(e)(1)(<u>AB</u>) of the Code shall be accepted for a plan-to-plan transfer to the Plan by the <u>NDC</u> <u>contracted</u> Recordkeeper in the form and in the manner prescribed by the <u>CommitteeAdministrator</u>. All such Section 457 Transfers shall be credited to the applicable Participant's corresponding Before-Tax Deferral Account or Roth <u>457(b)</u> Account (or a combination thereof) and shall be invested in accordance with Article 4.9.

# 5.2 Acceptance of Assets from an Eligible Retirement Plan.

- a) <u>Rollover Contributions in General</u>: Amounts previously deferred or contributed by (or contributed on behalf of) a Participant, a Beneficiary or a spousal Alternate Payee under another Eligible Retirement Plan (other than a Roth IRA) that (i) are distributed to the Participant, the Beneficiary or the spousal Alternate Payee or (ii) are directly rolled over to the Plan as an eligible rollover distribution from such Eligible Retirement Plan, may be accepted as a Rollover Contribution by the <u>NDC contracted</u> Recordkeeper in the form and in the manner specified by the Recordkeeper; *provided*, that Rollover Contributions of amounts from a Qualified Roth Contribution Program must be directly rolled over to the Plan. Notwithstanding the foregoing, other than Rollover Contributions from a Qualified Roth Contribution Program as described in the preceding sentence, the Recordkeeper shall not accept any Rollover Contribution, or any portion thereof, that represents deferrals or contributions under another Eligible Retirement Plan that were made from Compensation that was included in the Participant, Beneficiary or spousal Alternate Payee's gross income in the year the amounts were deferred or contributed.
- b) Written Request; Acceptance of Assets: The NDC contracted Recordkeeper, in accordance with the Code and procedures established by the CommitteeAdministrator, shall, as soon as practicable following its receipt of the written request of a Participant, a Beneficiary who is a Participant's Surviving Spouse or spousal Alternate Payee, determine whether the Rollover Contribution shall be accepted by the Plan. Any written request filed by a Participant, a Beneficiary who is a Participant, a Beneficiary who is a Participant, a Beneficiary who is a Participant's Surviving Spouse or a spousal Alternate Payee pursuant to Article 5.2(a) shall set forth the fair market value of

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such Rollover Contribution and a statement in a form satisfactory to the Recordkeeper that the amount to be transferred constitutes a Rollover Contribution.

c) Rollover Account: The Rollover Contribution shall be maintained in a separate, fully vested Rollover Account for the benefit of the contributing Participant or the Beneficiary and, in the case of a spousal Alternate Payee, the Alternate Payee Account, and shall be invested in accordance with the investment direction of the applicable Participant pursuant to Article 4.9. All amounts so transferred shall be credited to the Participant's Rollover Account or Alternate Payee Account and shall be available for distribution at any time during the Plan Year. No other contributions shall be allocated to the Rollover Account. Any Rollover Contributions of amounts from a Qualified Roth Contribution Program shall be segregated and held in a separately designated and maintained Rollover Account from those amounts not from a Qualified Roth Contribution Program. At the election of the Participant, Beneficiary who is a Participant's Surviving Spouse or spousal Alternate Payee, any Rollover Contributions or 457 Transfers from an eligible deferred Compensation plan under Section 457(b) of the Code may be held in separately designated and maintained Rollover Accounts for 457(b) Rollover Contributions; provided that any such amounts from a Qualified Roth Contribution Program and any such amounts not from a Qualified Roth Contribution Program shall be segregated and held in separately designated and maintained 457(b) Rollover Accounts.

#### 5.3 Rollover of Assets to Purchase Retirement Service Credit.

With respect to trustee-to-trustee transfers, a Participant or Beneficiary may elect, in accordance with procedures established by the <u>CommitteeAdministrator</u>, to have all or any portion of the value of his or her Account transferred to the trustee of a defined benefit governmental plan as described in Section 414(d) of the Code; *provided, however*, that such transfer is for the purchase of permissive service credit (as defined in Section 415(n)(3)(A) of the Code) under such plan or a repayment of contributions and earnings with respect to a forfeiture of service under such plan.

# **ARTICLE VI - ACCOUNTS AND RECORDS OF THE PLAN**

#### 6.1 Participant Accounts.

- a) In General. The Administrator, through the NDC contracted Recordkeeper, shall establish and maintain one or more Accounts for each Participant, including a Before-Tax Deferral Account, a Roth <u>457(b)</u> Account (to the extent applicable) and, as necessary, one or more Rollover Accounts (including a segregated Rollover Account relating to contributions from a Qualified Roth Contribution Program) with respect to each Participant. Each Account shall record the value of the portion allocable to that Account, the value of the portion of the Account, if any, that is invested in each Investment Option (both in the aggregate and by Account) and other relevant data pertaining thereto. With respect to each Participant, all Amounts Deferred or Contributed, all Section 457 Transfers and all Rollover Contributions shall be credited to his or her Before-Tax Deferral Account, Roth <u>457(b)</u> Account or Rollover Account, as applicable.
- b) <u>Written Statement.</u> Each Participant shall be furnished with a written statement of his or her Accounts (including the value of the interest he or she has, if any, in each Investment Option and the amount of and explanation for each allocation to or

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deduction from his or her Accounts) at least quarterly, which statement shall be delivered in a manner prescribed by the <u>CommitteeAdministrator</u>.

#### 6.2 Beneficiary Accounts.

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The <u>NDC contracted</u> Recordkeeper shall establish and maintain one or more Beneficiary Accounts, including, as applicable, separate Before-Tax Deferral Accounts, Roth <u>457(b)</u> Accounts, and Rollover Accounts with respect to each Beneficiary of a deceased Participant. Each such Account shall record the value of the portion of the deceased Participant's Account allocable to each of the Beneficiary's Accounts, the value of the portion of the Account, if any, that is invested in each Investment Option (both in the aggregate and by Account) and other relevant data pertaining thereto. Each Beneficiary shall be furnished with a written statement of his or her Accounts in the same manner set forth in Article 6.1(b).

# 6.3 Alternate Payee Accounts.

The <u>NDC contracted</u> Recordkeeper shall establish and maintain one or more Alternate Payee Accounts, including, as applicable, separate Before-Tax Deferral Accounts, Roth <u>457(b)</u> Accounts, and Rollover Accounts with respect to each Alternate Payee. The Alternate Payee Account shall separately account for all amounts received (i) from the Participant's Rollover Account and (ii) from all amounts rolled into the Plan by a spousal Alternate Payee, pursuant to Article 5.1 or 5.2. Each such Account shall record the value of the portion of the Participant's Account allocable to the Alternate Payee's Account, the value of the portion of the Account, if any, that is invested in each Investment Option (both in the aggregate and by Account) and other relevant data pertaining thereto. Each Alternate Payee shall be furnished with a written statement of his or her Alternate Payee Accounts in the same manner set forth in Article 6.1(b).

### 6.4 Investment Options and Investment Funds.

The Trust Fund shall be invested at the direction of Participants, in accordance with Article 4, in and among the Investment Options made available through the Plan from time to time by the Committee. Investment Options may include a brokerage account or similar investment window through which Participants may direct the investment of their Accounts into Mutual Funds (as defined below) or other available investment products that the Committee designates as available for investment through such window and any other investment alternative that the Committee may make available through the Plan. Investment Funds may consist of open-end investment companies registered under the Investment Company Act of 1940, as amended ("Mutual Funds"), separately managed accounts, unregistered commingled funds, group or commingled trusts, or any combination thereof as approved from time to time by the Committee for the investment of the assets of the Trust Fund.

# ARTICLE VII - WITHDRAWALS FOR UNFORESEEN EMERGENCIES; WITHDRAWALS OF SMALL AMOUNTS

7.1 7.1 Distribution for an Unforeseeable Emergency.

1) If elected by the Administrator in the Adoption Agreement, a Participant or Beneficiary may request an Unforeseeable Emergency Distribution subject to the following requirements:

- a) The request for an Unforeseeable Emergency Distribution will be determined by the Administrator or delegated to the Plan's contracted Recordkeeper based on the Participant's or Beneficiary's relevant facts and circumstances.
- b) The request for an Unforeseeable Emergency may be made only to the extent that such emergency is or may not be relieved through;

i) reimbursement or compensation from insurance or otherwise;

ii) Jiquidation of the Participant's or Beneficiary's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship; or

iii) cessation of the Participant's Deferrals to the Plan.

- c) Distributions due to an Unforeseeable Emergency must be limited to the amount reasonably necessary to satisfy the emergency need (which may include any amounts necessary to pay federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution).
- 2) A Participant or Beneficiary may request an Unforeseeable Emergency withdrawal by submitting that request in writing on the Plan's approved form to the Administrator or directly to the Plan's contracted Recordkeeper, who will review and approve the request. If the request is denied, a request for review of the determination may be made in writing to such entity as the Administrator may designate, provided that such entity has accepted the designation. If the review of the determination fails to confirm a claim of Unforeseeable Emergency, an appeal may be made to the Administrator in writing. If at any time a request of an Unforeseeable Emergency withdrawal is approved, the Administrator may thereupon direct the Plan's contracted Recordkeeper to distribute so much of the Participant Account as is necessary to provide the amount approved to meet the Unforeseeable Emergency, as determined by the Administrator.
- 3) Unforeseeable Emergency withdrawals will be made in accordance with the procedures established by the Administrator or the Plan's contracted Recordkeeper.
  - a) <u>Amount of Distribution for an Unforesceable Emergency.</u> Upon a showing by a Participant of an Unforesceable Emergency, the Recordkeeper may permit a payment to be made to the Participant in an amount which does not exceed the lesser of (i) the amount reasonably needed to meet the financial need created by such Unforesceable Emergency, including estimated income taxes and (ii) an amount which, together with any prior distribution or withdrawal, does not exceed the value of the Participant's Account determined as of the most recent Valuation Date. Any such payment shall be

**Commented [RB1]:** Language taken from Voya's Speciman 457(b) Plan Document for governmental employees which was recommended by the NDC contracted Compliance Auditor, Melanie Walker, of Segal Marco. Additional Language was taken from IRS Bulletin Revenue Procedure- rev. Proc. 2004-56 also recomended by Malanie Walker of Segal Marco.

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made by the Recordkeeper and shall be withdrawn *pro rata* from the Investment Options in which the Participant has an interest, unless the Participant specifies in the request for such a payment the portion of the total amount to be withdrawn by the Recordkeeper from each Investment Option. In accordance with Section 8.1(e), a Participant must take a distribution of his or her Rollover Account before the Participant may be eligible to request a distribution for an Unforeseeable Emergency. The Participant shall designate the amount of the distribution that will come from his or her Before Tax Deferral Account and from his or her Roth Account, in accordance with procedures established by the Recordkeeper.

b)a) Evidence of Other Relief. A Participant must provide evidence that the amount requested for an unforesceable emergency may not be fully relieved (i) through reimbursement or Compensation by insurance or otherwise, (ii) by liquidation of Participant's other non Plan assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or (iii) by cessation of deferrals and contributions under the Plan.

#### 7.2 Distribution from a Small Inactive Account.

- a) 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 elect at any time to receive a lump sum distribution, not to exceed \$5,000, of his or her Account and Rollover Account, which distribution will be made in accordance with procedures established by the <u>NDC contracted</u> Recordkeeper, *provided* that both of the following conditions have been met: (a) there has been no Amount Deferred or Contributed by such Participant during the two-year period ending on the date of distribution; and (b) there has been no prior distribution made to such Participant pursuant to this <u>Section Article</u> 7.2.
- b) At any time the Committee can direct the Recordkeeper to automatically cash out a participant's Account if a Participant's Account:
  - i. Does not exceed \$1,000; and
  - ii. Participant has separated from service, but not elected a distribution;

# 7.3 Loans to State of Nevada Employees who Participate in the Plan

- a) Participants employed by the State of Nevada may receive a loan from their 457(b) Elective Deferral Account. Any such loan may not be for an amount less than onethousand dollars (\$1000.00).
- b) The <u>NDC contracted</u> Recordkeeper, in accordance with the Committee's direction, may make loans to Participants employed by the State of Nevada under the following circumstances: (1) loans will be made available to all State of Nevada Participants on a reasonably equivalent basis; (2) loans will bear a reasonable rate of interest, i.e., prime plus one percent; (3) loans will be adequately secured; and (4) will provide for periodic repayment over a reasonable period of time not to exceed 57 months for general purpose loans and up to ten years (120 months) for qualified residential loans.
- c) Pursuant to IRC Section 72(p), no loan made pursuant to this Section will exceed the lesser of:
  - 1 One-half (1/2) of the value of the State Participant's Account balance; or
  - 2 Fifty thousand dollars (\$50,000).
- d) The terms of the loan shall:

- 1 Require level amortization with payments to be made not less frequently than monthly; except for
  - a. A borrower who is on a leave of absence for the performance of uniformed service within the meaning of Section 414(u) of the Internal Revenue Code may elect to suspend payment for the period of uniformed service. If the borrower so elects, then upon the borrower's return from uniformed service, the loan repayment period shall be extended by a period equal to the length of the uniformed service.
- 2 Require the loan to be repaid over a period not to exceed 57 months. However, loans used to acquire any dwelling unit which, within a reasonable time, is to be used (determined at the time the loan is made) as a principal residence of the State of Nevada Participant will, provide for periodic repayment over a reasonable period of up to ten (10) years (120 months).
- e) Security for loan; default
  - 1 Any security interest held by the Plan by reason of an outstanding loan to the Participant will be taken into account in determining the amount of the death benefit or single lump-sum payment
  - 2 Default. In the event that a Participant fails to make a loan payment by the last business day of the calendar month following the calendar month in which the payment is due, a default on the loan shall occur. In the event of such default:
    - All remaining payments on the loan shall be immediately due and payable;
    - b. The Participant shall not be allowed to initiate another loan from the Plan until the defaulted amount is repaid; and
    - c. A default may be considered a taxable event.

## f) Repayment

- 1 The Participant shall be required, as a condition to receiving a loan, to enter into an agreement authorizing the <u>NDC contracted</u> Recordkeeper, in accordance with the Committee's direction, to establish and make automatic monthly (ACH) deductions from the Participant's personal bank account only.
- 2 Notwithstanding paragraph 1, a Participant may prepay the entire outstanding balance of his/her loan at any time, in whole or in part, provided that a partial prepayment shall not change the payment schedule or the interest rate on the loan.
- 3 If any automatic monthly (ACH) deductions cannot be made in full because of insufficient funds or due to a closed, suspended, or restricted bank account, the Participant shall pay directly to the Plan's contracted Recordkeeper the full amount that would have been deducted from the Participant's bank account, with such payment to be made by the last business day of the calendar month in which the amount would have been deducted. The Participant would be required to re-establish the automatic monthly (ACH) deductions from the Participant's personal bank account with the Plan's contracted Recordkeeper prior to the next amortized scheduled draft date or be considered in default.
- g) Loan Fees
  - 1 The <u>NDC contracted</u> Recordkeeper, in accordance with the Committee's direction, will charge and collect a one-time loan fee of one-hundred, twenty-five dollars (\$125.00) for each loan, of which a fee of twenty-five dollars (\$25.00) will be reimbursed back to the Plan by the Recordkeeper to cover any expense

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incurred by the Plan in operating the loan program. The loan Fee will be deducted from the Participant's Account balance.

# h) Loan Authorization

- 1 The <u>NDC contracted</u> Recordkeeper, in accordance with the Committee's direction, will authorize loans, based on the loan provisions in the IRC Section 72(p), corresponding regulations and terms of the Loan Program and NDC Plan Document.
- i) The Committee may establish such rules with respect to the loan program as the Committee deems advisable, including without limitation, rules regarding the number of loans that may be outstanding for any Participant at any time. Maximum number of loans that may be outstanding at any time, regardless of type, is one (1).
- j) Loans are not available from an Employee's Roth Eelective Deferral AAccount, but these Roth <u>457(b)</u> Accounts may be taken into account in determining the maximum loan that a Participant may obtain under the provisions of this Section.

## Article VIII - DISTRIBUTION FROM THE PLAN AND OTHER ELIGIBLE RETIREMENT PLANS

8.1 Distribution to Participants.

- a) <u>Eligibility for Distribution</u>. A Participant will become eligible to receive a distribution of his Account upon the occurrence of any of the following events: (i) the Participant's Severance from Employment with the Employer; (ii) the Participant's attainment of age 70½; or (iii) the Participant's absence from employment for qualifying military service as described in the HEART Act. Except as otherwise provided in Article VII, a Participant may not receive distribution of his or her Account at any time prior to the occurrence of one of the foregoing events.
- b) <u>Distributions to Participants.</u> Upon a Participant's eligibility for a distribution pursuant to Article 8.1(a), the Participant shall be entitled to receive his or her Account, which shall be paid in cash by the <u>NDC contracted</u> Recordkeeper in accordance with one of the methods described in Article 8.1(c) and as of the commencement date elected by the Participant in accordance with the procedures prescribed Article 8.1(e).
- c) <u>Distribution Options.</u> Subject to Article 8.6, any payment made under this <u>section Article</u> shall be made in one of the following methods, as the Participant (or, in the case of the death of a Participant, his or her Beneficiary) may elect any of the following:
  - i. A total or partial lump sum payment.
  - ii. Periodic monthly, quarterly, semi-annual or annual installment payments; provided, however, that a Participant (or, in the case of the death of a Participant, his or her Beneficiary) may elect to receive (A) an initial installment payment in a specified amount and (B) the balance of his or her Account in periodic monthly, quarterly, semi-annual or annual installment payments. Installment payments may consist of (A) fixed amounts paid on each payment date as designated by the Participant (or in the case of the death of a Participant, his or her Beneficiary), or (B) formulaic amounts determined by the <u>NDC contracted</u> Recordkeeper, based on a fixed period designated by the Participant (or in the case of the death of a Participant).

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Beneficiary), calculated by dividing the Account on the date of the payment by the number of payments remaining during the fixed period.

- iii. A Participant who elects to receive installment payments or who is currently receiving installment payments pursuant to Article 8.1(c)(ii) may elect, subject to any limitations set forth by the <u>Committee Administrator</u> and in accordance with procedures established by the <u>NDC contracted</u> Recordkeeper, to receive a portion of his or her Account distributed in a lump sum; Such lump sum payments shall not result in a discontinuation of subsequent installment payments; *provided, however*, that such subsequent payments may be redetermined in accordance with methods and procedures established by the Recordkeeper.
- iv. A Participant who is an eligible retired public safety officer, as defined in Section 402(I) of the Code, may elect, at the time and in the manner prescribed by the Recordkeeper, to have up to \$3,000 per year (or such greater amount as may be permitted under applicable guidance issued by the Internal Revenue Service) of amounts from his or her Before-Tax Deferral Account distributable under the Plan used to pay qualified health insurance premiums for an accident or health plan or long-term care insurance contract covering the Participant and his or her spouse and dependents. Such amounts are excludible from the Participant's gross income to the extent the qualified health insurance premiums are paid directly to the provider of the accident or health plan or long-term care insurance contract (determined in accordance with Section 402(I) of the Code) by deduction from a distribution to the Plan.
- v. For each distribution election under Article 8.1(c), a Participant shall designate the percentage of each distribution that will come from his or her Before-Tax Deferral Account and the percentage that will come from his or her Roth <u>457(b)</u> Account. For the avoidance of doubt, for purposes of the limitations and restrictions described in this Article 8.1(c), each distribution election made by a Participant and each payment made in accordance thereto shall be deemed to be one election and one payment, even if payment is made both from the Participant's Before-Tax Deferral Account and from his or her Roth <u>457(b)</u> Account.

Notwithstanding the foregoing, a Participant may not elect an installment period extending beyond the longest of (A) his or her life expectancy, (B) if his or her designated Beneficiary is his or her Spouse, the life expectancy of the Participant and his or her Spouse and (C) if his designated Beneficiary is not his or her Spouse, the life expectancy determined using the applicable table contained in the applicable Treasury Regulation.

d) <u>Distribution Election</u>. In the case of the Participant's Severance from Employment with the Employer, a distribution election made by the Participant shall specify the form of payment as provided in Article 8.1(c) and the date on which payments shall commence, following the Participant's Severance from Employment; *provided, further* that the timing of any distribution must be in compliance with Article 8.6. Subject to Article 8.6, a Participant who is receiving distributions under the Plan may change both the timing and the method of payment elected subject to any limitations set forth by the <u>Committee</u> <u>Administrator</u> and in accordance with procedures established by the <u>NDC contracted</u> Recordkeeper.

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e) <u>Rollover Accounts.</u> Notwithstanding any other provision of Article 8.1, a Participant who has one or more Rollover Accounts shall be permitted to withdraw all or any portion of such Rollover Accounts at any time during a Plan Year; *provided* that such withdrawal shall be paid pursuant to a method of payment elected by the Participant in accordance with Article 8.1(c) and the value of such Rollover Accounts shall be determined in accordance with Article 8.1(d).

# 8.2 Distributions to Beneficiaries.

If a Participant dies before distribution of his or her Account has commenced, a distribution election made by the Beneficiary shall specify the form of payment as provided in Article 8.1(c) and the date on which payments shall commence. If a Participant dies at any time before his or her entire Account has been distributed, then the Participant's Beneficiary may make subsequent distribution elections as provided in Article 8.1(c). Notwithstanding the foregoing, any distribution to a Beneficiary shall be made in accordance with the provisions of Section 401(a)(9) of the Code and subject to Sections-Article 8.6(d) and (e).

- a) Determination of Benefits Upon Death of a Participant should be carried out in accordance with <u>Section-Article</u> 9.2(a)
  - i. The Plan shall have the authority to retain any funds or property that are subject to any dispute, Beneficiary or otherwise, without liability for the payment of interest, and shall decline to make payment or delivery of such funds or property until a court of competent jurisdiction makes a final adjudication as to the proper disposition of said funds or property.

The Plan's <u>contracted</u> Recordkeeper and/or appointed legal counsel may require such proper proof of death and such evidence of the right of any person to receive payment of the value of the Participant Account of a deceased Participant or Beneficiary, as the Plan's <u>contracted</u> Recordkeeper and/or legal counsel may deem appropriate.

# 8.3 Distributions to Alternate Payees.

A distribution to an Alternate Payee may be paid in a single lump sum as soon as practicable following the qualification of the Qualified Domestic Relations Order and the close of all appeals to the Qualified Domestic Relations Order if the Alternate Payee consents to such lump sum distribution. In the event that the Alternate Payee does not consent to receive his or her distribution in a single lump sum as soon as practicable following the qualification of the Qualified Domestic Relations Order, the Alternate Payee may make an election to receive a distribution any time after the Earliest Retirement Date, subject to any requirements of Section 401(a)(9) of the Code and Article 8.6, by filing a distribution election specifying the form of payment as provided in Article 8.1(c) and the date on which payments shall commence.

# 8.4 Eligible Rollover Distributions.

a) <u>Participant Rollover Distributions.</u> In connection with a Participant's Severance from Employment, the Distributee may elect, at the time and in the manner prescribed by the <u>NDC contracted</u> Recordkeeper, to have all or any portion of the Participant's Accounts that qualifies as an Eligible Rollover Distribution paid directly to the trustee of an Eligible Retirement Plan; *provided* that such other plan provides for the acceptance of such amounts by the trustee. The Plan shall provide written information to Distributees regarding Eligible Rollover Distributions to the extent required by Section 402(f) of the Code.

- b) <u>Beneficiary Rollover Distributions.</u> Upon a Participant's death, a Beneficiary may elect, at the time and in the manner prescribed by the Recordkeeperin the Adoption Agreement, executed by the Administrator to have all or any portion of the Participant's Accounts that qualifies as an Eligible Rollover Distribution paid directly to the trustee of an individual retirement arrangement (as defined in Section 7701(a)(37) of the Code) that is established for the purpose of receiving the distribution on behalf of such Beneficiary and that is treated as an inherited IRA in accordance with Code Section 402(c)(11). However, for an Eligible Rollover Distribution to a designated Beneficiary other than a Surviving Spouse, an Eligible Retirement Plan is only an individual retirement Account described in Code Section 408(a) or an individual retirement annuity described in Code Section 408(b) that is treated as an inherited IRA in accordance with Code Section 408(b) that is treated as an inherited IRA in accordance with Code Section 408(c) that is treated as an inherited IRA in accordance with Code Section 408(b) that is treated as an inherited IRA in accordance with Code Section 408(c) that is treated as an inherited IRA in accordance with Code Section 408(b) that is treated as an inherited IRA in accordance with Code Section 402(c)(11).
- c) <u>Roth IRA Rollover Distribution</u>. In connection with a Participant's Severance from Employment or upon a Participant's death, as the case may be, a Participant or a Beneficiary may elect, at the time and in the manner prescribed by the <u>NDC contracted</u> Recordkeeper, to have all or any portion of the Participant's Accounts that qualifies as an Eligible Rollover Distribution rolled over to a Roth individual retirement arrangement (as defined in Section 7701(a)(37) of the Code, and designated as a Roth arrangement at the time of its establishment). Such amounts will be included in gross income as if the distribution had been made to such Participant or Beneficiary.
- d) In-Plan Roth Rollover-to Roth Account. Upon any distribution event pursuant to which a Participant, a Beneficiary who is a Participant's Surviving Spouse or a spousal Alternate Payee would be permitted to have all or any portion of the Participant's Account that gualifies as an Eligible Rollover Distribution rolled over into another Eligible Retirement Plan, such Participant, Beneficiary who is a Participant's Surviving Spouse or spousal Alternate Payee may elect to have the portion of such Eligible Rollover Distribution that is not attributable to Roth 457(b) Contributions directly rolled over into a separately maintained Account within his or her Roth 457(b) Account. Any such amounts will be included in gross income as if the distribution had been made to such Participant, Beneficiary who is a Participant's Surviving Spouse or spousal Alternate Payee. After a Participant, Beneficiary who is a Participant's Surviving Spouse or spousal Alternate Payee has made an Iin-Plan Roth Rrollover into a Roth 457(b) Account, such Participant, Beneficiary who is a Participant's Surviving Spouse or spousal Alternate Payee may elect to take distributions from such Account in accordance with any of the distribution options set forth in Article 8.1(c). The provisions in Article 8.4(d) shall be administered in accordance with procedures established by the Recordkeeper Adoption Agreement and shall be interpreted and administered in accordance with and subject to Section 402A(c)(4) of the Code and any rules, regulations or other guidance issued by the Internal Revenue Service in relation thereto.

#### 8.5 457 Transfers.

The Participant may transfer his or her Account to another Section 457 maintained by another employer, if:

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- a) The Participant has severed employment with the Employer and become an Employee of the other employer;
- b) The other employer's plan provides that such transfer will be accepted; and
- c) The Participant and the employer have signed such agreements as are necessary to assure that the Employer's liability to pay benefits to the Participant has been discharged and assumed by the other employer.

A transfer from an eligible governmental to another eligible governmental plan is permitted if the following conditions are met:

- a) The transfer is from an eligible governmental plan to another eligible governmental plan of the same employer; for this purpose, the employer is not treated as the same employer if the Participant's Compensation is paid by a different entity;
- b) The transferor plan provides for transfers;
- c) The receiving plan provides for receipt of transfers;
- d) The participant or Beneficiary whose amounts deferred are being transferred will have an amount deferred immediately after the transfer at least equal to the amount deferred with respect to that participant or Beneficiary immediately before the transfer; and
- e) The participant or Beneficiary whose deferred amounts are being transferred is not eligible for additional annual <u>D</u>deferrals in the receiving plan unless the participant or Beneficiary is performing services for the entity maintaining the receiving plan.

#### 8.6 Withholding.

The <u>NDC contracted</u> Recordkeeper shall withhold or cause to be withheld from any amounts withdrawn or distributed all federal, state, city or other taxes as shall be required pursuant to any law or governmental ruling or regulation, including Treasury Regulations.

## 8.7 Required Minimum Distributions.

a) In General. Notwithstanding any other provision of the Plan to the contrary (except Article 8.7(b)), all distributions under the Plan shall be in accordance with the minimum distribution and timing requirements of Section 401(a)(9) of the Code (including the incidental death benefit requirements of Section 401(a)(9)(G) of the Code) and the final Treasury Regulations under Sections 1.401(a)(9)-2 through 1.401(a)(9)-9, which are incorporated herein by reference. Such provisions shall override any distribution options in the Plan that may be inconsistent with Section 401(a)(9) of the Code. Any distributions made pursuant to this Article 8.7 in order to comply with Section 401(a)(9) of the Code shall be charged against the Account or Accounts of the Participant in such manner as designated by the Participant in accordance with procedures established by the NDC contracted Recordkeeper; provided, however, that if no such designation is made, such distributions shall be charged first against the Before-Tax Deferral Account, second against the Roth 457(b) Account, third against the Rollover Account or Rollover Accounts not relating to Rollover Contributions of amounts from a Qualified Roth Contribution Program, and fourth against the Rollover Account or Rollover Accounts relating to Rollover Contributions of amounts from a Qualified Roth Contribution Program

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- b) <u>2009 Waiver</u>. Notwithstanding anything to the contrary in Article 8.7, a Participant who would have been required to receive required minimum distributions for 2009 but for the enactment of Section 401(a)(9)(H) of the Code ("2009 RMDs"), and who would have satisfied that requirement by receiving distributions that are (i) equal to the 2009 RMDs or (ii) one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancy) of the Participant and the Participant's Beneficiary, or for a period of at least 10 years, will not receive those distributions for 2009 unless the Participant or Beneficiary chooses to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence.
- c) <u>Distributions During Participant's Life.</u> The Account of a Participant shall be distributed (or commence to be distributed) to such Participant as soon as practicable after the Required Beginning Date. If the Participant has not made an election pursuant to Article 8.1(c) prior to such Required Beginning Date, then the Account shall be distributed in the form of installment payments commencing on the Required Beginning Date.
- d) Death of a Participant Before the Required Beginning Date.
  - i If a Participant dies before his Required Beginning Date, his Beneficiary (or if the Participant has no Beneficiary, his or her Surviving Spouse or estate, as determined under Article 9.2) shall receive a distribution of the Account over the life of the Beneficiary or over a period not exceeding the life expectancy of the Beneficiary; provided that the distribution commences no later than December 31 of the calendar year immediately following the calendar year in which the Participant dies, except as set forth in Articles 8.7(d)(i)(1) or (2) as follows:
    - 1. If a Participant dies before his Required Beginning Date, the Beneficiary may elect to receive the remaining portion (if any) of such Participant's Account no later than December 31 of the calendar year containing the fifth anniversary of the Participant's death (determined without regard to 2009); or
    - 2. If the sole Beneficiary is the Participant's Surviving Spouse, such Surviving Spouse may elect to receive a distribution of the Account over a period not exceeding the life expectancy of the Surviving Spouse (determined as of the date such payments commence); provided that the distribution commences on or before the later of December 31 of the calendar year immediately following the calendar year in which the Participant dies or December 31 of the calendar year in which the Participant would have attained age 70½; provided, further, that if the Surviving Spouse dies after the Participant but before distributions to the Surviving Spouse commence, Article 8.7(d) (with the exception of Article 8.7(d)(i)(B)) shall apply as if the Surviving Spouse were the Participant. (ii) The Beneficiary may elect to receive payment of the Account as a lump sum or in annual, monthly or quarterly installment payments.

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- ii The Beneficiary may elect to receive payment of the Account as a lump sum or in annual, monthly or quarterly installment payments.
- e) <u>Death After Required Beginning Date and After Commencement of Distributions.</u> If a Participant dies on or after the Required Beginning Date, but before his or her entire Account is distributed to him or her, the unpaid portion of his or her Plan Account shall be distributed as follows:
  - If the Participant has a designated Beneficiary, the longer of the remaining life expectancy of the Participant's Beneficiary and the remaining life expectancy of the Participant determined in accordance with Section 1.409(a)(9)-5 of the Treasury Regulations; or
  - ii. If the Participant does not have a designated Beneficiary, the remaining life expectancy of the Participant determined in accordance with Section 1.409(a)(9)-5 of the Treasury Regulations; *provided, however*, that if a Beneficiary so elects, the Participant's remaining Account may be paid to the Beneficiary at any time in a lump sum so long as the entire Account is paid at least as rapidly as it would be paid under Section Article 8.7(e)(i) of this adopted Plan Document.
- f) <u>Alternate Payee Accounts.</u> In the case of any Alternate Payee Account, payments to the Alternate Payee must be made in accordance with the Plan and Section 401(a)(9) of the Code.

# **ARTICLE IX - DESIGNATION OF BENEFICIARIES**

#### 9.1 Designation of Beneficiaries.

Each Participant shall file with the <u>NDC contracted</u> Recordkeeper a designation of one or more persons as the Beneficiary who shall be entitled to receive the Account, if any, payable under the Plan upon his or her death. A Participant may from time to time revoke or change his or her Beneficiary designation without the consent of any prior Beneficiary by filing a new designation or change or revocation thereof shall be effective unless received by the Recordkeeper in good order prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. For purposes of <u>Section Article</u> 9, a Beneficiary designation shall be deemed to be received in good order only if the Recordkeeper can reasonable identify the Beneficiary or Beneficiaries named in the designation.

#### 9.2 No Beneficiaries Designated.

a) If no such Beneficiary designation is in effect at the time of a Participant's death, or if no designated Beneficiary survives the Participant, or if no designated Beneficiary can be located with reasonable diligence by the Recordkeeper, the payment of the Account, if any, payable under the Plan upon the Participant's death shall be made by the Recordkeeper to the Participant's Surviving Spouse, if any, or if the Participant has no Surviving Spouse, or the Surviving Spouse cannot be located with reasonable diligence by the Recordkeeper, then to the deceased estate.

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b) If the Beneficiary so designated by the Participant dies after the death of the Participant but prior to receiving a complete distribution of the amount that would have been paid to such Beneficiary had such Beneficiary's death not then occurred, then, for purposes of the Plan, the distribution that would otherwise have been received by such Beneficiary shall be paid to the Beneficiary's estate.

# **ARTICLE X - QUALIFIED DOMESTIC RELATIONS ORDERS**

#### 10.1 Qualified Domestic Relations Order.

Payments with respect to a Participant's Account may be made by the <u>NDC contracted</u> Recordkeeper to one or more Alternate Payees pursuant to the terms of a Qualified Domestic Relations Order. Upon segregation of the assets payable to the Alternate Payee, any such amounts paid or segregated shall no longer constitute part of the Participant's Account. No liability whatsoever shall be incurred by the Committee, <u>NDC Administrative</u> Staff, the Employer, or the Recordkeeper solely by reason of any act or omission undertaken in accordance with this section-Article to comply with the terms of a Qualified Domestic Relations Order.

# **ARTICLE XI - ADMINISTRATION**

#### 11.1 Plan Administration.

Except as otherwise provided therein, the operation and administration of the Plan shall be the responsibility of the <u>Committee Administrator</u> and the <u>Committee Administrator</u> shall have all of the broad, general authority necessary or advisable to operate and administer the Plan. <u>If more than one person is appointed to serve as Administrator</u>, the responsibilities of each Administrator may be specified and accepted in writing by each Administrator herin. In the event that there is no such delegation made, the Administrators may allocate the responsibilities among themselves, in which event the Administrators will document and specify the delegation of responsibilities in writing of each Administrator.

The Committee shall have the power and the duty to take all action and to make all decisions necessary or proper to carry out its responsibilities under the Plan. All determinations of the Committee as to any question involving its responsibilities under the Plan, including interpretation of the Plan or as to any discretionary actions to be taken under the Plan, shall be solely in the Committee's discretion and shall be final, conclusive and binding on all parties.

The Administrative Staff shall have the power and authority to oversee and perform, under the direction and authority of the State of Nevada Department of Administration Director, all of the day-to-day operations and administration of the Program related to:

- a) Serving as the primary contact and support for the Committee
- b) Collection, processing of, and retention of all required Plan forms and documentation;
- <u>c)</u> Providing, overseeing, and monitoring all Plan communication, education, and marketing;
- d) Contract development, management, and oversight;
- e) Budget development, management, and oversight;
- f) Providing, overseeing, and directing necessary participant service and direction;
- g) Overseeing and maintaining NDC Division administration and equipment, and ensuring that all budgeting, purchasing, and other State administrative procedures are conducted in accordance with State applicable rules and regulations.

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#### 11.2 Designation of Administrative Authority.

The *Governor of the State of Nevada shall appoint a Committee pursuant to NRS 287.325* to *administer* and to discharge the Administrator's responsibilities under the Plan. If the *Governor of State of Nevada is unable to* appoint a Committee to administer the Plan, the *State, under the direction of the Department of Administration Director or his/her designated officer,* will be the Administrator.

# 11.3 Powers and Responsibilities of the Committee.

- a) The Committee will have full power to interpret and construe the Plan in a manner consistent with its terms and the provisions of Code Section 457, including the applicable Income Tax Regulations and to establish practices and procedures conforming to those provisions. In all such cases, the Committee's determination will be final and conclusive upon all persons. It is recognized that unusual circumstances may occur and questions may arise that are not specifically covered by any provision of the Plan, and the Committee's power and responsibility under the Plan will not extend to, nor have any control over, those responsibilities and duties of the Plan's contracted Recordkeeper or any other contractor the State may contract with to provide services to the Plan.
- b) The Committee shall be consulted and considered regarding the appointment of the NDC Executive Officer by the State of Nevada's Department of Administration Director. Additionally, the Committee can recommend the removal of the Executive Officer by a majority vote of the members appointed to the Committee by the Governor of the State of Nevada as it deems necessary for the proper administration of the Plan to assure that the Plan is being operated for the exclusive benefit of the Participants and their Beneficiaries in accordance with the terms of the Plan and the Code.
- c) The Committee will periodically review the performance of any contractor or representative of a contractor to whom duties have been delegated or allocated by it under the provisions of this Plan or pursuant to procedures established hereunder. This requirement may be satisfied by formal periodic review by the Administrator or by a qualified person specifically designated by the Committee, through day-to-day conduct and evaluation, or through other appropriate ways.

#### 11.42 Committee Administrator Powers, Responsibilities, and Duties.

The primary responsibilities of the Administrator(s) is to administer the Plan for the benefit of the Participants and their Beneficiaries, subject to the specific terms of the Plan. The Administrator(s) will administer the Plan in accordance with its terms and will have the power and discretion to construe the terms of the Plan and determine all questions arising in connection with the administration, interpretation, and application of the Plan. Any such determination by the Administrator(s) will be conclusive and binding upon all persons. The Administrator(s) may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as will be deemed necessary or advisable to carry out the purpose of the Plan; provided, however, that any procedure, discretionary act, interpretation or construction will be done in a nondiscriminatory manner based upon uniform principles consistently applied and will be consistent with the intent that

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the Plan will continue to be deemed a qualified plan under the terms of Code Section 457, and will comply with the terms of all Income Tax Regulations issued pursuant thereto. The Administrator(s) will have all powers necessary or appropriate to accomplish duties under this Plan. The Administrator(s) will be charged with the duties of the general administration of the Plan, including, but not limited to, the following: Without limiting the generality of the foregoing, the Committee shall have the following powers and duties:

- a) The discretion to determine all questions relating to the eligibility of Employees and <u>Independent Contractors to participate or remain a Participant hereunder and to receive</u> <u>benefits under the Plan;</u>
- b) To require any person to furnish such information as it may request for the purpose of the proper administration of the Plan as a condition to receiving any benefit under the Plan;
- c) To authorize and direct the NDC contracted Recordkeeper with respect to all disbursements to which a Participant is entitled under the Plan;
- d) To maintain all necessary records for the administration of the Plan;
- a) To require any person to furnish such information as it may request for the purpose of the proper administration of the Plan as a condition to receiving any benefit under the Plan;
- e) To determine the type of any Investment Option to be purchased from an investment manager;
- b)f) To make and enforce such rules and regulations and prescribe the use of such forms as it shall deem necessary for the efficient administration of the Plan;
- c)g) To interpret the Plan and to resolve ambiguities, inconsistencies and omissions in the terms of the Plan or any document related to the Plan, and to assist any Participant regarding his/her rights, benefits, or elections available under the Plan;
- <u>d)h)</u> To decide all questions concerning the Plan and the eligibility of any Employer or other individual to participate in the Plan;
- e)i) To enlarge or diminish any applicable time period set forth in the Plan, subject to applicable law; and
- (f)) To determine the methods and procedures for the implementation and use of any automated telephone, computer, internet, intranet or other electronic or automated system adopted by the <u>Committee Administrator</u> for purposes of Plan administration.

#### 11.53 Limitation of Liability.

Except as may be prohibited by applicable law, neither the Committee, any member thereof, nor any <u>Administrative</u> Staff member, shall be liable for (a) anything done or omitted to be done by it or by them unless the act or omission claimed to be the basis for liability amounted to a failure to act in good faith or was due to gross negligence or willful misconduct; (b) the payment of any amount under the Plan; or (c) any judgment or reasonable mistake of fact

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made by it or on its behalf by a member of the Committee or <u>Administrative</u>.Staff. No member of the Committee or any <u>Administrative</u>.Staff member shall be personally liable under any contract, agreement, or other instrument made or executed by him or her or on his or her behalf in connection with the Plan or Trust fund.

#### 11.64 Trustee.

The Trustee shall have responsibility for the custody and safekeeping of the assets of the Plan in accordance with the terms of the Trust Agreement and the <u>NDC contracted</u> Recordkeeper shall be responsible for implementing the aggregated investment decisions of Participants and beneficiaries by allocating the Plan assets to the various Investment Options.

#### 11.75 Investment Options.

The Committee shall have the power to add or remove one or more <u>I</u>investment <u>O</u>eptions. The Committee shall periodically review the performance and methods of such Investment Options. The Committee has the right to (i) replace any Investment Option with a successor organization or option, (ii) to select any additional investment option or (iii) remove any <u>I</u>investment <u>O</u>eption.

#### 11.86 Delegation.

The Committee may delegate its general authority as it deems appropriate in accordance with the terms of the Plan and all applicable Code sections; provided; however, that such delegation shall be subject to revocation at any time at the discretion of the Committee. Notwithstanding any other provision of the Plan, the Committee's general authority shall include the right to review, revise, modify, revoke, or vacate any decision made or action taken by any party under the Plan to whom authority of the Committee has been delegated or to whom authority with respect to the administration of the Plan or the custody and investment of assets of the Trust Fund has been delegated or assigned under the terms of the Plan, by the Committee or otherwise. The rights of the Committee under Article 11.6 include the right to review, revise, modify, revoke, or vacate any decision of the <u>NDC contracted</u> Recordkeeper or <u>the any Review</u> sub-cCommittee established by the Administrator(s).

#### 11.97 Plan Expenses.

- a) <u>Assessment Against the Trust Fund.</u> Subject to 11.7(b), the expenses of administering the Plan, including (i) the fees and expenses of the Investment Options and <u>any contracted</u>. Recordkeeper(s) for the performance of their duties under the Plan, including any fees and expenses associated with a change, termination or addition of an Investment Option, (ii) the fees, if any, of any member of the Committee and any Trustee and the expenses incurred by the Committee or any of its members or <u>the NDC Administrative</u>. Staff in the performance of their duties under the Plan, including reasonable Compensation for any legal counsel, certified public accountants, consultants, and Employees of the Committee and cost of services rendered in respect of the Plan and the Trust Agreement (as provided therein), and (iii) all other proper charges and disbursements of the Investment Options, Recordkeeper, the Committee or its members (including settlements of claims or legal actions approved by counsel to the Plan).
- b) <u>Investment Expenses.</u> Unless the Committee determines otherwise, brokerage fees, transfer taxes and any other expenses incident to the purchase or sale of securities for any Investment Option shall be deemed to be part of the cost of such securities, or

deducted in computing the proceeds there from, as the case may be. The <u>NDC</u> <u>contracted</u> Recordkeeper shall appropriately deduct any taxes assessed in respect of any assets held, income received, or transactions effected under the Investment Options proportionately against any Accounts that are invested in such Investment Option.

#### 11.108 Review of Claims and Appeals

- a) <u>Initial Claim of Rights or Benefits, Appeals, and Review</u>. Any claims to rights or benefits under the Plan, including any purported Qualified Domestic Relations Order, or request for an Unforeseeable Emergency Withdrawal must be filed in writing with the <u>NDC</u> <u>contracted</u> Recordkeeper. Notice of denial of any claim in whole or part in part by the Recordkeeper, or by such other entity designed by the Recordkeeper, shall include the specific reasons for denial and notice of the rights granted by Article 11.8.
- b) Review of Decision. Any claimant or Participant Account who has received notice of denial or grant, in whole or in part, of a claim made in accordance with the foregoing Section-Article 11.8(a) may file a written request within thirty days of receipt of such denial for review of the decision by the Administrative StaffCommittee. Within 90 days after receipt of such request for review, the Committee may elect to review and discuss the decision in an open meeting in accordance with the Nevada Open Meeting Law and shall notify the claimant and, as applicable, the Participant, that the claim has been granted or denied, in whole or in part. Notice of denial of any claim in whole or in part by the Committee shall include the specific reasons for denial and shall be final, binding and conclusive on all interested person(s) for all purposes.
- <u>b)c)</u> Any claim or appeal to a decision or action of the Committee, Administrative Staff, or contractor of the State under the Plan, including Investment changes, Plan design changes, actions made or asserted by Administration Staff or any of the NDC contractor(s) must be filed in writing with the NDC Administrative Staff and shall include specific details, facts, reasons for dispute, and written proof of wrong doing or damages (if applicable). The appropriate NDC Administrative Staff member is responsible for the initial review of any such claim or appeal and will attempt to determine or institute a suitable solution. The NDC Administrative Staff may consult and/or involve the State Attorney General, the Department of Administration Director, and the appointed NDC Committee Chairperson for a solution of resolution or denial of a claim or appeal which may result in the claim and/or appeal being reviewed and discussed in an open meeting in accordance with the Nevada Open Meeting Law. The NDC Administrator shall notify the claimant, and as applicable, the Participant of any action or decision that was determined within 90 days of the written claim or appeal being submitted to the NDC Administrative Staff in good order.

#### 11.119 Advisers.

The Committee shall arrange for the engagement <u>and/or the contracting</u> of certified public accountants and other consultants, including an investment <u>consultant and/or investment</u> adviser, for the purposes of the Plan. The Committee and <u>NDC Administrative</u> Staff may rely upon the written opinions of the State Attorney General and of, <u>contracted</u> accountants and consultants, and upon any information supplied by the Trustee or <u>NDC contracted</u> Recordkeeper appointed in accordance with the Regulations.

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#### 11.1210 Limitation on Committee Power.

No member of the Committee shall be entitled to act on or decide any matters relating solely to such member or any of his or her rights or benefit under the Plan.

#### 11.131 Public Meetings.

All actions of the Committee shall be taken at a public meeting in accordance with the Nevada Open Meeting Law. The Committee shall establish its own procedures and the time and place for its meetings and provide for the keeping of minutes of all meetings.

#### 11.142 Defense of Claims.

In the event of a claim or legal action, the Committee<u>and NDC Administrative Staff</u> shall be entitled to defense by the State Attorney General.

# ARTICLE XII - ADOPTION BY AND WITHDRAWALS OF PARTICIPATING EMPLOYERS

### 12.1 Adoption by a Participating Employer.

Effective Date of Adoption. Upon a Participating Employer's adoption of the Plan, such Participating Employer shall file with <u>Committee\_the NDC Administrative</u> Staff a copy of each resolution or other legal action, consent or approval through which the Participating Employer adopted the Plan. Such Participating Employer's adoption of the Plan shall be effective upon receiving an acknowledgement of receipt of such submission from <u>Committee\_NDC</u> <u>Administrative</u> Staff and a Committee motion ratifying the Participating Employer's adoption of the Plan.

## 12.2 Withdrawal of Participating Employer.

- a) Withdrawal by the Participating Employer. Any Participating Employer may terminate its adoption of the Plan by filing with the <u>Committee\_NDC Administrative</u> Staff a copy of the resolution or other legal action, adopted in the same manner as the resolution or other legal action adopted pursuant to <u>Section\_Article\_12.1</u>, specifying a termination date which shall be no early than the last Business Day of the month at least 30 days subsequent to the date such notice is received <u>by</u> the <u>Committee\_NDC Administrative</u> Staff.
- b) Termination of Participating Employer's Participation by the Committee.
  - i. The Committee may terminate any Participating Employer's adoption of the Plan, as of any termination date specified by the Committee, for the failure of the Participating Employer to comply with any provision of the Plan or the Regulations.
  - ii. The Committee may terminate a Participating Employer's adoption of the Plan upon complete and final discontinuance of <u>Dee</u>ferrals and contributions.
- c) <u>Treatment of Participants after Withdrawal.</u> Upon termination of adoption of the Plan by any Participating Employer that was formerly a Participating Employer, such Participating Employer shall not permit any further <u>Deefferrals</u> or contributions of Compensation under the Plan and all Participants who are or where Employees of such Participating Employer or if no successor plan is established, payable to or in respect of such Participants as

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provided in the Plan. Any distributions, transfers or other dispositions of such Participants as provided in the Plan shall constitute a complete discharge of all liabilities under the Plan with respect to such Participating Employer previous adoption of the Plan and any Participant who is or was an Employee of such Participating Employer. The rights of such Participant under the Plan shall be unaffected by the termination of the adoption of the Plan by such Participating Employer with respect to <u>D</u>deferrals and contributions made and Accounts in existence as of the effective date of the termination.

d) <u>Continued Obligations of Participating Employers.</u> Notwithstanding any other provision in <u>Section Article</u> 12.2 to the contrary, any Participating Employer who was previously a Participating Employer and whose adoption of the Plan has been terminated pursuant to <u>Section Article</u> 12.2(a) or 12.2(b) shall cooperate with the <u>Committee Administrator</u> and <u>NDC contracted</u> Recordkeeper to provide any information or notifications needed for the continued administration of the Plan to Participants who had Accounts in existence as of the effective date of the termination, until such time as total the value of the Accounts attributable to any Participant who are current or former Employees (or who are Beneficiaries or Alternate Payees of any current or former Employees) of such Participating Employer, has been distributed or transferred to another eligible deferred Compensation plan under Section 457 of the Code, as provided under the Plan.

# **ARTICLE XIII - AMENDMENT OR TERMINATION**

#### 13.1 Power to Amend or Terminate.

Subject to any requirements of State or federal law, the Committee reserves the right at any time and with or without prior notice to any person to amended, suspend or terminate the Plan, to eliminate future <u>D</u>deferrals and contributions for existing Participants, or to limit participation to existing Participants, in whole or in part and for any reason and without the consent of any Participating Employer, Employee, Participant, Beneficiary or other person. No amendment, suspension or termination of any provisions of the Plan or any <u>D</u>deferrals or contributions there under, the Trust Agreement or any Investment Option may be made retroactively, unless such retroactively is allowed under State law, the Code and any other applicable law.

## 13.2 Termination of the Plan.

Upon any action by the Committee to initiate a Plan termination, no Participating Employer may permit any further <u>D</u>deferrals or contributions of Compensation under the Plan, and the Plan termination shall become effective upon the distribution of all Accounts. After taking an action to initiate a Plan termination, the Committee may distribute all Accounts. Any distributions, transfers or other dispositions of Accounts as provided in the Plan shall constitute a complete discharge of all liabilities under the Plan. The Committee and the Trustee(s) shall remain in existence and the Trust Agreement and all of the provisions of the Plan that the Committee determines are necessary or advisable for the administration and distribution, transfer or other disposition of interests in the Trust Fund shall remain in force.

#### 13.3 Notice to Participating Employers.

The Committee, through the NDC Administrative Staff, shall give notice on a reasonably timely basis of any amendment, suspension or termination of the Plan to all Participating Employers.

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# **ARTICLE XIV - GENERAL LIMITATIONS AND PROVISIONS**

#### 14.1 Plan Binding on Accounts.

The Plan, as duly amended from time to time, shall be binding on each Participant and his or her Surviving Spouse, Domestic Partner, heirs, legally designated estate administrators, trustees, successors, assigns, and Beneficiaries and all other interested persons.

#### 14.2 No Right to Employment.

Nothing contained shall give any individual the right to be retained in the employment of the Employer or affect the right of the Employer to terminate any individual's employment. The adoption and maintenance of the Plan shall not constitute a contract between the Employer and any individual or consideration for, or an inducement to or condition of, the employment of any individual.

#### 14.3 No Alienation of Accounts.

Except insofar as may otherwise be required by a Qualified Domestic Relations Order or applicable law, no amount payable at any time under the Plan shall be subject in any manner to alienation by anticipation, sale, transfer, assignment, bankruptcy, pledge, attachment, garnishment, charge or encumbrance of any king, and any attempt to so alienate such amount, whether presently or thereafter payable, shall be void.

#### 14.4 Notices to Participants.

All notices, statements, reports and other communications from a Public Employer, the Trustee or the Committee to any Participant shall be deemed to have been duly given when delivered to, or when mailed by electronic delivery or other form of delivery approved by the Committee or by first class mail, postage prepaid and addressed to such Employee, Participant, Beneficiary, Surviving Spouse or other person at his or her address last appearing on the records of the Recordkeeper, the Committee or the Public Employer.

#### 14.45 Notices to the Committee or Administrative Staff.

All elections, designations, requests, notices, instructions, and other communications from a Participating Employer, an Employee, a Participant or any other person to the Committee, <u>Administrative Staff, NDC contracted</u> Recordkeeper, or the <u>Employer requiredEmployer required</u> or permitted under the Plan shall be in such form as is prescribed by the <u>CommitteeAdministrator</u>, shall be mailed by first class mail or delivered electronically in such a form and to such location as shall be prescribed by the <u>Committee Administrator</u> from time to time, and shall be deemed to have been given and delivered only upon actual receipt thereof at such location. Copies of all elections, designations, requests, notices, instructions and other communications from an Employee, a Participant, a Beneficiary, a Surviving Spouse or any other person to the <u>Participating</u> Employer shall be promptly filed with the <u>NDC Administrative</u> <u>Staff or the NDC contracted</u> Recordkeeper or <u>Committee Staff</u>.

# 14.56 Notices to Participants.

All notices, statements, reports, and other communications from a Participating Employer, the Trustee or the <u>Committee Administrator</u> to any Participant shall be deemed to have been duly given when delivered by email or other form of delivery approved by the <u>Committee</u> <u>Administrator</u> including first class mail, postage prepaid, and addressed to such Employee, Participant, Beneficiary, Surviving Spouse or other person at his or her address last appearing

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on the records of the <u>NDC contracted</u> Recordkeeper, the <u>Committee Administrator</u>, or the Participating Employer.

#### 14.67 Trust Sole Source of Accounts.

The Trust Fund shall be the sole source of benefits under the Plan and, except as otherwise required by applicable law, neither the Committee, <u>Administrative</u>Staff, the Employer nor any officer or Employee of an Employer assume any liability or responsibility for payment of such benefits, and each Participant, his or her spouse or Beneficiary, or other person who shall client the right to any payment under the Plan shall be entitled to look only to the Trust Fund for such payment and shall not have any right, claim, or demand therefore against the Committee or any member thereof, <u>Administrative</u>Staff, the Employer or officer or Employee of an Employer. Nothing in Article 14.7 shall relieve an Employer of its obligation to defer or contribute Amounts Deferred or Contributed to the Trust Fund within two Business Days after the applicable payroll date, in the manner contemplated by Article 4.1.

# 14.78 Account Assets and Account Vesting.

- a) <u>Account Assets Held in Trust Fund</u>. The entire value of each Account for each Participant shall be held in the Trust Fund pursuant to the Trust Agreement for the exclusive benefit of the applicable Participant and for paying reasonable expenses of the Plan and of the Trust Fund pursuant to Article 11.7, and no part of the Trust Fund shall revert to any Employer; provided, however, that the setting-aside of any amounts to be held in the Trust Fund is expressly conditioned upon the following: If an amount is set aside to be held in the Trust Fund by an Employer in a manner which is inconsistent with any of the requirements of Section 457(b) of the Code.
- b) Vesting. Each Participant shall be 100 percent vested at all times in his or her Account.

#### 14.89 Several Liability.

The duties and responsibilities allocated to each person under the Plan and the Trust Agreement shall be the several and not joint responsibility of each and no such person shall be liable for the act or omission of any other person.

# 14.910 Interpretation.

(i) The term "including" means by way of example and not by way of limitation, and (ii) the heading preceding the sections hereof have been inserted solely as a matter of convenience and in no way define or limit the scope or intent of any provisions hereof.

#### 14.101 Construction.

The Plan and all rights there under shall be governed by the construed in accordance with the Code and the laws of the State.



# Nevada Public Employees' Deferred Compensation Program

# **FICA Alternative Plan Document**

(Attachment A)

Effective and amended February 25, 2016January 2018

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# PURPOSE

The purpose of this Plan is to require all part-time, seasonal or temporary employees of the State of Nevada or Nevada System of Higher Education (NSHE) participate in the Nevada FICA Alternative Deferred Compensation Plan, if hired on or after January 1, 2004 (State Government) or July 1, 2005 (NSHE). FICA is the Federal Insurance Contributions Act (FICA). This is an alternative to Social Security coverage as permitted by the federal Omnibus Budget Reconciliation Act of 1990 (OBRA). Participants are not subject to tax on compensation under the Old Age, Survivors and Disability Income potion of FICA.

In accordance with Section 457 of the Code, all amounts of Compensation deferred under the Plan, all property and rights purchases with such amounts and all income attributable to such amounts and all property and rights are held in trust for the exclusive benefit of Participants and their Beneficiaries and Alternate Payees pursuant to the applicable Trust Agreement.

The Plan and Trust Agreement are intended to satisfy the requirements for an eligible deferred compensation plan under Section 457(e)(1)(AB) of the Code, and shall be construed and administered accordingly. To the extent that any term of the Plan is inconsistent with the provisions of Section 457 of the Code applicable to governmental employers, the inconsistent term shall, to the fullest extent possible, be treated for all purposes of the Plan as amended and reformed to conform to the applicable provisions of Section 457 of the Code.

Except as otherwise provided herein, this amendment and restatement of the Plan is effective as of the restatement date.

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# **ARTICLE I - DEFINITIONS**

#### 1.1 Plan Definitions

For purposes of this Plan, the following words and phrases shall have the meaning set forth below, unless a different meaning is plainly required by the context:

**"Account"** means each separate account established and maintained for a Participant under the Plan, including, as applicable, each Before-Tax Account, Rollover Account, Alternate Payee Account and Beneficiary Account.

"Administrator" refers to the NDC Committee appointed by the Governor of the State of Nevada and the Plan Executive Officer appointed and under the authority of the State of Nevada Department of Administration Director as duly authorized designee(s) of the Plan.means the duly authorized designee contracted for that purpose to act as the employer's agent.

"Administrative Staff" refers to the NDC Executive Officer and any other administrative personnel under his or her authority or under the authority of the State of Nevada Department of Administration Director.

"Adoption Agreement" means the separate agreement that is executed by the Employer and sets forth the elective provisions of the Plan. The Adoption Agreement is considered a part of the Plan, and may provide particular direction to be carried out by the Plan's contracted Recordkeeper, if applicable, on behalf of the Administrator.

"Alternate Payee" means the person who is or was the spouse or domestic partner of the Participant or is the child of the Participant to the extent that such person is entitled to any or all of a Participant's Account under a court order that the Committee has determined to be Plan approved Qualified Domestic Relations Order.

"Alternate Payee Account" means the Account established for an Alternate Payee pursuant to a Qualified Domestic Relations Order (QDRO).

**"Amounts Deferred"** means the aggregate of Compensation deferred by a Participant pursuant to Article III.

**"Before Tax Account"** means the Account established under the Plan to record a Participant's Before-Tax Deferrals, and the income, gains and losses crediting thereto. A Beneficiary Account or Alternate Payee Account corresponding to the deceased or relevant Participant's Before-Tax Deferrals may also be referred to as a Before-Tax Deferral Account.

**"Beneficiary"** means the <u>beneficiary or beneficiaries</u> designated <u>person or person(s)</u> by a <u>Participant or Surviving Spouse (or if none, the Participant's estate) who is entitled to receive benefits under the Plan after the death</u> of a Participant pursuant to Article XIII to receive the amount, if any, payable under the Plan upon death of such Participant or Surviving Spouse.

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"**Beneficiary Account**" means the Account established for a Beneficiary in accordance with Article IX.

**"Code"** means the Internal Revenue Code of 1986 as <u>now in effect or as hereafter</u> amended and thereafter and any related regulations. All citations to sections of the Code are to such sections as they may from time to time be amended or renumbered.

#### "Compensation" means:

- a) All <u>cash</u> compensation for services to the Employer, including salary, wages, fees, commissions, <u>bonuses</u> and overtime pay that is includible in the Employee's gross income for the calendar year, plus amounts that would be cash compensation for services to the employer includible in the Employee's gross income for the calendar year but for a compensation reduction election under section 125, 132(f), 401(k), 403(b), or 457(b) of the Code (including an election to defer compensation under Article III).each Plan year under the Code.
- b) Any differential wage payments defined in Code Section 3401(h)(2) pursuant to the HEART act;
- c) Any accumulated sick pay, accumulated vacation pay and back pay paid to a Participant by his or her Employer, provided that such accumulated sick pay, accumulated vacation pay and back pay is received by the Plan in accordance with the timing requirements of the Treasury Regulations promulgated under Section 457 of the Code.

**"Committee"** means the Deferred Compensation Committee of the State of Nevada as authorized under Nevada Revised Statute (NRS) 287.250 to 287.370. <u>The Committee is</u> identified as an Administrator in the Plan and has all of the power and authority to formally take action and deliberate on Plan design and Investment management and selection on behalf of the Plan. The Committee is responsible for the administration of the Plan.

**"Distributee"** means a person receiving funds, including a Participant or a Participant's designated Beneficiary. In addition, the Participant's spouse or former spouse who is the Alternate Payee under the Qualified Domestic Relations Order as defined in Code Section 414(p) is a Distributee with regard to the interest of the spouse or former spouse.

**"Domestic Partner"** means a domestic partner as defined in NRS 122A.030. Pursuant to IRS Revenue Ruling 2013-17, Domestic Partners cannot be treated as spouses for purposes of federal tax purposes. However, Domestic Partners shall be treated as spouses under this Plan to the extent permitted under the applicable laws of the State of Nevada..

**"Eligible Retirement Plan"** means (i) an individual retirement account described in Section 408(a) of the Code, (ii) an individual retirement annuity described in Section 408(b) of the Code, (iii) a qualified trust under Section 401(a) or 401(k) of the Code, (iv) an annuity contract described in Section 403(b) and 403(a) of the Code and (v) an eligible deferred compensation plan described in Section 457 of the Code that is maintained by a state, political subdivision of a state, any agency or instrumentality of state or political subdivision of a state; and (f) a Roth IRA. However, for an Eligible Rollover Distribution to a designated Beneficiary other than a Surviving Spouse, an Eligible Retirement Plan is only an individual retirement Account described in Code Section 408(a) or an individual retirement annuity described in Code Section 408(b) that is treated as an inherited IRA in accordance with Code Section 402(c)(11).

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**"Eligible Rollover Distribution"** means all or any portion of the balance of the Plan to the credit of the Distributee, or a Beneficiary of a Participant, except that an Eligible Rollover Distribution shall not include (a) any distribution that is (i) one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's Beneficiary or (ii) for a specified period of ten years or more., (b) any distribution to the extent such distribution is required under Section 401(a) (9) of the Code, and (c) any distribution due to a hardship of the Distributee, including, without limitation, an unforeseen emergency pursuant to Section 8.4.

**"Employee**" means any individual who receives Compensation for services from the Employer, including (a) any elected or appointed officer or employee of the Employer, (b) an officer or employee of an institution under management and control of Nevada System of Higher Education (NSHE), and (c) any employee who is included in a unit of employees covered by a negotiated bargaining agreement that specifically provides for participation in the Plan. An Employee shall not include an independent contractor, a consultant or any other individual classified by the Employer as not eligible to participate in the Plan.

**"Employer"** means the State of Nevada and each Participating Employer, <u>including but not</u> <u>limited to the Nevada System of Higher Education (NSHE)</u>, any authorized political subdivision <u>of the State of Nevada</u>, and any authorized agency or instrumentality of the State of Nevada<del>or</del> <del>any of them</del>.

**"Enrollment Date"** means, with respect to an Employee who is eligible to enroll or be enrolled in the Plan, any payroll date on which such Employee receives Compensation, or such other date or dates as the Administrator may establish either in lieu of, or in addition to, such dates.

"HEART Act" means the Heroes Earnings Assistance and Relief Tax Act of 2008.

"Includible Compensation" means an Employee's actual wages in box 1 of Form W-2 for a year for services to the Employer, but subject to a maximum of \$200,000 (or such higher maximum as may apply under section 401(a)(17) of the Code) and increased (up to the dollar maximum) by any compensation reduction election under section 125, 132(f), 401(k), 403(b), or 457(b) of the Code (including an election to defer Compensation under Article 3). The amount of Includible Compensation is determined without regard to any community property laws. Pursuant to Section 1.457-4(d)(1) of the Income Tax Regulations, Includible Compensation will include any payments made to a Participant who has had a Severance from Employment, provided that the Includible Compensation is paid by the later of 2 1/2 months after the Participant's Severance from Employment or the end of the calendar year that contains the date of such Participant's Severance from Employment. In addition, pursuant to Section 1.457-4(d)(1) of the Income Tax Regulations, Includible Compensation will include payments made to an individual who does not currently perform services for the Employer by reason of gualified military service (as defined in Code Section 414(u)(5)) to the extent those payments do not exceed the amount the individual would have received if the individual had continued to perform services for the Employer rather than enter gualified military service. Includible Compensation will not include Employee pick-up contributions described in Code Section 414(h)(2)."includible compensation" as defined in Section 457(e)(5) of the Code.

Commented [RB1]: Per complience audit recomendation.

"**Investment Option**" means the in investment option(s) made available by the Committee through the Plan in accordance with Article IV.

**<u>"Minimum Required Distribution Date"</u>** means, according to Code Section 401(a)(9)(c), April 1 of the calendar year following the later of:

- a)-The calendar year in which the Participant attains age 701/2, or
- b)—The calendar year in which the Participant severs employment with the eligible employer, or
- c)a) As otherwise determined in IRC

# <u>"NDC" refers to the State of Nevada Public Employees' Deferred Compensation</u> <u>Program.</u>

"NDC Administrative Office" refers to the Administrative division governed by the State of Nevada Department of Administration and it's appointed Director which includes the Program Executive Officer and any administrative personnel under his or her authority.

**"Non-elective Contribution"** means an Employer directed non-elective deferral of 7.5% of the Employees Compensation.

**"Participant"** means an <u>individual or Employee who is currently deferring Compensation, or</u> who has previously deferred Compensation under the Plan by salary reduction and who has not received a distribution of his or her entire benefit under the Plan. Only individuals who perform services for the Employer, as an Employee who does not otherwise qualify to participate in the State of Nevada's prescribed Defined Benefit Public Employee Pension Plan (NVPERS), may defer Compensation under the Plan. This includes any, Employee, <del>or</del> former Employee, beneficiary, or alternate payee -who is not deceased and who has an Account or Rollover Account under the Plan and as defined in Code Section 414(p)(8).

"**Participant Account**" means the following accounts established for the Participant and maintained by the Administrator for each Participant pursuant to Article VI, including any earnings and losses attributable thereon:

(a) Before Tax Deferral Account (b) Rollover Account

**"Participating Employer"** means any eligible governmental employer, the governing body of which has adopted the Plan by appropriate resolution with the consent and authorization of the Committee and, with the written approval of such body or entity.

**"Plan"** means State of Nevada FICA Alternative Deferred Compensation Plan and Other Participating Jurisdictions, as the same may be amended from time to time.

"Plan Year" means the calendar year.

**"Qualified Domestic Relations Order" (QDRO)** means a order, judgment or decree, including approval of property settlement agreement, that has been determined by the <u>Administrator Plan appointed legal counsel or NDC contracted Recordkeeper</u> to meet the requirements of a qualified domestic relations order within the meaning of Section 414(q) of the Code.

"Recordkeeper" means a contracted third party administrator that the Plan contracts with and delegates certain administrative authority to establish and keep track of Participant Accounts, including contributions, withdrawals, balances, transactions (e.g. fund transfers), and other activities authorized by the Committee and Administrative Staff. Recordkeeper(s) serve at the pleasure of the Committee and under the day-to-day oversight and management of the Program's Executive Officer who serves as the primary contact and support for the Committee, but is appointed by and serves at the pleasure of the Director of the State of Nevada Department of Administration.

"**Required Beginning Date**" means April 1 of the calendar year following the later of the calendar year in which the Participant: (a) attains age 70<sup>1</sup>/<sub>2</sub>, or (b) severs from employment.

**"Rollover Account"** means the Account or Accounts established and maintained in respect of a Participant or a Beneficiary who is a Participant's Surviving Spouse or, if applicable, by a spousal Alternate Payee, pursuant to Article 5.2(c).

**"Rollover Contributions"** means a cash amount contributed by a Participant, Beneficiary who is a Participant's Surviving Spouse or Alternate Payee to a Rollover Account, or if applicable, an Alternate Payee Account determined as a Eligible Rollover Distribution <u>in accordance with Code</u> <u>Section 402(c)(4)</u>, and provided that the distributing Eligible Retirement Plan shall have separately accounted for all amounts included in the Rollover Contribution.

"Section 457 Transfer" means a transfer made into an Account pursuant to Article 8.5.

"Severance from Employment" means the date that the Employee dies, retires, or otherwise has a severance from employment with the Employer, as determined by the Administrator and taking into account guidance issued under a severance from employment with an Employer within the meaning of Section 457 of the Code.

"Staff" refers to Administrative Staff or Employees hired who serve as full-time or part-time staff under the direction and authority of the State of Nevada Department of Administration and serve as support to the Committee. For the avoidance of doubt, Staff shall not mean any individual who performs work for or on behalf of the Plan pursuant to an agreement between the State of Nevada and a Recordkeeper(s), Trustee, or any other entity that provides contractual services to the State of Nevada. means Employees hired by the Committee who serve as full time or part time staff of the Committee. For the avoidance of doubt, staff shall not mean any agreement between the Committee and an Administrator, Trustee, or any other entity that provides provides services to the Committee.

"State" means the State of Nevada.

"Surviving Spouse" means the survivor of a deceased Participant to whom such Participant was legally married on the date of the Participant's death. No later than June 26, 2013, for all purposes under the Plan, the term "spouse" shall include an individual married to a person of the same sex if the individual was lawfully married to a Participant under applicable laws of the state in which the marriage was celebrated, and the term "marriage" shall include such a marriage between individuals of the same sex that was validly entered into in a state whose laws authorize the marriage of two individuals of the same sex regardless of where such individuals are domiciled.

**"Treasury Regulations"** means the regulations promulgated by the Treasury Department under the Code, as now in effect or as hereafter amended. All citations to sections of the Treasury Regulations are to such sections as they may from time to time be amended or renumbered.

**"Trust Agreement"** means an <u>written agreement (or declaration)</u> entered into in respect of the Plan between the <u>Committee State of Nevada</u> and one or more Trustees pursuant to which all cash and other rights and properties and all income attributable to such cash and rights and properties are held in <u>a T</u>trust\_<u>Fund</u>, as such agreement may be amended from time to time.

**"Trust Fund"** means the assets of the Plan, including cash and other rights and properties arising from Amounts Deferred, Section 457 Transfers and Rollover Contributions which are held and administered by the Trustee <u>created</u> pursuant to <u>and under</u> the Trust Agreement.

**"Trustee"** means the trustee or trustees acting as suchduly appointed and currently serving under the Trust Agreement, and any successors thereto.

# **ARTICLE II - PARTICIPATION**

#### 2.1 Enrollment.

Each <u>authorized and participating</u> Employer will determine an employee's eligibility and shall automatically enroll the employee effective with his or her initial compensation. <u>It is mandatory</u> that each participant declare a beneficiary at the time of enrollment by the Employer.

#### 2.2 Mandatory Participation.

Participation in the Plan by Employees shall be mandatory as determined by the Employer.

#### 2.3 Cessation of Participation.

The participation of a Participant shall cease upon payment to the Participant of the entire value of his or her Account or upon the Participant's death prior to such payment.

### 2.4 Corrective Action.

If an individual is erroneously included or excluded from participation, corrective action will be taken as soon as administratively practicable to correct such erroneous inclusion or exclusion.

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# ARTICLE III - AMOUNTS DEFERRED AND/OR CONTRIBUTEDCONTRIBUTIONS AND LIMITATIONS

## 3.1 Non-Elective DeferralsContributions.

The Employer shall defer 7.5% of an Employee's Compensation in accordance with Internal Revenue Service Section 3121(b)(7)(f).

# 3.2 Employer Contributions.

Nothing in this Plan prohibits the Employer from making deposits to a Participant's Account as an additional compensation for services rendered, subject to the Participant's contribution limit.

## 3.3 Military Service.

a) <u>USERRA</u>. In accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), an Employee whose employment is interrupted by qualified military service under Code Section 414(u) or who is on a leave of absence for qualified military service under Code Section 414(u) may elect to make additional Amounts Deferred or Contributed upon resumption of employment with the Employer equal to the maximum amount that the Employee could have elected during that period if the Employee's employment with the Employer had continued (at the same level of Compensation) without the interruption or leave, reduced by the such amounts, if any, actually made for the Employee during the period of the interruption or leave. This right applies for five years following the resumption of employment, or if sooner, for a period equal to three times the period of the interruption or leave.

b) <u>HEART Act</u>. Effective for deaths occurring on or after January 1, 2007, if a Participant dies while performing qualified military service (as defined in Code Section 414(u)(5)), this Plan shall provide all applicable benefits required in accordance with Code Section 401(a)(37), but the provisions of Code Section 414(u)(9) shall not apply to this Plan. Under Section 401(a)(37), qualified retirement Plans must provide that, in the case of a participant who dies while performing qualified military service, the survivors of the participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) that would have been provided under the Plan had the participant resumed employment and then terminated employment on account of death.

# **ARTICLE IV - INVESTMENT OF AMOUNTS DEFERRED**

4.1 Remittance of Deferrals and Contributions.

All Amounts Deferred in accordance with Article III shall be paid by the applicable Employer or payroll center as promptly as possible to the <u>AdministratorNDC contracted Recordkeeper</u>. Thereafter, Amounts Deferred or Contributed shall be invested by the <u>AdministratorRecordkeeper</u>, in accordance with the investment instructions, as soon as administratively practicable.

4.2 Allocation of Deferrals and Contributions.

A Participant who has enrolled in the Plan pursuant to Article II shall be invested in an interest bearing account <u>selected and authorized by the Committee pursuant to the guidelines in IRC Section 3121</u>.

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#### 4.3 Fund Mapping or Similar Activity.

Notwithstanding anything in Article IV to the contrary, if the Committee eliminates the Investment Option or undertakes similar activity on behalf of the Plan, the Committee shall be authorized to liquidate without a Participant's consent and without the need for prior notice to the Participant the portion of each Account invested in such eliminated Investment Option and direct the proceeds of such liquidation in one or more remaining or replacement Investment Options in accordance with such liquidation and transfer procedures as the Committee may determine to be necessary or advisable in connection with such elimination.

# **ARTICLE V - ROLLOVERS AND TRANSFERS**

#### 5.1 Transfers from another Governmental 457 Plan.

Compensation previously deferred (or contributed on behalf of) a Participant, a Beneficiary or a spousal Alternate Payee pursuant to another eligible deferred compensation plan under Section 457 of the Code maintained by another employer described in Section 457(e)(1)(AB) of the Code shall be accepted for a plan-to-plan transfer to the Plan by the Administrator NDC contracted Recordkeeper in the form and in the manner prescribed by the CommitteeAdministrator. All such Section 457 Transfers shall be credited to the applicable Participant's corresponding Account shall be invested in accordance with Article 4.2.

### 5.2 Acceptance of Assets from an Eligible Retirement Plan.

a) <u>Rollover Contributions in General</u>. Amounts previously deferred by (or contributed on behalf of) a Participant, a Beneficiary or a spousal Alternate Payee under another Eligible Retirement Plan that (i) are distributed to the Participant, the Beneficiary or the spousal Alternate Payee or (ii) are directly rolled over to the Plan as an eligible rollover distribution from such Eligible Retirement Plan, may be accepted as a Rollover Contribution by the <u>Administrator NDC contracted Recordkeeper</u> in the form and in the manner specified by <u>AdministratorRecordkeeper</u>. The <u>Administrator Recordkeeper</u> shall not accept any Rollover Contribution, or any portion thereof, that represents deferrals or contributions under another Eligible Retirement Plan that were made from compensation that was included in the Participant, Beneficiary or spousal Alternate Payee's gross income in the year the amounts were deferred or contributed.

b) Written Request; Acceptance of Assets. The AdministratorNDC contracted Recordkeeper, in accordance with the Code and procedures established by the CommitteeAdministrator, shall, as soon as practicable following its receipt of the written request of a Participant, a Beneficiary who is a Participant's Surviving Spouse or spousal Alternate Payee, determine whether the Rollover Contribution shall be accepted by the Plan. Any written request filed by a Participant, a Beneficiary who is a Participant's Surviving Spouse or a spousal Alternate Payee pursuant to Article 5.2(a) shall set forth the fair market value of such Rollover Contribution and a statement in a form satisfactory to the Administrator-Recordkeeper\_that the amount to be transferred constitutes a Rollover Contribution.

c) <u>Rollover Account</u>. The Rollover Contribution shall be maintained in a separate, fully vested Rollover Account for the benefit of the contributing Participant or the Beneficiary and, in the case of a spousal Alternate Payee, the Alternate Payee Account, and shall be

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invested in accordance with the investment direction of the applicable Participant pursuant to Article IV. All amounts so transferred shall be credited to the Participant's Rollover Account or Alternate Payee Account and shall be available for distribution at any time during the Plan Year. No other contributions shall be allocated to the Rollover Account. At the election of the Participant, Beneficiary who is a Participant's Surviving Spouse or spousal Alternate Payee, any Rollover Contributions or 457 Transfers from an eligible deferred compensation plan under Section 457(b) of the Code may be held in separately designated and maintained Rollover Accounts for 457(b) Rollover Contributions; provided that any such amounts shall be segregated and held in separately designated and maintained 457(b) Rollover Accounts.

# **ARTICLE VI - ACCOUNTS AND RECORDS OF THE PLAN**

#### 6.1 Participant Accounts.

- a) In General. The Administrator, through the NDC contracted Recordkeeper shall establish and maintain one or more Accounts for each Participant, including a Before-Tax Deferral Account, and, as necessary, one or more Rollover Accounts with respect to each Participant. Each Account shall record the value of the portion allocable to that Account, the value of the portion of the Account, if any, that is invested in the Investment Option (both in the aggregate and by Account) and other relevant data pertaining thereto. With respect to each Participant, all Amounts Deferred, all Section 457 Transfers and all Rollover Contributions shall be credited to his or her Before-Tax Deferral Account or Rollover Account, as applicable.
- b) <u>Written Statement</u>. Each Participant shall be furnished with a written statement of his or her Accounts (including the value of the interest he or she has, if any, in the Investment Option and the amount of and explanation for each allocation to or deduction from his or her Accounts) at least annually, which statement shall be delivered in a manner prescribed by the Committee.

#### 6.2 Beneficiary Accounts.

The Administrator NDC contracted Recordkeeper\_shall establish and maintain one or more Beneficiary Accounts, including, as applicable, separate Before-Tax Deferral Accounts, and Rollover Accounts with respect to each Beneficiary of a deceased Participant. Each such Account shall record the value of the portion of the deceased Participant's Account allocable to each of the Beneficiary's Accounts, the value of the portion of the Account, if any, that is invested in the Investment Option (both in the aggregate and by Account) and other relevant data pertaining thereto. Each Beneficiary shall be furnished with a written statement of his or her Accounts in the same manner set forth in Article 6.1(b).

#### 6.3 Alternate Payee Accounts.

The Administrator NDC contracted Recordkeeper shall establish and maintain one or more Alternate Payee Accounts, including, as applicable, separate Before-Tax Deferral Accounts, and Rollover Accounts with respect to each Alternate Payee. The Alternate Payee Account shall separately account for all amounts received (i) from the Participant's Rollover Account and (ii) from all amounts rolled into the Plan by a spousal Alternate Payee, pursuant to Article 5.1 or 5.2. Each such Account shall record the value of the portion of the Participant's Account allocable to the Alternate Payee's Account, the value of the portion of the Account, if any, that is invested in the Investment Option (both in the aggregate and by Account) and other relevant data pertaining thereto. Each Alternate Payee shall be furnished with a written statement of his or her Alternate Payee Accounts in the same manner set forth in Article 6.1(b).

# ARTICLE VII - CASH OUT PROVISION

# 7.1 Cash Out Provision.

- a) 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 elect at any time to receive a lump sum distribution, not to exceed \$5,000, of his or her Account and Rollover Account, which distribution will be made in accordance with procedures established by the Recordkeeper, *provided* that both of the following conditions have been met: (a) there has been no Amount Deferred or Contributed by such Participant during the two-year period ending on the date of distribution; and (b) there has been no prior distribution made to such Participant pursuant to this Section Article 7.12.
- b) At any time the Committee can direct the Recordkeeper to automatically cash out a participant's Account if a Participant's Account:
  - i. Does not exceed \$1,000; and
  - ii. Participant has separated from service, but not elected a distribution;

# ARTICLE VIII - DISTRIBUTION FROM THE PLAN AND OTHER ELIGIBLE RETIREMENT PLANS

#### 8.1 Distribution to Participants.

- a) <u>Eligibility for Distribution</u>. A Participant will become eligible to receive a distribution of his Account upon the occurrence of any of the following events: (i) the Participant's Severance from Employment with the Employer; (ii) the Participant's attainment of age 70½; or (iii) the Participant's absence from employment for qualifying military service as described in the HEART Act. Except as otherwise provided in Article VII, a Participant may not receive distribution of his or her Account at any time prior to the occurrence of one of the foregoing events.
- b) <u>Distributions to Participants</u>. Upon a Participant's eligibility for a distribution pursuant to Article 8.1(a), the Participant shall be entitled to receive his or her Account, which shall be paid in cash by the <u>Administrator NDC contracted Recordkeeper</u> in accordance with one of the methods described in Article 8.1(c) and as of the commencement date elected by the Participant in accordance with the procedures prescribed Article 8.1(c).
- c) <u>Distribution Options</u>. Subject to Article 8.6, any payment made under this <u>section Article</u> shall be made in one of the following methods, as the Participant (or in the case of the death of a Participant, his or her Beneficiary) may elect any of the following:
  - i A total or partial lump sum payment.
  - ii Periodic monthly, quarterly, semi-annual or annual installment payments; provided, however, that a Participant (or, in the case of the death of a

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Participant, his or he Beneficiary) may elect to receive (A) an initial installment payment in a specified amount and (B) the balance of his or her Account in periodic monthly, quarterly, semi-annual or annual installment payments. Installment payments may consist of (A) fixed amounts paid on each payment date as designated by the Participant (or in the case of the death of a Participant, his or her Beneficiary), or (B) formulaic amounts determined by the AdministratorNDC contracted Recordkeeper, based on a fixed period designated by the Participant (or in the case of the death of a Participant, his or her Beneficiary), calculated by dividing the Account on the date of the payment by the number of payments remaining during the fixed period.

- iii A Participant who elects to receive installment payments or who is currently receiving installment payments pursuant to Article 8.1(c)(ii) may elect, subject to any limitations set forth by the Committee Administrator and in accordance with procedures established by the AdministratorNDC contracted Recordkeeper, to receive a portion of his or her Account distributed in a lump sum; Such lump sum payments shall not result in a discontinuation of subsequent installment payments; provided, however, that such subsequent payments may be redetermined in accordance with methods and procedures established by the AdministratorRecordkeeper. Notwithstanding the foregoing, a Participant may not elect an installment period extending beyond the longest of (A) his or her life expectancy, (B) if his or her designated Beneficiary is his or her Spouse, the life expectancy of the Participant and his or her Spouse and (C) if his designated Beneficiary is not his or her Spouse, the life expectancy determined using the applicable table contained in the applicable Treasury Regulation.
- d) <u>Distribution Election</u>. In the case of the Participant's Severance from Employment with the Employer, a distribution election made by the Participant shall specify the form of payment as provided in Article 8.1(c) and the date on which payments shall commence, following the Participant's Severance from Employment; provided, further that the timing of any distribution must be in compliance with Article 8.6. Subject to Article 8.6, a Participant who is receiving distributions under the Plan may change both the timing and the method of payment elected subject to any limitations set forth by the <u>Committee</u> <u>Administrator</u> and in accordance with procedures established by the <u>AdministratorNDC</u> <u>contracted Recordkeeper</u>.
- e) <u>Rollover Accounts</u>. Notwithstanding any other provision of Article 8.1, a Participant who has one or more Rollover Accounts shall be permitted to withdraw all or any portion of such Rollover Accounts at any time during a Plan Year; provided that such withdrawal shall be paid pursuant to a method of payment elected by the Participant in accordance with Article 8.1(c) and the value of such Rollover Accounts shall be determined in accordance with Article 8.1(d).

#### 8.2 Distributions to Beneficiaries.

If a Participant dies before distribution of his or her Account has commenced, a distribution election made by the Beneficiary shall specify the form of payment as provided in Article 8.1(c) and the date on which payments shall commence. If a Participant dies at any time before his or her entire Account has been distributed, then the Participant's Beneficiary may make

subsequent distribution elections as provided in Article 8.1(c). Notwithstanding the foregoing, any distribution to a Beneficiary shall be made in accordance with the provisions of Section 401(a)(9) of the Code and subject to <u>Sections Articles</u> 8.6(c) and (d).

- a) Determination of Benefits Upon Death of a Participant should be carried out in accordance with <u>Section Article</u> 9.2(a)
  - i. The Plan shall have the authority to retain any funds or property that are subject to any dispute, Beneficiary or otherwise, without liability for the payment of interest, and shall decline to make payment or delivery of such funds or property until a court of competent jurisdiction makes a final adjudication as to the proper disposition of said funds or property.

The Plan's <u>contracted</u> Recordkeeper and/or appointed legal counsel may require such proper proof of death and such evidence of the right of any person to receive payment of the value of the Participant Account of a deceased Participant or Beneficiary, as the Plan's <u>contracted</u> Recordkeeper and/or legal counsel may deem appropriate.

#### 8.3 Distributions to Alternate Payees.

A distribution to an Alternate Payee may be paid in a single lump sum as soon as practicable following the qualification of the Qualified Domestic Relations Order and the close of all appeals to the Qualified Domestic Relations Order if the Alternate Payee consents to such lump sum distribution. In the event that the Alternate Payee does not consent to receive his or her distribution in a single lump sum as soon as practicable following the qualification of the Qualified Domestic Relations Order, the Alternate Payee may make an election to receive a distribution any time after the Earliest Retirement Date, subject to any requirements of Section 401(a)(9) of the Code and Article 8.6, by filing a distribution election specifying the form of payment as provided in Article 8.1(c) and the date on which payments shall commence.

#### 8.4 Eligible Rollover Distributions.

- a) <u>Participant Rollover Distributions</u>. In connection with a Participant's Severance from Employment, the Distributee may elect, at the time and in the manner prescribed by the <u>AdministratorNDC contracted Recordkeeper</u>, to have all or any portion of the Participant's Accounts that qualifies as an Eligible Rollover Distribution paid directly to the trustee of an Eligible Retirement Plan; provided that such other plan provides for the acceptance of such amounts by the trustee. The Plan shall provide written information to Distributees regarding Eligible Rollover Distributions to the extent required by Section 402(f) of the Code.
- b) Beneficiary Rollover Distributions. Upon a Participant's death, a Beneficiary may elect, at the time and in the manner prescribed in the Adoption Agreement, executed by the Administrator, to have all or any portion of the Participant's Accounts that qualifies as an Eligible Rollover Distribution paid directly to the trustee of an individual retirement arrangement (as defined in Section 7701(a)(37) of the Code) that is established for the purpose of receiving the distribution on behalf of such Beneficiary and that is treated as an inherited IRA in accordance with Code Section 402(c)(11). However, for an Eligible Rollover Distribution to a designated Beneficiary other than a Surviving Spouse, an Eligible Retirement Plan is only an individual retirement Account described in Code

Section 408(a) or an individual retirement annuity described in Code Section 408(b) that is treated as an inherited IRA in accordance with Code Section 402(c)(11).

<del>c)</del>b)

8.5 457 Transfers.

The Participant may transfer his or her Account to another Section 457 maintained by another employer, if:

- a) The Participant has severed employment with the Employer and become an employee of the other employer;
- b) The other employer's plan provides that such transfer will be accepted; and
- c) The Participant and the employer have signed such agreements as are necessary to assure that the Employer's liability to pay benefits to the Participant has been discharged and assumed by the other employer.

A transfer from an eligible governmental to another eligible governmental plan is permitted if the following conditions are met:

- a) The transfer is from an eligible governmental plan to another eligible governmental plan of the same employer; for this purpose, the employer is not treated as the same employer if the participant's compensation is paid by a different entity;
- b) The transferor plan provides for transfers;
- c) The receiving plan provides for receipt of transfers;
- d) The Participant or Beneficiary whose amounts deferred are being transferred will have an amount deferred immediately after the transfer at least equal to the amount deferred with respect to that Participant or Beneficiary immediately before the transfer; and
- e) The Participant or Beneficiary whose deferred amounts are being transferred is not eligible for additional annual deferrals in the receiving plan unless the Participant or Beneficiary is performing services for the entity maintaining the receiving plan.

#### 8.6 Withholding.

The <u>Administrator NDC contracted Recordkeeper</u> shall withhold or cause to be withheld from any amounts withdrawn or distributed all federal, state, city or other taxes as shall be required pursuant to any law or governmental ruling or regulation, including Treasury Regulations.

## 8.7 Required Minimum Distributions.

a) <u>In General</u>. Notwithstanding any other provision of the Plan to the contrary (except Article 8.7(b)), all distributions under the Plan shall be in accordance with the minimum distribution and timing requirements of Section 401(a)(9) of the Code (including the incidental death benefit requirements of Section 401(a)(9)(G) of the Code) and the final Treasury regulations under Sections 22 1.401(a)(9)-2 through 1.401(a)(9)-9, which are incorporated herein by reference. Such provisions shall override any distribution options in the Plan that may be inconsistent with Section 401(a)(9) of the Code. Any distributions made pursuant to this Article 8.7 in order to comply with Section 401(a)(9)

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of the Code shall be charged against the Account or Accounts of the Participant in such manner as designated by the Participant in accordance with procedures established by the <u>AdministratorNDC contracted Recordkeeper</u>; provided, however, that if no such designation is made.

- b) <u>2009 Waiver</u>. Notwithstanding anything to the contrary in Article 8.7, an Participant who would have been required to receive required minimum distributions for 2009 but for the enactment of Section 401(a)(9)(H) of the Code (2009 RMDs), and who would have satisfied that requirement by receiving distributions that are (i) equal to the 2009 RMDs or (ii) one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancy) of the Participant and the Participant's Beneficiary, or for a period of at least 10 years, will not receive those distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence.
- c) <u>Distributions During Participant's Life</u>. The Account of a Participant shall be distributed (or commence to be distributed) to such Participant as soon as practicable after the Required Beginning Date. If the Participant has not made an election pursuant to Article 8.1(c) prior to such Required Beginning Date, then the Account shall be distributed in the form of installment payments commencing on the Required Beginning Date.
- d) Death of a Participant Before the Required Beginning Date.
  - If a Participant dies before his Required Beginning Date, his Beneficiary (or if the Participant has no Beneficiary, his or her Surviving Spouse or estate, as determined under Article 9.2) shall receive a distribution of the Account over the life of the Beneficiary or over a period not exceeding the life expectancy of the Beneficiary; provided that the distribution commences no later than December 31 of the calendar year immediately following the calendar year in which the Participant dies, except as set forth in Articles 8.7(d)(i)(A) or (B) as follows:
    - A. If a Participant dies before his Required Beginning Date, the Beneficiary may elect to receive the remaining portion (if any) of such Participant's Account no later than December 31 of the calendar year containing the fifth anniversary of the Participant's death (determined without regard to 2009); or
    - B. If the sole Beneficiary is the Participant's Surviving Spouse, such Surviving Spouse may elect to receive a distribution of the Account over a period not exceeding the life expectancy of the Surviving Spouse (determined as of the date such payments commence); provided that the distribution commences on or before the later of December 31 of the calendar year immediately following the calendar year in which the Participant dies or December 31 of the calendar year in which the Participant would have attained age 70½; provided, further, that if the Surviving Spouse dies after the Participant but before distributions to the Surviving Spouse commence, Article 8.7(d) (with the exception of Article

8.7(d)(i)(B)) shall apply as if the Surviving Spouse were the Participant. (ii) The Beneficiary may elect to receive payment of the Account as a lump sum or in annual, monthly or quarterly installment payments.

- e) <u>Death After Required Beginning Date and After Commencement of Distributions</u>. If a Participant dies on or after the Required Beginning Date, but before his or her entire Account is distributed to him or her, the unpaid portion of his or her Plan Account shall be distributed as follows:
  - i If the Participant has a designated Beneficiary, the longer of the remaining life expectancy of the Participant's Beneficiary and the remaining life expectancy of the Participant determined in accordance with Section 1.409(a)(9)-5 of the Treasury Regulations; or
  - ii If the Participant does not have a designated Beneficiary, the remaining life expectancy of the Participant determined in accordance with Section 1.409(a)(9)-5 of the Treasury Regulations; provided, however, that if a Beneficiary so elects, the Participant's remaining Account may be paid to the Beneficiary at any time in a lump sum so long as the entire Account is paid at least as rapidly as it would be paid under <u>Section Article</u> 8.7(e)(i) of this adopted Plan Document.
- f) <u>Alternate Payee Accounts</u>. In the case of any Alternate Payee Account, payments to the Alternate Payee must be made in accordance with the Plan and Section 401(a)(9) of the Code.

# **ARTICLE IX - DESIGNATION OF BENEFICIARIES**

## 9.1 Designation of Beneficiaries.

Each Participant shall file with the <u>Administrator-NDC contracted Recordkeeper</u> a designation of one or more persons as the Beneficiary who shall be entitled to receive the Account, if any, payable under the Plan upon his or her death. A Participant may, from time, to time revoke or change his or her Beneficiary designation without the consent of any prior Beneficiary by filing a new designation or change or revocation thereof. No new designation or change or revocation shall be effective unless received by the <u>Administrator Recordkeeper</u> in good order prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. For purposes of this Article IX, a Beneficiary designation shall be deemed to be received in good order only if the <u>Administrator Recordkeeper</u> can reasonable identify the Beneficiary or Beneficiaries named in the designation.

# 9.2 No Beneficiaries Designated.

a) If no such Beneficiary designation is in effect at the time of a Participant's death, or if no designated Beneficiary survives the Participant, or if no designated Beneficiary can be located with reasonable diligence by the <u>AdministratorNDC contracted Recordkeeper</u>, the payment of the Account, if any, payable under the Plan upon the Participant's death shall be made by the <u>Administrator\_Recordkeeper</u> to the Participant's Surviving Spouse, if any, or if the Participant has no Surviving Spouse, or the Surviving Spouse cannot be located with reasonable diligence by the <u>Administrator\_Recordkeeper</u>, then to the deceased estate.

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b) If the Beneficiary so designated by the Participant dies after the death of the Participant but prior to receiving a complete distribution of the amount that would have been paid to such Beneficiary had such Beneficiary's death not occurred, then, for purposes of the Plan, the distribution that would otherwise have been received by such Beneficiary shall be paid to the Beneficiary's estate.

# **ARTICLE X - QUALIFIED DOMESTIC RELATIONS ORDERS**

#### 10.1 Qualified Domestic Relations Order.

Payments with respect to a Participant's Account may be made by the <u>Administrator NDC</u> <u>contracted Recordkeeper</u> to one or more Alternate Payees pursuant to the terms of a Qualified Domestic Relations Order. Upon segregation of the assets payable to the Alternate Payee, any such amounts paid or segregated shall no longer constitute part of the Participant's Account. No liability whatsoever shall be incurred by the Committee, <u>NDC Administrative</u> Staff, the Employer, or the <u>Administrator Recordkeeper</u> solely by reason of any act or omission undertaken in accordance with this <u>section Article</u> to comply with the terms of a Qualified Domestic Relations Order.

# **ARTICLE XI - ADMINISTRATION**

#### 11.1 Plan Administration.

Except as otherwise provided therein, the operation and administration of the Plan shall be the responsibility of the <u>Committee Administrator</u> and the <u>Committee Administrator</u> shall have all of the broad and general authority necessary or advisable to operate and administer the Plan. If more than one person is appointed to serve as Administrator, the responsibilities of each Administrator may be specified and accepted in writing by each Administrator herein. In the event that there is no such delegation made, the Administrators may allocate the responsibilities among themselves, in which event the Administrators will document and specify the delegation of responsibilities in writing of each Administrator.

The Committee shall have the power and duty to take all action and to make all decisions necessary or proper to carry out its responsibilities under the Plan. All determinations of the Committee as to any question involving its responsibilities under the Plan, including interpretation of the Plan or as to any discretionary actions to be taken under the Plan, shall be solely in the Committee's discretion and shall be final, conclusive and binding on all parties.

The Administrative Staff shall have the power and authority to oversee and perform, under the direction and authority of the State of Nevada Department of Administration Director, all of the day-to-day operations and administration of the Program related to:

- a) Serving as the primary contact and support for the Committee
- b) Collection, processing of, and retention of all required Plan forms and documentation;
- c) Providing, overseeing, and monitoring all Plan communication, education, and marketing;
- d) Contract development, management, and oversight;
- e) Budget development, management, and oversight;
- f) Providing, overseeing, and directing necessary participant service and direction;

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g) Overseeing and maintaining NDC Division administration and equipment, and ensuring that all budgeting, purchasing, and other State administrative procedures are conducted in accordance with State applicable rules and regulations.

11.2 Designation of Administrative Authority.

The Governor of the State of Nevada shall appoint a Committee pursuant to NRS 287.325 to administer and to discharge the Administrator's responsibilities under the Plan. If the Governor of State of Nevada is unable to appoint a Committee to administer the Plan, the State, under the direction of the Department of Administration Director or his/her designated officer, will be the Administrator.

11.3 Powers and Responsibilities of the Committee. 11.2 Committee Powers and Duties.

- a) The Committee will have full power to interpret and construe the Plan in a manner consistent with its terms and the provisions of Code Section 457, including the applicable Income Tax Regulations and to establish practices and procedures conforming to those provisions. In all such cases, the Committee's determination will be final and conclusive upon all persons. It is recognized that unusual circumstances may occur and questions may arise that are not specifically covered by any provision of the Plan, and the Committee will have the right to resolve all such questions. Notwithstanding the above, the Committee's power and responsibility under the Plan will not extend to, nor have any control over, those responsibilities and duties of the Plan's contracted Recordkeeper or any other contractor the State may contract with to provide services to the Plan.
- b) The Committee shall be consulted and considered regarding the appointment of the NDC

   Executive Officer by the State of Nevada's Department of Administration Director. Additionally, the Committee can recommend the removal of the Executive Officer by a majority vote of the members appointed to the Committee by the Governor of the State of Nevada as it deems necessary for the proper administration of the Plan to assure that the Plan is being operated for the exclusive benefit of the Participants and their Beneficiaries in accordance with the terms of the Plan and the Code.
- c) The Committee will periodically review the performance of any contractor or representative of a contractor to whom duties have been delegated or allocated by it under the provisions of this Plan or pursuant to procedures established hereunder. This requirement may be satisfied by formal periodic review by the Administrator or by a qualified person specifically designated by the Committee, through day-to-day conduct and evaluation, or through other appropriate ways.

#### 11.4 Administrator Powers, Responsibilities, and Duties

a) The primary responsibilities of the Administrator(s) is to administer the Plan for the benefit of the Participants and their Beneficiaries, subject to the specific terms of the

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	Plan. The Administrator(s) will administer the Plan in accordance with its terms and will		
	have the power and discretion to construe the terms of the Plan and determine all		
	questions arising in connection with the administration, interpretation, and application of		
	the Plan. Any such determination by the Administrator(s) will be conclusive and binding		
	upon all persons. The Administrator(s) may establish procedures, correct any defect,		
	supply any information, or reconcile any inconsistency in such manner and to such		
	extent as will be deemed necessary or advisable to carry out the purpose of the Plan;		
	provided, however, that any procedure, discretionary act, interpretation or construction		
	will be done in a nondiscriminatory manner based upon uniform principles consistently		
	applied and will be consistent with the intent that the Plan will continue to be deemed a		
	gualified plan under the terms of Code Section 457, and will comply with the terms of all		
	Income Tax Regulations issued pursuant thereto. The Administrator(s) will have all		
	powers necessary or appropriate to accomplish duties under this Plan. The		
	Administrator(s) will be charged with the duties of the general administration of the		
	Plan, including, but not limited to, the following: The discretion to determine all		
	guestions relating to the eligibility of Employees and Independent Contractors to		
	participate or remain a Participant hereunder and to receive benefits under the Plan;		
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f)) To determine the methods and procedures for the implementation and use of any automated telephone, computer, internet, intranet or other electronic or automated system adopted by the <u>Committee-Administrator</u> for purposes of Plan administration.

#### 11.53 Limitation of Liability.

Except as may be prohibited by applicable law, neither the Committee, any member thereof, nor any <u>Administrative</u> Staff member, shall be liable for (a) anything done or omitted to be done by it or by them unless the act or omission claimed to be the basis for liability amounted to a failure to act in good faith or was due to gross negligence or willful misconduct; (b) the payment of any amount under the Plan; or (c) any judgment or reasonable mistake of fact made by it or on its behalf by a member of the Committee or <u>Administrative</u> Staff. No member of the Committee or any <u>Administrative</u> Staff member shall be personally liable under any contract, agreement, or other instrument made or executed by him or her or on his or her behalf in connection with the Plan or Trust fund.

#### 11.64 Trustee.

The Trustee shall have responsibility for the custody and safekeeping of the assets of the Plan in accordance with the terms of the Trust Agreement and the <u>Administrator NDC contracted</u> <u>Recordkeeper</u> shall be responsible for implementing the aggregated investment decisions of Participants and beneficiaries by allocating the Plan assets to the various Investment Options.

#### 11.75 Investment Options.

The Committee shall have the power to add or remove the Investment Options<del>)</del>. The Committee shall periodically review the performance and methods of such Investment Options. The Committee has the right to (i) replace any Investment Option with a successor organization or option, (ii) to select any additional Investment Option or (iii) remove any Investment Option.

#### 11.86 Delegation.

The Committee may delegate its general authority as it deems appropriate in accordance with the terms of the Plan and all applicable Code sections; provided; however, that such delegation shall be subject to revocation at any time at the discretion of the Committee. Notwithstanding any other provision of the Plan, the Committee's general authority shall include the right to review, revise, modify, revoke, or vacate any decision made or action taken by any party under the Plan to whom authority of the Committee has been delegated or to whom authority with respect to the administration of the Plan or the custody and investment of assets of the Trust Fund has been delegated or assigned under the terms of the Plan, by the Committee or otherwise. The rights of the Committee under Article 11.6 include the right to review, revise, modify, revoke, or vacate any decision of the Administrator\_NDC contracted Recordkeeper\_or the any Review-sub-cCommittee\_established by the Administrator.

#### 11.97 Plan Expenses.

a) <u>Assessment Against the Trust Fund.</u> Subject to 11.7(b), the expenses of administering the Plan, including (i) the fees and expenses of the Investment Options and <u>any contracted</u> Recordkeeper(s) for the performance of their duties under the Plan, including any fees and expenses associated with a change, termination or addition of an Investment Option, (ii) the fees, if any, of any member of the Committee and any Trustee and the expenses incurred by the Committee or any of its members or <u>the NDC Administrative</u> Staff in the performance

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of their duties under the Plan, including reasonable Compensation for any legal counsel, certified public accountants, consultants, and Employees of the Committee and cost of services rendered in respect of the Plan and the Trust Agreement (as provided therein), and (iii) all other proper charges and disbursements of the Investment Options, Recordkeeper, the Committee or its members (including settlements of claims or legal actions approved by counsel to the Plan).

b) <u>Investment Expenses</u>. Unless the Committee determines otherwise, brokerage fees, transfer taxes and any other expenses incident to the purchase or sale of securities for any Investment Option shall be deemed to be part of the cost of such securities, or deducted in computing the proceeds there from, as the case may be. The <u>Administrator NDC contracted</u> <u>Recordkeeper</u> shall appropriately deduct any taxes assessed in respect of any assets held, income received, or transactions effected under the Investment Options proportionately against any Accounts that are invested in such Investment Option.

#### 11.108 Review of Claims and Appeals.

- a) <u>Initial Claim of Rights or Benefits, Appeals, and Review</u>. Any claims to rights or benefits under the Plan, including any purported Qualified Domestic Relations Order must be filed in writing with the <u>AdministratorNDC contracted Recordkeeper</u>. Notice of denial of any claim in whole or part in part by the <u>AdministratorRecordkeeper</u>, or by such other entity designed by the <u>AdministratorRecordkeeper</u>, shall include the specific reasons for denial and notice of the rights granted by Article 11.8.
- b) Review of Decision. Any claimant or Participant Account who has received notice of denial or grant, in whole or in part, of a claim made in accordance with the foregoing Article 11.8(a) may file a written request within thirty (30) days of receipt of such denial for review of the decision by the CommitteeAdministrative Staff. Within sixty (6090) days after receipt of such request for review, the Committee may elect to review and discuss the decision in an open meeting in accordance with the Nevada Open Meeting Law and shall notify the claimant and, as applicable, the Participant, that the claim has been granted or denied, in whole or in part. Notice of denial of any claim in whole or in part by the Committee shall include the specific reasons for denial and shall be final, binding and conclusive on all interested persons for all purposes.

b)c) Any claim or appeal to a decision or action of the Committee, Administrative Staff, or contractor of the State under the Plan, including Investment changes, Plan design changes, actions made or asserted by Administration Staff or any of the NDC contractor(s) must be filed in writing with the NDC Administrative Staff and shall include specific details, facts, reasons for dispute, and written proof of wrong doing or damages (if applicable). The appropriate NDC Administrative Staff member is responsible for the initial review of any such claim or appeal and will attempt to determine or institute a suitable solution. The NDC Administrative Staff may consult and/or involve the State Attorney General, the Department of Administration Director, and the appointed NDC Committee Chairperson for a solution of resolution or denial of a claim or appeal which may result in the claim and/or appeal being reviewed and discussed in an open meeting in accordance with the Nevada Open Meeting Law. The NDC Administrator shall notify the claimant, and as applicable, the Participant of any action or decision that was

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determined within 90 days of the written claim or appeal being submitted to the NDC Administrative Staff in good order.

#### 11.9-11 Advisers.

The Committee shall arrange for the engagement and/or the contracting of legal counsel and certified public accounts, who may be counsel or accountants for the Employer, and other consultants, including an investment consultant and/or investment adviser, and make use of agents and clerical or other personnel, for the purposes of this Plan. The Committee and <u>NDC Administrative</u> Staff may rely upon the written opinions of the State Attorney General and of such counsel, accountants and consultants, and upon any information supplied by the Trustee or <u>Administrator NDC contracted Recordkeeper</u> appointed in accordance with the Regulations.

#### 11.1210 Limitation on Committee Power.

No member of the Committee shall be entitled to act on or decide any matters relating solely to such member or any of his or her rights or benefit under the Plan.

#### 11.1311 Public Meetings.

All actions of the Committee shall be taken at a public meeting in accordance with the Nevada Open Meeting Law. The Committee shall establish its own procedures and the time and place for its meetings and provide for the keeping of minutes of all meetings.

#### 11.12 Defense of Claims.

In the event of a claim or legal action, the Committee <u>and Administrative Staff</u> shall be entitled to defense by the State Attorney General.

#### ARTICLE XII - ADOPTION BY AND WITHDRAWALS OF PARTICIPATING EMPLOYERS

#### 12.1 Adoption by a Participating Employer.

a) Effective Date of Adoption. Upon a Participating Employer's adoption of the Plan, such Participating Employer shall file with <u>Committee NDC Administrative</u> Staff a copy of each resolution or other legal action, consent or approval through which the Participating Employer adopted the Plan. Such Participating Employer's adoption of the Plan shall be effective upon receiving an acknowledgement of receipt of such submission from <u>Committee NDC Administrative</u> Staff and a Committee motion ratifying the Participating Employer's adoption of the Plan.

#### 12.2 Withdrawal of Participating Employer.

- a) <u>Withdrawal by the Participating Employer</u>. Any Participating Employer may terminate its adoption of the Plan by filing with the <u>Committee\_NDC Administrative</u> Staff a copy of the resolution or other legal action, adopted in the same manner as the resolution or other legal action adopted pursuant to <u>Section\_Article</u> 12.1(a), specifying a termination date which shall be no earlier than the last business day of the month at least 30 days subsequent to the date such notice is received <u>by</u> the <u>Committee\_NDC Administrative</u> Staff.
- b) <u>Termination of Participating Employer's Participation by the Committee.</u>

- i The Committee may terminate any Participating Employer's adoption of the Plan, as of any termination date specified by the Committee, for the failure of the Participating Employer to comply with any provision of the Plan or the Regulations.
- ii The Committee may terminate a Participating Employer's adoption of the Plan upon complete and final discontinuance of <u>D</u>deferrals and contributions.
- c) <u>Treatment of Participants after Withdrawal.</u> Upon termination of adoption of the Plan by any Participating Employer that was formerly a Participating Employer, such Participating Employer shall not permit any further <u>D</u>deferrals or contributions of Compensation under the Plan and all Participants who are or where Employees of such Participating Employer or if no successor plan is established, payable to or in respect of such Participants as provided in the Plan. Any distributions, transfers or other dispositions of such Participants as provided in the Plan shall constitute a complete discharge of all liabilities under the Plan with respect to such Participating Employer previous adoption of the Plan and any Participant who is or was an Employee of such Participating Employer. The rights of such Participant under the Plan shall be unaffected by the termination of the adoption of the Plan by such Participating Employer with respect to deferrals and contributions made and Accounts in existence as of the effective date of the termination.
- d) <u>Continued Obligations of Public Employers.</u> Notwithstanding any other provision in <u>Section Article</u> 12.2 to the contrary, any Participating Employer who was previously a Participating Employer and whose adoption of the Plan has been terminated pursuant to <u>Section Article</u> 12.2(a) or 12.2(b) shall cooperate with the <u>Committee Administrator</u> and <u>NDC contracted</u> Recordkeeper to provide any information or notifications needed for the continued administration of the Plan to Participants who had Accounts in existence as of the effective date of the termination, until such time as total the value of the Accounts attributable to any Participant who are current or former Employees (or who are Beneficiaries or Alternate Payees of any current or former Employees) of such Participating Employer, has been distributed or transferred to another eligible deferred Compensation plan under Section 457 of the Code, as provided under the Plan.

#### **ARTICLE XIII - AMENDMENT OR TERMINATION**

#### 13.1 Power to Amend or Terminate.

Subject to any requirements of state or federal law, the Committee reserves the right at any time and with or without prior notice to any person to amended, suspend or terminate the Plan, to eliminate future Dedeferrals for existing Participants, or to limit participation to existing Participants, in whole or in part and for any reason and without the consent of any Participating Employer, Employee, Participant, Beneficiary or other person. No amendment, suspension or termination of any provisions of the Plan or any deferrals or contributions there under, the Trust Agreement or any Investment Option may be made retroactively, unless such retroactively is allowed under state law, the Code and any other applicable law.

#### 13.2 Termination of the Plan.

Upon any action by the Committee to initiate a Plan termination, no Participating Employer may permit any further Deleferrals of Compensation under the Plan, and the Plan termination shall become effective upon the distribution of all Accounts. After taking an action to initiate a Plan

termination, the Committee may distribute all Accounts. Any distributions, transfers or other dispositions of Accounts as provided in the Plan shall constitute a complete discharge of all liabilities under the Plan. The Committee and the Trustee(s) shall remain in existence and the Trust Agreement and all of the provisions of the Plan that the Committee determines are necessary or advisable for the administration and distribution, transfer or other disposition of interests in the Trust Fund shall remain in force.

#### 13.3 Notice to Participating Employers.

The Committee, through the NDC Administrative Staff, shall give notice on a reasonably timely basis of any amendment, suspension or termination of the Plan to all Participating Employers.

#### **ARTICLE XIV - GENERAL LIMITATIONS AND PROVISIONS**

#### 14.1 Plan Binding on Accounts.

The plan, as duly amended from time to time, shall be binding on each Participant and his or her Surviving Spouse, Domestic Partner, heirs, administrators, trustees, successors, assigns, and Beneficiaries and all other interested persons.

#### 14.2 No Right to Employment.

Nothing contained shall give any individual the right to be retained in the employment of the Employer or affect the right of the Employer to terminate any individual's employment. The adoption and maintenance of the Plan shall not constitute a contract between the Employer and any individual or in consideration for, or an inducement to or condition of, the employment of any individual.

#### 14.3 No Alienation of Accounts.

Except insofar as may otherwise be required by a Qualified Domestic Relations Order or applicable law, no amount payable at any time under the Plan shall be subject in any manner to alienation by anticipation, sale, transfer, assignment, bankruptcy, pledge, attachment, garnishment, charge or encumbrance of any kind, and any attempt to so alienate such amount, whether presently or thereafter payable, shall be void.

#### 14.4 Notices to Participants.

All notices, statements, reports and other communications from a Public Employer, the Administrator or the Committee to any Participant shall be deemed to have been duly given when delivered to, or when mailed by electronic delivery or other form of delivery approved by the Committee or by first class mail, postage prepaid and addressed to such Employee, Participant, Beneficiary, Surviving Spouse or other person at his or her address last appearing on the records of the Administrator, the Committee or the Public Employer.

#### 14.5-4 Notices to the Committee or Administrative Staff.

All elections, designations, requests, notices, instructions, and other communications from a Participating Employer, an Employee, a Participant or any other person to the Committee, Administrator-NDC Administrative Staff, NDC contracted Recordkeeper, or the Employer required or permitted under the Plan shall be in such form as is prescribed by the CommitteeAdministrator, shall be mailed by first class mail or delivered electronically in such a form and to such location as shall be prescribed by the Committee Administrator from time to time, and shall be deemed to have been given and delivered only upon actual receipt thereof at

such location. Copies of all elections, designations, requests, notices, instructions and other communications from an Employee, a Participant, a Beneficiary, a Surviving Spouse or any other person to the <u>Participating Employer</u> shall be promptly filed with the <u>NDC Administrative</u> <u>Staff or the NDC contracted Recordkeeper.Administrator or Committee Staff</u>.

#### 14.6-5 Notices to Participants.

All notices, statements, reports, and other communications from a Participating Employer, the <u>Trustee or the</u> Administrator or the <u>Committee</u> to any Participant shall be deemed to have been duly given when delivered to, or when mailed by electronic delivery or other form of delivery approved by the <u>Committee Administrator</u> or by first class mail, postage prepaid and addressed to such Employee, Participant, Beneficiary, Surviving Spouse or other person at his or her address last appearing on the records of the <u>AdministratorIDC contracted Recordkeeper</u>, the <u>Committee Administrator</u> or the Participating Employer.

#### 14.7-6 Account Assets and Account Vesting.

- a) <u>Account Assets Held in Trust Fund.</u> The entire value of each Account for each Participant shall be held in the Trust Fund pursuant to the Trust Agreement for the exclusive benefit of the applicable Participant and for paying reasonable expenses of the Plan and of the Trust Fund pursuant to Article 11.7, and no part of the Trust Fund shall revert to any Employer; provided, however, that the setting-aside of any amounts to be held in the Trust Fund is expressly conditioned upon the following: If an amount is set aside to be held in the Trust Fund by an Employer in a manner which is inconsistent with any of the requirements of Section 457(b) of the Code.
- b) <u>Vesting</u>. Each Participant shall be 100 percent vested at all times in his or her Account.

#### 14.8-7 Several Liability.

The duties and responsibilities allocated to each person under the Plan and the Trust Agreement shall be the several and not joint responsibility of each, and no such person shall be liable for the act or omission of any other person.

#### 14.10-8 Interpretation.

- a) The term "including" means by way of example and not by way of limitation, and
- b) The heading preceding the sections <u>Articles</u> hereof have been inserted solely as a matter of convenience and in no way define or limit the scope or intent of any provisions hereof.

#### 14.9-9 Construction.

The Plan and all rights there under shall be governed by the construed in accordance with the Code and the laws of the State.



### **Administrative Manual**

### Nevada Public Employees' Deferred Compensation Program

Updated December 2015 January 2018

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#### Definitions

The same definitions apply in this Administrative Manual as are designated in the *Plan Document* for the State of Nevada Public Employees Deferred Compensation Program and in Nevada Revised Statutes (NRS) 287.250 et seq.

#### Article I Mission and Goals

#### 1.1 - Mission

The Nevada Public Employees Deferred Compensation Program (NDC or Program), a voluntary tax-deferred supplemental savings plan created pursuant to section 457(b) of the Internal Revenue Code, provides participants and their beneficiaries with a supplement to their retirement savings. The Program operates solely in the interest of plan participants and beneficiaries. The Committee, 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 Committee and its Program CoordinatorState Department of Administration appointed Administrative Staff monitor the NDC contracted Recordkeepers (also referred to as Providers or Administrators), communicate the importance of supplemental savings through seminars, group meetings, workshops, newsletters, maintaining the Division and other informational efforts, and administer the Program in accordance with state and federal guidelines. All Program expenses are paid by the Plan participants and are subsidized through the revenue sharing of the individual investment options by revenue generated from the Plans adopted fee structure.

#### 1.2 - Primary Goals

(a) Exercise functions solely in the interest of the participants and beneficiaries, and be responsive and flexible to meet participants' needs;

(b) Promote the collective best interests of the participants in the Program (Section 1(b) of NRS 287.330);

(c) Provide a selection of investment options in accordance with the Program's Statement of Investment Policy and ensure that the options represent a reasonable choice as to investment risk, return, style, <u>cost</u> and asset class; and

(d) Ensure that <u>the NDC Program Administrative staff and contracted</u> Recordkeepers provide quality service <u>and education</u> to the participants.

#### 1.3 - FICA-Alternative Plan Mission

Part-time, seasonal, and temporary employees of the State of Nevada or the Nevada System of Higher Education are required to participate in the Nevada FICA Alternative Deferred Compensation Plan, if hired on or after January 1, 2004 (State Government) or July 1, 2005 (Higher Education).

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FICA is the Federal Insurance Contributions Act. This is an alternative to Social Security coverage as permitted by the federal Omnibus Budget Reconciliation Act of 1990 (OBRA). By participating in the Plan, Participants are not subject to tax on compensation under the Old Age, Survivors and Disability Income portion of FICA. Participants are subject to the Medicare portion of FICA.

#### <u>1.4 – Goals of FICA-Alternative Plan</u>

The goal of this plan is to assist participants with maintaining an account for the purpose of capital preservation during their employment with the State of Nevada and/or the Nevada System of Higher Education.

#### 1.5 - Program Rules and Regulations

The Program's Rules and Regulations are designated in the Program's *Plan Documents* for the State of Nevada Deferred Compensation Committee, the FICA Alternative Plan Document and in the Nevada Revised Statutes (NRS) 287.250 et seq.

#### Article II Legal and Procedural

#### 2.1 - Federal Law

Nevada's Deferred Compensation Program plans are established under and intended to operate as a Section 457(b) plan under the Internal Revenue Code and related regulations and any amendments.

#### 2.2 - State Law

The enabling statutes for the Plans are found in NRS 287.250 through 287.370.

#### 2.3- Committee Documents

The Committee shall maintain and periodically review all plan documents in accordance with Section 457(b) of the Internal Revenue Code to establish and operate the Plans. The NDC Administrative Staff shall have the authority to implement any Committee approved changes to the adopted plan documents.

The Committee shall maintain and periodically review a Statement of Investment Policy to identify guidelines and procedures used by the Committee to review and evaluate the various investment options offered in the Program. <u>The NDC Administrative Staff shall have the authority to implement any Committee approved changes to the adopted Investment Policy Statement.</u>

This Administrative Manual is intended to outline other policies and procedures of the Committee and <u>Administrative</u> Staff for Program administration.

2.4 - Committee Election Procedure

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In accordance with NRS 287.330, the Committee at its first meeting each year shall designate one of its members to serve as Chair and one to serve as Vice-Chair of the Committee for a term of one year or until a successor has been designated.

#### <u> 2.5 - NAGDCA</u>

The Program will maintain membership in the National Association of Governmental Defined Contribution Administrators (NAGDCA), including attendance at designated meetings, as appropriate and as funds are available.

#### Article III Coordination of Audits

The Program will routinely have audits conducted. Audits will include an annual financial audit conducted by an independent third party and a <u>biennial\_Program\_</u>compliance audit <u>performed every one to four years and may be</u> provided as a requirement of the Investment Consultant contract.

<u>3.1 - Audit Objectives</u> – Audits are performed for different purposes. Common audit objectives are:

(a) To ensure compliance with federal and state laws, standards, rules and regulations.

(b) To evaluate Program efficiency and effectiveness, including investment provider<u>s, fund managers</u>, and payroll centers processes and procedures.

(c) To attest to the validity of financial information, recordkeepeing, and accounting.

(d) To ensure appropriate management <u>and internal</u> control systems are in place.

3.2 - Audit Process – The audit process normally consists of the following elements:

(a) Audit Assignment – The point at which it has been determined that an audit will be undertaken.

(b) Initial Meeting – Staff meets with auditors to discuss audit process, scope and objectives.

(c) Field Work – The auditors' procedures for obtaining audit evidence and developing findings and recommendations. The type and extent of field work will vary according to the objectives of the audit. For example, field work may entail detailed <u>investment providerRecordkeeper</u> transaction-by-transaction review, payroll center(s) contribution review or may only consist of a review of the processes and procedures.

(d) Closing – Auditors formally present findings to the NDC Administrative Staff.

(e) Response – The opportunity for <u>investment providersthe NDC contracted</u> <u>Recordkeeper</u> and payroll centers to respond to the auditor's findings and recommendations.

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(f) Follow-Up – Staff and auditors follow the progress toward resolution of <u>any</u> audit <u>exceptions</u>, <u>significant deficiencies</u>, <u>or material weaknesses</u>.

Staff and auditors, if appropriate, will present a final report, including action steps for appropriate solutions or need to develop and maintain internal controls to resolve any noted significant deficiencies or material weaknesses, to the Committee.

#### Article IV Records Retention

The <u>NDC\_Program\_Administrative\_Staff</u> will meet the requirements on the General Records Retention and Disposition Schedules (NRS 239.080). The most current version is available through the Records Management Program and at: <u>http://nsla.nevadaculture.org/dmdocuments/generalschedules.pdf</u>

#### Article V Committee Operation

#### 5.1 - Meeting Schedule

The Committee will endeavor to meet quarterly, to review the status of investment offerings and conduct other business of the Program. Special meetings may be called by the <u>Committee</u> Chair <u>or NDC Administrative Staff</u> as necessary.

#### 5.2 - Meeting Agenda

The meeting agenda will be drafted by <u>the NDC Administrative</u> Staff and circulated to <u>the designated Committee Chair and to</u> Committee members for input. The final agenda will be approved by the <u>Committee</u> Chair and posted by <u>the NDC Administrative</u> Staff in accordance with Nevada's Open Meeting Law (NRS 241.020(3)(a)), which requires that notice of a meeting be posted no later than 9:00 am on the third working day prior to the meeting.

#### 5.3 - Committee Action

If a quorum (at least 3 members) is present at meetings, action can be taken by the Committee. Motions will be passed or voted down by a simple majority vote. The <u>Committee</u> Chair is eligible to vote on all motions. Committee members may participate at meetings via telephone, videoconference, or other appropriate electronic media approved by the Committee and shall be treated as present for the purpose of determining a quorum, voting on motions, and other lawful actions of the Committee. Meetings will be conducted in accordance with standard rules of order that the Committee may adopt from time to time.

5.4 - Meeting Record

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Minutes shall be prepared by NDC Administrative Staff, formally approved by the <u>Committee</u>, and maintained by NDC Administrative Staff pursuant to statutory guidelines (see NRS 241.035). Members of the public may request <u>from the NDC</u> Administrative Staff that their names be placed on the mailing or e-mail list for distribution of agendas. Documents provided to the Committee during meetings will be provided to members of the public upon request, as appropriate, or posted <u>to</u> the Program's website.

The Committee welcomes the participation of Plan participants and the public. There will be two comment periods allowing for three minutes of public comment with the first comment period allowing for public comment relative to items on the agenda for the meeting, and the second allowing for public comment on any item under the jurisdiction of the Committee.

#### 5.5 - Budget Review and Approval

<u>NDC Administrative</u> Staff will meet with appropriate <u>State of Nevada</u> Department of Administration staff to develop a budget for submission to the Governor upon approval of the <u>Department of Administration Director or designee</u>, and the NDC Administrative <u>Executive Officer will provide the</u> Committee and provide status updates of the Program budget during the quarterly meetings. The Committee will formally approve the budget submission for inclusion in the biennial Executive Budget.

#### Article VI Plan Administration

#### 6.1 - Activity reports

<u>The NDC Administrative</u> Staff will provide quarterly activity reports to the Committee, including, but not limited to reports on the overall Plan activities of <u>the NDC contracted</u> Recordkeepers, making comparisons when appropriate concerning plan assets, new enrollments, increase/decrease contribution amounts, etc. <u>NDC Administrative</u> Staff will focus primarily on the administrative activities of the Program.

#### 6.2 - Analysis of Investment Performance

An analysis of investment performance will be reviewed by the Committee at its quarterly meetings. The report prepared by the <u>NDC contracted</u> investment consultant (see definition in Article VII, Section 7.6) shall include investment option performance, in-depth economic market data, asset allocation, updates on the fund watch list, <u>any</u> recommendations from the NDC contracted investment consultant, and other information requested by the Committee or Executive Officer as necessary for proper monitoring.

6.3 - Quarterly Newsletter

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<u>The NDC Administrative</u> Staff shall publish a quarterly newsletter for Participants. Newsletters shall be published whenever possible in March (spring issue), June (summer), September (fall), and December (winter)after the end of each quarter of the Calendar year.

#### <u>6.4 - Fund Settlement Policy</u>

All fund settlement amounts will be calculated based on the effected fund(s), shareholders and timeframe of the settlement. Identified shareholders will receive settlement monies in accordance with their proportionate share based on their account balances at the time of the settlement. Shareholders due less than \$10 will not receive payment, rather this amount will be returned back to the other eligible shareholders. If settlement amounts and calculations determine all shareholders are ineligible due to the \$10 di minimus then the amounts will be used for Plan expenses.

#### <u>6.5</u> — Administrative Account Management and Distribution of Unused—Plan ExpensesRevenue; if any

Following the end of each calendar year, The Committee has the authority to create an administrative account in which Plan generated revenue used to administer the Program will be managed in. NDC Administrative SStaff will continually monitor and manage the Administrative Account along with managing all accounts payable and accounts receivable activities as it pertains to agency budget and revenue management. At regular intervals throughout each calendar year, calculate NDC Administrative Staff will reconcile and manage the amount of expenses revenue generated by fees collected through the Program. paid by providers versus amounts contractually guaranteed. In the event that the amount billed to the providers for expenses is less than that which is contractually guaranteed for any given plan year, the Recordkeepers will remit payment of the remaining amount 60 days following the end of the plan year at the direction of the Nevada Deferred Compensation Staff excess revenue is generated by the Plan, the Committee may direct NDC Administrative Staff to credit the unused portion of Program revenue back to . Unused plan expenses will be credited to participant accounts proportionately based on their end of the year (December 31) account balance. Participants whose credit is less than \$10 will not receive any unused plan expenses; rather these monies will be distributed to the other eligible participants whose credit is greater than \$10 in the same manner described above.

#### <u>6.6 – Review of Claims and Appeals; Process and Policy</u>

Any claim or appeal to a decision or action of the Committee, Administrative Staff, or contractor of the State under the Plan, including Investment changes, Plan design changes, actions made or asserted by Administration Staff or any of the NDC contractor(s) must be filed in writing with the NDC Administrative Staff and shall include specific details, facts, reasons for dispute, and written proof of wrong doing or damages (if applicable). The appropriate NDC Administrative Staff member is responsible for the initial review of any such claim or appeal and will attempt to determine or institute a

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suitable solution. The NDC Administrative Staff may consult and/or involve the State Attorney General, the Department of Administration Director, and the appointed NDC Committee Chairperson for a solution of resolution or denial of a claim or appeal which may result in the claim and/or appeal being reviewed and discussed in an open meeting in accordance with the Nevada Open Meeting Law. The NDC Administrator shall notify the claimant, and as applicable, the Participant of any action or decision that was determined within 90 days of the written claim or appeal being submitted to the NDC Administrative Staff in good order.

#### Article VII Roles, Responsibilities and Duties

#### 7.1 - Committee

The Committee is responsible to meet on a quarterly basis and conduct its business in accordance with the mission and primary goals as outlined in Article I of this document, along with the applicable state laws and federal requirements for the Plan. In order to discharge their fiduciary duties, members of the Committee are responsible for preparing for and participating in meetings of the Committee.

#### 7.2 – Administrator

The NDC Committee appointed by the Governor of the State of Nevada and the Plan Executive Officer appointed and under the authority of the State of Nevada Department of Administration Director serve collectively as Administrator(s) to the NDC Program. The operation and administration of the Plan shall be the responsibility of the Administrator and shall exercise the broad, general authority necessary or advisable to operate and administer the day-to-day operations of the NDC Program and it's Plans herin.

#### 7.32 – NDC Administrative Staff

<u>NDC Administrative</u> Staff is responsible for the <u>daily\_day-to-day</u> administration of the Program <u>under the direction of the State of Nevada Department of Administration</u> <u>Director</u>. The <u>Program CoordinatorExecutive Officer</u> is responsible for the following:

- Operations management, including but not limited to the day to day oversight; employer relations; budget oversight; and participant customer service.
- Committee business management, including but not limited to preparation and organization of agendas and meeting materials.
- Contractual management, including but not limited to Program Administration, investment management oversight, and legislative management.
- Handling all participant complaints or concerns at the Plan level to ensure resolution if possible. The <u>Program CoordinatorExecutive Officer</u> will determine whether a participant Complaint should be brought in front of the Committee for review, discussion, and/or further and final action at one of their scheduled Committee meetings. The <u>Program CoordinatorExecutive Officer</u> is charged with

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the responsibility to gather all data<u>and facts</u> pertinent to a participant complaint and work with the Program contractor(s) to achieve a suitable resolution that is in-line with the Program's adopted Plan Document, Administrative Manual, and State/Federal regulations and/or <u>C</u>eodes.

The <u>Program CoordinatorExecutive Officer</u>, under the direction and discretion of the <u>CommitteeState of Nevada Department of Administration</u>, may contract with an independent employment company to employ a part-time or temporary administrative <u>assistant personnel</u> to assist with meeting preparation, transcription of minutes, processing participant change forms, and other duties as assigned by the <u>Program</u> <u>CoordinatorExecutive Officer</u> or <u>requested by</u> the Committee on an as needed basis.

#### 7.43 – Program Coordinator Executive Officer's Review Process

The <u>Committee</u>\_<u>State of Nevada Department of Administration Director will be</u> <u>responsible for conduct aconducting</u> performance reviews<u>annually at the scheduled</u> <u>meeting closest to the hiring anniversary date</u> of the <u>Program CoordinatorExecutive</u> <u>Officer</u>. The <u>Department of Administration Director may consult</u> Committee<u>members as</u> <u>to the performance of the Executive Officer, and</u> will also review and approve any potential compensation changes based on current level as well as legislative action as it relates to all <u>S</u>state employees.

#### 7.54 - Legal Counsel

The Attorney General's Office provides legal counsel to the Committee and <u>NDC</u> Administrative Staff. The Deputy Attorney General assigned to the Program is responsible for reviewing all contracts and other legal documents and to provide legal advice and assistance relating to the work of the Committee and Staff.

#### 7.65 – Political Sub-Ddivisons/Alliance Partners

The Committee at its discretion may allow local government entities<u>or</u> <u>qualifying</u> <u>political sub-divisions</u> to join the Program. <u>NDC Administrative</u> Staff will work with legal counsel and the entity's designated representative to ensure the proper documentation is obtained to join the Program. <u>NDC Administrative</u> Staff will periodically meet with <u>alliance partnerpolitical sub-division</u> representatives to ensure compliance with current federal and state rules and regulations.

Eligible political sub\_division representatives will submit a Program Certification which will include acknowledgement of the receipt of the following items:

- Interlocal Agreement
- Plan Document, including any amendments
- Plan Summary
- Investment Policy Statement
- Administrative Manual
- Remittance of contributions electronically

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• Remittance of employee termination data within two (2) weeks of an employee termination

The designated representative(s) (Deferred Compensation Liaisonappointed approved representatives) will complete the necessary certification. NDC Administrative Staff will work with each of the political sub-division Deferred Compensation Liaisondesignated representative(s) to ensure each entity has an understanding of the Program requirements.

<u>NDC Administrative</u> Staff will work with eligible governmental entities to ensure the following are being administered in accordance to Plan rules and regulations:

- Per IRC Section 414(h), pick-up contributions for participants who contribute to Nevada PERS "employee paid" system are being excluded from participant contributions based on percentage of pay;
- Data and money remittances must be sent electronically; and
- Working with the service provider(s)<u>NDC contracted Recordkeeper</u> to ensure participants are not exceeding the Internal Revenue Code annual contribution limits.
- Treas. Reg. Section 1.457-4(b)(1) <u>Annual Deferrals, Deferral Limitations,</u> and Deferral agreements Under Eligible Plans- adherence and compliance to the mandatory "First of the Month Rule", maximum deferral limitations, and 50+ Catch-Up and Special 457(b) Catch-Up Provision rules and guidelines.
- Ensuring that all employees enrolling or being enrolled in the NDC Program(s) declare at least a single primary beneficiary associated with their account.

#### 7.76 - Professional Advisors

The Committee shall <u>contract withemploy</u> qualified advisors to discharge its fiduciary duty. Investment consultant(s) shall be <u>contracted with and</u> retained to ensure the Plan funds are invested effectively with proper risk controls. Committee members are not liable for investment decisions made by Plan members provided advisors are qualified and proper investment policies are in place, <u>adhered to</u>, and monitored.

#### 7.87 - Recordkeeper(s)

<u>The NDC Administrative</u> Staff and <u>the Plan's contracted</u> Recordkeeper<del>(s)</del> will work together, under the direction and oversight of the Plan <u>toAdministrator</u>, to ensure the following are being administered in accordance with Plan rules and regulations:

 To ensure compliance with IRC Section 402457(bg) and 414(v), excess deferrals must be distributed to the participant, with allocable net income, as soon as administratively practicable after the Plan, /Recordkeepers, or designated payroll center determine that the amount is an excess deferral. The excess deferral amount is always taxed in the year it was contributed to the plan, and the earnings are taxed in the year distributed. Governmental plans report excess

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deferrals on Form 1099-R. Please note amounts of less than \$1 will not be refunded or corrected.

- <u>Contribution</u> Data and money remittances must be sent electronically.
- Work with the eligible governmental entities to ensure participants are not exceeding the IRC annual contribution limits.

#### Article VIII Code of Ethics

As Committee members appointed by the Governor <u>of the State of Nevada</u> and Program <u>Administrative</u> Staff <u>appointed byappointed by</u> and <u>under the authority of the State of</u> <u>Nevada Department of Administration</u> the Committee, as well as public employees of the State in most cases, members of the Committee and <u>NDC Administrative</u> Staff are subject to the provisions of the Nevada Ethics in Government Law in NRS 281A.010-281A.<u>50660</u>, inclusive. Committee members and <u>NDC Administrative</u> Staff are encouraged to review the entire chapter and be especially familiar with the general requirements of the Code of Ethical Standards in NRS 281A.400, as well as Executive Order 2011-02 *Establishing Ethics Requirements for Certain Public Officers and Employees*, signed by the Governor January 3, 2011.

The keys to interpretation of the ethics statutes are reasonableness, objectivity, and disclosure. If any Committee members or <u>NDC Administrative</u> Staff <u>members</u> have questions concerning specific situations, they should feel free to consult with the Chair and the Deputy Attorney General representing the Deferred Compensation Program. The following are excerpts from the Code of Ethical Standards which are most relevant to the business of the Deferred Compensation Committee.

NRS 281A.400 Subsection 1 provides that a public officer or employee shall not seek or accept any gift, service, favor, employment, engagement, emolument or economic opportunity which would tend improperly to influence a reasonable person in the public officer's or employee's position to depart from the faithful and impartial discharge of the public officer's or employee's public duties.

NRS 281A.400 Subsection 2 provides that a public officer or employee shall not use the public officer's or employee's position in government to secure or grant unwarranted privileges, preferences, exemptions or advantages for the public officer or employee, any business entity in which the public officer or employee has a significant pecuniary interest, or any person to whom the public officer or employee has a commitment in a private capacity to the interests of that person.

NRS 281A.400 Subsection 5 provides that if a public officer or employee acquires, through the public officer's or employee's public duties or relationships, any information which by law or practice is not at the time available to people generally, the public

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officer or employee shall not use the information to further the pecuniary interests of the public officer or employee or any other person or business entity.

NRS 281A.400 Subsection 10 provides that a public officer or employee shall not seek other employment or contracts through the use of his official position.

Additional standards pertinent to the Committee are set forth in NRS 281A.420 Subsection 1. This subsection provides that a public officer or employee shall not approve, disapprove, vote, and abstain from voting or otherwise act upon a matter:

- (a) Regarding which the public officer or employee has accepted a gift or loan;
- (b) In which the public officer or employee has a pecuniary interest; or

(c) Which would reasonably be affected by the public officer's or employee's commitment in a private capacity to the interest of others, without disclosing sufficient information concerning the gift, loan, interest or commitment to inform the public of the potential effect of the action or abstention upon the person who provided the gift or loan, upon the public officer's or employee's pecuniary interest, or upon the persons to whom the public officer or employee has a commitment in a private capacity. Such a disclosure must be made at the time the matter is considered. If the public officer or employee shall make the disclosure in public to the chair and other members of the body.

NRS 281A.420 Subsection 3 states: Except as otherwise provided in this section, in addition to the requirements of subsection 1, a public officer shall not vote upon or advocate the passage or failure of, but may otherwise participate in the consideration of, a matter with respect to which the independence of judgment of a reasonable person in the public officer's situation would be materially affected by:

- (a) The public officer's acceptance of a gift or loan;
- (b) The public officer's pecuniary interest; or
- (c) The public officer's commitment in a private capacity to the interests of others.
- 4. In interpreting and applying the provisions of subsection 3:

(a) It must be presumed that the independence of judgment of a reasonable person in the public officer's situation would not be materially affected by the public officer's pecuniary interest or the public officer's commitment in a private capacity to the interests of others where the resulting benefit or detriment accruing to the public officer, or if the public officer has a commitment in a private capacity to the interests of others, accruing to the other persons, is not greater than that accruing to any other member of the general business, profession, occupation or group that is affected by the matter. The presumption set forth in this paragraph does not affect the applicability of the requirements set forth in subsection 1 relating to the disclosure of the pecuniary interest or commitment in a private capacity to the interests of others.

(b) The Commission must give appropriate weight and proper deference to the public policy of this State which favors the right of a public officer to perform the duties for which the public officer was elected or appointed and to vote or otherwise act upon

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a matter, provided the public officer has properly disclosed the public officer's acceptance of a gift or loan, the public officer's pecuniary interest or the public officer's commitment in a private capacity to the interests of others in the manner required by subsection 1. Because abstention by a public officer disrupts the normal course of representative government and deprives the public and the public officer's constituents of a voice in governmental affairs, the provisions of this section are intended to require abstention only in clear cases where the independence of judgment of a reasonable person in the public officer's situation would be materially affected by the public officer's commitment in a private capacity to the interests of others.

#### Article IX Educational Travel and Conferences

The Committee and its <u>Program CoordinatorExecutive Officer</u> are charged with exercising fiduciary responsibility for the Program solely in the interest of the participants and their beneficiaries. As fiduciaries, they are expected to be capable of carrying out their duties and responsibilities. To accomplish this, subject to Committee approval, Committee members and <u>NDC Administrative</u>. Staff shall avail themselves of educational opportunities to secure adequate training to fulfill those responsibilities, including attendance at appropriate off site meetings or events.

Subject to budgetary limitations, each Committee member and <u>NDC Administrative</u> Staff <u>members</u> shall have the opportunity to attend the NAGDCA Annual Conference, with all conference fees, airfare, lodging and any other reasonable expenses paid by the program. Committee members and <u>NDC Administrative</u> Staff <u>members</u> may attend other educational conferences to meet training needs subject to approval by the Committee and the availability of funds.

#### Article X Travel Policy

All Committee members and <u>NDC</u> Administrative 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 <u>Administrative</u> Staff <u>members</u> 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 <u>NDC Administrative</u> Staff must obtain prior authorization to travel from the <u>Committee Chair and the Program CoordinatorState</u> of

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NDC Administrative Manual

Nevada Department of Administration through the NDC Administrative Staff who will verify adequate Committee and budgetary authority. Prior authorization is accomplished by completing a Travel Request and Authorization form provided by NDC Administrative Staff no later than four (4) weeks prior to the first date of travel unless otherwise authorized by the Department of Administration Director or his designee. 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 under the parameters outlined in the travel policy adopted by the State of Nevada Department of Administration. The Travel Expense Reimbursement Claim form must clearly demonstrate that the costs borne by the State are not increased due to personal travel. The employee MUST bear any costs related to combining the State travel with personal travel. 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 rate of reimbursement for lodging, meals, and incidentals must be compliant with the Federal government's GSA rate based on travel destination and SAM Section 200. The GSA rates can be found via the following link: http://www.gsa.gov/portal/category/104877

- If the GSA website does not recognize the county/city that you will be traveling to, the rate defaults to the standard CONUS rates for lodging, meals, incidentals (M&IE).
- 2. The GSA hotel rates are maximum allowable rate in most circumstances. SAM 200 allows for adjustments when the conference rate exceeds the GSA rate. The State Department of Administration Budget Division must approve all exceptions to this rule or any projected expense over the established reimbursement rate in advance of the travel on an Out-Of-Budget Travel Request.
- 3. (Also refer to table below)

Hours and Conditions for Claiming Meals are as follows:

- 1. Per Diem for meals may be claimed when employees are required to be at least 50 miles (one way) from their duty station. Meal per diem timeframes are stipulated below:
  - a. **Breakfast:** Employee or Committee member departs before 7:00am and/or returns after 9:00am
  - Lunch: Employee or Committee member departs before 11:30am and/or returns after 1:00PM
  - Dinner: Employee or Committee member departs before 6:00PM and/or returns after 7:00PM
- 2. Per Diem reimbursements for meals are not allowed when meals are included in conference or registration fees.

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- 3. Employees or Committee members may voluntarily claim amounts less than the established rates. When attending conferences or seminars, a copy of the agenda must be submitted with the Travel Expense Reimbursement Claim form in order for meals to be reimbursed.
- 4. Any special dietary needs that affect the application of these meal reimbursements policies for conference/seminars must be declared on the Travel Request Form prior to traveling.

#### Incidental Reimbursement is as follows:

Reimbursement for incidentals will occur only when travel consists of an overnight stay.

#### Mileage Reimbursement requests can be requested and paid as follows:

When an employee or Committee member uses his/her personal vehicle for the State's convenience, he/she can be reimbursed at the current standard mileage reimbursements rate declared by the State of Nevada. In the event that an employee or Committee member does not report to their duty station before going directly to a scheduled meeting, workshop, presentation, etc., the amount of mileage that is reimbursable is only the mileage over and above the employee or Committee member's normal commute total from their principal residence to their duty station.

Description	Receipts Required	Rates
Breakfast	No	Refer to GSA rate table & Hours and Conditions below
Lunch	No	Refer to GSA rate table & Hours and Conditions below
Dinner	No	Refer to GSA rate table & Hours and Conditions below
Lodging	Yes	Refer to GSA rate table
Incidentals - (Overnight Travel Only)	No	Refer to GSA rate table
Transportation (parking, taxi, subway/bus, etc.)	Yes	Reasonable cost with original receipt
Mileage (State's Convenience)-Based on Federal Income Tax Rate. (See Department of Administration's Policy Directive webpage for current mileage information)	No	Refer to the Policy Directives section of the Dept. of Admin., Budget Division website

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Mileage (Employee's Convenience)-Based on Federal Income Tax Rate. (See Department of Administration's	No	Refer to the Policy Directives section of the Dept. of Admin.,
Policy Directive webpage for current mileage information)		Budget Division website

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 15 business days of travel, but, no later than 30 days of travel unless prohibited by exceptional circumstance per SAM 0220.

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## State of Nevada Administrative Manual (SAM) Revised September 2017

### 3802 Authority

The State of Nevada and the Board of Regents of the Nevada System of Higher Education are

authorized by law to agree with any of their employees to defer compensation due to them in accordance with the program authorized by 26 U.S.C 401(a), 401(k), 403(b) or 457 and approved by the Deferred Compensation Committee.

The Board of Regents can agree with any of its employees to defer compensation authorized by 26

U.S.C. 403(b) without Committee approval. According to the plan, the employer shall withhold the amount of compensation that an employee has directed the employer to defer.

The employer may invest the withheld money in any investment approved by the Committee on

Deferred Compensation.

All compensation amounts deferred pursuant to the program, all property and rights purchased with those amounts and all income attributable to those amounts remain solely the property or rights of the State of Nevada or the Nevada S ystem of Higher Education, subject only to the claims of general creditors, until made available to the participants in the program or their beneficiaries. (NRS 287.320)

### **3804 Deferred Compensation Committee**

The Governor is authorized to appoint a committee to administer the Deferred Compensation Program. The committee's responsibilities include:

1. Creation of an appropriate fund for administration of money and other assets resulting from compensation deferred under the program;

2. With the approval of the Governor, delegation to one or more State agencies or institutions of the Nevada S ystem of Higher Education, the responsibility for administering the program for their respective employees including:

a. Collection of deferred compensation;

b. Transmittal of money collected to depositories within the State designated by the

Committee;

c. Payment of deferred compensation to participating employees;

3. Contracting with a private person, incorporation, institution or other entity directly or through a State agency or institution of the Nevada S ystem of Higher Education, for services necessary to the administration of the plan including without limitation:

a. Consolidated billing;

b. The keeping of records for each participating employee in the program;

c. The purchase, control and safeguarding of assets; d. Programs for communication with employees; and e. Administration coordination for the program. 171

The Committee and individual members are not liable for any decision relating to investments if the

Committee has:

1. Obtained the advice of qualified counsel in investments;

2. Established proper objectives and policies relating to investments; and

3. Discharged its duties regarding the decision:

a. Solely in the interest of the participants in the program; and

b. With the care, skill, prudence and diligence test that, under the circumstances existing at the time of the decision, a prudent person who is familiar with similar investments would use while acting in a similar capacity in conducting an enterprise of similar character and purpose.

4. Selected at least one Record Keeper that will provide record keeping services for the program.

5. Solicited proposals from qualified Record Keepers at least once every five years.

# 3806 Deferrals of Compensation; Deductions from Payroll; Limitations

Compensation may be withheld or deducted from payroll in accordance with the agreement between the employer and participating employee. The amount of compensation set aside by the employer under the program during any calendar year may not exceed the amount authorized by 26 U.S.C. 401(a), 401(k),

403(b) or 457.

### **3808 Federal Requirements**

No program becomes effective and no deferral may be made until the program meets the requirements of 26 U.S.C 401(a) and 457 for eligibility. Income deferred during a period in which no income tax is imposed by the State or political subdivision may not be taxed when paid to the employee.

### 3810 Program in Addition to Retirement or Pension Program

The Deferred Compensation Program must be established in addition to other retirement, pension or benefit systems established by the State or Nevada System of Higher Education and does not supersede, make inoperative, or reduce benefits provided by the Public Employees' Retirement System or by any other retirement, pension or benefit program established by law.

### **3811 FICA Alternative Plan**

All State of Nevada employees hired after December 31, 2003 who are ineligible for participation in the Public Employees' Retirement System must participate in the plan sponsored FICA Alternative Plan. Each affected employee upon employment must select a Record Keeper to administer his sponsored FICA Alternative Plan if the program contracts with more than one Record Keeper.

All State of Nevada employees hired before January 1, 2004 who are ineligible for participation in the

Public Employees' Retirement System may participate in the plan sponsored FICA Alternative Plan.

Each affected employee must select a Record Keeper to administer his sponsored FICA Alternative Plan prior to participation if the program contracts with more than one Record Keeper.

### 3812 Use of Appropriated Money Forbidden

No State money may be spent on the administration of the program except as compensation for employees who participated in the administration as part of their regular duties, including without limitation:

1. Members and staff of the Committee; and

2. Employees of the State agency or institution of the Nevada System of Higher Education selected to administer the program.

### **3814 Administration**

The Committee on Deferred Compensation has selected Record Keepers for the program. Further information can be obtained from each payroll center.

#### DEFERRED COMPENSATION

NAC 287.700 Definitions. (NRS 287.330) As used in NAC 287.700 to 287.735, inclusive, unless the context otherwise requires:

1. "Committee" means the Committee established to administer the Program.

2. "Investment consultant" means a private person, corporation, institution or other entity that provides advice on investments and operations of the Program, including, without limitation, advice provided for the purposes of paragraph (a) of subsection 3 of <u>NRS 287.330</u> and <u>NAC 287.735</u>.

3. "Program" means the Public Employees' Deferred Compensation Program authorized by <u>NRS</u> 287.250 to 287.370, inclusive.

4. "Recordkeeper" means a corporation, institution or other entity that offers investment options and other services which are necessary to the administration of the Program and to the proper investment of the money of the employees who are participants in the Program. The term does not include a private person.

(Added to NAC by Com. to Admin. Pub. Employees' Deferred Comp. Prog., eff. 9-13-91; A by R066-13, 12-23-2013)

**NAC 287.705 Purpose.** (<u>NRS 287.330</u>) The purpose of <u>NAC 287.705</u> to <u>287.735</u>, inclusive, is to set forth the procedures for the selection of investment consultants and recordkeepers for the Program.

(Added to NAC by Com. to Admin. Pub. Employees' Deferred Comp. Prog., eff. 9-13-91; A by R015-98, 5-29-98; R066-13, 12-23-2013)

#### NAC 287.710 Recordkeepers: Selection and removal. (NRS 287.330)

1. The Committee will select recordkeepers for the Program. The Committee will contract with more than one recordkeeper if the Committee deems it necessary and in the best interests of the participants.

2. The selection of recordkeepers will be made as often as the Committee deems necessary, but not less frequently than every fifth year.

3. Recordkeepers serve at the pleasure of the Committee<u>and under the day-to-day oversight and</u> management of the Program's Executive Officer who serves as the primary contact and support for the Committee, but is appointed by and serves at the pleasure of the Director of the State of Nevada Department of Administration.and\_A contracted Recordkeeper are is subject to removal at any time by a majority vote of the Committee.

(Added to NAC by Com. to Admin. Pub. Employees' Deferred Comp. Prog., eff. 9-13-91; A by R015-98, 5-29-98; R066-13, 12-23-2013)

NAC 287.715 Recordkeepers: Procedures for selection. (<u>NRS 287.330</u>) In selecting a recordkeeper, the Committee will follow the procedures set forth in <u>chapter 333</u> of NRS, the applicable regulations and the State Administrative Manual.

(Added to NAC by Com. to Admin. Pub. Employees' Deferred Comp. Prog., eff. 9-13-91; A by R015-98, 5-29-98; R066-13, 12-23-2013)

NAC 287.730 Appointment of <u>subcommittee\_evaluation committee</u> to review proposals for position of recordkeeper <u>pursuant to NRS 333.335</u> and make recommendations; <u>general meetingclosed</u> <u>meeting</u> of Committee regarding <u>applicantsresults of evaluation of proposal for contract</u>; negotiation of changes to accepted proposals. (<u>NRS 287.330</u>)

1. The <u>Committee shall act as the chief of the using agency for the purposes of NRS 333.335 Chair</u> shall, if he or she deems it appropriate, appoint a subcommittee to review the proposals from applicants for the position of recordkeeper and make recommendations to the full Committee. 2. The chief of the using agency, or a committee appointed by the chief of the using agency in accordance with the regulations adopted pursuant to NRS 333.135, if the proposal is for a using agency; or The Administrator of the Purchasing Division, or a committee appointed by the Administrator in accordance with the regulations adopted pursuant to NRS 333.135, if the Administrator is responsible for administering the proposal. The Chair shall call a general meeting of the Committee to:

(a) Accept information from appropriate sources pertaining to any applicant.

(b) Conduct interviews of the applicants.

- (c) Select one or more of the applicants for appointment as a recordkeeper.

3. If a committee to evaluate proposals for a contract for the Program is established pursuant to NRS 333.335, any number of members of the Board may be appointed to the evaluation committee. If one or more members of the Board are appointed to an evaluation committee:

- a) No action or deliberation regarding any business of the Board other than the confidential review of the proposals pursuant to NRS 333.335 may be taken or conducted by the evaluation committee.
- b) Except as otherwise provided in paragraph (a), a meeting of the evaluation committee is notsubject to chapter 241 of NRS.
- The Committee shall review the results of any evaluation of proposal for a contract for the Programpursuant to NRS 333.335 in a closed meeting.
- The Committee shall take the following actions only in an open meeting:
  - a. Award the contract pursuant to NRS 333.335;
  - b. Cancel the request for proposals; or

c. Modify and reissue the request for proposals.

6. Acceptance of an applicant's proposal does not preclude the Committee from negotiating specific changes to the proposal which are in the best interests of the State of Nevada.

(Added to NAC by Com. to Admin. Pub. Employees' Deferred Comp. Prog., eff. 9-13-91; A by R015-98, 5-29-98; R066-13, 12-23-2013)

#### NAC 287.735 Investment consultants: Selection and removal. (NRS 287.330)

1. The Committee will select such investment consultants as are necessary to provide services needed for the selection of recordkeepers and for the administration of the Program and the investment of the money of the participants.

2. Such an investment consultant serves at the pleasure of the Committee and may be removed from the position at any time by a majority vote of the Committee.

(Added to NAC by Com. to Admin. Pub. Employees' Deferred Comp. Prog., eff. 9-13-91; A by R015-98, 5-29-98; R066-13, 12-23-2013)

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Political Subdivision	Number		Assets	# of Participants			
Unidentified	0001	\$	1,698,429.19	31			
Elko County	1008	\$	7,501,175.17	152			
Ciy of Elko	1009	\$	1,385,445.33	52			
Humboldt County	1010	\$	5,479,076.25	92			
Douglas County	1011	\$	18,946,431.07	303			
Churchill County Comptrollers	1012	\$	5,028,389.06	110			
CC Communications	1013	\$	1,941,208.51	34			
Virgin Valley Water District	1014	\$	634,806.75	12			
Eureka County	1017	\$	937,271.08	25			
, Beatty Water & Sanitation	1018	\$	7,948.92	1			
RTC of Washoe County	1019	\$	3,539,740.68	47			
, City of Mesquite	1020	\$	1,902,231.63	27			
Mt. Grant General Hospital	1021	\$	736,976.77	21			
Minden-Gardnerville Sanitation District	1022	\$	515,294.42	13			
Carson City	1025	\$	26,132,384.45	399			
Douglas County Sewer District No. 1	1026	\$	1,112,328.33	13			
RSCVA	1028	\$	4,903,637.19	70			
Elko Convention & Visitors Authority	1029	\$	81,603.36	8			
Incline Village Crystal Bay Visitors Bureau	1030	\$	167,120.27	3			
Nevada Tahoe Conservation District	1031	\$	165,997.97	5			
East Fork Fire Protection District	1032	\$	2,536,645.11	41			
City of Fernley	1032	\$	263,223.07	22			
White Pine County	1033	\$	163,533.40	23			
White Pine County Tourism & Recreation	1034	\$	24,537.18	3			
North Lyon County Fire Protection District	1035	\$	82,083.27	8			
Oasis Academy	1037	\$	52,363.52	9			
Pershing County	1030	\$	22,967.01	9			
Smith Valley Fire Protection District	1040	\$	-	_			
City of Sparks	2092	\$	37,412,647.47	456			
Henderson Public Libraries	2139	\$	1,490,476.33	35			
North Lake Tahoe Fire Protection District	2135	\$	8,373,973.83	67			
City of West Wendover	2141	\$	927,887.12	24			
City of Wells	2142	\$	67,218.73	24			
Lyon County	2147	\$	5,380,200.09	, 128			
Tahoe Douglas Fire Protection District	2100	\$	7,943,570.54	128			
Nevadaworks	2180	\$	358,413.48	5			
Nevada Workforce Connections	2252	\$	246,136.85	12			
Reno Housing Authority	2252	\$	2,747,207.15	49			
Truckee Meadows Fire Protection District	2200	\$	4,315,599.10	104			
		ې \$					
City of Fallon	2329 2224		3,335,002.90	38 9			
Indian Hills General Improvement District	2334 2335	\$ \$	306,117.53	9 17			
City of Winnemucca		\$ \$	812,380.62	168			
Reno-Tahoe Airport Authority	2357		15,242,544.79				
Storey County	2389	\$ ¢	1,946,146.63	64			
Truckee Meadows Regional Planning Agency	2942	\$ ¢	87,065.66	5			
Central Lyon County Fire District	2966	\$	1,569,450.28	28			
Total \$ 178,524,888.06 2							
Total with Balances \$1,000 or less				213			

666783 - State Agency	Number	Assets	# of Participants
Central Payroll	1001	\$ 544,311,072.12	10,566
PERS	1002	\$ 1,703,598.36	74
NDOT	1003	\$ 5,985,471.92	327
LCB	1006	\$ 9,199,136.59	124
Board Architecture	1007	\$ 191,153.61	7
Board of Cosmetology	1015	\$ 233,274.10	15
Board of Pharmacy	1016	\$ 1,623,086.24	11
Board of Nursing	1023	\$ 1,503,452.44	13
Board of Osteopathic Medicine	1024	\$ 79,916.42	3
Board of Dental Examiners	1027	\$ 11,825.56	4
Board of Funeral & Cemetery Services	1036	\$ 44,884.78	3
Board of Chiropractors	1042	\$ -	-
Board of Massage Therapy	1043	\$ -	-
Board of Accountancy	2002	\$ 349,702.73	2
Board of Alcohol, Drugs, & Gambling	2003	\$ -	-
Board of Examiners for Social Workers	2004	\$ 178,711.95	3
Board of Medical Examiners	2005	\$ 346,231.88	26
Board of Occupational Therapy	2006	\$ 147,343.04	1
Board of Vetrinary Medical Examiners	2007	\$ 32,283.96	1
TOTAL		\$ 565,941,145.70	11,180
Total with Balances \$1,000 or less			1,470

666971 - NSHE		Number	Assets	# of Participants
Business Center North		1004	\$ 36,092,600.58	450
Business Center South		1005	\$ 24,668,974.59	332
	Total		\$ 60,761,575.17	782
Total with Balances \$1,0	00 or less			82

FICA	Number		Assets	# of Participants
Central Payroll	1001	\$	1,467,064.77	1,012
NDOT	1003	\$	117,560.86	81
Business Center North	1004	\$	14,174,736.36	9,161
Business Center South	1005	\$	18,964,811.67	11,690
Douglas County	1011	\$	219,272.80	238
Carson City	1025	\$	908,932.13	702
RSCVA	1028	\$	202,981.55	175
East Fork Fire Protection District	1032	\$	448.18	3
Board of Examiners for Social Workers	2004	\$	7,647.45	2
City of Sparks	2092	\$	713,612.57	527
Tahoe Douglas Fire Protrection District	2186	\$	37,865.18	25
Tota		\$	36,814,933.52	23,616

#### BA 1017 ADMIN - DEFERRED COMP FY 2018 Financial Status Report Printed Thursday, January 11, 2018 11:53 AM

Revenue Source / Cat	L01	WP	Act	Bud Bal	Proj	Act + Proj	Proj Bud Bal
3849 CLIENT CHARGE-A	327,109	327,109	82,000	245,109	245,109	327,109	0
4203 PRIOR YEAR REFUND	0	0	0	0	0	0	0
4326 TREASURER'S INTEREST DISTRIB	557	557	262	295	295	557	0
Total Revenue	327,666	327,666	82,262	245,404	245,404	327,666	0
01 PERS SERVICE	176,384	176,384	75,383	101,001	91,517	166,900	9,484
02 OUT ST TRAV	4,411	6,247	5,430	817	526	5,956	291
03 IN ST TRAV	1,951	3,823	1,532	2,291	2,290	3,822	1
04 OPERATING	71,281	127,781	33,072	94,709	94,274	127,347	434
26 INFO SVCS	6,249	6,249	3,517	2,732	2,417	5,935	314
82 ADM CST ALLO	20,566	20,566	10,284	10,282	10,282	20,566	0
87 PURCH ASMNT	9,538	9,538	4,770	4,768	4,768	9,538	0
88 SWCAP	6,642	6,642	6,642	0	0	6,642	0
89 AG COST ALLO	39,710	39,710	29,783	9,928	9,928	39,710	0
Total Expense	336,732	396,940	170,413	226,527	216,002	386,415	10,525
Operating Income	(9,066)	(69,274)	(88,151)	18,877	29,402	(58,749)	(10,525)
Beg Net Assets	75,464	121,414	121,414	0	0	121,414	0
End Net Assets	66,398	52,140	33,263	18,877	29,402	62,665	(10,525)
Days Exp in Ending Rsv	0	47	0	0	0	58	0

#### BA 1017 ADMIN - DEFERRED COMP FY 2018 Financial Status Report Printed Thursday, January 11, 2018 11:53 AM

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#### Category: 01 PERS SERVICE

GL	WP	Act	Bud Bal	Proj	Act + Proj	Proj Bud Bal
5100 SALARIES	131,541	54,058	77,483	65,449	119,507	12,034
5200 WORKERS COMPENSATION	1,581	308	1,273	1,273	1,581	0
5300 RETIREMENT	19,073	0	19,073	0	0	19,073
5301 RET EE/ER	0	8,592	(8,592)	7,837	16,429	(16,429)
5400 PERSONNEL ASSESSMENT	424	212	212	212	424	0
5500 GROUP INSURANCE	17,832	4,458	13,374	13,374	17,832	0
5610 SICK LEAVE	0	2,786	(2,786)	0	2,786	(2,786)
5620 ANNUAL LEAVE	0	2,408	(2,408)	0	2,408	(2,408)
5630 HOLIDAY LEAVE	0	0	0	0	0	0
5640 COMP TIME LEAVE	0	0	0	0	0	0
5650 OTHER LEAVE	0	0	0	0	0	0
5700 PAYROLL ASSESSMENT	139	70	69	69	139	0
5750 RETIRED EMPLOYEES GROUP INSURANCE	3,262	1,392	1,870	1,870	3,262	0
5800 UNEMPLOYMENT COMPENSATION	145	42	104	104	145	0
5810 OVERTIME PAY	0	0	0	0	0	0
5820 HOLIDAY PAY	0	0	0	0	0	0
5830 COMP TIME PAYOFF	0	0	0	0	0	0
5840 MEDICARE	1,907	817	1,090	1,090	1,907	0
5860 BOARD AND COMMISSION PAY	480	240	240	240	480	0
5880 SHIFT DIFFERENTIAL PAY	0	0	0	0	0	0
5901 PAYROLL ADJUSTMENT	0	0	0	0	0	0
5910 STANDBY PAY	0	0	0	0	0	0
5960 TERMINAL SICK LEAVE PAY	0	0	0	0	0	0
5970 TERMINAL ANNUAL LEAVE PAY	0	0	0	0	0	0
5975 FORFEITED ANNUAL LEAVE PAYOFF	0	0	0	0	0	0
5980 CALL BACK PAY	0	0	0	0	0	0
Total	176,384	75,383	101,001	91,517	166,900	9,484

#### Category: 02 OUT ST TRAV

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GL	WP	Act	Bud Bal	Proj	Act + Proj	Proj Bud Bal
6000 TRAVEL	1,836	0	1,836	0	0	1,836
6100 PER DIEM OUT-OF-STATE	2,684	3,392	(708)	202	3,594	(910)
6115 NON-FS VEHICLE RENTAL	0	43	(43)	0	43	(43)
6130 PUBLIC TRANS OUT-OF-STATE	90	82	8	160	242	(152)
6140 PERSONAL VEHICLE OUT-OF-STATE	266	204	62	64	268	(2)
6150 COMM AIR TRANS OUT-OF-STATE	1,371	1,709	(338)	100	1,809	(438)
Total	6,247	5,430	817	526	5,956	291

#### Category: 03 IN ST TRAV

GL	WP	Act	Bud Bal	Proj	Act + Proj	Proj Bud Bal
6200 PER DIEM IN-STATE	1,025	284	741	740	1,024	1
6210 FS DAILY RENTAL IN-STATE	670	210	460	460.	670	0
6215 NON-FS VEHICLE RENTAL IN-STATE	42	92	(50)	0	92	(50)
6230 PUBLIC TRANSPORTATION IN-STATE	0	0	0	0	0	0
6240 PERSONAL VEHICLE IN-STATE	434	112	322	274	386	48
6250 COMM AIR TRANS IN-STATE	1,652	835	817	816	1,651	1
Total	3,823	1,532	2,291	2,290	3,822	1

#### **Category: 04 OPERATING**

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GL	WP	Act	Bud Bal	Proj	Act + Proj	Proj Bud Bal
7020 OPERATING SUPPLIES	123	. 65	58	58	123	0
7022 OPERATING SUPPLIES - B	0	0		0	0	0
7026 OPERATING SUPPLIES - PAPER	135	73	62	62	135	0
7040 NON STATE PRINTING SERVICES	0	0	0	0	0	0
7045 STATE PRINTING CHARGES	0	0	0	0	0	- 0
7050 EMPLOYEE BOND INSURANCE	3	3	0	0	3	0
7051 B&G - PROP. & CONT. INSURANCE	46	46	0	0	46	0
7054 AG TORT CLAIM ASSESSMENT	172	173	(1)	0	173	(1)
7060 CONTRACTS	0	0	0	0	0	0
7065 CONTRACTS - E	119,000	26,042	92,958	92,958	119,000	0
7072 SERVICE CONTRACTS/MAINTENANCE AGREEMENTS	0	0	0	0	0	0
7100 STATE OWNED BLDG RENT-B&G	3,802	3,802	0	0	3,802	0
7120 ADVERTISING AND PUBLIC RELATIONS	0	0	0	0	0	0
7285 POSTAGE - STATE MAILROOM	219	65	154	154	219	C
7286 MAILSTOP - STATE MAILROOM	1,091	942	149	0	942	149
7289 EITS PHONE LINE & VOICEMAIL	413	172	241	241	413	C
7294 CONFERENCE CALL CHARGES	114	18	96	90	107	7
7296 EITS LONG DISTANCE CHARGES	108	22	86	31	53	55
7299 TEL/DATA WIR	0	0	0	0	0	C
7301 MEMBERSHIP DUES	600	0	600	600	600	C
7302 REGISTRATION FEES	1,650	1,650	0	0	1,650	C
7306 DUES/REG EMP	0	0	0	0	0	C
7370 PUBLICATIONS AND PERIODICALS	0	0	0	0	0	C
7430 PROFESSIONAL SERVICES	80	0	80	80	80	0
7460 EQUIPMENT < \$1,000	0	0	0	0	0	(
7465 EQUIPMENT < \$5,000 > \$1,000	0	0	0	0	0	(
7630 MISCELLANEOUS GOODS/MATERIALS	225	0	225	0	0	225
7635 MISCELLANEOUS SERVICE	0	0	0	0	0	(
7636 MISC SVC-A	0	0	0	0	0	(
Total	127,781	33,072	94,709	94,274	127,347	434

#### Category: 26 INFO SVCS

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GL	WP	Act	Bud Bal	Proj	Act + Proj	Proj Bud Bal
7026 OPERATING SUPPLIES-F	71-5-1,142	545	597	597	1,142	0
7040 NON STATE PRINTING SERVICES	0	. 0	0	0	0	0
7060 CONTRACTS	138	0	138	0	0	138
7073 SOFTWARE MAINTENANCE	0	0	0	0	0	0
7460 EQUIPMENT PURCHASES <\$1,000	0	0	0	0	0	0
7532 EITS WEB HOSTING	842	351	491	491	842	0
7533 EITS EMAIL SERVICE	350	146	204	204	350	0
7542 EITS SILVERNET ACCESS	1,742	871	871	871	1,742	0
7554 EITS INFRASTRUCTURE ASSESSMENT	343	172	171	171	343	0
7556 EITS SECURITY ASSESSMENT	165	82	83	83	165	0
7771 COMPUTER SOFTWARE <\$5,000	0	0	0	0	0	0
8371 COMPUTER HARDWARE <\$5,000	1,527	1,351	176	0	1,351	176
Total	6,249	3,517	2,732	2,417	5,935	314
### Category: 82 ADM CST ALLO

GL	WP	Act	Bud Bal	Proj	Act + Proj	Proj Bud Bal
7389 16-17 CENTRALIZED PERSONNEL SERVICES COST ALLOC	748	374	374	374	748	0
7398 DEPT OF ADMIN - DIRECTOR'S OFFICE COST ALLOC	2,152	1,076	1,076	1,076	2,152	0
7439 DEPT OF ADMIN - ADMIN SER DIV	17,666	8,834	8,832	8,832	17,666	0
Total	20,566	10,284	10,282	10,282	20,566	0

#### Category: 87 PURCH ASMNT

GL	WP	Act	Bud Bal	Proj	Act + Proj	Proj Bud Bal	
7393 PURCHASING ASSESSMENT	9,538	4,770	4,768	4,768	9,538	0	. Barris and I a
Total	9,538	4,770	4,768	4,768	9,538	0	

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### Category: 88 SWCAP

- 	GL	WP	Act	Bud Bal	Proj	Act + Proj	Proj Bud Bal
Philip Service States	7384 SWCAP	0	6,642	(6,642)	0	6,642	(6,642)
	9159 STATEWIDE COST ALLOCATION	6,642	0	6,642	0	0	6,642
	Total	6,642	6,642	0	0	6,642	0

### Category: 89 AG COST ALLO

GL	WP	Act	Bud Bai	Proj	Act + Proj	Proj Bud Bal
7391 ATTORNEY GENERAL COST ALLOC	39,710	29,783	9,928	9,928	39,710	0
Total	39,710	29,783	9,928	9,928	39,710	0

### **Summary Budget Status Report**

Fiscal Year: 2018

Fund: 101 GENERAL FUND

Agency: 920 DEFERRED **COMPENSATION** 

Budget 1017 ADMIN - DEFERRED Account: 1017 COMP

**Organization:** 0000 DEFERRED COMPENSATION

	YTD Actual	Work Program	Difference
Total Receipts/Funding	203,675.98	449,080.00	-245,404.02
<b>Total Expenditures</b>	169,061.33		
Total Encumbrances	1,351.44		
Total Pre-encumbrances	.00		
Total Obligations	170,412.77	449,080.00	278,667.23
<b>Realized Funding Available</b>	33,263.21		

Get Information About Receipts/Funding

**Get Information About Obligations** 

DEFERRED COMPENSATION COMMITTEE 101-1017         SUMMARY         RESOURCES:         25111 BALANCE FORWARD FROM PREVIOUS YEAR         2512 BALANCE FORWARD TO NEW YEAR         3849 ADMINISTRATION CHARGE         4203 PRIOR YEAR REFUNDS         4326 TREASURER'S INTEREST DISTRIB         TOTAL RESOURCES:         EXPENDITURES:         CATEGORY 01 PERSONNEL:         5100 SALARIES         5200 WORKERS COMPENSATION         5300 RETIREMENT         5400 PERSONNEL ASSESSMENT         5700 GROUP INSURANCE         5700 PAYROLL ASSESSMENT         5700 PAYROLL ASSESSMENT         5700 PAYROLL ASSESSMENT	2015-2016 ACTUAL 451,615 -130,484 150,000 5,008 1,152 477,291 477,291 79,265 1,340 11,454 670 8,421 158 1,692	2016-2017 WORK PROGRAM 130,485 0 315,148 0 225 445,858 118,360 1,338 19,925 710 16,782 166 2,793	2017-2018 <b>V</b> APPROVED <b>V</b> APPROVED <b>0</b> <b>3</b> <b>3</b> <b>2</b> <b>403,130</b> <b>3</b> <b>403,130</b> <b>5</b> <b>5</b> <b>5</b> <b>5</b> <b>7</b> <b>5</b> <b>5</b> <b>7</b> <b>5</b> <b>7</b> <b>5</b> <b>6</b> <b>5</b> <b>7</b> <b>7</b> <b>5</b> <b>6</b> <b>7</b> <b>7</b> <b>5</b> <b>7</b> <b>5</b> <b>7</b> <b>5</b> <b>7</b> <b>5</b> <b>7</b> <b>5</b> <b>7</b> <b>5</b> <b>7</b> <b>5</b> <b>7</b> <b>5</b> <b>7</b> <b>5</b> <b>7</b> <b>5</b> <b>7</b> <b>5</b> <b>7</b> <b>5</b> <b>7</b> <b>5</b> <b>7</b> <b>5</b> <b>7</b> <b>5</b> <b>7</b> <b>5</b> <b>7</b> <b>5</b> <b>7</b> <b>5</b> <b>7</b> <b>1</b> <b>1</b> <b>1</b> <b>1</b> <b>1</b> <b>1</b> <b>1</b> <b>1</b>	LEGISLATIVEL Y APPROVED 4 66,398 0 350,348 0 417,303 0 417,303 1 132,896 1 133,336 1 145 1 145
CATEGORY 01 PERSONNEL:				
5100 SALARIES 5200 WORKERS COMPENSATION	1,340	110,300	_	
5300 RETIREMENT	11,454 670	19,92 710		
5500 GROUP INSURANCE	8,421	16,78		
5700 PAYROLL ASSESSMENT	1 58	2 70°	در.	
5/50 KETIKED EMPLOTEES GROUP INSURAINCE 5800 UNEMPLOYMENT COMPENSATION	75	-, 20		
5840 MEDICARE 5860 BOARD AND COMMISSION PAY	1,048 0	1,716 480	6 1,907 0 480	7 1,927 0 480
TOTAL FOR CATEGORY 01:	104,123	162,352	2 176,384	4 178,147
CATEGORY 02 OUT-OF-STATE TRAVEL:	0	1,172	2 0	0
6100 PER DIEM OUT-OF-STATE	1,882	1,769 75	9 2,684 5 90	4 2,684 0 90
6140 PERSONAL VEHICLE OUT-OF-STATE	175	1 660	_	6 266
6150 CUMM AIK TRANS OUT-OF-STATE	201			
TOTAL FOR CATEGORY 02:	3,020	4,773	3 4,411	1 4,411
CATEGORY 03 IN-STATE TRAVEL: 6200 PER DIEM IN-STATE 6210 FS DAILY RENTAL IN-STATE	518 401	499 98	9 518 8 401	8 518 1 401

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124,696	71,281	136,142	251,659	TOTAL FOR CATEGORY 04:
0	0	0	172,993	7653 REFUNDS - C
0	0	0	88	7635 MISCELLANEOUS SERVICES
225	225	0	225	7630 MISCELLANEOUS GOODS, MATERIALS
0	0	0	1,133	7465 EQUIP > \$1,000 LESS THAN \$5,000 - A
0	0	0	764	7460 EQUIPMENT PURCHASES < \$1,000
08	80	0	380	7430 PROFESSIONAL SERVICES
200	0	200	0	7370 PUBLICATIONS AND PERIODICALS
0	0	0	550	7306 DUES & REG - EMPLOYEE REIMBURSEMENT
1,650	1,650	1,650	550	7302 REGISTRATION FEES
600	600	600	000	7301 MEMBERSHIP DUES
0	0	0	320	7299 TELEPHONE & DATA WIRING
108	108	57	108	7296 EITS LONG DISTANCE CHARGES
0	0	324	429	7295 EITS 18-19 ELIM (OLD EITS STATE PHONE LINE)
114	. 114	244	114	7294 CONFERENCE CALL CHARGES
0	0	85	71	7292 EITS 18-19 ELIM (OLD EITS VOICEMAIL)
374	413	0	0	7289 EITS PHONE LINE AND VOICEMAIL
1,091	1,091	0	1,091	7286 MAIL STOP-STATE MAILROM
219	219	6,035	219	7285 POSTAGE - STATE MAILROOM
4,059	3	6,155	3,727	7100 STATE OWNED BLDG RENT-B&G
62,500	6	62,500	62,500	7065 CONTRACTS - E
25,000		25,000	0	7063 CONTRACTS - C
0	0	0	5,145	7061 CONTRACTS - A
28,000	0	28,000	0	7060 CONTRACTS
46	46	74	0	705B B&G - PROP. & CONT. INSURANCE
169	172	202	318	7054 AG TORT CLAIM ASSESSMENT
0	0	0	74	7051 AGENCY OWNED - PROP. & CONT. INSURANCE
ω	3	2	2	7050 EMPLOYEE BOND INSURANCE
0	0	4,633	0	7045 STATE PRINTING CHARGES
135	135	52	135	7026 OPERATING SUPPLIES-F
123	123	329	123	7020 OPERATING SUPPLIES
				CATEGORY 04 OPERATING EXPENSES:
1,951	1,951	2,056	1,951	TOTAL FOR CATEGORY 03:
696	690	1,089	569	6250 COMM AIR TRANS IN-STATE
421		1 296	421	6240 PERSONAL VEHICLE IN-STATE
42		74	42	6215 NON-FS VEHICLE RENTAL IN-STATE
Y APPROVED	Y APPROVED	PROGRAM	ACTUAL	
2018-2019 LEGISLATIVEL		2016-2017 WORK	2015-2016	
				101-1017
				DEFERRED COMPENSATION COMMITTEE

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CATEGORY 89 AG COST ALLOCATION PLAN: 7391 ATTORNEY GENERAL COST ALLOC	TOTAL FOR CATEGORY 88:	CATEGORY 88 STATEWIDE COST ALLOCATION PLAN: 9159 STATEWIDE COST ALLOCATION	TOTAL FOR CATEGORY 87:	CATEGORY 87 PURCHASING ASSESSMENT: 7393 PURCHASING ASSESSMENT	TOTAL FOR CATEGORY 86:	CATEGORY 86 RESERVE: 9178 RESERVE - BAL FWD TO SUBSEQUENT FY	TOTAL FOR CATEGORY 82:	CATEGORY 82 DEPARTMENT COST ALLOCATION: 7389 16-17 CENTRALIZED PERSONNEL SERVICES COST ALLOC 739E DEPT OF ADMIN - DIRECTOR'S OFFICE COST ALLOC 7439 DEPT OF ADMIN - ADMIN SER DIV	TOTAL FOR CATEGORY 26:	7556 EITS SECURITY ASSESSMENT 8371 COMPUTER HARDWARE <\$5,000 - A	7545 ETTS 18-19 ELIM (OLD ETTS VPN SECURE LINK) 7554 ETTS INFRASTRUCTURE ASSESSMENT	7542 EITS SILVERNET ACCESS	7532 ETTS SHAKED WEB SERVER HUSTING 7533 ETTS EMAIL SERVICE	7460 EQUIPMENT PURCHASES < \$1,000	CATEGORY 26 INFORMATION SERVICES: 7026 OPERATING SUPPLIES-F 7060 CONTRACTS	DEFERRED COMPENSATION COMMITTEE 101-1017
94,931	7,264	7,264	120	120	0	0	8,101	763 0 7,338	6,122	170 0	39 259	1,694	2,342 84	392	1,142 0	
49,973	0	0	282	282	75,464	75,464	9,248	875 0 8,373	5,568	186 0	270	1,664	2,009 91	0	330 138	
39,710	6,642	6,642	9,538	9,538	66,398	66,398	20,566	748 2,152 17,666	6,249	165 1,527	343	1,742	842 350	0	1,142 138	
8,168	6,642	6,642	10,595	10,595	55,055	55,055	21,243	748 2,395 18,100	6,395	225 1,585	371	1,742	350	0	1,142 138	

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DEFERRED COMPENSATION COMMITTEE 101-1017

TOTAL FOR CATEGORY 89:	2015-2016 ACTUAL 94,931	2016-2017 WORK PROGRAM 49,973	2017-20182018-2019LEGISLATIVELLEGISLATIVELY APPROVEDY APPROVED39,7108,168	2018-2019 LEGISLATIVEL Y APPROVED 0 8,168
TOTAL FOR CATEGORY 89:	94,931	49,973	39,710	8,168
TOTAL EXPENDITURES:	477,291	445,858	403,130	417,303
PERCENT CHANGE:		-6.59%	-9.58%	3.52%
TOTAL POSITIONS:	1.75	1.75	1.75	1.75

Trade Date	Run Date	Fund	Transaction	Activity	Са	sh	Description
3/28/2016	3/28/2016	Voya Fixed Account	Reimbursement	006 Misc Receipts	\$	73,118.92	3rd Q 2015 Reimbursement
5/3/2016	5/3/2016	Voya Fixed Account	Reimbursement	006 Misc Receipts	\$	69,129.53	4th Q 2015 Reimbursement
5/10/2016	5/10/2016	Voya Fixed Account	Reimbursement	006 Misc Receipts	\$	65,300.22	1st Q 2016 Reimbursement
6/2/2016	6/2/2016	Voya Fixed Account	Fee Paid	026 Fees	\$	(150,000.00)	INVOICE #NDCQ04-16
8/16/2016	8/16/2016	Voya Fixed Account	Reimbursement	006 Misc Receipts	\$	67,061.44	2nd Q 2016 Reimbursement
1/26/2017	1/26/2017	Voya Fixed Account	Reimbursement	006 Misc Receipts	\$	69,875.17	3rd Q 2016 Reimbursement
1/26/2017	1/26/2017	Voya Fixed Account	Fee Paid	026 Fees	(	\$165,000.00)	INVOICE #NDCQ02-17
3/27/2017	3/27/2017	Voya Fixed Account	Reimbursement	006 Misc Receipts	\$	72,534.08	4th Q 2016 Reimbursement
6/28/2017	6/28/2017	Voya Fixed Account	Reimbursement	006 Misc Receipts	\$	75,940.98	1st Q 2017 Reimbursement
6/30/2017	6/30/2017	Voya Fixed Account	Fee Paid	026 Fees	\$	(113,000.00)	INVOICE #NDCQ04-17
7/7/2017	7/7/2017	Voya Fixed Account	Fee Paid	026 Fees	\$	(37,000.00)	INVOICE #NDCQ04-02-17
10/31/2017	10/31/2017	Voya Fixed Account	Reimbursement	006 Misc Receipts	\$	79,876.78	2nd Q 2017 Reimbursement
10/31/2017	10/31/2017	Voya Fixed Account	Reimbursement	006 Misc Receipts	\$	82,426.66	3rd Q 2017 Reimbursement
11/13/2017	11/13/2017	Voya Fixed Account	Fee Paid	026 Fees	\$	(82,000.00)	INVOICE #NDCQ01-18
1/4/2018	1/4/2018	Voya Fixed Account	Fee Paid	026 Fees	\$	(82,000.00)	INVOICE #NDCQ02-18
					\$	26,263.78	Balance less Interest Earned
		Voya Fixed Account		Earn Gain/Loss		\$4,640.87	Interest Earned 3/28/2016 through 01/10/2018

\$ 30,904.65 Balance as of 01/10/2018



## Voya Financial® Year End Review January 18,2018

Based on Voya Retirement Insurance and Annuity Company records as of 12/31/2017

## Disclosures



- You should consider the investment objectives, risks, and charges and expenses of the variable product and its underlying fund options, carefully before investing. The fund prospectuses and information booklet containing this and other information can be obtained by contacting your local representative. Please read the information carefully before investing.
- Group annuities are intended as long-term investments designed for retirement purposes. Money taken
  from the annuity will be taxed as ordinary income in the year the money is distributed. Account values
  fluctuate with market conditions, and when surrendered the principal may be worth more or less than its
  original amount invested. An annuity does not provide any additional tax deferral benefit, as tax deferral is
  provided by the plan. Annuities may be subject to additional fees and expenses to which other taxqualified funding vehicles may not be subject. However, an annuity does provide other features and
  benefits, such as lifetime income payments and death benefits, which may be valuable to you.
- Insurance products, annuities and funding agreements are issued by Voya Retirement Insurance and Annuity Company ("VRIAC"), Windsor, CT. VRIAC is solely responsible for its own financial condition and contractual obligations. Plan administrative services provided by VRIAC or Voya Institutional Plan Services LLC ("VIPS"). VIPS does not engage in the sale or solicitation of securities. All companies are members of the Voya family of companies. Securities distributed by Voya Financial Partners LLC (member SIPC) or third parties with which it has a selling agreement. All products and services may not be available in all states.
- Nevada Deferred Compensation is not affiliated with Voya.
- Registered representative of & securities offered through Voya Financial Advisors, Inc. (member SIPC)
- For Plan Sponsor Use Only

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## Transfers/Rollovers into the Plan



		Anthony Cardone	•	lo Ann De Angelo		Dianna Patane		Eric Honea	J	acob Honea	Ca	arrie Onorato		Eric Wyer	To	tal Production
January	0	-		131,182.85			8	153,703.20	8	52,739.19	2	37,928.96	5	18,102.04	23	\$ 393,656.24
February	1	6,642.98	7	206,296.84			10	553,079.46	2	40,952.03	2	177,866.26	2	55,933.56	24	\$1,040,771.13
March	1	150,529.56	4	12,131.36			5	45,420.02	11	594,286.05	5	134,630.84	9	176,032.35	35	\$1,113,030.18
Qtr Total	2	157,172.54	11	349,611.05			23	752,202.68	21	687,977.27	9	350,426.06	16	250,067.95	82	\$2,547,457.55
YTD Total	2	157,172.54	11	349,611.05			23	752,202.68	21	687,977.27	9	350,426.06	16	250,067.95	82	\$2,547,457.55
April	0	-	1	2,425.56			1	7,463.35	7	118,888.00	8	53,261.39	4	100,681.80	21	\$ 282,720.10
May			4	104,430.11			9	122,682.78	9	374,530.65	7	674,827.11	3	40,263.54	32	\$1,316,734.19
June			2	22,239.17			9	101,087.35	6	216,100.31	5	64,252.82	1	1,867.72	23	\$ 405,547.37
Qtr Total			7	129,094.84			19	231,233.48	22	709,518.96	20	792,341.32	8	142,813.06	76	\$2,005,001.66
YTD Total			18	478,705.89			42	983,436.16	43	1,397,496.23	29	1,142,767.38	24	392,881.01	158	\$4,552,459.21
July			1	23,286.86			7	282,288.43	5	15,396.82	4	132,248.17	5	104,545.18	22	\$ 557,765.46
August			1	18,021.25			2	7,088.49	4	63,255.09	2	48,742.66	12	525,466.96	21	\$ 662,574.45
September					1	6,400.00	5	18,259.58	8	247,471.69	0	-	1	0.16	14	\$ 265,731.43
Qtr Total			2	41,308.11	1	6,400.00	14	307,636.50	17	326,123.60	6	180,990.83	18	630,012.30	57	\$1,486,071.34
YTD Total			20	520,014.00	1	6,400.00	56	1,291,072.66	60	1,723,619.83	35	1,323,758.21	42	1,022,893.31	215	\$6,038,530.55
October					2	40,224.47	3	204,290.51	3	44,915.00	1	2,913.82	5	23,353.81	12	\$ 275,473.14
November					3	6,431.04	2	24,612.76	3	105,067.37	6	97,188.32	7	124,513.91	18	\$ 351,382.36
December					4	46,185.51	8	144,022.31	17	293,344.43	4	59,234.93	4	59,234.93	33	\$ 555,836.60
Qtr Total					9	92,841.02	13	372,925.58	23	443,326.80	11	159,337.07	16	207,102.65	63	\$1,182,692.10
YTD Total	2	157,172.54	20	520,014.00	10	99,241.02	<b>69</b>	1,663,998.24	83	2,166,946.63	46	1,483,095.28	<b>58</b>	1,229,995.96	278	\$7,221,222.65

## One-on-Ones



	Jan	Feb	Mar	Apr	Мау	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Monthly Average	Total Production	2017 Goal
Anthony	209	264	175	83	0	0	0	0	0	0	0	0	183	731	1200
Jo Ann	108	101	101	104	106	101	104	72	0	0	0	0	100	797	1200
Dianna	99	102	109	124	101	127	142	134	145	137	123	122	122	1465	300
Eric H.	100	101	100	101	100	100	100	100	100	102	100	100	100	1204	1200
Jake	107	111	140	108	100	126	110	107	123	149	129	119	119	1429	1200
Carrie	124	129	105	102	124	104	41	114	116	142	143	113	113	1357	1200
Eric W.	100	101	100	100	100	101	100	101	111	101	101	101	101	1217	1200
Total	847	909	830	722	631	659	597	628	595	631	596	555	683	8200	7500

## Group Visits



	Jan	Feb	Mar	Apr	Мау	Jun	Jul	Aug	Sept	Oct	Νον	Dec	Monthly Average	Total Production	2017 Goal
Anthony	10	12	11	3	0	0	0	0	0	0	0	0	9	36	85
Jo Ann	12	7	11	13	13	5	5	5	0	0	0	0	18	71	85
Dianna	2	1	3	1	2	4	1	3	1	12	11	2	11	43	40
Eric H.	7	6	5	5	6	5	5	5	5	13	10	10	21	82	85
Jake	8	7	9	6	6	6	5	6	5	14	14	5	23	91	85
Carrie	5	7	7	7	7	6	8	11	17	17	12	8	28	112	85
Eric W.	9	5	6	10	7	8	9	7	6	9	10	8	24	94	85
Total	53	45	52	45	41	34	33	100	34	65	57	33	148	592	550

## Enrollments



	Jan	Feb	Mar	Apr	Мау	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Monthly Average	YTD Total Production	2017 Goal
Anthony	16	16	11	7	0	0	0	0	0	0	0	0	13	50	240
Jo Ann	23	16	13	22	28	16	7	14	0	0	0	0	17	139	240
Dianna	0	0	0	0	0	0	0	0	4	7	26	3	13	40	0
Eric H.	22	21	30	40	35	18	14	21	18	10	29	10	24	268	240
Jake	32	13	38	45	44	36	22	33	25	53	54	9	37	404	240
Carrie	10	14	25	21	29	28	35	24	32	46	47	5	29	316	240
Eric W.	33	37	22	24	46	23	44	21	22	29	33	5	31	339	240
Total	136	117	139	159	182	121	122	113	101	145	189	32	141	1556	1440

## 2017 Morningstar Usage





221 users enrolled in Managed by Morningstar up from 203 from 2016.

Average of 4 participants completing the Managed by You option with peaks the months after quarter end. Highest being 9 users in October 2017.



Parti	February 2015	End of 2016	End of 2017	
vada	#Actively Contributing	5,641	6,639	6,848
State of Nevada 666783	Total # Employees Eligible	17,725	18,152	18,152
Stat	Participation Rate	31.83%	36.57%	37.73%
l 566970	#Actively Contributing	1,246	1,760	1,772
Political Subdivisions 666970	Total # Employees Eligible	6,867	4,521	4,521
Subdiv	Participation Rate	18.14%	38.93%	39.19%
em of ation	#Actively Contributing	175	401	462
Vevada System of Higher Education 666971	Total # Employees Eligible	13,907	13,907	13,907
Neva	Participation Rate	1.26%	2.88%	3.32%

S	#Actively Contributing	7,062	8,800	9,082
<b>Fotals</b>	Total # Employees Eligible	38,499	36,580	36,580
F	Participation Rate	18.34%	24.06%	24.83%

Total Percent Increase since February 2015

6.49%

NSHE, Political Subdivisions, and State of Nevada are separate entities and not affiliated with Voya® family of companies.

## Historical Comparisons



Enrollments	Q1	Q2	Q3	Q4	Total	Internal Goal
2015	551	510	472	353	1886	1440 Annually
2016	431	400	464	326	1621	
2017	392	455	332	330	1509	
<b>Group Meetings</b>	Q1	Q2	Q3	Q4	Total	Contracted Goal
2015	424	213	154	181	972	550 Annually
2016	163	169	147	173	652	
2017	150	120	167	155	592	
One-on-ones	Q1	Q2	Q3	Q4	Total	Contracted Goal
2015	2374	1849	1815	2069	8107	7500 Annually
2016	2243	2423	2691	2434	9791	
2017	2586	2012	1820	2139	8557	

Voya's Nevada Public Employees Deferred Compensation Program Organizational Structure





10

## The participant is at the center of everything we do...

## 2017 In Review





## NDC 457 Plan Metrics that Matter



Nevada

Deferred Compensation

NDC 457 Plan (#666783) as of September 30, 2017

# Automated Marketing Engagement Pilot Compensation



## "Save More Journey" Example

## Initial Emails: Touch 1 & 2

- Stacy is identified as a participating employee. Email #1 is sent with a 'save more' reminder.
- 3 days later, she receives the email again (with a different subject line) because she did not take an action.

## **Reminder Email: Touch 3**

 If Stacy still does not take an action, she will receive another touch-point reminding her of the importance of saving.

## **Final Email: Touch 4**

 If we still don't have Stacy's attention, she will receive a final touch-point 7 days later. She has 14 days to take action before we measure if she's taken action as a result of the email.

## 2018 Goals and Objectives



## **Improve Replacement Income**

- Save More
- myOrangeMoney Engagement
- Catch-up Contribution Promotion

## **Improve Overall Financial Wellness**

- Onsite Meetings
- Leverage National (America Saves Week, NRSW) and Local Events (Retiree Financial Wellness Fair, Financial Wellness Days)
- Quarterly Newsletters and Monthly Educational/Actionable Emails

## **Increase Plan Participation**

- Target Specific Agency Subdivisions
- New Hire Enrollment Process



## **MISSION**

Creating market-leading experiences and outcomes for your employees while providing information to participants when, where, and how they want it.

## Participant Engagement Calendar





Political Subdivision	Number		Assets	# of Participants
Unidentified	0001	\$	1,698,429.19	31
Elko County	1008	\$	7,501,175.17	152
Ciy of Elko	1009	\$	1,385,445.33	52
Humboldt County	1010	\$	5,479,076.25	92
Douglas County	1011	\$	18,946,431.07	303
Churchill County Comptrollers	1012	\$	5,028,389.06	110
CC Communications	1013	\$	1,941,208.51	34
Virgin Valley Water District	1014	\$	634,806.75	12
Eureka County	1017	\$	937,271.08	25
, Beatty Water & Sanitation	1018	\$	7,948.92	1
RTC of Washoe County	1019	\$	3,539,740.68	47
, City of Mesquite	1020	\$	1,902,231.63	27
Mt. Grant General Hospital	1021	\$	736,976.77	21
Minden-Gardnerville Sanitation District	1022	\$	515,294.42	13
Carson City	1025	\$	26,132,384.45	399
Douglas County Sewer District No. 1	1026	\$	1,112,328.33	13
RSCVA	1028	\$	4,903,637.19	70
Elko Convention & Visitors Authority	1029	\$	81,603.36	8
Incline Village Crystal Bay Visitors Bureau	1030	\$	167,120.27	3
Nevada Tahoe Conservation District	1031	\$	165,997.97	5
East Fork Fire Protection District	1032	\$	2,536,645.11	41
City of Fernley	1032	\$	263,223.07	22
White Pine County	1033	\$	163,533.40	23
White Pine County Tourism & Recreation	1034	\$	24,537.18	3
North Lyon County Fire Protection District	1035	\$	82,083.27	8
Oasis Academy	1037	\$	52,363.52	9
Pershing County	1030	\$	22,967.01	9
Smith Valley Fire Protection District	1040	\$	-	_
City of Sparks	2092	\$	37,412,647.47	456
Henderson Public Libraries	2139	\$	1,490,476.33	35
North Lake Tahoe Fire Protection District	2135	\$	8,373,973.83	67
City of West Wendover	2141	\$	927,887.12	24
City of Wells	2142	\$	67,218.73	24
Lyon County	2147	\$	5,380,200.09	, 128
Tahoe Douglas Fire Protection District	2100	\$	7,943,570.54	128
Nevadaworks	2180	\$	358,413.48	5
Nevada Workforce Connections	2252	\$	246,136.85	12
Reno Housing Authority	2252	\$	2,747,207.15	49
Truckee Meadows Fire Protection District	2200	\$	4,315,599.10	104
		ې \$		
City of Fallon	2329		3,335,002.90	38 9
Indian Hills General Improvement District	2334 2335	\$ \$	306,117.53	9 17
City of Winnemucca		\$ \$	812,380.62	168
Reno-Tahoe Airport Authority	2357		15,242,544.79	
Storey County	2389	\$ ¢	1,946,146.63	64
Truckee Meadows Regional Planning Agency	2942	\$ ¢	87,065.66	5
Central Lyon County Fire District	2966	\$	1,569,450.28	28
Total		\$	178,524,888.06	2,856
Total with Balances \$1,000 or less				213

666783 - State Agency	Number		Assets	# of Participants			
Central Payroll	1001	\$	544,311,072.12	10,566			
PERS	1002	\$	1,703,598.36	74			
NDOT	1003	\$	5,985,471.92	327			
LCB	1006	\$	9,199,136.59	124			
Board Architecture	1007	\$	191,153.61	7			
Board of Cosmetology	1015	\$	233,274.10	15			
Board of Pharmacy	1016	\$	1,623,086.24	11			
Board of Nursing	1023	\$	1,503,452.44	13			
Board of Osteopathic Medicine	1024	\$	79,916.42	3			
Board of Dental Examiners	1027	\$	11,825.56	4			
Board of Funeral & Cemetery Services	1036	\$	44,884.78	3			
Board of Chiropractors	1042	\$	-	-			
Board of Massage Therapy	1043	\$	-	-			
Board of Accountancy	2002	\$	349,702.73	2			
Board of Alcohol, Drugs, & Gambling	2003	\$	-	-			
Board of Examiners for Social Workers	2004	\$	178,711.95	3			
Board of Medical Examiners	2005	\$	346,231.88	26			
Board of Occupational Therapy	2006	\$	147,343.04	1			
Board of Vetrinary Medical Examiners	2007	\$	32,283.96	1			
TOTAL		\$	565,941,145.70	11,180			
Total with Balances \$1,000 or less	Total with Balances \$1,000 or less						

666971 - NSHE		Number	Assets	# of Participants
Business Center North		1004	\$ 36,092,600.58	450
Business Center South		1005	\$ 24,668,974.59	332
	Total		\$ 60,761,575.17	782
Total with Balances \$1,0	00 or less			82

FICA	Number	Assets	# of Participants
Central Payroll	1001	\$ 1,467,064.77	1,012
NDOT	1003	\$ 117,560.86	81
Business Center North	1004	\$ 14,174,736.36	9,161
Business Center South	1005	\$ 18,964,811.67	11,690
Douglas County	1011	\$ 219,272.80	238
Carson City	1025	\$ 908,932.13	702
RSCVA	1028	\$ 202,981.55	175
East Fork Fire Protection District	1032	\$ 448.18	3
Board of Examiners for Social Workers	2004	\$ 7,647.45	2
City of Sparks	2092	\$ 713,612.57	527
Tahoe Douglas Fire Protrection District	2186	\$ 37,865.18	25
Tota		\$ 36,814,933.52	23,616

### **VENDOR RATING WORKSHEET**

Agency Name: <u>Nevada Deferred Compensation</u>	Vendor: Segal Rogerscacey
Contract Monitor/Rater: <u>Rob Boehmer</u>	Date of Rating:02/01/2018
Document Number:	Signature/Notes:

Default is standard. If category being rated is not applicable the vendor score defaults to standard.

Rating Categories	Below Standard	Standard	Above Standard
Customer Services			
Timeliness			
Quality			
Technology			
Flexibility			
Pricing			

OVERALL RATING:

Any rating other than standard requires explanation and documentation.

### **Category Definitions**

CUSTOMER SERVICE: degree of responsiveness provided by the contractor/supplier to an agencies request for assistance

**TIMELINESS**: degree to which the contractor supplied product or service within the time frames identified/specified in the contract/scope of work

QUALITY: degree to which a product or service meets or exceeds standards set forth in the contract/scope of work

**TECHNOLOGY:** the level to which the contractor/supplier utilizes current technologies to deliver and support products and services as specified in the contract/scope of work

FLEXIBILITY: adaptability of contractor/supplier to adjust to the State's changing needs

**PRICING:** the level to which the contractor/supplier adheres to the pricing structure outlined or specified in the contract/scope of work

#### **Rating Definitions**

**1=Below Standard:** Vendor performance regarding the terms and conditions of the contract/scope of work has been less than standard/satisfactory. Support documentation is required (overall score of less than 1.75).

2=Standard: Vendor has met all specifications/requirements of the contract/scope of work (overall score of 1.75-2.25).

**3=Above Standard:** Vendor performance regarding the terms and conditions of the contract/scope of work has been more than standard/satisfactory. Support documentation is required (overall score above 2.25).

For Board Use Only Date: 12/24/14

### **CONTRACT SUMMARY**

(This form must accompany all contracts submitted to the Board of Examiners (BOE) for review and approval)

I.	D	ESCRIPTION OF CONT	TRACT								
	1.	Contract Number: 1599	96	1	Amendment Number:	1					
					Legal Entity Name:	VOYA Financial (Formerly ING Life Insurance and Annuity Company)					
		Agency Name: DEFI	ERRED COMPENSA	TION	Contractor Name:	VOYA Financial (Formerly ING Life Insurance and Annuity Company)					
		Agency Code: 920 Appropriation Unit: 1017	/-00		Address:	One Orange Way					
		Is budget authority available?:	Yes		City/State/Zip	Windsor, CT 06095					
		If "No" please explain: N	lot Applicable		Contact/Phone: Vendor No.;	M. Bishop Bastien 916-774-7595					
		To what Otata Finand Van			NV Business ID:	NV20131431838					
		To what State Fiscal Yea What is the source of fun the contractor will be paid	ds that will be used to	pav the contract	2015-2020 ctor? Indicate the pe	rcentage of each funding source if					
		General Funds	0.00 % X	Fees	100.00 % Admii	nistration Fees					
		Federal Funds	0.00 %	Bonds	0.00 %						
		Highway Funds	0.00 %	Other funding	0.00 %						
		Agency Reference #:	RFP #3119			DETUDAL					
	2.	Contract start date:				REIURN					
		a. Effective upon final ap	oproval? <b>No</b> or b	other effective o	late 11/12/2014	DALAR					
		Retroactive? If "Yes", please explain	Νο			RETURN TO DoA/ASO					
		Not Applicable									
	3.	Previously Approved Termination Date:	12/31/2019		EIVED	]					
		Contract term:	5 years and 50 day	s DEC. S	2 9 2014						
	4.	Type of contract:	Revenue Contract	DEPARTNENT L	JE AUMINIS RATION THE D RECTOR ET DIVISION						
		Contract description:	Plan Administratio	on Subgi	ET DIVISION						
	5.	Purpose of contract:									
		This is the first amendment to the new revenue contract to provide administrative costs reimbursement of the State's 457 Deferred Compensation and FICA Alternative Plans. This amendment adjusts the scope of work because the conversion period for MassMutual participants will extend beyond January 1, 2015.									
	6.	CONTRACT AMENDME									
			nount of the original c	ontract:		\$2,600,000.00					
			ny previous contract			\$0.00					
			t contract amendmen			\$0.00					
		4. New maximum co	ontract amount:			\$2,600,000.00					
II.	JL	USTIFICATION									
	7.	What conditions require t	that this work be done	?							
		NRS 287.330(2c) provide records for each participa	es for the Committee ating employee and th	to contract with a ne Program.	a private person, cor	poration, institution or other entity to keep					
	8.	Explain why State employ	yees in your agency of	or other State ag	encies are not able t	to do this work:					
)		The Program is not staffe	ed at a level that woul ecessary financial ac	d be necessary t	o handle the duties	involved, nor would the Program or ary to make the necessary financial					
		Were quotes or proposal	o e elisite dO		Yes						

Yes

a. List the names of vendors that were solicited to submit proposals (include at least three);

b. Soliciation Waive		famments attended	
c. why was this cor	tractor chosen in pro	eterence to other?	
Pursuant to RFP #3 determined by an in	119, and in accorda dependently appoin	nce with NRS 333, the select ted evaluation committee.	ed vendor was the highest scoring proposer as
d. Last bid date:	03/01/2014	Anticipated re-bid date:	03/01/2019
10. Does the contract c	ontain any IT compo	onents? No	
OTHER INFORMA	TION		
11. a. Is the contractor employee of the Sta	a current employee oute of Nevada?	of the State of Nevada or will	the contracted services be performed by a current
No			

No

b. Was the contractor formerly employed by the State of Nevada within the last 24 months or will the contracted services be performed by someone formerly employed by the State of Nevada within the last 24 months?

No

c. Is the contractor employed by any of Nevada's political subdivisions or by any other government?

No	If "Yes",	please	explain

Not Applicable

12. Has the contractor ever been engaged under contract by any State agency?

If "Yes", specify when and for which agency and indicate if the quality of service provided to the identified Yes agency has been verified as satisfactory:

Contractor has been engaged under contract with the Nevada Deferred Compensation Committee for the last four (4) years; services have been satisfactory.

13. Is the contractor currently involved in litigation with the State of Nevada?

If "Yes", please provide details of the litigation and facts supporting approval of the contract: No

Not Applicable

14. The contractor is not registered with the Nevada Secretary of State's Office because the legal entity is a: Other

### Insurance and Annuity

15. a. Is the Contractor Name the same as the legal Entity Name?

### Yes

- 16. a. Does the contractor have a current Nevada State Business License (SBL)? Yes
- 17. a. Is the legal entity active and in good standing with the Nevada Secretary of State's Office? Yes
- 18. Agency Field Contract Monitor:
- 19. Contract Status:

Contract	A m	Drov /	
Contract	Ap	piuv	ais.

Approval Level	User	Signature Date
Budget Account Approval	csweeney	12/29/2014 14:03:05 PM
Division Approval	csweeney	12/29/2014 14:03:18 PM
Department Approval	csweeney	12/29/2014 14:03:38 PM
Contract Manager Approval	csweeney	12/29/2014 14:03:42 PM

#### **AMENDMENT #3 TO CONTRACT**

### Between the State of Nevada Acting By and Through Its

Nevada Public Employees Deferred Compensation Program 100 North Stewart Street, Suite 100 Carson City, Nevada 89701 Contact: Rob Boehmer, Program Coordinator/Executive Officer Tel: (775) 684-3397 • Fax: (775) 684-3399 Email: rboehmer@defcomp.nv.gov

and

Segal Advisors, Inc. d/b/a Segal Rogerscasey 333 West 34 Street New York, New York 10001 Frank Picarelli, Senior Vice President (212) 251-5900 • Fax: (212) 251-5290 Email: <u>fpicarelli@segalrc.com</u>

1. <u>AMENDMENTS</u>. For and in consideration of mutual promises and/or their valuable consideration, all provisions of the original contract dated April 9, 2013, Amendment #1 dated December 29, 2014, and Amendment #2 dated March 10, 2015 attached hereto as Exhibit A, remain in full force and effect with the exception of the following:

A. This is the third amendment to the original contract which provides ongoing investment consulting services, which includes quarterly investment performance reviews, capital market research, conduct fund searches and make recommendations, education of board members and staff on economic and capital market environment, a compliance audit, assistance with plan administration, and development and advice regarding a plan provider request for proposal. This amendment extends the termination date from March 31, 2017 to March 31, 2019 and increases the maximum amount from \$411,000 to \$536,000 due to the continued work on an extensive project regarding the potential amendment of the Program's current overall fee structure.

#### Current Contract Language:

3. <u>CONTRACT TERM</u>. This contract amendment shall be effective from April 1, 2015 to March 31, 2017, unless sooner terminated by either party as specified in paragraph (10).

6. <u>CONSIDERATION</u>. The parties agree that Contractor will provide the services specified in paragraph five (5) at a cost outlined in the SCOPE OF WORK with the total Contract not to exceed \$411,000. The State does not agree to reimburse Contractor for expenses unless otherwise specified in the incorporated attachments. Any intervening end to a biennial appropriation period shall be deemed an automatic renewal (not changing the overall Contract term) or a termination as the results of legislative appropriation may require.

#### Amended Contract Language:

3. <u>CONTRACT TERM</u>. This contract amendment shall be effective from April 1, 2015 to **March 31, 2019**, unless sooner terminated by either party as specified in paragraph (10).

6. <u>CONSIDERATION</u>. The parties agree that Contractor will provide the services specified in paragraph five (5) at a cost outlined in the SCOPE OF WORK with the total Contract not to exceed **\$536,000**. The State does not agree to reimburse Contractor for expenses unless otherwise specified in the incorporated attachments. Any intervening end to a biennial appropriation period shall be deemed an automatic renewal (not changing the overall Contract term) or a termination as the results of legislative appropriation may require.

2. <u>INCORPORATED DOCUMENTS</u>. Exhibit A (Original Contract, Amendment #1 and Amendment #2) is attached hereto, incorporated by reference herein and made a part of this amended contract.

3. <u>REQUIRED APPROVAL</u>. This amendment to the original contract shall not become effective until and unless approved by the Nevada State Board of Examiners.

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

-Tresident Independent's Contractor's Title Independent Contractor's Signature

NA Printed Name Title Date Rob Boehmer

12/200

Executive Officer

Signature - Board of Examiners

Approved as to form Deputy Attorney General To Atto

APPROVED BY BOARD OF EXAMINERS

On

(Date)

On (Date)

### CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR A Contract Between the State of Nevada Acting by and Through Its

### Nevada Public Employee's Deferred Compensation Program 209 E. Musser Street Carson City, Nevada 89701 Contact: Contracts Unit Phone: (775) 684-0273 Fax: (775) 684-5846 Email: <u>ASDContractsGroup@admin.nv.gov</u>

and

## Eide Bailly LLP

### 5441 Kietzke Lane, Suite 150 Reno, Nevada 89511 Contact: Kristen Chinvarasopak, CPA, Partner Phone: (775) 689-9100 Fax: (775) 689-9299 Email: <u>kchinvarasopak@eidebailly.com</u>

WHEREAS, NRS 333.700 authorizes elective officers, heads of departments, boards, commissions or institutions to engage, subject to the approval of the Board of Examiners (BOE), services of persons as independent contractors; and

WHEREAS, it is deemed that the service of Contractor is both necessary and in the best interests of the State of Nevada.

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 the Nevada State Board of Examiners.

#### 2. **DEFINITIONS**.

- A. "State" means the State of Nevada and any State agency identified herein, its officers, employees and immune contractors as defined in NRS 41.0307.
- B. "Independent Contractor" means a person or entity that performs services and/or provides goods for the State under the terms and conditions set forth in this Contract.
- C. "Fiscal Year" is defined as the period beginning July 1st and ending June 30th of the following year.
- D. "Current State Employee" means a person who is an employee of an agency of the State.
- E. "Former State Employee" means a person who was an employee of any agency of the State at any time within the preceding 24 months.
- 3. **CONTRACT TERM.** This Contract shall be effective as noted below, unless sooner terminated by either party as specified in *Section 10, Contract Termination*. Contract is subject to Board of Examiners' approval (anticipated to be April 11, 2017).

Effective from:	April 11 Examiner			to	Board	of	То:	March 31, 2018
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4. NOTICE. Unless otherwise specified, termination shall not be effective until <u>30</u> calendar days after a party has served written notice of termination for default, or notice of termination without cause upon the other party. 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, posted prepaid on the date posted, and addressed to the other party at the address specified above.

5. INCORPORATED DOCUMENTS. The parties agree that this Contract, inclusive of the following attachments, specifically describes the scope of work. This Contract incorporates the following attachments in descending order of constructive precedence:

ATTACHMENT AA:	STATE SOLICITATION
ATTACHMENT BB:	INSURANCE SCHEDULE
ATTACHMENT CC:	CONTRACTOR'S PROPOSAL
ATTACHMENT DD:	2016 AUP ENGAGEMENT LETTER
ATTACHMENT EE:	3121 PLAN 2016 AUDIT ENGAGEMENT LETTER
ATTACHMENT FF:	NDC PLAN 2016 AUDIT ENGAGEMENT LETTER

A Contractor's attachment shall not contradict or supersede any State specifications, terms or conditions without written evidence of mutual assent to such change appearing in this Contract.

6. CONSIDERATION. The parties agree that Contractor will provide the services specified in Section 5, Incorporated Documents at a cost as noted below:

Not to exceed \$28,540 (travel expenses included) Not to exceed \$27,960 (travel expenses included)	for	FY16 financial statements FY17 financial statements
--	-----	--

Total Contract or installments payable at:

Upon approval by the Deferred Compensation Executive Officer

Total Contract Not to Exceed: \$56,500

The State does not agree to reimburse Contractor for expenses unless otherwise specified in the incorporated attachments. Any intervening end to a biennial appropriation period shall be deemed an automatic renewal (not changing the overall Contract term) or a termination as the result of legislative appropriation may require.

- 7. ASSENT. 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 specified.
- 8. BILLING SUBMISSION: TIMELINESS. The parties agree that timeliness of billing is of the essence to the Contract and recognize that the State is on a fiscal year. All billings for dates of service prior to July 1 must be submitted to the state no later than the first Friday in August of the same calendar year. A billing submitted after the first Friday in August, which forces the State to process the billing as a stale claim pursuant to NRS 353.097, will subject the Contractor to an administrative fee not to exceed one hundred dollars (\$100.00). The parties hereby agree this is a reasonable estimate of the additional costs to the state of processing the billing as a stale claim and that this amount will be deducted from the stale claim payment due to the Contractor.

#### 9. INSPECTION & AUDIT.

A. <u>Books and Records</u>. Contractor agrees to keep and maintain under generally accepted accounting principles (GAAP) full, true and complete records, contracts, 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. Contractor agrees that the relevant books, records (written, electronic, computer related or otherwise), including, without limitation, relevant accounting procedures and practices of Contractor or its subcontractors, 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 of Contractor where such records may be found, with or without notice by the State Auditor, the relevant State agency or its contracted examiners, 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. All subcontracts shall reflect requirements of this Section.
- C. <u>Period of Retention</u>. All books, records, reports, and statements relevant to this Contract must be retained a minimum three (3) years, and for five (5) years if any federal funds are used pursuant to the Contract. The retention period runs from the date of payment for the relevant goods or services by the state, or from the date of termination of the Contract, whichever is later. Retention time shall be extended when an audit is schedule or in progress for a period reasonably necessary to complete an audit and/or to complete any administrative and judicial litigation which may ensue.

#### 10. CONTRACT TERMINATION.

- A. <u>Termination Without Cause</u>. Any discretionary or vested right of renewal notwithstanding, this Contract may be terminated upon written notice by mutual consent of both parties, or unilaterally by either party without cause.
- B. <u>State Termination for Non-Appropriation</u>. The continuation of this Contract beyond the current biennium is subject to and contingent upon sufficient funds being appropriated, budgeted, and otherwise made available by the state Legislature and/or federal sources. The State may terminate this Contract, and Contractor waives any and all claims(s) for damages, effective immediately upon receipt of written notice (or any date specified therein) if for any reason for the contracting Agency's funding from State and/or federal sources is not appropriated or is withdrawn, limited, or impaired.
- C. <u>Cause Termination for Default or Breach</u>. A default or breach may be declared with or without termination. This Contract may be terminated by either party upon written notice of default or breach to the other party as follows:
  - If Contractor fails to provide or satisfactorily perform any of the conditions, work, deliverables, goods, or services called for by this Contract within the time requirements specified in this Contract or within any granted extension of those time requirements; or
  - 2) If any State, county, city, or federal license, authorization, waiver, permit, qualification or certification required by statute, ordinance, law, or regulation to be held by Contractor to provide the goods or services required by this Contract is for any reason denied, revoked, debarred, excluded, terminated, suspended, lapsed, or not renewed; or
  - 3) If Contractor becomes insolvent, subject to receivership, or becomes voluntarily or involuntarily subject to the jurisdiction of the bankruptcy court; or
  - 4) If the State materially breaches any material duty under this Contract and any such breach impairs Contractor's ability to perform; or
  - 5) If it is found by the State that any quid pro quo or gratuities in the form of money, services, entertainment, gifts, or otherwise were offered or given by Contractor, or any agent or representative of Contractor, to any officer or employee of the State of Nevada with a view toward securing a contract or securing favorable treatment with respect to awarding, extending, amending, or making any determination with respect to the performing of such contract; or
  - 6) If it is found by the State that Contractor has failed to disclose any material conflict of interest relative to the performance of this Contract.
- D. <u>Time to Correct</u>. Termination upon declared default or breach may be exercised only after service of formal written notice as specified in *Section 4*, *Notice*, and the subsequent failure of the defaulting party within fifteen (15) calendar days of receipt of that notice to provide evidence, satisfactory to the aggrieved party, showing that the declared default or breach has been corrected.
- E. <u>Winding Up Affairs Upon Termination</u>. In the event of termination of this Contract for any reason, the parties agree that the provisions of this Section survive termination:
  - The parties shall account for and properly present to each other all claims for fees and expenses and pay those which are undisputed and otherwise not subject to set off under this Contract. Neither party may withhold performance of winding up provisions solely based on nonpayment of fees or expenses accrued up to the time of termination;
  - 2) Contractor shall satisfactorily complete work in progress at the agreed rate (or a pro rata basis if necessary) if so requested by the Contracting Agency;
  - Contractor shall execute any documents and take any actions necessary to effectuate an assignment of this Contract if so requested by the Contracting Agency;
  - 4) Contractor shall preserve, protect and promptly deliver into State possession all proprietary information in accordance with Section 21, State Ownership of Proprietary Information.
- 11. **REMEDIES.** 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, without limitation, actual damages, and to a prevailing party reasonable attorneys' fees and costs. It is specifically agreed that reasonable attorneys' fees shall include without limitation one hundred and twenty-five dollars (\$125.00) per hour for State-employed attorneys. The State may set off consideration against any unpaid obligation of Contractor to any State agency in accordance with NRS 353C.190. In the event that the Contractor voluntarily or involuntarily becomes subject to the jurisdiction of the Bankruptcy Court, the State may set off consideration against any unpaid obligation of Contractor to the State or its agencies, to the extent allowed by bankruptcy law, without regard to whether the procedures of NRS 353C.190 have been utilized.
- 12. LIMITED LIABILITY. The State will not waive and intends to assert available NRS Chapter 41 liability limitations in all cases. Contract liability of both parties shall not be subject to punitive damages. Liquidated damages shall not apply unless otherwise specified in the incorporated attachments. Damages for any State breach shall never exceed the amount of funds appropriated for payment under this Contract, but not yet paid to Contractor, for the fiscal year budget in existence at the time of the breach. Damages for any Contractor breach shall not exceed one hundred and fifty percent (150%) of the Contract maximum "not to exceed" value. Contractor's tort liability shall not be limited.
- 13. 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.
- 14. **INDEMNIFICATION.** To the fullest extent permitted by law Contractor shall indemnify, hold harmless and defend, not excluding the State's right to participate, the State from and against all liability, claims, actions, damages, losses, and expenses, including, without limitation, reasonable attorneys' fees and costs, arising out of any alleged negligent or willful acts or omissions of Contractor, its officers, employees and agents.
- INDEPENDENT CONTRACTOR. Contractor is associated with the state only for the purposes and to the extent 15. specified in this Contract, and in respect to performance of the contracted services pursuant to this Contract, Contractor is and shall be an independent contractor 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 the state whatsoever with respect to the indebtedness, liabilities, and obligations of Contractor or any other party. Contractor shall be solely responsible for, and the State shall have no obligation with respect to: (1) withholding of income taxes, FICA or any other taxes or fees; (2) industrial insurance coverage; (3) participation in any group insurance plans available to employees of the state; (4) participation or contributions by either Contractor or the State to the Public Employees Retirement System; (5) accumulation of vacation leave or sick leave; or (6) unemployment compensation coverage provided by the State. Contractor shall indemnify and hold State harmless from, and defend State against, any and all coverage provided by the State. Contractor shall indemnify and hold State harmless from, and defend State against, any and all losses, damages, claims, costs, penalties, liabilities, and expenses arising or incurred because of, incident to, or otherwise with respect to any such taxes or fees. Neither Contractor nor its employees, agents, nor representatives shall

be considered employees, agents, or representatives of the State and Contractor shall evaluate the nature of services and the term of the Contract negotiated in order to determine "independent contractor" status, and shall monitor the work, relationship throughout the term of the Contract to ensure that the independent contractor relationship remains as such. To assist in determining the appropriate status (employee or independent contractor), Contractor represents as follows:

	OUESTION	<b>CONTRACTOR'S INITIALS</b>	
	QUESTION	YES	NO
<b>1.</b>	Does the Contracting Agency have the right to require control of when, where and how the independent contractor is to work?		Kc
2.	Will the Contracting Agency be providing training to the independent contractor?		KC
3.	Will the Contracting Agency be furnishing the independent contractor with worker's space, equipment, tools, supplies or travel expenses?		KC.
4.	Are any of the workers who assist the independent contractor in performance of his/her duties employees of the State of Nevada?		KC
5.	Does the arrangement with the independent contractor contemplate continuing or recurring work (even if the services are seasonal, part- time, or of short duration)?		KC
6.	Will the State of Nevada incur an employment liability if the independent contractor is terminated for failure to perform?		KC
7.	Is the independent contractor restricted from offering his/her services to the general public while engaged in this work relationship with the State?		KC

16. INSURANCE SCHEDULE. Unless expressly waived in writing by the State, Contractor, as an independent contractor and not an employee of the state, must carry policies of insurance and pay all taxes and fees incident hereunto. Policies shall meet the terms and conditions as specified within this Contract along with the additional limits and provisions as described in Attachment BB, incorporated hereto by attachment. The State shall have no liability except as specifically provided in the Contract.

The Contractor shall not commence work before:

- 1) Contractor has provided the required evidence of insurance to the Contracting Agency of the State, and
- 2) The State has approved the insurance policies provided by the Contractor.

Prior to approval of the insurance policies by the State shall be a condition precedent to any payment of consideration under this Contract and the State's approval of any changes to insurance coverage during the course of performance shall constitute an ongoing condition subsequent to this Contract. Any failure of the State to timely approve shall not constitute a waiver of the condition.

- A. <u>Insurance Coverage</u>. The Contractor shall, at the Contractor's sole expense, procure, maintain and keep in force for the duration of the Contract insurance conforming to the minimum limits as specified in Attachment BB, incorporated hereto by attachment. Unless specifically stated herein or otherwise agreed to by the State, the required insurance shall be in effect prior to the commencement of work by the Contractor and shall continue in force as appropriate until:
  - 1) Final acceptance by the State of the completion of this Contract; or
  - 2) Such time as the insurance is no longer required by the State under the terms of this Contract; whichever occurs later.

Any insurance or self-insurance available to the State shall be in excess of and non-contributing with, any insurance required from Contractor. Contractor's insurance policies shall apply on a primary basis. Until such time as the insurance is no longer required by the State, Contractor shall provide the State with renewal or replacement evidence of insurance no less than thirty (30) days before the expiration or replacement of the required insurance. If

at any time during the period when insurance is required by the Contract, an insurer or surety shall fail to comply with the requirements of this Contract, as soon as Contractor has knowledge of any such failure, Contractor shall immediately notify the State and immediately replace such insurance or bond with an insurer meeting the requirements.

- B. General Requirements.
  - <u>Additional Insured</u>: By endorsement to the general liability insurance policy, the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307 shall be named as additional insureds for all liability arising from the Contract.
  - <u>Waiver of Subrogation</u>: Each insurance policy shall provide for a waiver of subrogation against the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307 for losses arising from work/materials/equipment performed or provided by or on behalf of the Contractor.
  - 3) <u>Cross Liability</u>: All required liability policies shall provide cross-liability coverage as would be achieved under the standard ISO separation of insureds clause.
  - 4) <u>Deductibles and Self-Insured Retentions</u>: Insurance maintained by Contractor shall apply on a first dollar basis without application of a deductible or self-insured retention unless otherwise specifically agreed to by the State. Such approval shall not relieve Contractor from the obligation to pay any deductible or self-insured retention. Any deductible or self-insured retention shall not exceed fifty thousand dollars (\$50,000.00) per occurrence, unless otherwise approved by the Risk Management Division.
  - 5) <u>Policy Cancellation</u>: Except for ten (10) days notice for non-payment of premiums, each insurance policy shall be endorsed to state that without thirty (30) days prior written notice to the State of Nevada, c/o Contracting Agency, the policy shall not be canceled, non-renewed or coverage and/or limits reduced or materially altered, and shall provide that notices required by this Section shall be sent by certified mail to the address shown on page one (1) of this contract.
  - 6) Approved Insurer: Each insurance policy shall be:
    - a) Issued by insurance companies authorized to do business in the State of Nevada or eligible surplus lines insurers acceptable to the State and having agents in Nevada upon whom service of process may be made; and
    - b) Currently rated by A.M. Best as "A-VII" or better.
- C. Evidence of Insurance.

Prior to the start of any work, Contractor must provide the following documents to the contracting State agency:

 <u>Certificate of Insurance</u>: The Acord 25 Certificate of Insurance form or a form substantially similar must be submitted to the State to evidence the insurance policies and coverages required of Contractor. The certificate must name the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307 as the certificate holder. The certificate should be signed by a person authorized by the insurer to bind coverage on its behalf. The State project/Contract number; description and Contract effective dates shall be noted on the certificate, and upon renewal of the policies listed, Contractor shall furnish the State with replacement certificates as described within Section 16A, Insurance Coverage.

Mail all required insurance documents to the State Contracting Agency identified on Page one of the Contract.

- 2) <u>Additional Insured Endorsement</u>: An Additional Insured Endorsement (CG 20 10 11 85 or CG 20 26 11 85), signed by an authorized insurance company representative, must be submitted to the State to evidence the endorsement of the State as an additional insured per Section 16 B, General Requirements.
- Schedule of Underlying Insurance Policies: If Umbrella or Excess policy is evidenced to comply with minimum limits, a copy of the underlying Schedule from the Umbrella or Excess insurance policy may be required.

- 4) <u>Review and Approval</u>: Documents specified above must be submitted for review and approval by the State prior to the commencement of work by Contractor. Neither approval by the State nor failure to disapprove the insurance furnished by Contractor shall relieve Contractor of Contractor's full responsibility to provide the insurance required by this Contract. Compliance with the insurance requirements of this Contract shall not limit the liability of Contractor or its subcontractors, employees or agents to the State or others, and shall be in additional to and not in lieu of any other remedy available to the State under this Contract or otherwise. The State reserves the right to request and review a copy of any required insurance policy or endorsement to assure compliance with these requirements.
- 17. COMPLIANCE WITH LEGAL OBLIGATIONS. Contractor shall procure and maintain for the duration of this Contact any State, county, city or federal license, authorization, waiver, permit qualification or certification required by statute, ordinance, law, or regulation to be held by Contractor to provide the goods or services required by this Contract. Contractor will be responsible to pay all taxes, assessments, fees, premiums, permits, and licenses required by law. Real property and personal property taxes are the responsibility of Contractor in accordance with NRS 361.157 and NRS 361.159. Contractor agrees to be responsible for payment of any such government obligations not paid by its subcontractors during performance of this Contract. The State may set-off against consideration due any delinquent government obligation in accordance with NRS 353C.190.
- 18. 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.
- 19. 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.
- 20. ASSIGNMENT/DELEGATION. To the extent that any assignment of any right under this Contract changes the duty of either party, increases the burden or risk involved, impairs the chances of obtaining the performance of this Contract, attempts to operate as a novation, or includes a waiver or abrogation of any defense to payment by State, such offending portion of the assignment shall be void, and shall be a breach of this Contract. Contractor shall neither assign, transfer nor delegate any rights, obligations nor duties under this Contract without the prior written consent of the State.
- 21. STATE OWNERSHIP OF PROPRIETARY INFORMATION. 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 the Contract), or any other documents or drawings, prepared or in the course of preparation by Contractor (or its subcontractors) in performance of its obligations under this Contract shall be the exclusive property of the State and all such materials shall be delivered into State possession by Contractor upon completion, termination, or cancellation of this Contract. Contractor shall not use, willingly allow, or cause to have such materials used for any purpose other than performance of Contractor's obligations under this Contract without the prior written consent of the State. Notwithstanding the foregoing, the State shall have no proprietary interest in any materials licensed for use by the State that are subject to patent, trademark, or copyright protection.
- 22. **PUBLIC RECORDS.** Pursuant to NRS 239.010, information or documents received from Contractor may be open to public inspection and copying. The State has a legal obligation to disclose such information unless a particular record is made confidential by law or a common law balancing of interests. Contractor may label specific parts of an individual document as a "trade secret" or "confidential" in accordance with NRS 333.333, provided that Contractor thereby agrees to indemnify and defend the State for honoring such a designation. The failure to so label any document that is released by the State shall constitute a complete waiver of any and all claims for damages caused by any release of the records.
- 23. **CONFIDENTIALITY**. Contractor shall keep confidential all information, in whatever form, produced, prepared, observed or received by Contractor to the extent that such information is confidential by law or otherwise required by this Contract.
- 24. FEDERAL FUNDING. In the event federal funds are used for payment of all or part of this Contract:
  - A. Contractor certifies, by signing this Contract, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any federal department or agency. This certification is made pursuant to the regulations implementing Executive Order 12549, Debarment and Suspension, 28 C.F.R. pt 67, Section 67.510, as published as pt. VII of the May 26, 1988, Federal Register (pp. 19160-19211), and any relevant program-specific regulations. This provision shall be required of every subcontractor receiving any payment in whole or in part from federal funds.

- B. Contractor and its subcontracts shall comply with all terms, conditions, and requirements of the Americans with Disabilities Act of 1990 (P.L. 101-136), 42 U.S.C. 12101, as amended, and regulations adopted there under contained in 28 C.F.R. 26.101-36.999, inclusive, and any relevant program-specific regulations.
- C. Contractor and it subcontractors shall comply with the requirements of the Civil Rights Act of 1964, as amended, the Rehabilitation Act of 1973, P.L. 93-112, as amended, and any relevant program-specific regulations, and shall not discriminate against any employee or offeror for employment because of race, national origin, creed, color, sex, religion, age, disability or handicap condition (including AIDS and AIDS-related conditions.)
- 25. LOBBYING. The parties agree, whether expressly prohibited by federal law, or otherwise, that no funding associated with this Contract will be used for any purpose associated with or related to lobbying or influencing or attempting to lobby or influence for any purpose the following:
  - A. Any federal, State, county or local agency, legislature, commission, council or board;
  - B. Any federal, State, county or local legislator, commission member, council member, board member, or other elected official; or
  - C. Any officer or employee of any federal, State, county or local agency; legislature, commission, council or board.

## 26. WARRANTIES.

- A. <u>General Warranty</u>. Contractor warrants that all services, deliverables, and/or work products under this Contract shall be completed in a workmanlike manner consistent with standards in the trade, profession, or industry, shall conform to or exceed the specifications set forth in the incorporated attachments; and shall be fit for ordinary use, of good quality, with no material defects.
- B. <u>System Compliance</u>. Contractor warrants that any information system application(s) shall not experience abnormally ending and/or invalid and/or incorrect results from the application(s) in the operating and testing of the business of the State.
- 27. **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. Contractor acknowledges that as required by statute or regulation this Contract is effective only after approval by the State Board of Examiners and only for the period of time specified in the Contract. Any services performed by Contractor before this Contract is effective or after it ceases to be effective are performed at the sole risk of Contractor.
- 28. NOTIFICATION OF UTILIZATION OF CURRENT OR FORMER STATE EMPLOYEES. Contractor has disclosed to the State all persons that the Contractor will utilize to perform services under this Contract who are Current State Employees or Former State Employees. Contractor will not utilize any of its employees who are Current State Employees or Former State Employees to perform services under this Contract without first notifying the Contracting Agency of the identity of such persons and the services that each such person will perform, and receiving from the Contracting Agency approval for the use of such persons.
- 29. ASSIGNMENT OF ANTITRUST CLAIMS. Contractor irrevocably assigns to the State any claim for relief or cause of action which the Contractor now has or which may accrue to the Contractor in the future by reason of any violation of State of Nevada or federal antitrust laws in connection with any goods or services provided to the Contractor for the purpose of carrying out the Contractor's obligations under this Contract, including, at the State's option, the right to control any such litigation on such claim for relief or cause of action. Contractor shall require any subcontractors hired to perform any of Contractor's obligations under this Contract to irrevocably assign to the State, as third party beneficiary, any right, title or interest that has accrued or which may accrue in the future by reason of any violation of State of Nevada or federal antitrust laws in connection with any goods or services provided to the subcontractor for the purpose of carrying out the subcontractor's obligations to the Contractor in pursuance of this Contract, including, at the State's option, the right to control any such litigation on such claim or relief or cause of action.
- 30. 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, without giving effect to any principle of conflict-of-law that would require the application of the law of any other jurisdiction. The parties consent to the exclusive jurisdiction of the First Judicial District Court, Carson City, Nevada for enforcement of this Contract.
- 31. ENTIRE CONTRACT AND MODIFICATION. This Contract and its integrated attachment(s) constitute the entire agreement of the parties and as such are intended to be the 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 and approved by the Office of the Attorney General and the State Board of Examiners.

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

mer Independent Contractor's Signature Date Independent Contractor's Title Independent Contractor's Printed Name 3-6-17 Robert Boehmer, Nevada Deferred Date **Executive Officer** Compensation APPROVED BY BOARD OF EXAMINERS Signature Board of Examiners On: Date Approved as to form by: On: Deputy Attorney General for Attorney General

# ATTACHMENT AA

# **STATE SOLICITATION**

State of Nevada Department of Administration

Administrative Services Division 209 E. Musser Street, Room 304 Carson City, NV 89701-4204 Phone: (775) 684-0273 Email: ASDContractsGroup@admin.nv.gov



Brian Sandoval Governor

Evan Dale Administrator

Robert Boehmer Deferred Comp Executive Officer

# STATE SOLICITATION

December 29, 2016

Eide Bailly 5441 Kietzke Ln., Ste. 150 Reno, NV 89511-2094

Email Delivery: <u>lbashista@eidebailly.com</u> Cc: <u>banderson@eidebailly.com</u>

Subject: Solicitation for Proposal

The Nevada Public Employees Deferred Compensation Program is seeking proposals from qualified accounting firms to conduct a financial statement audit of the Deferred Compensation Program. It is the State's intent to enter into contracts with accounting firms, acting as independent contractors, who have experience as described in the attached "Scope of Work".

This contract will be administered by the Department of Administration, Administrative Services Division, and is anticipated to commence on March 01, 2017, upon Board of Examiners' approval for a 2-year period.

Your response should address, at a minimum, the following:

- > That you can provide service in Carson City, Nevada
- > A copy of your Nevada Business License
- > A copy of your Certificate of Insurance
- > Contact person, and telephone number for service inquiries
- > Provide a minimum of three references
- ➤ Cost

Attached to this request you will find the State's standard Contract for Services of Independent Contractor form for your review. Please give special consideration to Attachment BB, as this identifies the insurance limits contracted vendors will be expected to maintain for the life of the contract.

Questions regarding this solicitation should be sent to Alexa Marangi, in writing, no later than January 3, 2017. Questions may be sent by fax to (775) 684-5846 or e-mail to aemarangi@admin.nv.gov. Responses will be provided in writing on or about January 6, 2017, to all vendors who submit questions.

Please provide your written proposal no later than January 13, 2017 at 3:00PM, PST. Your proposal must be addressed to <u>Alexa Marangi</u>, <u>Program Officer I, Contracts Section, Department of Administration, Administrative Services Division, 209 E. Musser St., Room 304, Carson City, NV 89701</u> OR be emailed to aemarangi@admin.nv.gov. Should you have any questions please do not hesitate to contact me at (775) 684-0241.

If you DO NOT intend to bid on this service, your response indicating "not submitting proposal" would be appreciated.

Sincerely,

Alexa Marangi Program Officer

ENCS.

# Scope of Work

The selected accounting firm ("Firm") is to audit the financial records of the Nevada Public Employees Deferred Compensation Plan ("Program"). This process is to be performed with acceptable auditory standards. The Firm is to provide a written report, of their findings, recommendations, and certification that the assets held in the custodial accounts established with the Program's service providers are in proof with the total assets record-kept by service providers.

The Firm is to provide a reconciliation of payroll contributions from State of Nevada Central Payroll, Nevada System of Higher Education, and no less than five payroll centers from our contracted political subdivisions within the program. The State will approve the payroll locations of each annual audit.

The fees and contract provisions are not contingent in completing an audit from year to year as the State has sole discretion for determining the audit periods and frequency.

Any adjustments to scope of the audit must be fully authorized and approved by the State prior to any action.

As part of the audit the Firm is to audit the net asset change, appreciation/depreciation, contributions/distribution, and audit the interest rates of the Stable Value funds.

The Firm is to provide a work plan with each audit review documenting timeline for audit completion.

Work shall at all times, be subject to Committee/Executive Officer's review and approval.

The Firm is to prepare a formal report, along with financial statements, and present its findings to the Committee at one of its regularly scheduled quarterly committee meetings.



2 N D A N N U A L

# Defined Contribution Roundtable

APRIL 6-7, 2017 | FOUR SEASONS HOTEL | CHICAGO

The inaugural Defined Contribution Roundtable, held May 2016, brought to light a great deal of information and provided a great number of insights into the issues facing DC schemes with approximately \$200 million to \$800 million in plan assets, but none so unequivocally as the tremendous need – and hunger – for lessons learned and the chance to share expertise among peers in this community.

Some verbatim testimonials from plan sponsors who attended the 2016 Roundtable include:

- Excellent conference! Organization and administration was outstanding!
- Outstanding on all fronts. One of the better, more informative conferences I've attended.
- One if the best conferences I've been to. Really liked being able to learn from other plan sponsors.
- Excellent conference speakers and topics.
- First time participant for this type of conference. Great ideas were discussed and a lot of takeaways to think about.
- This was the best of the conferences so far in terms of all the sessions being extremely relevant. Interaction with other participants was very valuable.
- The interaction driving the forum was great. This knowledge sharing was encouraged by the logistics and agenda. Panels were full of expertise.
- Great conference for mid-sized companies. Please keep the roundtables coming!
- A very good use of my time thanks!

The 2<sup>nd</sup> Annual Defined Contribution Roundtable to be held April 6-7 at the Four Seasons Hotel in Chicago will again focus on meeting the informational needs of DC plan sponsors from schemes with approximately \$200M to \$800M AUM. These are the plans with many of the same needs as their bigger peers, but too often without commensurate resources.

Our objective is to provide attendees with the information, tools, and access to the peer expertise they need to meet their scheme's objectives and to help their participants achieve a secure retirement. As with all our events, the audience of our DC Roundtable will be formed primarily of plan sponsors, and that peer group will also comprise the bulk of the speaking faculty at this event, supplemented by experts on **plan design, enhancing participant outcomes, retirement income solutions**, and the other issues uppermost on the minds of mid-market plan sponsors. A very limited number of providers will be selected to sponsor the event, ensuring that the number of plan sponsors always significantly exceeds the number of providers, thereby creating the optimal environment for peer-sharing and a candid discussion of best practices between plans.

# Advisory Board

Thomas Cathcart, Director of Retirement Programs, Acco Brands Corporation Jessica Chicorelli, Director of Financial Benefits, Akin Gump Strauss Hauer & Feld LLP Kim Waters, Director of Treasury Operations, A. O. Smith Corporation Sandy Blair, Director Retirement Readiness, CalSTRS Erin Archer, Director of Investments, DePaul University Andrea Hagood, Senior Benefits Consultant, InterContinental Hotels Group Darrell B. Hart, Head of Global Benefits, MoneyGram International Patricia Davis, Member Services Bureau Chief, Montana Public Employee Retirement Administration Joyce Purdy, Chief Financial Officer (401(k) Plan Admin), Siltronic Corp. Robert R. Boehmer, Executive Director, State of Nevada Deferred Compensation Plan

Cheri Klyn, Director, Shared Services, Vermeer Corporation

Institutional Investor Institute for Defined Contribution – Defined Contribution Roundtable

Mayela Stuparitz, Global Treasury Director, Wm. Wrigley Jr. Company

# Sponsoring Organizations

AB

American Funds From Capital Group Franklin Templeton Janus Capital Group Morningstar T. Rowe Price Willis Towers Watson

Preliminary Program as of March 28

# Thursday, April 6

7:45 to 8:25 am **Breakfast and Registration** 

State Room Foyer

# 8:25 to 8:30 am Welcome and App Tutorial

State Room

## Presented by:

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

Claire Corroon, Program Director, Institutional Investor Institute for Defined Contribution

Everything you, as an attendee, need can be found on our app, including program details, speaker biographies, benchmarking survey results, information on other attendees, white papers, and access to the speaker presentations we have been authorized to make available.

# 8:30 to 8:45 am Chairman's Welcome and Benchmarking

State Room

## Chairman:

Craig Lawson, Vice President – Labor Relations & Employment Practices, Univar

## 8:45 to 9:15 am Presentation

# How the DOL's Ruling Will Accelerate Certain Trends within DC Plans

State Room

# Moderator:

Margaret Daun, Milwaukee County Corporation Counsel, Milwaukee County Employees' Retirement System

#### Presented by:

Margaret Raymond, Managing Counsel, Retirement and Tax Deferred Investing Group, T. Rowe Price

Karen Scheffler, Senior ERISA Legal Counsel, AB

Let's start by agreeing that no one knows what is going to happen with the Fiduciary Rule, not even the individual who has sown all this doubt about whether it will be aborted, move forward, or move forward but significantly amended. Therefore, this session is going to focus on actionable information that plan sponsors can take away; the kind of information which will help them in their (current and/or amorphous future) roles as fiduciaries, including such specific issues as:

- Supervision of co-fiduciaries, including service providers, consultants, etc.
- What will the effect be on the appetite by retiring/existing participants for rollovers?
- Fees and the need to not always look at the lowest cost option as the right one
- Non-proprietary TDF options.

# 9:15 to 10:40 am Presentation Series I Increasing the Efficacy of Your Plan: What Solutions Are Available?

State Room

## Session Chair:

Rob Grden, Executive Director, Wayne County Employees Retirement System

# 9:20 to 9:35 am Presentation DC Plans: Building a Framework for Success

# Presented by:

#### Justin Mier, Senior Consultant, Willis Towers Watson

This session will discuss ways to see the bigger retirement picture, which includes looking at your different levers: governance, size of plan, and framework benefits.

# 9:35 to 9:50 am

#### Presentation

#### **Financial Wellness and Behavioral Science**

## Presented by:

Dr. Stephen Wendel, Head of Behavioral Science, Morningstar, Inc.

This session will discuss the financial wellness challenge, the solutions that might not be enough, and some techniques that can help.

# 9:50 to 10:05 am **Presentation Collective Investment Trusts: How CITs Can Reduce DC Plan Costs Presented by:**

Christopher Nikolich, Head of Glide Path Strategies (US) - Multi-Asset Solutions, AB

What are the benefits? How do participants keep tabs on CITs? How are CITs helping Plan Sponsors address key fiduciary concerns?

# 10:05 to 10:20 am Table Discussions

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

# 10:20 to 10:40 am Panel and Audience Q&A

# Moderator:

Rob Grden, Executive Director, Wayne County Employees Retirement System

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

# 10:40 to 11:00 am **Coffee Break**

LaSalle Foyer

# 11:00 to 12:00 pm Workshop Series I

All Roundtable participants can choose which of the three workshops to attend. The sessions themselves will run for a total of 45 minutes and are designed to be interactive and to facilitate a bilateral exchange of information about the plan sponsors' needs and the potential solutions available.

# Workshop A Is Your Investment Philosophy Passive-Aggressive?

LaSalle A

## Workshop Leader(s):

## Hillary Bolton, Senior Managing Director, Janus Capital Group

Plan sponsors are keenly focused on helping their participants save enough for retirement. How can plan sponsors help participants growth their account balances while minimizing material loss of savings to meet their ultimate retirement goals? Faced with these constraints, meaningful solutions must be provided for the participants to be able to balance growing and preserving their retirement savings. In this session, we will examine how we can provide innovative solutions for growing retirement assets while minimizing the loss of savings.

# Workshop B Giving 100%: Target Date Evaluation Leads to Better Outcomes - Meeting Your Fiduciary Responsibilities

LaSalle B

## Workshop Leader(s):

#### Sue Walton, Senior Vice President, Defined Contribution Strategist, American Funds From Capital Group

The well-known mantra for participants, "set it and forget it," was never meant to apply to plan sponsors. A strong selection process and continual evaluation based on Department of Labor guidelines are crucial to demonstrating ongoing fiduciary oversight. This session will provide a practical framework for evaluating participant needs and will preview new evaluation tools in the marketplace.

# 12:00 to 1:00 pm Workshop Series II

All Roundtable participants can choose which of the three workshops to attend. The sessions themselves will run for a total of 45 minutes and are designed to be interactive and to facilitate a bilateral exchange of information about the plan sponsors' needs and the potential solutions available.

# Workshop C

# **Turning Complex into Simple: A Framework to Inform Strategic Defined Contribution Plan Decisions** LaSalle A

## Workshop Leader(s):

Lorie Latham, Global Investment Services, Senior DC Strategist, T. Rowe Price

Rachel Weker, Senior Marketing Manager, Retirement Plan Services, T. Rowe Price

DC plan sponsors face an increasingly complex environment pressured by regulatory shifts and increased scrutiny from everyone. This session offers a framework to simplify key strategic decisions and inform plan oversight relating to design, investment oversight and participant experience. We will also provide insights around the litany of success measures tossed around in the DC industry and help you focus on what is relevant when defining "success" for your plan and your participants.

# Workshop D Bracketology: The "Sweet 16" of Plan Features

LaSalle B

## Workshop Leader(s):

Mary Beth Glotzbach, Vice President and Senior Institutional DC Strategist, Franklin Templeton Investments

Drew Carrington, CFA, CAIA, Senior Vice President and Head of Defined Contribution-Institutional, Franklin Templeton Investments

An alphabet soup of plan features has emerged over the last several years—from QDIAs to HSAs to Social Security optimizers. But plan sponsors have limited time and resources to roll out new tools and ideas in their plan. Which are essential? Which may be underrated?

Show off your bracket skills in this fun-filled, interactive session on the heels of March Madness as we debate the relative merits of the "Sweet 16" of plan features. Don't miss your One Shining Moment.

1:00 to 2:30 pm Lunch Lakeview Room

2:30 to 3:30 pm Workshop Series III All Roundtable participants can choose which of the three workshops to attend. The sessions themselves will run for a total of 45 minutes and are designed to be interactive and to facilitate a bilateral exchange of information about the plan sponsors' needs and the potential solutions available.

# Workshop E

# **Beyond Participation: Actionable Items to Help Drive Better Retirement Outcomes**

LaSalle A

## Presented by:

#### Daniel Bruns, Large Market Product Manager, Morningstar Investment Management LLC

When it comes to improving participant outcomes, getting employees enrolled in your retirement plan can be a great first step. However, there are infinite ways that plan sponsors can fine-tune their plans, from optimizing the QDIA to rethinking the core menu. This session will explore specific ways you can help drive better participant outcomes through plan design. This session will also discuss:

- How to use quantitative tools to select a target date fund or other QDIA. Trends in retirement plan design, which ones may be helpful and which may be hurtful
- Retirement plan design and its impact on employee participation and deferral rates
- How to design a core menu in consideration of a QDIA

# Workshop F

# Lifetime Income Solutions: What Actions Are Employers Taking to Reduce Employees' Longevity Risk? LaSalle B

#### Presented by:

#### Bill Dewalt, Senior Consultant, Willis Towers Watson

Retirement income planning is an increasingly important piece of the safety net needed by employees to help ensure financial wellbeing. According to a new survey, defined contribution plan sponsors are slowly embracing lifetime income solutions to help employees improve their financial security in retirement. This workshop will review key findings of this recent plan sponsor survey covering current lifetime income offerings as well as barriers to adoption. We will also share insights from research on the ability of DC plan recordkeepers to support lifetime income solutions.

# 3:30 to 4:00 pm Coffee Break

State Room Foyer

# 4:00 to 4:45 pm Debate: All or None: Should Participants Have 100% in TDFs?

State Room

#### Moderator:

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

## Presented by:

Sue Walton, Senior Vice President, Defined Contribution Strategist, American Funds From Capital Group

Drew Carrington, CFA, CAIA, Senior Vice President and Head of Defined Contribution-Institutional, Franklin Templeton Investments

Some experts believe that mixing or "supplementing" target date funds with other core options dilutes the efficacy of the TDFs by compounding exposure to particular strategies and assets. Others believe that investment performance can be enhanced by some participants doing exactly that – in the right manner, of course. Who is correct? They both can't be. Can they?

# 4:45 to 5:00 pm

# **Case Study**

# Contrary to Popular Belief, Why White Labelling Actually Works for Mid-Sized Plans

State Room

# Presented by:

## Kendall Frederick, Senior Manager, Enterprise Risk Management, Hanesbrands

While white labeling is typically thought of as an option for very large plans, however much of the benefits can be captured at a much lower level of Assets under management. We will explore how Hanesbrands implemented white labels in a \$650MM plan and why white labeling might be worth considering for your participants.

# 5:00 to 6:00 pm Cocktail Reception

Delaware Room

**Evening Free for Private Functions** 

# Friday April 7

# 9:00 to 9:45 am Breakfast Discussion Tables

Delaware Room

Enjoy a hearty and healthy breakfast while participating at a table of your peers to discuss a topic of your choice. Approximately six tables, each with a different topic and each led by a plan sponsor, will be available for participants to choose from.

# Table 1: Fiduciary Liability: Taking Action to Protect Your Plan Against Lawsuits

## **Discussion Leader:**

Tanja Simono, AVP, Manager Benefits & Service Center, Wintrust Financial Corporation

- How should plan sponsors take proactive action to protect themselves against potential lawsuits? What actions are they taking?
- What best practices are plan sponsors employing to keep current with compliance?

# Table 2: The Importance of the Relationship with Stakeholders

## **Discussion Leader:**

## Erin Archer, Director of Investments, DePaul University

How can plan sponsors of university retirement plans best manage the relationship between stakeholder groups in your population with divergent voices or interests? What are best practices in balancing multiple populations with potentially opposing viewpoints or concerns?

# **Table 3: Engaging with Different Populations: Near Retirees and Millennials**

**Discussion Leader:** 

Alisha Patel, Director, Investor Relations, Institutional Investor Institute for Defined Contribution

- The needs of those near retirement and the needs of millennials are strikingly different, and the best methods to engage with those groups may vary. How have plan sponsors worked to engage these groups at either end of the retirement spectrum? How, in specific populations, do the different needs manifest?
- What behaviors in asset allocation or general saving practices are you concerned with? Have you taken proactive steps to alter those behaviors? If so, what are those steps?

# Table 4: Is Your Plan Language Built to Address and Help Your Participants?

#### **Discussion Leaders:**

Dean Carothers, Vice Chair, Deferred Compensation Plan, Monterey County's Deferred Compensation Plan

#### Paulette Clark, Employee Benefit Program Manager, Monterey County's Deferred Compensation Plan

- What steps is your plan taking to simplify its offerings to participants?
- Are you able to segment your communication and education efforts and customize them for different participant populations?
- Is the investments language in your documents and communication efforts conducive to your participants' level of understanding?

# **Table 5: Governance Relationships**

#### **Discussion Leader:**

Tami Koosmann, Director of Treasury, CentraCare Health Network

- Who chairs the committee?
- Who has the final decision making authority?
- Who has responsibility for plan administration/regulatory compliance?

## 9:45 to 10:15 am

# **Report Back from Breakfast Discussion Tables and Benchmarking**

State Room

## Led by:

Craig Lawson, Vice President - Labor Relations & Employment Practices, Univar

The leaders of each of the breakfast roundtable will have four minutes to recap one or two key points from that discussion.

10:15 to 10:45 am Coffee Break

LaSalle Foyer

# 10:45 to 11:45 am Workshop Series IV Plan Sponsor-Led Workshops

All Roundtable participants can choose which of the three workshops to attend. The sessions themselves will run for a total of 45 minutes and are designed to be interactive and to facilitate a bilateral exchange of information about the plan sponsors' needs and the potential solutions available.

# Workshop G Retirement Distributions and Rollovers: The Best Options for Your Participants

LaSalle A

#### Workshop Leader:

#### Cheri Klyn, Director, Shared Services, Vermeer Corporation

- Do your participants know what their options are when they retire? Are you, as a plan sponsor, concerned about in-service distributions or participants paying higher fees when they retire?
- Does your plan encourage or discourage participants to keep money in the plan?

Upon observing a trend of frequent in-service distributions at age 59 ½ and increased rolling funds into more expensive tools and accounts, Vermeer Corporation launched a specialized educational campaign to participants near retirement. Join to discuss how you can help your participants understand their options, and the pros and cons of encouraging participants to keep funds in the plan.

# Workshop H Benefits vs. Investments Perspective

LaSalle B

## Workshop Leader:

Kim Waters, Director of Treasury Operations, A. O. Smith Corporation

#### Tracey Seymour, Retirement and Payroll Manager, A. O. Smith Corporation

Increasingly, plan sponsors on the investments and the benefits side of defined contribution retirement plan management must work in collaboration with their counterparts. A.O. Smith has made a concerted effort in recent years to unite the efforts and interests of the benefits and investment teams, to more efficiently manage changes to the plan. Discuss best practices, key challenges, and lessons learned in the effort to partner more effectively with key stakeholders from an investment line up vs. plan design perspective.

# 11:45 to 12:30 pm Plan Sponsor Panel Discussion What Has and What Has Not Worked? A Wide-Ranging Discussion of Lessons Learned

State Room

#### Moderator:

Jeff Nelson, CFA, Managing Director, Client Executive, Janus Capital Group

#### Panelists:

Thomas Cathcart, Director of Retirement Programs, Acco Brands Corporation

Jessica Chicorelli, Director of Financial Benefits, Akin Gump Strauss Hauer & Feld LLP

Dana Blydenburgh, Retirement Services Director, City of Lakeland Retirement Plan

- How do you get the necessary corporate buy-in to get participation rates up and auto features in place?
- Implementation of re-enrollment
- Implementing and assessing the success of a real world financial wellness program
- How can you effectively reduce loan usage? How do you change behavior that often results out of necessity?

# 12:30 pm to 2:00 pm Lunch

Delaware Room

2:00 pm Roundtable Concludes