



**Joe Lombardo**  
*Governor*

**Joy Grimmer**  
*Director*

**Rob Boehmer**  
*Executive Officer*

STATE OF NEVADA DEPARTMENT OF ADMINISTRATION

**PUBLIC EMPLOYEES' DEFERRED COMPENSATION PROGRAM**

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**DEFERRED COMPENSATION COMMITTEE  
QUARTERLY MEETING MINUTES**

Wednesday, December 18, 2024

The quarterly meeting of the Deferred Compensation Committee was held on Wednesday, December 18, 2024, at 9:00 a.m. by videoconference/teleconference and in person at the Nevada State Library and Archives Building, 100 N. Stewart Street, Boardroom, Carson City, Nevada.

A copy of meeting material including this set of meeting minutes, the agenda, and other supporting material, is available on the Nevada Deferred Compensation (NDC) website at:

[https://defcomp.nv.gov/Meetings/2024/2024\\_Meetings/](https://defcomp.nv.gov/Meetings/2024/2024_Meetings/).

**COMMITTEE MEMBERS**

Robin Hager

Samantha Jayme

Kaela Neff

Debbie Bowman, Vice Chair

Jeff Ferguson, Chair

**OTHERS PRESENT**

Rob Boehmer, NDC Executive Officer

Evan Chambers, Participant

Rasch Cousineau, Hyas Group

Scott Darcy, Voya Financial

Susan Gebo, Voya Financial

Henna Rasul, Sr. Deputy Attorney General

Micah Salerno, NDC

1. **Call to Order/Roll Call**

Chairman Jeff Ferguson called the meeting to order for the Nevada Deferred Compensation (NDC) Committee at 9:00 a.m. on Wednesday, December 18, 2024.

Rob Boehmer took the roll, determined a quorum was present, and confirmed the meeting was properly noticed and posted.

The Committee welcomed the newly appointed member, Kaela Neff from City of Sparks.

2. **Public Comment**

There were no public comments.

3. **For Possible Action- Approval of Nevada Public Employees' Deferred Compensation Program (NDC) Committee (Committee) meeting minutes for Committee Meeting held on August 29, 2024.**

**Motion by Vice Chair Bowman to approve the minutes of the August 29, 2024, meeting. Second by Ms. Jayme, the motion passed unanimously, 5-0.**

4. For Possible Action – Receive, discuss, and approve Executive Officer’s Report of third quarter 2024.

Mr. Boehmer reviewed his quarterly report including:

- a. The FY2024 and FY2025 Budget Status Reports (BSR) were provided.
  - i. Current projections of revenue based on up-to-date participant level and of expected reserve balance at the end of FY2024 and 2025 were reported and reviewed.
  - ii. The Administrative Account data and General Ledger were reported and reviewed.
- b. The Quarterly Plan Activity and Data Report was received and discussed. 2024 year-to-date enrollments were ahead by 289 when compared to the first three quarters of 2023.
- c. Contract Management report.
  - Casey Neilon’s current contract would expire on July 1, 2025.
  - Hyas Group’s contract would expire May 31, 2025. Staff were working with Hyas Group to renew the contract another five years and expected to have the process completed by the expiration date.
  - The current Voya Financial contract would expire December 31, 2024. The new contract would begin on January 1, 2025, extending through December 31, 2029. NDC Staff were researching possible contract extensions beyond 2029.
- d. The 2026/2027 Budget Build Report was received.
- e. A litigation report was provided by DAG Henna Rasul.

**Motion by Ms. Jayme to accept the Executive Officer report, seconded by Vice Chair Bowman. The motion passed unanimously, 5-0.**

5. For Possible Action – Receive and approve Hyas Group Investment Consultant’s review of third quarter 2024.

Hyas Group provided the Investment Consultant Review which included:

- a. The Third Quarter 2024 Performance Report – Features of the report were:
  - i. Market Commentary –
    - a) For the quarter, the S&P 500 rose 5.9%, the Dow Jones Industrial Average increased 8.7%, the Russell Mid-cap gained 9.2%, and the Russell 2000 Small-cap Index increased 9.3%.
    - b) During the third quarter of 2024, the Federal Reserve cut the Federal Funds rate by 50 basis points after a hiking cycle that began in 2022. The unemployment rates stayed at 4.1%.
    - c) Inflation gradually decelerated throughout 3Q24 to 2.5% in August, down from 3.0% in June. While headline CPI continued to decline, Core PCE hovered close to 2Q levels, increasing slightly to 2.7%, still above the Feds 2% target.
    - d) For the S&P 500, ten sectors posted positive returns for the third quarter. Utilities, Real Estate, Industrials, Financials, Materials, Consumer Staples, Consumer Discretionary, Health Care, Communication Services and Information Technology. Energy saw negative quarterly returns.
    - e) The yields on the 10-year US Treasury note closed the third quarter at 3.78% down from 4.40% at the end of the second quarter. The yield on 3-month Treasury bills was 4.62%, lower than at the end of the second quarter. The

- Bloomberg US Aggregate Bond Index, a broad measure of the US bond market, increased 5.2% in 3Q 2024.
- ii. Plan Data Review – September 30, 2024, full-time Plans’ assets were \$1,171,733,501 which represented a market gain of \$40,606,819 for the quarter. Net cash flow was negative for the quarter at (\$10,818,695) and year-to-date at (\$19,044,770). In the Third Quarter, \$1,924,003 transferred into fixed income.
  - iii. Current Fund Lineup Overview and Performance Review –
    - a) Sterling Capital Total Return Bond (STRDX) was placed on watch 4Q 2023 for qualitative reasons (ownership change). Sufficient time had passed since the acquisition and the Committee agreed with Hvas Group’s recommendation to remove the fund from watch.
    - b) MFS Value (MEIJX) – While the fund had recently been in caution territory (failing one criteria), this was the fund’s first quarter of non-compliance (trailing both its benchmark and five-year peer group ranking). Underperformance was due to the fund’s underweight to technology, security selection (Comcast and Charter Communications hurt), along with its slight international overweight. Since this was the first quarter of non-compliance, no action was necessary.
    - c) American Funds EuroPacific Growth (RERGX) – This was the fund’s first quarter of non-compliance due to its trailing benchmark and five-year peer group ranking (#60). Underperformance could be attributed to a slight overweight to cash and a portfolio tilt towards growth (internationally, value was outpacing growth). No action was necessary.
  - iv. Plan Fee/Revenue Analysis – Fees were weighted at 24.4 basis points, down by 8.3 basis points since December 31, 2020, and at their lowest point ever to NDC. The difference in fees equated to \$972,539 per year in savings for NDC participants. Fees would drop further on January 1, 2025, when the new Voya contract went into effect. Estimated fee savings under the new contract (versus 12/31/2020) were expected to be more than \$1.2 million annually for NDC.
- b. The Quarterly Voya Fixed Account and Corporate Ratings Analysis (as of June 30, 2024) was reviewed and discussed.
- i. The General Account benchmark was provided. The Voya General Account was underweighted to US Government securities by 44.6% and overweight to MBS, Corporate Bonds, ABS, and CMBS by 4.4%, 9.0%, 5.4%, and 8.1%, respectively.
  - ii. Portfolio duration was provided (6.0 – 6.5 years).
  - iii. The full-time Plans’ crediting rate was 3.00%. The FICA Alternative Plan rate was 2.25%. The rates would increase to 3.60% and 3.0%, respectively, at the start of the next Voya contract in January of 2025.
  - iv. As a reminder, the analysis would typically be a quarter behind as it depended on Voya Wall Street data which was not usually available until after the NDC meeting took place.
- c. Legal and Regulatory Communication updates included:
- i. Where was NDC with 2024 SECURE 2.0 implementation?
    - a) The Committee received and discussed the Secure 2.0 checklist.
    - b) Additional discussion and decision points would occur at the January Strategic Planning Meeting.
    - c) Provisions 109 (“super” catch-up) and 603 (mandatory Roth catch-up) were of particular interest to NDC.
  - ii. Fiduciary Advisory Newsletter topics:
    - a) Social Security Fairness Act – On November 12, the House passed the Social Security Fairness Act which, if passed by the Senate, would eliminate the Windfall Elimination Provision (WEP) along with the

Government Pension Offset (GPO). Elimination of those provisions would allow employees who received pensions to also receive full Social Security benefits.

- b) Updated Limits for 2025 – On November 1, 2024, the Internal Revenue Service announced the retirement plan deferral limitations for tax year 2025. The contribution limit for 401(k), 403 (b), and 457 plans increased to \$23,500. The catch-up contribution limit for employees aged 50 and older remained at \$7,500. The 457 special catch-up would be \$47,000 for qualifying employees. New in 2025, employees aged 60-63 could defer an additional \$11,250 beyond the normal limit of \$23,500.
- c) Two Federal District Courts put DOL Fiduciary Rule on Hold – On July 25, 2024, the U.S. District Courts temporarily held the U.S. Department of Labor’s (DOL) recently issued final rule, set to take effect September 23, 2024. The rule would amend the definition of an “investment advice fiduciary.” Both decisions stayed the effective date of the 2024 Rule indefinitely while the cases were pending.
- d) US Department of Labor Updates Cybersecurity Guidance – The new Compliance Assistance Release issued by the Department’s Employee Benefits Security Administration provides best practices in cybersecurity for plan sponsors, plan fiduciaries, recordkeepers, and plan participants. The release included: Tips for Hiring a Service Provider; Cybersecurity Program Best Practices; and Online Security Tips.
- e) Treasury, IRS Issue Updated Guidance on Required Minimum Distributions – Treasury and IRS reviewed comments suggesting that a beneficiary of an individual who has started required annual distributions should not be required to continue those annual distributions if the remaining account balance was fully distributed within 10 years of death as required by the SECURE Act. After review, Treasury and IRS determined that the final regulations should retain the provision in the proposed regulations requiring such a beneficiary to continue receiving annual payments.

Hyas Group would continue to provide updates as they became available.

**Motion by Vice Chair Bowman to accept the Hyas Group Investment Consultant report and to remove Sterling Capital Bond Fund from watch. Seconded by Ms. Neff, the motion passed unanimously, 5-0.**

- 6. For Possible Action – Receive and approve plan activity and service report from recordkeeper Voya Financial for third quarter 2024.

Voya Financial provided their Third Quarter 2024 Report for the period ending September 30, 2024. Highlights included:

- a. Voya’s Plan activity:
  - i. As of December 17, 2024, total assets were over \$1.2 billion, which was an all-time high.
  - ii. Overall net cash flow was negative \$19 million for the quarter.
  - iii. Top rollover recipients were Vanguard, TIAA, Fidelity, Schwab, and Edward Jones.
- b. Voya’s Communications update:
  - i. Nevada Saves Month review
  - ii. Annual survey update
  - iii. Review of newly created post-enrollment flyer

- iv. Voya provided an update to the participant dashboard
- c. Voya's Field Activity update:
  - i. Quarterly activity from the local Representatives included 369 new enrollments, 54 group meetings, and 1,578 individual meetings.

**Motion by Ms. Jayme to accept the Voya Financial report, seconded by Ms. Neff. The motion passed unanimously, 5-0.**

7. For Possible Action – Discuss participation in the following training opportunities:
  - a. Institutional Investors Conferences 35<sup>th</sup> Annual DC Institute Forum March 25-26 in Chicago, IL. Mr. Boehmer was asked to attend to be a moderator and presenter.
  - b. Pension & Investments 2025 DC East Conference March 9-11, Fort Lauderdale, FL. NDC was nominated for an Eddy Award for the Cybersecurity Policy.
8. For Possible Action – Schedule upcoming NDC meeting dates.
  - a. The January 2025 Annual Planning Meeting would be held in person on January 14.
  - b. The 4Q 2024 Quarterly Meeting scheduled for March 13, 2025, virtual and in-person.
  - c. May/June meeting would be scheduled at the Planning meeting.

9. Committee Member comments

There were no additional Committee Member comments.

10. Update from Investment Consultant

There were no additional updates from Hyas Group.

11. Update from Recordkeeper

There were no additional updates from Voya.

12. Administrative Staff/Department of Administration Updates

NDC staff thanked the Committee members, Hyas Group, and Voya.

13. Public Comment

There were no closing public comments.

14. Adjournment

The meeting was adjourned at 11:36 a.m.

Respectfully submitted,

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Micah Salerno  
NDC Management Analyst