



**Investment Policy Statement  
for the Nevada System of Higher Education  
Defined Contribution Plans**

Originally Adopted February 23, 2012  
Amended and Restated Effective July 1, 2023

## **CONTENTS**

- I. Introduction
- II. Purpose of Statement
- III. Roles and Responsibilities
- IV. Investment Objectives
- V. Investment Guidelines
- VI. Review and Amendment of the Policy

## **I. INTRODUCTION**

The Board of Regents of the Nevada System of Higher Education (the "Sponsor") established and maintains the following defined contribution retirement plans (herein collectively referred to as the "Plans" and each a "Plan") for eligible employees of the member institutions in the Nevada System of Higher Education ("NSHE") in accordance with the written terms of each Plan:

1. NSHE Defined Contribution Retirement Plan Alternative (RPA), a defined contribution profit sharing plan under Section 401(a) of the Internal Revenue Code ("Code"), with mandatory employer and employee contributions.
2. Excess Benefit Plan of the NSHE, a qualified excess benefit arrangement under Code Section 415(m) that is a portion of the RPA, with mandatory excess employer and employee contributions.
3. NSHE Supplemental 403(b) Plan, a defined contribution plan under Code Section 403(b), with voluntary elective deferrals; and
4. NSHE Medical Resident/Postdoctoral Scholar Retirement Plan, a defined contribution plan under Code Section 403(b), with mandatory employer and employee contributions.

The Plans are intended to provide eligible employees with the opportunity to generate long-term accumulation of retirement savings through a combination of employer and employee contributions credited to individual participant accounts. The Plans permit participants and beneficiaries (collectively, "Participants") to direct the investment of their accounts among a number of pre-selected investment options.

NSHE is comprised of member institutions of higher education established under Nevada law and described in Code Section 170(b)(1)(A)(ii) (the "Institutions"). The Plans are governmental plans within the meaning of Code Section 414(d) and Section 3(32) of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. As governmental plans, the Plans are not subject to ERISA. Notwithstanding, the University intends to be guided by the principles of ERISA, including, but not limited to, ERISA Section 404(c).

The Sponsor has delegated authority to administer the Plans to the Chancellor of NSHE, who may in turn delegate certain responsibilities to an individual, committee, or organization. In that regard, the Chancellor has created the NSHE Retirement Plan Advisory Committee (the "Committee") to advise the Chancellor or his/her delegate on a range of matters relating to the Plans, including the selection and monitoring of investment options available to Participants for the investment of their Plan accounts.

## **II. PURPOSE OF STATEMENT**

The purpose of this Investment Policy Statement ("Policy") is to outline the investment goals and objectives that have been established for the Plans. This Policy also outlines various operational guidelines intended to assist the Committee in efficiently and effectively monitoring the investment options available under the Plans. The Policy is intended to specify general principles established for the selection, monitoring, retention, and termination of investment options rather than provide a list of requirements. The Committee may determine the weighting of these principles and consider factors in addition to those set out in this Policy.

The general principles that should govern the conduct of the Committee and its members include the following:

1. The Committee shall discharge its responsibilities under this Policy for the exclusive benefit of Participants and defraying the reasonable expenses of administering the Plans.
2. In discharging its responsibilities, the Committee shall establish a disciplined method for selecting, monitoring, retaining, and terminating investment options using the same 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.
3. The Committee shall avoid prohibited transactions and conflicts of interest.
4. The Committee shall seek to comply with the requirements of the Plans, the Code, state law, and any other applicable laws.
5. The Committee shall seek to ensure that Participants are provided with sufficient information regarding investment options and related fees to enable them to make informed investment decisions under the Plans.

### **III. ROLES AND RESPONSIBILITIES**

The key parties and their responsibilities with respect to the Plans are set forth below:

- **Sponsor.** The Sponsor of the Plans is responsible for establishing the Plans, determining the terms and design features of the Plans, amending, and terminating the Plans, administering the Plans, and such other responsibilities as may be set forth in the Plan documents.
- **Chancellor.** The Chancellor has been delegated responsibility to administer, and to amend and terminate, the Plans.
- **Institutions.** The member Institutions of NSHE are responsible for enrolling Participants in the Plan, remitting contributions for each Participant to the service providers ("Service Providers"), and performing such other duties required for operation of the Plan.
- **Committee.** The Committee is responsible for advising the Chancellor or his/her delegate on the selection, retention, and termination of the investment options in which Participants may direct the investment of their accounts under the Plans. The Committee has authority, but is not required, to engage the services of an investment consultant ("Investment Consultant") and/or other professionals, including staff, to assist in carrying out its responsibilities.
- **Investment Consultant.** The Investment Consultant, if any, is responsible for providing independent and unbiased advice to the Committee regarding the investment of Plan assets consistent with this Policy, as amended. The specific terms and conditions of the services to be rendered and the fees charged for those services shall be included in a written investment advisory agreement which, to be effective, must acknowledge that the Investment Consultant is a fiduciary with respect to the Plans and must be approved by the Committee. The scope of the Investment Consultant's responsibilities shall include, at a minimum: assisting the Committee with the selection, monitoring, retention, and termination of investment options; strategic planning; conducting searches for investment options; investment option mapping; developing performance

measurement standards; and evaluating net investment performance and fees and expenses under the Plans. The Investment Consultant shall also assist the Committee in adhering to the guidelines of the Policy and make recommendations regarding the changes to the Policy, as needed.

- **Investment Managers.** The investment managers ("Investment Managers") make investments under the Plans' investment options and are responsible for managing the underlying assets by making reasonable investment decisions consistent with the stated approach in each investment option's prospectus or other governing document.
- **Service Providers.** Service Providers are responsible for providing administrative, recordkeeping, custodial, and trustee services under the Plans, as applicable. The agreement between the Sponsor and each Service Provider sets forth such responsibilities and the fees charged for such services.
- **Participants.** Participants are solely responsible for educating themselves regarding the various aspects of saving and investing, determining their voluntary contribution rates, selecting their investment options, monitoring the return on their assets, and moving assets to other available investment options as they deem necessary to minimize aggregate risk and maximize aggregate return on their investments. The investment risk under the Plans resides with the Participants.

#### **IV. INVESTMENT OBJECTIVE**

Participants have different investment objectives based on multiple personal factors, including age, income, time horizon, risk tolerance, return and accumulation objectives, and personal assets held outside of the Plans. Recognizing that individual needs vary, the overall investment objective of the Policy is to provide a mechanism for assuring that each Plan offers a sufficient range of quality investment options that allow Participants to diversify their accounts and construct portfolios that reasonably span the risk/return spectrum for reasonable fees. The Committee may select from a broad range of mutual funds or fixed and variable annuity accounts to pursue this investment objective.

While offering a variety of investment options is important, the Committee shall attempt to keep the total number of options to a prudent level that limits redundancy within an asset class, unless the multiple options offer some type of meaningful investment diversification. The Plans shall offer enough investment options so that participants can construct an investment program appropriate for their respective risk tolerances and investment goals.

At a minimum, at least one investment option from each of the following asset classes shall be offered under each Plan:

- Cash Equivalent
- Fixed Income
- U.S. Stock
- Non-U.S. Stock

Within these categories, the types of investment options may include actively managed or passively managed options, low to high-risk options, different market capitalizations, different longevities (for fixed income investments), and specialized styles of investment management.

The Committee is authorized to make recommendations to the Chancellor or his/her delegate regarding changes to a Plan's investment structure, including the elimination, replacement, and/or addition of new investment options, as it deems necessary or advisable to discharge its responsibilities hereunder.

## **DESIGNATED INVESTMENT OPTIONS**

A Designated Investment Option is an investment option designated by the Chancellor or his/her delegate, on the recommendation of the Committee, as an available investment option under a Plan from which Participants can choose to invest their accounts. Designated Investment Options shall:

- In aggregate, provide a sufficient variety of options to permit Participants to diversify their accounts in accordance with ERISA Section 404(c), as if ERISA applied to the Plans;
- Be generally representative of the investment objectives they were designed to achieve;
- In general, remain competitive with an identified, appropriate benchmark index (or blended benchmark indices) for purposes of both risk and return;
- Have objectives which are suitable for a qualified retirement plan; and
- Maintain a competitive and fair fee structure.

In no event shall a Designated Investment Option include an investment option held by a former Service Provider that is no longer approved under the Plans to offer investment options, nor shall a Designated Investment Option include a frozen investment option available under a legacy annuity contract and/or custodial account held by a Service Provider. The Policy does not cover investment options held by former Service Providers or by a current Service Provider under legacy contracts/accounts.

## **ERISA SECTION 404(C)**

Although ERISA does not apply to the Plans, the Committee has chosen to look to ERISA, including ERISA Section 404(c) and the regulations thereunder, for guidance regarding the selection, retention, and monitoring of the Plans' Designated Investment Options. ERISA Section 404(c) and the regulations thereunder are intended to both protect Participants and limit the Committee's fiduciary liability by passing investment control and responsibility to Participants. Participants will be provided with the tools and information necessary to exercise meaningful control of their investments.

## **QUALIFIED DEFAULT INVESTMENT ALTERNATIVE**

The Designated Investment Options will include one or more funds that are designated as the Plans' Qualified Default Investment Alternative ("QDIA") within the meaning of ERISA Section 404(c)(5), as if ERISA applied to the Plans. Each QDIA shall be designed to provide varying degrees of long-term appreciation and capital preservation through a mix of equity and fixed income exposure based on the Participant's age and target retirement date.

## **SELF-DIRECTED BROKERAGE WINDOW**

In addition to the Designated Investment Options, a self-directed brokerage window ("SDW") may be made available under some or all of the Plans. A SDW is an investment option that allows a Participant to establish an account with a designated broker-dealer for investment of some or all of his or her Plan accounts. The purpose of offering a SDW is to give Participants access to a wider range of investments. The Policy does not apply to any investments made through a SDW, and the investments offered through a SDW are not selected or reviewed by the Sponsor, the Committee, or any Plan fiduciary.

The Committee may establish a maximum percentage of assets that a Participant can invest through a SDW. A Participant may not trade on margin through a SDW, and the only type of investment available under a SDW shall be daily valued mutual funds.

If a SDW is made available under a Plan, and a Participant wishes to establish a SDW account, the Participant must sign a statement acknowledging that: (i) the Participant understands and accepts any and all risks associated with the SDW option and any investments thereunder; (ii) the Participant understands and accepts that none of the investments available under a SDW option have been reviewed for suitability by the Sponsor, the Chancellor or his/her delegate, the Committee, or any Plan fiduciary; (iii) the Participant is solely responsible for determining the suitability or appropriateness of any selected investment; and (iv) the Participant agrees to hold the Sponsor, the Chancellor or his/her delegate, the Committee, any Plan fiduciary, and the Plans harmless from any negative consequences that he or she may incur as a result of investing through the SDW.

## **V. INVESTMENT GUIDELINES**

The Committee acknowledges that fluctuating rates of return characterize the securities markets, particularly during short-term periods. Accordingly, the Committee views the interim fluctuations with an appropriate perspective.

### **INVESTMENT SELECTION**

The Committee may apply some or all of the following due diligence criteria when recommending the selection or replacement of a Designated Investment Option:

- **Type of Investment:** Each investment should be a mutual fund, common trust, or similar pooled investment appropriate for and permitted under the Plan.
- **Regulatory oversight:** The Investment Manager should be a regulated bank, an insurance company, a mutual fund organization, or a registered investment advisor.
- **Minimum track record:** The investment option's inception date should be at least three years; provided, a shorter track record may be acceptable if the investment professionals principally responsible for the investment option have a well-established and recognized track record.
- **Assets under management:** The Investment Manager should have a sufficient and appropriate asset base; in general, the Plan's assets should make up no more than a reasonable percentage of an investment option's total asset base.

- **Stability of organization:** The Investment Manager (and the investment professionals principally responsible for the investment option) should have at least a two year tenure, as well as a record of managing asset growth effectively, both in gaining and retaining clients. For any passively managed (index) funds, manager tenure of at least two years is not a requirement.
- **Performance:** The Investment Manager's performance should be evaluated against appropriate index and peer group returns over a trailing three- and five-year cumulative period or a full market cycle; past performance should not, however, be the primary basis for selecting Investment Managers.
- **Holdings consistent with style:** The investment option's securities should be consistent with the stated investment discipline.
- **Fees:** Fees with respect to the investment option should be reasonable.

In rare cases, some of the above criteria can be waived as recommended by the Committee if few Designated Investment Options are available related to a specific search or if the Committee otherwise determines it appropriate to waive such criteria.

#### **INVESTMENT MONITORING**

The Committee will monitor the Plans' Designated Investment Options on a regular basis to ensure that the investment style and other relevant investment criteria are acceptable, given the purpose of each investment option. When the returns of the Designated Investment Options are reviewed, they will be compared to appropriate benchmarks and examined on a net-of-fee basis. The Committee may place an Investment Manager and/or investment option on a "Watch List" and conduct a thorough review and analysis of the investment option if and when (but not limited to) any of the following occurs:

- Material changes to investment philosophy and objectives;
- Outstanding material litigation and regulatory actions;
- Substantial change in assets under management (track substantial changes in total assets);
- Underperformance relative to benchmarks and peer groups;
- Lack of adherence to the investment option's stated investment discipline and style;
- Significant organization instability and personnel turnover; and/or
- Insufficient utilization of the investment option by Participants.

The Committee may, from time to time as warranted and in its sole discretion, recommend modification to these objectives and criteria, or may consider other objectives and criteria.



Investment options repeatedly or consistently "on watch" may be candidates for replacement. However, the Watch List is only one tool to be used by the Committee in evaluating Investment Managers and/or investment options. The placement of an investment option on the Watch List, or the continuation of its presence on the Watch List, shall not be considered an automatic basis for terminating the option as an investment choice. Nor is the Watch List procedure intended to circumscribe the Committee's ability to terminate investment options without the option having been on the Watch List. All relevant facts and circumstances shall be considered in making such decisions.

## **INVESTMENT TERMINATION**

The Committee may recommend termination and replacement of a Designated Investment Option under a Plan if, in the opinion of the Committee, the investment option does not, or is not expected to, meet the specified criteria, or is no longer appropriate. Grounds for recommending termination may include, but are not limited to, the following:

- Failure to comply with stated guidelines;
- Significant deviation from the Investment Manager's stated investment philosophy and/or process;
- Loss of key personnel;
- Evidence of illegal or unethical behavior by the Investment Manager;
- Loss of confidence by the Committee in the Investment Manager; or
- Failure to achieve performance objectives specified in the Investment Manager's guidelines over a full market cycle.

If continued retention of a Designated Investment Option appears imprudent, the Committee shall consider any negative impact from surrender fees or deferred loads/charges.

## **INVESTMENT MAPPING**

When the Committee recommends termination of a Designated Investment Option, Participants will generally be given an opportunity to direct the investment of their accounts to another Designated Investment Option under the Plan. To the extent possible, assets that are not directed by Participants shall be transferred or "mapped" to a Designated Investment Option under the Plan that the Committee deems appropriate.

## **FEE STRUCTURE**

Fees affect long-term investment performance and are, therefore, an important criterion in evaluating the Plans' operation and the performance of specific investment options. In addition to reviewing the performance of the Plans' Designated Investment Options, the Committee (with the aid of the Investment Consultant, if any) shall periodically (at least annually) review all costs associated with the management of the Plans' investment options and the Plans, including, but not limited to:

- Costs to administer the Plans, including recordkeeping;

- Custodial and/or trustee expenses;
- Expense ratios of each investment option against the appropriate peer group;
- Sales loads including front-end or back-end sales charges; and
- Revenue sharing, including 12b-1 fees.

#### **EDUCATION AND COMMUNICATION**

The Service Providers shall assist the Committee by providing Participants with impartial and balanced information about the Plans' Designated Investment Options to aid them in preparation for retirement. Participant education shall emphasize the value of diversification and the recognition of risk tolerance and time horizon.

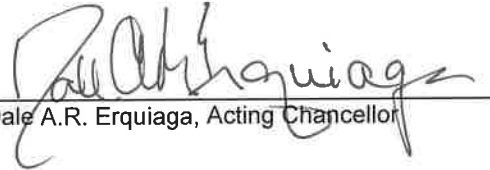
The Sponsor, the Chancellor or his/her delegate, and the Committee shall not render investment advice to Participants.

#### **VI. REVIEW AND AMENDMENT OF THE POLICY**

The Committee shall periodically review this Policy to determine if it continues to reflect the Plans' objectives and meet the needs of Participants. If the Committee determines that the Policy should be amended, it shall recommend changes to the Chancellor or his/her delegate. The Chancellor or his/her delegate has final authority to approve any changes to the Policy.

#### **CERTIFICATION BY DELEGATED AUTHORITY**

I hereby certify that the foregoing is an accurate and complete copy of the Policy recommended by the Committee, effective as of July 1, 2023.

By:   
Dale A.R. Erquiaga, Acting Chancellor

Date: 6/15/23