

**Nevada System of Higher Education ("NSHE")
Minutes of the
Retirement Plan Advisory Committee Meeting
August 19, 2024**

The Retirement Plan Advisory Committee ("Committee"), the fiduciary committee for the Nevada System of Higher Education Defined Contribution Retirement Plan Alternative (the "401(a) Plan"), Nevada System of Higher Education Supplemental 403(b) Plan (the "403(b) Plan"), Nevada System of Higher Education Medical Resident/Postdoctoral Scholar Retirement Plan (the "Medical Resident Plan"), the Excess Benefit Plan of the Nevada System of Higher Education (the "415(m) Plan"), and University of Nevada System Defined Contribution Retirement Plan Education (the "Pre-99 Plan") (collectively referred to as the "Plans"), met, pursuant to notice, on August 19, 2024 via webcast. Present were voting members: Michelle Kelley (Chair), Kim Beers (Business Center North, University of Nevada, Reno "UNR"), Amy Cavanaugh (Truckee Meadows Community College; "TMCC"), Ayla Koch (College of Southern Nevada; "CSN"), Julie Konkol (Director, Benefits and HR Operations, UNLV), Scott Nielsen (Great Basin College; "GBC"), Robyn Raschke (University of Nevada, Las Vegas; "UNLV"), Brad Summerhill (Faculty Senate Chairs), Paul Thistle (Retiree), and Bob Whitcomb (Western Nevada College; WNC) all being voting members of the Committee. Voting members Brian Frost (University of Nevada, Reno; "UNR"), Zarah Gayrama-Borines (Nevada State University; "NSU"), and Jennifer Schultz (Desert Research Institute; "DRI") were unable to attend.

Attending the meeting by invitation were David Montes of the Nevada System of Higher Education (NSHE); and Leon Kung and Dan Pawlisch of Aon Investments USA Inc. ("Aon").

Call to Order

The meeting was called to order at 1:00 p.m. by Kelley.

Approval of Minutes from May 30, 2024

The Committee reviewed the minutes from the May 30, 2024 Committee meeting. Whitcomb motioned to approve the minutes. Cavanaugh seconded. The motion passed unanimously.

Chair's Report

Kelley informed the Committee that the fund changes to lower cost share class options approved during the May 30, 2024 meeting occurred on July 29, 2024 for the following funds:

- American Century High Income Fund,
- Vanguard Developed Market Index,
- Vanguard Total International Bond Index,
- Vanguard Total Stock Market Index, and
- Vanguard Cash Reserves Federal Money Market Fund.

Kelley provided an update regarding the Preservation Clause and a Transfer Payout Annuity (TPA) from TIAA Traditional being considered as a distribution. She indicated that she was still reviewing the data provided by TIAA. However, the number of individuals appearing to use a TPA to avoid the Preservation Clause rules was less than originally expected.

Kelley indicated the number of loan requests have dramatically increased along with complaints regarding the Preservation Clause.

Campus Updates

Beers informed the Committee that due to a recent departure, a vacancy in the Benefits Manager position in the North has been posted to be filled.

The Committee discussed the possibility of adding a presentation regarding the Preservation Clause for the next Financial Wellness Week.

Quarterly Investment Review

Kung led a discussion regarding the contents of a previously distributed report titled “Nevada System of Higher Education, Second Quarter 2024 Discussion Guide, August 19, 2024 (Discussion Guide).” Kung noted that a previously distributed document titled “Nevada System of Higher Education, Second Quarter 2024 Investment Review” was provided for the Committee’s reference.

Kung provided an overview of the topics to be addressed during upcoming meetings.

Kung informed the Committee that the Loomis Core Plus Fixed Income Fund replaced PIMCO and discussed the upcoming changes to Vanguard’s rebalancing policy for the Vanguard Target Retirement Funds and their respective benchmarks. He noted alignment of fund and benchmark rebalancing policies was common among peers and is expected to reduce transaction costs and the fund’s tracking error over time.

Kung reviewed the current state of the overall economy, the domestic and international equity markets, and the bond markets during the second quarter of 2024 and the year-to-date period. Kung discussed the Plans’ asset allocation and situations in which there were exceptions to, or comments on, the targeted performance, company structure, or other relevant aspects of the funds offered against the Plans’ Investment Policy Statement. After a thorough discussion and review of the materials provided, the Committee agreed to remove the T. Rowe Price Stable Value Fund and William Blair Small/Mid Cap Growth Fund from the “watch list” and maintain the Vanguard Federal Money Market Fund on the “watch list.”

Kung reviewed participant contribution and transfer activity during the second quarter of 2024. He also reviewed the management fees for the investments in the Plans, comparing them to the medians of the applicable peer groups and the allocations and performance for Morningstar Model Portfolios as of June 30, 2024.

TIAA Traditional Competitive Review

Referencing a previously distributed report titled “Nevada System of Higher Education, TIAA Traditional Competitive Review August 16, 2024.” Pawlisch provided an overview and discussed key considerations for evaluating guaranteed fixed return annuities. Kung led a discussion of potential alternative investment manager candidates to TIAA Traditional. After thorough discussion and review of the materials provided, considering the best interest of the Plans’ participants and beneficiaries, Whitcomb motioned to retain the TIAA Traditional guaranteed fixed return annuity. Thistle seconded. The motion passed unanimously.

Open Discussion

The group discussed improvements in AI safety, concerns about unclear corporate goals, the challenges of personalization, and the potential impact of AI on financial transactions. The committee discussed concerns around recording individual financial meetings between participants and their financial consultants. While some members expressed discomfort with this approach, others noted that recording could help reduce complaints by providing evidence of what occurred in the meetings. The committee emphasized the importance of following best-practice models, suggested incorporating text-based consent or having both the financial consultant and participant call over a recorded line to confirm portfolio changes, and highlighted challenges related to restrictions on 401(a) accounts.


Other Business

Montes informed the Committee that the next regularly scheduled meeting will be on December 5, 2024, from 9:00 a.m. – 12:00 p.m.

The Committee agreed to add retirement income in target date funds as a discussion topic for a future meeting.

Adjournment

There being no further business before the Committee, the meeting adjourned at 11:50 a.m.


Michelle Kelley
Chair


Chris Viton
NSHE Vice Chancellor