

**Nevada System of Higher Education ("NSHE")  
Minutes of the  
Retirement Plan Advisory Committee Meeting  
December 5, 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 December 5, 2024 via teleconference. Present were voting members: Michelle Kelley, Kim Beers (Business Center North, University of Nevada, Reno "UNR"), Amy Cavanaugh (Truckee Meadows Community College; "TMCC"), Brian Frost (University of Nevada, Reno; "UNR"), 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"), Paul Thistle (Retiree), and Bob Whitcomb (Western Nevada College; WNC) all being voting members of the Committee.

Voting members Zarah Gayrama-Borines (Nevada State University; "NSU"), Jennifer Schultz (Desert Research Institute; "DRI"), and Brad Summerhill (Faculty Senate Chairs), were unable to attend.

Attending the meeting by invitation were Leon Kung and Dan Pawlisch of Aon Investments USA Inc. ("Aon Investments").

### **Call to Order**

The meeting was called to order at 9:00 a.m. by Kelley.

### **Approval of Minutes from August 16, 2024 and August 19, 2024**

The Committee reviewed the minutes from the August 16, 2024, and August 19, 2024 Committee meetings. Cavanaugh motioned to approve the minutes. Beers seconded. The motion passed unanimously.

### **Chair's Report**

Kelley informed the Committee that beginning January 1, 2025, the Plans' annual plan servicing fee is being reduced to 2.1 basis points from 2.3 basis points. This fee is deducted proportionally from participants' investments in TIAA's RC/RCP contracts, up to a maximum account balance cap of \$300,000. Kelley noted there is no fee cap for participants in TIAA's legacy contracts. In addition, each account will continue to be assessed an annual per-participant fee of \$12 (\$3 per quarter), regardless of the total number of plans a participant is in.

Kelley also provided an update on the implementation of the Institutional Plus share class for the Vanguard Extended Market Index Fund and the Vanguard Total Bond Market funds. The management fees for the new share class options is 0.04% for the Extended Market Index (VEMPX) and 0.03% for the Total Bond Index (VBMPX). The implementation is scheduled to be completed on January 3, 2025. Kelley indicated that a communication was sent to participants on December 2, 2024, informing them of the fee change and the Vanguard share class change.

Kelley noted that the IRS announced the updated supplemental retirement plan limits for 2025. The annual contribution limit will increase by \$500, from \$23,000 to \$23,500. The age 50 annual catch-up additional contribution limit will remain the same at \$7,500.

Kelley indicated that mandatory employee and employer contribution rates for the RPA will be set at 19.25% for compensation earned after July 1, 2025. She informed the Committee that in light of legislation introduced and discussed during the 2023 Nevada Legislative Session, which would have authorized the separation of the RPA contribution from the Nevada PERS rate, CFO Viton has authorized the RPAC to retain Aon to conduct a stochastic analysis of a hypothetical contribution rate that would support a similar level of retirement income as the NVPERS retirement income formula, keeping in mind that benefits under the RPA are subject to more risk (e.g., market risk, longevity risk). She noted that the project will entail a stochastic forecast of model participant age, service, pay, employee contributions, employer contributions, and retirement income withdrawals. The hypothetical RPA contribution rate will be calibrated to achieve a 5%, 25%, 50%, 75%, and 95% likelihood of success. Success will be defined based on income goals relative to the income that would have been generated under the NVPERS DB formula. Following discussion, Beers, , Thistle, and Whitcomb volunteered to serve on the Steering Committee.

Nielsen asked if the Windfall Elimination Provision (WEP) was being removed from the RPA. Kelley indicated that legislation is currently pending in Congress that would impact the retirement benefits of certain public sector employees and give them access to their full social security benefits. Following discussion, Kelley agreed to provide an update at the next regularly scheduled Committee meeting.

### **Amendment to Section 10.02 of the NSHE Defined Contribution Retirement Plan Alternative (RPA)**

Kelley informed the Committee that a participant made a formal request to amend the RPA's Preservation Clause to allow a Rollover for Business Startups (ROBS). She noted that a ROBS is a business financing solution that uses retirement savings to purchase or invest in an existing business or franchise. After discussion, the Committee agreed not to amend the RPA to allow for ROBS. However, the Committee requested additional information to facilitate a future conversation regarding the merits and drawbacks of loosening the RPA's Preservation Clause.

### **Campus Updates**

Beers informed the Committee that another round of interviews have been scheduled for the benefits manager position in the north.

## **U.S. SMID Cap Equity Search**

Referencing a previously distributed report titled “Nevada System of Higher Education, U.S. Small-Mid Cap Core Equity Manager Search, December 5, 2024,” Pawlisch noted that the Committee requested Aon Investments perform a manager search to identify active U.S. SMID Cap Equity candidates during the August 16, 2024, meeting. This active equity option could be used to consolidate the DFA U.S. Target Value Fund and William Blair Small/Mid Cap Growth Funds into a single option to further streamline the Plans’ investment lineup. Pawlisch led a discussion of potential investment manager candidates. After thorough discussion and review of the materials provided, considering the best interest of the Plans’ participants and beneficiaries, Thistle motioned to retain the existing DFA U.S. Targeted Value Fund and William Blair Small/Mid Cap Growth Fund as separate standalone options. Whitcomb seconded. The motion passed unanimously.

## **Quarterly Investment Review**

Kung joined the meeting.

Pawlisch led a discussion regarding the contents of a previously distributed report titled “Nevada System of Higher Education, Third Quarter 2024 Discussion Guide, December 5, 2024 (Discussion Guide).” Pawlisch noted that a previously distributed document titled “Nevada System of Higher Education, Third Quarter 2024 Investment Review” was provided for the Committee’s reference.

Pawlisch informed the Committee that Aon’s Investment Manager Research team recently downgraded the DFA Inflation Protected Securities to “Qualified” from “Buy.” After thorough discussion and based upon information contained in the report, Committee Member motioned to initiate a U.S. TIPS fund search. Committee Member seconded. The motion passed unanimously. Pawlisch agreed to provide a U.S. TIPS fund manager search at a future Committee meeting.

Pawlisch informed the Committee that GQG’s September 27, 2024, settlement with the SEC relating to rule 21F-17(a), known as the “whistleblower” rule has not changed Aon’s opinion of the firm or its funds. The GQG International Opportunities Fund remains “Buy” rated.

Pawlisch reviewed the current state of the overall economy, the domestic and international equity markets, and the bond markets during the third quarter of 2024 and the year-to-date periods. He also discussed key takeaways from the 2024 presidential election, highlighting the impact Trump’s victory could have on Fed policy, the economy, and market volatility.

Pawlisch 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. In a discussion of Aon Investments’ Watch List, which reflects any funds on “watch” for the quarter, Mr. Pawlisch indicated that no funds registered on the watch list for the third quarter of 2024.

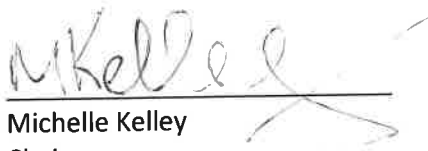
Pawlisch reviewed participant contribution and transfer activity during the third quarter of 2024. He also reviewed the management fees for the investments in the Plans, comparing them to the medians of the applicable peer groups. Pawlisch also reviewed the allocations and performance for Morningstar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

## Other Business

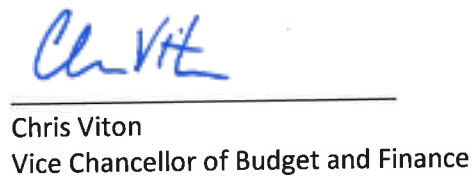
Whitcomb led a discussion of opportunities to communicate and inform participants to better utilize TIAA's on-campus and drop-in advice sessions.

## Adjournment

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



Michelle Kelley  
Chair



Chris Viton  
Vice Chancellor of Budget and Finance