

STATE EQUAL RETIREMENT BENEFIT FUND COUNTY EQUAL RETIREMENT BENEFIT FUND

INVESTMENT POLICY STATEMENT

PURPOSE

The purpose of this Investment Policy Statement (IPS) is to set forth the investment objectives, asset allocation, investment strategy, benchmarks, guidelines, and responsibilities for the State Equal Retirement Benefit Fund (State ERBF) and County Equal Retirement Benefit Fund (County ERBF). These two Funds were established to provide additional monthly annuity to qualifying participants whose participation in the State or County Retirement Systems Plans precedes January 1, 1984.

ENTITIES

- Cash Balance Benefit Plans - State and County
- Defined Contribution Plans - State and County

STATUTORY REFERENCES

State Employees Retirement Act
County Employees Retirement Act

Neb. Rev. Stat. §§84-1319 through 84-1319.01
Neb. Rev. Stat. §§23-2317 through 23-2317.01

INVESTMENT OBJECTIVES

The State ERBF and the County ERBF are essentially defined benefit plans within a larger defined contribution plan (the State and County Retirement Systems Plans). A defined benefit plan's promise to pay benefits represents a liability to the plan. In this case, the promise of an extra monthly annuity is the liability. The investment objective is to allocate the assets in order to maximize the rate of return of the portfolio while prudently managing risk.

ASSET ALLOCATION

In accordance with the investment objectives, the asset allocation adopted by the Nebraska Investment Council (the Council) is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Benchmark</u>
U.S. Equities	50.0%	DJ US Total Stock Market Index
International Equities	15.0%	MSCI All Country World Index ex-U.S. IMI
Fixed Income	35.0%	Bloomberg Barclays US Aggregate Index

RESPONSIBILITIES FOR THE STATE AND COUNTY ERB FUNDS

The Council:

- Approves the IPS for the Portfolio. The IPS includes the investment objectives, asset allocation, investment strategy and benchmarks.

- Approves exceptions to the IPS as requested by the SIO.
- Approves investment managers upon recommendation by the SIO.

The State Investment Officer:

- Makes recommendations to the Council regarding components of the IPS, such as asset allocation and manager benchmarks.
- Implements the Council-approved IPS for the Portfolio.
- Rebalances the investments when necessary halfway back to target allocation and looks for efficient and opportunistic ways to get back to target.
- Evaluates and reports investment performance and other investment-related issues of the Portfolio.
- Maintains a current written IPS approved by the Council.
- Establishes written procedures for internal implementation of the IPS as needed.
- Obtains Council-approved IPS exceptions as needed.

ADMINISTRATIVE AND GOVERNANCE POLICIES

Council Administrative and Governance Policies are contained in two additional documents.

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