

STATE AND COUNTY RETIREMENT SYSTEMS - DEFINED CONTRIBUTION AND STATE DEFERRED COMPENSATION PLAN INVESTMENT POLICY STATEMENT

PURPOSE

The purpose of this Investment Policy Statement (IPS) is to set forth the investment objectives, asset allocations, investment strategy and responsibilities for the Defined Contribution and State Deferred Compensation Plan. The Defined Contribution Plan is comprised of funds contributed by both State and County Employees. These members contribute a percentage of pretax wages to the Plans and the employers contribute a matching amount. The State Deferred Compensation Plan is a voluntary savings plan available for all State, Judges, and State Patrol employees. County employees may participate if their county does not offer a 457 Plan.

ENTITIES

- State Employees Retirement System of the State of Nebraska - Defined Contribution option
- Retirement System for Nebraska Counties - Defined Contribution option
- State of Nebraska Deferred Compensation Plan

STATUTORY REFERENCES

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| • State Employees Retirement Act | Neb. Rev. Stat. §§84-1301 - 84-1332 |
| • County Employees Retirement Act | Neb. Rev. Stat §§23-2301 - 23-2332 |
| • State Deferred Compensation Plan | Neb. Rev. Stat §§84-1504 - 84-1510 |

INVESTMENT OBJECTIVES

To offer a diverse mix of investment options that will allow plan participants to structure a sound retirement planning strategy. Participants will have different risk tolerances, long-term objectives, and time horizons. Each participant will determine how the assets in their account will be invested.

ASSET ALLOCATION AND STRATEGY

In accordance with the investment objectives, the Council's goal is to provide participants with a choice of investment options that cover a broad selection of asset classes. The asset classes below are possible classes to include in the Plans. The Council will make the final determination on what will be offered as investment options including the specific funds and investment managers.

- Asset Allocation Portfolios
- Domestic Equities
- International Equities
- Global Equities
- Fixed Income
- Stable Value

Per statute, the Defined Contribution plans must include specific investment options for participants. The investment options approved by the Council must include those options, but additional investment options may also be included. The statute for the Deferred Compensation plan does not have a similar list of required investment options.

The Council retains the authority to modify the investment options offered to participants (except those options listed in statute).

Benchmarks will be used for each investment option to help monitor performance and adherence to fund guidelines.

RESPONSIBILITIES FOR THE DEFINED CONTRIBUTION & DEFERRED COMPENSATION PLANS

The Council:

- Approves the IPS for the Portfolio. The IPS includes the investment objectives, asset allocation, and investment strategy.
- Approves exceptions to the IPS as requested by the SIO.
- Approves investment managers upon recommendation of the SIO.

The State Investment Officer:

- Makes recommendations to the Council regarding components of the IPS, such as asset allocation, investment options offered, investment managers utilized, and manager benchmarks.
- Implements the Council-approved IPS for the Portfolio.
- 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.

Revised December 31, 2007

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