

**Dan Schwartz**  
State Treasurer



STATE OF NEVADA  
OFFICE OF THE STATE TREASURER

**NOTICE OF PUBLIC MEETING**

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

Thursday, September 22, 2016, 10:00 a.m.

**REVISED**

**Meeting via videoconference at the following locations:**

Dial in access: 1-888-251-2909 Access Code 7399092

**Grant Sawyer State Office Building**  
Governor's Conference Room -Suite 5100  
555 E. Washington Avenue  
Las Vegas, NV 89101

**State Capitol Building**  
Laxalt Building  
2<sup>nd</sup> Floor Chambers  
401 N Carson Street  
Carson City, NV 89701

All items listed on this agenda are for discussion and action by the Board of Trustees unless otherwise noted. Action may consist of any of the following: approve, deny, condition, hold, or table.

**AGENDA**

1. **Public Comment.** *Comments from the public are invited at this time prior to the commencement of possible action items. The Board is precluded from acting on items raised during Public Comment that are not on the agenda.*

**Consent Agenda**

*Consent Agenda - All matters in this sub-category are considered by the Board of Trustees to be routine and may be acted upon in one motion without discussion. Most agenda items are phrased for a positive action. However, the Board of Trustees may take other actions, such as hold, table, amend, etc.*

2. For possible action: Board review and approval of the minutes of the College Savings Board of Trustees meeting of July 14, 2016.

3. For possible action: Board review and approval of the Ascensus program manager's report encompassing results for Vanguard, USAA, and SSGA Upromise 529 plans for the quarter ended June 30, 2016.
4. For possible action: Board review and approval of the Putnam 529 for America program manager's report for the quarter ended June 30, 2016.
5. For possible action: Board review and approval of the Thomas & Thomas unaudited financial statements of the Nevada College Savings Plans compiled for the quarter ended June 30, 2016.
6. For possible action: Board consent to a contract extension of the USAA Private Label Agreement between USAA and Ascensus Broker Dealer, Inc.
7. For possible action: Board review and approval of a supplement to the USAA 529 College Savings Plan Plan Description and Participation Agreement to notice participants of the removal of the USAA Real Return Fund from certain investment options.
8. For possible action: Board review and approval of Amendment 4 to the SSGA Upromise 529 Operational Agreement to reflect the transition of the SSGA 2015 College Portfolio into the SSGA College Today Portfolio and the lowering of the minimum contribution amount through the Automatic Investment Program; and the resulting supplement to the SSGA Upromise 529 Plan Description and Participation Agreement to notice participants of such changes.
9. For possible action: Board review and approval of the Chicago Equity Contract extension.
10. For possible action: Board review and approval of the Prepaid Tuition Investment Monitoring Report prepared by Pension Consulting Alliance, Inc. for the quarter ending June 30, 2016.
11. For possible action: Board to receive an update on "Let's Go to College! Nevada Saves" from Amplify Relations.
12. For possible action: Board review and approval of the FY 2017 Nevada Prepaid Tuition Program Description and Master Agreement.
13. For possible action: Board review and approval of the FY 2017 Nevada Prepaid Tuition Program fee schedule.

## Discussion Agenda

14. Board to receive an update regarding the previously approved settlement agreement with Treasury Solutions Holdings, Inc.
15. For possible action: Board review and approval of the Nevada College Savings Plans Investment Monitoring Report prepared by Pension Consulting Alliance, Inc. for the quarter ending June 30, 2016. (Eric White – 10 min.)
16. For possible action: Board review and approval of the annual investment presentation for Putnam 529 for America.
  - a. Putnam Presentation (Judy Minsk and others –Putnam– 20 min.)
  - b. PCA’s Commentary (Eric White, PCA – 10 min.)

## Comments

17. Staff Notes
18. Public Comment. *The Board is precluded from acting on items raised during Public Comment that are not on the agenda*

Prior to the commencement and conclusion of a contested case or a quasi judicial proceeding that may affect the due process rights of an individual the board may refuse to consider public comment. See NRS 233B.126.

Items on the agenda may be taken out of the order presented at the discretion of the Chairman.  
Items may be combined for consideration by the public body.  
Items may be pulled or removed from the agenda at any time.

Notice of this meeting was posted at the following locations in Carson City, Nevada:

State Capitol Building, 1<sup>st</sup> & 2<sup>nd</sup> Floor & Basement, 101 North Carson Street  
Nevada Legislative Building, 401 South Carson Street  
Nevada State Library, 100 Stewart Street  
Blasdel Building, 209 East Musser Street

Notice of this meeting was posted at the following location in Las Vegas, Nevada:

Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4600, Las Vegas, Nevada  
1<sup>st</sup> Floor Capitol Police - (702) 486-2012

Notice of this meeting was posted on the following website:

[www.nevadatreasurer.gov](http://www.nevadatreasurer.gov)  
[www.notice.nv.gov](http://www.notice.nv.gov)

We are pleased to provide members of the public supporting material for the meeting as well as make reasonable accommodations for members of the public who are disabled and would like to attend the meeting. If supporting material or special arrangements for the meeting are required, please notify Linda English with the Office of the State Treasurer, 555 E Washington, Suite 4600, Las Vegas, NV 89101 or call (702) 486-3889 or fax your request to (702) 486-3246 as soon as possible. Materials will also be available at the Office of the State Treasurer, College Savings, 555 E. Washington Suite 4600, Las Vegas, NV 89101

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 2**  
**September 22, 2016**

**Item:** Review and approve the College Savings Board minutes of July 14, 2016.

**Recommendation:**

**That the Board review and approve the minutes of the July 14, 2016 College Savings Board of Trustees meeting.**

Fiscal:  
None.

Summary:  
The minutes of the Board have been prepared and are complete for review and approval.

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

MINUTES OF BOARD MEETING  
July 14, 2016

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Chairman Dan Schwartz, State Treasurer, called the meeting of the Board of Trustees of the College Savings Plans of Nevada to order at 10:00 a.m., on Thursday, July 14, 2016. The meeting was held by video conference from the Nevada State Laxalt Building, 401 North Carson Street, 2<sup>nd</sup> Floor Chambers, Carson City, Nevada to the Grant Sawyer Building, 555 East Washington Avenue, Suite 5100, Las Vegas, Nevada. Other attendees participated in person or by conference call.

Board members present:

Chairman Dan Schwartz – Carson City  
Ned Martin – Las Vegas  
Bob Seale – Carson City  
Janet Murphy – Carson City

Others present:

Tara Hagan, Chief Deputy Treasurer, Treasurer's Office  
Grant Hewitt, Chief of Staff, Treasurer's Office  
Linda J. English, Senior Deputy Treasurer – South  
Budd Milazzo, Senior Deputy Treasurer – North  
Holly Primka, Treasurer's Office  
Sheila Salehian, Deputy Treasurer for Prepaid Tuition & Financial Literacy  
Blanca Platt, Treasurer's Office  
Troy Watts, Treasurer's Office  
Shane Chesney, Nevada Attorney General's Office  
Allisa Robertson, Amplify Relations  
Ken Alberts, Gabriel Roeder Smith (GRS)  
Gina Robison, Women's Money  
Michele Johnson, Financial Guidance Center  
Sue Serewicz, Ascensus College Savings  
Caitlin Robinson, Putnam  
Jacob Rose, PWC  
Judy Minsk, Putnam  
Nick Chingris, Putnam  
Tony Scola, SSGA  
Pattie Weed, Thomas & Thomas  
Tom Hewitt, Vanguard

Anna Agranov, Ascensus  
Tae Jeon, Ascensus  
Dan Carter, Eide Bailey  
Jamie Canup, Hirschler Fleischer  
Chris Smith, USAA

Roll was taken, and it was determined a quorum was present. Ms. English indicated the meeting had been properly noticed and the agenda was posted in accordance with the Open Meeting Law in both Carson City and Las Vegas.

1. Public Comment

There was no public comment in Las Vegas or Carson City.

Consent Agenda

2. For possible action: Board review and approval of the minutes of the College Savings Board of Trustees meeting of June 21, 2016.
3. For possible action: Board review and approval of the education and outreach expenditure report for the SSGA Upromise 529 Plan for the quarter ended June 30, 2016 to be recorded as non-cash revenue in the State's accounting system.
4. For possible action: Board review and approval of the auditors selected by each of the Nevada College Savings Plans program managers to conduct annual audits for FY16 for the SSgA Upromise 529 Plan, the Vanguard 529 Plan, Putnam 529 for America, and the USAA 529 Plan,).
5. For possible action: Board review and approval of the audit scope letter dated June 15, 2016 from Eide Bailly that summarizes the significant terms of engagement for the FY16 audit of the Higher Education Tuition Trust Fund (Nevada Prepaid Tuition Program)
6. For possible action: Board review and approval of a supplement to the Putnam 529 for America Offering Statement to notice participants that the Putnam Money Market Fund Investment Option will be replaced with the Putnam Government Money Market Fund Investment Option.
7. For possible action: Board review and approval of a supplement to the SSGA Upromise 529 Plan Description and Participation Agreement to notice participants that the State Street Institutional Liquid Reserves Money Market fund will be replaced with the State Street Institutional Treasury Money Market Fund in all age and risk based portfolios.

8. For possible action: Board consent to a contract between VistaShare and Ascensus College Savings to provide a system to manage Nevada College Kick Start participant data.
9. For possible action: Board receive a report on Women's Money summarizing the four conferences conducted in Fiscal Year 2016.
10. For possible action: Board receive a report from the Financial Guidance Center on its Senior & Veterans conference in Fiscal Year 2016.

Bob Seale asked to pull Agenda Item 5 from the Consent Agenda.

**Bob Seale motioned to approve the Consent Agenda. Janet Murphy seconded the motion. Motion passed unanimously.**

Bob Seale commented on Agenda Item 5 that he thought the pricing was favorable for the state of Nevada.

**Bob Seale motioned to approve the Agenda Item 5. Ned Martin seconded the motion. Motion passed unanimously**

#### Discussion Agenda

11. For possible action: Board review and approval of limited incentives related to the Nevada College Kick Start Program for kindergarteners in the 2016-2017.

Staff discussed the background and different enhancements to the Nevada Kick Start Program which the Board approved at its March 2016 meeting. These enhancements were contingent upon approval by the Interim Finance Committee (IFC) at its June 30, 2016 meeting. During the IFC meeting, the Committee did not approve the enhancements stating they were uncomfortable having IFC make that decision and instead preferred that the enhancements go before the full Legislature in the next biennium session. Instead of the \$2.6 million requested by the Board, the IFC approved a total of \$1,950,900. After the IFC meeting, staff calculated the estimated cost to operate the CKS program without enhancements to be \$1,784,000 the difference between the amount approved by IFC and the estimated amount to fund the incoming CKS kindergarten class is approximately \$167,000. Staff sought input and approval from the Board to use the \$167,000 to provide some limited incentives to incoming 2016 CKS participants.

Staff explained that the IFC requested the Board provide data to indicate that the Program is making a difference in the number of Nevadans opening college savings accounts. Staff testified that although the CKS program has resulted in over 1,400 Nevadans opening 529 accounts, it's the Board's belief that the additional incentives are

needed to help create a culture of savings in Nevada. Staff noted that these incentives are needed to provide the data the IFC is seeking; therefore, we believe this interim solution with limited incentives will assist the Board in providing the data the Legislature is seeking.

Grant Hewitt explained that, with this agenda item, staff is requesting the Board's approval to use the limited funding on incentives to encourage CKS families to open their own accounts to help provide data on the return on investment. Before the Board is a proposal to provide CKS families with children entering kindergarten in 2016 with either a \$100, \$150 or \$200 incentive contribution when they open a 529 account in a Nevada plan. This incentive would be capped at \$166,900. At the \$200 level, around 700 accounts would be eligible for this incentive, which is 2%. The CKS class entering school in 2016 would be eligible for this incentive on a first-come first-served basis until funding is exhausted.

**Bob Seale** asked how much money we are talking about.

Grant Hewitt stated that it is not to exceed \$166,900.

**Janet Murphy** questioned if we could still get IFC or the Legislature the data they are requesting with just the initial \$50.

Grant Hewitt replied that we could look at how the \$50 moved the needle. Historical trends show that Kick Start with an initial contribution of \$50 did something, it didn't blow the roof off anything but it did do something. We can't show, unless we were to implement the requested incentives, that the additional incentive would move the needle substantially higher than with just the \$50 initial contribution. We are trying to find a way to get the Legislators the data they would like but also not disrespect the process.

**Ned Martin** questioned if there was a way to restructure the program instead of adding an addition \$2 million to the \$5 million that has already been invested.

Grant Hewitt responded that there are always ways to restructure and one of the actions the Board took at the last meeting when we addressed Kick Start was the reclaiming of accounts. It was discussed that after the third grade, if an account has not been claimed or the parent has not acknowledged the existence of the account then the money would be reclaimed and the program would become self-sustaining. No matter what the Board decides, there will be a claiming process through VistaShare so that parents can update their information, provide an email, and provide other information to acknowledge that they have the Kick Start account. If parents take that acknowledgement one step further and they open their own account, they can link their

Kick Start and personal account together. The incentives, if approved would add an additional \$200 to their Kick Start account because they took the additional step to start saving for college.

**Treasurer Schwartz** asked if Mr. Hewitt could remind the Board what VistaShare is.

Grant Hewitt explained that VistaShare is a company that has recordkeeping program that Ascensus brought to the table that provides a user friendly way for families to track their Kick Start account daily. The contract between Ascensus and VistaShare was just approved on the consent agenda. It is a program that allows a parent to log into a database with their account number and acknowledge that their Kick Start account exists and allows them to track incentive dollars. Once they families open their own 529 plan account, the system will link their accounts and the family can view information on both accounts on VistaShare which will provide a better user experience for parents.

Grant Hewitt also clarified that Kick Start is an outreach program which serves dual purposes. He explained that it has a great social purpose and if the studies are correct a child is seven times more likely to go to college and it also gives us with a great avenue to talk to families about saving for college. It is a great tool to get in the door and start a conversation.

Refocusing the conversation, Mr. Hewitt stated that the Treasurer's Office is asking for the authorization from the Board to spend up to \$166,900 on a \$200 incentive which would be paid into a participant's Kick Start account once a parent has claimed their child's Kick Start account and opened and linked their separate, personal 529 to the Kick Start account. This would only be for this upcoming Kindergarten class. This is not retroactive; this is a test or pilot.

**Janet Murphy** asked for clarification if the reclaiming of the proposal was still going forward.

Grant Hewitt stated that reclaiming the accounts was approved by the Board at its March 24, 2016 meeting. He stated that the question, at its core, is does the IFC have the authority to tell a Board what the policy is. The IFC did not vote on the policy, they voted on the appropriation. Mr. Hewitt stated that the Board has voted on a self-sustaining program and whether or not we choose to execute that in light of the IFC is another debate that we can have at the September meeting because we do not actually technically reclaim any accounts, under the plan, until the end of the 2019 school year.

**Linda English** commented that the Treasurer's Office has outlined three incentive options. She asked if the Board chooses to go forward with incentives for the \$166,900 at what level is the Board proposing?

Grant Hewitt stated the choice between the \$100, \$150 and \$200 and the only difference is if it's \$100 we can cover more first-come first-serve accounts versus if it's \$200. Stating that it should be noted that at the \$200 level we are going to get a return of folks opening accounts that is larger than the current percentage of folks who have Kick Start accounts today. So out of this cohort we would end up with over approximately 2% of folks claiming. We are at 1.6% today, so it would be a dramatic improvement to the program if they all took it.

**Bob Seal motioned to authorize the approval of a \$200 incentive for the Kindergartners entering school in the 2016/2017 school year for the purposes of opening an account, not to exceed budgetary authority of a \$166,900. Ned Martin seconded the motion.**

There was further discussion from Janet Murphy stating that she was really torn on the decision due to the fact that even though IFC is about fiscal, the Board is making a policy decision that is going to have a fiscal impact and the message that she got is that IFC wanted the fiscal impact to come back to the full Legislature during the next session. Her vote will be no on the motion.

Grant Hewitt clarified that there is no fiscal impact in the sense that the appropriation has been made for \$1.9 million. The cost to administer the program under its old policy would have cost less than the \$1.9 and we are merely seeking the authority to spend the difference that is authorized versus the old program. He reminded the Board that when it approved Kick Start to the rurals, the pilot program, it never went to IFC. It only went to IFC once the Board approved the expansion to the entire state which exceeded the Program's budgetary authority. So this is very similar in that the Board is making a decision regarding funds that have not been spent and it seemingly isn't any different than creating Kick Start on day one for the rural pilot. This Board has done fiscal activities that are fiscal in nature without IFC approval in the past. **All in favor of the motion with a roll call vote from Secretary English were Ned Martin, Bob Seale, and Chair Schwartz. Janet Murphy opposed. Motion passed.**

12. For possible action: Board review and approval of the Fiscal Year 2016 Prepaid Tuition actuarial assumptions.

13. For possible action: Board review and approval of the 2017 Nevada Prepaid Tuition Program pricing schedule.

Items #12 and #13 were presented together.

Sheila Salehian and Ken Alberts reviewed the actuarial assumptions. Ken stated at last month's meeting that the Board recommended that GRS model a lower price inflation and lower long term tuition increase assumptions for the two year colleges. The Board also request leaving the interest rate at 6% and the long term increase assumption for four year colleges at 5.75%. Ken explained that GRS took that direction and is coming back to the Board with two options for pricing based on differences in interest rate return assumptions and long term tuition increase assumptions. Ken Alberts also recommended maintaining a risk margin in the pricing. Ken further stated that GRS didn't take a hard stance on the magnitude of the risk margin but recommended that the State maintain the same methodology currently being used. Ken reviewed the two options: alternative #1 was to lower inflation to 2.5%, alternative #2 would lower inflation to 1.75%. Ken reviewed the interest rate and GRS assumes as a long-term investment earnings projection.

**Chairman Schwartz** wanted clarification on the two options that were being recommended.

Ken Alberts stated that outlined on page 166 of the PDF, alternative #1 has a price inflation of 2.5% and an interest rate of 6%, with a long term tuition increase of 5.75% and alternative #2 has a 1.75% price inflation, a 5% rate of return assumption, and a 4.75% long term tuition increase for 4 year colleges and a 4% long term increase assumption built in for 2 year colleges.

**Bob Seale** questioned if the Board chooses alternative #2 or alternative #1 does the Board have to stay with all of the assumptions within the alternative or can the board choose a few from each and develop a new option.

Ken Alberts stated that all of the variables in each option were set and could not be modified.

**Chair Schwartz** questioned what the reason for that was.

Ken Alberts answered that the alternatives outline the assumptions that the Board is adopting, and stated that they needed to be balanced to ensure consistency and fund viability throughout the life of the program.

**Janet Murphy** asked for clarification regarding alternative #2 and that it would be a more conservative rate of return.

Ken Alberts answered that was correct.

**Chair Schwartz** questioned when the changes will go into effect.

Sheila Salehian answered that the pricing goes into effect November 1, 2016, with open enrollment of the program.

**Bob Seale motioned to approve alternative #2. Janet Murphy seconded the motion. Motion passed unanimously.**

14. For possible action: Board review and approval of the 5-year plan and budget for the FY 18-19 biennium.

Staff presented the biennium budget proposal for FY18-19 that will be presented to the Legislature sometime in February or March 2017. It was explained that the Treasurer's office wanted to present a budget to the Board that made sense and would also show how our office builds budgets pursuant to what the Governor's office and Finance office look at. Explaining that when we build the budget we have to look at the base year (FY16) so we outlined, for the Board, enhancements above FY16 base amounts. When we present this to the Governor's Finance office it will be clear where the enhancements are coming from. Staff outlined the requested enhancements.

Grant Hewitt stated that because of the desire of IFC and the Board wanting to see metrics, one of the things that was outlined in the budget were metrics that will be looked at year-over-year. We feel the items that were identified which can be accurately tracked year-over-year are overall brand awareness, new account openings and the average age of our beneficiaries. We plan to track how many public events we attend and how many leads are generated from those events or through our online marketing so we can judge year-over-year. Tracking to see if we are getting good leads, bad leads or are there enough events being attended. These are the metrics by which we wish to judge success so this will help us talk to the Legislature when they ask us how we are tracking our budget. If the Board is comfortable with these tracking metrics we will go back and establish some benchmarks.

**Janet Murphy** showed concern that the Board would want to monitor the success and would like for the Treasurer's office to keep the Board up to date.

Grant Hewitt stated that there are items that can be tracked monthly and there are items that have to be tracked yearly so he will identify in September what the monthly tracks are versus the yearly.

**Ned Martin** asked staff to go over back over the 6 month reserve for the College Savings and Millennium Scholarship. He asked if it is an accumulative reserve and if we are building a cash balance. He wanted to know the purpose of the reserve.

Budd Milazzo stated the purpose of the reserve is to have enough funds available to make any payments that we make out of the endowment account. We see the majority of the funding in November or December so the beginning of each year we don't have funding available in order to make our payments. So what this does is at the end of the year when we finish FY16 we want to have at least 6 months' worth of reserves to start FY17 until we start receiving the funding from Ascensus. It's not cumulative but it's how much money we want to end one fiscal year and start the next fiscal year until we start receiving funds.

**Janet Murphy** questioned why we only need \$100,000 in FY19 and asked that by the reclaiming the Kick Start program would fund itself.

Budd Millazzo explained that once the Kick Start money starts being reclaimed, we'll need less reserve because we will have less actual expenditures and the program will become self-sufficient starting FY19.

**Janet Murphy** questioned if the the College Saving Trust Account pays the administration for the Millennium Scholarship and have we ever considered using some of the college savings trust account to help with the Millennium Scholarship program instead of it coming from unclaimed property.

Grant Hewitt answered that to swap out the dollars, no. That discussion has not occurred. However, current estimates show that the Millennium trust fund will be in the red for FY18. We had projected at the last session that we would be in the red in FY19. So the amount of money that could come from the endowment fund isn't enough to cover the negative amount. It needs a permanent funding source that the Legislature is going to have to address.

**Ned Martin** asked if the Board has a fiduciary responsibility to the Millennium Scholarship.

Grant Hewitt replied that the Board has an administrative responsibility but not a fiduciary responsibility to the Millennium Scholarship.

Shane Chesney asked Tara Hagan to put this as an information item at the next meeting.

**Bob Seale motioned to approve the FY18-19 five year budget plan. Ned Martin seconded the motion. Motion passed unanimously.**

15. Public Comment

No public comment in Carson City, NV; no public comment in Las Vegas, NV; and no public comment on conference call.

Meeting adjourned at 11:51am.

Attest:

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Linda English, Secretary to the Board

DRAFT

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 3**  
**September 22, 2016**

**Item: Program Manager Report for the Quarter End and  
Performance Summary**

**Recommendation:**

**That the Board review and approve the June 30, 2016 report  
from Ascensus College Savings for the direct-sold college  
savings plans, and direct staff accordingly.**

Fiscal:  
None.

Summary:

Sue Serewicz, Vice President, Relationship Management with  
Ascensus College Savings, will be available to answer questions.



**College Savings Plans of Nevada  
Board of Trustees Meeting  
September 22, 2016**

**Program Management Report  
For the Quarter Ended June 30, 2016**



# College Savings Plans of Nevada Board of Trustees Meeting

September 22, 2016

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## Executive Summary

### ■ SSGA Upromise 529 Plan

- At the end of the 2nd quarter of 2016, assets in the SSGA Upromise 529 Plan totaled \$1.31B, which was a 2.37% increase from 1st quarter and 2.61% higher than one year ago. New Funded Accounts were down by 15.69% over the previous quarter to 688 which was a 12.58% decrease compared to the same time last year. Total Funded Accounts were down 0.68% compared to the 1st quarter of 2016 and down by 2.89% compared to the 2nd quarter of 2015. There were a total of 99,540 unique account holders at the end of 2nd quarter, representing a decrease of 0.66% from the 1st quarter and a 3.14% decrease over the same period last year. Gross contributions, including transfers/rollovers-in, for the quarter equaled \$30.81M, a decrease of 7.78% compared to the previous quarter and down 3.72% compared with the 2nd quarter of 2015. Distributions were down 16.04% compared to the 1st quarter 2016 with a total of \$23.06M distributed from the plan this quarter. Distributions were down 1.62% compared to the 2nd quarter 2015. This resulted in net contribution of \$7.75M for this quarter, compared to \$5.94M net contribution in 1st quarter 2016 and \$8.56M net contribution in the 2nd quarter 2015.
- All tactical asset allocation accounts were within expected tracking of their benchmarks for the quarter.
- New RIA enrollments in 2Q16 totaled \$292,635 and Total Account Contributions were \$8,220,358, up 1% from the previous quarter. The 2Q16 Average national RIA account size was \$29,628 and the Nevada advisor average account size is \$39,386.

### ■ Vanguard 529® College Savings Plan

- The Vanguard 529 ended the quarter with \$12.9 billion in assets under management. Relative to 2015, net cash flow was up 3% through 2Q at \$610 million. For the year, net new accounts (14,894) were down 8% compared to 2015. Average account balance continues to be the highest in the industry at \$40,000.
- U.S. equity markets rose in the second quarter despite the British referendum dominating global headlines, and are positive over the 12-month period as well. Global markets were mixed, with positive returns in the emerging markets but negative returns in Europe. Brazil was the top-performing country as commodity prices broadly rallied, while peripheral Europe lagged the most. Fixed income returns in 2Q were positive across the board as yields continued to fall given further global uncertainty. The same trend has driven positive performance over the past 12 months. Non-U.S. fixed income markets outperformed the U.S. market as yield declines abroad were more pronounced. A weaker dollar over the quarter drove narrower returns for hedged products.
- For the Interest Accumulation Portfolio, an additional deposit was made to the Prudential Insurance Company (AA-/A1) contract, increasing the synthetic contract's allocation to 18.6% of portfolio assets. The portfolio's duration and cash position remained relatively unchanged, at 1.22 years and 57.1% of portfolio assets, respectively. The yield of the portfolio's cash position, Vanguard Prime Money Market Fund Admiral Shares, increased from 0.49% on March 31, 2016, to 0.51% on June 30, 2016.

# Executive Summary

- **USAA ® 529 College Savings Plan**

2<sup>nd</sup> quarter assets in the USAA 529 Plan totaled just over \$2.7B, representing a increase of 4.6% from 1<sup>st</sup> quarter and a 9.0% increase from 2<sup>nd</sup> quarter in 2015. Total Funded Accounts were up 1.6% from prior quarter and up 8.4% from 2Q15. There were a total of 154,590 unique account holders at the end of 2<sup>nd</sup> quarter, representing an increase of 1.4% from prior quarter (up 2.1% for Unique NV accounts) and up 7.6% from 2Q15 (8.3% for NV). Gross contributions for the quarter were \$97.65M, a decrease of 12.3% from prior quarter and increase of 2.6% from 2Q15. Plan Distributions were down 22.3% from prior quarter with a total of \$42.82M. Distributions are down 21.1% from 1Q16. Net contributions for the quarter were \$68.00M, compared to \$73.78M in prior quarter. From 2Q15, net contributions are down 1.9%. **USAA Distinguished Valor Matching Grant funded \$36,230.00 into 122 qualified Matching Grant accounts.**

# Highlights This Period

		Second Quarter 2016				First Quarter 2016				Second Quarter 2015			
		SSGA Upromise 529	The Vanguard 529 College Savings Plan	USAA 529 College Savings Plan	Total	SSGA Upromise 529	The Vanguard 529 College Savings Plan	USAA College Savings Plan	Total	SSGA Upromise 529	The Vanguard 529 College Savings Plan	USAA 529 College Savings Plan	Total
Assets under Management (Millions)		\$1,309.73	\$12,850.74	\$2,703.54	<b>\$16,864.00</b>	\$1,279.43	\$12,326.55	\$2,585.43	<b>\$16,191.41</b>	\$1,276.39	\$11,716.95	\$2,479.56	<b>\$15,472.90</b>
Total Accounts (Funded)		144,571	314,967	251858	<b>711396</b>	145561	307896	247796	<b>701253</b>	148868	285571	232427	<b>666866</b>
Account Owners (Unique)		99,529	180,587	154590	<b>434706</b>	100189	176449	152429	<b>429067</b>	102760	163170	143714	<b>409644</b>
New Accounts (Funded)		648	8,302	6080	<b>15030</b>	818	9326	8099	<b>18243</b>	741	8361	7589	<b>16691</b>
Average Account Balance		\$9,059.39	\$40,800.26	\$10,734.39	<b>\$23,705.51</b>	\$8,789.67	\$40,034.79	\$10,433.70	<b>\$23,089.26</b>	\$8,573.98	\$41,029.89	\$10,668.14	<b>\$23,202.42</b>
NV Accounts (Funded)		9,535	4,695	3006	<b>17236</b>	9406	4525	2957	<b>16888</b>	8916	4074	2748	<b>15738</b>
NV Average Account Balances		\$4,705.34	\$30,926.15	\$9,505.03	<b>\$12,684.83</b>	\$4,631.39	\$30,821.53	\$9,278.15	<b>\$12,462.44</b>	\$4,485.79	\$32,480.14	\$9,523.65	<b>\$12,612.17</b>
NV Assets under Management (Millions)		\$44.87	\$145.20	\$28.57	<b>\$218.64</b>	\$43.56	\$139.47	\$27.44	<b>\$210.47</b>	\$40.00	\$132.32	\$26.17	<b>\$198.49</b>
NV Account Owners (Unique)		3,457	2,715	1,817	<b>7,989</b>	3,368	2,619	1,779	<b>7,766</b>	3,172	2,350	1,677	<b>7,199</b>
Inflow (Millions)	Contribution	\$26.76	\$292.17	\$93.14	<b>\$412.08</b>	\$28.96	\$391.94	\$107.51	<b>\$528.41</b>	\$27.39	\$276.69	\$90.03	<b>\$394.11</b>
	Plan Transfer In		\$2.94	\$0.16	<b>\$3.10</b>	\$0.02	\$1.88	\$0.10	<b>\$2.00</b>	\$0.11	\$2.04	\$0.18	<b>\$2.33</b>
	Rollover In	\$0.21	\$55.10	\$4.35	<b>\$59.66</b>	\$0.37	\$47.86	\$3.77	<b>\$52.01</b>	\$0.29	\$47.22	\$4.97	<b>\$52.48</b>
	<b>Gross Contributions</b>	<b>\$26.97</b>	<b>\$350.22</b>	<b>\$97.65</b>	<b>\$474.84</b>	<b>\$29.36</b>	<b>\$441.68</b>	<b>\$111.38</b>	<b>\$582.41</b>	<b>\$27.79</b>	<b>\$325.95</b>	<b>\$95.18</b>	<b>\$448.92</b>
Outflow (Millions)	Fee	(\$0.61)	(\$0.03)	(\$0.04)	<b>(\$0.68)</b>	(\$0.67)	(\$0.05)	(\$0.04)	<b>(\$0.75)</b>	(\$0.65)	(\$0.03)	(\$0.03)	<b>(\$0.71)</b>
	Plan Transfer Out	(\$1.25)	(\$0.05)	(\$1.46)	<b>(\$2.76)</b>	(\$0.64)	(\$0.09)	(\$1.27)	<b>(\$2.00)</b>	(\$1.01)	(\$0.25)	(\$1.05)	<b>(\$2.32)</b>
	Rollover Out	(\$3.90)	(\$14.33)	(\$6.59)	<b>(\$24.83)</b>	(\$3.84)	(\$12.01)	(\$6.62)	<b>(\$22.48)</b>	(\$4.07)	(\$17.67)	(\$5.91)	<b>(\$27.65)</b>
	Withdrawal	(\$13.46)	(\$54.97)	(\$21.56)	<b>(\$89.98)</b>	(\$18.27)	(\$94.57)	(\$29.67)	<b>(\$142.50)</b>	(\$13.49)	(\$45.60)	(\$18.89)	<b>(\$77.99)</b>
	<b>Gross Distributions</b>	<b>(\$19.22)</b>	<b>(\$69.38)</b>	<b>(\$29.65)</b>	<b>(\$118.25)</b>	<b>(\$23.42)</b>	<b>(\$106.71)</b>	<b>(\$37.60)</b>	<b>(\$167.72)</b>	<b>(\$19.22)</b>	<b>(\$63.56)</b>	<b>(\$25.89)</b>	<b>(\$108.67)</b>
<b>Total Net Contributions (Millions)</b>		<b>\$7.75</b>	<b>\$280.84</b>	<b>\$68.00</b>	<b>\$356.59</b>	<b>\$5.94</b>	<b>\$334.97</b>	<b>\$73.78</b>	<b>\$414.69</b>	<b>\$8.57</b>	<b>\$262.39</b>	<b>\$69.29</b>	<b>\$340.25</b>
Rollovers In (Thousands)	Plan Transfer In		\$2,943.03	\$157.22	<b>\$3,100.25</b>	\$23.68	\$1,879.84	\$95.31	<b>\$1,998.82</b>	\$111.16	\$2,042.79	\$175.37	<b>\$2,329.33</b>
	Rollover In	\$209.39	\$55,101.68	\$4,350.60	<b>\$59,661.66</b>	\$372.85	\$47,860.00	\$3,772.54	<b>\$52,005.39</b>	\$288.99	\$47,215.31	\$4,974.08	<b>\$52,478.38</b>
	<b>Gross Rollovers In</b>	<b>\$209.39</b>	<b>\$58,044.71</b>	<b>\$4,507.81</b>	<b>\$62,761.92</b>	<b>\$396.53</b>	<b>\$49,739.84</b>	<b>\$3,867.85</b>	<b>\$54,004.22</b>	<b>\$400.15</b>	<b>\$49,258.10</b>	<b>\$5,149.45</b>	<b>\$54,807.71</b>
Rollovers Out (Thousands)	Plan Transfer Out	(\$1,252.68)	(\$47.25)	(\$1,461.05)	<b>(\$2,760.98)</b>	(\$641.57)	(\$87.64)	(\$1,271.89)	<b>(\$2,001.10)</b>	(\$1,009.90)	(\$254.65)	(\$1,053.66)	<b>(\$2,318.21)</b>
	Rollover Out	(\$3,901.16)	(\$14,331.33)	(\$6,593.69)	<b>(\$24,826.18)</b>	(\$3,842.79)	(\$12,011.54)	(\$6,621.01)	<b>(\$22,475.34)</b>	(\$4,066.97)	(\$17,671.50)	(\$5,911.94)	<b>(\$27,650.41)</b>
	<b>Gross Rollovers Out</b>	<b>(\$5,153.84)</b>	<b>(\$14,378.58)</b>	<b>(\$8,054.73)</b>	<b>(\$27,587.16)</b>	<b>(\$4,484.35)</b>	<b>(\$12,099.19)</b>	<b>(\$7,892.90)</b>	<b>(\$24,476.44)</b>	<b>(\$5,076.87)</b>	<b>(\$17,926.15)</b>	<b>(\$6,965.60)</b>	<b>(\$29,968.63)</b>
<b>Net Rollovers (Thousands)</b>		<b>(\$4,944.45)</b>	<b>\$43,666.13</b>	<b>(\$3,546.92)</b>	<b>\$35,174.76</b>	<b>(\$4,087.82)</b>	<b>\$37,640.65</b>	<b>(\$4,025.05)</b>	<b>\$29,527.78</b>	<b>(\$4,676.72)</b>	<b>\$31,331.95</b>	<b>(\$1,816.15)</b>	<b>\$24,839.09</b>

	SSGA Upromise 529 Plan	The Vanguard® 529 College Savings Plan	USAA 529 College Savings Plan®	Total*
<b>TOTAL FUNDED ACCOUNTS</b>				
Total funded accounts at July 1, 2015				
Nevada Residents	8,926	4,007	2,752	<b>15,755</b>
Out-of-state	139,963	281,567	229,743	<b>651,273</b>
Total at June 30, 2016	<u>148,889</u>	<u>285,664</u>	<u>232,495</u>	<u><b>667,028</b></u>
Nevada Residents	9,533	4,695	3,014	<b>17,242</b>
Out-of-state	135,038	310,270	248,844	<b>694,152</b>
	<u>144,571</u>	<u>314,965</u>	<u>251,858</u>	<u><b>711,394</b></u>
<b>YTD NEW ACCOUNTS</b>				
Nevada Residents	315	125	86	<b>526</b>
Out-of-state	532	7,094	5,002	<b>12,628</b>
	<u>847</u>	<u>7,219</u>	<u>5,088</u>	<u><b>13,154</b></u>
<b>CLOSED ACCOUNTS</b>				
Nevada Residents	61	35	23	<b>119</b>
Out-of-state	2,208	2,911	2,743	<b>7,862</b>
	<u>2,269</u>	<u>2,946</u>	<u>2,766</u>	<u><b>7,981</b></u>
<b>UPROMISE REWARDS</b>				
Total Upromise Rewards swept since inception	<u>\$125,400,556.65</u>	<u>\$15,124,578.51</u>	<u>\$8,806,932.41</u>	<u><b>\$149,332,067.57</b></u>
Linked accounts since inception	<u>116,661</u>	<u>30,128</u>	<u>54,387</u>	<u><b>201,176</b></u>
<b>UGIFT</b>				
Total Ugift contributions since inception	<u>\$3,704,122.97</u>	<u>\$31,924,127.42</u>	<u>\$35,728,387.31</u>	<u><b>\$71,356,637.70</b></u>
Number of Ugift transactions since inception	<u>10,973</u>	<u>25,833</u>	<u>83,445</u>	<u><b>120,251</b></u>

# Detail By Plan

## Table of Contents

- Section I: SSGA Upromise 529 Plan
- Section II: Vanguard 529<sup>®</sup> College Savings Plan
- Section III: USAA 529 College Savings Plan<sup>®</sup>

## Section I

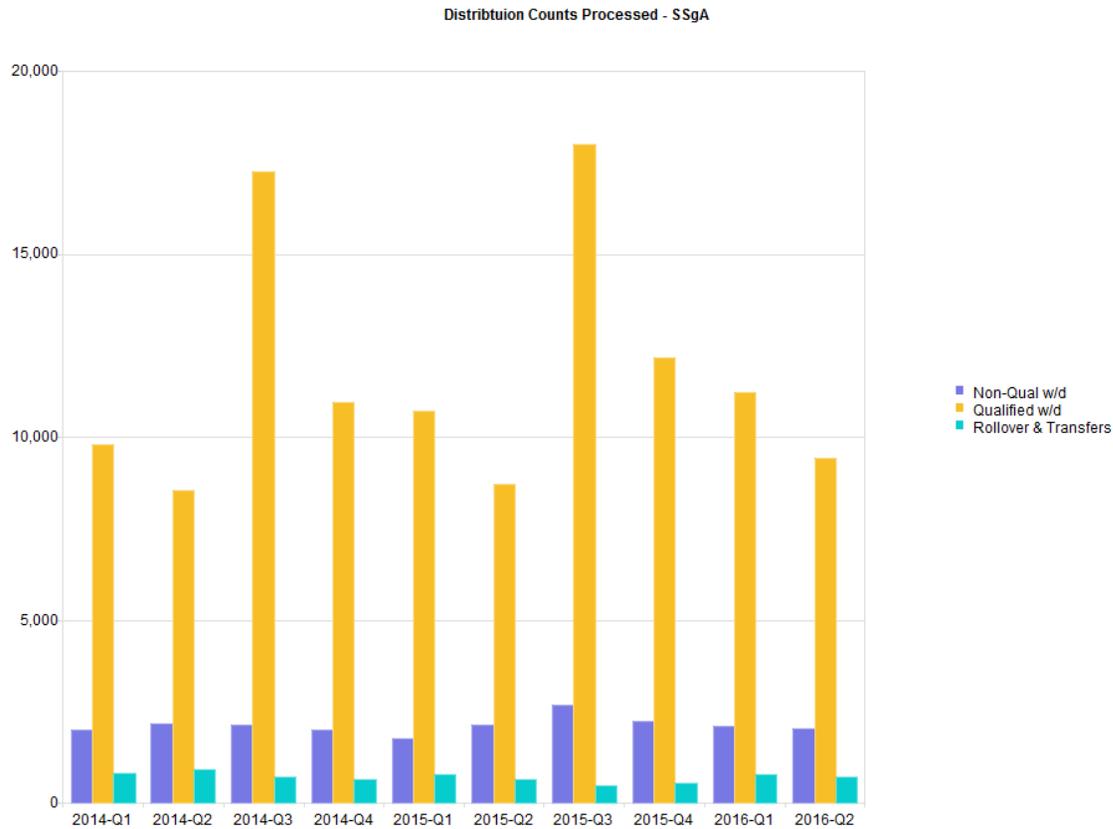
# SSGA Upromise 529 Plan Plan Detail

# Highlights This Period

		Second Quarter 2016	First Quarter 2016	% Chg Q/Q	Second Quarter 2015	% Chg Y/Y
Assets under Management (Millions)		\$1,309.73	\$1,279.43	2.4%	\$1,276.39	2.6%
Total Accounts (Funded)		144571	145561	(0.7%)	148868	(2.9%)
Account Owners (Unique)		99529	100189	(0.7%)	102760	(3.1%)
New Accounts (Funded)		648	818	(20.8%)	741	(12.6%)
Average Account Balances		\$9,059.39	\$8,789.67	3.1%	\$8,573.98	5.7%
NV Accounts (Funded)		9535	9406	1.4%	8916	6.9%
NV Average Account Balances		\$4,705.34	\$4,631.39	1.6%	\$4,485.79	4.9%
NV Assets under Management (Millions)		\$44.87	\$43.56	3.0%	\$40.00	12.2%
NV Account Owners (Unique)		3,457	3,368	2.6%	3,172	9.0%
Gross Contributions (Millions)	Contribution	\$31.69	\$26.99	17.4%	\$31.44	0.8%
	Rollover In	\$0.57	\$0.28	103.6%	\$0.97	(41.2%)
	<b>Total</b>	\$32.28	\$27.28	18.3%	\$32.41	(0.4%)
Gross Distributions (Millions)	Fee	(\$0.59)	(\$0.62)	(4.8%)	(\$0.62)	(4.8%)
	Plan Transfer Out	(\$0.56)	(\$0.64)	(12.5%)	(\$1.07)	(47.7%)
	Rollover Out	(\$3.20)	(\$2.75)	16.4%	(\$3.39)	(5.6%)
	<b>Total</b>	(\$26.58)	(\$38.75)	(31.4%)	(\$25.72)	3.3%
<b>Net Contributions (Millions)</b>		\$5.70	(\$11.48)	(149.7%)	\$6.68	(14.7%)
Rollovers In (Thousands)	Plan Transfer In		\$23.68	(100.0%)	\$111.16	(100.0%)
	Rollover In	\$209.39	\$372.85	(43.8%)	\$288.99	(27.5%)
	<b>Total</b>	\$209.39	\$396.53	(47.2%)	\$400.15	(47.7%)
Rollovers Out (Thousands)	Plan Transfer Out	(\$1,252.68)	(\$641.57)	95.3%	(\$1,009.90)	24.0%
	Rollover Out	(\$3,901.16)	(\$3,842.79)	1.5%	(\$4,066.97)	(4.1%)
	<b>Total</b>	(\$5,153.84)	(\$4,484.35)	14.9%	(\$5,076.87)	1.5%
<b>Net Rollovers (Thousands)</b>		(\$4,944.45)	(\$4,087.82)	21.0%	(\$4,676.72)	5.7%

# Distribution Counts Processed by Type (2012-2016)

As of June 30, 2016



		2012-Q4	2013-Q1	2013-Q2	2013-Q3	2013-Q4	2014-Q1	2014-Q2	2014-Q3	2014-Q4	2015-Q1	2015-Q2	2015-Q3	2015-Q4	2016-Q1	2016-Q2
Non-Qual w/d	Total	2,328	1,954	1,991	2,444	1,986	1,979	2,182	2,143	1,999	1,765	2,152	2,685	2,243	2,118	2,055
Qualified w/d	Total	9,781	9,329	8,380	16,189	10,937	9,810	8,556	17,238	10,951	10,710	8,705	17,986	12,169	11,230	9,425
Rollover & Transfers	Total	737	851	780	696	767	824	925	713	652	787	659	488	534	792	712
<b>Total</b>		<b>12,846</b>	<b>12,134</b>	<b>11,151</b>	<b>19,329</b>	<b>13,690</b>	<b>12,613</b>	<b>11,663</b>	<b>20,094</b>	<b>13,602</b>	<b>13,262</b>	<b>11,516</b>	<b>21,159</b>	<b>14,946</b>	<b>14,140</b>	<b>12,192</b>

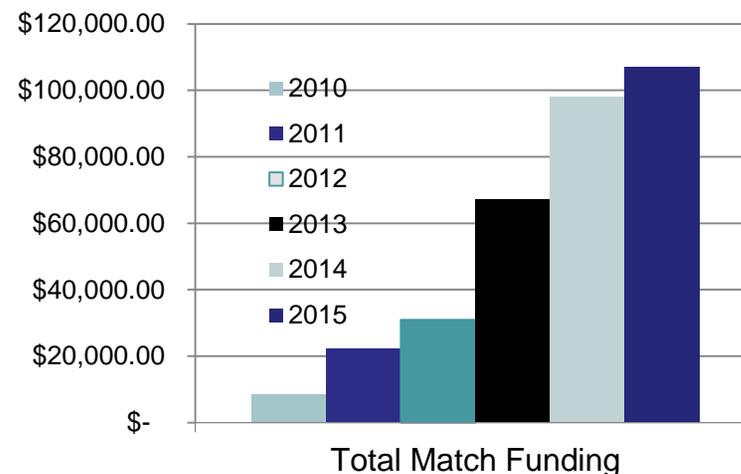
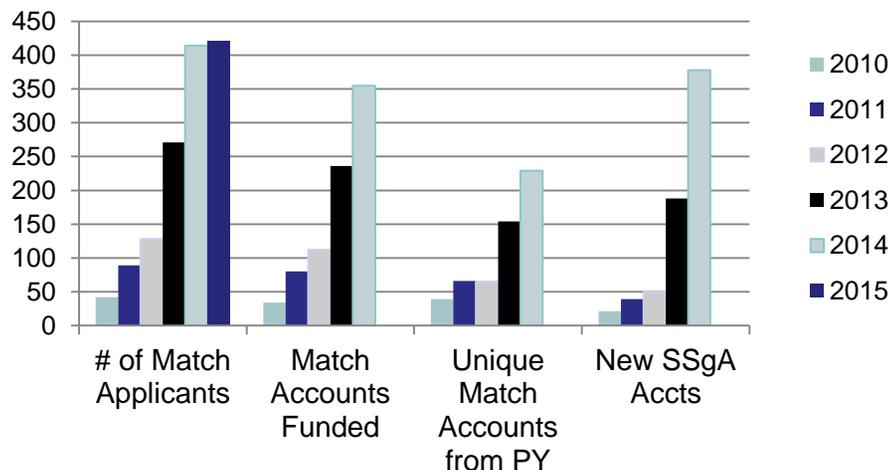
# Rollovers Out Summary

As of June 30, 2016

<b>Payee Name</b>	<b>State</b>	<b>2016-Q2</b>
The Vanguard 529 College Savings Plan	NV	(\$1,115,666.55)
New York's 529 College Savings Program Direct Plan	NY	(\$686,004.77)
Fidelity Broker Services Llc	NH	(\$559,935.39)
Collegeamerica	VA	(\$510,114.72)
Scholarshare Csp	CA	(\$137,382.21)
USAA College Savings Plan	NV	(\$132,822.18)
Ft 529 College Savings Plan	NJ	(\$101,810.91)
Maryland Coll Investment Plan	MD	(\$79,130.76)
Blackrock 529 Funds	OH	(\$78,198.17)
Edward Jones	Various	(\$76,168.81)

# Silver State Matching Grant (2010-2015)

As of December 31, 2015



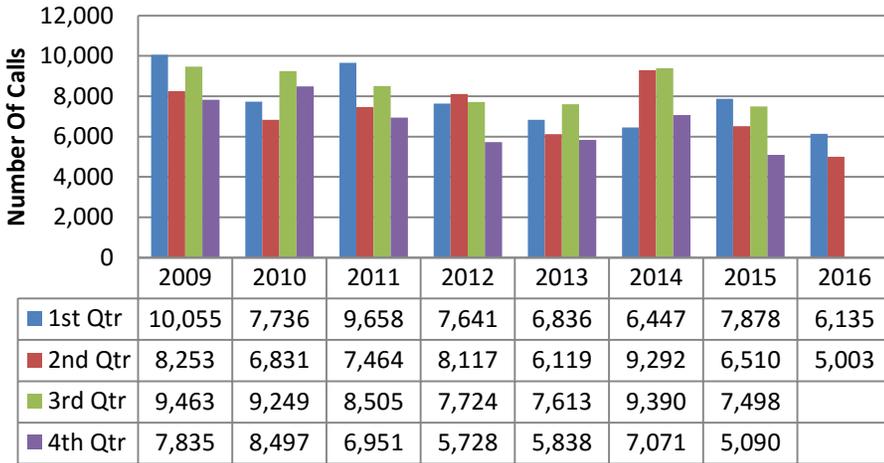
	# of Match Applicants	Y/Y Increase	Match Accts Funded	Y/Y Increase
<b>2010</b>	42		34	
<b>2011</b>	89	112.00%	80	135.00%
<b>2012</b>	128	44.00%	112	40.00%
<b>2013</b>	271	112.00%	236	111.00%
<b>2014</b>	414	52.8%	355	50.4%
<b>2015</b>	425	1.02%	383	1.08%

Funding FY	Enrollment Year	Total Match Funding	Y/Y Increase
<b>2011</b>	<b>2010</b>	\$8,363.51	
<b>2012</b>	<b>2011</b>	\$22,344.00	167.00%
<b>2013</b>	<b>2012</b>	\$30,889.47	38.25%
<b>2014</b>	<b>2013</b>	\$67,283.37	118.00%
<b>2015</b>	<b>2014</b>	\$98,024.06	45.6%
<b>2016</b>	<b>2015</b>	\$106,971.02	9.1%

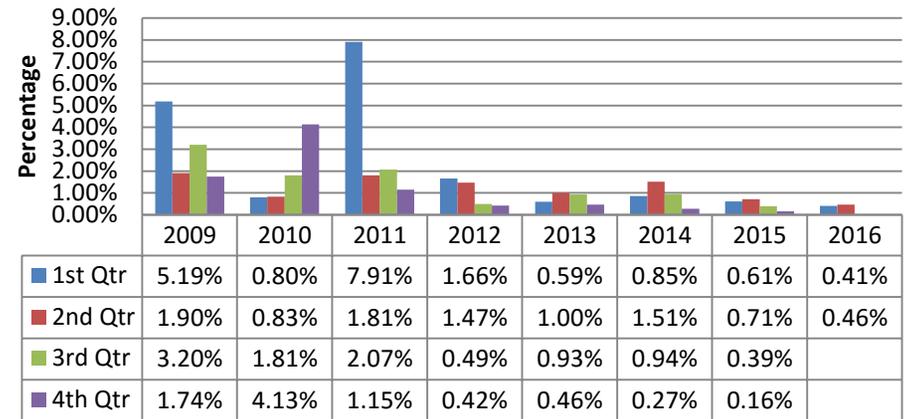
# Service Call Volumes & Stats

As of June 30, 2016

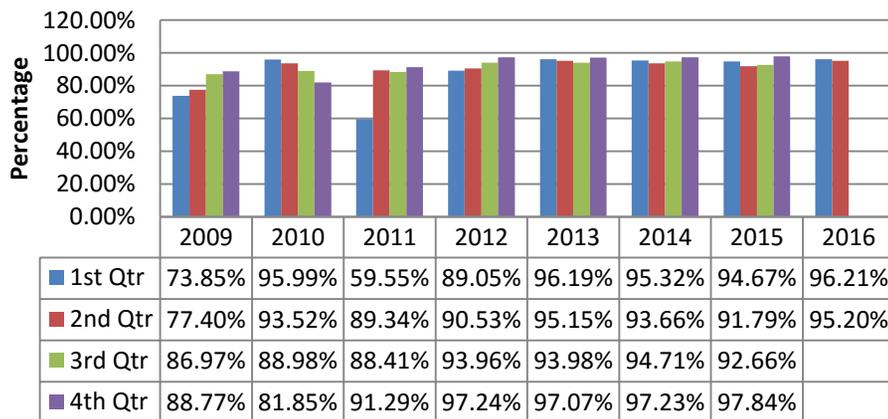
### Call Volumes by Quarter (2009-2016)



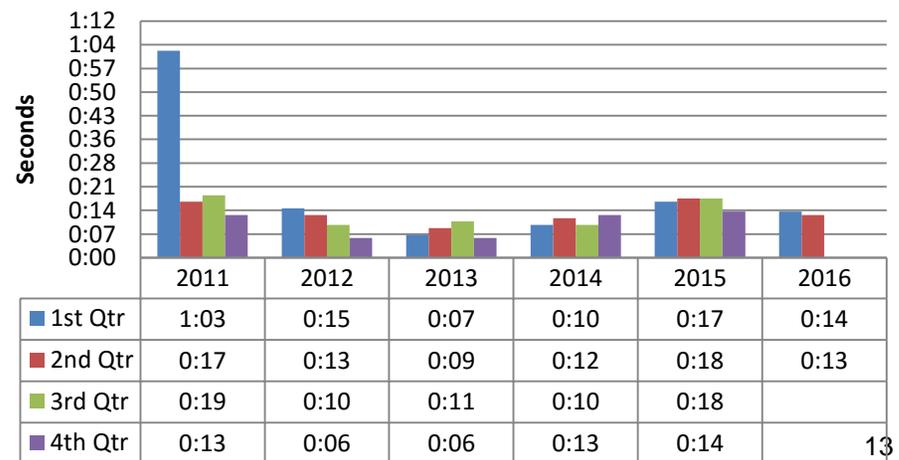
### Abandonment Rate per Quarter (2009-2016)



### Percentage of Calls Answered within 30 Seconds per Quarter (2009-2016)



### Average Speed of Answer per Quarter (2009-2016)



	<b>Service Level Agreement</b>	<b>SSgA Upromise 529 Actual 6/30/16</b>	<b>SSgA Upromise 529 Actual 5/31/16</b>	<b>SSgA Upromise 529 Actual 4/30/16</b>
<b>TRANSACTIONS</b>				
Financial sub deposits (same day)	98.00%	100%	100%	100%
Financial sub deposits (accuracy)	98.00%	100%	99.00%	100%
New account set up (same day)	98.00%	100%	100%	100%
New account set up (accuracy)	97.00%	100%	100%	100%
Withdrawal (same day)	98.00%	100%	100%	100%
Withdrawal (accuracy)	98.00%	100%	98.00%	98.00%
Non-financial maintenance (3 day)	98.00%	100%	100%	100%
Non-financial maintenance (accuracy)	98.00%	97.22%	90.70%	97.87%
Financial correspondence (2 day)	98.00%	100%	100%	100%
Non-financial correspondence (7 day)	98.00%	100%	100%	100%
As of trading (accuracy)	98.00%	100%	100%	100%
<b>CORRESPONDENCE</b>				
Average answer time	30 seconds or less	0:12	0:16	0:12
Average abandonment rate	5% or less	0.13%	0.90%	0.38%
Phone inquiries responded to	Within 30 seconds	1577	1561	1865
Email processed	Within 2 business days	95%	94%	97%
Meet licensing requirements		Yes	Yes	Yes
<b>INFORMATION DELIVERY</b>				
Marketing kits delivered	Within 3 business days	Yes	Yes	Yes
Annual statements, quarterly statements and confirms	Delivered within industry guidelines			

## Client Service Metrics –Missed SLA Explanation

**April 2016**

### **Non-Financial Maintenance – Accuracy – (SLA 98% / Actual SLA 97.87%)**

47 transactions were reviewed with one (1) error identified; (47 out of 47 transactions were reviewed)

- U191357748 – Email address incorrect

# Client Service Metrics –Missed SLA Explanation

## May 2016

### Non-Financial Maintenance – Accuracy – (SLA 98% / Actual SLA 90.70%)

43 out of 43 possible transactions were reviewed with four (4) errors identified

- U173104225 – Zip code updated incorrectly
- U111027817 – Authorized Agent’s last name was spelled incorrectly
- U128317008 – Bank should have been deleted from account per the Account Owner’s instructions
- U130100265 – Email address should have been updated

# Client Service Metrics –Missed SLA Explanation

## June 2016

### Non-Financial Maintenance – Accuracy – (SLA 98% / Actual SLA 97.22%)

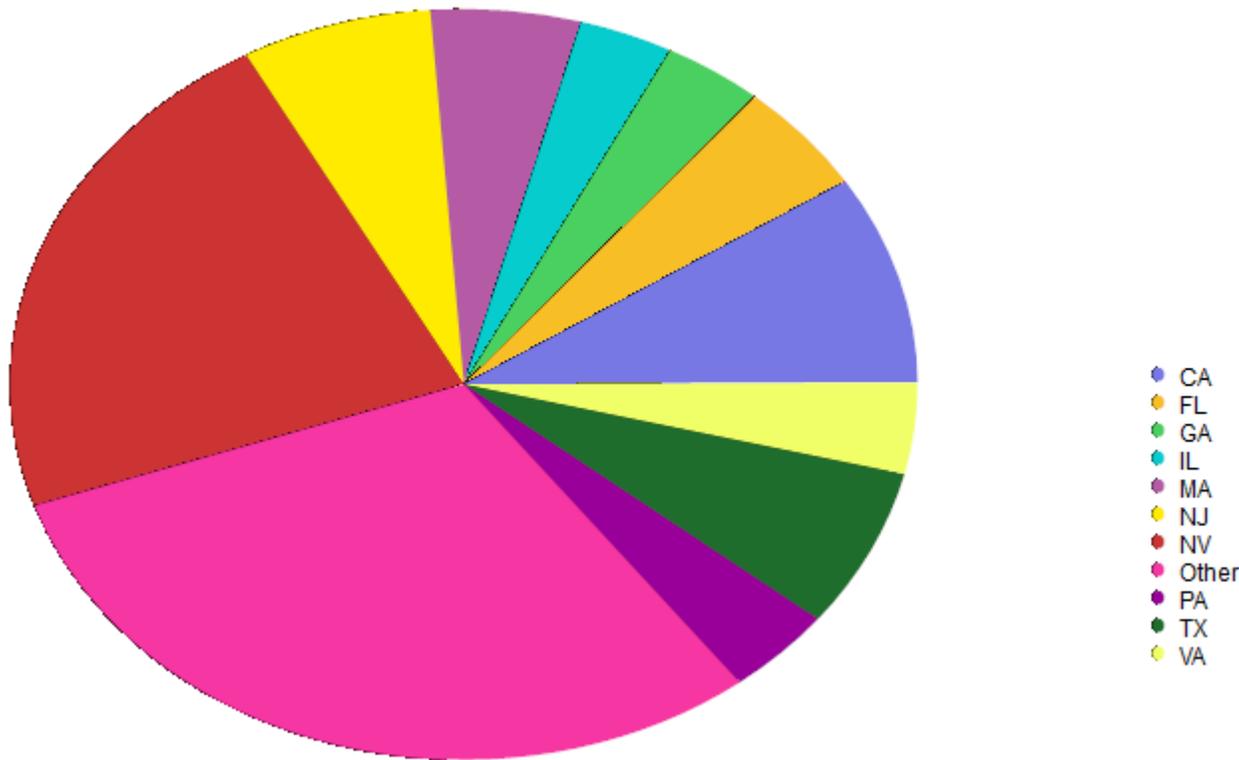
36 out of 36 possible transactions were reviewed with one (1) error identified

- U186062405 – Authorized Agent was added twice to the account

# New Funded Accounts by State

As of June 30, 2016

New Funded Accounts by State - SSgA



## SSGA Upromise 529 Plan New Funded Accounts by State For the Quarter Ended June 30, 2016

State	New Funded Accounts	Total Assets
NJ	44	\$790,741.07
CA	59	\$418,726.03
PA	25	\$147,433.38
AZ	13	\$139,765.87
TN	12	\$139,435.73
GA	23	\$127,991.13
TX	45	\$107,811.51
VA	25	\$89,716.86
NV	145	\$73,040.58
MD	14	\$65,465.32
FL	31	\$41,373.51
MA	35	\$39,613.13
NY	15	\$35,069.69
IL	22	\$32,330.78
ME	3	\$30,520.11
OH	9	\$29,459.74
MI	12	\$29,019.09
KY	8	\$28,035.99
DE	3	\$24,092.66
WA	7	\$22,414.39
WI	6	\$11,321.82
NH	9	\$10,595.88
CO	1	\$9,605.03
MS	3	\$9,572.64
CT	17	\$9,167.95
OR	2	\$7,909.89
SC	8	\$7,670.10
MO	7	\$7,314.09
MN	4	\$4,966.64
AL	7	\$4,413.11
LA	5	\$4,188.60
IN	4	\$4,030.52
OK	1	\$3,510.33
NM	1	\$2,990.22
NC	12	\$2,707.04
KS	3	\$1,235.34
IA	1	\$1,197.27
RI	2	\$878.45
VT	1	\$129.28
NE	1	\$101.57
UT	1	\$50.69
ID	1	\$50.16
DC	1	\$50.05

# Rollovers In by Plan

For Quarter ended June 30, 2016

Rollover From Institution	State	2016-Q2
College Bound Fund Advisor	RI	\$54,735.80
Blackrock 529	OH	\$27,695.08
Unknown	N/A	\$26,640.54
Fidelity Investments	NH	\$25,000.00
Maryland College Investment 529	MD	\$14,982.41
Fidelity Investments	NH	\$14,092.52
College America	VA	\$12,580.59
Scholar Share CSP - Direct	CA	\$11,319.13
T Rowe Price CSP	AL	\$7,700.49
American Funds	VA	\$5,062.44

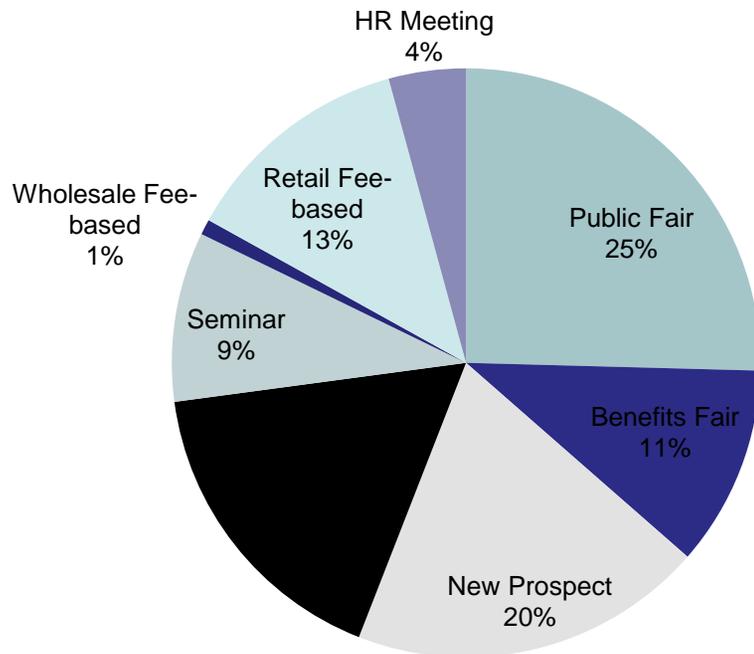
# **Field Rep Activity**

## **April – June 2016**

## FY' Q2 Employer Outreach Progress

- **Employer Leads**
  - Participated in Las Vegas Chamber Business Expo – great networking opportunity to share college savings information with Las Vegas business leaders.
  - Participated in the Elko Mining Conference. Both a wholesale and retail event sharing information about college savings to mining industries as well as local Elko residents.
  - Ardie has had terrific meetings and made great inroads with Las Vegas PBS to investigate a televised event to share information on college savings and SB412 – more follow up to occur.
  - Numerous Lunch 'n Learns and college savings workshops throughout facilities in Washoe County. Over two dozen accounts were opened as a result.
  - Participated in R & R Partners Health Vendor Fair – good opportunity to share college savings information with employees.
  - Rolled out Reno Orthopedic as a new employer – set up college savings workshops to share information with employees – will participate in their Benefit Fair in the fall.

## Field Rep Activity – April 1<sup>st</sup> – June 30<sup>th</sup> 2016



**Samples of what each category could represent:**

- \*Retail Fee-Based: NV Women's Expo; Baby Expo
- \*Wholesale Fee-Based: SHRM; PTA
- \*New Prospect: Zappo's
- \*HR Meeting: City of Las Vegas
- \*Seminar: State Agencies; City of Carson City
- \*Public Seminar: PTA Parent Night (various)
- \*Benefit Fair: State Agencies
- \*Public Fair: Middle School College Fair

Regional Breakdown	
Greater Reno Area	48
Outer Reno Area	0
Greater Las Vegas Area	55
Outer Las Vegas Area	6
Rural Nevada	9
Other	0
<b>Total Sessions</b>	<b>139</b>
<b>Total Events</b>	<b>118</b>
<b>Total Attendees</b>	<b>18117</b>

**Note:** Sessions differ from events in that one event may have multiple sessions. For example, the field rep will visit one employer, but host 2 workshops or visit one employer and spend more than 8 hours there, which would be considered 2 sessions.

*A total of 118 events and HR meetings were hosted in the 2nd Quarter 2016.  
 Below is a highlight of the events for the Quarter.*

<b>Event</b>	<b>Month</b>	<b>Type of Event</b>	<b>Attendees</b>
Clark County Fair – Logandale	April	Community	500
NV Women’s Money Conference – Las Vegas	April	Community	850
Boy Scout Expo	April	Community	500
NevEAYC Conference	May	Community	270
Reno Baby Expo	May	Community	300
Las Vegas Science & Technology Conference	May	Community	3000
UNLV Family Enrichment Day	May	Community	500
Elko Mining Conference	June	Employer	300
Reno Kite Festival	June	Community	500
Reno Discovery Museum	June	Community	400

## Section II

# Vanguard 529® College Savings Plan Plan Detail

## Highlights This Period

		Second Quarter 2016	First Quarter 2016	% Chg Q/Q	Second Quarter 2015	% Chg Y/Y
Assets under Management (Millions)		\$12,850.74	\$12,326.55	4.3%	\$11,716.95	9.7%
Total Accounts (Funded)		314,967	307,896	2.3%	285,571	10.3%
Account Owners (Unique)		180,587	176,449	2.3%	163,170	10.7%
New Accounts (Funded)		8,302	9,326	(11.0%)	8,361	(0.7%)
Average Account Balance		\$40,800.26	\$40,034.79	1.9%	\$41,029.89	(0.6%)
NV Accounts (Funded)		4,695	4,525	3.8%	4,074	15.2%
NV Average Account Balances		\$30,926.15	\$30,821.53	0.3%	\$32,480.14	(4.8%)
NV Assets under Management(Millions)		\$145.20	\$139.47	4.1%	\$132.32	9.7%
NV Account Owners (Unique)		2,715	2,619	3.7%	2,350	15.5%
Gross Contributions (Millions)	Contribution	\$292.17	\$391.94	(25.5%)	\$276.69	5.6%
	Plan Transfer In	\$2.94	\$1.88	56.4%	\$2.04	44.1%
	Rollover In	\$55.10	\$47.86	15.1%	\$47.22	16.7%
	<b>Total</b>	<b>\$350.22</b>	<b>\$441.68</b>	<b>(20.7%)</b>	<b>\$325.95</b>	<b>7.4%</b>
Gross Distributions (Millions)	Fee	(\$0.03)	(\$0.05)	(40.0%)	(\$0.03)	0.0%
	Plan Transfer Out	(\$0.05)	(\$0.09)	(44.4%)	(\$0.25)	(80.0%)
	Rollover Out	(\$14.33)	(\$12.01)	19.3%	(\$17.67)	(18.9%)
	<b>Total</b>	<b>(\$69.38)</b>	<b>(\$106.71)</b>	<b>(35.0%)</b>	<b>(\$63.56)</b>	<b>9.2%</b>
<b>Net Contributions (Millions)</b>		<b>\$280.84</b>	<b>\$334.97</b>	<b>(16.2%)</b>	<b>\$262.39</b>	<b>7.0%</b>
Rollovers In (Thousands)	Plan Transfer In	\$2,943.03	\$1,879.84	56.6%	\$2,042.79	44.1%
	Rollover In	\$55,101.68	\$47,860.00	15.1%	\$47,215.31	16.7%
	<b>Total</b>	<b>\$58,044.71</b>	<b>\$49,739.84</b>	<b>16.7%</b>	<b>\$49,258.10</b>	<b>17.8%</b>
Rollovers Out (Thousands)	Plan Transfer Out	(\$47.25)	(\$87.64)	(46.1%)	(\$254.65)	(81.4%)
	Rollover Out	(\$14,331.33)	(\$12,011.54)	19.3%	(\$17,671.50)	(18.9%)
	<b>Total</b>	<b>(\$14,378.58)</b>	<b>(\$12,099.19)</b>	<b>18.8%</b>	<b>(\$17,926.15)</b>	<b>(19.8%)</b>
<b>Net Rollovers (Thousands)</b>		<b>\$43,666.13</b>	<b>\$37,640.65</b>	<b>16.0%</b>	<b>\$31,331.95</b>	<b>39.4%</b>

# Rollovers Out Summary

As of June 30, 2016

Payee Name	State	2016-Q2
New York's 529 College Savings Program Direct Plan	NY	(\$2,005,348.93)
Collegeamerica	VA	(\$1,531,385.67)
UESP	UT	(\$1,109,955.15)
Ed Jones Frankln Temp 529	NJ	(\$728,641.84)
College America	VA	(\$554,393.10)
Nextgen Coll Investing Plan	ME	(\$436,626.86)
Learning Quest	KS	(\$431,871.77)
Future Scholar 529 Csp	SC	(\$422,477.75)
Fidelity Broker Services LLC	NH	(\$405,943.54)
Schwab 529 Plan	KS	(\$398,141.87)

# Account Distribution by Investment Option & Age Statistics

As of June 30, 2016

		Total Assets	Percent Of Total
<b>Age-Based Options</b>	Vanguard Aggressive Age-Based Portfolio	\$3,953,883,223.79	30.77%
	Vanguard Conservative Age-Based Portfolio	\$404,539,720.16	3.15%
	Vanguard Moderate Age-Based Portfolio	\$2,354,508,535.50	18.32%
<b>Balanced Options</b>	Vanguard Conservative Growth Portfolio	\$135,980,003.92	1.06%
	Vanguard Growth Portfolio	\$319,699,819.23	2.49%
	Vanguard Moderate Growth Portfolio	\$221,577,166.30	1.72%
	Vanguard Star Portfolio	\$104,909,172.88	0.82%
<b>Bond Options</b>	Vanguard High-Yield Bond Portfolio	\$143,395,852.54	1.12%
	Vanguard Income Portfolio	\$108,287,543.34	0.84%
	Vanguard Inflation-Protected Securities Portfolio	\$121,300,525.38	0.94%
	Vanguard Total Bond Market Index Portfolio	\$265,092,520.63	2.06%
<b>Stock Options</b>	Vanguard Interest Accumulation Portfolio	\$544,969,796.96	4.24%
	Vanguard 500 Index Portfolio	\$827,904,811.41	6.44%
	Vanguard Aggressive Growth Portfolio	\$653,319,684.97	5.08%
	Vanguard Growth Index Portfolio	\$248,922,287.05	1.94%
	Vanguard Mid-Cap Index Portfolio	\$404,144,761.26	3.14%
	Vanguard Morgan Growth Portfolio	\$68,380,415.54	0.53%
	Vanguard Small-Cap Index Portfolio	\$392,392,295.18	3.05%
	Vanguard Total International Stock Index Portfolio	\$481,243,682.61	3.74%
	Vanguard Total Stock Market Index Portfolio	\$769,554,465.90	5.99%
	Vanguard Value Index Portfolio	\$232,773,918.39	1.81%
	Vanguard Windsor Portfolio	\$93,955,391.77	0.73%
<b>Total</b>		<b>\$12,850,735,594.74</b>	<b>100.00%</b>

Account Owner Age Group	Total Assets	Funded Accounts
Ages 18 years and younger	\$150,208,237	2,512
Ages 19 to 29 years	\$59,543,472	2,773
Ages 30 to 39 years	\$1,227,329,354	59,812
Ages 40 to 49 years	\$5,406,946,581	120,761
Ages 50 to 59 years	\$3,471,093,456	64,681
Ages 60 years and older	\$2,535,614,495	64,428
<b>Total</b>	<b>\$12,850,735,595</b>	<b>314,967</b>

Beneficiary Age Group	Total Assets	Funded Accounts
Ages 5 years or less	\$1,693,582,329	80,021
Ages 6 to 10 years	\$3,379,242,627	83,386
Ages 11 to 15 years	\$4,310,210,446	80,059
Age 16 years	\$715,146,964	12,490
Age 17 years	\$686,292,383	11,478
Age 18 years	\$602,417,374	10,283
Age 19 years	\$445,251,342	8,843
Age 20 years	\$308,004,129	7,345
Age 21 years	\$205,566,482	5,590
Age 22 years	\$116,439,406	3,610
Ages 23 years and older	\$388,582,114	11,862
<b>Total</b>	<b>\$12,850,735,595</b>	<b>314,967</b>



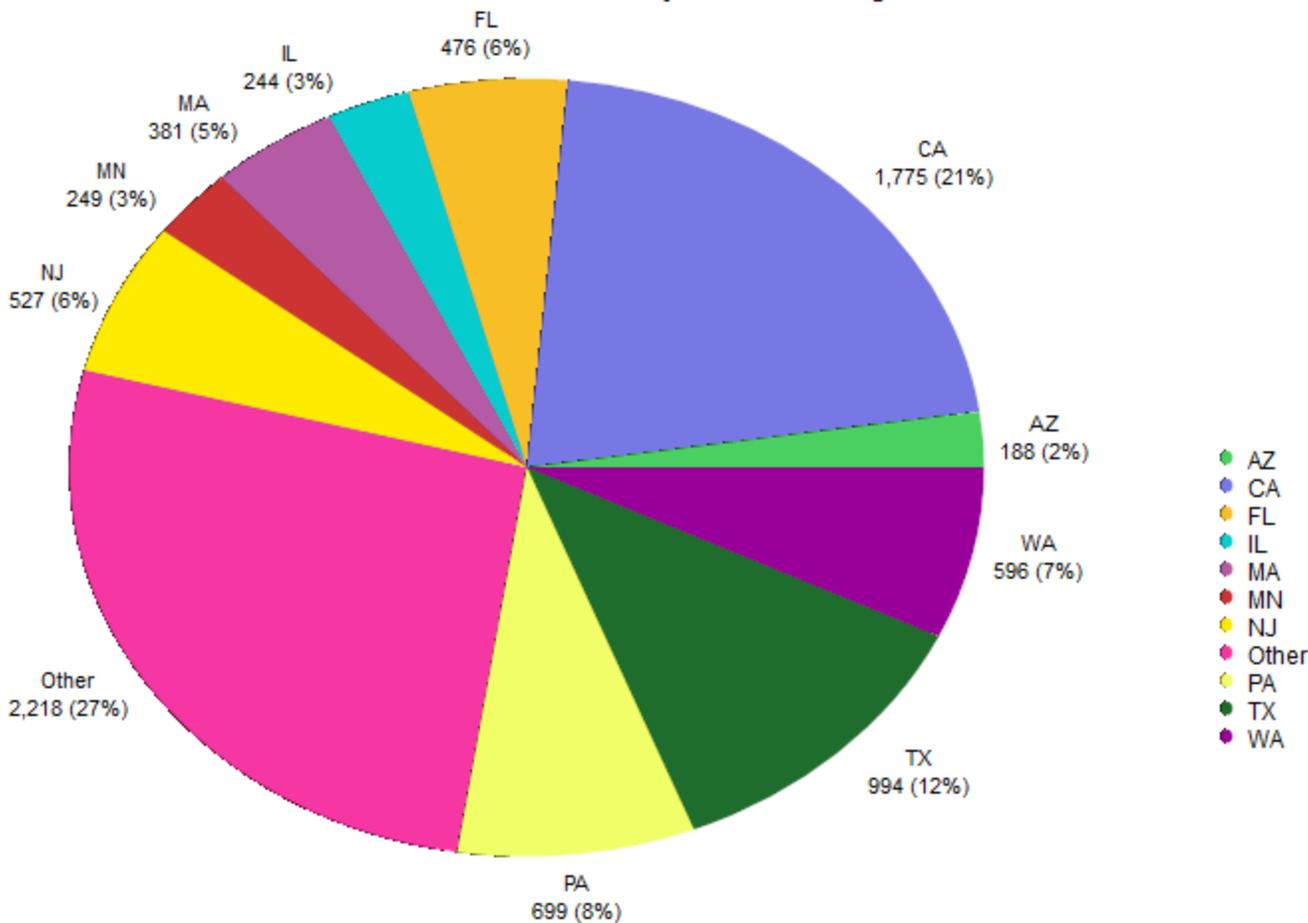
## Operations and Web Activity June 30, 2016

	June			Year-to-Date		
	2016	2015	2014	2016	2015	2014
<b>Calls</b>						
Calls Handled	4,612	4,858	3,047	30,059	31,258	21,604
Prospect	24%	25%	16%	24%	25%	15%
Service	76%	75%	84%	76%	75%	85%
Service Level (20 Sec)	81.2%	89.7%	92.9%	82.2%	88.1%	92.4%
Abandon Rate	3.1%	1.3%	1.0%	2.8%	1.7%	0.7%
Average Speed to Answer (Sec)	33.9	14.5	5.9	35.0	19.5	8.1
<b>Emails</b>						
Received	274	230	251	1,782	1,949	1,624
Completed	282	242	245	1,798	1,968	1,616
Service Level (48 Hrs)	24.5 hrs	14.9 hrs	24.4 hrs	23.8 hrs	17.4 hrs	17.8 hrs
<b>Web Traffic</b>						
Total Visits	751,230	74,337	277,680	3,822,413	663,370	1,573,419
Unique Visitors	676,400	56,293	266,681	3,620,620	535,250	1,494,227
New Visitors	3,606	1,089	1,033	15,508	7,190	5,729

# New Accounts by State

As of June 30, 2016

**New Funded Accounts by State Detail - Vanguard**



State	New Funded Accounts	Total Assets
CA	1775	\$30,819,934.57
TX	994	\$11,971,968.82
NJ	527	\$10,835,751.44
WA	596	\$10,499,936.77
FL	476	\$10,066,680.34
PA	699	\$9,653,642.38
MA	381	\$6,311,930.13
IL	244	\$3,105,541.85
MN	249	\$2,684,880.39
CT	87	\$2,684,155.18
VA	153	\$2,651,586.59
GA	99	\$2,169,975.93
AZ	188	\$2,012,525.65
MD	90	\$1,866,639.90
NC	172	\$1,718,512.78
NY	163	\$1,544,599.74
NV	179	\$1,457,975.03
MI	71	\$1,405,904.14
CO	83	\$1,229,471.13
KS	91	\$1,072,587.69
TN	129	\$1,033,736.21
OR	55	\$941,089.40
KY	66	\$897,362.75
OH	63	\$840,403.43
HI	54	\$776,345.56
NH	49	\$757,093.85
WI	58	\$714,668.65
IN	41	\$703,427.33
SC	18	\$560,962.70
MO	51	\$555,105.36
DE	35	\$482,342.72
NM	27	\$480,354.70
RI	35	\$434,320.92
DC	38	\$404,409.11
MT	34	\$319,512.10
OK	15	\$312,505.31
SD	34	\$306,583.27
WY	12	\$279,981.10
AK	29	\$248,781.79
MS	19	\$237,098.34
ME	16	\$203,608.45
AL	30	\$186,807.27
ND	4	\$184,875.54
AR	15	\$172,632.34
VT	13	\$168,386.26
UT	11	\$143,777.60
LA	12	\$115,932.23
MP	1	\$60,904.92
ID	13	\$51,131.01
NE	5	\$47,770.79
IA	9	\$29,759.41
WV	3	\$29,705.11

## Rollovers In by Plan

For Quarter Ended June 30, 2016

Rollover From Institution	State	2015-Q4
Unknown	N/A	\$11,887,637.79
American Funds	VA	\$4,638,364.89
College America	VA	\$2,652,495.48
College Bound Fund Direct	RI	\$2,297,077.31
College America	VA	\$2,230,893.95
College Bound Fund Advisor	RI	\$2,119,760.42
College Savings Iowa	IA	\$1,838,566.83
College Bound Fund Advisor	RI	\$1,529,318.14
USAA College Savings Plan	NV	\$1,483,573.63
Utah Ed Savings Plan Trust	UT	\$1,427,200.27

## Section III

# USAA 529 College Savings Plan® Plan Detail

## Highlights This Period

		Second Quarter 2016	First Quarter 2016	% Chg Q/Q	Second Quarter 2015	% Chg Y/Y
Assets under Management (Millions)		\$2,703.54	\$2,585.43	4.6%	\$2,479.56	9.0%
Total Accounts (Funded)		251,858	247,796	1.6%	232,427	8.4%
Account Owners (Unique)		154,590	152,429	1.4%	143,714	7.6%
New Accounts (Funded)		6,080	8,099	(24.9%)	7,589	(19.9%)
Average Account Balances		\$10,734.39	\$10,433.70	2.9%	\$10,668.14	0.6%
NV Accounts (Funded)		3,006	2,957	1.7%	2,748	9.4%
NV Average Account Balances		\$9,505.03	\$9,278.15	2.4%	\$9,523.65	(0.2%)
NV Assets under Management (Millions)		\$28.57	\$27.44	4.1%	\$26.17	9.2%
NV Account Owners (Unique)		1,817	1,779	2.1%	1,677	8.3%
Gross Contributions (Millions)	Contribution	\$93.14	\$107.51	(13.4%)	\$90.03	3.5%
	Plan Transfer In	\$0.16	\$0.10	60.0%	\$0.18	(11.1%)
	Rollover In	\$4.35	\$3.77	15.4%	\$4.97	(12.5%)
	<b>Total</b>	<b>\$97.65</b>	<b>\$111.38</b>	<b>(12.3%)</b>	<b>\$95.18</b>	<b>2.6%</b>
Gross Distributions (Millions)	Fee	(\$0.04)	(\$0.04)	0.0%	(\$0.03)	33.3%
	Plan Transfer Out	(\$1.46)	(\$1.27)	15.0%	(\$1.05)	39.0%
	Rollover Out	(\$6.59)	(\$6.62)	(0.5%)	(\$5.91)	11.5%
	Withdrawal	(\$21.56)	(\$29.67)	(27.3%)	(\$18.89)	14.1%
	<b>Total</b>	<b>(\$29.65)</b>	<b>(\$37.60)</b>	<b>(21.1%)</b>	<b>(\$25.89)</b>	<b>14.5%</b>
<b>Net Contributions (Millions)</b>	<b>\$68.00</b>	<b>\$73.78</b>	<b>(7.8%)</b>	<b>\$69.29</b>	<b>(1.9%)</b>	
Rollovers In (Thousands)	Plan Transfer In	\$157.22	\$95.31	65.0%	\$175.37	(10.3%)
	Rollover In	\$4,350.60	\$3,772.54	15.3%	\$4,974.08	(12.5%)
	<b>Total</b>	<b>\$4,507.81</b>	<b>\$3,867.85</b>	<b>16.5%</b>	<b>\$5,149.45</b>	<b>(12.5%)</b>
Rollovers Out (Thousands)	Plan Transfer Out	(\$1,461.05)	(\$1,271.89)	14.9%	(\$1,053.66)	38.7%
	Rollover Out	(\$6,593.69)	(\$6,621.01)	(0.4%)	(\$5,911.94)	11.5%
	<b>Total</b>	<b>(\$8,054.73)</b>	<b>(\$7,892.90)</b>	<b>2.1%</b>	<b>(\$6,965.60)</b>	<b>15.6%</b>
<b>Net Rollovers (Thousands)</b>	<b>(\$3,546.92)</b>	<b>(\$4,025.05)</b>	<b>(11.9%)</b>	<b>(\$1,816.15)</b>	<b>95.3%</b>	

# Rollovers Out Summary

As of June 30, 2016

Payee Name	State	2016-Q2
The Vanguard 529 College Savings Plan	NV	(\$1,461,047.45)
UESP	UT	(\$1,192,023.58)
Collegeamerica	VA	(\$651,468.71)
Fidelity Broker Services Llc	NH	(\$592,780.31)
CollegeInvest Direct Portfolio College Savings Plan	CO	(\$316,443.62)
Nextgen Coll Investing Plan	ME	(\$220,545.23)
New York's 529 College Savings Program Direct Plan	NY	(\$209,792.87)
Virginia529 Csp	VA	(\$205,121.97)
Carolyn Prater	N/A	(\$167,213.71)
First Clearing LLC	Various	(\$142,332.35)

# Account Distribution by Investment Option & Age Statistics

As of June 30, 2016

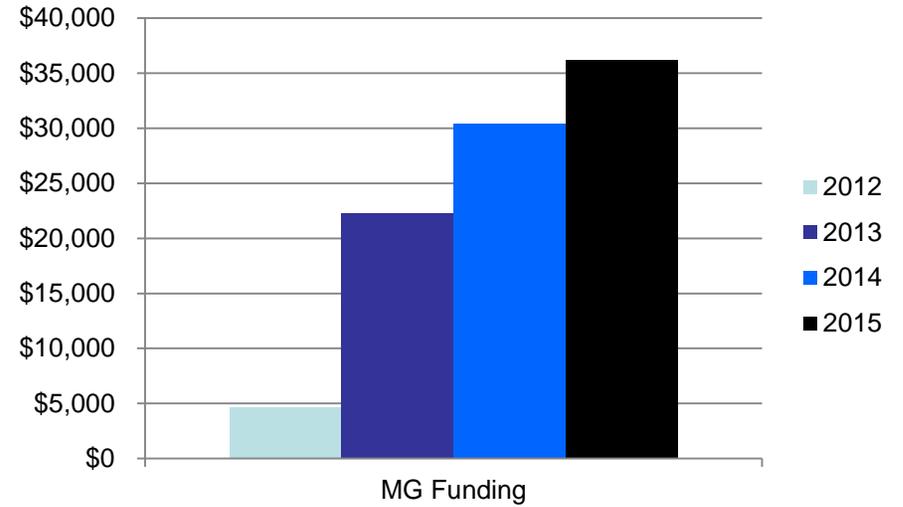
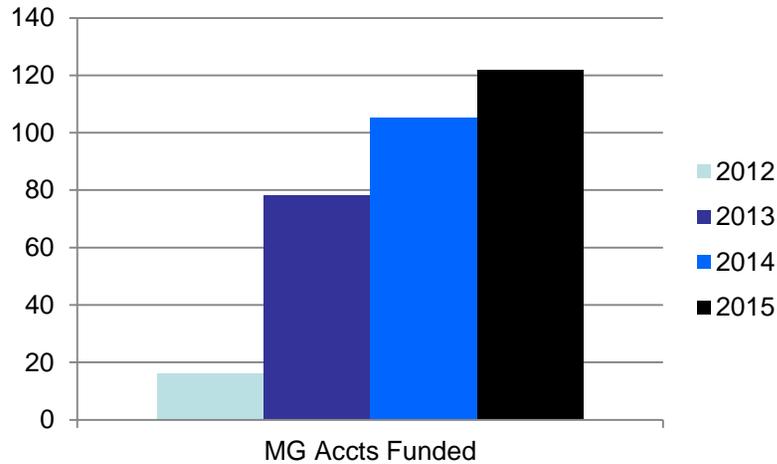
		Account Balances	Percent Of Total
<b>Age-Based Options</b>	Age-Based Option 0-2: Very Aggressive Portfolio	\$80,134,198.76	2.96%
	Age-Based Option 12-13: Moderately Conservative Portfolio	\$229,889,684.89	8.50%
	Age-Based Option 14-15: Conservative Portfolio	\$197,155,641.90	7.29%
	Age-Based Option 16-17: Very Conservative Portfolio	\$161,965,718.90	5.99%
	Age-Based Option 18+: In College Portfolio	\$163,364,148.43	6.04%
	Age-Based Option 3-4: Aggressive Growth Portfolio	\$136,805,702.66	5.06%
	Age-Based Option 5-6: Growth Portfolio	\$197,606,007.78	7.31%
	Age-Based Option 7-8: Moderately Aggressive Portfolio	\$209,756,272.83	7.76%
	Age-Based Option 9-11: Moderate Portfolio	\$360,993,962.82	13.35%
<b>Fixed Allocation Options</b>	Aggressive Growth Portfolio	\$284,448,663.88	10.52%
	Conservative Portfolio	\$97,073,931.80	3.59%
	Growth Portfolio	\$189,486,454.61	7.01%
	In College Portfolio	\$39,987,152.32	1.48%
	Moderate Portfolio	\$131,187,548.88	4.85%
	Moderately Aggressive Portfolio	\$157,212,760.26	5.82%
	Moderately Conservative Portfolio	\$8,402,735.52	0.31%
	Very Aggressive Portfolio	\$11,325,136.29	0.42%
	Very Conservative Portfolio	\$7,539,654.25	0.28%
<b>Preservation of Capital Option</b>	Preservation of Capital Portfolio	\$39,207,463.09	1.45%
<b>Total</b>		<b>\$2,703,542,839.88</b>	<b>100.00%</b>

Account Owner Age Group	Account Balances	Funded Accounts
Ages 18 years and younger	\$18,352,683	644
Ages 19 to 29 years	\$26,105,010	9,418
Ages 30 to 39 years	\$546,605,825	91,562
Ages 40 to 49 years	\$1,281,515,534	97,772
Ages 50 to 59 years	\$521,594,321	30,693
Ages 60 years and older	\$309,369,467	21,769
<b>Total</b>	<b>\$2,703,542,840</b>	<b>251,858</b>

Beneficiary Age Group	Account Balances	Funded Accounts
Ages 5 years or less	\$420,363,280	82,271
Ages 6 to 10 years	\$807,178,581	74,412
Ages 11 to 15 years	\$854,604,878	54,872
Age 16 years	\$138,014,383	8,113
Age 17 years	\$131,285,463	6,962
Age 18 years	\$117,498,006	6,001
Age 19 years	\$78,074,759	4,722
Age 20 years	\$53,198,423	3,542
Age 21 years	\$29,421,588	2,549
Age 22 years	\$16,034,652	1,564
Ages 23 years and older	\$57,868,826	6,850
<b>Total</b>	<b>\$2,703,542,840</b>	<b>251,858</b>

# Distinguished Valor Matching Grant Update

As of December 31, 2015



Year	Funded Match Accounts	Y/Y Increase	Total Match Funding	Y/Y Increase
2012	16		\$4,700.00	
2013	78	387.5%	\$22,280.00	374.00%
2014	105	34.6%	\$30,450.00	36.7%
2015	122	16.2%	\$36,230.00	19.0%

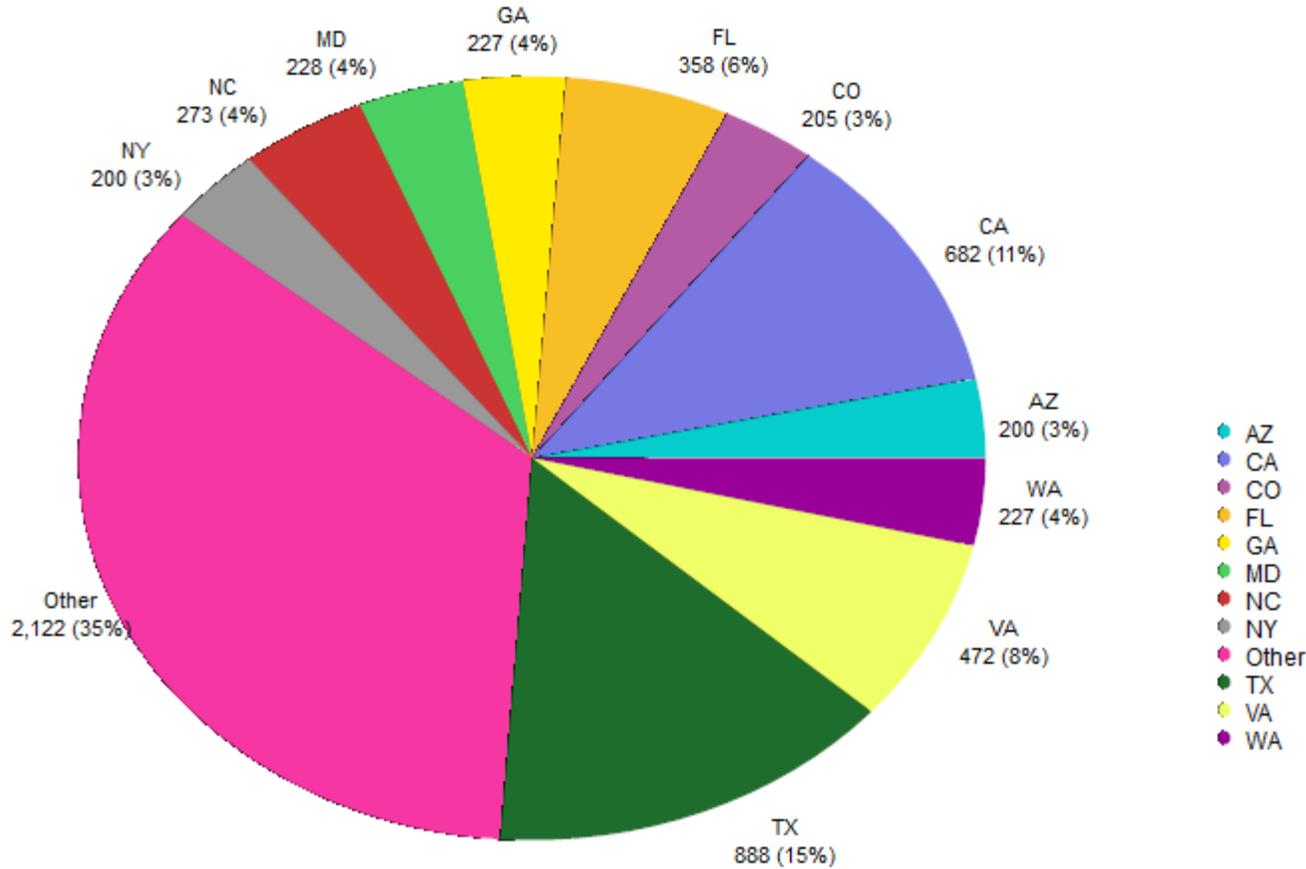


college savings

# New Accounts by State

As of June 30, 2016

New Funded Accounts by State Detail - USAA



## USAA 529 COLLEGE SAVINGS PLAN®

New Accounts by State

For the Quarter Ended June 30, 2016

State	New Funded Accounts	Total Assets
CA	682	\$2,305,127.80
TX	888	\$2,281,953.78
VA	472	\$1,300,330.02
WA	227	\$863,900.22
FL	358	\$695,857.71
NC	273	\$574,079.36
PA	135	\$482,223.16
CT	47	\$462,054.12
CO	205	\$441,283.75
IL	98	\$392,292.58
AZ	200	\$383,205.26
TN	113	\$364,996.60
NJ	140	\$354,710.50
MD	228	\$353,846.90
SC	129	\$326,221.51
GA	227	\$295,149.34
NY	200	\$264,907.94
MA	97	\$204,051.11
OR	51	\$195,107.11
OH	104	\$186,977.59
IN	52	\$182,444.08
NV	77	\$178,052.51
MN	57	\$172,298.35
LA	73	\$169,721.63
KS	66	\$138,109.91
AL	72	\$129,372.81
HI	86	\$114,936.54
MI	58	\$106,992.78
ID	24	\$89,259.60
AR	29	\$77,418.27
MO	61	\$75,850.58
OK	58	\$65,564.73
NM	55	\$65,389.08
WI	28	\$63,331.06
KY	54	\$59,976.51
RI	33	\$48,558.89
AK	31	\$42,268.24
SD	4	\$41,179.88
MS	32	\$28,241.89
UT	40	\$27,562.94
DE	18	\$25,811.58
IA	17	\$24,868.77
NH	20	\$17,715.92
DC	26	\$15,297.22
ND	15	\$15,005.15
MT	14	\$14,333.46
NE	23	\$13,582.18
ME	5	\$7,611.18
WV	14	\$4,418.76
VT	9	\$3,093.54
WY	9	\$3,090.65

## Rollovers In by Plan

For Quarter Ended June 30, 2016

Rollover From Institution	State	2016-Q2
Unknown	N/A	\$2,214,503.77
College America	VA	\$450,524.99
John Hancock Freedom 529 CSP	NJ	\$301,980.62
College Bound Fund Advisor	RI	\$294,282.36
Scholar Edge CSP	NM	\$133,113.46
Franklin Templeton 529 CSP	NJ	\$120,298.51
Scholar Share CSP Direct	CA	\$116,160.04
SSgA Upromise 529	NV	\$51,383.01
Fidelity Advisor 529	NH	\$51,167.89
Path2college 529	GA	\$45,131.48

# Marketing Activity

## Table of Contents

- Section I: SSGA Upromise 529 Plan
- Section II: Vanguard 529<sup>®</sup> College Savings Plan
- Section III: USAA 529 College Savings Plan<sup>®</sup>

## Section I

# SSGA Upromise 529 Plan Marketing Activity

## Web Activity

General web activity	Q2 2016	Q2 2015	% Change
Total Visits	330,426	402,582	-17.9%
Total Unique Visitors	125,426	131,171	-4.4%
Total New Visitors	49,930	49,918	--
Total Repeat Visitors	89,544	86,489	-3.4%
Total Page Views	2,096,740	2,270,703	8.3%

# Email Activity

## 529 Day email:

- Open rate – 23.56%
- Click through rate – 1.02%
- Click to open rate – 4.33%

[View Images](#)

STRATEGIES FOR COLLEGE SAVERS

SSGA Upromise529

---

They're too busy to say it...



**Happy 529 College Savings Day!**

One day, your kids will be very grateful that you invested in their college education through the SSGA Upromise 529 Plan. And so will you.

[CONTRIBUTE >](#)



Celebrate 529 Day: contribute again.



Even small contributions can add up over time.

# **SSGA Upromise 529 Plan**

## **RIA Marketing & Distribution Initiatives**

## 2Q16 Sales and Marketing Highlights

### 746 leads generated in FY 2016 through direct marketing

Digital ad campaign had an average CTR of 12.03%, well above the industry average of 0.07%

Google paid search strategy resulted in 661 ad clicks in Q2 2016, and an Average Position of 2.5

### Website activity

- Most downloaded PDF: “College Funding Solutions: What’s Best for Your Clients?”
- PDF downloads increased by 361% quarter over quarter

### Nevada advisors highlights

- Seven Nevada advisors have a total of eight accounts with \$337,550 in assets, a 70% increase from Q2 2015, and \$284,436 in total contributions
- Average Nevada advisors plan account size has increased to \$29,628, a 56.3% increase from the average account size in Q2 2015
- On April 20<sup>th</sup>, 11 advisors attended the 529 advisor event in Reno with the Treasurer
- 29 Nevada IPs viewed our Nevada specific College Savings Conversation email campaign

### Overall plan advisor highlights

- 7 new RIA advisors opened 12 new accounts and 15 new accounts were opened with \$292,635 in total assets

## 2Q16 at a Glance

### Plan Highlights

	2Q 2016	1Q 2016
# of <u>New</u> RIA Accounts*	15	10
# of <u>New</u> Nevada Accounts	0	1
AUM	\$8,940,758	\$8,478,889
Nevada AUM	\$337,550	\$334,324
Account Contributions	\$8,220,358	\$7,874,935
Nevada Account Contributions	\$284,436	\$283,811
Total # of RIA Accounts	227	212
Total # of Nevada Accounts	8	8

### RIA Trends

	2Q16	1Q16
# of RIAs with Enrollments	109	102
# of 529 QuickView® Registrations	15	15

2Q16 Avg  
Account Size  
**\$39,386**

Total Plan  
AUM  
**\$8.9M+**

2Q16 Total  
Account  
Contributions  
**\$8,220,358**

# Email Campaign: College Savings Conversation – A Funding Solutions Roadmap

## National Version



## Nevada Version



### May 2016

#### Summary

#### INITIAL CAMPAIGN: NATIONAL AND NEVADA VERSION

- Headline: Easy-to-Use and Comprehensive: Your New Resource for 529 Discussions
- Highlighted: College Savings Conversation – A Funding Solutions Roadmap
- Messaging: Use this client-ready, interactive PDF to help start the college funding conversation with clients

#### ADDITIONAL CALL TO ACTION (CTA) FOR NEVADA VERSION:

- Additional Nevada Benefits: Only the SSGA Upromise 529 plan offers these unique benefits for Nevada residents: waiver of the annual account fee and matching contributions by some Nevada employers.

#### Target

RIA and Independent Broker Dealer database (approximately 15,000 names) and a targeted Nevada audience (approximately 110 names)

#### Results

Action	Engagement
<b>Initial Email:</b>	
<b>Email views</b>	<b>3,499</b>
<b>View Rate</b>	<b>23.63%</b>
<b>Engaged IPs</b>	<b>278</b>
<b>Engagement %</b>	<b>1.88%</b>
<b>Cost per Engaged IP</b>	<b>\$8.09</b>
<b>Initial Email: Nevada Version</b>	
<b>Email views</b>	<b>29</b>
<b>View Rate</b>	<b>26.13%</b>
<b>Engaged IPs</b>	<b>3</b>
<b>Engagement %</b>	<b>10.71%</b>
<b>Cost per Engaged IP</b>	<b>\$750</b>

#### Conclusion

**The view rate for the initial national email was strong at 23.63%. Further, the Cost per Engaged IP (\$8.09) was below the 529 Email Campaign Average (\$8.26). This was our first time doing a Nevada specific email campaign and we were pleased with the results. The view rate was higher than the 529 average at 26.13%**

Source: State Street Global Advisors and EMI.  
 The information contained above is for illustrative purposes only.

# Direct Marketing: College Savings Conversation – A Funding Solutions Roadmap

## IBD Version



## RIA Version



## May 2016

### Summary

### NEVADA SPECIFIC DIRECT MARKETING CAMPAIGN:

- **Headline:** Your New Easy-to-Use Resource for 529 Discussions
- **Highlighted:** College Savings Conversation – A Funding Solutions Roadmap
- **Messaging:** Use this client-ready, interactive PDF to help start the college funding conversation with clients

### DIRECT MARKETING CAMPAIGN INCLUDED:

- **College Savings Conversations – a Funding Solutions Roadmap :** Included a packaged version of our printed Conversation Guide in response to advisor's needs for tools and resources to help start facilitate conversations with clients around college savings.
- **Customizable Client Email:** Email link attached which gave advisors the option to send the interactive PDF version of the Guide directly to clients as a meeting follow-up or discussion aid during phone calls.

### Target

Nevada specific RIA and Independent Broker Dealer database (approximately 175 names)

Source: State Street Global Advisors and EMI.  
The information contained above is for illustrative purposes only.

# Digital Ad Campaign: College Savings Conversation – A Funding Solutions Roadmap

## Mid June-September

<b>Summary</b>	<u>Headline:</u> Kids Deserve Every Advantage  <u>Placement:</u> Campaign ran over two online platforms: Money.com and Investmentnews.com
<b>Target</b>	Geo-targeted to US and demo-targeted to the Financial Advisor function wherever possible
<b>Conclusion</b>	Successful campaign with strong click through results <ul style="list-style-type: none"> <li>• Average CTR of 12.03% well above the industry average of 0.07%</li> <li>• Average cost per click average would optimally be below \$50 so we are on par</li> </ul>

## Digital ad



<b>Definitions</b>	<p><b>Impressions</b> – the ad is fully served to the ad slot on the page</p> <p><b>Engagement</b> – a user clicks on the banner to expand into the lightbox/expanding portion of unit</p> <p><b>Clicks</b> – user clicking from expanded creative to external site (post engagement)</p> <p><b>Interactions</b> – any interaction within the expanded creative</p>
--------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

## Interactive Overlay



## Results

Site Name	Impressions	Engagements	Engagement Rate	Clicks	CTR	Cost-Per Click	Interactions	Interaction Rate	Unique Impressions
Investmentnews.com	221,048	742	0.34%	107	14.49%	\$151.86	347	14.82%	104,225
Money.com	707,814	4,560	0.64%	531	11.63%	\$27.64	416	5.44%	295,477
<b>TOTAL</b>	<b>928,862</b>	<b>5,302</b>	<b>0.57%</b>	<b>638</b>	<b>12.03%</b>	<b>\$44.41</b>	<b>763</b>	<b>6.75%</b>	<b>399,732</b>

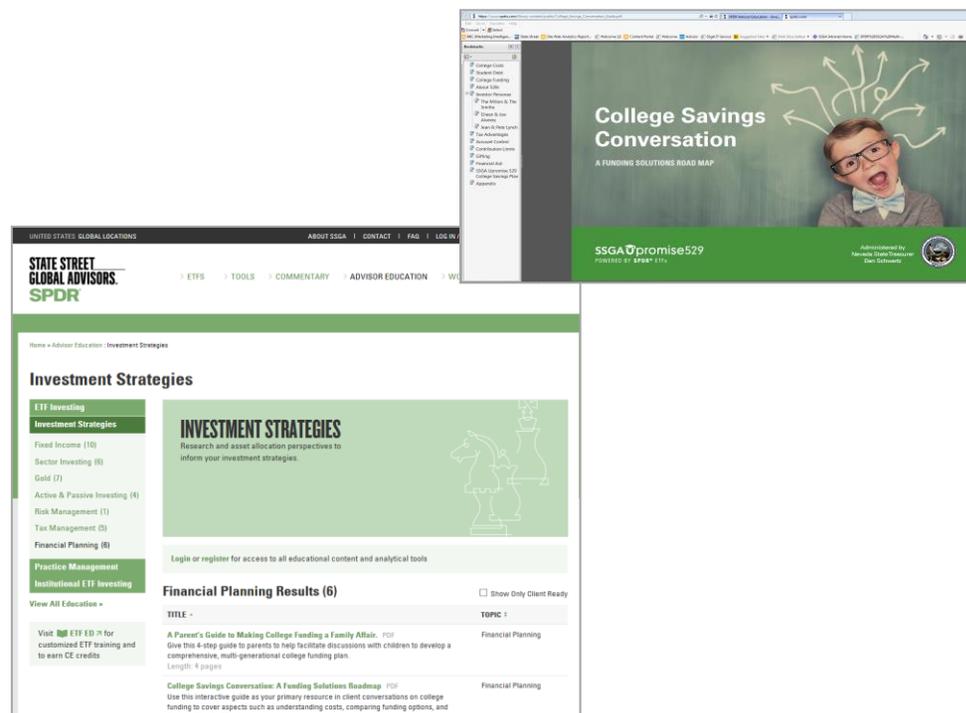
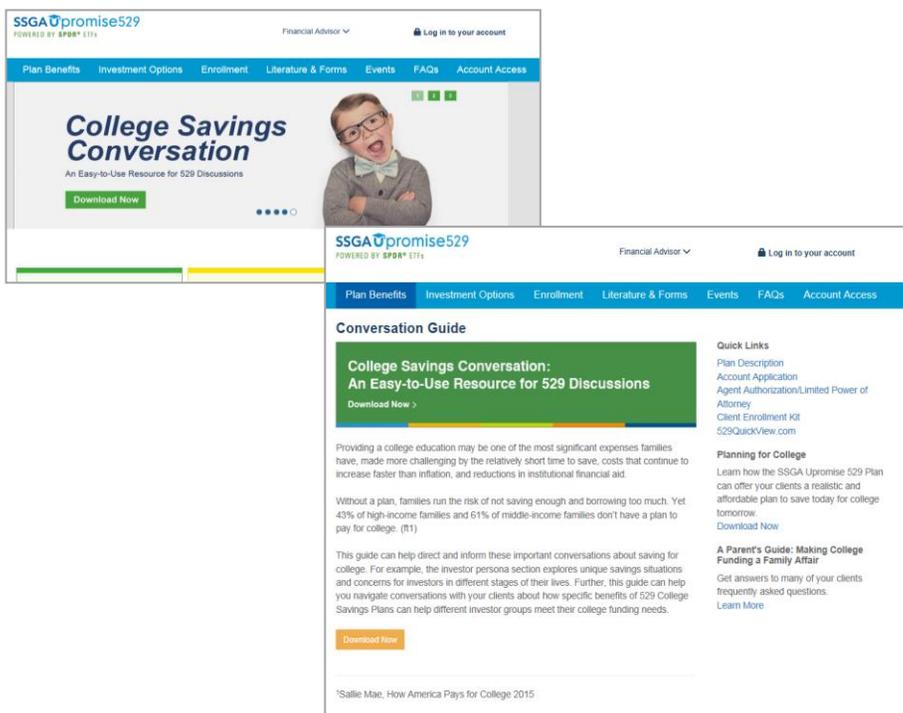
Source: State Street Global Advisors and EMI.

The information contained above is for illustrative purposes only.

# Webpages: College Savings Conversation – A Funding Solutions Road Map

## Plan Webpage

## SPDRs.com Webpage

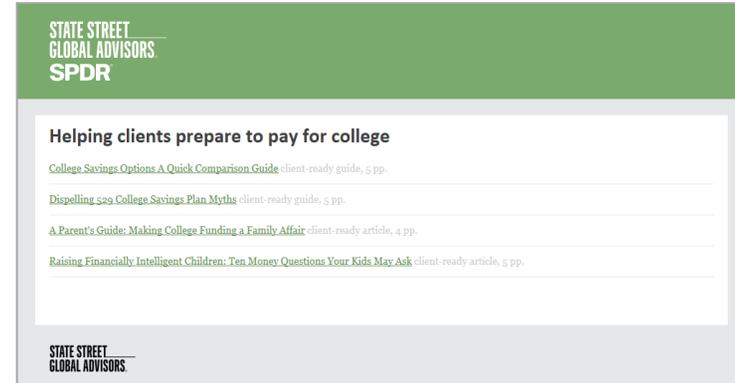
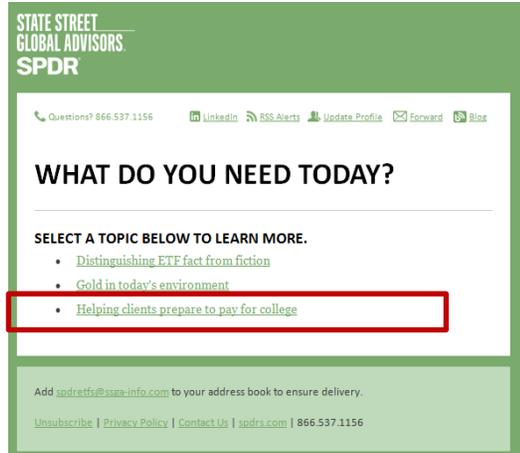


### Conversation Guide

To continue the promotion of the College Savings Conversation – A Funding Solutions Road Map, we spotlighted the Guide on the Upromise 529 Plan Website as well as the SPDRs Website.

## Additional SSGA Upromise 529 Email Promotion

May 2016



Conclusion

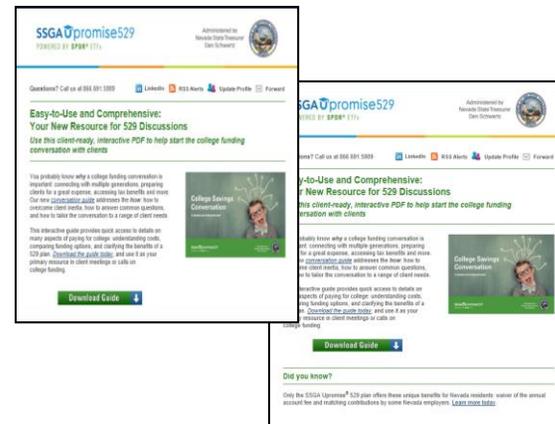
**6 advisors engaged with this email promotion featuring our client-ready materials and whitepapers.**

# Overall SSGA Upromise 529 Campaign Engagement

## Facts and Fiction eBlast



## Conversation Guide Email Campaign



## Student Loan Debt Email Campaign



**65**  
Individual users engaged with more than one campaign in FY16

**300**  
Individual users engaged with one or more of our campaigns in FY16

Source: State Street Global Advisors and EMI.  
The information contained above is for illustrative purposes only.

# Google Paid Search Strategy

## April-June 2016 Results

### Objective

- Google’s paid sponsored ad program to engage with RIAs for lead generation

### Methodology

- Keywords (terms that Google users might search with)
- Multiple ads (what the user sees after entering in a search term)
  - Written to maximize the relevancy for the searchers, clearly defining offer and its key benefits
  - Each topic is given multiple ads to test different copy

### Testing and Optimization:

- Each topic is given multiple text ads for testing; all ads and keywords are continuously monitored and optimized based on what words are/aren’t generating clicks to maximize click activity and cost-efficiency

### Measures of Success:

- Clicks from ads through to the 529 Advisor site
- Site click activity on the 529 Advisor site, including:
  - Contact Us form submissions, Content downloads, Clicks on the various fund offerings

### Results

- 661 ad clicks
- Advisor Education ad group generated majority impressions/click activity
- Risk-Based ad group was the next largest in generating activity
- College Date, Custom and Target Date were all significantly behind the other two
- Advisor Education ad group had highest click rates
- Cost-per-Click was slightly higher than recent quarters, but Average position was also higher, meaning we achieved a higher ranking on the page as a result of the slightly higher bids
- 44 Content Downloads were tracked , a 110% increase of Content Downloads from Q1 2016
- 1 Contact Us submissions

### Conclusion

We are seeing a higher rate of efficiency across the board now that we streamlined our targeted approach. Many of the advisor search terms continue to attract activity and move up the leaderboards of most active keywords. It still appears that many of the searchers and site visitors could be personal investors, but we will continue to refine our approach through the next quarter.

Ad Group (Topic)	Impressions	Clicks	Click-Through Rate	Average Position	Contact Us Submissions	PDF Downloads	Cost per Click
Advisor Education	30,252	661	2.18%	2.5	N/A	44	\$3.40
College Date	90	0	0.00	1.8	N/A	N/A	\$0.00
Custom	18	0	0.00	1.7	N/A	N/A	\$0.00
Risk Based	178	0	0.00	3.1	N/A	N/A	\$0.00
Target Date	9	0	0.00	2.4	N/A	N/A	\$0.00
<b>TOTAL</b>	<b>30,547</b>	<b>661</b>	<b>2.18%</b>	<b>2.5</b>	<b>1*</b>	<b>44</b>	<b>\$3.40</b>

Ad Group Test Examples
<a href="#">Custom 529 Plans</a> 15 options across many styles and asset classes using SPDR ETFs. <a href="http://SSga.Upromise529.com">SSga.Upromise529.com</a>
<a href="#">Custom 529 Plans</a> Create your own investment mix with 529s powered by SPDR ETFs. <a href="http://SSga.Upromise529.com">SSga.Upromise529.com</a>
<a href="#">Custom 529 Plans</a> 529s for any approach. Easy online enroll and management for advisors. <a href="http://SSga.Upromise529.com">SSga.Upromise529.com</a>

Source: EMI Strategic Marketing. As of June 30, 2016

\*Metrics for “Contact Us” submissions were taken from the 529 advisor site.

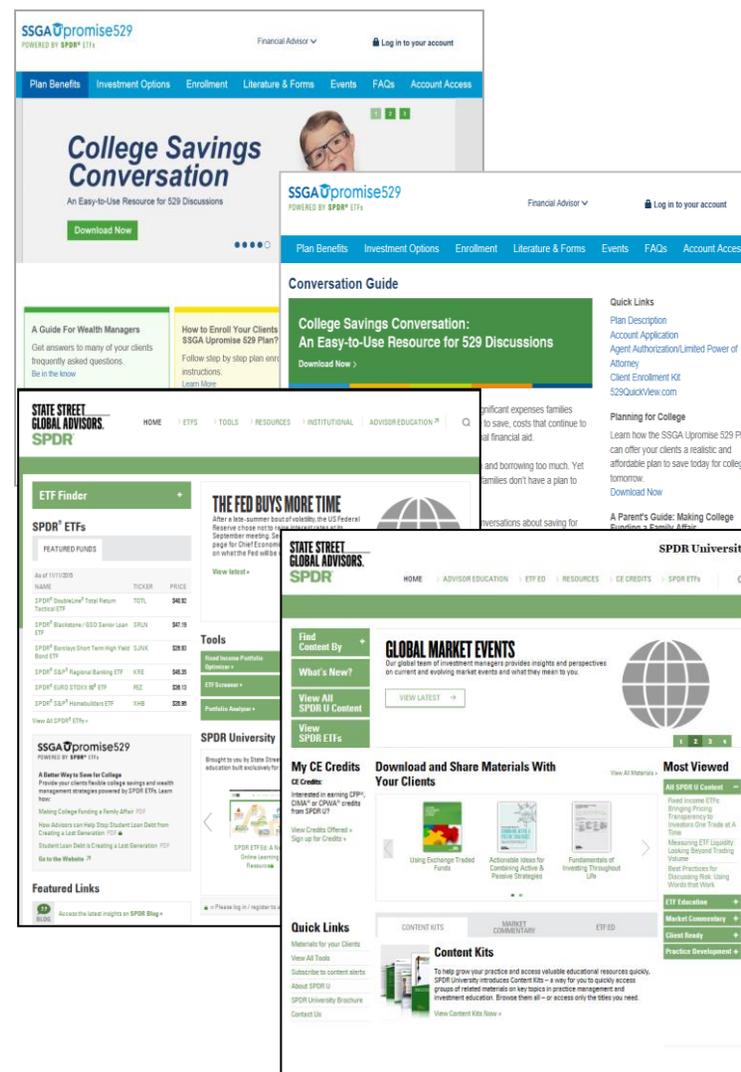
# Website Statistics

## Plan website:

- Webpage generated 2,573 views in Q2 2016
- Most visited webpage in Q2 continues to be Account Access with 634 views and the FA Homepage also received top views with 616 impressions

## SPDR® U (www.spdru.com):

- PDF downloads increased by 361% quarter over quarter
- Most downloaded pieces were “College Savings Options: A Quick Comparison Guide” and “College Funding Solutions: What’s Best for Your Clients?”



# **APPENDIX: IMPORTANT DISCLOSURES**

## Important Disclosures

### **FOR PUBLIC USE.**

#### **IMPORTANT RISK INFORMATION**

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Investing involves risk including the risk of loss of principal. Investment returns will vary depending upon the performance of the Portfolios you choose. Except to the extent of FDIC insurance available for the Savings Portfolio, you could lose all or a portion of your money by investing in the Plan, depending on market conditions. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.

ETFs trade like stocks, fluctuate in market value and may trade at prices above or below the ETFs' net asset value. Brokerage commissions and ETF expenses will reduce returns.

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The SSGA Upromise 529 Plan (the "Plan") is administered by the Board of Trustees of the College Savings Plans of Nevada (the "Board"), chaired by Nevada State Treasurer. Ascensus Broker Dealer Services, Inc. (ABD) serves as the Program Manager. ABD has overall responsibility for the day-to-day operations, including distribution of the Plan and provision of certain marketing services. State Street Global Advisors (SSGA) serves as Investment Manager for the Plan except for the Savings Portfolio, which is managed by Sallie Mae Bank, and also provides or arranges for certain marketing services for the Plan. The Plan's Portfolios invest in either (i) Exchange Traded Funds and mutual funds offered or managed by SSGA or its affiliates; or (ii) a Federal Deposit Insurance

Corporation (FDIC)- insured omnibus savings account held in trust by the Board at Sallie Mae Bank. Except for the Savings Portfolio, investments in the Plan are not insured by the FDIC. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

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**For more information about the SSGA Upromise 529 Plan ("the Plan") download the Plan Description and Participation Agreement or request one by calling 1-800-587-7305. Investment objectives, risks, charges, expenses, and other important information are included in the Plan Description; read and consider it carefully before investing. Ascensus Broker Dealer Services, Inc. ("ABD") is distributor of the Plan.**

**Before investing in the Plan, you should consider whether your client or the client's beneficiary's home state offers a 529 plan that provides its taxpayers with favorable state tax and other benefits that are only available through investment in the home state's 529 plan.**

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Tracking Code: SA-2125

Expiration Date: 10/31/2016

## Section II

# Vanguard 529® College Savings Plan Marketing Activity



# Vanguard 529 College Savings Plan

## Client engagement

### VG529 529 account check up campaign read out

Increase comfort-level in investing and goal setting for college savings

- Audience**
- Existing VG529 account owners who own **age-based saving options** and a beneficiary turning age 6, 11, 16 and 19 in 2016.
  - Existing VG529 account owners who own **individual portfolios** and a beneficiary turning age 6, 11, 16 and 19 in 2016.

- Channel** E-mail
- E-mail Deployment Date** 2/28/2016
- Client Segments** CO, VY, VS, FL, FP
- Call to Action** Audience 1: No action is required  
Audience 2: Call ESG to discuss what asset allocation is right for you

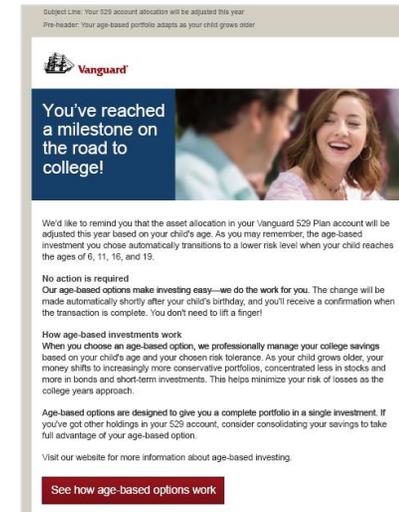
#### Summary

- Campaign results confirm that our timely, relevant educational content and guidance resulted in high client engagement.
- Although there was no call to action for the age based target audience, we did see these account owners moving assets to an age-based track.
- The results also show individual portfolio exchange among the target audience with individual portfolios.

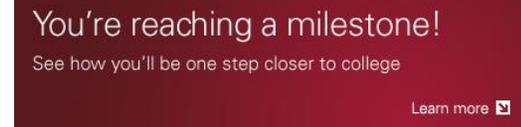
	Total mailed	Opened e-mails	Email open rate*	E-mail open click rate**
Account owners with individual portfolios	2,494	793	31.8%	5.5%
Account owners with age-based saving options	3,756	2,163	57.6%	5.6%

\*Historical 529 e-mail open rate of 18.64% open rate

\*\*Historical 529 e-mail click rate of 2.37%



1# Audience E-mail

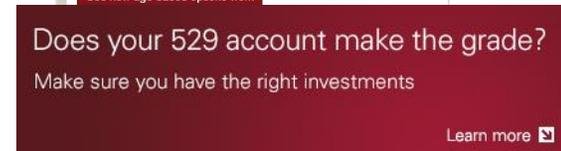


Banner on the account owner's page



2# Audience E-mail

Banner on the account owner's page





# Vanguard 529 College Savings Plan

## Marketing & Communication Plan – Social Media

### Q2

We focused on 529 Day (5/29) with tweets, Facebook post, and a video with Vanguard expert Mary Ryan. We also tweeted about Vanguard’s cost reduction.



**13 tweets and 2 Facebook posts highlighted a new video answering clients questions about college saving.**

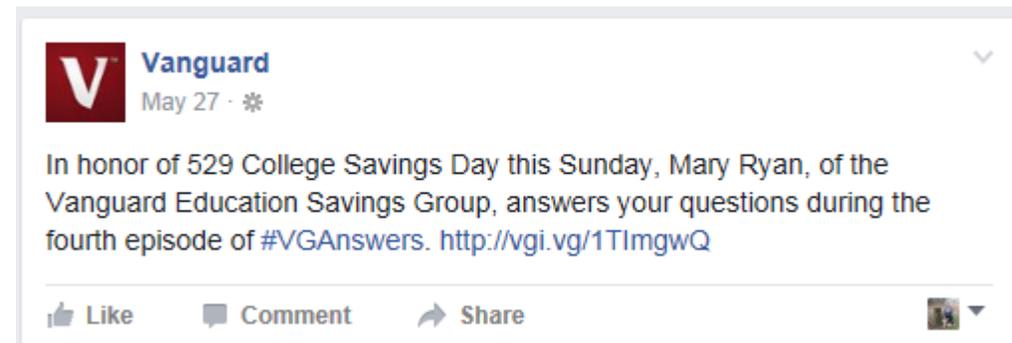
Below: Facebook post

### Twitter stats:

Engagement: 1,012

Clicks: 902

Retweets: 41





# Vanguard 529 College Savings Plan

## Client engagement

### Vanguard.com college savings

This report highlights the education shared through the News and Perspectives area of Vanguard's website as of March 2016.

Title	Vg.com clicks since elevation	Month released
<a href="#">Vanguard 529 College Savings Plan cuts costs</a>	1,356	May
<a href="#">Get 3 steps closer to reaching your college savings goal</a>	946	May

The screenshots show the Vanguard website interface. The main article title is "Get 3 steps closer to reaching your college savings goal". The content includes sections like "Open an account", "Create a savings goal", and "Make regular contributions". The website layout includes a navigation bar, a search bar, and various interactive elements like "Log in" and "Register".

Vanguard.com home page  
 May 1-May 31

The screenshot shows the Vanguard.com home page for the "5/29 is College Savings Day" promotion. The main headline is "5/29 is College Savings Day". Below the headline, there is a sub-headline: "The Vanguard 529 Plan offers low-cost investments and flexible account options. It can help you ace your college savings goals." There are several call-to-action buttons and links, including "Why wait? Start saving today", "How to keep your retirement on track", "Vanguard ETFs®. Another way to invest", and "Partner Vanguard". The page also features a login section with fields for "USER NAME" and "PASSWORD", and a "LOG ON" button. At the bottom, there are links to "Browse Vanguard's complete mutual fund lineup" and "Browse Vanguard's complete ETF lineup".

# Vanguard 529 College Savings Plan

## Client engagement

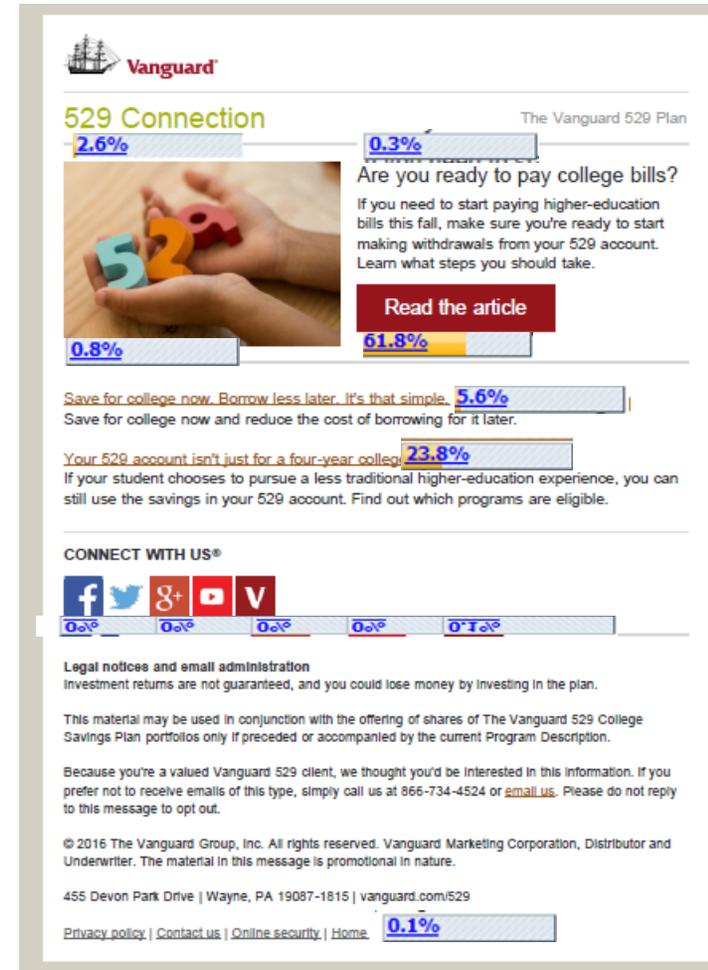
### 529 Connection July 2016

Relevant and timely 529 information to existing VG529 account owners

The article “2 changes to 529 plans you need to know” had the highest interest and readership with a 70.2% click through rate.

Results	Emails sent	E-mail open rate	E-mail open click rate
July 2016 edition	41,063	37.84%	4.40%

*Point of reference: Vanguard’s e-mail open rate average is 29%  
Vanguard’s e-mail open click rate average is 2.11%*

**529 Connection** The Vanguard 529 Plan

2.6%

0.3%

Are you ready to pay college bills?  
If you need to start paying higher-education bills this fall, make sure you're ready to start making withdrawals from your 529 account. Learn what steps you should take.

[Read the article](#)

0.8%

61.8%

Save for college now. Borrow less later. It's that simple. 5.6%

Save for college now and reduce the cost of borrowing for it later.

Your 529 account isn't just for a four-year college. 23.8%

If your student chooses to pursue a less traditional higher-education experience, you can still use the savings in your 529 account. Find out which programs are eligible.

CONNECT WITH US®

Legal notices and email administration  
Investment returns are not guaranteed, and you could lose money by investing in the plan.

This material may be used in conjunction with the offering of shares of The Vanguard 529 College Savings Plan portfolios only if preceded or accompanied by the current Program Description.

Because you're a valued Vanguard 529 client, we thought you'd be interested in this information. If you prefer not to receive emails of this type, simply call us at 866-734-4524 or [email us](#). Please do not reply to this message to opt out.

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## Section III

# USAA 529 College Savings Plan® Marketing Activity

# USAA 529 College Savings Plan

## 2nd Quarter Marketing Initiatives

- Digital and email marketing of the USAA 529 Plan
- Web Banner adds

# College Savings Plans of Nevada Performance Reports

## Table of Contents

- Section I: SSGA Upromise 529 Plan
- Section II: Vanguard 529<sup>®</sup> College Savings Plan
- Section III: USAA College Savings Plan<sup>®</sup>

## **Section I**

# **SSGA Upromise 529 Plan Performance Reports**

## SSGA Upromise 529 Account Performance Commentary 2Q2016

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### Asset Allocation added value:

- Across all 529 funds, active performance was positive for the second quarter with the outperformance more pronounced in the more aggressive funds
- Underweight positions in international equities added value at the close of the quarter as volatility increased in international equity markets both preceding and immediately following the vote by Britain to leave the European Union on June 23rd
- Our overweight position to High Yield contributed to positive performance in April and May, during which time high yield credit spreads declined by 89 basis points
- Further contributing to outperformance were overweight positions to REITS that have outpaced US equities both for the quarter and year to date
- An overweight position to cash in most funds resulted in some performance drag for the quarter as most fund benchmarks posted positive returns

Source: SSGA.  
Past performance is not a guarantee of future results.  
As of June 30, 2016

**SSGA** Upromise529

POWERED BY SPDR® ETFs

# SSGA Upromise 529 Account Portfolio Performance (as of June 30, 2016)

Name	APY as of 07/27/2016	Average annual total returns as of 06/30/2016					Inception date
		1 year	3 year	5 year	10 year	Since Inception**	
SSGA College 2033 Portfolio	—	—	—	—	—	6.20%	09/24/2015
SSGA College 2030 Portfolio	—	0.59%	7.09%	—	—	7.81%	04/16/2012
SSGA College 2027 Portfolio	—	1.94%	7.12%	—	—	7.64%	04/16/2012
SSGA College 2024 Portfolio	—	2.73%	6.49%	—	—	6.73%	04/16/2012
SSGA College 2021 Portfolio	—	2.79%	5.45%	—	—	5.47%	04/16/2012
SSGA College 2018 Portfolio	—	2.74%	3.63%	—	—	3.68%	04/16/2012
SSGA College 2015 Portfolio	—	0.87%	1.15%	—	—	1.01%	04/16/2012
SSGA College Today Portfolio	—	0.49%	0.36%	—	—	0.47%	04/16/2012
SSGA Aggressive Portfolio	—	-0.49%	7.64%	—	—	8.66%	04/16/2012
SSGA Moderate Portfolio	—	2.48%	6.07%	—	—	6.10%	04/16/2012
SSGA Conservative Portfolio	—	1.08%	0.85%	—	—	0.80%	04/16/2012
SPDR S&P 500® ETF Trust Portfolio	—	3.71%	11.04%	—	—	12.17%	04/16/2012
SPDR S&P MidCap 400® ETF Trust Portfolio	—	0.83%	9.76%	—	—	11.41%	04/16/2012
SPDR S&P 600® Small Cap ETF Portfolio	—	-0.31%	9.55%	—	—	11.89%	04/16/2012
SPDR S&P® World ex-US ETF Portfolio	—	-8.92%	2.14%	—	—	3.46%	04/16/2012
SPDR S&P International Small Cap ETF Portfolio	—	-2.35%	5.97%	—	—	5.39%	04/16/2012
SPDR S&P Emerging Markets ETF Portfolio	—	-11.75%	-0.64%	—	—	-1.86%	04/16/2012
SPDR S&P Emerging Markets Small Cap ETF Portfolio	—	-10.14%	-1.41%	—	—	-0.82%	04/16/2012
SPDR Dow Jones REIT ETF Portfolio	—	21.54%	12.62%	—	—	11.39%	04/16/2012
SPDR Dow Jones International Real Estate ETF Portfolio	—	1.31%	4.37%	—	—	6.67%	04/16/2012
SPDR Barclays Aggregate Bond ETF Portfolio	—	5.82%	3.68%	—	—	2.51%	04/16/2012
Savings Portfolio	0.61% <sup>1</sup>	0.58%	0.62%	0.63%	—	0.66%	10/18/2010
SPDR Barclays TIPS ETF Portfolio	—	4.32%	2.02%	—	—	0.33%	04/17/2012
SPDR DB International Government Inflation-Protected Bond ETF Portfolio	—	0.83%	-0.27%	—	—	-0.67%	04/16/2012
SPDR Barclays High Yield Bond ETF Portfolio	—	-1.46%	2.25%	—	—	3.31%	04/16/2012
SPDR Barclays Short Term Corporate Bond ETF Portfolio	—	1.84%	1.27%	—	—	1.17%	04/16/2012
SPDR Barclays 1-3 Month T-Bill ETF Portfolio	—	-0.41%	-0.40%	—	—	-0.46%	04/16/2012

Source: <https://www.ssga.upromise529.com/ucftpl/fund/quarterEndPerformanceAlt.cs>

As of June 30, 2016. The performance data shown represents past performance. **Past performance is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' units, when sold, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data cited.** For SSGA Upromise 529 Portfolio performance data current to the most recent month-end visit our website at [www.ssga.upromise529.com](http://www.ssga.upromise529.com)

**SSGA** Upromise529

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# SSGA Upromise 529 Account Performance: College-Date & Risk-Based Options (as of June 30, 2016)

## SSGA Upromise 529 Plan

	One Month	Three Months	Year to Date	Last 12 Months	Three Years	Five Years	Inception
SSGA College Today							<b>Apr/2012</b>
Gross Returns	0.31%	0.56%	1.08%	0.74%	0.68%	N/A	0.77%
Custom Blended Index	0.28	0.46	0.97	1.06	0.83	N/A	0.86
<b>Difference</b>	<b>0.03</b>	<b>0.10</b>	<b>0.11</b>	<b>-0.32</b>	<b>-0.14</b>	N/A	<b>-0.09</b>
SSGA College 2015							<b>Apr/2012</b>
Gross Returns	0.45	0.72	1.46	1.25	1.46	N/A	1.32
Custom Blended Index	0.44	0.65	1.57	1.80	1.74	N/A	1.53
<b>Difference</b>	<b>0.01</b>	<b>0.07</b>	<b>-0.10</b>	<b>-0.54</b>	<b>-0.28</b>	N/A	<b>-0.21</b>
SSGA College 2018							<b>Apr/2012</b>
Gross Returns	1.08	1.42	3.20	3.14	3.96	N/A	4.02
Custom Blended Index	1.09	1.40	3.42	3.53	3.92	N/A	3.97
<b>Difference</b>	<b>-0.01</b>	<b>0.02</b>	<b>-0.23</b>	<b>-0.39</b>	<b>0.05</b>	N/A	<b>0.05</b>
SSGA College 2021							<b>Apr/2012</b>
Gross Returns	1.42	1.93	3.91	3.16	5.78	N/A	5.82
Custom Blended Index	1.24	1.84	4.26	4.13	5.75	N/A	5.80
<b>Difference</b>	<b>0.18</b>	<b>0.09</b>	<b>-0.35</b>	<b>-0.98</b>	<b>0.04</b>	N/A	<b>0.03</b>
SSGA College 2024							<b>Apr/2012</b>
Gross Returns	1.40	2.23	4.21	3.07	6.82	N/A	7.07
Custom Blended Index	1.19	2.03	4.57	3.82	6.74	N/A	7.04
<b>Difference</b>	<b>0.21</b>	<b>0.21</b>	<b>-0.36</b>	<b>-0.74</b>	<b>0.08</b>	N/A	<b>0.03</b>
SSGA College 2027							<b>Apr/2012</b>
Gross Returns	1.31	2.36	4.11	2.27	7.44	N/A	7.99
Custom Blended Index	1.05	2.09	4.52	3.10	7.45	N/A	8.05
<b>Difference</b>	<b>0.26</b>	<b>0.27</b>	<b>-0.41%</b>	<b>-0.83</b>	<b>0.00</b>	N/A	<b>-0.06</b>

The calculation method for value added returns may show rounding differences. Source: SSGA. Performance data source is SSGA for applicable separately managed account or underlying ETFs. The underlying ETF's performance reflects the expenses of managing the ETF, including brokerage and advisory expenses. The performance data shown represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For SSGA Upromise 529 Portfolio performance data current to the most recent month-end visit our website at [www.ssga.upromise529.com](http://www.ssga.upromise529.com). Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees which could reduce the return.

The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. Index returns reflect capital gains and losses, income, and the reinvestment of dividends.

**SSGA** Upromise529

POWERED BY SPDR® ETFs

# SSGA Upromise 529 Account Performance: College-Date & Risk-Based Options (as of June 30, 2016) (continued)

## SSGA Upromise 529 Plan

	One Month	Three Months	Year to Date	Last 12 Months	Three Years	Five Years	Inception
<b>SSGA 2030</b>							<b>Apr/2012</b>
Gross Returns	1.09%	2.29%	3.68%	0.92%	7.43%	N/A	8.16%
Custom Blended Index	0.85	2.04	4.21	1.96	7.57	N/A	8.34
<b>Difference</b>	<b>0.23</b>	<b>0.25</b>	<b>-0.53</b>	<b>-1.04</b>	<b>-0.13</b>	N/A	<b>-0.17</b>
<b>SSGA 2033</b>							<b>Sep/2015</b>
Gross Returns	2.82	3.88	5.26	N/A	N/A	N/A	8.60
Custom Blended Index	0.72	1.99	4.01	N/A	N/A	N/A	8.09
<b>Difference</b>	<b>2.10</b>	<b>1.89</b>	<b>1.25</b>	N/A	N/A	N/A	<b>0.50</b>
<b>SSGA Aggressive</b>							<b>Apr/2012</b>
Gross Returns	0.94	2.25	3.47	-0.23	7.98	N/A	9.00
Custom Blended Index	0.44	1.82	3.39	-0.16	8.05	N/A	9.31
<b>Difference</b>	<b>0.50</b>	<b>0.43</b>	<b>0.09</b>	<b>-0.07</b>	<b>-0.07</b>	N/A	<b>-0.31</b>
<b>SSGA Moderate</b>							<b>Apr/2012</b>
Gross Returns	1.39	2.25	4.16	2.78	6.40	N/A	6.44
Custom Blended Index	1.11	2.03	4.51	3.59	6.32	N/A	6.39
<b>Difference</b>	<b>0.28</b>	<b>0.23</b>	<b>-0.35</b>	<b>-0.81</b>	<b>0.08</b>	N/A	<b>0.05</b>
<b>SSGA Conservative</b>							<b>Apr/2012</b>
Gross Returns	0.62	0.89	1.72	1.50	1.21	N/A	1.12
Custom Blended Index	0.60	0.84	1.89	2.10	1.53	N/A	1.34
<b>Difference</b>	<b>0.02</b>	<b>0.05</b>	<b>-0.17</b>	<b>-0.60</b>	<b>-0.32</b>	N/A	<b>-0.23</b>

The calculation method for value added returns may show rounding differences. Source: SSGA. Performance data source is SSGA for applicable separately managed account or underlying ETFs. The underlying ETF's performance reflects the expenses of managing the ETF, including brokerage and advisory expenses. The performance data shown represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For SSGA Upromise 529 Portfolio performance data current to the most recent month-end visit our website at [www.ssga.upromise529.com](http://www.ssga.upromise529.com). Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees which could reduce the return.

The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. Index returns reflect capital gains and losses, income, and the reinvestment of dividends.

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# SSGA Upromise 529 Plan Underlying ETF and Mutual Fund Performance — Static (as of June 30, 2016)

Name	Ticker	Gross Expense Ratio	Performance	3 Month	YTD	Annualize d 1 YR	Annualize d 3 YR	Annualize d 5 YR	Annualize d 10 YR	Since Inception	Inception Date	Perf as of
SPDR S&P MIDCAP 400 ETF	MDY	0.25%	NAV	3.91%	7.73%	1.05%	10.21%	10.22%	8.23%	11.50%	05/04/1995	06/30/2016
MARKET VALUE		N/A	Market Value	3.94	7.82	1.02	10.38	10.24	8.25	11.50	05/04/1995	06/30/2016
S&P MidCap 400 Index			Primary Benchmark	3.99	7.93	1.33	10.53	10.55	8.55	11.90	05/04/1995	06/30/2016
SPDR S&P 600 Small Cap ETF	SLY	0.15	NAV	3.51	6.23	-0.10	10.06	11.05	8.44	9.01	11/08/2005	06/30/2016
MARKET VALUE		N/A	Market Value	3.49	6.24	-0.08	10.07	11.05	8.48	9.02	11/08/2005	06/30/2016
S&P SmallCap 600 Index			Primary Benchmark	3.48	6.23	-0.03	10.23	11.20	7.86	8.26	11/08/2005	06/30/2016
State Street Equity 500 Index Fund – Class K (SSSYX)*	SSSYX	0.19	NAV	2.47	3.84	3.92	11.45	11.87	7.24	5.67	09/17/2014	06/30/2016
S&P 500			Primary Benchmark	2.46	3.84	3.99	11.66	12.10	7.42	5.62	01/01/1986	06/30/2016
SPDR Dow Jones REIT ETF	RWR	0.25	NAV	5.34	10.63	22.43	13.25	12.01	6.70	11.52	04/23/2001	06/30/2016
MARKET VALUE		N/A	Market Value	5.34	10.61	22.46	13.24	12.00	6.71	11.52	04/23/2001	06/30/2016
Dow Jones US Select REIT Index			Primary Benchmark	5.42	10.82	22.85	13.55	12.30	6.86	11.76	04/23/2001	06/30/2016
SPDR Dow Jones International Real Estate ETF	RWX	0.59	NAV	0.34	6.23	1.44	4.72	4.97	N/A	0.60	12/15/2006	06/30/2016
MARKET VALUE		N/A	Market Value	0.85	7.35	1.77	4.74	4.85	N/A	0.64	12/15/2006	06/30/2016
Dow Jones Global ex-US Select Real Estate Securities Index			Primary Benchmark	0.57	6.49	1.86	5.01	5.45	N/A	0.99	12/31/2001	06/30/2016
State Street Emerging Markets Equity Index Fund – Class K (SSKEX)	SSKEX	0.84	NAV	0.85	6.91	N/A	N/A	N/A	N/A	7.06	12/18/2015	06/30/2016
MSCI Emerging Markets Index			Primary Benchmark	0.66	6.41	N/A	N/A	N/A	N/A	7.21	12/31/1997	06/30/2016

Source: www.spdrs.com

Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. Visit [www.spdrs.com](http://www.spdrs.com) for most recent month-end performance.

Performance data source is SSGA for applicable separately managed account or underlying ETFs. Index returns reflect capital gains and losses, income, and the reinvestment of dividends.

Performance shown for the periods prior to the inception of Class K shares on September 17, 2014, reflect the historical performance of the fund's Administrative shares. Had the fund's Class K fees been reflected, the returns shown for those periods would have been higher.

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# SSGA Upromise 529 Plan Underlying ETF Performance — Static (as of June 30, 2016)

Name	Ticker	Gross Expense Ratio	Performance	3 Month	YTD	Annualize d 1 YR	Annualize d 3 YR	Annualize d 5 YR	Annualize d 10 YR	Since Inception	Inception Date	Perf as of
SPDR S&P Emerging Markets Small Cap ETF	EWX	0.65%	NAV	0.99%	4.19%	-10.34%	-1.69%	-3.03%	N/A	-0.83%	05/12/2008	06/30/2016
MARKET VALUE		N/A	Market Value	1.60	4.80	-10.21	-1.18	-3.23	N/A	-0.82	05/12/2008	06/30/2016
S&P Emerging Markets Under USD2 Billion Index			Primary Benchmark	1.44	4.22	-10.79	-0.94	-2.20	N/A	0.86	12/31/1997	06/30/2016
SPDR S&P World ex-US ETF	GWL	0.34	NAV	-0.86	-2.46	-9.12	2.45	1.50	N/A	-0.32	04/20/2007	06/30/2016
MARKET VALUE		N/A	Market Value	0.05	-1.70	-8.70	2.56	1.34	N/A	-0.27	04/20/2007	06/30/2016
S&P Developed Ex-US BMI Index			Primary Benchmark	-0.95	-2.37	-8.71	2.68	1.58	2.07%	-0.19	12/31/2001	06/30/2016
SPDR S&P International Small Cap ETF	GWX	0.40	NAV	1.30	2.47	-2.42	6.23	3.23	N/A	1.37	04/20/2007	06/30/2016
MARKET VALUE		N/A	Market Value	1.75	3.09	-2.36	6.39	3.10	N/A	1.40	04/20/2007	06/30/2016
S&P Developed Ex-US Under USD2 Billion			Primary Benchmark	0.86	2.12	-2.75	6.34	2.92	2.93	0.75	12/31/2001	06/30/2016
SPDR Barclays Aggregate Bond ETF	BND	0.09	NAV	2.19	5.30	5.97	4.03	3.65	N/A	4.92	05/23/2007	06/30/2016
MARKET VALUE		N/A	Market Value	2.10	5.28	6.17	3.99	3.65	N/A	4.93	05/23/2007	06/30/2016
Barclays US Aggregate Index			Primary Benchmark	2.21	5.31	6.00	4.06	3.76	5.13	4.92	01/31/1989	06/30/2016
SPDR Barclays Short Term Corporate Bond ETF	SCPB	0.12	NAV	0.96	2.08	2.17	1.68	1.73	N/A	1.99	12/16/2009	06/30/2016
MARKET VALUE		N/A	Market Value	0.93	1.97	2.22	1.63	1.69	N/A	2.00	12/16/2009	06/30/2016
Barclays US 1–3 Year Corporate Bond Index			Primary Benchmark	1.05	2.22	2.38	1.94	2.08	3.81	2.52	03/30/2004	06/30/2016
SPDR Barclays 1–3 Month T-Bill ETF	BIL	0.136	NAV	0.03	0.06	0.01	-0.06	-0.06	N/A	0.45	05/25/2007	06/30/2016
MARKET VALUE		N/A	Market Value	0.04	0.07	0.04	-0.06	-0.06	N/A	0.46	05/25/2007	06/30/2016
Barclays 1–3 Month US Treasury Bill Index			Primary Benchmark	0.05	0.12	0.14	0.06	0.06	0.96	0.56	05/19/1997	06/30/2016

Source: www.spdrs.com

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Performance data source is SSGA for applicable separately managed account or underlying ETFs. Index returns reflect capital gains and losses, income, and the reinvestment of dividends.

**SSGA** Upromise529

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## SSGA Upromise 529 Plan Underlying ETF Performance — Static (as of June 30, 2016) (continued)

Name	Ticker	Gross Expense Ratio	Performance	3 Month	YTD	Annualized 1 YR	Annualized 3 YR	Annualized 5 YR	Annualized 10 YR	Since Inception	Inception Date	Perf as of
SPDR Barclays High Yield Bond ETF	JNK	0.40	NAV	5.06%	7.40%	-1.99%	2.21%	4.13%	N/A	5.11%	11/28/2007	06/30/2016
MARKET VALUE		N/A	Market Value	5.90	8.12	-1.03	2.62	4.21	N/A	5.26	11/28/2007	06/30/2016
Barclays High Yield Very Liquid Index			Primary Benchmark	5.04	8.90	0.92	3.78	5.56	N/A	7.56	11/28/2007	06/30/2016
SPDR® Citi International Government Inflation-Protected Bond ETF	WIP	0.50	NAV	1.76	8.89	2.12	0.19	0.11	N/A	1.13	03/13/2008	06/30/2016
MARKET VALUE		N/A	Market Value	1.16	9.05	1.35	0.10	0.03	N/A	1.09	03/13/2008	06/30/2016
Citi International Inflation-Linked Securities Select Index			Primary Benchmark	1.92	N/A	N/A	N/A	N/A	N/A	N/A	02/25/2008	06/30/2016
SPDR Barclays TIPS ETF	IPE	0.15	NAV	1.75	6.44	4.42	2.32	2.59	N/A	4.67	05/25/2007	06/30/2016
MARKET VALUE		N/A	Market Value	1.85	6.57	4.67	2.41	2.61	N/A	4.68	05/25/2007	06/30/2016
Barclays US Government Inflation — linked Bond Index			Primary Benchmark	1.80	6.55	4.59	2.50	2.77	N/A	4.83	05/23/2007	06/30/2016

Source: www.spdrs.com

Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. Visit [www.spdrs.com](http://www.spdrs.com) for most recent month-end performance.

Performance data source is SSGA for applicable separately managed account or underlying ETFs. Index returns reflect capital gains and losses, income, and the reinvestment of dividends.

**SSGA** Upromise529

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## Appendix A: Important Disclosures

## Important Disclosures

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The SSGA Upromise 529 Plan (the "Plan") is administered by the Board of Trustees of the College Savings Plans of Nevada (the "Board"), chaired by Nevada State Treasurer. Ascensus Broker Dealer Services, Inc. (ABD) serves as the Program Manager. ABD has overall responsibility for the day-to-day operations, including distribution of the Plan and provision of certain marketing services. State Street Global Advisors (SSGA) serves as Investment Manager for the Plan except for the Savings Portfolio, which is managed by Sallie Mae Bank, and also provides or arranges for certain marketing services for the Plan. The Plan's Portfolios invest in either (i) Exchange Traded Funds and mutual funds offered or managed by SSGA or its affiliates; or (ii) a Federal Deposit Insurance Corporation (FDIC)-insured omnibus savings account held in trust by the Board at Sallie Mae Bank. Except for the Savings Portfolio, investments in the Plan are not insured by the FDIC. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

**For more information about the SSGA Upromise 529 Plan ("the Plan") download the Plan Description and Participation Agreement or request one by calling 1-800-587-7305. Investment objectives, risks, charges, expenses, and other important information are included in the Plan Description; read and consider it carefully before investing. Ascensus Broker Dealer Services, Inc. ("ABD") is distributor of the Plan.**

**Before investing in the Plan, you should consider whether your or the beneficiary's home state offers a 529 plan that provides its taxpayers with favorable state tax and other benefits that are only available through investment in the home state's 529 plan. Past performance is no guarantee of future results. It is not possible to invest directly in an index. Index performance does not reflect charges and expenses associated with the fund or brokerage commissions associated with buying and selling a fund. Index performance is not meant to represent that of any particular fund.**

In general, ETFs can be expected to move up or down in value with the value of the applicable index. Although ETF shares may be bought and sold on the exchange through any brokerage account, ETF shares are not individually redeemable from the Fund. Investors may acquire ETFs and tender them for

redemption through the Fund in Creation Unit Aggregations only. Please see the prospectus for more details.

ETFs trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETFs net asset value. Brokerage commissions and ETF expenses will reduce returns.

Investments in mid/small companies may involve greater risks than those in larger, better known companies.

REIT funds may be subject to a high degree of market risk due to lack of industry diversification. REIT funds may be subject to other risks including, but not limited to, changes in real estate values or economic conditions, credit risk and interest rate fluctuations and changes in the value of the underlying property owned by the trust and defaults by borrowers.

International Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns.

90-day US Treasury bills are insured and guaranteed by the US government. US Treasury Bills maintain a stable value if held to maturity, but returns are generally only slightly above the inflation rate.

Increase in real interest rates can cause the price of inflation-protected debt securities to decrease. Interest payments on inflation-protected debt securities can be unpredictable.

Companies with large market capitalizations go in and out of favor based on market and economic conditions. Larger companies tend to be less volatile than companies with smaller market capitalizations. In exchange for this potentially lower risk, the value of the security may not rise as much as companies with smaller market capitalizations.

Asset Allocation is a method of diversification which positions assets among major investment categories. Asset Allocation may be used in an effort to manage risk and enhance returns. It does not, however, guarantee a profit or protect against loss.

## Important Disclosures

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All information has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

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Equity securities may fluctuate in value in response to the activities of individual companies and general market and economic conditions.

In addition to normal risks associated with equity investing, international investing may involve risk of capital loss from unfavorable fluctuations in currency values, from differences in generally accepted accounting principles, and from adverse political, social and economic instability in other nations.

Passively managed funds invest by sampling the index, holding a range of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. This may cause the fund to experience tracking errors relative to performance of the index.

Foreign investments involve greater risks than US investments, including political and economic risks and the risk of currency fluctuations, all of which may be magnified in emerging markets.

Non-diversified funds that focus on a relatively small number of securities tend to be more volatile than diversified funds and the market as a whole.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise bond prices usually fall); issuer

default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

Investing in high yield fixed income securities, otherwise known as "junk bonds" is considered speculative and involves greater risk of loss of principal and interest than investing in investment grade fixed income securities. These lower-quality debt securities involve greater risk of default or price change due to potential changes in the credit quality of the issuer.

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Tracking Code: SA-2109

Expiration Date: 11/30/2016

## Section II

# Vanguard 529® College Savings Plan Performance



## Vanguard 529 Portfolio Performance (as of June 30, 2016)

The performance data shown represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end visit our website at [www.vanguard.com/performance](http://www.vanguard.com/performance).

Fund Name	Inception Date	Year-to-		Cumulative						Annualized				Port Id
		1 Month	3 Month	Date	1 Year	3 Year	5 Year	10 Year	Since Inception	3 Year	5 Year	10 Year	Since Inception	
<b>Vanguard 500 Index</b>	12/17/2002	0.24	2.40	3.72	3.76	38.31	75.06	98.56	189.90	11.42	11.85	7.10	8.18	4515
S&P 500 Index		0.26	2.46	3.84	3.99	39.20	77.02	104.65	206.84	11.66	12.10	7.42	8.64	
<i>Fund performance relative to benchmark</i>		-0.02	-0.06	-0.12	-0.23	-0.89	-1.96	-6.09	-16.94	-0.24	-0.25	-0.32	-0.46	
<b>Vanguard Aggress Growth</b>	12/12/2002	-0.21	1.70	2.18	-2.13	25.65	46.35	72.10	180.70	7.91	7.91	5.58	7.92	4509
Vanguard 529 Aggr Growth Composite		-0.48	1.46	2.01	-1.99	26.57	48.49	77.39	198.59	8.17	8.23	5.90	8.41	
<i>Fund performance relative to benchmark</i>		0.27	0.24	0.17	-0.14	-0.92	-2.14	-5.29	-17.89	-0.26	-0.32	-0.32	-0.49	
<b>Vanguard Conserv Growth</b>	12/16/2002	1.39	2.18	4.77	4.09	15.87	26.73	68.67	111.00	5.03	4.85	5.37	5.67	4512
Vanguard 529 Conserv Growth Composite		1.34	2.18	4.79	4.34	16.62	28.56	73.98	121.71	5.26	5.15	5.69	6.06	
<i>Fund performance relative to benchmark</i>		0.05	0.00	-0.02	-0.25	-0.75	-1.83	-5.31	-10.71	-0.23	-0.30	-0.32	-0.39	
<b>Vanguard Growth</b>	12/16/2002	0.36	1.93	3.19	0.16	22.86	40.88	74.35	148.80	7.10	7.10	5.72	6.96	4510
Vanguard 529 Growth Composite		0.16	1.75	3.03	0.27	23.58	42.69	78.64	160.82	7.31	7.37	5.97	7.34	
<i>Fund performance relative to benchmark</i>		0.20	0.18	0.16	-0.11	-0.72	-1.81	-4.29	-12.02	-0.21	-0.27	-0.25	-0.38	
<b>Vanguard Growth Index</b>	12/17/2002	-0.69	0.93	1.24	1.24	41.52	75.35	122.96	203.00	12.27	11.89	8.35	8.53	4517
Spliced Growth Index		-0.67	1.02	1.39	1.52	42.68	77.85	131.07	218.40	12.58	12.21	8.74	8.93	
<i>Fund performance relative to benchmark</i>		-0.02	-0.09	-0.15	-0.28	-1.16	-2.50	-8.11	-15.40	-0.31	-0.32	-0.39	-0.40	
<b>Vanguard Hi Yield Bd Port</b>	12/11/2002	0.80	3.33	5.66	2.27	14.08	32.26	83.85	139.00	4.49	5.75	6.28	6.64	4524
High-Yield Corporate Composite Idx		0.76	3.99	7.24	1.93	13.68	32.30	96.80	--	4.37	5.76	7.00	--	
<i>Fund performance relative to benchmark</i>		0.04	-0.66	-1.58	0.34	0.40	-0.04	-12.95	--	0.12	-0.01	-0.72	--	
<b>Vanguard Income</b>	12/16/2002	1.20	1.39	3.43	3.43	7.02	12.04	44.40	60.00	2.29	2.30	3.74	3.53	4513
Vanguard 529 Income Composite		1.19	1.40	3.46	3.45	7.43	13.03	48.19	66.98	2.42	2.48	4.01	3.86	
<i>Fund performance relative to benchmark</i>		0.01	-0.01	-0.03	-0.02	-0.41	-0.99	-3.79	-6.98	-0.13	-0.18	-0.27	-0.33	



## Vanguard 529 Portfolio Performance (as of June 30, 2016)

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Fund Name	Inception Date	Year-to-		Cumulative				Annualized				Port Id		
		1 Month	3 Month	Date	1 Year	3 Year	5 Year	10 Year	Since Inception	3 Year	5 Year		10 Year	Since Inception
<b>Vanguard Infla-Prtd Secur</b>	12/11/2002	2.33	1.69	6.32	4.53	6.76	12.92	52.41	80.00	2.20	2.46	4.30	4.43	4523
Barclays US Trsy Inflat Prtcd Index		2.08	1.71	6.24	4.35	7.10	13.88	59.02	92.83	2.31	2.63	4.75	4.96	
<i>Fund performance relative to benchmark</i>		0.25	-0.02	0.08	0.18	-0.34	-0.96	-6.61	-12.83	-0.11	-0.17	-0.45	-0.53	
<b>Vanguard Int Accum Port</b>	10/15/2004	0.08	0.25	0.42	0.59	0.84	1.18	13.97	19.90	0.28	0.24	1.32	1.56	4528
Interest Accumulation Composite		0.03	0.09	0.17	0.24	0.45	0.91	13.64	20.10	0.15	0.18	1.29	1.58	
<i>Fund performance relative to benchmark</i>		0.05	0.16	0.25	0.35	0.39	0.27	0.33	-0.20	0.13	0.06	0.03	-0.02	
<b>Vanguard Mid-Cap Index</b>	12/17/2002	-0.10	2.27	3.42	-1.07	35.15	63.62	105.96	286.80	10.56	10.35	7.49	10.51	4516
Spliced Mid Cap Index		-0.07	2.34	3.52	-0.87	36.10	65.59	112.63	302.96	10.82	10.61	7.84	10.85	
<i>Fund performance relative to benchmark</i>		-0.03	-0.07	-0.10	-0.20	-0.95	-1.97	-6.67	-16.16	-0.26	-0.26	-0.35	-0.34	
<b>Vanguard Moderate Growth</b>	12/11/2002	0.92	2.13	4.06	2.31	19.67	34.38	73.64	130.60	6.17	6.09	5.67	6.36	4511
Vanguard 529 Mod Growth Composite		0.77	1.99	3.96	2.38	20.26	36.00	78.01	141.35	6.34	6.34	5.94	6.72	
<i>Fund performance relative to benchmark</i>		0.15	0.14	0.10	-0.07	-0.59	-1.62	-4.37	-10.75	-0.17	-0.25	-0.27	-0.36	
<b>Vanguard Morgan Growth</b>	12/1/2006	-0.98	0.22	-1.68	-1.03	39.60	64.62	--	81.90	11.76	10.48	--	6.44	4541
Russell 3000 Growth Index		-0.40	0.80	1.14	1.88	42.94	76.53	--	110.22	12.65	12.04	--	8.06	
<i>Fund performance relative to benchmark</i>		-0.58	-0.58	-2.82	-2.91	-3.34	-11.91	--	-28.32	-0.89	-1.56	--	-1.62	
<b>Vanguard Small-Cap Index</b>	12/16/2002	0.25	3.93	4.93	-3.08	28.54	58.65	104.79	293.60	8.73	9.67	7.43	10.65	4519
Spliced Small Cap Index		0.27	3.97	5.01	-2.91	29.26	60.14	109.56	320.44	8.93	9.87	7.68	11.19	
<i>Fund performance relative to benchmark</i>		-0.02	-0.04	-0.08	-0.17	-0.72	-1.49	-4.77	-26.84	-0.20	-0.20	-0.25	-0.54	
<b>Vanguard STAR Portfolio</b>	12/1/2006	-0.12	1.77	2.29	0.00	22.05	40.33	--	61.10	6.87	7.01	--	5.10	4543
STAR Composite Index		0.43	1.86	3.33	1.24	21.47	38.48	--	65.11	6.70	6.73	--	5.37	
<i>Fund performance relative to benchmark</i>		-0.55	-0.09	-1.04	-1.24	0.58	1.85	--	-4.01	0.17	0.28	--	-0.27	



## Vanguard 529 Portfolio Performance (as of June 30, 2016)

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Fund Name	Inception Date	Year-to-				Cumulative				Annualized				Port Id
		1 Month	3 Month	Date	1 Year	3 Year	5 Year	10 Year	Since Inception	3 Year	5 Year	10 Year	Since Inception	
<b>Vanguard Totl Int Stk Idx</b>	12/11/2002	-1.00	0.16	-0.08	-9.34	5.30	1.27	16.94	146.50	1.74	0.25	1.58	6.88	4520
Spl Total International Stock Index		-1.64	-0.52	-0.81	-9.44	5.96	2.87	21.01	163.29	1.95	0.57	1.93	7.40	
<i>Fund performance relative to benchmark</i>		0.64	0.68	0.73	0.10	-0.66	-1.60	-4.07	-16.79	-0.21	-0.32	-0.35	-0.52	
<b>Vanguard Totl Stk Mkt Idx</b>	12/11/2002	0.23	2.63	3.56	2.02	36.46	71.68	101.70	208.00	10.92	11.42	7.27	8.66	4514
Spliced Inst Total Stock Market Idx		0.24	2.69	3.66	2.14	37.11	73.24	107.13	228.59	11.09	11.62	7.55	9.18	
<i>Fund performance relative to benchmark</i>		-0.01	-0.06	-0.10	-0.12	-0.65	-1.56	-5.43	-20.59	-0.17	-0.20	-0.28	-0.52	
<b>Vanguard Ttl Bond Mkt Idx</b>	12/16/2002	1.93	2.35	5.45	5.96	11.96	19.00	59.43	74.10	3.84	3.54	4.77	4.18	4522
Spliced Barclays USAgg Float Adj lx		1.89	2.32	5.52	6.12	12.71	20.54	65.37	85.13	4.07	3.81	5.16	4.65	
<i>Fund performance relative to benchmark</i>		0.04	0.03	-0.07	-0.16	-0.75	-1.54	-5.94	-11.03	-0.23	-0.27	-0.39	-0.47	
<b>Vanguard Value Index</b>	12/11/2002	1.07	3.72	5.38	4.43	34.30	70.53	80.11	201.50	10.33	11.27	6.06	8.48	4518
Spliced Value Index		1.07	3.81	5.53	4.69	35.32	72.95	85.99	219.48	10.61	11.58	6.40	8.95	
<i>Fund performance relative to benchmark</i>		0.00	-0.09	-0.15	-0.26	-1.02	-2.42	-5.88	-17.98	-0.28	-0.31	-0.34	-0.47	
<b>Vanguard Windsor Port</b>	12/1/2006	-2.18	1.51	-0.60	-6.44	24.24	62.21	--	48.10	7.50	10.16	--	4.18	4542
Russell 1000 Value Index		0.86	4.58	6.30	2.86	32.62	71.19	--	61.67	9.87	11.35	--	5.14	
<i>Fund performance relative to benchmark</i>		-3.04	-3.07	-6.90	-9.30	-8.38	-8.98	--	-13.57	-2.37	-1.19	--	-0.96	



## Investment commentary for the Nevada College Savings Trust Fund June 30, 2016

Inception date	October 15, 2004
Fund number	4532
Fund profile	June 30, 2016
Gross spot yield	1.08%

### Characteristics

Number of contract issuers	3
Average duration	1.2 years
MV/BV ratio**	100.46%
Assets (in millions)	\$880

### Market comments

- During April and May, U.S. bond yields rose, reflecting cautious optimism about U.S. economic resiliency. This reversed in June following the U.K. referendum in favor of leaving the European Union. U.S. Treasury and corporate bond prices advanced as investors sought both safety and yield, resulting in another solid quarter for bond returns. (Bond yields decline when prices increase.) As of June 30, 2016, the yield of the 2-year U.S. Treasury note had declined to 0.58%, from 0.72% on March 31, and the yield of the 5-year note had declined to 1.00%, from 1.21%.

- Total returns of representative U.S. bond indexes for the quarter ended June 30, 2016, were 1.31% for the Barclays U.S. 1–5 Year Credit Bond Index, representing short-term corporates; 0.82% for the Barclays U.S. 1–5 Year Treasury Bond Index (short-term Treasuries); and 2.21% for the Barclays U.S. Aggregate Bond Index (broad bond market). For the 12 months ended June 30, the Credit Bond Index returned 3.09%, the Treasury Bond Index returned 2.44%, and the Aggregate Bond Index returned 6.00%.

### Portfolio comments

- During the quarter, an additional deposit was made to the Prudential Insurance Company (AA-/A1) contract, increasing the synthetic contract's allocation to 18.6% of portfolio assets.

- The portfolio's duration and cash position remained relatively unchanged, at 1.22 years and 57.1% of portfolio assets, respectively. The yield of the portfolio's cash position, Vanguard Prime Money Market Fund Admiral Shares, increased from 0.49% on March 31, 2016, to 0.51% on June 30, 2016.

- Cash flows remained positive, and total assets increased from \$812.1 million to \$880.1 million.

- Consistent with the activity highlighted above and bond market performance during the quarter, the portfolio's market value to book value (MV/BV) ratio increased marginally from 100.23% to 100.46%. The gross blended yield increased from 1.02% to 1.08%.



## Investment commentary for the Nevada College Savings Trust Fund Total Returns as of June 30, 2016:

Periods ended June 30, 2016

	Quarter	Year to date	One year	Three years	Five years	Ten years
Nevada College Savings Trust Fund (10/15/2004)	0.26%	0.48%	0.70%	0.40%	0.38%	1.59%

Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. Fund returns are net of expenses. Return figures reflect past performance, which is no guarantee of future results.

### Distribution by investment<sup>1</sup>

Constant Duration Contracts	27.8%
New York Life	9.1
Prudential Insurance	18.6
Traditional Investment Contracts	15.2%
Metropolitan Life	9.3
New York Life Life	5.8
Cash Investments	57.1%
VGI Prime Money Market Inst.	57.1
<b>Total</b>	<b>100.0%</b>

### Distribution by Credit Quality<sup>3</sup>

US Govt	14.8%
Aaa	9.3
Aa1	0.2
Aa2	57.2
Aa3	11.1
A1	1.4
A2	2.1
A3	2.6
Other	1.3
<b>Total</b>	<b>100.0%</b>

### Synthetic underlying fund exposure<sup>2</sup>

VGI Inst. Intermediate Bond Fund	16.0%
New York Life 529 Separate Account	9.2
VGI Inst. Short-Term Bond fund	2.9
<b>Total</b>	<b>28.1%</b>

### Distribution by duration<sup>2</sup>

Under 1 Year	60.3%
1 to 3 Years	21.5
3 to 5 Years	12.6
5 to 10 Years	5.5
Over 10 Years	0.1
<b>Total</b>	<b>100.0%</b>

### Distribution by sector<sup>2</sup>

Cash Equivalent	57.0%
Corporate	8.2
Treasury	7.2
Pass-Through MBS	5.8
Asset-Backed	2.7
Agency	1.8
Foreign	1.2
CMBS	1.0
Traditional Contracts	15.1
<b>Total</b>	<b>100.0%</b>

<sup>1</sup>Based on total fund book value

<sup>2</sup>Based on total fund market value

<sup>3</sup>Credit-quality ratings for each issue are obtained from Moody's Investors Service (Moody's), Fitch Ratings (Fitch), and Standard & Poor's (S&P). When ratings of all three agencies are available, the median rating is used. When ratings are available from two agencies, the lower rating is used. When one rating is available, that rating is used. Percentages based on total market value.



## Schedule of Investments for the Nevada College Savings Trust Fund June 30, 2016

Issuer	Rate	Duration(yrs.)/ Final Maturity	Ratings		Contract Value (000s)	% of Fund
			S&P	Moody's		
<b>Traditional Investment Contracts</b>						
Metropolitan Life	1.65%	27-Apr-18	AA-	Aa3	\$43,225	4.9%
	1.86%	06-Jul-18	AA-	Aa3	\$28,663	3.3%
	2.15%	14-Dec-18	AA-	Aa3	\$10,116	1.1%
New York Life	1.66%	15-Dec-18	AA+	Aaa	\$28,026	3.2%
	2.25%	16-Nov-20	AA+	Aaa	\$23,321	2.6%
<b>Total - Traditional Investment Contracts</b>	<b>1.84%</b>	<b>2.10 yrs</b>	<b>AA</b>	<b>Aa2</b>	<b>\$133,351</b>	<b>15.2%</b>

\* The bonds or bond funds which back the contracts are listed directly below the issuer name. The net exposure to the Alternative Investment Contract Issuer is shown on the Exposure Report.



## Schedule of Investments for the Nevada College Savings Trust Fund June 30, 2016

Issuer	Rate	Duration(yrs.)/ Final Maturity	Ratings		Contract Value (000s)	% of Fund
			S&P	Moody's		
<b>Alternative Investment Contracts*</b>						
New York Life	1.78%	3.26	AA+	Aaa	\$80,219	9.1%
<i>New York Life 529 Separate Account</i>			AA-	Aa3		
Prudential Insurance Co.	1.89%	3.25	AA-	A1	\$164,019	18.6%
<i>VGI Inst. Intermediate-Term Bond Fund</i>			AA	Aa1		
<i>VGI Inst. Short-Term Bond Fund</i>			AA	Aa2		
<b>Total - Alternative Investment Contracts*</b>	<b>1.85%</b>	<b>3.25 yrs</b>	<b>AA</b>	<b>Aa2</b>	<b>\$244,238</b>	<b>27.8%</b>
<b>Cash</b>						
VGI Prime Money Mkt Inst.	0.51%		AA-	Aa2	\$502,543	57.1%
<b>Portfolio Total:</b>	<b>1.08%</b>	<b>1.22 yrs</b>	<b>AA-</b>	<b>Aa2</b>	<b>\$880,132</b>	<b>100.0%</b>
	<b>Net Yield:</b>	<b>1.08%</b>				

\* The bonds or bond funds which back the contracts are listed directly below the issuer name. The net exposure to the Alternative Investment Contract Issuer is shown on the Exposure Report.



## Exposure Report for the Nevada College Savings Trust Fund June 30, 2016

Issuer	Duration(yrs.)/ Final Maturity		Market Value	Contract Value	Exposure to Issuer as a % of*	
					Contract	Fund
<b>New York Life 1.78%</b>	<b>3.26</b>					
New York Life 529 Separate Account	3.26		\$81,596,885.49			9.27%
			<b>\$81,596,885.49</b>	<b>\$80,219,003.43</b>	<b>-1.72%</b>	<b>-0.16%</b>
<b>Exposure to New York Life</b>				<b>(\$1,377,882.06)</b>		<b>-0.16%</b>
<b>Prudential Insurance Co. 1.89%</b>	<b>3.25</b>					
VGI Inst. Intermediate-Term Bond Fund	3.51		\$141,228,311.99			16.05%
VGI Inst. Short-Term Bond Fund	1.82		\$25,418,775.40			2.89%
			<b>\$166,647,087.39</b>	<b>\$164,018,576.87</b>	<b>-1.60%</b>	<b>-0.30%</b>
<b>Exposure to Prudential Insurance Co.</b>				<b>(\$2,628,510.52)</b>		<b>-0.30%</b>
<b>Total Fund Exposure To Alternative IC Issuers:</b>				<b>(\$4,006,392.58)</b>		<b>-0.46%</b>

\* A negative percentage indicates no exposure to the issuer. In this case, the market value of the underlying assets exceeds the contract value.



## Notice

*For more information about Vanguard funds, visit [www.vanguard.com](http://www.vanguard.com), or call 866-734-4530, to obtain a prospectus. Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing.*

The Vanguard Income Portfolio and Vanguard Interest Accumulation Portfolio both invest in the Vanguard Short-Term Reserves Account which, in turn, invests in Vanguard Prime Money Market Fund. The Vanguard Short-Term Reserves Account's investment in the Vanguard Prime Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of the investment at \$1 per share, it is possible that the Vanguard Short-Term Reserves Account may lose money by investing in the Fund.

To obtain more information about the investment adviser, Vanguard Advisers, Inc. ("VAI"), and its business, including advisory services and fees, types of investments advised on, methods of analysis, and investment strategies, among other information, please contact your relationship manager, Stewart Duffield, at 1-800-662-0106, extension 16272 and request a copy of VAI's Form ADV Part II.

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Diversification does not ensure a profit or protect against a loss in a declining market.

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## Section III

# USAA 529 College Savings Plan® Performance

Investments provided by USAA Investment Management Company and USAA Financial Advisors Inc., both registered broker dealers.

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## USAA 529 College Savings Plan Portfolio Performance (as of June 30, 2016)

Portfolio : Age Base	One Year	Three Year	Five Year	Ten Year	Since Inception	Inception Date	Total Annual Fees*
Very Aggressive Ages: 0-2	-4.85%	N/A %	N/A %	N/A %	-3.02%	3/27/2015	1.14%
Aggressive Growth Ages: 3-4	-3.48%	5.33%	5.17%	4.69%	5.53%	6/3/2002	1.07%
Growth Ages: 5-6	-2.33%	5.20%	5.10%	4.93%	5.69%	6/3/2002	1.02%
Moderately Aggressive Ages: 7-8	-1.16%	4.95%	4.91%	5.28%	5.84%	6/3/2002	0.96%
Moderate Ages: 9-11	-0.05%	4.68%	4.64%	5.36%	5.56%	6/3/2002	0.90%
Moderately Conservative	1.10%	N/A %	N/A %	N/A %	0.55%	3/27/2015	0.85%
Conservative Ages: 14-15	2.12%	3.00%	3.04%	4.48%	4.40%	6/3/2002	0.79%
Very Conservative Ages: 16-17	1.40%	N/A %	N/A %	N/A %	1.11%	3/27/2015	0.70%
In College Ages: 18+	1.55%	2.48%	2.67%	3.94%	3.56%	6/3/2002	0.69%
Preservation of Capital	0.00%	0.00%	0.00%	N/A %	0.01%	9/1/2009	0.65%

**NOTE: FUND CHANGES AND SMOOTHER GLIDEPATH implemented on March 27, 2016.**

**An investment in the Preservation of Capital Portfolio is not insured or guaranteed by the FDIC or any other government agency. Although the Portfolio seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.**

**Current performance may be higher or lower than the performance data quoted. The return and principal value of an investment will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost. For the most recent month-end performance, please click on the name of the fund, above.**

**\*This total represents the portfolio expense limit, as reported in the current plan description, and is assessed against assets over the course of the year and does not include the annual state account maintenance fee or the annual USAA minimum-balance fee. If as determined periodically by USAA, a portfolio's underlying fund expenses exceed the portfolio expense limit, USAA has voluntarily agreed to make payments to the portfolio to the extent of such excess. USAA may discontinue these payments at any time without notice. The 3 month number is not annualized.**

**Underlying Mutual Fund Performance**  
For the Quarter Ended June 30, 2016

## USAA 529 College Savings Plan: Underlying Mutual Fund Performance (as of June 30, 2016)

Fund / Market Index	Expense Ratio*	Current Month Return	Average Annual Returns				Since Fund Inception
			1 Year	3 Year	5 Year	10 Year	
<b>USAA Aggressive Growth Fund</b>	<b>0.78%</b>	<b>-0.44%</b>	<b>-0.07%</b>	<b>11.30%</b>	<b>9.74%</b>	<b>6.25%</b>	<b>8.30%</b>
Lipper US Index - Large Cap Growth Funds		-1.97%	-2.83%	11.22%	10.15%	7.06%	
<b>USAA Emerging Markets Fund</b>	<b>1.50%</b>	<b>4.36%</b>	<b>-7.34%</b>	<b>-1.87%</b>	<b>-5.36%</b>	<b>1.85%</b>	<b>3.85%</b>
Lipper US Index - Emerging Markets Funds		4.51%	-8.65%	-0.99%	-2.70%	3.42%	
<b>USAA Growth Fund</b>	<b>1.11%</b>	<b>-1.35%</b>	<b>3.89%</b>	<b>13.53%</b>	<b>12.71%</b>	<b>7.07%</b>	<b>6.44%</b>
Lipper US Index - Multi Cap Growth Funds		-1.77%	-5.16%	10.38%	9.57%	7.18%	
<b>USAA Growth &amp; Income Fund</b>	<b>0.93%</b>	<b>-2.65%</b>	<b>-4.77%</b>	<b>9.21%</b>	<b>9.02%</b>	<b>5.70%</b>	<b>7.52%</b>
Lipper US Index - Multi Cap Core Funds		-0.57%	-0.60%	9.44%	9.57%	6.52%	
<b>USAA High Income Fund</b>	<b>0.89%</b>	<b>1.58%</b>	<b>-0.82%</b>	<b>2.84%</b>	<b>4.92%</b>	<b>6.67%</b>	<b>6.71%</b>
Lipper US Index - High Yield Bond Funds		0.71%	-0.94%	3.22%	4.88%	5.96%	
<b>USAA Income Fund</b>	<b>0.53%</b>	<b>2.21%</b>	<b>5.91%</b>	<b>4.27%</b>	<b>4.37%</b>	<b>5.66%</b>	<b>8.22%</b>
Lipper US Index - A Rated Bond Funds		2.26%	7.63%	5.53%	4.91%	5.41%	
<b>USAA Income Stock Fund</b>	<b>0.79%</b>	<b>2.37%</b>	<b>7.85%</b>	<b>10.20%</b>	<b>10.66%</b>	<b>5.33%</b>	<b>8.27%</b>
Lipper US Index - Equity Income Funds		1.01%	3.70%	9.00%	10.00%	6.16%	
<b>USAA Intermediate-Term Bond Fund</b>	<b>0.68%</b>	<b>1.86%</b>	<b>4.19%</b>	<b>3.89%</b>	<b>4.73%</b>	<b>6.12%</b>	<b>5.88%</b>
Lipper US Index - Core Plus Bond Funds		1.61%	4.53%	3.92%	4.13%	5.58%	
<b>USAA International Fund</b>	<b>1.12%</b>	<b>-3.26%</b>	<b>-10.01%</b>	<b>1.99%</b>	<b>2.11%</b>	<b>3.34%</b>	<b>6.91%</b>
Lipper US Index - Intl Large Cap Growth Funds		-2.25%	-8.81%	2.25%	2.02%	2.59%	
<b>USAA Money Market Fund</b>	<b>0.65%</b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>1.10%</b>	<b>4.62%</b>
Lipper US Index - Money Market Funds		0.00%	0.05%	0.02%	0.02%	0.98%	
<b>USAA Precious Metals &amp; Minerals</b>	<b>1.25%</b>	<b>21.15%</b>	<b>49.03%</b>	<b>7.15%</b>	<b>-13.06%</b>	<b>1.05%</b>	<b>4.39%</b>
Lipper US Index - Precious Metals Equity Funds		21.60%	51.44%	8.18%	-11.21%	0.65%	
<b>USAA Short-Term Bond Fund</b>	<b>0.59%</b>	<b>0.71%</b>	<b>1.98%</b>	<b>1.82%</b>	<b>2.05%</b>	<b>3.63%</b>	<b>4.09%</b>
Lipper US Index - Short Investment Grade Debt Fds		0.55%	1.54%	1.46%	1.60%	2.70%	
<b>USAA Small Cap Stock Fund</b>	<b>1.16%</b>	<b>-1.55%</b>	<b>-9.12%</b>	<b>5.67%</b>	<b>7.32%</b>	<b>5.58%</b>	<b>6.11%</b>
Lipper US Index - Small Cap Core Funds		-0.29%	-3.52%	7.37%	8.27%	6.49%	
<b>USAA Real Return Fund</b>	<b>1.17%</b>	<b>2.93%</b>	<b>1.06%</b>	<b>0.96%</b>	<b>1.67%</b>	<b>-</b>	<b>2.28%</b>
Lipper US Index - Inflation Protected Bond Funds		1.80%	2.98%	1.45%	1.93%	4.09%	

\*Expense ratios are after fund reimbursement. The performance data quoted represents past performance and is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. The return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. For performance data current to month-end, visit [usaa.com](http://usaa.com). Represents the total annual operating expenses (which includes acquired fund fees and expenses (AFFE), if any), before reductions of any expenses paid indirectly, as reported in the fund's most current prospectus. It is calculated as a percentage of average net assets (ANA).

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 4**  
**September 22, 2016**

**Item: Putnam 529 for America Program Manager Report  
for the Quarter End Performance Summary**

**Recommendation:**

**That the Board review and approve the Putnam 529 for  
America Quarterly Report and Performance Summary as of  
June 30, 2016 and direct staff accordingly.**

Fiscal:  
None.

Summary:  
Judy Minsk, Senior Product Marketing Manager with Putnam  
Investments will be available to answer questions.

# College Savings Plans of Nevada Board of Trustees Meeting

## **Putnam 529 for America<sup>SM</sup> Quarterly Report**

April 1– June 30, 2016

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For use with the College Savings Plans of Nevada Board of Trustees. Not for public distribution.  
301374 9/16



# Putnam 529 for America

## Commentary as of 6/30/16

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### **Plan update**

Putnam 529 for America plan assets were \$397M as of 6/30/16

- New plan accounts increased 7.52% quarter over quarter
- Q2 2016 saw over \$3m in net rollovers, a significant increase from Q1 2016 and year over year
- Net contributions are up 83% year over year
- Rollovers in have increased over 600% year over year

### **Quarterly campaign — 529 awareness**

- Refreshed and re-designed all 529 pages on Putnam sites
- Posted banners on advisor and shareholder sites
- Launched Facebook ad campaign and expanded paid search to drive traffic to Putnam 529 web content
- Published Wealth Management blog posts
- Conducted multiple email campaigns to promote Putnam 529 for America as an attractive alternative for upcoming program manager transitions
- Distributed targeted emails promoting 529 awareness
- Equipped wholesalers with post-ready college savings content to share with their networks

# Putnam 529 for America

## Highlights as of 6/30/16

Highlights this period	2nd quarter 2016	1st quarter 2016	% change QvQ	2nd quarter 2016	% change y/y
<b>Assets under management</b>	\$397,471,521	\$387,322,396	2.62%	\$397,081,967	0.10%
<b>Total funded accounts</b>	20,229	20,013	1.08%	19,506	3.71%
<b>Total # unique customers</b>	11,856	11,728	1.09%	11,502	3.08%
<b>New accounts</b>	529	492	7.52%	570	-7.19%
<b>Average customer balance</b>	\$19,649	\$19,354	1.52%	\$20,357	-3.48%
<b>Nevada total assets</b>	\$8,032,316	\$7,998,040	0.43%	\$8,183,222	-1.84%
<b>Nevada funded accounts</b>	457	446	2.47%	431	6.03%
<b>Nevada average customer balance</b>	\$17,576	\$17,933	-1.99%	\$18,987	-7.43%
<b>New Nevada accounts</b>	13	12	8.33%	18	-27.78%
<b>Total gross contributions</b>	\$13,651,841	\$10,319,835	32.29%	\$9,098,663	50.04%
<b>Total distributions</b>	\$7,094,513	\$5,840,295	21.48%	\$5,514,821	28.64%
<b>Net contributions</b>	\$6,557,328	\$4,479,540	46.38%	\$3,583,843	82.97%
<b>Rollovers in</b>	\$6,577,510	\$2,022,844	225.16%	\$862,580	662.54%
<b>Rollovers out</b>	\$3,456,863	\$1,119,262	208.85%	\$1,719,410	101.05%
<b>Net rollovers</b>	\$3,120,647	\$903,582	245.36%	(\$856,830)	464.21%
<b>% of funded accounts with systematic investments</b>	30.10%	30.20%	-0.33%	29.40%	2.38%

Accounts defined as a unique owner/beneficiary combination.

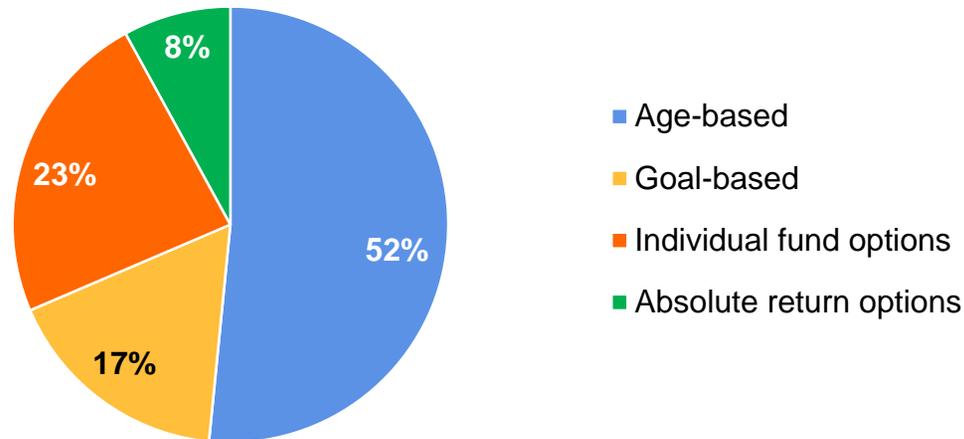
Average account balance defined as total assets divided by the number of unique owner/beneficiary combinations.

Dollars in millions except average account balances.

# Putnam 529 for America

## Assets by investment category as of 6/30/16

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Category	6/30/16 assets	Percentage of grand total
Age-based	\$204,969,708	51.57%
Goal-based	\$67,577,394	17.00%
Individual fund options	\$93,176,338	23.44%
Absolute return options	\$31,748,081	7.99%
<b>Grand total</b>	<b>\$397,471,521</b>	<b>100.00%</b>

Excludes seed transactions.

# Putnam 529 for America

## Assets by investment option as of 6/30/16

Category	Fund	6/30/16 assets	Percentage of grand total
<b>Age-based</b>	<b>Total</b>	<b>\$204,969,708</b>	<b>51.57%</b>
<b>Goal-based</b>	<b>Total</b>	<b>\$67,577,394</b>	<b>17.00%</b>
	Goal-based balanced	\$23,009,603	5.79%
	Goal-based growth	\$25,920,681	6.52%
	Goal-based aggressive growth	\$18,647,110	4.69%
<b>Individual fund options</b>	<b>Total</b>	<b>\$93,176,338</b>	<b>23.44%</b>
	Putnam Equity Income	\$17,097,375	4.30%
	Putnam International Capital Opportunities	\$5,045,132	1.27%
	Putnam Voyager	\$12,633,362	3.18%
	Putnam Small Cap Value	\$4,824,341	1.21%
	MFS Institutional International Equity	\$4,972,349	1.25%
	Principal MidCap Blend	\$16,888,934	4.25%
	Putnam 529 SSgA S&P 500	\$8,282,692	2.08%
	Putnam High Yield Trust	\$4,753,380	1.20%
	Putnam Income	\$6,772,744	1.70%
	Federated U.S. Gov. Securities 2–5 years	\$2,077,366	0.52%
	Putnam Money Market	\$9,828,663	2.47%
<b>Absolute return</b>	<b>Total</b>	<b>\$31,748,081</b>	<b>7.99%</b>
	Absolute 100	\$1,478,139	0.37%
	Absolute 300	\$5,148,542	1.30%
	Absolute 500	\$12,094,892	3.04%
	Absolute 700	\$13,026,508	3.28%
	<b>Grand total</b>	<b>\$397,471,521</b>	<b>100.00%</b>

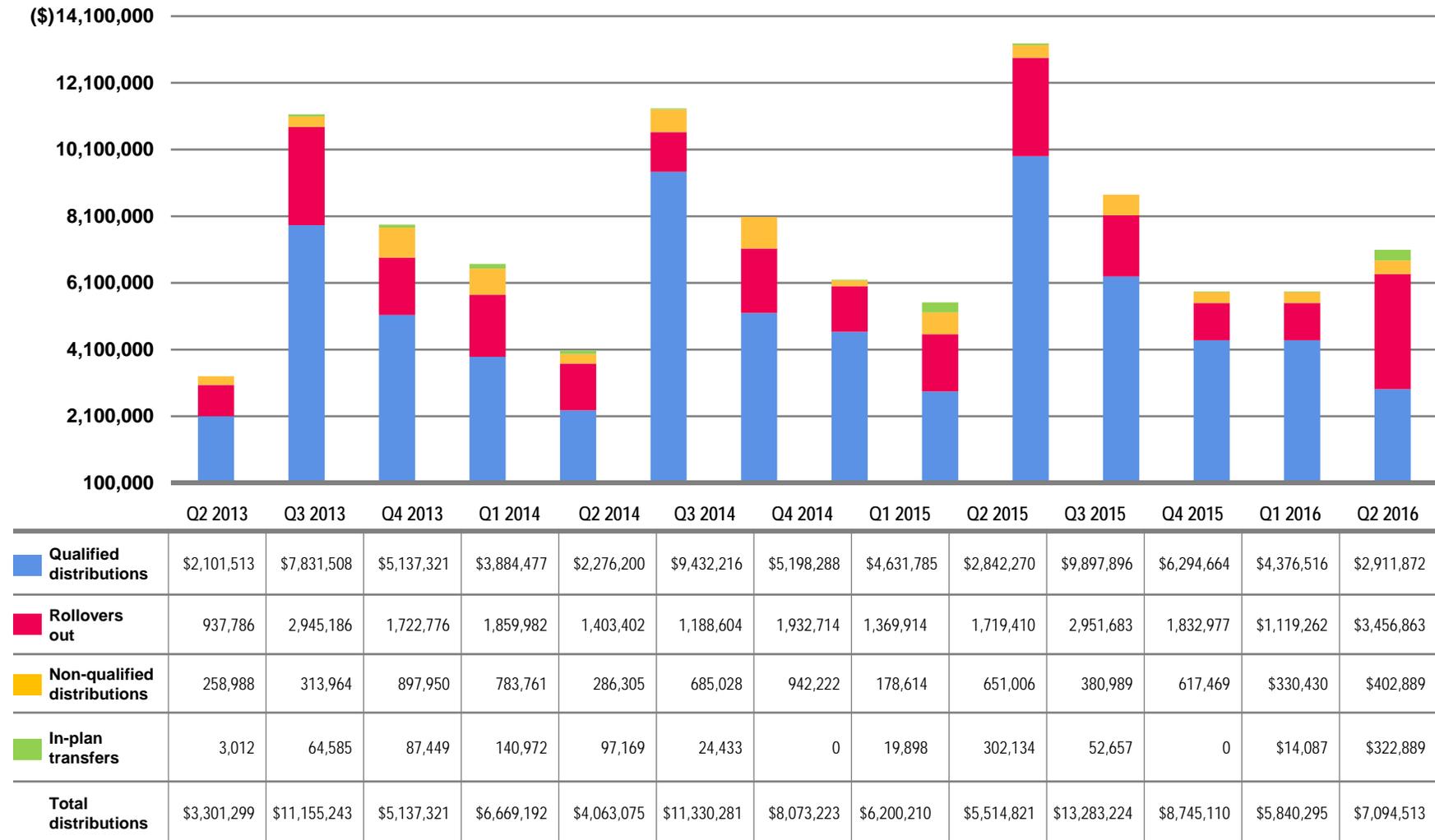
# Putnam 529 for America

## Contributions by type as of 6/30/16

Sales	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
NV sales	\$412,975	\$167,875	\$229,236	\$235,233	\$385,362	\$200,857	\$114,144	\$273,713	\$216,257	\$177,238	\$107,716	\$170,004	\$240,194
National sales	8,723,868	9,854,155	12,136,097	13,097,873	12,488,175	13,054,976	12,158,134	11,756,070	8,882,407	10,372,221	\$9,793,121	\$10,149,831	\$13,411,647
<b>Gross</b>	9,136,844	10,022,030	12,365,332	13,333,106	12,873,537	13,255,833	12,272,278	12,029,783	9,098,663	10,549,459	\$9,900,837	\$10,319,835	\$13,651,841
NV net	367,821	39,542	203,283	99,759	305,541	2,645	69,868	165,371	117,214	21,752	\$19,809	\$67,261	(\$6,446)
National net	5,467,723	(1,172,755)	4,316,554	6,564,155	8,504,922	1,922,907	4,129,187	5,664,202	3,466,629	(2,755,518)	\$1,135,919	\$4,412,279	\$6,563,773
<b>Net</b>	5,835,544	(1,133,213)	4,519,838	6,663,914	8,810,462	1,925,552	4,199,055	5,829,573	3,583,843	(2,733,766)	\$1,155,727	\$4,479,540	\$6,557,328
<b>New or existing account contributions</b>	4,854,277	5,451,986	8,246,570	8,652,524	8,483,072	7,917,847	8,222,386	7,346,943	5,913,812	6,906,167	\$6,346,924	\$5,727,358	\$4,401,986
<b>Total rollovers</b>	2,452,362	2,658,867	2,168,806	2,675,330	2,321,566	3,196,751	1,813,134	2,403,195	862,580	1,190,184	\$1,060,867	\$2,022,844	\$6,577,510
<b>Systematic investments</b>	1,830,204	1,911,177	1,949,957	2,005,253	2,068,899	2,141,235	2,236,759	2,279,645	2,322,271	2,453,107	\$2,493,046	\$2,569,633	\$2,672,346
<b>Systematics as % of sales</b>	20%	19.07%	15.76%	15.03%	16.07%	16.15%	18.22%	18.95%	25.52%	23.25%	25.18%	24.89%	19.57%
<b>Total rollovers</b>	112	108	84	73	95	81	88	70	71	48	47	112	665

# Putnam 529 for America

## Distributions by category as of 6/30/16

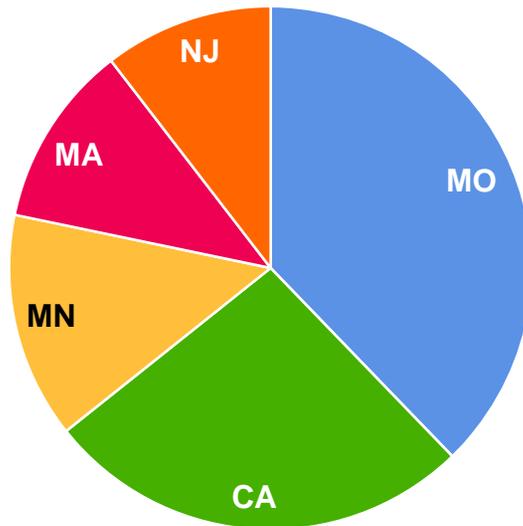


# Putnam 529 for America

## Sales by state as of 6/30/16

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**Top-selling states during Q2 2016**



<b>State</b>	<b>Q2 2016 Sales</b>
MO	\$3,309,343
CA	\$2,322,815
MN	\$1,223,481
MA	\$989,048
NJ	\$915,324
FL	\$856,052
PA	\$774,555
TX	\$518,510
KS	\$358,675
WA	\$324,090

# Putnam 529 for America

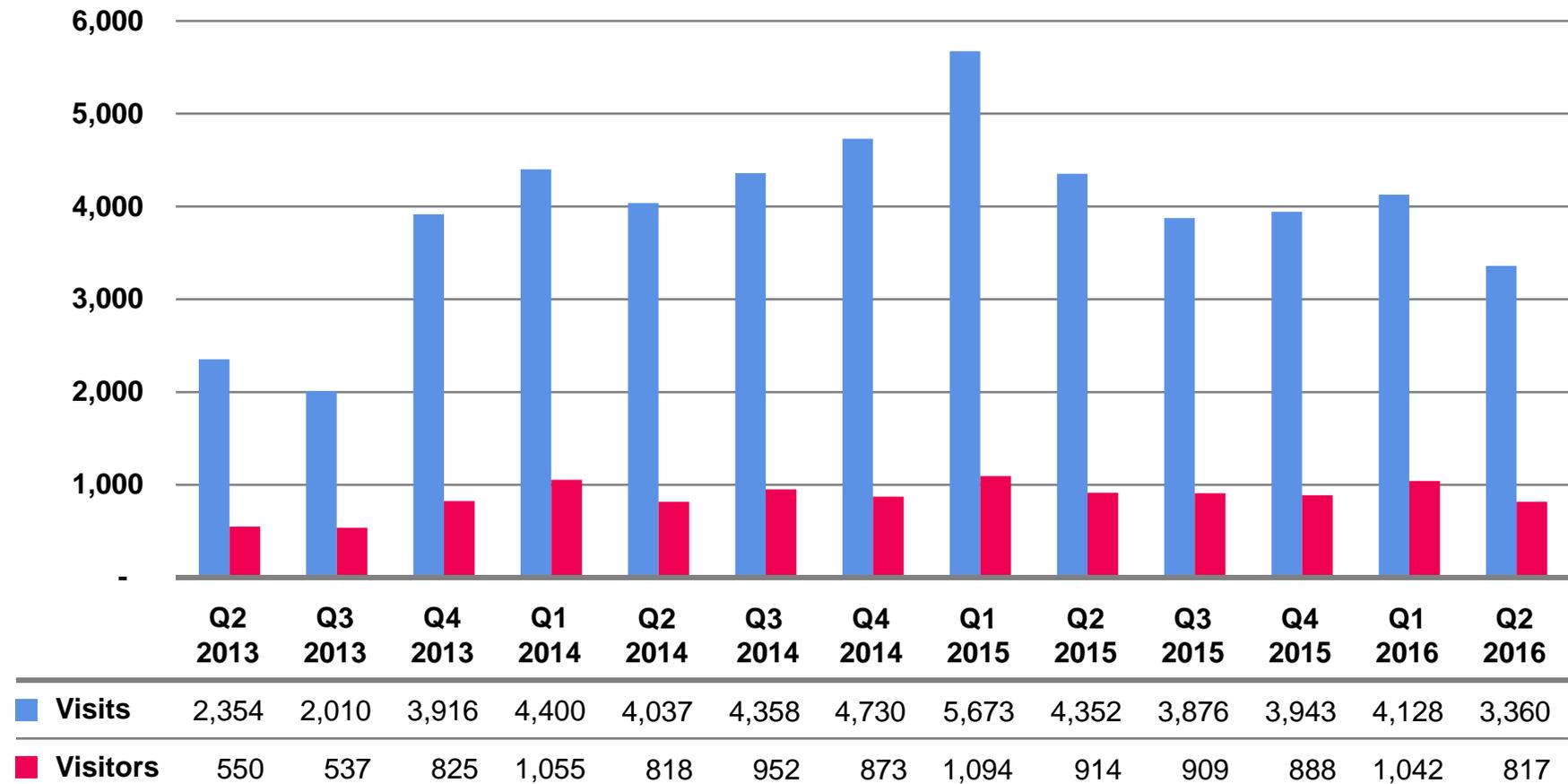
## Client Services metrics as of 6/30/16

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<b>CRITERIA</b>	<b>SERVICE LEVEL</b>
<b>Transactions</b>	99.0%
<ul style="list-style-type: none"><li>• 96% of all financial and non-financial transactions processed error free</li></ul>	
<b>Telephone service</b>	92.8%
<ul style="list-style-type: none"><li>• 80% of calls answered within 20 seconds</li></ul>	
<b>Mail service</b>	
<ul style="list-style-type: none"><li>• Transaction confirmations</li><li>– 99% of confirmations and checks mailed within 2 business days of any transaction</li></ul>	100%
<ul style="list-style-type: none"><li>• Quarterly statements</li><li>– 97% of customers receive quarterly statements within 5 business days of the end of each quarter</li></ul>	100%

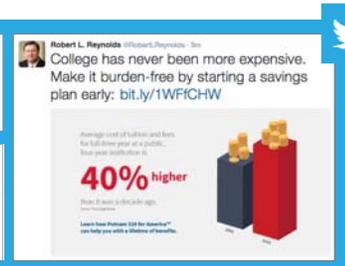
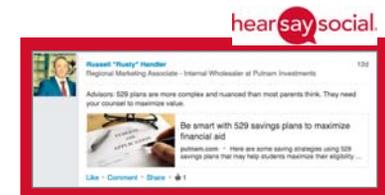
# Putnam 529 for America

## Web usage by customers as of 6/30/16



# Seasonal campaign: 529 awareness

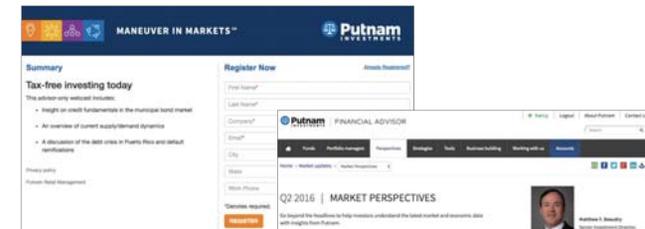
- Refreshed and re-designed all 529 pages on Putnam sites
- Posted banners on advisor and shareholder sites
- Launched Facebook ad campaign and expanded paid search to drive traffic to Putnam 529 web content
- Published Wealth Management blog posts
- Conducted multiple email campaigns to promote Putnam 529 for America as an attractive alternative for upcoming program manager transitions
- Distributed targeted emails promoting 529 awareness
- Equipped wholesalers with post-ready college savings content to share with their networks



# Marketing and brand awareness

## As of 6/30/16

- Introduced “Market Perspectives”, delivering in-depth analysis of market and economic data from Putnam capital markets expert Matthew Beaudry
- Advanced “Maneuver in Markets” campaign messaging around interest rates, short-term investing, diversification, and returns
- Continued webcast series on key themes for financial advisors
  - Tax-free investing
  - Diversification
  - Target-date funds
- Honored as Social Media Leader of the Year at the 23rd Annual Mutual Fund Industry Awards
- Broadened brand exposure through sports affiliations
- Provided corporate support of non-profit causes



# Performance commentary

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<b>Fund</b>	<b>Assets as of 6/30/16</b>	<b>% of plan</b>
Putnam Income Fund	\$6,772,744	1.70%

# Putnam Income Fund

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- During the second calendar quarter of 2016, Putnam Income Fund outperformed its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index, 2.41% versus 2.21%
- The primary contributor to performance was the fund's mortgage credit strategies, which focused on non-agency residential mortgage-backed securities [RMBS] and commercial mortgage-backed securities [CMBS] mezzanine debt. The mezzanine tranches are in the lower range of a CMBS deal's overall credit spectrum but, in our opinion, offer the best risk-adjusted returns in the deal. RMBS had the greater positive impact during the quarter, as gains generated by the CMBS position in the early part of the period were somewhat offset in the wake of the Brexit results
- Prepayment strategies also were modestly positive, as allocations to agency interest-only [IO] securities produced positive results early in the quarter amid risk-on sentiment, generally higher interest rates, and the pace of homeowner refinancing that came in below expectations. Another modest contributor to returns was the fund's corporate credit strategies, which were predominantly investment grade. The risk-off sentiment in June pared gains that had been generated earlier in the quarter
- The fund's interest-rate strategy — also referred to as its term-structure strategy — was the sole detractor. This was largely due to the fund's relative short-duration position, which resulted in more limited price appreciation when interest rates declined amid increased demand for safe-haven assets.
- The team remains optimistic that the fixed-income market continues to provide opportunities — and while we recognize that the market is facing uncertainty, we think the recoveries that began late in the first quarter of 2016 will likely continue in many market sectors

\* Performance figures reflect Y-share returns of underlying funds.

# Putnam 529 for America

## Performance as of 6/30/16\*

PORTFOLIOS	INCEPTION DATE	3 MONTHS		1 YEAR		3 YEARS		5 YEARS		SINCE INCEPTION		TOTAL EXPENSE RATIO
		BEFORE SALES CHARGE	AFTER SALES CHARGE									
<b>AGE-BASED PORTFOLIOS</b>												
Graduate	10/1/2010	0.18%	-5.58%	-0.18%	-5.92%	1.68%	-0.31%	1.98%	0.77%	2.10%	1.06%	0.96%
Graduate Index		0.97		1.64		2.56		2.59		2.79		
1995	10/1/2010	0.08	-5.67	-0.32	-6.05	2.58	0.57	3.23	2.02	3.77	2.71	0.96
1995 Index		0.41		0.74		2.82		3.42		4.11		
1996	10/1/2010	0.24	-5.53	-0.23	-5.97	3.11	1.09	3.74	2.52	4.33	3.26	0.98
1996 Index		0.53		0.96		3.34		3.92		4.68		
1997	10/1/2010	0.38	-5.39	-0.15	-5.89	3.65	1.62	4.25	3.02	4.88	3.81	1.00
1997 Index		0.71		1.24		3.88		4.43		5.25		
1998	10/1/2010	0.52	-5.26	-0.22	-5.96	4.17	2.13	4.71	3.47	5.40	4.32	1.03
1998 Index		0.92		1.52		4.42		4.93		5.81		
1999	10/1/2010	0.65	-5.14	-0.29	-6.02	4.67	2.62	5.17	3.93	5.91	4.83	1.04
1999 Index		1.09		1.70		4.93		5.41		6.35		
2000	10/1/2010	0.71	-5.08	-0.42	-6.14	5.16	3.11	5.61	4.37	6.39	5.29	1.07
2000 Index		1.25		1.85		5.42		5.86		6.86		
2001	10/1/2010	0.76	-5.04	-0.61	-6.33	5.65	3.58	5.98	4.73	6.82	5.73	1.08
2001 Index		1.43		1.99		5.92		6.28		7.33		
2002	10/1/2010	0.88	-4.92	-0.80	-6.50	6.08	4.01	6.31	5.06	7.20	6.10	1.09
2002 Index		1.62		2.12		6.40		6.67		7.76		
2003	10/1/2010	1.00	-4.81	-1.04	-6.73	6.46	4.38	6.60	5.34	7.54	6.43	1.10
2003 Index		1.80		2.18		6.80		7.01		8.15		
2004	10/1/2010	1.05	-4.76	-1.34	-7.02	6.77	4.68	6.82	5.56	7.82	6.71	1.11
2004 Index		1.95		2.15		7.13		7.28		8.48		

\* Net of plan fees.

Performance for periods of less than one year is not annualized.

# Putnam 529 for America

## Performance as of 6/30/16\*

PORTFOLIOS	INCEPTION DATE	3 MONTHS		1 YEAR		3 YEARS		5 YEARS		SINCE INCEPTION		TOTAL EXPENSE RATIO
		BEFORE SALES CHARGE	AFTER SALES CHARGE									
<b>AGE-BASED PORTFOLIOS</b>												
2005	10/1/2010	0.97%	-4.83%	-1.71%	-7.36%	6.95%	4.86%	6.95%	5.69%	8.00%	6.89%	1.12%
2005 Index		2.05		2.00		7.36		7.48		8.73		
2006	10/1/2010	0.96	-4.84	-2.00	-7.63	7.16	5.06	7.06	5.80	8.17	7.06	1.13
2006 Index		2.08		1.78		7.56		7.65		8.95		
2007	10/1/2010	0.96	-4.85	-2.29	-7.91	7.32	5.22	7.16	5.90	8.30	7.19	1.13
2007 Index		2.09		1.55		7.72		7.79		9.12		
2008	10/1/2010	0.95	-4.85	-2.51	-8.12	7.43	5.33	7.25	5.99	8.43	7.32	1.13
2008 Index		2.11		1.29		7.83		7.91		9.27		
2009	10/1/2010	0.88	-4.92	-2.85	-8.44	7.49	5.39	7.33	6.07	8.54	7.42	1.14
2009 Index		2.10		0.99		7.91		7.98		9.37		
2010	10/1/2010	0.88	-4.92	-3.07	-8.65	7.57	5.46	7.41	6.14	8.62	7.51	1.14
2010 Index		2.09		0.70		7.94		8.04		9.44		
2011	1/3/2011	0.80	-4.99	-3.34	-8.90	7.58	5.48	7.48	6.21	7.69	6.54	1.14
2011 Index		2.08		0.46		7.97		8.09		8.37		
2012	1/3/2012	0.84	-4.96	-3.51	-9.06	7.64	5.53	—	—	10.47	9.02	1.15
2012 Index		2.06		0.26		8.01		—		10.67		
2013	1/2/2013	0.74	-5.05	-3.69	-9.23	7.67	5.56	—	—	9.14	7.31	1.15
2013 Index		2.03		0.12		8.04		—		9.43		
2014	1/2/2014	0.74	-5.05	-3.82	-9.35	—	—	—	—	3.28	0.86	1.15
2014 Index		2.01		0.01		—		—		4.00		
2015	1/2/2015	0.61	-5.18	-3.88	-9.41	—	—	—	—	-0.67	-4.51	1.16
2015 Index		1.99		-0.08		—		—		1.56		
2016†	1/4/2016	0.71	-5.08	—	—	—	—	—	—	-0.80	-6.50	1.16
2016 Index†		1.97		—		—		—		2.92		

\* Net of plan fees.

† "Since inception" performance is not annualized, but cumulative.  
Periods less than one year are not annualized.

# Putnam 529 for America

## Performance as of 6/30/16\*

PORTFOLIOS	INCEPTION DATE	3 MONTHS		1 YEAR		3 YEARS		5 YEARS		SINCE INCEPTION		TOTAL EXPENSE RATIO
		BEFORE SALES CHARGE	AFTER SALES CHARGE									
<b>GOAL-BASED PORTFOLIOS</b>												
Balanced	10/1/2010	0.93%	-4.88%	-1.99%	-7.63%	6.72%	4.63%	6.89%	5.64%	7.61%	6.51%	1.12%
Balanced Index		2.09		1.85		7.15		7.37		8.31		
Growth	10/1/2010	0.62	-5.16	-3.97	-9.50	7.59	5.49	7.53	6.27	8.75	7.63	1.16
Growth Index		1.98		-0.11		8.04		8.22		9.63		
Aggressive Growth	10/1/2010	0.41	-5.36	-5.12	-10.58	8.15	6.04	8.22	6.95	9.72	8.60	1.18
Aggressive Growth Index		1.76		-1.11		8.66		8.79		10.47		
<b>INDIVIDUAL OPTIONS</b>												
Putnam Equity Income Fund	10/1/2010	3.14%	-2.79%	-1.23%	-6.90%	8.59%	6.47%	10.47%	9.17%	12.18%	11.03%	1.10%
Russell 1000 Value Index		4.58		2.86		9.87		11.35		12.75		
Putnam International Capital Opportunities Fund	10/1/2010	-3.87	-9.40	-10.56	-15.70	-0.09	-2.04	-0.48	-1.65	1.96	0.91	1.37
S&P Developed Ex U.S. SmallCap Index		-1.30		-3.80		7.14		4.20		6.51		
Putnam Voyager Fund	10/1/2010	-0.75	-6.46	-12.81	-17.83	7.47	5.37	5.79	4.54	6.76	5.66	1.12
Russell 1000 Growth Index		0.61		3.02		13.07		12.35		14.09		
Putnam Small Cap Value Fund	9/12/2014	3.21	-2.73	-5.58	-11.01	—	—	—	—	-0.11	-3.35	1.29
Russell 2000 Value Index		4.31		-2.58		—		—		0.85		
MFS Institutional International Equity Fund	10/1/2010	-1.25	-6.92	-10.32	-15.47	2.17	0.17	2.15	0.95	4.23	3.17	1.10
MSCI EAFE Index (ND)		-1.46		-10.16		2.06		1.68		3.39		
Principal MidCap Fund	10/1/2010	3.15	-2.79	0.37	-5.41	11.17	9.00	12.25	10.93	14.68	13.51	1.09
Russell Mid Cap Index		3.18		0.56		10.80		10.90		13.24		

\* Net of plan fees.

Performance for periods of less than one year is not annualized.

# Putnam 529 for America

## Performance as of 6/30/16\*

PORTFOLIOS	INCEPTION DATE	3 MONTHS		1 YEAR		3 YEARS		5 YEARS		SINCE INCEPTION		TOTAL EXPENSE RATIO
		BEFORE SALES CHARGE	AFTER SALES CHARGE									
<b>INDIVIDUAL OPTIONS</b>												
SSGA S&P 500 Index	6/27/2012	2.32%	-3.56%	3.52%	-2.43%	11.04%	8.87%	—	—	13.77%	12.10%	0.55%
S&P 500 Index		2.46		3.99		11.66		—		14.44		
Putnam High Yield Trust	10/1/2010	4.65	0.46	-0.52	-4.49	3.12	1.73	4.62%	3.77%	5.38	4.63	1.17
JPMorgan Developed High Yield Index		6.09		1.49		4.32		6.20		6.93		
Putnam Income Fund	10/1/2010	2.33	-1.76	-0.89	-4.85	2.45	1.07	3.48	2.64	3.64	2.91	0.99
Bloomberg Barclays U.S. Aggregate Bond Index		2.21		6.00		4.06		3.76		3.51		
Federated U.S. Government Securities Fund	10/1/2010	0.87	-3.16	2.15	-1.93	0.98	-0.39	0.83	0.01	0.74	0.02	0.97
BofA Merrill Lynch 3–5 Year Treasury Index		1.18		3.92		2.57		2.31		2.18		
Putnam Money Market Fund	10/1/2010	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.87
Lipper Money Market Funds Average		0.02		0.04		0.02		0.02		0.02		
<b>ABSOLUTE RETURN OPTIONS</b>												
Absolute Return 100 Fund	10/1/2010	1.08%	0.07%	-0.87%	-1.86%	0.23%	-0.11%	0.25%	0.05%	0.52%	0.34%	0.80%
BofA Merrill Lynch U.S. Treasury Bill Index		0.10		0.25		0.13		0.12		0.13		
Absolute Return 300 Fund	10/1/2010	1.07	0.06	-3.35	-4.31	-0.22	-0.56	0.27	0.07	0.69	0.51	0.98
BofA Merrill Lynch U.S. Treasury Bill Index		0.10		0.25		0.13		0.12		0.13		
Absolute Return 500 Fund	10/1/2010	1.03	-4.78	-1.42	-7.09	2.19	0.19	2.23	1.03	2.88	1.82	1.25
BofA Merrill Lynch U.S. Treasury Bill Index		0.10		0.25		0.13		0.12		0.13		
Absolute Return 700 Fund	10/1/2010	1.75	-4.10	-2.17	-7.79	2.92	0.91	2.78	1.57	3.51	2.45	1.40
BofA Merrill Lynch U.S. Treasury Bill Index		0.10		0.25		0.13		0.12		0.13		

\* Net of plan fees.

Performance for periods of less than one year is not annualized.

# Putnam 529 for America

## Underlying performance as of 6/30/16

	QUARTER	YEAR TO DATE	1 YR	3 YRS	5 YRS	10 YRS	SINCE INCEPTION
Putnam GAA All Equity Portfolio (9/29/2010)	0.46%	-1.24%	-4.78%	8.60%	8.65%	—	10.24%
Putnam Equity Blended Index	1.76	2.27	-1.11	8.66	8.79	—	10.49
Lipper Multi-Cap Core Funds average	1.13	1.63	-2.17	8.84	9.35	—	11.19
Putnam GAA Growth Portfolio (9/29/2010)	0.86	-0.43	-3.19	7.88	7.75	—	8.95
Putnam Growth Blended Benchmark	2.05	3.16	0.21	7.83	8.02	—	9.36
Lipper Mixed-Asset Target Allocation Growth Funds average	1.78	2.32	-1.02	6.18	6.37	—	7.65
Putnam GAA Balanced Portfolio (9/29/2010)	1.14	0.38	-1.36	7.49	7.74	—	8.48
Putnam Balanced Blended Benchmark	2.26	3.78	2.39	7.53	7.76	—	8.69
Lipper Mixed-Asset Target Allocation Moderate Funds average	2.16	3.31	0.08	5.21	5.41	—	6.45
Putnam GAA Conservative Portfolio (9/29/2010)	1.65	2.10	1.15	5.60	6.04	—	6.19
Putnam Conservative Blended Benchmark	2.34	4.69	4.18	5.86	5.90	—	6.25
Lipper Mixed-Asset Target Allocation Conserv. Funds average	2.35	4.08	1.51	4.03	4.18	—	4.82
Federated U.S. Government Sec Fund: 2–5 Years Instl (2/18/1983)	0.95	2.86	2.49	1.36	1.22	3.50%	5.94
BofA Merrill Lynch 3–5 Year Treasury Index	1.18	3.66	3.92	2.57	2.31	4.44	—
Lipper Short-Intermediate U.S. Government Funds average	0.45	1.75	1.51	1.24	1.08	3.07	5.94
Putnam Small Cap Value Y (4/13/1999)	3.31	2.02	-5.24	6.44	8.41	4.11	9.19
Russell 2000 Value Index	4.31	6.08	-2.58	6.36	8.15	5.15	9.18
Lipper Small-Cap Value Funds average	2.19	4.98	-4.16	5.74	7.58	5.70	10.30
Principal MidCap Fund Instl (3/1/2001)	3.27	4.21	0.77	11.69	12.79	10.49	10.19
Russell Mid Cap Index	3.18	5.50	0.56	10.80	10.90	8.07	8.68
Lipper Multi-Cap Growth Funds average	0.69	-2.16	-4.43	9.67	9.16	7.07	5.10
SSgA S&P 500 Index Fund (12/30/1992)	2.41	3.74	3.89	11.48	11.96	7.28	8.88
S&P 500 Index	2.46	3.84	3.99	11.66	12.10	7.42	9.03
Lipper S&P 500 Index Funds average	2.30	3.51	3.42	11.05	11.48	6.85	8.66
Putnam Equity Income Fund Y (6/15/1977)	3.23	3.60	-0.89	9.03	10.94	7.91	10.17
Russell 1000 Value Index	4.58	6.30	2.86	9.87	11.35	6.13	—
Lipper Equity Income Funds average	3.43	6.41	3.13	8.29	9.29	6.40	10.55
Putnam International Capital Opportunities Fund Y (12/28/1995)	-3.85	-4.75	-10.24	0.29	-0.11	2.28	9.00
S&P Developed ex U.S. SmallCap Index	-1.30	-0.78	-3.80	7.14	4.20	4.15	6.73
Lipper International Small/Mid-Cap Core average	-2.08	-2.64	-8.80	3.47	1.80	2.79	8.65

Performance for periods of less than one year is not annualized.

# Putnam 529 for America

## Underlying performance as of 6/30/16

	QUARTER	YEAR TO DATE	1 YR	3 YRS	5 YRS	10 YRS	SINCE INCEPTION
Putnam Income Fund Y (11/1/1954)	2.41%	1.84%	-0.47%	2.87%	3.89%	5.91%	7.64%
Bloomberg Barclays U.S. Aggregate Bond Index	2.21	5.31	6.00	4.06	3.76	5.13	—
Lipper Core Bond Funds average	2.32	5.03	4.95	3.62	3.56	4.65	—
Putnam High Yield Trust Y (2/14/1978)	4.79	7.90	-0.12	3.54	5.06	6.59	8.46
JPMorgan Developed High Yield Index	6.09	9.34	1.49	4.32	6.20	7.76	—
Lipper High Yield Funds average	4.16	6.53	-0.19	2.95	4.57	6.01	8.14
Putnam Money Market Fund A (10/1/1976)	0.01	0.01	0.01	0.01	0.01	1.04	4.93
Lipper Money Market Funds average	0.02	0.03	0.04	0.02	0.02	0.94	5.05
Putnam Voyager Fund Y (4/1/1969)	-0.66	-4.90	-12.56	7.89	6.20	6.89	10.43
Russell 1000 Growth Index	0.61	1.36	3.02	13.07	12.35	8.78	—
Lipper Large-Cap Growth Funds average	0.39	-2.42	-1.71	11.26	10.38	7.41	9.66
MFS Instl International Equity Fund (1/30/1996)	-1.25	-3.55	-10.03	2.54	2.55	3.86	7.23
MSCI EAFE Index (ND)	-1.46	-4.42	-10.16	2.06	1.68	1.58	4.08
Lipper International Large-Cap Growth average	-1.01	-3.15	-9.25	2.28	1.58	2.73	6.69
Putnam Absolute Return 100 Fund Y (12/23/2008)	1.12	0.20	-0.55	0.61	0.64	—	1.32
BofA Merrill Lynch U.S. Treasury Bill Index	0.10	0.21	0.25	0.13	0.12	—	0.16
Putnam Absolute Return 300 Fund Y (12/23/2008)	1.17	-1.86	-2.98	0.17	0.66	—	2.10
BofA Merrill Lynch U.S. Treasury Bill Index	0.10	0.21	0.25	0.13	0.12	—	0.16
Putnam Absolute Return 500 Fund Y (12/23/2008)	1.13	0.28	-0.99	2.60	2.65	—	3.95
BofA Merrill Lynch U.S. Treasury Bill Index	0.10	0.21	0.25	0.13	0.12	—	0.16
Putnam Absolute Return 700 Fund Y (12/23/2008)	1.82	0.63	-1.84	3.33	3.18	—	5.04
BofA Merrill Lynch U.S. Treasury Bill Index	0.10	0.21	0.25	0.13	0.12	—	0.16

Performance for periods of less than one year is not annualized.

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Putnam Retail Management  
[putnam.com](http://putnam.com)

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 5**  
**September 22, 2016**

**Item: Quarterly Compiled Unaudited Financial  
Statements for Nevada 529 Plans**

**Recommendation:**

**That the Board review and approve the unaudited financial statements for the quarter ended June 30, 2016, for the 529 College Savings Plans managed by Ascensus College Savings and Putnam 529 for America.**

Fiscal:

None.

Summary:

Thomas & Thomas LLP, Certified Public Accountants have been retained to provide the Board with quarterly unaudited compiled financial statements and schedules of the College Savings Plans of Nevada that are managed by Ascensus College Savings. These plans include the USAA 529 College Savings Plan, the Vanguard 529 College Savings Plan, and the SSgA Upromise 529 Plan. In addition, Putnam Investments has provided data for inclusion from the advisor-sold plan – Putnam 529 for America.

The statement compiles the net assets, changes in net assets, and the fees from the plans, during the quarter ended June 30, 2016.

Pattie Weed, representing Thomas & Thomas will be available via conference call to answer any questions.



## **College Savings Plans of Nevada**

**Compiled Financial Statements  
and  
Supplemental Schedule**

**June 30, 2016**

# College Savings Plans of Nevada

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## ACCOUNTANT'S COMPILATION REPORT

Members of the Board of Trustees  
College Savings Plans of Nevada

The accompanying financial statements present the statements of fiduciary net position as of June 30, 2016, of USAA 529 College Savings Plan®, The Vanguard® 529 College Savings Plan, SSgA Upromise 529 Plan and Putnam 529 for America (collectively, "the College Savings Plans of Nevada"), and the statements of changes in fiduciary net position for the three months and twelve months ended June 30, 2016, in accordance with accounting principles generally accepted in the United States of America. The College Savings Plans of Nevada are college savings options available through the Nevada College Savings Trust and are included in the reporting entity of the state of Nevada as private purpose trust funds. Ascensus Broker Dealer Services, Inc. is responsible for administration of USAA 529 College Savings Plan®, The Vanguard® 529 College Savings Plan and SSgA Upromise 529 Plan. Putnam Investments is responsible for administration of Putnam 529 for America. Collectively, Ascensus Broker Dealer Services, Inc. and Putnam Investments are referred to as "Management" of the College Savings Plans of Nevada.

Management is responsible for the accompanying financial statements. We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by Management. Accordingly, we do not express an opinion or a conclusion on the financial statements, nor do we provide any form of assurance on the financial statements.

The summarized comparative totals as of June 30, 2015, and for the twelve months then ended, have been derived from the June 30, 2015 audited financial statements of each plan. The June 30, 2015 financial statements of the USAA 529 College Savings Plan®, The Vanguard® 529 College Savings Plan and the Putnam 529 for America Plan were audited by other auditors, and their reports dated September 25, 2015, September 15, 2015, and September 30, 2015, respectively, expressed unmodified opinions on those financial statements. We audited the June 30, 2015 financial statements of the SSgA Upromise 529 Plan, and our report dated September 30, 2015 expressed an unmodified opinion on those financial statements.

The accompanying compiled financial statements do not include any balances or transactions attributable to the Nevada Prepaid Tuition Program, which is another college savings option offered through the Nevada College Savings Trust. Therefore, these financial statements do not and are not intended to represent a complete presentation of the fiduciary net position of the Nevada College Savings Trust or the changes therein.

Members of the Board of Trustees  
College Savings Plans of Nevada

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the financial position and changes therein of the College Savings Plans of Nevada. Accordingly, the financial statements are not designed for those who are not informed about such matters. In addition, management has elected to omit management's discussion and analysis that accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB), require to supplement the basic financial statements. Although not a required part of the financial statements, management's discussion and analysis is considered by the GASB to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context.

The supplemental schedules of fee information are presented for purposes of additional analysis and are not a required part of the financial statements. The information in these schedules is the representation of Management. The information in these schedules was subject to our compilation engagement; however, we have not audited or reviewed the information in these schedules and, accordingly, do not express an opinion or a conclusion on the information in the schedules, nor do we provide any form of assurance on such information.

*Thomas & Thomas LLP*

Certified Public Accountants

August 19, 2016  
Little Rock, Arkansas

# COLLEGE SAVINGS PLANS OF NEVADA

## STATEMENTS OF FIDUCIARY NET POSITION

As of June 30, 2016

(With summarized comparative totals as of June 30, 2015)

	USAA 529 College Savings Plan®	The Vanguard® 529 College Savings Plan	SSgA Upromise 529 Plan	Putnam 529 for America	Total June 30, 2016	Total June 30, 2015
<b>ASSETS</b>						
Investments, at fair value	\$ 2,706,052,722	\$ 12,844,425,815	\$ 1,299,765,514	\$ 397,792,425	\$ 17,248,036,476	\$ 15,857,000,441
Cash and cash equivalents	4,279,599	12,351,236	4,615,511	521,934	21,768,280	27,078,831
Receivables for investment sales	24,124,103	537,959	5,880,422	197,271	30,739,755	3,976,716
Accrued investment income	-	-	763,608	3,851	767,459	3,488,328
<b>Total Assets</b>	<u>2,734,456,424</u>	<u>12,857,315,010</u>	<u>1,311,025,055</u>	<u>398,515,481</u>	<u>17,301,311,970</u>	<u>15,891,544,316</u>
<b>LIABILITIES</b>						
Payables for investment purchases	29,640,989	3,955,728	242,178	525,903	34,364,798	12,915,430
Withdrawals payable	818,593	1,325,282	539,839	197,271	2,880,985	5,779,191
Accrued fees	325,664	1,609,438	517,692	274,676	2,727,470	2,745,320
<b>Total Liabilities</b>	<u>30,785,246</u>	<u>6,890,448</u>	<u>1,299,709</u>	<u>997,850</u>	<u>39,973,253</u>	<u>21,439,941</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES</b>						
	<u>\$ 2,703,671,178</u>	<u>\$ 12,850,424,562</u>	<u>\$ 1,309,725,346</u>	<u>\$ 397,517,631</u>	<u>\$ 17,261,338,717</u>	<u>\$ 15,870,104,375</u>

See Accountant's Compilation Report.

# COLLEGE SAVINGS PLANS OF NEVADA

## STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION For the Three Months Ended June 30, 2016

	USAA 529 College Savings Plan®	The Vanguard® 529 College Savings Plan	SSgA Upromise 529 Plan	Putnam 529 for America Plan	Total Three Months Ended June 30, 2016
<b>ADDITIONS AND NET INVESTMENT INCOME</b>					
Contributions	\$ 97,645,038	\$ 350,213,709	\$ 26,841,004	\$ 13,614,320	\$ 488,314,071
Investment income:					
Dividends and interest	10,157,824	75,698,958	5,891,983	243,645	91,992,410
Net appreciation in fair value of investments	40,739,357	171,909,230	17,855,076	3,861,221	234,364,884
Net investment income	50,897,181	247,608,188	23,747,059	4,104,866	326,357,294
<b>Total Additions and Net Investment Income</b>	<u>148,542,219</u>	<u>597,821,897</u>	<u>50,588,063</u>	<u>17,719,186</u>	<u>814,671,365</u>
<b>DEDUCTIONS</b>					
Withdrawals	29,291,599	69,004,544	18,720,601	7,061,588	124,078,332
Account fees	35,257	34,491	614,443	21,494	705,685
Asset-based fees	972,412	4,909,426	960,682	476,097	7,318,617
<b>Total Deductions</b>	<u>30,299,268</u>	<u>73,948,461</u>	<u>20,295,726</u>	<u>7,559,179</u>	<u>132,102,634</u>
<b>NET INCREASE</b>	118,242,951	523,873,436	30,292,337	10,160,007	682,568,731
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF PERIOD</b>	<u>2,585,428,227</u>	<u>12,326,551,126</u>	<u>1,279,433,009</u>	<u>387,357,624</u>	<u>16,578,769,986</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF PERIOD</b>	<u>\$ 2,703,671,178</u>	<u>\$ 12,850,424,562</u>	<u>\$ 1,309,725,346</u>	<u>\$ 397,517,631</u>	<u>\$ 17,261,338,717</u>

See Accountant's Compilation Report.

# COLLEGE SAVINGS PLANS OF NEVADA

## STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

For the Twelve Months Ended June 30, 2016

(With summarized comparative totals for the twelve months ended June 30, 2015)

	USAA 529 College Savings Plan®	The Vanguard® 529 College Savings Plan	SSgA Upromise 529 Plan	Putnam 529 for America	Total Twelve Months Ended June 30, 2016	Total Twelve Months Ended June 30, 2015
<b>ADDITIONS AND NET INVESTMENT INCOME (LOSS)</b>						
Contributions	\$ 401,877,216	\$ 1,530,546,534	\$ 115,853,135	\$ 44,417,206	\$ 2,092,694,091	\$ 2,038,564,700
Investment income (loss):						
Dividends and interest	50,948,290	281,429,172	24,530,099	5,919,481	362,827,042	336,462,462
Net appreciation (depreciation) in fair value of investments	(61,888,865)	(116,473,090)	4,978,988	(12,828,899)	(186,211,866)	77,529,742
Net investment income (loss)	(10,940,575)	164,956,082	29,509,087	(6,909,418)	176,615,176	413,992,204
<b>Total Additions and Net Investment Income (Loss)</b>	<b>390,936,641</b>	<b>1,695,502,616</b>	<b>145,362,222</b>	<b>37,507,788</b>	<b>2,269,309,267</b>	<b>2,452,556,904</b>
<b>DEDUCTIONS</b>						
Withdrawals	160,922,268	541,740,274	105,596,802	35,206,988	843,466,332	784,747,384
Account fees	4,231,654	166,839	2,486,621	116,399	7,001,513	6,661,700
Asset-based fees	1,638,499	20,143,941	3,945,271	1,879,369	27,607,080	24,789,695
<b>Total Deductions</b>	<b>166,792,421</b>	<b>562,051,054</b>	<b>112,028,694</b>	<b>37,202,756</b>	<b>878,074,925</b>	<b>816,198,779</b>
<b>NET INCREASE</b>	<b>224,144,220</b>	<b>1,133,451,562</b>	<b>33,333,528</b>	<b>305,032</b>	<b>1,391,234,342</b>	<b>1,636,358,125</b>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF PERIOD</b>	<b>2,479,526,958</b>	<b>11,716,973,000</b>	<b>1,276,391,818</b>	<b>397,212,599</b>	<b>15,870,104,375</b>	<b>14,233,746,250</b>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF PERIOD</b>	<b>\$ 2,703,671,178</b>	<b>\$ 12,850,424,562</b>	<b>\$ 1,309,725,346</b>	<b>\$ 397,517,631</b>	<b>\$ 17,261,338,717</b>	<b>\$ 15,870,104,375</b>

See Accountant's Compilation Report.

Year-to-Date

# COLLEGE SAVINGS PLANS OF NEVADA

## SUPPLEMENTAL SCHEDULE OF FEE INFORMATION For the Three Months Ended June 30, 2016

	USAA 529 College Savings Plan®	The Vanguard® 529 College Savings Plan	SSgA Upromise 529 Plan	Putnam 529 for America Plan	Total Three Months Ended June 30, 2016
<b>ASSET-BASED FEES</b>					
Investment Manager	\$ 972,412	\$ 3,169,419	\$ 186,672	\$ 378,844	\$ 4,707,347
Program Manager	-	1,740,007	709,873	-	2,449,880
State	-	-	64,137	97,253	161,390
<b>Total Asset-Based Fees</b>	<u>\$ 972,412</u>	<u>\$ 4,909,426</u>	<u>\$ 960,682</u>	<u>\$ 476,097</u>	<u>\$ 7,318,617</u>
<b>ACCOUNT FEES</b>					
Investment Manager	\$ -	\$ 34,491	\$ -	\$ -	\$ 34,491
Program Manager	35,257	-	614,443	21,494	671,194
State	-	-	-	-	-
<b>Total Account Fees</b>	<u>\$ 35,257</u>	<u>\$ 34,491</u>	<u>\$ 614,443</u>	<u>\$ 21,494</u>	<u>\$ 705,685</u>

Note: See fee descriptions on pages 7 - 8.

See Accountant's Compilation Report.

Quarter

# COLLEGE SAVINGS PLANS OF NEVADA

## SUPPLEMENTAL SCHEDULE OF FEE INFORMATION

For the Twelve Months Ended June 30, 2016

(With summarized comparative totals for the twelve months ended June 30, 2015)

	USAA 529 College Savings Plan <sup>®</sup>	The Vanguard <sup>®</sup> 529 College Savings Plan	SSgA Upromise 529 Plan	Putnam 529 for America	Total Twelve Months Ended June 30, 2016	Total Twelve Months Ended June 30, 2015
<b>ASSET-BASED FEES</b>						
Investment Manager	\$ 1,638,499 <sup>(1)</sup>	\$ 12,854,807 <sup>(5)</sup>	\$ 897,847 <sup>(7)</sup>	\$ 1,524,237 <sup>(11)</sup>	\$ 16,915,390	\$ 14,652,064
Program Manager	-	7,289,134 <sup>(5)</sup>	2,794,871 <sup>(8)</sup>	-	10,084,005	9,512,828
State	-	-	252,553 <sup>(9)</sup>	355,132 <sup>(12)</sup>	607,685	624,803
<b>Total Asset-Based Fees</b>	<b>\$ 1,638,499</b>	<b>\$ 20,143,941</b>	<b>\$ 3,945,271</b>	<b>\$ 1,879,369</b>	<b>\$ 27,607,080</b>	<b>\$ 24,789,695</b>
<b>ACCOUNT FEES</b>						
Investment Manager	\$ 614,535 <sup>(2)</sup>	\$ 166,839 <sup>(6)</sup>	\$ -	\$ -	\$ 781,374	\$ 683,493
Program Manager	151,040 <sup>(3)</sup>	-	2,486,621 <sup>(10)</sup>	116,399 <sup>(13)</sup>	2,754,060	2,860,773
State	3,466,079 <sup>(4)</sup>	-	-	-	3,466,079	3,117,434
<b>Total Account Fees</b>	<b>\$ 4,231,654</b>	<b>\$ 166,839</b>	<b>\$ 2,486,621</b>	<b>\$ 116,399</b>	<b>\$ 7,001,513</b>	<b>\$ 6,661,700</b>

<sup>(1)</sup> Effective January 25, 2016, the Program Management Fee is accrued and paid directly to USAA. This fee is 0.15% for all portfolios, except that this fee has been waived for the Preservation of Capital Portfolio. See page 51 in the Plan Description and Participation Agreement.

<sup>(2)</sup> For the period July 1, 2015 through January 22, 2016, Minimum Balance Fees of \$15 were charged annually in October to all Plan accounts with a balance of less than \$5,000 that did not have an active automatic investment plan, direct deposits from payroll or investment through a systematic withdrawal plan from a USAA mutual fund. This fee was not charged for matching grant accounts. Effective January 25, 2016, Minimum Balance Fees of \$10 are charged annually in October to all Plan accounts with a balance of less than \$1,000 that do not have an active automatic investment plan, direct deposits from payroll or investment through a systematic withdrawal plan from a USAA mutual fund. In addition, these fees are not charged for matching grant accounts, and are waived for all accounts owned by a Nevada resident or if the designated beneficiary is a Nevada resident. See page 51 in the Plan Description and Participation Agreement.

<sup>(3)</sup> Transaction Fees are charged for certain transactions, including returned checks, overnight delivery, wire transfer withdrawals, requests for historical statements and rejected automatic investment plan or telephone purchases. See page 54 in the Plan Description and Participation Agreement.

<sup>(4)</sup> For the period July 1, 2015 through January 22, 2016, State Account Maintenance Fees of \$15 were charged annually in October to each Plan account. This fee was waived if the Plan account is owned by a Nevada resident or if the designated beneficiary is a Nevada resident. This fee was not charged for matching grant accounts. Effective January 25, 2016, the State Account Maintenance Fee has been eliminated.

(Continued)

See Accountant's Compilation Report.

Year-to-Date

# COLLEGE SAVINGS PLANS OF NEVADA

## SUPPLEMENTAL SCHEDULE OF FEE INFORMATION

For the Twelve Months Ended June 30, 2016

(With summarized comparative totals for the twelve months ended June 30, 2015)

- <sup>(5)</sup> The Program Management Fee includes fees for administrative and investment management services. These fees range from 0.09% to 0.28% (0.11% to 0.27% until May 3, 2016). Vanguard and Ascensus have agreed to a specific formula for the allocation of the Program Management Fee. See page 1 in the Supplement dated May 3, 2016 to the Program Description.
- <sup>(6)</sup> Includes both Low Balance Fees and Transaction Fees. Low Balance Fees of \$20 are charged annually in the anniversary month of the month in which the account was opened if the account balance is less than \$3,000. Transaction Fees are charged to Plan accounts for certain transactions, including a request for a withdrawal by express delivery service or when a check, automatic investment payment or electronic bank transfer is returned unpaid by the financial institution upon which it is drawn. See page 24 in the Program Description.
- <sup>(7)</sup> Tactical Asset Allocation Fees of 0.07% (0.09% until March 31, 2016), are charged for the College Date Portfolio Options and the Risk-Based Portfolio Options. See page 21 in the Plan Description and Participation Agreement.
- <sup>(8)</sup> Program Management Fees are charged for providing administration and program management services. These fees are 0.22%, except for the Savings Portfolio, which is 0.27%. See page 21 in the Plan Description and Participation Agreement.
- <sup>(9)</sup> State Fees are charged to pay for expenses related to oversight and administration of the Plan. These fees are 0.02%. See page 21 in the Plan Description and Participation Agreement.
- <sup>(10)</sup> Includes both Annual Account Maintenance Fees and Transaction Fees. Annual Account Maintenance Fees of \$20 are charged annually in the anniversary month of the month in which the account was opened, unless the Plan account is owned by a Nevada resident or the designated beneficiary is a Nevada resident. See page 21 in the Plan Description and Participation Agreement. Transaction Fees are charged for certain transactions, including fees for returned checks, overnight delivery, requests for historical statements, rollovers from the Plan and rejected automatic investment plan and EFT purchases. See page 25 in the Plan Description and Participation Agreement.
- <sup>(11)</sup> Administration Fees are charged for the administrative services provided to the Plan. These fees range from 0.25% to 1.00% depending on share class. See page 12 in the Offering Statement.
- <sup>(12)</sup> Board Fees are charged to cover expenses incurred by the Board in administration of the Plan. These fees are 0.10%. See page 13 in the Offering Statement. Effective October 1, 2015, Putnam became responsible for the payment of Board Fees attributable to each account whose account owner or beneficiary is a resident of the state of Nevada. Putnam may either pay the Board Fee directly to the Board without charging the accounts of Nevada residents, or Putnam may continue to charge the accounts and then reimburse the amounts charged. The fees presented in this schedule include fees assessed against accounts that have been or will be reimbursed at some point in the future. During the period from October 1, 2015 through June 30, 2016, Putnam reimbursed \$5,736 to Nevada resident accounts.
- <sup>(13)</sup> Annual Maintenance Fees of \$15 are charged to each Plan account, unless the account owner or designated beneficiary is a Nevada resident, the aggregate Plan account balance or net contributions to all accounts with the same account owner exceeds \$25,000, the account owner chooses to make periodic contributions by automatic transfers from their bank account or through payroll deduction in minimum periodic amounts of \$100, or the account owner participates in particular types of corporate payroll deduction plans and affinity programs. See page 13 in the Offering Statement.

See Accountant's Compilation Report.

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 6**  
**September 22, 2016**

**Item: Consent to Amendment 16 to the USAA Private Label Product Agreement with Ascensus**

**Recommendation:**

**That the Board consent to Amendment 16 to the USAA Private Label Product Agreement, with Ascensus.**

Fiscal:  
None by this action.

Summary:

This Amendment 16 to the USAA Private Label Product Agreement extends the current expiration date of the agreement from September 30, 2016 to September 30, 2017. This Amendment also incorporates updates to the following schedules:

- B "Background Investigation;"
- E "Electronic Funds Transfer Procedures;"
- F "USAA Information Security Requirements;" and
- G "Business Continuity and Disaster Recovery."

James Canup, the Board's outside counsel, has reviewed this amendment.

Sue Serewicz of Ascensus and Chris Smith of USAA will be available to answer questions.

**16<sup>th</sup> Amendment to the  
PRIVATE LABEL PRODUCT AGREEMENT**

THIS 16<sup>th</sup> AMENDMENT is entered into as of \_\_\_\_\_ and modifies the PRIVATE LABEL PRODUCT AGREEMENT (the “Agreement”) made and entered into as of August 13, 2004, (as amended from time to time) among ASCENSUS Broker Dealer Services, Inc. (f/k/a Upromise Investments, Inc.), a Delaware corporation (“ABD”), ASCENSUS Investment Advisors, LLC (f/k/a Upromise Investment Advisors, LLC), a Delaware limited liability company, Ascensus College Savings Recordkeeping Services, LLC (f/k/a Upromise Investments Recordkeeping Services, LLC), a Delaware limited liability company (“ACSR” and collectively with ABD and AIA, “ASCENSUS”); and USAA Investment Management Company, a Delaware corporation (“USAA IMCO”), (ASCENSUS and USAA IMCO collectively referred to as the “Parties”).

WHEREAS the Parties wish to extend the term of the Agreement and amend certain provisions contained therein; and

WHEREAS the Parties wish to update the services provided under the Agreement;

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, the Parties agree as follows:

1. The term of the Agreement is hereby extended through September 30, 2017.
2. Section 2.15 (“Annual Audited Financial Statements”) is hereby deleted in its entirety and replaced with the following:

USAA IMCO shall cooperate with the Upromise Parties to generate annual audited financial statements of the Designated Portfolios of the USAA Private Label Product to be provided by an independent public accountant, selected by USAA IMCO in its sole discretion; provided, however, that if the selected accounting firm is a firm other than PricewaterhouseCoopers LLP, it must be approved by the Board. USAA IMCO agrees to bear any and all costs and expenses associated with the annual audit of the Designated Portfolios of the USAA Private Label Product and the preparation, production and delivery of the audited financial statements with respect to the USAA Private Label Product. To comply with Rule 15c2-12(b) (5) of the Securities Exchange Act, USAA shall deliver to Ascensus such audited financial statements to enable Ascensus to timely file the audited financial statements with the MSRB’s Electronic Municipal Market Access system (EMMA).

3. Section 16.14 (“Audit Rights”) is hereby deleted in its entirety and replaced with the following:

Each party shall grant to the other parties, upon reasonable notice, during normal business hours and not more than two (2) times during any twelve (12) month period, the right to examine and audit (at auditing party’s own expense) any directly pertinent books, documents, papers, financial statements, processes and records of the other party (collectively, “Records”) relating to this Agreement (an “Audit”). The parties hereby agree that the Records made available to the other party during any Audit shall include, without limitation, (i) all records, electronic or otherwise, of services related to this Agreement, or (ii) related to the payment of any Fees under this Agreement. An auditing party conducting an Audit pursuant to this Section 16.14 shall not cause unreasonable disruption to the business operations of the audited party. Compliance with this Section 16.14 does not relieve either party of any obligation to retain records in accordance with other laws or regulations of federal,

state, or local governmental units or any other applicable regulatory or self-governing body (including without limitation the SEC, the NASD, and MSRB). Ascensus agrees to provide USAA IMCO with a copy of the latest SSAE16 Type II report, and subsequent SSAE16 Type II reports upon request by USAA IMCO that are prepared by Ascensus’ auditors. The head of Risk Management at Ascensus shall be the point of contact for inquiries related to the SSAE16 report. Ascensus shall provide annual Statement on Standards for Attestation Engagements (SSAE) No. 16 (SOC 1, Type II report and, beginning in 2017, SOC 2, Type II report). ASCENSUS shall also provide to USAA the contact information for an ASCENSUS associate who may be contacted by USAA for discussion of any specific findings on the report.

- 4. Schedule E, “Electronic Funds Transfer Procedures” as amended, is hereby deleted in its entirety and replaced with the attached Schedule E.
- 5. Schedule F, “USAA Information Security Requirements,” as amended is hereby deleted in its entirety and replaced with the attached Schedule F.
- 6. Schedule G, “Business Continuity and Disaster Recovery,” as amended is hereby deleted in its entirety and replaced with the attached Schedule G.
- 7. Exhibit B, “Background Investigation” is hereby deleted in its entirety and replaced with the attached Exhibit B.
- 8. Except as provided herein, the Agreement remains unchanged and in full force and effect. All defined terms will have the same meaning ascribed to them in the Agreement, unless otherwise defined herein.

IN WITNESS WHEREOF, each of the Parties hereto has caused this 16<sup>th</sup> Amendment to the Agreement to be executed on its behalf by a duly authorized representative.

**ASCENSUS BROKER DEALER SERVICES, INC.**

**ASCENSUS INVESTMENT ADVISORS, LLC.**

By: \_\_\_\_\_  
 Name: Jeff Howkins  
 Title: President and CEO  
 Date: \_\_\_\_\_

By: \_\_\_\_\_  
 Name: Jeff Howkins  
 Title: President and CEO  
 Date: \_\_\_\_\_

**ASCENSUS COLLEGE SAVINGS RECORDKEEPING SERVICES, LLC.**

**USAA INVESTMENT MANAGEMENT COMPANY**

By: \_\_\_\_\_  
 Name: Jeff Howkins  
 Title: President and CEO  
 Date: \_\_\_\_\_

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

## **SCHEDULE E**

### **ELECTRONIC FUNDS TRANSFER PROCEDURES**

USAA IMCO (“USAA”) may initiate Entries (hereinafter defined) to ASCENSUS BROKER DEALER SERVICE’s (“Ascensus”) account specified on the attached EFT Implementation Form (“Account”) in payment of obligations owed by USAA to Ascensus on the terms set forth below. “Entries” mean, an instruction sent by USAA to its originating bank to pay or to cause another bank to pay an unconditioned specified amount of money to Ascensus. Ascensus hereby authorizes USAA to initiate Entries for obligations owing to Ascensus from time to time. The financial institution specified on the attached EFT Implementation Form is hereby authorized to credit and, if USAA notifies Ascensus in advance and Ascensus gives its consent to debit adjustments to such Entries to the Account.

**Compliance with Rules.** Ascensus and USAA agree to comply with and be bound by the National Automated Clearing House Rules in effect from time to time.

**Ascensus’ Account.** The Account is the deposit account maintained by Ascensus and specified in the attached EFT Implementation Form. Any changes in Ascensus’ deposit account should be communicated to USAA by completing a new EFT Implementation Form. Changes should be faxed to USAA’s Accounts Payable at 866-851-3640 or 866-282-9021.

USAA will normally be able to initiate Entries to the new account within thirty (30) days of receipt of notification.

**Failure or Delay of Payment.** USAA shall not be deemed in default of the Private Label Product Agreement (“Agreement”) between the parties giving rise to an obligation of USAA to pay Ascensus or suffer any loss of discount or other penalty by reason of any delay in receipt by Ascensus’ financial institution, the non-receipt by such institution of any Entry initiated by USAA or failure or delay by the funds transfer system. However, any such failure, delay, or non-receipt does not extinguish USAA’s obligation to pay Ascensus under the terms of the Agreement as soon as practicable after the failure, delay or non-receipt is discovered.

**No Default.** USAA shall not be deemed to be in default of the Agreement if any other means of payment (e.g. paper check or wire transfer) shall be made by USAA in accordance with the terms of the Agreement.

**Remittance Information.** For each Entry initiated, USAA shall communicate the information related to the payment (“Remittance Information”) as specified in the attached EFT Implementation Form. Ascensus acknowledges that its receipt of Remittance Information, if communicated separately from the payment to which the Remittance Information relates, will not constitute a warranty by USAA that the funds transfer has been initiated or that any resulting payment order will be accepted by Ascensus’ financial institution on any date specified in the Remittance Information.

**Timeliness.** A payment from USAA to Ascensus shall be considered timely with respect to any due date determined in accordance with the Agreement if USAA initiates the Entry no later than such payment due date. However, if Ascensus’ financial institution is not open for business on such payment due date, USAA’s payment shall be deemed timely if the Entry is initiated on the next day such financial institution is open for business.

**Partial Payments.** Notwithstanding any statement contained in any Remittance Information to the contrary, the completion of any funds transfer hereunder shall not constitute full satisfaction of USAA's obligations if the amount paid is less than that required by the underlying business obligation owed by USAA to Ascensus.

**Security Procedures.** Payment instructions and Remittance Information exchanged shall be solely used for the purpose intended under the terms of the Agreement and shall not be made available for any other purposes. Each party shall employ reasonable security procedures to ensure that payment instructions, Remittance Information, notices and other information specified herein that are electronically created, communicated, processed, stored, retained or retrieved are authentic, accurate, reliable, complete, and reasonably protected from access, use or modification by persons not specifically authorized to carry out the purposes of the Agreement.

**Questions and Errors.** In the event of any question or error relating to Entries initiated, Ascensus should contact USAA's Accounts Payable Customer Service at (210) 498-2288.

**SCHEDULE E 1.1  
EFT Implementation Form**

This form is used to designate the Company's depository institution information and to identify how payment and remittance detail will be provided. **Please complete the form (with signature) and fax it to USAA Accounts Payable at 866-851-3643 or e-mail to [vendorsetup@usaa.com](mailto:vendorsetup@usaa.com).**

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Name of Company: \_\_\_\_\_

TaxID of Company: \_\_\_\_\_

Depository Institution: \_\_\_\_\_

Institution Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Account Number: \_\_\_\_\_

Account Name: \_\_\_\_\_

Transit Routing Number: \_\_\_\_\_

Email address: \_\_\_\_\_

(\*Email address will be used to notify your organization the date and amount of the deposit and how the payment should be applied to USAA's balance)

By: \_\_\_\_\_

Signature of Authorized Representative

Date: \_\_\_\_\_

## **SCHEDULE F**

### **USAA Information Security Requirements**

#### 1. Definitions.

"Business Contact Information" is defined as name, job title, department name, company name, business telephone, business fax number, and business email address.

"De-identification" or "De-identified" is defined as removing, obscuring, masking, or obfuscating enough Personally Identifiable Information from a record to ensure that the remaining information does not identify an individual and there is no reasonable basis to believe that the information can be used to identify an individual.

"Extended Workforce" is defined as the affiliates and vendors of Ascensus with access to Protected Information or Information Processing System(s) containing Protected Information by, through or under Ascensus including sub-contractors.

"Information Processing System(s)" is defined as the individual and collective electronic, mechanical, and software components of Ascensus' operations that store, access, process or protect Protected Information.

"Information Security Event" is defined as any situation where there is reasonable belief or it has been confirmed that Protected Information has been lost; is subject to unauthorized or inappropriate access, use, or misuse; the security, confidentiality, or integrity of the information is compromised; or the availability of Information Processing System(s) is compromised by external attack.

"Personally Identifiable Information" or "PII" is defined as information which can be used to distinguish or trace an individual's identity alone or when combined with other personal or identifying information which is linked or linkable to a specific individual as set forth in the applicable provisions of NIST - Special Publication 800-122, Guide to Protecting the Confidentiality of Personally Identifiable Information (PII) or its successor.

"Protected Information" is defined as confidential information of a Participant or Designated Beneficiary, including their PII, whether the information is received from USAA or directly from the Participant, including but not limited to name, address, social security number, phone number, account number (with or without password), or any such other information required to be protected or encrypted by applicable local, state or federal law, regulation or statute or mandatory industry standard in the United States.

"Ascensus Workforce" is defined as Ascensus employees with access to Protected Information or Information Processing System(s) containing Protected Information.

#### 2. Security and Confidentiality.

Before receiving or continuing to receive Protected Information, Ascensus will maintain an information security program that protects (i) Information Processing System(s) and media containing Protected Information from internal and external security threats; and (ii) Protected Information from unauthorized disclosure. Furthermore, each party will use diligence in the protection of Protected Information and in the prevention of any unauthorized person or entity from gaining access thereto.

#### 3. Security Policy.

- a. Formal Security Policy. Ascensus will have an information security policy that is approved by Ascensus' management and is published and communicated to the Ascensus Workforce, as applicable. The information security policy and the associated procedures will comply

- with all applicable local, state or federal laws, regulations, statutes or mandatory industry standards in the United States. Ascensus will obtain assurances that its Extended Workforce has an information security policy with protections in place. Ascensus will propose the inclusion of the same or similar requirements with respect to an information security policy set forth in this Schedule as part of their contracts with new subcontractors with access to Protected Information or when amending contracts with existing subcontractors with such access.
- b. Security Policy Review. Ascensus will review the information security policy at planned intervals or if significant changes occur to ensure its continuing suitability, adequacy, and effectiveness.
4. Organizational Security.
- a. Storage or Access outside the United States. The parties acknowledge that Protected Information is not stored or accessed at locations outside the United States. Accordingly, prior to allowing storage of Protected Information at locations outside the United States or Access to Protected Information or Information Processing System(s) containing Protected Information by parties outside the United States via remote Access, release to the parties, or any other means, Ascensus will:
- Submit a written request and receive consent from USAA for the storage/access.
  - Perform a risk assessment to identify and mitigate risks to Protected Information from this storage/Access.
  - Impose the same requirements on its Extended Workforce and will remain fully responsible for its Extended Workforce's compliance.
- b. Access Reporting. Upon USAA's request (not to exceed twice per year), Ascensus will provide USAA a report identifying (a) the location (i.e. city, state and country) where any Protected Information is stored, accessed or processed, and (b) to the extent possible, the number of individuals that have Access to Protected Information at each location. The report will be emailed to Corp\_Info\_Security@usaa.com.
- c. Supplier's Subcontractor Relationships. In order to protect the confidentiality, integrity and availability of Protected Information associated with subcontracting, Ascensus will:
- a. Identify and take appropriate action to mitigate the risks associated with engaging subcontractors;
  - b. Regularly monitor and review its subcontractor(s) service delivery to verify and reinforce adherence to the security controls and practices; and
  - c. Propose inclusion of security requirements that provide similar levels of protection of Protected Information to those contained in this Schedule as part of their contracts with new sub-contractors that have access to Protected Information or Information Processing System(s) containing Protected Information.
5. Asset Management.
- a. Asset Inventory. Ascensus will maintain an inventory containing at a minimum all Information Processing System(s) and media containing Protected Information.
- b. Acceptable Use. Ascensus' guidance on the acceptable use of information and assets is similar to ISO/IEC 27002:2013, any assessments performed by Ascensus are reviewed by Ascensus' management and is published and communicated to the Ascensus Workforce, as applicable.
- c. Portable Devices. Ascensus will include as part of its Information Security Policy that Protected Information, with the exception of Business Contact Information, may not be stored

- on portable devices including, but not limited to, laptops, Personal Digital Assistants, MP3 devices, and USB devices.
- d. Personally-Owned Equipment. Ascensus will include as part of its Information Security Policy that Protected Information, with the exception of Business Contact Information, may not be stored on personally owned equipment.
  - e. Return of Access Devices. If applicable, Ascensus will return, or at USAA's discretion, destroy all USAA owned or provided hardware and software access devices within thirty (30) days of the earliest occurrence of the following: upon expiration or termination of this Agreement; upon the completion of Ascensus' performance obligations under this Agreement; upon USAA's request; or the date when Ascensus no longer requires these devices to provide Services to USAA. The parties acknowledge that as of the date of the 16<sup>th</sup> Amendment to the Agreement, Ascensus does not have any USAA owned or provided hardware and software access devices.
6. Human Resources Security.
- a. Security Awareness Training. Prior to receiving Access to Protected Information, Ascensus will provide to the Ascensus Workforce security awareness training appropriate to their job function and recurring security awareness training at least annually and as required to mitigate significant changes to information security risk.
  - b. Removal of Access Rights. Ascensus will remove the access rights of any of Ascensus' Workforce with access to Information Processing System(s) or media containing Protected Information promptly upon termination of their employment, contract or agreement, or adjusted upon change of job function as necessary.
7. Physical and Environmental Security.
- a. Secure Areas. Ascensus will protect all areas that contain Information Processing System(s) or media containing Protected Information by the use of appropriate security controls to include, but not limited to:
    - i. Access will be controlled by use of a defined security perimeter, appropriate security barriers, entry controls and authentication controls as determined by Ascensus' security risk assessment. A record of all accesses will be securely maintained for a minimum of 90 days.
    - ii. All personnel will be required to wear some form of visible identification to identify them as employees, contractors, visitors, et cetera. (Note - Personal recognition of personnel if possible is also acceptable.)
    - iii. Visitors to highly sensitive areas such as data centers will be supervised. Date and time of entry and departure will be recorded and kept for a minimum of 90 days.
8. Communications and Operations Management.
- a. Protections against Malicious Code. Ascensus will use detection, prevention, and recovery controls which are similar to ISO/IEC 27002:2013 to protect against malicious software and will train as appropriate the Ascensus Workforce on the prevention and detection of malicious software.
  - b. Back-ups. Ascensus will perform appropriate back-ups of Information Processing System(s) and media containing Protected Information as required to protect the confidentiality, integrity and availability of Protected Information.
  - c. Media Handling. Ascensus will control media containing Protected Information to protect against unauthorized access or misuse.

- d. Media and Information Disposal. Ascensus will securely dispose of media (including but not limited to paper, disks, CDs, DVDs, optical disks, USB devices, hard drives) containing Protected Information by the maintenance of procedures to include, but not limited to:
    - i. Disposal of media containing Protected Information so that it is rendered unreadable or undecipherable, such as by burning, shredding, pulverizing or overwriting similar to the methods described in NIST-Special Publication 800-88, Guidelines for Media Sanitization or its successor.
    - ii. Maintenance of a disposal log that is secured and that provides an audit trail of disposal activities. The log will be kept for a minimum of 90 days.
  - e. Exchange of Information. To protect the confidentiality and integrity of Protected Information in transit, Ascensus will:
    - i. Identify and mitigate risks to Protected Information from use of all data exchange channels (including but not limited to FTP, HTTP, HTTPS, SMTP, modem, and fax) used to transmit Protected Information.
    - ii. Monitor all data exchange channels that transmit Protected Information to detect unauthorized information (including, without limitation, PII) releases.
    - iii. Use appropriate security controls and agreed upon data exchange channels when exchanging Protected Information.
    - iv. Use industry standard enhanced security measures (at a minimum Ascensus servers are configured at 256-bit AES or an equivalent strength protocol for symmetric encryption and at a minimum 2048-bit RSA or an equivalent strength protocol for asymmetric encryption) to encrypt Protected Information transmitted via open networks including but not limited to the Internet and wireless.
    - v. Prohibit the use of web tracking technologies including but not limited to web beacons, web bugs, invisible GIFs, persistent cookies, from being used to gather information about USAA customers, members, or workforce members except as necessary for Ascensus to perform its obligations under this Agreement or to maintain and/or improve the operation of the website. Use of tracking technology to collect such information in the aggregate is permissible.
  - f. Monitoring. To protect against unauthorized Access or misuse of Protected Information, Ascensus will:
    - i. Employ security controls which are similar to ISO/IEC 27002:2013 and tools to monitor Information Processing System(s) for unusual or suspicious activities, exceptions, and Information Security Events.
    - ii. Protect logging functions and log information against tampering and unauthorized access and keep critical logs for a minimum of 90 days.
    - iii. Perform frequent reviews of access logs and take prompt actions necessary to mitigate issues found.
    - iv. At USAA's request, make redacted logs available to USAA to assist in investigations.
    - v. Synchronize the clocks of all relevant Information Processing System(s) using a national or international time source.
9. Access Control.
- a. User Access Management. To protect against unauthorized access or misuse of Protected Information Ascensus will:
    - i. Employ user access and authentication controls which are similar to ISO/IEC 27002:2013 to manage user access and authentication to Information Processing System(s).

- ii. Perform recurring reviews of user's access and access rights to ensure that they are appropriate for the user's' role.
  - b. User Responsibilities. To protect against unauthorized Access or misuse of Protected Information, Ascensus will:
    - i. Use appropriate controls to protect unattended equipment from access and use by unauthorized individuals.
    - ii. Use appropriate controls to protect Protected Information contained in work areas including but not limited to paper and on display screens from unauthorized Access.
  - c. Network Access Control Access to internal, external, and public network Services that allow Access to Information Processing System(s) will be controlled. In order to mitigate the risk of unauthorized access, Ascensus will:
    - i. Use network access controls, which are similar to ISO/IEC 27002:2013.
    - ii. Tightly control access to physical and logical diagnostic and configuration ports.
    - iii. Prohibit the use of Peer-to-Peer networking on Information Processing Systems.
  - d. Operating System Access Control. To protect against unauthorized access or misuse of Protected Information, Ascensus will:
    - i. Control access to operating systems by use of a secure log-on procedure.
    - ii. Use unique identifiers (e.g. user IDs) to uniquely identify Information Processing System users.
    - iii. Monitor and control access to utility programs that are capable of overriding system and application controls.
    - iv. When technically possible, shut down inactive sessions after a defined period of time.
    - v. When technically possible, employ restrictions on connection times to high risk applications.
  - e. Mobile Computing and Remote Working. To protect Protected Information from the risks inherent in mobile computing and remote working, Ascensus will:
    - i. Perform a risk assessment which at a minimum identifies and mitigates risks to Protected Information from mobile computing and remote working.
    - ii. Maintain a policy and procedures for managing mobile computing and remote working.
    - iii. Use security controls to manage authentication of mobile and remote users which are similar to ISO/IEC 27002:2013.
  - f. Internet Facing Services Access Controls. To protect Protected Information from the risks inherent in being stored, accessed or processed on Internet facing Services, Ascensus will:
    - i. Use single sign-on authentication for all Internet facing Services that store, access, or process Protected Information. Participants use a single sign-on to access their Plan accounts via the USAA maintained web site. Plan client service representatives use a single sign-on to access the applications required to service Plan accounts.
    - ii. If USAA and Ascensus mutually agree that single sign-on authentication should not be used to authenticate USAA employees or workforce members connecting to Ascensus Internet facing Services that store, access or process Protected Information, Ascensus will use IP filtering at the firewall or in conjunction with authentication or a similar technology to prohibit these connections from domains other than USAA domains.
10. Information Systems Acquisition, Development and Maintenance.
- a. Security of System Files. To protect Information Processing System(s) and system files containing Protected Information, Ascensus will limit access to source code to authorized users who have a direct need to know.

- b. Security in Development and Support Processes. To protect Information Processing System(s) and system files containing Protected Information, Ascensus will:
    - i. Use a documented change control process to implement Information Processing System(s) changes, which are similar to ISO/IEC 27002:2013 or its successor to minimize the risk of system changes.
    - ii. Use security controls which are similar to ISO/IEC 27002:2013 to minimize information leakage.
    - iii. Perform quality control and security management oversight of outsourced software development.
11. Information Security Incident Management.
- a. Reporting Information Security Events and Weaknesses. To protect Information Processing System(s) and system files containing Protected Information, Ascensus will:
    - i. Maintain a process to ensure that Information Security Events are reported through appropriate management channels as quickly as possible. Ascensus will obtain assurances that its Extended Workforce has a similar process.
    - ii. Perform initial and recurring training of the Ascensus Workforce who are users of Information Processing Systems or have access to Protected Information on how to report any observed or suspected Information Security Event. Ascensus will obtain assurances from new providers with access to Protected Information that such providers have a similar training process.
    - iii. Notify USAA by phone at (210) 456-4734 within 24 hours of Ascensus' discovery of Information Security Events. Following any such event, Ascensus will promptly, after investigation, notify USAA whether or not Protected Information was compromised or released to unauthorized parties, the Protected Information affected, and the details of the event, unless prohibited by applicable law.
12. Business Continuity Management.
- a. Business Continuity Management Program. In order to protect the confidentiality, integrity and availability of Protected Information, Ascensus will:
    - i. Maintain a business continuity management program that ensures that security controls that meet or exceed the requirements of this Schedule are maintained in test and actual business continuity scenarios.
    - ii. Update and test Business Continuity Plans at planned intervals and as required to mitigate significant changes to information security risk.
13. Security Assessments.
- a. Initial and Recurring Security Assessments. Prior to the release of Protected Information and each year throughout the Term of this Agreement, Ascensus will permit USAA representatives, at USAA's expense, to perform an on-site assessment of the physical and logical security controls used at Ascensus' data processing and business facilities. Assessments will be performed during regular business hours, at a date and time agreed to by both parties, and will not require on-line access to Information Processing System(s).
  - b. Security Assessments Following Information Security Events. Following the occurrence of an Information Security Event, Ascensus will permit USAA representatives to perform an on-site assessment of the physical and logical security controls used at Ascensus' data processing and business facilities in order to assess the impact of the event even if an assessment has been completed within the year.

- c. Security Assessment Findings. Upon completion of an assessment, USAA will provide Ascensus with an assessment completion letter that summarizes USAA's findings. These findings may identify critical security deficiencies identified as "Mandatory" that require immediate correction before USAA can release, or continue to release, Protected Information to Ascensus. Ascensus will implement and continue to maintain all mutually agreed upon "Mandatory" security findings. If mutual agreement to "Mandatory" security findings cannot be reached, then these issues may be escalated using the dispute resolution provisions within this Agreement.
  - d. Security Scans of Information Processing System(s). Ascensus will scan internal and external facing Information Processing System(s) with applicable industry standard security vulnerability scanning software (including, but not limited to, network, server, application and database scanning tools) at a minimum of once per month and will perform appropriate mitigations to address issues identified.
  - e. Penetration Tests and Security Evaluations of Websites. Ascensus will have an industry recognized independent third-party perform a comprehensive penetration test and security evaluation of all Ascensus controlled websites used to store, access, or process Protected Information prior to use and on a recurring basis no greater than every 12 months. The penetration test and security evaluation will include but not be limited to tests to detect vulnerabilities listed in the SANS Top Cyber Security Risks or its successor current at the time of the penetration test and security evaluation. Ascensus will perform appropriate mitigations to address issues identified and will provide a summary of the penetration test and security evaluation to USAA.
14. De-identification of Protected Information Used in Non-Production Environments. Ascensus will perform de-identification of all Protected Information prior to storing, accessing, or processing the information in environments other than the Ascensus' or Ascensus' Extended Workforces' production environments.
- a. Exclusions to De-identification Requirement.
    - i. De-identification is not required if the security controls used in the environment are equivalent to the security controls used in the production environment and the security controls used meet or exceed the requirements of this Schedule.
    - ii. De-identification is not required if de-identification would interfere with the resolution of a current production failure. De-identification should be performed to the extent possible and the Protected Information that has not been de-identified should be removed from the non-production environment as soon as the failure has been resolved.
    - iii. De-identification is not required if de-identification would interfere with an atypical, short-term, nonproduction activity (e.g. near-production final testing) where de-identification would distort the results of the activity. De-identification should be performed to the extent possible and the Protected Information that has not been de-identified should be removed from the non-production environment as soon as the activity has been completed.
    - iv. If USAA Personally Identifiable Information is required to be used in Nonproduction Environments and the requirement does not meet one of the exceptions listed above, Ascensus will obtain written permission from USAA prior to the use.
15. For the avoidance of doubt, the requirements in this Schedule F in no way serve as a guarantee or a warranty by Ascensus that no Information Security Event will occur, rather they are intended to

provide for appropriate safeguards and applicable protections with respect to Protected Information.

**SCHEDULE G**  
**BUSINESS CONTINUITY and DISASTER RECOVERY**

1. Definitions.

- 1.1 "Business Continuity" means the process of developing plans and capabilities, and performing activities designed to prevent, mitigate, respond to and recover from circumstances that substantially degrade or inhibit Ascensus' ability to provide the Services to USAA.
- 1.2 "Critical Applications" means the client service application (CSR), Documentum, Kofax, Omni, Frontier, and client account access.
- 1.3 "Critical Services" means online financial transaction processing (e.g. contributions and withdrawals) and new account setup.
- 1.4 "Data" means all information necessary to continue or resume the Services.
- 1.5 "Disaster" means an Incident or Event that compromises Ascensus' ability to provide critical functions, processes, or Services for an unacceptable period of time or any other situation that may cause Ascensus management to invoke their Plan.
- 1.6 "Disaster Recovery" is a component of Business Continuity and is the process, policies, and procedures that are related to preparing for recovery or continuation of technology infrastructure which are vital to Ascensus after a Disaster.
- 1.7 "Event" means any planned situation that is not part of standard business operations of Ascensus, which impacts or interrupts the Services, and in some cases, may lead to a Disaster being declared and/or any type of Data loss.
- 1.8 "Incident" means an unplanned situation that may lead to a disruption, loss, emergency, or crisis.
- 1.9 "Plan" means Ascensus Business Continuity and Disaster Recovery documented procedures that guide organizations to respond, recover, resume, and restore to a pre-defined level of operation following a disruption.
- 1.10 "Recovery Point Objective" means the point to which information used by an activity must be restored to enable the activity to operate on resumption; may also be referred to as maximum data loss.
- 1.11 "Recovery Time Objective" is the maximum length of time that Critical Applications and Critical Services, can be down after a Disaster is declared.
- 1.12 "Wellness Plan" means a documented plan of action developed by Ascensus intended to eliminate the cause of nonconformity and to help prevent recurrence.

2. Business Continuity / Disaster Recovery Planning.

Ascensus shall comply with applicable local, state, industry or federal regulations pertaining to Business Continuity and Disaster Recovery with which Ascensus is legally required to comply in connection with its provision of Services.

2.1 Ascensus shall implement and maintain its Plan accessible to USAA at no additional cost to USAA. Ascensus shall document its Plan and shall provide USAA with an updated executive summary of the Plan annually, no later than the end of the fourth calendar quarter (December 31) via email to: [group\\_businesscontinuation@usaa.com](mailto:group_businesscontinuation@usaa.com). Ascensus shall provide, upon request, other information necessary for USAA to develop its own Business Continuity plan that will work in concert with the Plan. The executive summary of the Plan shall include, at a minimum, the following components:

2.1.1 Business Continuity Program. Description of Ascensus Business Continuity / Disaster Recovery program. Overview to include: Ascensus Business Continuity/ Disaster Recovery policy, scope, resource allocation; process to analyze business risks, impacts, and strategy development; Plan components (including identification of critical processes, key personnel, equipment, supplies, vital records); review and maintenance of Plans, emergency response protocol, Disaster escalation and communication; exercises; and training.

2.1.2 Through its vendor risk assessment program, identify and document all known risks associated with its third parties that could impact the ability of Ascensus to provide contracted services/products to USAA.

2.1.3 Systems. Describe the processes to recover the software, hardware, telecommunications and Data that are necessary to continue or resume the Services. This portion of the Plan shall include the system and data backup procedures, and shall account for Events, Incidents, or Disasters that would require the Ascensus to recover its systems and processes from an alternate location.

2.1.4 Facilities. Describe the alternate facilities from which ASCENSUS will resume the Services that are available to Ascensus in the event of an Event, Incident, or Disaster. Alternate facilities shall include the capability to recover and operate the systems, provide the space, equipment and supplies necessary to accommodate the personnel and processes. The facilities shall be sufficiently geographically separated from the primary facilities to recover from a regional Event, Incident, or Disaster.

2.1.5 Pandemic. Summarize the Ascensus pandemic plan. Overview to include: operational plan to address significant absenteeism, work alternatives, plan to reduce transmission and notification process to USAA when increased absenteeism impacts service.

2.2 Ascensus shall provide and maintain adequate backup files of USAA's data received by Ascensus.

2.3 Ascensus shall design and execute its backup processes with the goal to achieve a Recovery Point Objective of zero (0) (i.e. with no Data loss). At USAA's request, Ascensus shall provide USAA with documentation describing and certifying its file backup methodology via email to [group\\_businesscontinuation@usaa.com](mailto:group_businesscontinuation@usaa.com).

2.4 USAA acknowledges that the Plan constitutes Ascensus Confidential Information.

### 3. Disaster Recovery.

- 3.1 Ascensus shall implement and maintain its Disaster Recovery capabilities for the Services at an alternate facility, as described in 2.1.4 above, equipped to support the Services at no additional cost to USAA. Ascensus shall provide USAA with data communication access to the alternate facility, including payment of any expense associated with communication between USAA and the alternate facility. Ascensus shall locate at the alternate facility a hard copy of the Plan along with any vital records, systems, workspaces, equipment and supplies necessary to recover and resume the Services.
- 3.2 Recovery Time Objective. In the event of an Ascensus Disaster declaration, as described in Section 3.5 below, Ascensus shall use best efforts to recover their operations and resume (i) Critical Services and Critical Applications within the Recovery Time Objective of twelve (12) hours from the time of declaration and (ii) trading, confirmation and statement processing, and inbound mail service within twelve (12) hours from the time of declaration.
- 3.3 Changes to Plan. Throughout the Term, Ascensus shall, at Ascensus expense, maintain in effect contracts and/or arrangement for Disaster Recovery that provide an equivalent or more rapid and/or wide ranging level of recovery capability as that which is described herein. Ascensus agrees to inform USAA via email to: [group\\_businesscontinuation@usaa.com](mailto:group_businesscontinuation@usaa.com) when Ascensus makes a material change to its Plan or capabilities.
- 3.4 Disaster Declaration. If Ascensus believes that the Services will continue to be unavailable for at least twenty-four (24) hours, or if Ascensus is unable to provide a firm plan for the resolution of the Event or Incident within eight (8) hours of the beginning of the Event or Incident, then Ascensus shall declare a Disaster and execute its Plan.
- 3.5 Disaster Reporting. If Ascensus experiences an Event or Incident that Ascensus believes may cause Ascensus to be unable to achieve one or more of the service level objectives associated with the Services, or may cause the Services to be unavailable for a period exceeding thirty (30) minutes, Ascensus shall notify USAA by calling the USAA Availability Command Center at 210-456- 6700 or 1-800-305-2599, option 3, and advise USAA of the facts and circumstances surrounding the Event or Incident within two (2) hours of the Event or Incident beginning or within the time period set forth in the Service Level Objectives, whichever is earlier. Ascensus shall work with USAA to assess impact, diagnose problems, determine interim solutions, and work towards recovery of service. Ascensus shall update USAA on the status and impact of the Event or Incident every two hours or as mutually agreed upon timeframe thereafter.
- 3.6 Recovery Status Reporting. Once Ascensus has declared a Disaster, Ascensus shall notify USAA of the status of the recovery and resumption activities, and the nature of the Event or Incident every hour or mutually agreed upon timeframe until the Services are restored, and every four (4) hours or agreed upon timeframe until the Event or Incident has been resolved and Ascensus operations have returned to normal.
- 3.7 If the Services require the installation of circuitry between USAA's primary data center and Ascensus' location, then Ascensus shall install redundant circuitry between Ascensus' location and USAA's Disaster Recovery location.

#### 4. Disaster Recovery Testing.

4.1 Ascensus shall test each component of its Plan at least one (1) time each calendar year. Ascensus shall document the Plan tests. Ascensus shall provide the Plan test documentation to USAA via email to: group\_businesscontinuation@usaa.com within thirty (30) calendar days of completing the Plan tests and no later than December 31, annually. Plan test documentation shall include, at a minimum, the following information:

- 4.1.1 Scope - The components of the Plan and the capabilities that were tested.
- 4.1.2 Objectives - A description of the goals that ASCENSUS expected to achieve during the test.
- 4.1.3 Format - A description of the test environment, structure and procedural flow (tabletop exercise, systems recovery exercise, process walkthrough exercise, full participation exercise, etc.).
- 4.1.4 Successes - Components of the Plan and the capabilities that were executed within the parameters established by the objectives.
- 4.1.5 Failures - Components of the Plan and the capabilities that were not executed within the parameters established by the objectives.
- 4.1.6 Lessons Learned - Key observations from the test that will lead to an improved capability to recover during a real Event or Incident and during the next Disaster Recovery test.

4.2 USAA may elect to participate in Ascensus' Plan test(s) by accessing the Ascensus facility from USAA's locations, by being physically present at the Ascensus facility (at USAA's expense), or by signing on, entering sample transactions and reviewing on-line responses. Ascensus shall work with USAA to facilitate USAA's participation in Ascensus Plan test(s). Ascensus shall use best efforts to advise USAA of the date, time and scope of each Plan test at least sixty (60) days in advance of the test via email to: group\_businesscontinuation@usaa.com. If USAA elects not to participate in one or more of Ascensus Plan tests, Ascensus shall continue to provide USAA with the Plan test documentation. Should any findings that impact the Services be identified, Ascensus will work with USAA on an action plan with mutually agreed upon resolution timeframes. Should there be any repeat findings, USAA has the right to request that Ascensus develop a Wellness Plan to address the findings.

4.3 Upon USAA's request, Ascensus shall participate in USAA's disaster recovery and business continuity tests and exercises, such as USAA's disaster recovery, high availability data center test, and table top exercises related thereto, at no cost to USAA. Ascensus will participate in such tests and exercises remotely from an appropriate Ascensus location. Ascensus will identify its third parties that could impact the ability of Ascensus to provide promised Services/products to USAA in the event of a USAA disaster. USAA will use best efforts to notify Ascensus of the date and time that Ascensus participation is required at least sixty (60) days in advance of the test, as well as the scope of Ascensus support required. Unless otherwise agreed, Ascensus participation shall include the following activities:

- 4.3.1 The provision of technical experts to stand by at the Ascensus data center and participate as needed during a USAA systems recovery test.

- 4.3.2 Documenting Ascensus involvement in USAA's disaster recovery tests and exercises to include lessons learned by Ascensus and action items to be completed by Ascensus. Should any findings be identified, Ascensus will work with USAA on an action plan with mutually agreed upon resolution timeframes. Should there be any repeat findings, USAA has the right to request that Ascensus develop a Wellness Plan to address the finding.
- 4.3.3 Generating and/or updating a procedural manual to remain on site at Ascensus' location that will detail the steps required by Ascensus to facilitate USAA's recovery from a Disaster.
- 4.3.4 Additional assistance as reasonably required by USAA at USAA's expense. USAA will document any required additional reasonable assistance in a separate Statement of Work and submit the Statement of Work to Ascensus in advance of any additional assistance required.

**EXHIBIT B**  
**BACKGROUND INVESTIGATION**

USAA has a critical need to protect the assets and security of its Members, employees, and Affiliates. Accordingly, it is imperative that Ascensus conduct or cause to be conducted comprehensive background investigations on certain Ascensus employees involved in Services under this Agreement in a Background Check Role as set forth herein. Ascensus represents to USAA that it has a comprehensive policy in place regarding employee background screening and verification. Ascensus, through its vendor risk assessment process, shall work with vendors with access to confidential information of participants in the Plan, to help ensure such vendors have in place appropriate employee background investigations, similar to that set forth in Section II. B. c) in this Exhibit B.

I. Definitions.

A. **“Background Check Role”** means a job role to accomplish the Services performed by any Ascensus employee who will have:

- a) Unescorted access to USAA premises;
- b) Will be in any USAA Member’s homes;
- c) Access to Customer or Employee Data;
- d) Access to USAA information technology systems; or
- e) Access to information deemed “restricted” by USAA.

B. **“Criminal Disposition”** means any conviction, guilty plea, adjudication of guilt, guilty verdict, nolo contendere, no contest plea or deferred dispositions such as deferred adjudications, prosecutions or pretrial diversions, from any court or tribunal, including a military court, military tribunal or court martial, involving:

- a) intentional injury or loss, to person or property, including crimes against minors and crimes involving violence;
- b) damage to property or injury of others while under the influence of alcohol or other substances (“Under the Influence/Damage to Property or Persons Dispositions”);
- c) theft, fraud, dishonesty, breach of trust, or money laundering; or
- d) the manufacture, sale, distribution of or trafficking of controlled or illegal substances.

Criminal Disposition does not include any non-conviction information such as arrest, pending charges, no action, nolle prosequi or nolle prosequi, dismissal with prejudice, acquittal information, or expunged or pardoned offenses relating to a) - d) above (“Non-conviction Information”) unless Applicable Law prohibits performance of the Background Check Role by an Ascensus employee based on Non-conviction Information.

C. **“Criminal Disposition Assessment”** means an individualized assessment that takes into consideration:

- a) the number, nature and gravity of the offense(s) that resulted in the Criminal Disposition(s); b) the time that has passed since the Criminal Disposition and/or completion of any sentence; c) the specific duties of the position and the nature of the Services to be performed; d) the person's age at the time of the offense; e) facts and circumstances surrounding the Criminal Disposition; f) the number of Criminal Dispositions; g) the Ascensus employee’s employment history before and after the Criminal Disposition; h) evidence of rehabilitation; i) character references; j) whether the person is bonded or bondable; and k) any other mitigating factors.

- D. "**Criminal Proceedings**" means a pending criminal charge, indictment, under any criminal law or statute. Criminal Proceeding does not include arrest alone.
- E. "**Personnel**" means Ascensus' employees, Subcontractors, or agents, and any employees, subcontractors or agents of Ascensus' Subcontractors.
- F. "**Plan-Specific Background Check Role**" means a role in which an Ascensus employee is specifically assigned to perform services for the Plan.

## II. Background Investigation and Self Reporting Requirement.

- A. **Background Investigation for Background Check Role.** Prior to any Services being performed by any Ascensus employee in a Background Check Role, Ascensus agrees that it shall cause to be completed a thorough background investigation (as set forth in Section II.B) on any such Ascensus employee who will be assigned to a Background Check Role.
- B. **Background Investigation.** Background investigations required by this Article shall:
  - a) be conducted in accordance with the industry standards best practices;
  - b) utilize current, compliant and accurate sources;
  - c) at a minimum, include an investigation for, and review of, any Criminal Dispositions in each of the following jurisdictions (or comparable international counterparts): a) the county/parish; b) state (other than Massachusetts); and c) federal, in which such Ascensus employee has resided at any time during the last seven (7) years and currently resides and has been for any part of the last seven (7) years and is currently employed, provided however that Criminal Dispositions from a military court, military tribunal or court martial may be obtained by Ascensus through the self-reporting requirement in Section II.(C); and
  - d) Ascensus also agrees to conduct recurring background checks every five (5) years by way of re-fingerprinting all Ascensus employees that have access to Protected Information. Ascensus shall conduct the fingerprinting and submit the fingerprint cards to FINRA for processing through the Central Registration Depository, and will result in a Department of Justice report on each fingerprinted employee with an arrest history and be handled and conducted in accordance with Applicable Law.
- C. **Self Reporting.** Ascensus shall require that Ascensus employees assigned to a Background Check Role disclose, prior to and during assignment, any conviction for a criminal offense to Ascensus or its corporate human resources department as permitted by Applicable Law.

## III. Assignment of Ascensus Employees to Background Check Role.

- A. **Criminal Dispositions - General:** For any Criminal Disposition revealed by Section II B and C, except for Criminal Dispositions Prohibited by Law as set forth in Section III. B, Ascensus, if it desires to assign an employee to a Background Check Role, shall conduct a Criminal Disposition Assessment to determine whether assignment of the employee to the particular Background Check Role is consistent with the safe and effective performance of the Services. In addition, Ascensus shall comply with the following:
  - a) For Criminal Dispositions under I B b) above (Under the Influence/Damage to Property or Persons Dispositions) and Services that do not require operating a motor vehicle, Ascensus may assign such employee to a Plan Specific Background Check Role if it has determined that such assignment is consistent with the safe and effective performance of the Services.

b) For all other Criminal Dispositions (that do not fall within Section I B b) and are not Criminal Dispositions Prohibited by Law as set forth in Section III.B), Ascensus shall not, without USAA's consent: (1) assign any Ascensus employee with such a Criminal Disposition to a Plan Specific Background Check Role, or (2) allow any Ascensus employee with such a Criminal Disposition to perform a Plan Specific Background Check Role. However, if Ascensus determines that it should assign an employee with such a Criminal Disposition to a Plan Specific Background Check Role after conducting Ascensus' Criminal Disposition Assessment, Ascensus shall provide written notice to USAA Procurement by completing the form set forth in Schedule A, Notice to USAA of Proposed Assignment of Ascensus Employee with a Criminal Disposition ("Schedule A"), which sets forth the reasoning it believes that the employee should be assigned, in particular, the relevant factors from the Ascensus' Criminal Disposition Assessment, and the nature of the Services to be performed by the employee, or if Applicable Law prohibits conducting a Criminal Disposition Assessment, such notice shall set forth the inability to conduct a Criminal Disposition Assessment and the nature of the Services to be performed by the employee. As provided in Schedule A, such notice shall keep the employee's identity anonymous, shall not contain any personally identifiable information and shall only include the relevant information from the background investigation. The notice shall not include or attach the results from the background investigation in its entirety. Upon receipt of such notice, USAA will review the assessment and shall, reasonably, and in accordance with Applicable Law, determine whether it will allow such employee to perform the Plan Specific Background Check Role.

**B. Criminal Dispositions Prohibited by Law** (industry- or state-specific requirements): Applicable Law may prohibit individuals with a particular type of Criminal Disposition from performing certain Services ("Criminal Dispositions Prohibited by Law"). Ascensus shall not assign any employee with Criminal Dispositions Prohibited by Law to perform such Services.

#### IV. Certification and Notice.

Prior to the effective date of this Amended and Restated USAA Private Label Agreement and upon request, Ascensus shall provide written certification to USAA, that the above described background investigations have been completed. Said certifications shall be executed by an authorized Representative of Ascensus and shall have all information required therein completed. A form of this certification is attached hereto as Schedule B, Background Certification – General. If it is discovered, by Ascensus, that any Ascensus employee in a Background Check Role has a Criminal Disposition that may disqualify that individual from being assigned in accordance with this Agreement, Ascensus shall, upon receipt of said information, perform a reasonable investigation relating to such Criminal Disposition, which may include performing a background investigation. If Ascensus determines, in accordance with Section II and Section III, that the Criminal Disposition disqualifies such employee from assignment in the Plan Specific Background Check Role, Ascensus shall remove such employee from assignment in the Plan Specific Background Check Role, and such employee shall not be reassigned to the Plan Specific Background Check Role without the prior written consent of USAA, such consent not be unreasonably withheld. USAA reserves the right to prevent any Personnel in a Background Check Role from coming on USAA's premises that is objectionable to USAA. Ascensus acknowledges and agrees that USAA's decision to prevent an Ascensus employee in a Plan Specific Background Check Role from providing Services to USAA does not obligate Ascensus or constitute a request to Ascensus to take any particular employment action with respect to that individual.

If Ascensus learns of any current Criminal Proceedings (other than a Criminal Proceeding involving damage to property or injury of others while under the influence of alcohol or other substances ("Under the Influence/Damage to Property or Persons Dispositions") and Services that do not require operating a motor vehicle and if it has determined that such assignment is consistent with the safe and effective performance of the Services) against any Ascensus employee in a Plan Specific Background Check Role during the USAA assignment, and if Ascensus desires to retain such employee in a Plan Specific Background Check Role, Ascensus must provide written notice to USAA within 72 hours; provided however that such notice shall keep the employee's identity anonymous, shall not contain any personally identifiable information and shall only include sufficient information from the Criminal Proceeding and the details of the Services that such employee performs (including the type of Plan Specific Background Check Role) in order for USAA to conduct a Criminal Disposition Assessment

V. Proof of Employment Eligibility.

Ascensus represents that to the best of its knowledge: (i) all Ascensus employees are legally authorized to be employed by Ascensus in the United States or if Services are in the future performed outside of the United States, that each employee is legally authorized to work in the country in which they will be performing Services; (ii) all of Ascensus employees' names and social security numbers (or employment, insurance, or similar nationally recognized unique federal identifying numbers) match; and (iii) Ascensus shall not permit any Ascensus employee to provide Services to USAA unless and until Ascensus has satisfied the representations in this Section. In addition, for Services performed in the United States: (i) Ascensus has a properly completed Form I-9 for each such Ascensus employee evidencing the individual's identity and current authorization to work as required by Form I-9; (ii) Ascensus shall re-verify each such employee's authorization to work, to the extent such re-verification is required by Form I-9 during the time that the employee is providing Services to USAA. The parties acknowledge that Services are not currently provided outside the United States. If Services are performed outside of the United States in the future, Ascensus shall complete any applicable forms and shall fulfill all requirements for the employee to be legally authorized to be employed and/or provide Services in such country. As part of Ascensus' internal business procedures, Ascensus shall maintain worker eligibility compliance procedures consistent with the requirements of this Section.

VI. Audit Rights.

- A. USAA reserves the right to audit, at USAA's sole expense, Ascensus' background investigation process and compliance with this Article by, at USAA's sole election: 1.) auditing Ascensus' background investigation process to assure that Ascensus is in compliance with the above background investigation requirements; and/or 2.) auditing Ascensus' Form I-9 process, or a similar process in a non-United States jurisdiction to ensure that the process is designed for compliance with all Form I-9 or relevant requirements, the Proof of Employment Eligibility Requirements in the article above. USAA shall provide reasonable notice of any audit and shall conduct any such audit during regular business hours.
- B. For an audit of Ascensus' background investigation process, Ascensus shall provide USAA with redacted copies of the background investigations of the Ascensus employee providing Services in a Background Check Role to USAA under this Agreement and requested by USAA. Likewise, Ascensus shall provide USAA with a written description of its Form I-9 process, or similar process in a non-United States jurisdiction (if applicable), and procedures and permit

USAA to discuss those processes and procedures with the name of the individual responsible for ensuring Form I-9 compliance for Ascensus. Additionally, Ascensus shall provide other documentation requested by USAA that is necessary to conduct its audit (for example, individualized assessment analysis redacted for any information that could be used to identify an employee, USAA shall not have the right to inspect any actual Form I-9 or similar authorization associated with any particular employee.

**Schedule A to EXHIBIT B**

**NOTICE TO USAA OF PROPOSED ASSIGNMENT OF  
ASCENSUS EMPLOYEE WITH A CRIMINAL DISPOSITION**

**THIS NOTICE SHOULD NOT IDENTIFY THE ASCENSUS EMPLOYEE BY NAME AND SHOULD NOT  
INCLUDE ANY PERSONALLY IDENTIFIABLE INFORMATION. DO NOT ATTACH THE RESULTS  
OF THE BACKGROUND INVESTIGATION TO THIS FORM.**

USAA Contract Control No.: \_\_\_\_\_

Plan Specific Background Check Role/Title: \_\_\_\_\_

Job Description/Detail:

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[Please provide details of the Services that will be performed by the Employee]

Relevant Criminal Disposition: \_\_\_\_\_

Reasoning that ASCENSUS has determined, after conducting its own Criminal Disposition Assessment, that  
Ascensus employee should be assigned to a Plan Specific Background Check Role. Include factors considered in  
ASCENSUS' Criminal Disposition Assessment:

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**THIS NOTICE SHOULD BE SENT TO  
THE USAA CONTRACT SIGNATORY FOR THE AGREEMENT**

**Schedule B to EXHIBIT B**

**BACKGROUND CERTIFICATION - GENERAL**  
**(Required when Ascensus Employees will have Access to Plan Participant Data)**

The undersigned on behalf of Ascensus hereby certifies to United Services Automobile Association that any Ascensus Employee, that has been or shall be given access to Plan Participant and Employee Data has, or will have, prior to said access: i) passed a background check, and ii) had name and social security number properly matched and verified by Ascensus; each in compliance with the Agreement dated \_\_\_\_\_ with USAA Contract Control Number: \_\_\_\_\_, by \_\_\_\_\_ and \_\_\_\_\_ between USAA and \_\_\_\_\_ (“Ascensus”).

Authorized Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**THIS NOTICE SHOULD BE SENT TO  
THE USAA CONTRACT SIGNATORY FOR THE AGREEMENT**

**CONSENT OF BOARD OF TRUSTEES**

USAA Private Label Product Agreement

**Consent of State of Nevada  
Board of Trustees of the College Savings Plans of Nevada**

The State of Nevada Board of Trustees of the College Savings Plans of Nevada, acting by and through its Administrator, the State Treasurer of the State of Nevada (“State”), hereby consents, pursuant to Section 2.2 of the Direct Program Management Agreement attached as Attachment A to the Contract for Services of Independent Contractor between the State and Ascensus Broker Dealer Services, Inc. (formerly known as Upromise Investments, Inc.), to the execution, delivery, performance of, and compliance with Amendment #16 to the USAA Private Label Product Agreement attached hereto among Ascensus Broker Dealer Services, Inc., Ascensus Investment Advisors, LLC, Ascensus College Savings Recordkeeping Services, LLC, and USAA Investment Management Company.

Dated: September 22, 2016

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

By: \_\_\_\_\_  
Chair of the Board  
State Treasurer

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 7**  
**September 22, 2016**

**Item: Supplement to the USAA 529 College Savings Plan  
Plan Description and Participation Agreement**

**Recommendation:**

**That the Board review and approve a supplement to the  
USAA 529 College Savings Plan Description and Participation  
Agreement per NRS 353B.370; or direct staff as appropriate.**

Fiscal Impact:  
None.

Summary:

Under NRS 353B.370 the Board must approve all marketing materials for each plan within the Nevada College Savings Program.

This supplement to the USAA 529 College Savings Plan Description and Participation Agreement, dated January 2016, reflects the removal of the USAA Real Return Fund as an underlying fund from the following portfolios: Very Aggressive, Aggressive Growth, Growth, Moderately Aggressive, Moderate, Moderately Conservative, Conservative, and Very Conservative.

Chris Smith of USAA will be available to answer questions.



**SUPPLEMENT DATED SEPTEMBER 2016  
TO THE  
USAA 529 COLLEGE SAVINGS PLAN™  
PLAN DESCRIPTION AND PARTICIPATION AGREEMENT  
DATED JANUARY 2016**

Please read this important Supplement to the USAA 529 COLLEGE SAVINGS PLAN™ Plan Description and Participation Agreement (Plan Description) and file it with your records. All defined terms used in this Supplement have the same meanings as in the Plan Description, unless otherwise specified.

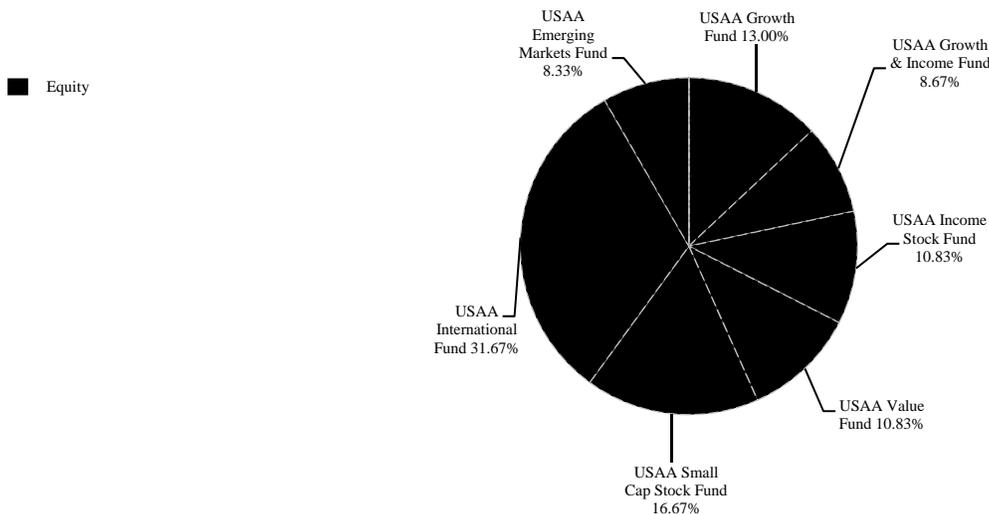
*At the June 21, 2016, Board meeting, USAA proposed that the USAA Real Return Fund should be removed as an underlying USAA Fund in the Portfolios containing the USAA Real Return Fund, and the Board approved the proposal. Therefore, effective on or about October 31, 2016, the USAA Real Return Fund will no longer be an underlying USAA Fund for the following Portfolios: Very Aggressive, Aggressive Growth, Growth, Moderately Aggressive, Moderate, Moderately Conservative, Conservative, and Very Conservative. The allocation of the remaining underlying USAA Funds in those Portfolios will change as set forth below.*

*All references to the USAA Real Return Fund found throughout the Plan Description are hereby deleted, including, but not limited to, the sub-section titled "Alternative Fund" under the section titled "Additional Investment Information" on page 36 of the Plan Description, and the sub-section titled "Underlying USAA Alternative Funds: Main Risk" under the section titled "Portfolio Risks" on pages 68-74 of the Plan Description.*

*The information found on pages 21-29 of the Plan Description is hereby deleted and replaced with the following:*

The pie charts under each heading represent target allocations for Portfolios found in the two different options, as labeled below.<sup>1,2</sup> Please see page 20.

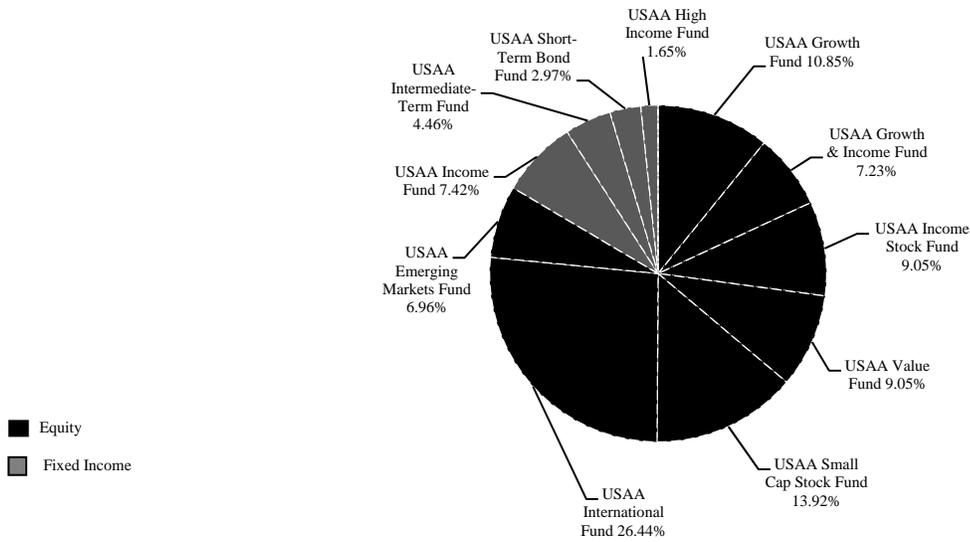
**Very Aggressive Portfolio  
Fixed-Allocation Option  
Age of Designated Beneficiary 0-2 Years  
Age-Based Option**



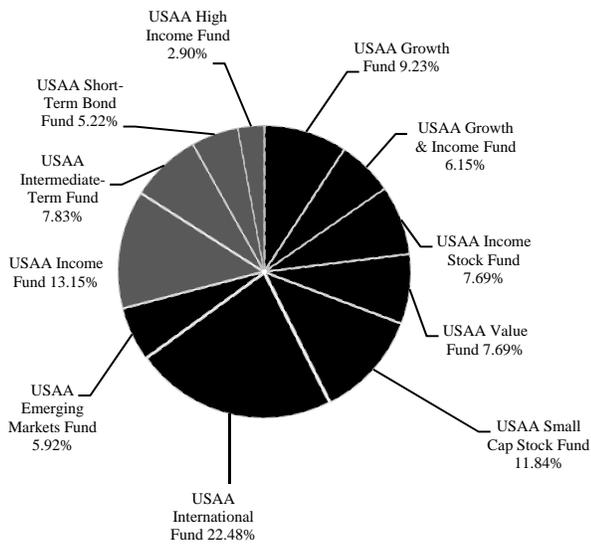
<sup>1</sup>Each Portfolio has the ability to invest up to 5% of assets in cash or cash-type securities (high-quality, short-term debt securities issues by corporations, financial institutions, the U.S. Government, or foreign governments).

<sup>2</sup>The target investment mix shown for each option is subject to change by the Board at its discretion.

**Aggressive Growth Portfolio**  
**Fixed Allocation Option**  
**Age of Designated Beneficiary 3-4 Years**  
**Age-Based Option**



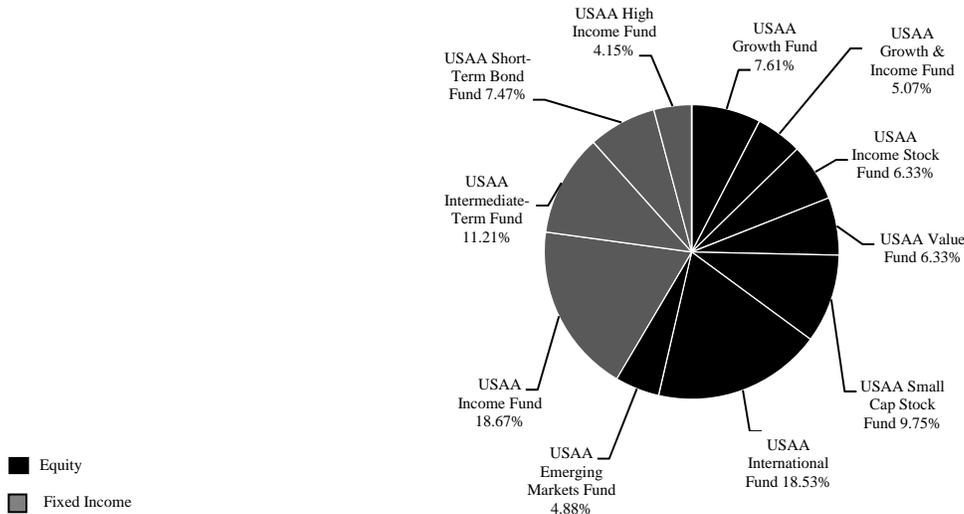
**Growth Portfolio**  
**Fixed-Allocation Option**  
**Age of Designated Beneficiary 5-6 Years**  
**Age-Based Option**



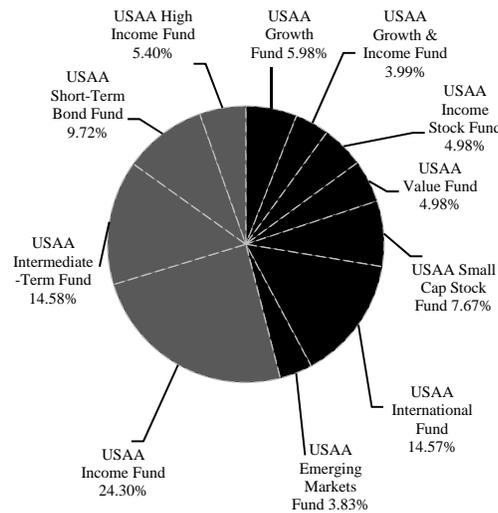
<sup>1</sup> Each Portfolio has the ability to invest up to 5% of assets in cash or cash-type securities (high-quality, short-term debt securities issues by corporations, financial institutions, the U.S. Government, or foreign governments).

<sup>2</sup> The target investment mix shown for each option is subject to change by the Board at its discretion.

**Moderately Aggressive Portfolio**  
**Fixed-Allocation Option**  
**Age of Designated Beneficiary 7-8 Years**  
**Age-Based Option**



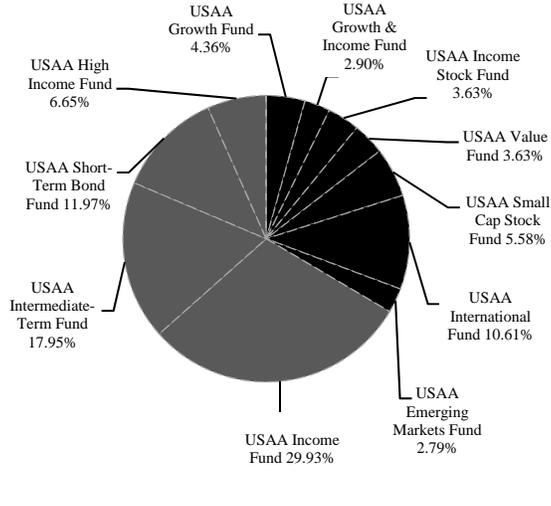
**Moderate Portfolio**  
**Fixed-Allocation Option**  
**Age of Designated Beneficiary 9-11 Years**  
**Age-Based Option**



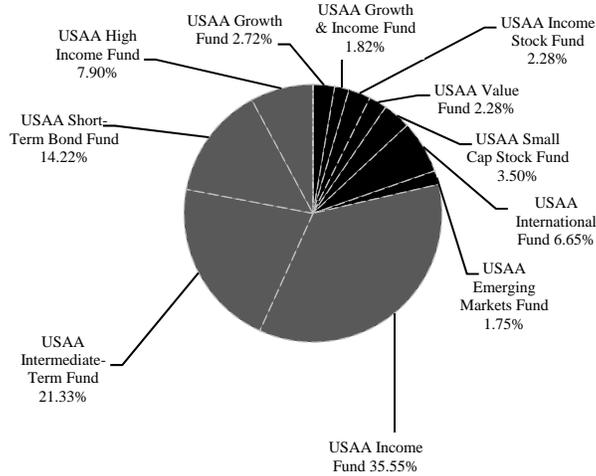
<sup>1</sup> Each Portfolio has the ability to invest up to 5% of assets in cash or cash-type securities (high-quality, short-term debt securities issues by corporations, financial institutions, the U.S. Government, or foreign governments).

<sup>2</sup> The target investment mix shown for each option is subject to change by the Board at its discretion.

**Moderately Conservative Portfolio**  
**Fixed-Allocation Option**  
**Age of Designated Beneficiary 12-13 Years**  
**Age-Based Option**



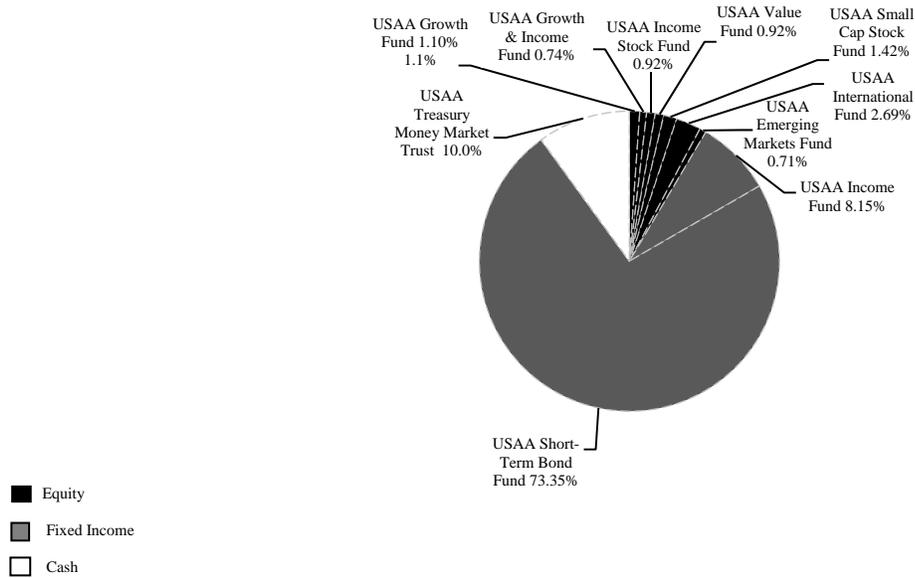
**Conservative Portfolio**  
**Fixed-Allocation Option**  
**Age of Designated Beneficiary 14-15 Years**  
**Age-Based Option**



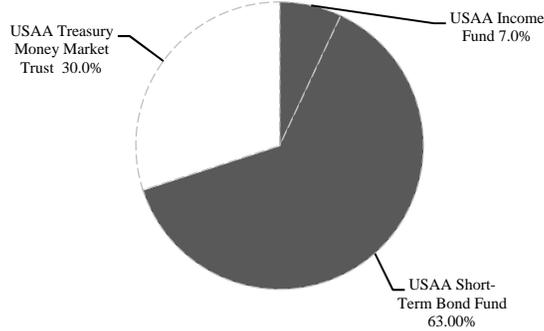
<sup>1</sup> Each Portfolio has the ability to invest up to 5% of assets in cash or cash-type securities (high-quality, short-term debt securities issues by corporations, financial institutions, the U.S. Government, or foreign governments).

<sup>2</sup>The target investment mix shown for each option is subject to change by the Board at its discretion.

**Very Conservative Portfolio<sup>3</sup>**  
**Fixed-Allocation Option**  
**Age of Designated Beneficiary 16-17 Years**  
**Age-Based Option**



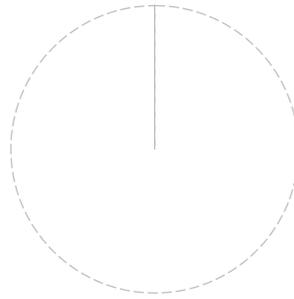
**In College Portfolio<sup>3</sup>**  
**Fixed Allocation Option**  
**Age of Designated Beneficiary 18+ Years**  
**Age-Based Option**



<sup>3</sup>The Very Conservative and In College Portfolios' investment in the USAA Treasury Money Market Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of the investment at \$1 per share, it is possible that the Portfolio may lose money by investing in the Fund.

## Preservation of Capital Portfolio<sup>3</sup>

Cash



USAA Treasury  
Money Market  
Trust  
100%

<sup>3</sup>The Preservation of Capital Portfolio's investment in the USAA Treasury Money Market Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of the investment at \$1 per share, it is possible that the Portfolio may lose money by investing in the Fund.

*The Average Annual Total Returns chart found on page 32 of the Plan Description is updated to reflect returns as of June 30, 2016.*

		Average Annual Total Returns for the Period Ended June 30, 2016				
Fixed Allocation Portfolios*	Age-Based Portfolios*	1 Year	3 Years	5 Years	10 Years	Since Inception**
Very Aggressive	0-2 Years	-4.85%	—	—	—	-3.02%
Aggressive Growth	3-4 Years	-3.48%	5.33%	5.17%	4.69%	5.53%
Growth	5-6 Years	-2.33%	5.20%	5.10%	4.93%	5.69%
Moderately Aggressive	7-8 Years	-1.16%	4.95%	4.91%	5.28%	5.84%
Moderate	9-11 Years	-0.05%	4.68%	4.64%	5.36%	5.56%
Moderately Conservative	12-13 Years	1.10%	—	—	—	0.55%
Conservative	14-15 Years	2.12%	3.00%	3.04%	4.48%	4.40%
Very Conservative	16-17 Years	1.40%	—	—	—	1.11%
In College	18+ Years	1.55%	2.48%	2.67%	3.94%	3.56%
Preservation of Capital		0.00%	0.00%	0.00%	—	0.01%

\* Since the Plan's inception date, the Underlying Funds have changed and may change in the future. The Portfolios reflect the performance of Underlying Funds that are no longer included in the Portfolios.

\*\* The inception date for the Preservation of Capital Portfolio is September 1, 2009, and June 3, 2002, for all other USAA 529 College Savings Plan Portfolios.

The table found on pages 52 of the Plan Description is updated to reflect the Estimated Underlying Fund Expenses, Total Annual Asset-Based Fees, and Example of Investment Costs as of September 30, 2016.

Investment Options (Portfolios)	Estimated Underlying Funds' Weighted-Average Expense Ratio*	Program Management Fee**	Total Annual Asset-Based Expenses	Annual Minimum-Balance Fee***
Very Aggressive	0.98%	0.15%	1.13%	\$10
Aggressive Growth	0.90%	0.15%	1.05%	\$10
Growth	0.85%	0.15%	1.00%	\$10
Moderately Aggressive	0.79%	0.15%	0.94%	\$10
Moderate	0.74%	0.15%	0.89%	\$10
Moderately Conservative	0.68%	0.15%	0.83%	\$10
Conservative	0.63%	0.15%	0.78%	\$10
Very Conservative	0.54%	0.15%	0.69%	\$10
In College	0.50%	0.15%	0.65%	\$10
Preservation of Capital	0.52%	0.00% <sup>†</sup>	0.52%	\$10

\* Each Account in each Portfolio indirectly bears Underlying Fund Expenses. Underlying Fund Expenses include a mutual fund's investment advisory fees and administrative fees, which are paid to USAA, and other expenses. Estimated Underlying Fund Expenses are based on the weighted average of the expense ratio of each underlying mutual fund for that fund's most recent fiscal year as reported in the fund's current prospectus as of the date of this Plan Description or, if such prospectus does not include the fund's expense ratio for its most recent fiscal year, as reported in the fund's annual report to shareholders for that year. The weighted average for each Portfolio other than the Preservation of Capital was determined by using the allocation of the Portfolio's assets in the underlying mutual funds as of September 30, 2016. For Preservation of Capital Portfolio, the weighted average was determined by assuming the allocation of all the Portfolio's assets in the USAA Treasury Money Market Trust.

\*\* The Program Management Fee will cover the State and Administrative Fees.

\*\*\* Note: The Annual Minimum-Balance Fee is waived in certain circumstances as described above.

<sup>†</sup>The Program Management Fee is waived for the Preservation of Capital Portfolio.

The tables found on pages 53 and 54 are updated to reflect the new Example of Investment Costs as of September 30, 2016.

**Nevada Residents and Other Accounts**

Investment Options	1 Year	3 Years	5 Years	10 Years
Very Aggressive	115	\$359	\$622	\$1,375
Aggressive Growth	\$107	\$334	\$579	\$1,283
Growth	\$102	\$318	\$552	\$1,225
Moderately Aggressive	\$96	\$300	\$520	\$1,155
Moderate	\$91	\$284	\$493	\$1,096
Moderately Conservative	\$85	\$265	\$460	\$1,025
Conservative	\$80	\$249	\$433	\$966
Very Conservative	\$70	\$221	\$384	\$859
In College	\$66	\$208	\$362	\$810
Preservation of Capital	\$53	\$167	\$291	\$653

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 8**  
**September 22, 2016**

**Item:** Board review and approve Amendment 4 to the SSGA Upromise 529 Operational Agreement and the resulting supplement to the SSGA Upromise 529 Plan Disclosure Document and Participation Agreement.

**Recommendation:**

**Board review and approval of Amendment 4 to the SSGA Upromise 529 Operational Agreement which reflects the transition of the SSGA 2015 College Portfolio into the SSGA College Today Portfolio and the new minimum contribution amount through the Automatic Investment Program; and the resulting supplement to the SSGA Upromise 529 Plan Description and Participation Agreement.**

**Fiscal:**

None to the Board.

**Summary:**

Under NRS 353B.370 the Board must approve all marketing materials for each plan within the Nevada College Savings Program.

Amendment 4 to the SSGA Upromise 529 Operational Agreement reflects the transition of the SSGA College 2015 Portfolio into the SSGA College Today Portfolio which will occur on September 30, 2016. Additionally, the minimum contribution amount for the Automatic Investment Program is now lowered to \$15 from \$50.

This supplement to the SSGA Upromise 529 College Savings Plan Description and Participation Agreement, dated March 2016, is

needed to notice current and prospective participants of these changes to the Plan.

Anthony Scola from SSGA will be available to comment on the recommendations.

**Fourth Amendment to the Nevada College Savings Program  
SSgA Upromise 529 Operational Agreement**

This Fourth Amendment dated as of September 30, 2016 (“**Amendment**”), by and among Ascensus Broker Dealer Services, Inc. (f/k/a Upromise Investments, Inc.), a Delaware corporation (“**ABD**”), Ascensus Investment Advisors, LLC (f/k/a Upromise Investment Advisors, LLC), a Delaware limited liability company (“**AIA**”), Ascensus College Savings Recordkeeping Services, LLC (f/k/a Upromise Investments Recordkeeping Services, LLC), a Delaware limited liability company (“**ACSR**”, and collectively with ABD and AIA, the “**Ascensus College Savings Parties**”), State Street Global Advisors, a division of State Street Bank and Trust Company (“**SSgA**”) a Massachusetts corporation with a principal place of business in Boston, Massachusetts and the Board of Trustees of the College Savings Plans of Nevada (the “**Board**”), acting through the State Treasurer as Administrator (the “**Treasurer**”), is made to the Nevada College Savings Program SSgA Upromise 529 Operational Agreement dated as of January 26, 2012, as amended (the “**Agreement**”).

**WHEREAS**, the parties wish to amend the Agreement; and

**WHEREAS**, the parties wish to update the Agreement to reflect changes to the Permitted Investments.

**NOW, THEREFORE**, in consideration of the mutual promises contained herein, the parties agree as follows:

1. General Terms. This Amendment is intended to amend, and operate in conjunction with, the Agreement, and together this Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties with respect to the matters addressed herein and therein. Except as amended hereunder, the Agreement remains in full force and effect. Unless otherwise defined herein, capitalized terms used in this Amendment shall have the meaning assigned to them in the Agreement. In the event of a conflict between the terms of the Agreement and the terms of this Amendment, the terms of this Amendment shall control.
2. Amendments.
  - a. Effective as of September 30, 2016 Schedule A to the Agreement shall be deleted in its entirety and replaced with the Schedule A attached to this Amendment.
  - b. Effective as of September 30, 2016, Schedule A-1 to the Agreement shall be deleted in its entirety and replaced with the Schedule A-1 attached to this Amendment.

3. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. This Amendment shall become binding when any two or more counterparts, individually or taken together, bear the signatures of all parties hereto. For purposes hereof, a facsimile copy of this Amendment, including the signature pages hereto, shall be deemed an original.

*[Remainder of page intentionally blank]*

**IN WITNESS WHEREOF**, each of the Parties hereto has caused this Amendment to the Nevada College Savings Program SSgA Upromise 529 Operational Agreement to be executed in its name and on its behalf by its duly authorized representative as of the date specified below.

ASCENSUS BROKER DEALER SERVICES, INC.

By its authorized officer

By: \_\_\_\_\_  
Title:  
Date:

ASCENSUS INVESTMENT ADVISORS, LLC

By its authorized officer

By: \_\_\_\_\_  
Title:  
Date:

ASCENSUS COLLEGE SAVINGS  
RECORDKEEPING SERVICES, LLC

By its authorized officer

By: \_\_\_\_\_  
Title:  
Date:

STATE STREET GLOBAL ADVISORS,  
A DIVISION OF STATE STREET BANK &  
TRUST COMPANY

By its authorized officer

By: \_\_\_\_\_  
Title:  
Date:

THE BOARD OF TRUSTEES  
OF THE COLLEGE SAVINGS PLANS  
OF NEVADA

By: \_\_\_\_\_  
Title: Chair, Board of Trustees  
College Savings Plans of Nevada  
Date:

SCHEDULE A

Plan Investment Options: Designated Portfolios and Permitted Investments  
As of the Effective Date September 30, 2016

Strategic Allocations for Proposed College Date Portfolios

<b>Ticker</b>	<b>Permitted Investment</b>	<b>College 2033</b>	<b>College 2030</b>	<b>College 2027</b>	<b>College 2024</b>	<b>College 2021</b>	<b>College 2018</b>	<b>College Today</b>
SSSYX	State Street Equity 500 Index Fund - Class K	36.75%	34.17%	28.66%	21.67%	11.33%	0.00%	0.00%
MDY	SPDR S&P Midcap 400 ETF	3.84 %	3.17 %	2.25 %	1.50 %	0.67 %	0.00%	0.00%
SLY	SPDR S&P 600 Small Cap ETF	3.84 %	3.17 %	2.25 %	1.50 %	0.67 %	0.00%	0.00%
	<b>Total US Equity</b>	<b>44.43%</b>	<b>40.51%</b>	<b>33.16%</b>	<b>24.67%</b>	<b>12.67%</b>	<b>0.00%</b>	<b>0.00%</b>
RWR	SPDR Dow Jones REIT ETF	7.00%	6.67 %	5.75 %	5.00 %	3.00 %	0.00%	0.00%
RWX	SPDR Dow Jones REIT International Real Estate ETF	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<b>Total REIT</b>	<b>7.00%</b>	<b>6.67%</b>	<b>5.75%</b>	<b>5.00%</b>	<b>3.00%</b>	<b>0.00%</b>	<b>0.00%</b>
GWL	SPDR S&P World Ex-US ETF	18.33%	15.65%	11.67%	7.67%	3.33%	0.00%	0.00%
GWX	SPDR S&P International Small Cap ETF	0.75%	0.67%	0.50%	0.42%	0.17%	0.00%	0.00%
SSKEX	State Street Emerging Markets Equity Index Fund - Class K	7.84%	6.50%	3.92%	2.25%	0.83%	0.00%	0.00%
EWX	SPDR S&P Emerging Markets Small Cap ETF	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

	<b>Total International &amp;EM Equity</b>	<b>26.92%</b>	<b>22.82%</b>	<b>16.09%</b>	<b>10.34%</b>	<b>4.33%</b>	<b>0.00%</b>	<b>0.00%</b>
	<b>Total Equity &amp;Real Estate</b>	<b>78.35%</b>	<b>70.00%</b>	<b>55.00%</b>	<b>40.01%</b>	<b>20.00%</b>	<b>0.00%</b>	<b>0.00%</b>
BNDS	SPDR Barclays Aggregate Bond ETF	15.15%	22.50%	33.35%	39.28%	42.50%	38.67%	0.00%
IPE	SPDR Barclays TIPS ETF	5.00%	6.17%	9.00%	10.00%	8.33%	3.33%	0.00%
WIP	SPDR Citi Int'l Gov't Inflation-Protected Bond ETF	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
JNK	SPDR Barclays High Yield Bond ETF	1.50%	1.33 %	0.92 %	0.58 %	0.17 %	0.00%	0.00%
SCPB	SPDR Barclays Short Term Corporate Bond ETF	0.00%	0.00%	0.00%	3.33%	17.83%	34.00%	40.00%
	<b>Total Fixed Income</b>	<b>21.65%</b>	<b>30.00%</b>	<b>43.27%</b>	<b>53.19%</b>	<b>68.83%</b>	<b>76.00%</b>	<b>40.00%</b>
TRIXX	State Street Inst'l Treasury Money Market Fund	0.00%	0.00%	1.73%	6.80 %	11.17%	24.00%	60.00%
	<b>Total Money Market</b>	<b>0.00%</b>	<b>0.00%</b>	<b>1.73%</b>	<b>6.80%</b>	<b>11.17%</b>	<b>24.00%</b>	<b>60.00%</b>
	<b>Total Portfolio</b>	<b>100.00%</b>						

(Note: Allocations will change as each dated portfolio moves closer to the then-current date)

<b>Ticker</b>	<b>Permitted Investment</b>	<b>Aggressive</b>	<b>Moderate</b>	<b>Conservative</b>
SSSYX	State Street Equity 500 Index Fund - Class K	<u>45.00%</u>	<u>25.50%</u>	<u>0.00%</u>
MDY	SPDR S&P Midcap 400 ETF	<u>5.00%</u>	<u>2.00%</u>	<u>0.00%</u>
SLY	SPDR S&P 600 Small Cap ETF	<u>5.00%</u>	<u>2.00%</u>	<u>0.00%</u>
	<b>Total US Equity</b>	<u>55.00%</u>	<u>29.50%</u>	<u>0.00%</u>
RWR	SPDR Dow Jones REIT ETF	<u>8.00%</u>	<u>5.50%</u>	<u>0.00%</u>
RWX	SPDR Dow Jones REIT International Real Estate ETF	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
	<b>Total REIT</b>	<u>8.00%</u>	<u>5.50%</u>	<u>0.00%</u>
GWL	SPDR S&P World Ex-US ETF	<u>24.00%</u>	<u>11.00%</u>	<u>0.00%</u>
GWX	SPDR S&P International Small Cap ETF	<u>1.00%</u>	<u>0.50%</u>	<u>0.00%</u>
SSKEX	State Street Emerging Markets Equity Index Fund - Class K	<u>12.00%</u>	<u>3.50%</u>	<u>0.00%</u>
EWX	SPDR S&P Emerging Markets Small Cap ETF	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
	<b>Total International &amp; EM Equity</b>	<u>37.00%</u>	<u>15.00%</u>	<u>0.00%</u>
	<b>Total Equity &amp; Real Estate</b>	<u>100.00%</u>	<u>50.00%</u>	<u>0.00%</u>

BNDS	SPDR Barclays Aggregate Bond ETF	<u>0.00%</u>	<u>35.25%</u>	<u>20.00%</u>
IPE	SPDR Barclays TIPS ETF	<u>0.00%</u>	<u>10.00%</u>	<u>0.00%</u>
WIP	SPDR Citi Int'l Gov't Inflation- Protected Bond ETF	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
JNK	SPDR Barclays High Yield Bond ETF	<u>0.00%</u>	<u>0.75%</u>	<u>0.00%</u>
SCPB	SPDR Barclays Short Term Corporate Bond ETF	<u>0.00%</u>	<u>0.00%</u>	<u>35.00%</u>
	<b>Total Fixed Income</b>	<u>0.00%</u>	<u>46.00%</u>	<u>55.00%</u>
TRIXX	State Street Inst'l Treasury Money Market Fund	<u>0.00%</u>	<u>4.00%</u>	<u>45.00%</u>
	<b>Total Cash</b>	<u>0.00%</u>	<u>4.00%</u>	<u>45.00%</u>
	<b>Total Portfolio</b>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

## STATIC PORTFOLIOS

<u>UNDERLYING INVESTMENT TICKER</u>	<u>DESIGNATED PORTFOLIOS</u>
<u>SPY</u>	<u>SPDR S&amp;P 500 ETF Portfolio</u>
<u>MDY</u>	<u>SPDR S&amp;P Midcap 400 Portfolio</u>
<u>SLY</u>	<u>SPDR S&amp;P 600 Small Cap ETF Portfolio</u>
<u>GWL</u>	<u>SPDR S&amp;P World ex-US ETF Portfolio</u>
<u>GWX</u>	<u>SPDR S&amp;P International Small Cap ETF Portfolio</u>
<u>GMM</u>	<u>SPDR S&amp;P Emerging Markets ETF Portfolio</u>
<u>EWX</u>	<u>SPDR S&amp;P Emerging Markets Small Cap ETF Portfolio</u>
<u>RWR</u>	<u>SPDR Dow Jones REIT ETF Portfolio</u>
<u>RWX</u>	<u>SPDR Dow Jones REIT International Real Estate ETF Portfolio</u>
<u>BNDS</u>	<u>SPDR Barclays Aggregate Bond ETF Portfolio</u>
<u>IPE</u>	<u>SPDR Barclays TIPS ETF Portfolio</u>
<u>WIP</u>	<u>SPDR Citi International Government-Inflation-Protected Bond ETF Portfolio</u>
<u>JNK</u>	<u>SPDR Barclays High Yield Bond ETF Portfolio</u>
<u>SCPB</u>	<u>SPDR Barclays Short Term Corporate Bond ETF Portfolio</u>
<u>BIL</u>	<u>SPDR 1-3 Month T-Bill ETF Portfolio</u>

**SCHEDULE A-1**  
**Tactical Allocation Ranges for Multi-Fund Designated Portfolios**

**College Date Portfolios**

(Note: Allocations will change as each dated portfolio moves closer to the then-current date)

<b>Ticker</b>	<b>Permitted Investment</b>	<b>College 2033</b>	<b>College 2030</b>	<b>College 2027</b>	<b>College 2024</b>	<b>College 2021</b>	<b>College 2018</b>	<b>College Today</b>
SSSYX	State Street Equity 500 Index Fund - Class K	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	N/A
MDY	SPDR S&P Midcap 400	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	N/A
SLY	SPDR S&P 600 Small Cap ETF	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	N/A
GWL	SPDR S&P World ex-US ETF	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	N/A
GWX	SPDR S&P International Small Cap ETF	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	N/A
SSKEX	State Street Emerging Markets Equity Index Fund - Class K	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	N/A
EWX	SPDR S&P Emerging Markets Small Cap ETF	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	N/A
RWR	SPDR Dow Jones REIT ETF	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	N/A
RWX	SPDR Dow Jones REIT International Real Estate ETF	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	N/A
BNDS	SPDR Barclays Aggregate Bond ETF	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%
IPE	SPDR Barclays TIPS ETF	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%

WIP	SPDR Citi International Government- Inflation- Protected Bond ETF	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%
JNK	SPDR Barclays High Yield Bond ETF	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%
SCPB	SPDR Barclays Short Term Corporate Bond ETF	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%
TRIXX	State Street Institutional Treasury Money Market Fund	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%

**Asset Allocation Portfolios**

<b>Ticker</b>	<b>Permitted Investment</b>	<b>Aggressive Portfolio</b>	<b>Moderate Portfolio</b>	<b>Conservative Portfolio</b>
SSSYX	State Street Equity 500 Index Fund - Class K	+/-10%	+/-10%	N/A
MDY	SPDR S&P Midcap 400 ETF	+/-10%	+/-10%	<u>0.00%</u>
SLY	SPDR S&P 600 Small Cap ETF	+/-10%	+/-10%	<u>0.00%</u>
GWL	SPDR S&P World ex-US ETF	+/-10%	+/-10%	<u>N/A</u>
GWX	SPDR S&P International Small Cap ETF	+/-5%	+/-5%	<u>N/A</u>
SSKEX	State Street Emerging Markets Equity Index Fund - Class K	+/-10%	+/-10%	<u>N/A</u>
EWX	SPDR S&P Emerging Markets Small Cap ETF	+/-5%	+/-5%	<u>N/A</u>
RWR	SPDR Dow Jones REIT ETF	+/-5%	+/-5%	<u>N/A</u>
RWX	SPDR Dow Jones REIT International Real Estate ETF	+/-5%	+/-5%	<u>N/A</u>
BNDS	SPDR Barclays Aggregate Bond ETF	+/-10%	+/-10%	+/-10%
IPE	SPDR Barclays TIPS ETF	+/-10%	+/-10%	+/-10%
WIP	SPDR Citi International Government-Inflation-Protected Bond ETF	+/-5%	+/-5%	+/-5%
JNK	SPDR Barclays High Yield Bond ETF	+/-10%	+/-10%	+/-10%
SCPB	SPDR Barclays Short Term Corporate Bond ETF	+/-15%	+/-15%	+/-15%
TRIXX	State Street Institutional Treasury Money Market Fund	+/-15%	+/-15%	+/-15%

**SUPPLEMENT DATED SEPTEMBER 2016 TO THE  
SSGA UPROMISE 529 PLAN  
PLAN DESCRIPTION AND PARTICIPATION AGREEMENT  
DATED MARCH 2016**

**This Supplement describes important changes affecting the SSGA Upromise 529 Plan. Unless otherwise indicated, capitalized terms have the same meaning as those in the Plan Description.**

**I. SSGA College 2015 Portfolio Transitioning into SSGA College Today Portfolio Effective September 30, 2016**

SSGA College 2015 Portfolio reached its target year in 2015 and the transition of its assets to the same asset allocation as the SSGA College Today Portfolio is complete. Accordingly, effective after the close of the New York Stock Exchange on September 29, 2016, contributions directed into the SSGA College 2015 Portfolio will be invested in the SSGA College Today Portfolio and the assets of the SSGA College 2015 Portfolio will be automatically transitioned into the SSGA College Today Portfolio (the "Transition"). Upon completion of the Transition, the SSGA College 2015 Portfolio will cease to exist and Account Owners of the SSGA College 2015 Portfolio will automatically become Account Owners of the SSGA College Today Portfolio. Effective September 30, 2016, all future contributions that previously would have been directed to the SSGA College 2015 Portfolio will be invested in the SSGA College Today Portfolio. The Transition will not count towards one of your twice per year permissible investment exchanges.

Effective September 30, 2016, all references to and descriptions of the SSGA College 2015 Portfolio found in the Plan Description and Participation Agreement are hereby deleted.

**II. Minimum Contribution for Recurring Contribution Lowered**

The minimum amount required to contribute to an account with recurring contributions has been reduced to \$15 per month or \$45 per quarter. Accordingly the Plan Description and Participation are hereby amended as follows.

*The following replaces the first sentence in the row entitled "Minimum Contribution" in the "Plan Highlights" section on page 1 of the Plan Description:*

Initial Contribution: \$15 lump sum contribution, or \$15 per month or \$45 per quarter with a recurring contribution.

*The following replaces the first paragraph in the section entitled "Contributions" on page 7 of the Plan Description:*

The Board establishes, and may change, the minimum initial contribution limits as it deems appropriate. There is no specific deadline for the use of assets in an account to pay for Qualified Higher Education Expenses. However, the Board may establish a maximum duration for the account. The minimum initial investment in the Plan is \$15 for a lump sum contribution by check or electronic funds transfer ("EFT"). Any additional contributions by check or EFT must be at least \$15. However, Account Owners who are members of the Upromise Service may also make additional contributions through the Upromise Service with a minimum transfer amount of \$25. An Account Owner may also elect to sign up for a recurring contribution with a minimum contribution of \$15 per month or \$45 per quarter, or sign up for payroll deduction with a minimum contribution of \$15 per paycheck. Account Owners may receive a minimum gift contribution of \$15 through Ugift®. Subsequent contributions to an account can be made to different investment options and Portfolio allocation(s) than the selection on the Account Application.

*The following replaces the second to last sentence under the heading "Recurring Contribution (an automatic investment plan or AIP)" in the section entitled "Methods of Contributions" on page 7 of the Plan Description:*

Automated deposits must be in an amount equal to at least \$15 per month or \$45 per quarter.

*The following replaces paragraphs (a) and (b) in section 3 entitled "Contributions to Accounts" found on page B-1 of the SSGA Upromise 529 Plan Participation Agreement*

**3. Contributions to Accounts.**

(a) *Required Initial Contribution.* You must make an initial contribution of at least \$15 to your Account at the time the Account is opened, or if you elect to establish a recurring contribution as described in the Plan Description, you may automatically transfer funds from a bank account to your Account in minimum amounts of \$15 per month or \$45 per quarter. In the future, the minimum initial contribution to the Plan may be higher or lower, and is subject to change at any time by the Board.

(b) *Additional Contributions.* You may make additional contributions of \$15 (\$25 for Upromise Service contributions) or more to your Account at any time, subject to the maximum limits on contributions described below and, if you have established a recurring contribution, you may automatically transfer funds from a bank account to your Account in minimum amounts of \$15 per month or \$45 per quarter. Account Owners may also receive a minimum gift contribution of \$15 through Ugift®.

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 9**  
**September 22, 2016**

**Item: Consent to a four-year contract with Chicago Equity for the continuation of fixed income investment management for the Nevada Prepaid Tuition Trust Fund assets.**

**Recommendation:**

**Board review and approval of the Chicago Equity Contract extension.**

Fiscal: ~\$436,000 over four years which is taken from the Fund's investment earnings.

**Summary:**

Pursuant to NRS §353B.150, the State Treasurer "shall invest the property in the [Prepaid] Trust Fund pursuant to the policies for investment established by the Board". The State Treasurer conducted a Request for Proposal in January 2015 which solicited proposals for asset management for all portfolios under the office purview, including the Prepaid Tuition Trust Fund (Fund).

We received three bids from investment firms interested in managing the fixed income asset for the Fund which included:

- Chandler
- Chicago Equity Partners
- T. Rowe Price

Staff analyzed the proposals using both qualitative and quantitative screens. The initial screens ensured the firm's ability to manage the

portfolio in compliance with statutory requirements, including the exclusion of foreign bonds, high yield corporates and similar non-index securities. Staff applied the following screens to better differentiate amongst the bidders:

- 3, 5 and 10YR risk-adjusted return (as measured by standard deviation)
- Manager's ability to outperform in up and down markets over 3, 5 and 10YR
- Manager's investment philosophy in relation to statutory investment guidelines
- Mean active management return to active risk as related to the benchmark (information ratio)

The two finalists were Chandler and Chicago Equity Partners. Chicago Equity Partners outperformed the benchmark (Barclay's U.S. Aggregate) 38 of the 49 quarters or 57% outperformance with the average outperformance at 0.96% or 96 basis points which exceeded Chandler's performance numbers. Chicago had better downside capture over the same time period (3Q 2002 – 4Q 2014).

#### Recommendation

Staff is recommending the approval of a contract with Chicago Equity Partners to manage the fixed income portion of the portfolio. Chicago Equity Partners has a proven four-year track record in managing the Fund's assets and has agreed to lower its management fees for the next four years. The approximate savings to the Fund is \$35,000 per year based upon the current assets under management (~\$63MM).

Please note this contract does require Board of Examiners approval prior to execution. The Board of Examiners will consider this contract at its November meeting.

Tara Hagan, Chief Deputy, will be available to answer questions.

**CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR**

A Contract Between the State of Nevada  
Acting by and Through Its

**Nevada Office of the State Treasurer**

101 N. Carson Street, Suite 4  
Carson City, NV 89701  
Contact: Tara Hagan  
Phone: 775.684.5753 Fax: 775.684.5776  
Email: [trhagan@nevadatreasurer.gov](mailto:trhagan@nevadatreasurer.gov)

and

**Chicago Equity Partners, LLC**

180 North La Salle, Suite 3800  
Chicago, Illinois 60601  
Contact: Linda Ruegsegger  
Phone: 312.629.5726 Fax: 312. 629.2728  
Email: [lruegsegger@chicagoequity.com](mailto:lruegsegger@chicagoequity.com)

WHEREAS, NRS 333.700 authorizes elective officers, heads of departments, boards, commissions or institutions to engage, subject to the approval of the Board of Examiners (BOE), services of persons as independent contractors; and

WHEREAS, it is deemed that the service of Contractor is both necessary and in the best interests of the State of Nevada.

NOW, THEREFORE, in consideration of the aforesaid premises, the parties mutually agree as follows:

1. **REQUIRED APPROVAL.** This Contract shall not become effective until and unless approved by the Nevada State Board of Examiners.
2. **DEFINITIONS.**
  - A. "State" – means the State of Nevada and any State agency identified herein, its officers, employees and immune contractors as defined in NRS 41.0307.
  - B. "Independent Contractor" – means a person or entity that performs services and/or provides goods for the State under the terms and conditions set forth in this Contract.
  - C. "Fiscal Year" – is defined as the period beginning July 1st and ending June 30th of the following year.
  - D. "Current State Employee" – means a person who is an employee of an agency of the State.
  - E. "Former State Employee" – means a person who was an employee of any agency of the State at any time within the preceding 24 months.
3. **CONTRACT TERM.** This Contract shall be effective as noted below, unless sooner terminated by either party as specified in *Section 10, Contract Termination*. Contract is subject to Board of Examiners' approval (anticipated to be October 11, 2016 This contract shall be effective from November 1, 2016 through October 31, 2020, subject to an annual review. Either party may deliver notice to the other of nonrenewal at least one hundred eighty (180) days prior to the end of the fiscal year, i.e. at least one hundred eighty (180) days prior to June 30 each year throughout the four-year contract period, as the case may be, in which the contract shall not automatically renew at the close of the fiscal year.

4. **NOTICE.** Unless otherwise specified, termination shall not be effective until 30 calendar days after a party has served written notice of termination for default, or notice of termination without cause upon the other party. All notices or other communications required or permitted to be given under this Contract shall be in writing and shall be deemed to have been duly given if delivered personally in hand, by telephonic facsimile with simultaneous regular mail, or mailed certified mail, return receipt requested, posted prepaid on the date posted, and addressed to the other party at the address specified above.
5. **INCORPORATED DOCUMENTS.** The parties agree that this Contract, inclusive of the following attachments, specifically describes the scope of work. This Contract incorporates the following attachments in descending order of constructive precedence:

ATTACHMENT AA:	STATE SOLICITATION OR RFP:15-001 and AMENDMENT(S) #1, #2 and #3.
ATTACHMENT BB:	INSURANCE SCHEDULE
ATTACHMENT CC:	CONTRACTOR'S RESPONSE
ATTACHMENT DD:	INVESTMENT MANAGEMENT AGREEMENT

A Contractor's attachment shall not contradict or supersede any State specifications, terms or conditions without written evidence of mutual assent to such change appearing in this Contract.

6. **CONSIDERATION.** The parties agree that Contractor will provide the services specified in *Section 5, Incorporated Documents* (as more fully set forth in paragraph A of Attachment DD) at an annual not to exceed cost of 0.20% of the first \$25 million in assets, 0.15% of the next \$75 million in assets and 0.10% thereafter. The annual fee will be paid in quarterly installments within 30 days of receipt of invoice and State Treasurer's approval. The State does not agree to reimburse Contractor for expenses unless otherwise specified in the incorporated attachments. Any intervening end to a biennial appropriation period shall be deemed an automatic renewal (not changing the overall Contract term) or a termination as the result of legislative appropriation may require.
7. **ASSENT.** The parties agree that the terms and conditions listed on incorporated attachments of this Contract are also specifically a part of this Contract and are limited only by their respective order of precedence and any limitations specified.
8. **BILLING SUBMISSION: TIMELINESS.** The parties agree that timeliness of billing is of the essence to the Contract and recognize that the State is on a fiscal year. All billings for dates of service prior to July 1 must be submitted to the state no later than the first Friday in August of the same calendar year. A billing submitted after the first Friday in August, which forces the State to process the billing as a stale claim pursuant to NRS 353.097, will subject the Contractor to an administrative fee not to exceed one hundred dollars (\$100.00). The parties hereby agree this is a reasonable estimate of the additional costs to the state of processing the billing as a stale claim and that this amount will be deducted from the stale claim payment due to the Contractor.
9. **INSPECTION & AUDIT.**
- A. **Books and Records.** Contractor agrees to keep and maintain under generally accepted accounting principles (GAAP) full, true and complete records, contracts, books, and documents as are necessary to fully disclose to the State or United States Government, or their authorized representatives, upon audits or reviews, sufficient information to determine compliance with all State and federal regulations and statutes.
- B. **Inspection & Audit.** Contractor agrees that the relevant books, records (written, electronic, computer related or otherwise), including, without limitation, relevant accounting procedures and practices of Contractor or its subcontractors, financial statements and supporting documentation, and documentation related to the work product shall be subject, at any reasonable time, to inspection, examination, review, audit, and copying at any office or location of Contractor where such records may be found, with or without notice by the State Auditor, the relevant State agency or its contracted examiners, the department of Administration, Budget Division, the Nevada State Attorney General's Office or its Fraud Control Units, the state Legislative Auditor, and with regard to any federal funding, the relevant federal agency, the Comptroller General, the General Accounting Office, the Office of the Inspector General, or any of their authorized representatives. All subcontracts shall reflect requirements of this Section.

- C. Period of Retention. All books, records, reports, and statements relevant to this Contract must be retained a minimum three (3) years, and for five (5) years if any federal funds are used pursuant to the Contract. The retention period runs from the date of payment for the relevant goods or services by the state, or from the date of termination of the Contract, whichever is later. Retention time shall be extended when an audit is scheduled or in progress for a period reasonably necessary to complete an audit and/or to complete any administrative and judicial litigation which may ensue.

## 10. **CONTRACT TERMINATION.**

- A. Termination Without Cause. Any discretionary or vested right of renewal notwithstanding, this Contract may be terminated upon written notice by mutual consent of both parties, or unilaterally by either party without cause.
- B. State Termination for Non-Appropriation. The continuation of this Contract beyond the current biennium is subject to and contingent upon sufficient funds being appropriated, budgeted, and otherwise made available by the state Legislature and/or federal sources. The State may terminate this Contract, and Contractor waives any and all claims(s) for damages, effective immediately upon receipt of written notice (or any date specified therein) if for any reason the contracting Agency's funding from State and/or federal sources is not appropriated or is withdrawn, limited, or impaired.
- C. Cause Termination for Default or Breach. A default or breach may be declared with or without termination. This Contract may be terminated by either party upon written notice of default or breach to the other party as follows:
- 1) If Contractor fails to provide or satisfactorily perform any of the conditions, work, deliverables, goods, or services called for by this Contract within the time requirements specified in this Contract or within any granted extension of those time requirements; or
  - 2) If any State, county, city, or federal license, authorization, waiver, permit, qualification or certification required by statute, ordinance, law, or regulation to be held by Contractor to provide the goods or services required by this Contract is for any reason denied, revoked, debarred, excluded, terminated, suspended, lapsed, or not renewed; or
  - 3) If Contractor becomes insolvent, subject to receivership, or becomes voluntarily or involuntarily subject to the jurisdiction of the bankruptcy court; or
  - 4) If the State materially breaches any material duty under this Contract and any such breach impairs Contractor's ability to perform; or
  - 5) If it is found by the State that any quid pro quo or gratuities in the form of money, services, entertainment, gifts, or otherwise were offered or given by Contractor, or any agent or representative of Contractor, to any officer or employee of the State of Nevada with a view toward securing a contract or securing favorable treatment with respect to awarding, extending, amending, or making any determination with respect to the performing of such contract; or
  - 6) If it is found by the State that Contractor has failed to disclose any material conflict of interest relative to the performance of this Contract.
- D. Time to Correct. Termination upon declared default or breach may be exercised only after service of formal written notice as specified in *Section 4, Notice*, and the subsequent failure of the defaulting party within fifteen (15) calendar days of receipt of that notice to provide evidence, satisfactory to the aggrieved party, showing that the declared default or breach has been corrected.
- E. Winding Up Affairs Upon Termination. In the event of termination of this Contract for any reason, the parties agree that the provisions of this Section survive termination:
- 1) The parties shall account for and properly present to each other all claims for fees and expenses and pay those which are undisputed and otherwise not subject to set off under this Contract. Neither party may withhold performance of winding up provisions solely based on nonpayment of fees or expenses accrued up to the time of termination;
  - 2) Contractor shall satisfactorily complete work in progress at the agreed rate (or a pro rata basis if necessary) if so requested by the Contracting Agency;

- 3) Contractor shall execute any documents and take any actions necessary to effectuate an assignment of this Contract if so requested by the Contracting Agency;
  - 4) Contractor shall preserve, protect and promptly deliver into State possession all proprietary information in accordance with *Section 21, State Ownership of Proprietary Information*.
11. **REMEDIES.** Except as otherwise provided for by law or this Contract, the rights and remedies of the parties shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including, without limitation, actual damages, and to a prevailing party reasonable attorneys' fees and costs. It is specifically agreed that reasonable attorneys' fees shall include without limitation one hundred and twenty-five dollars (\$125.00) per hour for State-employed attorneys. The State may set off consideration against any unpaid obligation of Contractor to any State agency in accordance with NRS 353C.190. In the event that the Contractor voluntarily or involuntarily becomes subject to the jurisdiction of the Bankruptcy Court, the State may set off consideration against any unpaid obligation of Contractor to the State or its agencies, to the extent allowed by bankruptcy law, without regard to whether the procedures of NRS 353C.190 have been utilized.
  12. **LIMITED LIABILITY.** The State will not waive and intends to assert available NRS Chapter 41 liability limitations in all cases. Contract liability of both parties shall not be subject to punitive damages. Liquidated damages shall not apply unless otherwise specified in the incorporated attachments. Damages for any State breach shall never exceed the amount of funds appropriated for payment under this Contract, but not yet paid to Contractor, for the fiscal year budget in existence at the time of the breach. Damages for any Contractor breach shall not exceed one hundred and fifty percent (150%) of the Contract maximum "not to exceed" value. Contractor's tort liability shall not be limited.
  13. **FORCE MAJEURE.** Neither party shall be deemed to be in violation of this Contract if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including without limitation, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the party asserting such an excuse, and the excused party is obligated to promptly perform in accordance with the terms of the Contract after the intervening cause ceases.
  14. **INDEMNIFICATION.** To the fullest extent permitted by law Contractor shall indemnify, hold harmless and defend, not excluding the State's right to participate, the State from and against all liability, claims, actions, damages, losses, and expenses, including, without limitation, reasonable attorneys' fees and costs, arising out of any alleged negligent or willful acts or omissions of Contractor, its officers, employees and agents.
  15. **INDEPENDENT CONTRACTOR.** Contractor is associated with the State only for the purposes and to the extent specified in this Contract, and in respect to performance of the contracted services pursuant to this Contract, Contractor is and shall be an independent contractor and, subject only to the terms of this Contract, shall have the sole right to supervise, manage, operate, control, and direct performance of the details incident to its duties under this Contract. Nothing contained in this Contract shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, or to otherwise create any liability for the State whatsoever with respect to the indebtedness, liabilities, and obligations of Contractor or any other party. Contractor shall be solely responsible for, and the State shall have no obligation with respect to: (1) withholding of income taxes, FICA or any other taxes or fees; (2) industrial insurance coverage; (3) participation in any group insurance plans available to employees of the State; (4) participation or contributions by either Contractor or the State to the Public Employees Retirement System; (5) accumulation of vacation leave or sick leave; or (6) unemployment compensation coverage provided by the State. Contractor shall indemnify and hold State harmless from, and defend State against, any and all coverage provided by the State. Contractor shall indemnify and hold State harmless from, and defend State against, any and all losses, damages, claims, costs, penalties, liabilities, and expenses arising or incurred because of, incident to, or otherwise with respect to any such taxes or fees. Neither Contractor nor its employees, agents, nor representatives shall be considered employees, agents, or representatives of the State and Contractor shall evaluate the nature of services and the term of the Contract negotiated in order to determine "independent contractor" status, and shall monitor the work, relationship throughout the term of the Contract to ensure that the independent contractor relationship remains as such. To assist in determining the appropriate status (employee or independent contractor), Contractor represents as follows:

QUESTION		CONTRACTOR'S INITIALS	
		YES	NO
1.	Does the Contracting Agency have the right to require control of when, where and how the independent contractor is to work?		
2.	Will the Contracting Agency be providing training to the independent contractor?		
3.	Will the Contracting Agency be furnishing the independent contractor with worker's space, equipment, tools, supplies or travel expenses?		
4.	Are any of the workers who assist the independent contractor in performance of his/her duties employees of the State of Nevada?		
5.	Does the arrangement with the independent contractor contemplate continuing or recurring work (even if the services are seasonal, part-time, or of short duration)?		
6.	Will the State of Nevada incur an employment liability if the independent contractor is terminated for failure to perform?		
7.	Is the independent contractor restricted from offering his/her services to the general public while engaged in this work relationship with the State?		

16. **INSURANCE SCHEDULE.** Unless expressly waived in writing by the State, Contractor, as an independent contractor and not an employee of the State, must carry policies of insurance and pay all taxes and fees incident hereunto. Policies shall meet the terms and conditions as specified within this Contract along with the additional limits and provisions as described in *Attachment BB*, incorporated hereto by attachment. The State shall have no liability except as specifically provided in the Contract.

The Contractor shall not commence work before:

- 1) Contractor has provided the required evidence of insurance to the Contracting Agency of the State, and
- 2) The State has approved the insurance policies provided by the Contractor.

Prior to approval of the insurance policies by the State shall be a condition precedent to any payment of consideration under this Contract and the State's approval of any changes to insurance coverage during the course of performance shall constitute an ongoing condition subsequent to this Contract. Any failure of the State to timely approve shall not constitute a waiver of the condition.

A. **Insurance Coverage.** The Contractor shall, at the Contractor's sole expense, procure, maintain and keep in force for the duration of the Contract insurance conforming to the minimum limits as specified in *Attachment BB*, incorporated hereto by attachment. Unless specifically stated herein or otherwise agreed to by the State, the required insurance shall be in effect prior to the commencement of work by the Contractor and shall continue in force as appropriate until:

- 1) Final acceptance by the State of the completion of this Contract; or
- 2) Such time as the insurance is no longer required by the State under the terms of this Contract; whichever occurs later.

Any insurance or self-insurance available to the State shall be in excess of and non-contributing with, any insurance required from Contractor. Contractor's insurance policies shall apply on a primary basis. Until such time as the insurance is no longer required by the State, Contractor shall provide the State with renewal or replacement evidence of insurance no less than thirty (30) days before the expiration or replacement of the required insurance. If at any time during the period when insurance is required by the Contract, an insurer or surety shall fail to comply with the requirements of this Contract, as soon as Contractor has knowledge of any such failure, Contractor shall immediately notify the State and immediately replace such insurance or bond with an insurer meeting the requirements.

B. General Requirements.

- 1) Additional Insured: By endorsement to the general liability insurance policy, the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307 shall be named as additional insureds for all liability arising from the Contract.
- 2) Waiver of Subrogation: Each insurance policy shall provide for a waiver of subrogation against the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307 for losses arising from work/materials/equipment performed or provided by or on behalf of the Contractor.
- 3) Cross Liability: All required liability policies shall provide cross-liability coverage as would be achieved under the standard ISO separation of insureds clause.
- 4) Deductibles and Self-Insured Retentions: Insurance maintained by Contractor shall apply on a first dollar basis without application of a deductible or self-insured retention unless otherwise specifically agreed to by the State. Such approval shall not relieve Contractor from the obligation to pay any deductible or self-insured retention. Any deductible or self-insured retention shall not exceed fifty thousand dollars (\$50,000.00) per occurrence, unless otherwise approved by the Risk Management Division.
- 5) Policy Cancellation: Except for ten (10) days notice for non-payment of premiums, each insurance policy shall be endorsed to state that without thirty (30) days prior written notice to the State of Nevada, c/o Contracting Agency, the policy shall not be canceled, non-renewed or coverage and/or limits reduced or materially altered, and shall provide that notices required by this Section shall be sent by certified mail to the address shown on page one (1) of this contract.
- 6) Approved Insurer: Each insurance policy shall be:
  - a) Issued by insurance companies authorized to do business in the State of Nevada or eligible surplus lines insurers acceptable to the State and having agents in Nevada upon whom service of process may be made; and
  - b) Currently rated by A.M. Best as "A-VII" or better.

C. Evidence of Insurance.

Prior to the start of any work, Contractor must provide the following documents to the contracting State agency:

- 1) Certificate of Insurance: The Acord 25 Certificate of Insurance form or a form substantially similar must be submitted to the State to evidence the insurance policies and coverages required of Contractor. The certificate must name the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307 as the certificate holder. The certificate should be signed by a person authorized by the insurer to bind coverage on its behalf. The State project/Contract number; description and Contract effective dates shall be noted on the certificate, and upon renewal of the policies listed, Contractor shall furnish the State with replacement certificates as described within *Section 16A, Insurance Coverage*.

**Mail all required insurance documents to the State Contracting Agency identified on Page one of the Contract.**

- 2) Additional Insured Endorsement: An Additional Insured Endorsement (CG 20 10 11 85 or CG 20 26 11 85), signed by an authorized insurance company representative, must be submitted to the State to evidence the endorsement of the State as an additional insured per *Section 16 B, General Requirements*.
- 3) Schedule of Underlying Insurance Policies: If Umbrella or Excess policy is evidenced to comply with minimum limits, a copy of the underlying Schedule from the Umbrella or Excess insurance policy may be required.
- 4) Review and Approval: Documents specified above must be submitted for review and approval by the State prior to the commencement of work by Contractor. Neither approval by the State nor failure to disapprove the insurance furnished by Contractor shall relieve Contractor of Contractor's full responsibility to provide the insurance required by this Contract. Compliance with the insurance requirements of this Contract shall not limit the liability of Contractor or its subcontractors, employees or agents to the State or others, and shall be in

addition to and not in lieu of any other remedy available to the State under this Contract or otherwise. The State reserves the right to request and review a copy of any required insurance policy or endorsement to assure compliance with these requirements.

17. **COMPLIANCE WITH LEGAL OBLIGATIONS.** Contractor shall procure and maintain for the duration of this Contract any State, county, city or federal license, authorization, waiver, permit qualification or certification required by statute, ordinance, law, or regulation to be held by Contractor to provide the goods or services required by this Contract. Contractor will be responsible to pay all taxes, assessments, fees, premiums, permits, and licenses required by law. Real property and personal property taxes are the responsibility of Contractor in accordance with NRS 361.157 and NRS 361.159. Contractor agrees to be responsible for payment of any such government obligations not paid by its subcontractors during performance of this Contract. The State may set-off against consideration due any delinquent government obligation in accordance with NRS 353C.190.
18. **WAIVER OF BREACH.** Failure to declare a breach or the actual waiver of any particular breach of the Contract or its material or nonmaterial terms by either party shall not operate as a waiver by such party of any of its rights or remedies as to any other breach.
19. **SEVERABILITY.** If any provision contained in this Contract is held to be unenforceable by a court of law or equity, this Contract shall be construed as if such provision did not exist and the non-enforceability of such provision shall not be held to render any other provision or provisions of this Contract unenforceable.
20. **ASSIGNMENT/DELEGATION.** To the extent that any assignment of any right under this Contract changes the duty of either party, increases the burden or risk involved, impairs the chances of obtaining the performance of this Contract, attempts to operate as a novation, or includes a waiver or abrogation of any defense to payment by State, such offending portion of the assignment shall be void, and shall be a breach of this Contract. Contractor shall neither assign, transfer nor delegate any rights, obligations nor duties under this Contract without the prior written consent of the State.
21. **STATE OWNERSHIP OF PROPRIETARY INFORMATION.** Any reports, histories, studies, tests, manuals, instructions, photographs, negatives, blue prints, plans, maps, data, system designs, computer code (which is intended to be consideration under the Contract), or any other documents or drawings, prepared or in the course of preparation by Contractor (or its subcontractors) in performance of its obligations under this Contract shall be the exclusive property of the State and all such materials shall be delivered into State possession by Contractor upon completion, termination, or cancellation of this Contract. Contractor shall not use, willingly allow, or cause to have such materials used for any purpose other than performance of Contractor's obligations under this Contract without the prior written consent of the State. Notwithstanding the foregoing, the State shall have no proprietary interest in any materials licensed for use by the State that are subject to patent, trademark, or copyright protection.
22. **PUBLIC RECORDS.** Pursuant to NRS 239.010, information or documents received from Contractor may be open to public inspection and copying. The State has a legal obligation to disclose such information unless a particular record is made confidential by law or a common law balancing of interests. Contractor may label specific parts of an individual document as a "trade secret" or "confidential" in accordance with NRS 333.333, provided that Contractor thereby agrees to indemnify and defend the State for honoring such a designation. The failure to so label any document that is released by the State shall constitute a complete waiver of any and all claims for damages caused by any release of the records.
23. **CONFIDENTIALITY.** Contractor shall keep confidential all information, in whatever form, produced, prepared, observed or received by Contractor to the extent that such information is confidential by law or otherwise required by this Contract.
24. **FEDERAL FUNDING.** In the event federal funds are used for payment of all or part of this Contract:
  - A. Contractor certifies, by signing this Contract, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any federal department or agency. This certification is made pursuant to the regulations implementing Executive Order 12549, Debarment and Suspension, 28 C.F.R. pt 67, Section 67.510, as published as pt. VII of the May 26, 1988, Federal Register (pp. 19160-19211), and any relevant program-specific regulations. This provision shall be required of every subcontractor receiving any payment in whole or in part from federal funds.
  - B. Contractor and its subcontracts shall comply with all terms, conditions, and requirements of the Americans with Disabilities Act of 1990 (P.L. 101-136), 42 U.S.C. 12101, as amended, and regulations adopted there under contained in 28 C.F.R. 26.101-36.999, inclusive, and any relevant program-specific regulations.

- C. Contractor and its subcontractors shall comply with the requirements of the Civil Rights Act of 1964, as amended, the Rehabilitation Act of 1973, P.L. 93-112, as amended, and any relevant program-specific regulations, and shall not discriminate against any employee or offeror for employment because of race, national origin, creed, color, sex, religion, age, disability or handicap condition (including AIDS and AIDS-related conditions.)
25. **LOBBYING.** The parties agree, whether expressly prohibited by federal law, or otherwise, that no funding associated with this Contract will be used for any purpose associated with or related to lobbying or influencing or attempting to lobby or influence for any purpose the following:
- A. Any federal, State, county or local agency, legislature, commission, council or board;
  - B. Any federal, State, county or local legislator, commission member, council member, board member, or other elected official; or
  - C. Any officer or employee of any federal, State, county or local agency; legislature, commission, council or board.
26. **WARRANTIES.**
- A. General Warranty. Contractor warrants that all services, deliverables, and/or work products under this Contract shall be completed in a workmanlike manner consistent with standards in the trade, profession, or industry, shall conform to or exceed the specifications set forth in the incorporated attachments; and shall be fit for ordinary use, of good quality, with no material defects.
  - B. System Compliance. Contractor warrants that any information system application(s) shall not experience abnormally ending and/or invalid and/or incorrect results from the application(s) in the operating and testing of the business of the State.
27. **PROPER AUTHORITY.** The parties hereto represent and warrant that the person executing this Contract on behalf of each party has full power and authority to enter into this Contract. Contractor acknowledges that as required by statute or regulation this Contract is effective only after approval by the State Board of Examiners and only for the period of time specified in the Contract. Any services performed by Contractor before this Contract is effective or after it ceases to be effective are performed at the sole risk of Contractor.
28. **NOTIFICATION OF UTILIZATION OF CURRENT OR FORMER STATE EMPLOYEES.** Contractor has disclosed to the State all persons that the Contractor will utilize to perform services under this Contract who are Current State Employees or Former State Employees. Contractor will not utilize any of its employees who are Current State Employees or Former State Employees to perform services under this Contract without first notifying the Contracting Agency of the identity of such persons and the services that each such person will perform, and receiving from the Contracting Agency approval for the use of such persons.
29. **ASSIGNMENT OF ANTITRUST CLAIMS.** Contractor irrevocably assigns to the State any claim for relief or cause of action which the Contractor now has or which may accrue to the Contractor in the future by reason of any violation of State of Nevada or federal antitrust laws in connection with any goods or services provided to the Contractor for the purpose of carrying out the Contractor's obligations under this Contract, including, at the State's option, the right to control any such litigation on such claim for relief or cause of action. Contractor shall require any subcontractors hired to perform any of Contractor's obligations under this Contract to irrevocably assign to the State, as third party beneficiary, any right, title or interest that has accrued or which may accrue in the future by reason of any violation of State of Nevada or federal antitrust laws in connection with any goods or services provided to the subcontractor for the purpose of carrying out the subcontractor's obligations to the Contractor in pursuance of this Contract, including, at the State's option, the right to control any such litigation on such claim or relief or cause of action.
30. **GOVERNING LAW: JURISDICTION.** This Contract and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Nevada, without giving effect to any principle of conflict-of-law that would require the application of the law of any other jurisdiction. The parties consent to the exclusive jurisdiction of the First Judicial District Court, Carson City, Nevada for enforcement of this Contract.
31. **ENTIRE CONTRACT AND MODIFICATION.** This Contract and its integrated attachment(s) constitute the entire agreement of the parties and as such are intended to be the complete and exclusive statement of the promises, representations, negotiations, discussions, and other agreements that may have been made in connection with the subject matter hereof. Unless an integrated attachment to this Contract specifically displays a mutual intent to amend a particular part of this Contract, general conflicts in language between any such attachment and this Contract shall be construed consistent with the terms of this Contract. Unless otherwise expressly authorized by the terms of this

Contract, no modification or amendment to this Contract shall be binding upon the parties unless the same is in writing and signed by the respective parties hereto and approved by the Office of the Attorney General and the State Board of Examiners.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be signed and intend to be legally bound thereby.



Independent Contractor's Signature

8/29/2016

Date

President

Independent Contractor's Title



Signature

8/30/2016

Date

Chief Deputy

Title

Signature

Date

Title

Signature

Date

Title

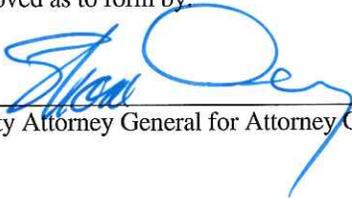
APPROVED BY BOARD OF EXAMINERS

Signature – Board of Examiners

On:

Date

Approved as to form by:



Deputy Attorney General for Attorney General

On:

8/30/16

Date

ATTACHMENT BB  
INSURANCE SCHEDULE

**INDEMNIFICATION CLAUSE:**

Contractor shall indemnify, hold harmless and, not excluding the State's right to participate, defend the State, its officers, officials, agents, and employees (hereinafter referred to as "Indemnatee") from and against all liabilities, claims, actions, damages, losses, and expenses including without limitation reasonable attorneys' fees and costs, (hereinafter referred to collectively as "claims") for bodily injury or personal injury including death, or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such contractor to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnatee shall, in all instances, except for claims arising solely from the negligent or willful acts or omissions of the Indemnatee, be indemnified by Contractor from and against any and all claims. It is agreed that Contractor will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the Contractor agrees to waive all rights of subrogation against the State, its officers, officials, agents and employees for losses arising from the work performed by the Contractor for the State.

**INSURANCE REQUIREMENTS:**

Contractor and subcontractors shall procure and maintain until all of their obligations have been discharged, including any warranty periods under this Contract are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors.

The insurance requirements herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The State in no way warrants that the minimum limits contained herein are sufficient to protect the Contractor from liabilities that might arise out of the performance of the work under this contract by the Contractor, his agents, representatives, employees or subcontractors and Contractor is free to purchase additional insurance as may be determined necessary.

A. **MINIMUM SCOPE AND LIMITS OF INSURANCE:** Contractor shall provide coverage with limits of liability not less than those stated below. An excess liability policy or umbrella liability policy may be used to meet the minimum liability requirements provided that the coverage is written on a "following form" basis.

**1. Commercial General Liability – Occurrence Form**

Policy shall include bodily injury, property damage and broad form contractual liability coverage.

- |                                             |             |
|---------------------------------------------|-------------|
| • General Aggregate                         | \$2,000,000 |
| • Products – Completed Operations Aggregate | \$1,000,000 |
| • Personal and Advertising Injury           | \$1,000,000 |
| • Each Occurrence                           | \$1,000,000 |

- a. The policy shall be endorsed to include the following additional insured language: "The State of Nevada shall be named as an additional insured with respect to liability arising out of the activities performed by, or on behalf of the Contractor".

**2. Worker's Compensation and Employers' Liability**

Workers' Compensation	Statutory
Employers' Liability	
Each Accident	\$100,000
Disease – Each Employee	\$100,000
Disease – Policy Limit	\$500,000

- a. Policy shall contain a waiver of subrogation against the State of Nevada.
- b. This requirement shall not apply when a contractor or subcontractor is exempt under N.R.S., **AND** when such contractor or subcontractor executes the appropriate sole proprietor waiver form.

**3. Professional Liability (Errors and Omissions Liability)**

The policy shall cover professional misconduct or lack of ordinary skill for those positions defined in the Scope of Services of this contract.

Each Claim	\$10,000,000
Annual Aggregate	\$10,000,000

- a. In the event that the professional liability insurance required by this Agreement is written on a claims-made basis, Financial Consultant warrants that any retroactive date under the policy shall precede the effective date of this Agreement; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years from the time work under this Agreement is completed.

**4. Financial Institution Bond or Security Dealers Blanket Bond** (The bond is required only if the contractor has access to State funds.)

If the Scope of Services involve receiving, depositing, transferring or investing State funds, one of the above bonds is required.

<b>Bond Limit</b>	<b>\$10,000,000</b>
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- a. The bond shall be issued with limits based on the amount of the States investment portfolio with the contractor.
- b. The bond shall include coverage for all directors, officers, agents and employees of the Contractor.
- c. The bond shall **include coverage for third party fidelity and name State of Nevada as loss payee.**
- d. The bond shall **include coverage for extended theft and mysterious disappearance.**
- e. If the scope of services pertains to any employee benefit plans, the bond **shall include a third party ERISA endorsement.**
- f. The bond **shall not contain a condition requiring an arrest and conviction.**

**B. ADDITIONAL INSURANCE REQUIREMENTS:** The policies shall include, or be endorsed to include, the following provisions:

1. On insurance policies where the State of Nevada is named as an additional insured, the State of Nevada shall be an additional insured to the full limits of liability purchased by the Contractor even if those limits of liability are in excess of those required by this Contract.
2. The Contractor's insurance coverage shall be primary insurance and non-contributory with respect to all other available sources.

C. **NOTICE OF CANCELLATION:** Each insurance policy required by the insurance provisions of this Contract shall provide the required coverage and shall not be suspended, voided or canceled except after thirty (30) days prior written notice has been given to the State, except when cancellation is for non-payment of premium, then ten (10) days prior notice may be given. Such notice shall be sent directly to **(State of Nevada Department Representative's Name & Address as identified on page 1 of the contract.)**.

D. **ACCEPTABILITY OF INSURERS:** Insurance is to be placed with insurers duly licensed or authorized to do business in the state of Nevada and with an "A.M. Best" rating of not less than A-VII. The State in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

E. **VERIFICATION OF COVERAGE:** Contractor shall furnish the State with certificates of insurance (ACORD form or equivalent approved by the State) as required by this Contract. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

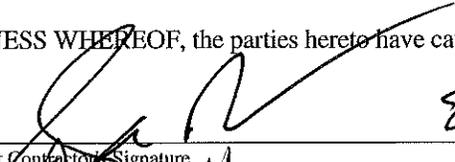
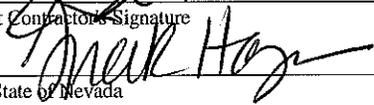
All certificates and any required endorsements are to be received and approved by the State before work commences. Each insurance policy required by this Contract must be in effect at or prior to commencement of work under this Contract and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Contract or to provide evidence of renewal is a material breach of contract.

All certificates required by this Contract shall be sent directly to **(State of Nevada Department Representative's Name & Address as identified on Page 1 of contract)**. The State project/contract number and project description shall be noted on the certificate of insurance. The State reserves the right to require complete, certified copies of all insurance policies required by this Contract at any time.

F. **SUBCONTRACTORS:** Contractors' certificate(s) shall include all subcontractors as additional insured's under its policies **or** Contractor shall furnish to the State separate certificates and endorsements for each subcontractor. All coverage for subcontractors shall be subject to the minimum requirements identified above.

G. **APPROVAL:** Any modification or variation from the insurance requirements in this Contract shall be made by the Attorney General's Office or the Risk Manager, whose decision shall be final. Such action will not require a formal Contract amendment, but may be made by administrative action.

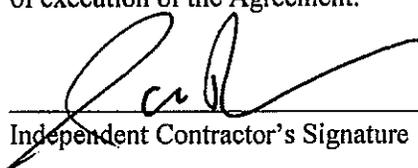
IN WITNESS WHEREOF, the parties hereto have caused this Contract to be signed and intend to be legally bound thereby.

	8/29/2016	President
Independent Contractor's Signature	Date	Independent's Contractor's Title
	8/30/2016	Chief Deputy
Signature- State of Nevada	Date	Title

**ATTACHMENT DD**  
**INVESTMENT MANAGEMENT AGREEMENT**

- A. Contractor will act as investment manager with respect to those fund of the State entrusted to the Contractor (the "Account"), with discretion to direct and implement the investment of the assets of the Account without prior consultation with the State. Such discretion and authority shall be exercised by the Contractor only in accordance with the (a) investment policy and guidelines attached hereto as Exhibit A (the "Investment Guidelines") and (b) Nevada Revised Statutes 353B.160, as they exist or may hereafter be modified. The State shall be solely responsible for providing Contractor a current and accurate copy of the Investment Guidelines. Contractor shall not be responsible for the accuracy of the Investment Guidelines provided by the State. To the extent not prohibited by law, the State agrees to indemnify Contractor and to hold it harmless from any claim, damage, liability or expense arising out of Contractor's good faith reliance on the Investment Guidelines of which it has been given notice.
- B. The State shall promptly notify Contractor of any additions or removal of assets from the Account, provided that if any liquidation of securities is required for any withdrawal, notice shall be given at least five business days in advance.
- C. The State shall appoint a custodian to maintain and have possession of the assets of the Account. The State shall cause such custodian to segregate the assets of the Account from all other custodial assets in its possession, including any assets of the State which are not assets of the Account. Contractor shall not be the custodian and shall have no liability with respect to custody arrangements or the acts, conduct or omissions of the custodian. Pursuant to Rule 206-4(2) adopted under the Advisers Act, custodian shall deliver to the State at least monthly a periodic statement of the Account, identifying all funds and each security in the Account at the end of the period, and setting forth all transactions in the account during the period.
- D. The State authorizes the Contractor, in its discretion, to aggregate the purchases and sales of securities for the Account with purchases and sales of securities of the same issuer for other Contractor clients. When transactions are so aggregated, the actual prices applicable to the aggregated transaction will be averaged, and the Account and the accounts of other participating Contractor clients will be deemed to have purchased or sold their proportionate share of the securities involved at the average price so obtained.
- E. The State recognizes that Contractor acts as adviser to other clients and may give advice and take action, with respect to any of those clients which may differ from the advice given, or the timing or nature of action taken, with respect to this Account. Contractor shall have no obligation to purchase or sell for the Account, or to recommend for purchase or sale by the Account, any security which the Contractor, its principal or employees may purchase or sell for themselves or for any other Contractor client. The State further recognizes that transactions in a specific security may not be accomplished for all Contractor client accounts at the same time or the same price.

- F. The State represents that the employment of Contractor as the investment manager for the Account is authorized by, has been accomplished in accordance with, and does not violate any documents governing the Account.
- G. Except for negligence or malfeasance, or violation of applicable law, the State agrees that neither the Contractor nor any of its officers, directors or employees shall be liable hereunder for any action performed or omitted to be performed or for any errors of judgement in managing the Account. Anything to the contrary herein notwithstanding, nothing herein shall be construed so as to deprive the State of any right it may have, nor relieve the Contractor of any liability it may incur, under the Investment Advisers Act of 1940 or under any other applicable federal or state laws.
- H. Contractor shall provide the State with valuations and such other data and reports as may be mutually agreed upon as soon as reasonable possible.
- I. For its services hereunder, Contractor shall charge a fee computed in accordance with paragraph 6 of the Contract. Fees will be based on the fair market value of securities and cash in the Account. In computing the market value of any securities held in the Account which is listed on a national securities exchange, such security shall be valued at the last quoted sale price on the valuation date on a principal exchange on which the security is traded. Any other security or asset shall be valued in a manner determined by good faith by Contractor to reflect its fair market value. If this Agreement shall commence or terminate between the Account's regular valuation dates, a pro rata adjustment shall be made with respect to the fee for such period.
- J. Contractor shall provide State with Contractor's Form ADV Part 2A and 2B no later than the time of execution of the Agreement.

	8/29/2016	PRESIDENT
Independent Contractor's Signature	Date	Title

_____ Independent Contractor's Signature	_____ Date	_____ Title
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**EXHIBIT A**



**NEVADA HIGHER EDUCATION  
PREPAID TUITION PROGRAM**

**Investment Policy Statement and  
Comprehensive Investment Plan**

Board of Trustees of the  
College Savings Plans of Nevada

**September 2014**

## **A. ESTABLISHMENT AND AUTHORITY**

Section 529 of the Internal Revenue Code, as amended (the "Code"), and Chapter 353B of the Nevada Revised Statutes (NRS) led to the creation of the Nevada Higher Education Prepaid Tuition Program (the "Prepaid Program"). Oversight of the Prepaid Program is provided by the Board of Trustees of the College Savings Plans of Nevada (the "Board").

NRS 353B.140 requires that the Trust Fund will consist of payments received pursuant to i) Prepaid Program contracts, ii) bequests, endowments, and grants from the federal government, and/or iii) any other publicly- or privately-sourced money. Money in the Trust Fund not spent during any biennium does not revert to the General Fund of the State of Nevada (State) or any other State-affiliated trust fund, and is never commingled with the General Fund or any other State-affiliated trust fund.

## **B. PLAN PURPOSE**

The purpose of the Prepaid Program is to allow Purchasers to "lock in" future tuition rates on behalf of Beneficiaries at favorable prices. The Investment Policy (the "Policy") supplements and clarifies many of the objectives, limitations, and responsibilities in the Prepaid Program, as described in NRS 353B.001 through NRS 353B.190, inclusive, with an emphasis on NRS 353B.160. In any instance where this Policy is either silent or less restrictive than what is dictated by NRS as it relates to Prepaid Program's investment-related activities (directly or indirectly), the NRS will supersede. (In this Policy document, "NRS" will include any new, or revisions to, regulations adopted as part of the Nevada Administrative Code – the "NAC.")

Many terms used in this Policy which may or may not be defined in the body of this document are defined in a Glossary section at the end.

This Policy is intentionally silent on many issues unrelated to investment activity in the Nevada Higher Education Prepaid Tuition Trust Fund ("Trust Fund"), such as Prepaid Program marketing, the design and pricing of Prepaid Program contracts, restrictions on Beneficiaries, etc., which are subject to restrictions imposed by NRS, NAC, the Master Agreement and/or separate policy documents.

This Policy will be reviewed and approved (with amendments, if any) by the Board no less frequently than once every two years, with more frequent reviews or amendments at the sole discretion of the Board.

## **C. INVESTMENT OBJECTIVES**

The investment objectives in the administration of the Trust Fund assets are to:

1. Strive to achieve an investment rate of return no less than the rate of return required by the Board and used in the determination of the Prepaid Program contract prices by adhering to the following approach:
  - (a) Maximize the fund's risk-adjusted return by maintaining a balanced portfolio of both equity and fixed income investments within the constraints of state law;
  - (b) Regularly reviewing the asset allocation of the portfolio based on capital market expectations

2. Invest in a manner which is widely viewed as appropriate and prudent for the inherent risks and purpose for the Prepaid Program, which involves striving to maintain an optimal balance between risk and return.
3. Be able to accommodate reasonably anticipated liquidity needs in the administration of the program (as in the case of hardship withdrawal refunds to participants, contract cancellations, etc.).

#### **D. RESPONSIBILITIES**

1. **Board:** The Board will operate the College Savings Program in compliance with the Code, NRS, and, where more restrictive, any Investment Policy(ies). The Board will also ensure that the Program Administrator and Investment Manager(s) (both described below) are similarly in compliance with the Code, NRS, and any Investment Policy(ies). The Board will:
  - a) Establish and maintain an investment policy that specifies general guidelines for investment to which the State Treasurer will be bound in the administration of the Trust Fund, and which may be more restrictive than investments permitted in NRS 353B.160;
  - b) At its option, procure insurance against any loss in connection with the properties, assets, or activities of the Trust Fund, the State Treasurer, or the Board (per NRS 353B.110(4));
  - c) Ensure financial reporting and audit activities relating to the Trust Fund (per NRS 353B.170 and 180), including approval of the financial reporting and surveillance protocol initiated and administered by the State Treasurer. The audit, which will be conducted by a certified public accounting firm no less frequently than one time per every 12 months, will include an assessment of adherence to this Policy by all relevant parties;
  - d) Approve the asset allocation plan proposed by the State Treasurer
  - e) Contract with a certified actuary of its choosing, to assess the actuarial soundness of the Trust Fund on an annual basis.
  - f) In conjunction with this study, the Board will approve a long term investment rate of return and other actuarial modeling inputs, such as tuition increase assumptions as proposed by the State Treasurer, to determine the actuarial soundness of the Trust Fund. Each modeling input can be independently approved or disapproved by the Board. Each or any modeling input can be approved as a range of values rather than a single value, at the discretion of the Board.
  - g) On an annual basis, approve the pricing of Prepaid Program contracts as proposed by the State Treasurer. NRS 353B.160(10) dictates that the "actuarial soundness" of the Trust Fund at any point in time will greatly influence the pricing of Prepaid Program contracts going forward, and would also be integral to the Board's assessment of the Prepaid Program's viability. Neither NRS nor this Policy imposes rigid criteria for the assessment of "actuarial soundness," leaving that judgment to the Board. Any action taken or not taken as a result of the Trust Fund being perceived as deviating materially from the Board's criteria for "actuarial soundness" will be at the discretion of the Board.
  - h) Receive reports of the performance of investment manager(s) (or equivalent) based on industry benchmarks;

- i) Contract with and engage the services of other qualified persons and entities for administrative and technical assistance in carrying out the responsibilities of the Prepaid Program. Qualified persons and entities engaged include, but are not limited to: an investment consultant, custodial banks, transition managers and an actuary.
2. **State Treasurer:** (which may include other members of the State Treasurer's Office, as delegated by the State Treasurer): The State Treasurer will administer the Prepaid Program, establish accounts as needed, and accept and expend on behalf of the College Savings Program any monies provided for expenses. The State Treasurer will:
  - a) Recommend a proposed asset allocation plan to the Board periodically and as warranted;
  - b) Either internally manage and/or hire investment manager(s) and/or select investment vehicles for the investment of Prepaid Program assets in accordance with the asset allocation plan approved by the Board. Such investment vehicles include but are not limited to mutual funds, common trust funds and exchange traded funds;
  - c) Conduct reviews of the performance of investment manager(s) (or equivalent) based on industry benchmarks in association with the Investment Consultant;
  - d) Conduct rebalancing of the assets in the Prepaid Program as appropriate and in accordance with Section I ("Asset Allocation Policy") of this Plan.
  - e) Recommend pricing of Prepaid Program contracts;
  - f) Maintain the financial records of the Trust Fund, which will include the reporting and surveillance protocol on behalf of the Board;
  - g) Manage any bank or brokerage accounts associated with the Trust Fund;
  - h) Maintain any instruments that evidence investments made with the property from the Trust Fund;
  - i) Contract with vendors for any good or service that is necessary for carrying out any aspect of the Prepaid Program, except those contractual relationships specifically reserved for Board-level decision-making (as with the annual audit per NRS 353B.180 and the annual actuarial study per NRS 353B.190); and
  - j) Hire employees as necessary to administer the Prepaid Program, in addition to an investment manager(s) (if any), all of whom must be paid out of the assets of the Trust Fund, subject to Board approval (per NRS 353B.110(3)). The Board will also give consideration to the perceived span of competencies and available resources of the direct managers of the Trust Fund assets.
3. **Investment Consultant:** The primary role of the investment consultant is to assist the State Treasurer and Board in fulfilling its responsibilities by providing information, analysis, and recommendations, and by assisting the Board in developing and implementing a prudent process for monitoring and evaluating the investment program to ensure the success of the program. The State Treasurer may also delegate certain responsibilities related to the investment of Prepaid Program assets including rebalancing functions and the preparation of recommendations for the asset allocation plan to the investment consultant.
4. **Custodian:** The custodian has three primary responsibilities: (1) safekeeping of assets – custody, valuation and accounting & reporting of assets owned by the program; (2) trade processing – track and reconcile assets that are acquired and disposed; and, (3) asset servicing – maintain all economic benefits of ownership such as income collection, corporate actions, and proxy notification issues.

5. **Investment Manager(s):** The investment manager(s) administer program assets in accordance with the guidelines and objectives contained in this Policy, manager specific guidelines, contract requirements, and consistent with each investment manager's stated investment philosophy and style as presented by the investment manager's representatives to the Board. If a single investment manager is used to manage all of the Prepaid Program's assets, the State Treasurer may choose to delegate the rebalancing function to the investment manager.

## E. ASSET ALLOCATION POLICY

The overall Trust Fund portfolio design and asset allocation have been structured to provide the most appropriate structure and asset allocation from a risk and return perspective to meet the Trust Fund objectives. The Trust Fund shall be diversified both by asset class and within asset classes. The purpose of diversification is to reduce specific risk associated with any single security or class of securities. Asset allocation will be reviewed annually.

The Board hereby establishes the following asset allocation targets as presented in the following table. These targets may be adjusted annually as the Board deems appropriate.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Policy Benchmark</u>
<u>Equities</u>		
Large Capitalization Stocks	39%	S&P 500 Index
Mid-Capitalization Stocks	7%	S&P Midcap 400 Index
Small Capitalization Stocks	<u>4%</u>	S&P Small Cap 600 Index
Total Equities	50%	
Covered Calls	20%	CBOE BXM Index
<u>Fixed Income</u>		
Core Bonds	30%	Barclays Capital U.S.
Total Fund	100%	

\*The total equity allocation benchmark is: 78% S&P 500 Index, 14% S&P 400 Index, and 7% S&P 600 Index.

These investment guidelines shall remain in effect until revoked or amended by written notice from the Board. At the Board's initiative, changes to the asset allocation method, and/or a reconsideration of actuarial modeling parameters, and/or an updated actuarial assessment, can take place at any time during the year, but a formal consideration of these factors must occur no less frequently than once every two years. The State Treasurer and the Investment Manager(s), if applicable, shall have a reasonable period of time after notice of any such change to implement the requested change in investment guidelines.

The above asset allocation will be net of cash equivalents, used as appropriate for distribution /liquidity needs. It is recognized that the actual asset allocation may deviate from the target allocation due to market movements. The fund will be rebalanced regularly to the target allocation. Market drift between rebalancings will not constitute a deviation from these investment guidelines. Portfolio rebalancing to accommodate cash flows and/or to re-align the

fund to the above asset mix targets requires purchase and/or sale transactions to be performed. Out-of-policy conditions due to transaction processing will not constitute a deviation from these investment guidelines.

The State Treasurer is responsible for the rebalancing of assets based upon current market values of accounts. NRS 353B.160(j) (3) mandates that the maximum equity position held by the Program cannot exceed 60% of the Program's book value. As such, there may be times whereby the asset allocation of the Program as determined by current market value will not be in accordance with the target allocations described above because of the statutory requirement to be based upon book value.

To maintain asset allocation ranges, it is necessary to periodically rebalance the portfolio as a result of market value fluctuations. Small variances between actual and target allocations did not warrant rebalancing. In order to assume a rational, systematic, and cost-effective approach to rebalancing, the following "trigger points", as the maximum upper or lower limits for a specified asset class, shall be used. If the percentage of assets in a particular asset class deviates from the target beyond a target point, the State Treasurer shall rebalance the portfolio to bring all asset classes in line with the above asset allocation percentages. Rebalancing shall be conducted in such a manner that transaction costs and portfolio disruptions are minimal. The trigger points are as follows:

Asset Class	Target Allocation	Acceptable Variance	Lower Trigger Point	Upper Trigger Point
<b>Equities</b>	50%	5%	45%	55%**
Large Capitalization Stocks *	78%	5%	73%	83%
Mid Capitalization Stocks *	14%	5%	9%	19%
Small Capitalization Stocks *	7%	3%	4%	10%
Total Equities				
<b>Covered Calls</b>	20%	5%	15%	25%
<b>Fixed Income</b>	30%	5%	25%	35%

\* Percentages indicated for these sub-asset classes reflect the percentages within the asset class of Equities (i.e., 78% of Equities is allocated to large cap stocks).

\*\* Cannot exceed 60% by book value

If the State Treasurer has employed a single investment manager to manage the assets of the Trust Fund, the State Treasurer may delegate the above responsibilities to the Investment Manager.

## F. PERMITTED INVESTMENTS

In accordance with and subject to restrictions imposed by the laws of the State of Nevada, the following list represents the entire range of investments which shall be authorized for the investments of funds. Unless expressly permitted below, the State of Nevada and its investment managers are prohibited from purchasing and owning any other type of security or asset class.

<b>PERMISSIBLE INVESTMENTS</b>				
<b>Security Type</b>	<b>Maximum Allocation*</b>	<b>Minimum Credit Quality **</b>	<b>Other Purchase Restrictions</b>	<b>NRS 353B.160.2 Reference</b>
<b>FIXED INCOME SECURITIES</b>				
US Treasury bonds, notes or other obligations	N/A	None	None, may include TIPS	(d)
US Agency securities				
Bonds, notes, and debentures	N/A	None	May only be issued by FFCB, FHLB, FHLMC, GNMA or FNMA. May include zero coupon or discounted securities.	(e)
US Agency mortgage-backed securities (MBS)	N/A	None	May only be issued by FHLMC, GNMA or FNMA	(e)
US Agency collateralized mortgage obligations (CMO's)	N/A	"AAA" by at least two NRSRO's	May only be issued by FHLMC, GNMA or FNMA. IO's, PO's and CDO's are prohibited.	(g)
Municipal bonds, notes or other obligations	N/A	None	Only issued by State of Nevada, or of a county, city, general improvement district or school district of the State of Nevada.	(a)
Corporate Bonds	50%	"A" by at least two NRSRO's	Only issued by or existing under US law, including US subsidiaries of foreign corporations Convertible issues, structured notes and surplus notes are prohibited.  Up to 10% of Yankee corporates Up to 5% of 144(a) securities	(b)
Commercial Paper	N/A	Top tier (min. A-1, P-1, F-1) by two NRSRO's	Only issued by or existing under US law, including US subsidiaries of foreign corporations	(c)
Non-Agency Commercial Mortgage-Backed Securities (CMBS)	10%	"AAA" by at least two NRSRO's	None	(h)
Asset-backed Securities (ABS)	5%	"AAA" by at least two NRSRO's	Only ABS financing credit cards, auto, manufactured housing, student loans	(h)
Money-market Mutual Funds	20% of Trust Fund assets	"A" by at least two NRSRO's	Must be registered with SEC May only invest in securities issued by US Treasury or US Agencies or repurchase agreements collateralized by the same	(i)
NOTE: For non-US Treasury and non-Agency securities, the maximum allocation per issuer is 3%.				

<b>EQUITY SECURITIES</b>				
Common or preferred stock of US corporations	N/A	None	Must be listed on a national stock exchange Must be traded in over-the-counter market Total market value must be at least \$50 million Maximum allocation per issuer is 3% of total Trust Fund assets May not own more than 5% of outstanding stock of issuer ADR's of foreign corporations are prohibited	(j)
<b>COVERED CALLS</b>				
Covered Calls	N/A	None	Underlying securities must be traded on one or more of the regulated exchanges in the United States	(k)

\* When allocation limits or maximum allowances are referenced above, these apply to the total book value of fixed income securities unless otherwise noted.

Investment managers will manage the portfolio in accordance with the contractually agreed upon investment management agreement or formal contract, when applicable.

In the case of mutual funds and common trust funds, NRS and Policy constraints will be based on a "look-through" to the underlying asset holdings, as if the underlying assets were being held directly by the Trust Fund.

## **G. PERFORMANCE REPORTING AND MONITORING**

The Investment Manager(s) will prepare quarterly reports of the investment portfolio structure and performance.

To ensure that the State Treasurer and the Board have the necessary information to properly exercise their oversight responsibility, the quarterly reports will include the following:

### **1. Performance Measurement and Attribution**

Performance measurement of the Prepaid Program shall be reported each quarter for the most recent completed quarter, fiscal year-to-date, most recent twelve-month period and cumulatively from inception showing returns on the assets compared to returns on the customized benchmark index, which approximates the Program's liability requirements. Returns will be reported on a time-weighted basis.

- a) The performance of the total Fund will be compared against a benchmark comprised of market portfolios representing the underlying investment strategies and weighted in accordance with the Program's asset allocation policy.
- b) Performance of each asset class will be shown along with an appropriate index and peer group.
- c) The performance of each manager will be evaluated relative to an appropriate benchmark as well as a universe of its peers managing similar portfolios and following a similar investment style.

- d) Returns for each manager and the overall Trust Fund will also be evaluated on a risk-adjusted basis.
  - For individual managers, the risk measurement will be expressed relative to appropriate benchmarks.
  - For each asset class and the overall Trust Fund, the risk measurement will take into consideration any deviation from asset allocation policy and the impact on the funded status of the Program's liabilities.

## 2. Compliance and Monitoring

- a) Asset allocation of the Fund and diversification within each asset class will be reported to ensure allocation guidelines are met.
- b) Investment asset holdings will be reported and monitored monthly to ensure investment only in authorized vehicles.
- c) .
- d) Each manager will be monitored based upon the performance objectives outlined in this Policy.
- e) Each manager shall immediately disclose to the Board in writing any instance which a member of the investment manager's Board of Directors, an officer of the investment management firm, or a member of the portfolio management staff is also a member of the Board of Directors, an officer of, or a significant shareholder of 5% or more in stocks of a company in which they propose to invest Board funds. In addition, the Board's investment consultant and the trustee/custodian shall annually certify that no conflicts of interest exist with respect to the services they provide to the Program and shall annually provide the Board with a copy of the firm's policy governing conflicts of interest. The requirements of this paragraph do not apply with respect to the common stock of the manager responsible for investment of the large capitalization core domestic equity portfolio (or the common stock of the manager's holding company) when the manager's common stock (or that of its holding company) is included in the S&P 500; provided that, prior to the initial purchase of the manager's common stock (or that of its holding company), the manager notifies the Board in writing that the manager's common stock (or that of its holding company) is included or has been included, in the S&P 500.

## H. WATCH LIST

In addition to the quarterly investment reports prepared by the Investment Manager(s), the Investment Consultant shall also prepare quarterly reports of the investment portfolio structure and performance for review by the Board. These reports will include the same performance measurement statistics of each Investment Manager as described in Section G.1. of this policy.

The quarterly investment reports provided by the Investment Consultant will rate all individual fund portfolios using a Watch List approach. The objective of the Watch List is to monitor each

externally managed portfolio to ensure achievement of strategic return and risk objectives set by the Plan. The Investment Consultant, working with Staff, will review this list quarterly with the Board. Organizations or products placed on the Watch List will be closely scrutinized and monitored by Staff and the Consultant. Organizational issues that have been resolved in a satisfactory manner and improved performance relative to an index and or peers will be used as an indicator to remove a given manager from the Watch List. Watch Lists will be maintained that focus on organizational and performance related issues.

Quantitative criteria for placement of actively managed portfolios on the Watch List are:

1. Peer Group relative measures: performance below the median (50<sup>th</sup> percentile) of the peer group over rolling three-year periods. Performance below the bottom quartile (75<sup>th</sup> percentile) of the peer group over an annual period;
2. Relative to index measure: returns (net of fees) should capture a minimum of 90% of the return of the benchmark over rolling three-year periods;
3. Investment style should be consistent with the stated strategy; and
4. Risk should be within a reasonable range based on the asset class and style of the portfolio.

Passively managed portfolios will be measured by tracking error relative to an appropriate benchmark.

Qualitative criteria for placement of all portfolios on the Watch List include:

1. Major organizational changes, including change in professionals;
2. Significant account losses;
3. Change in ownership;
4. Regulatory issues; or
5. Evidence of wrongdoing.

Organizational or performance related issues that have been satisfactorily resolved will result in the portfolio being removed from the Watch List. If a portfolio is not released from Watch status within an appropriate period of time, (generally 9 to 18 months), corrective action may be necessary. In such a situation, the Investment Consultant will conduct an analysis and provide the Board with options and a recommendation for action including the replacement of the portfolio manager consistent with the terms of the portfolio manager's contract.

## **I. SALE OF SECURITIES WITHIN FIXED INCOME PORTFOLIO**

The Investment Manager shall evaluate the sectors and securities that are held in the portfolio daily, working toward developing the most attractive portfolio possible given the State's investment guidelines.

The Investment Manager is authorized to sell a security if any of the following conditions are met:

1. They believe the existing holding trades "rich" from a valuation standpoint, and prefer to sell the position in favor of another
2. Another sector or security becomes relatively more attractive in their judgment, even though they continue to like the existing holding
3. They expect security fundamentals to deteriorate
4. They seek to restructure the portfolio in the context of a change in their belief regarding preferred yield curve exposure or duration positioning. Typically, this relates to Treasury securities.

The Investment Manager is not required to receive authorization from the State prior to the execution of trades subject to the above criteria.

#### **J. FIXED INCOME PORTFOLIO SECURITY DOWNGRADE**

NRS 353B.160 provides criteria for investment of the Trust Fund's assets, including minimum ratings for securities.

Should a security be downgraded by a nationally recognized rating service acceptable to the State to a level below investment guideline minimums, and the Investment Manager's analysis reveals that underlying fundamentals have deteriorated to support the downgrade, the Manager will sell the security. The Investment Manager will have up to 90 days within which to sell the security.

There may be instances when the Investment Manager believes underlying fundamentals are strong or atypical market conditions are unnecessarily precipitating the downgrade, and the Investment Manager wishes to continue to hold the security. In this case, the Investment Manager will provide a detailed, written rationale outlining the reasons for which it is recommended the security be retained in the portfolio to the Nevada State Treasurer's Office. This communication will occur within three to five business days of the security downgrade. The security will then remain in the portfolio until such time the Investment Manager feels the security should be sold (if Investment Manager's research and analysis concludes fundamentals have in fact deteriorated) or the security reaches maturity. Until the security is sold or matures, the manager will continue to monitor the security closely, including communication with the State Treasurer, to ensure there is no further deterioration.

#### **K. MANAGER SELECTION AND EVALUATION**

When the State Treasurer uses an Investment Manager(s), the State Treasurer shall evaluate manager performance over a sufficient time horizon, and in the context of the prevailing market environment, in order to properly assess each manager's contribution to the overall portfolio. In general, a three year or longer period of time will be used to evaluate a manager's success or failure at attaining agreed-upon goals. On an interim basis, portfolio risk and investment performance will be monitored continually to ensure that the management of Prepaid Program assets remains consistent with the style and objective for which the manager was retained.

At a minimum, investment manager reviews will include a quarterly quantitative performance review conducted by the Investment Consultant. As necessary, the evaluation may also include a biennial site visit to review each portfolio manager's operations.

#### **L. IMPLEMENTATION**

All money invested for the Trust Fund by its investment manager(s) after the adoption of this Investment Policy shall conform to this Policy.

The following guidelines have been established: (1) to ensure that the manager continually adheres to all regulations administered by any regulatory authority charged with oversight responsibility; (2) to limit the Fund's exposure to unintended risk; (3) to ensure that the manager maintains the style of management for which they were retained; and (4) to provide objective, reasonable criteria to the manager adhering to Board expectations.

## **M. PROXY VOTING**

By virtue of owning shares of underlying mutual funds and other similar products, the Prepaid Program receives proxy voting materials periodically, which range from the election of board members for mutual funds to requests to modify a fund's fee structure or investment guidelines. Consistent with its fiduciary responsibilities, the Prepaid Program has developed the following guidelines in order to manage the exercise of proxy voting rights for the Prepaid Program investment options. These guidelines recognize that generally our Program represents a very small share of voting shares for a fund, and the frequency of regular Board meetings may prevent the Program from entering votes by funds' deadlines.

Also, the Investment Managers are responsible for adopting written proxy voting policies and procedures as required by Rule 206 (4)-6 under the Investment Advisers Act of 1940. The Policy is generally adopted by each Fund, series of Funds or Investment Management Firm. These policies and procedures will cover the voting of the underlying equity securities and may also apply to voting and/or consent rights of the underlying fixed income securities in funds, separately managed accounts and other similar products. These policies should be designed and implemented in a manner to ensure voting is exercised in the best interest of Fund shareholders.

1. Upon receipt of proxy voting materials, the Investment Manager will forward all materials to the State Treasurer's Office. The Investment Manager will attempt to direct that proxy voting materials be mailed or sent electronically directly to the State Treasurer's Office.
2. Upon receipt of the proxy, staff at the State Treasurer's Office will carefully analyze the implications of proxy proposals. Based on the guidelines below, staff will determine whether it shall administratively vote on a proxy or forward the proxy vote to the Board for a decision. This helps ensure the Prepaid Program (1) always votes the proxies it is entitled to vote; (2) votes after careful consideration of the issues; and (3) always casts votes in the best interest of Prepaid Program beneficiaries. These guidelines are intended to provide general direction on particular issues. They are not meant as a substitute for careful review of ballot proposals.
3. The Board has delegated the following types of votes to the State Treasurer:
  - a. Election of Board(s) Trustees
    - i. The Board(s) of Trustees must be an independent force in fund affairs and manage on behalf of shareholders. In 2004, The Securities and Exchange Commission adopted amendments to rules under the Investment Company Act of 1940 which help to ensure trustees remain independent and make decisions in the best interest of shareholders. Due to this, the State Treasurer will generally vote for trustee nominees recommended by the Investment Manager.

- b. Increases in Expenses of the Investment Option
  - i. Staff will vote against proposals which will increase investment option expenses.
  - ii. A situation in which staff is supportive of a fee increase will require the item to be submitted to the Board for affirmative action.
- c. Distribution Agreements
  - i. Staff will vote on distribution agreements on a case-by-case basis.
- 4. The following types of proxies will be placed on the Board's next regularly scheduled agenda or in extraordinary cases, may merit a special Board meeting:
  - a. Amendments to Investment Options' Fundamental Policies<sup>1</sup>
    - i. Votes on amendments to funds' fundamental policies will be made on a case-by-case basis.
  - b. Amendments to Fundamental Investment Restrictions
    - i. Votes on amendments to fundamental investment restrictions will be made on a case-by-case basis.
  - c. Social and Environmental Issues
    - i. Votes on social and environmental issues will be made on a case-by-case basis.
- 5. Other Items
  - a. On other items that are deemed routine by staff (such as those which do not change the fundamentals of the fund), staff will generally vote in the manner recommended by the Investment Manager.
  - b. On other items that are deemed non-routine by staff, proxy votes will be placed on the Board's next regularly scheduled agenda or in extraordinary cases, may merit a special Board meeting.

These guidelines are intended to provide general direction on particular issues. Staff will provide the Board with a report of any missed votes at the next regularly scheduled Board meeting with an analysis of the reason(s). The Board will receive a proxy voting summary report annually.

The above guidelines apply to proxy votes for underlying mutual funds or other types of investment options, but do not apply to proxy votes for companies for which these funds own shares or debt of.

## **N. ADOPTION AND REVIEW OF POLICY**

The Board will review this Policy at least once every two years. Changes can be made at any time to this Policy to the extent such changes would be in the best interest of the Account Owners and beneficiaries; however changes are expected to be infrequent, as they will reflect long-term considerations, rather than short-term changes in the financial markets. The State Treasurer will communicate any proposed modifications in writing on a timely basis to interested parties, including the Investment Manager(s), who shall have a reasonable amount of time to respond to such proposals.

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<sup>1</sup> The 1940 Investment Act requires each fund adopt fundamental policies with respect to certain activities, and effectively provides that such policies may not be changed except by a majority of shareholder votes. These activities include, but are not limited to, underwriting securities issued by other persons, purchasing or selling real estate, issuing senior securities, borrowing money, making loans, purchasing or selling commodities, and the concentration of investments in a particular industry(ies).

Adopted this 9<sup>th</sup> day of September, 2014

BOARD OF TRUSTEES, COLLEGE SAVINGS PLANS OF NEVADA

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Kate Marshall, Chair

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 10**  
**September 22, 2016**

**Item: Prepaid Tuition/Higher Education Trust Fund  
Investment Performance Review for the Quarter  
End Performance Summary**

**Recommendation:**

**That the Board review and approve the Nevada Higher Education Trust Fund quarterly review of investment performance by Pension Consulting Alliance for the quarter ending June 30, 2016 and direct staff as appropriate.**

Fiscal:  
None.

Summary:

In October 2011, the Board approved the Amended Investment Policy Statement and Comprehensive Investment Plan for the Nevada Higher Education Prepaid Tuition Trust Fund outlining the criteria for investment monitoring and analysis, including the establishment of a "Watch List" process.

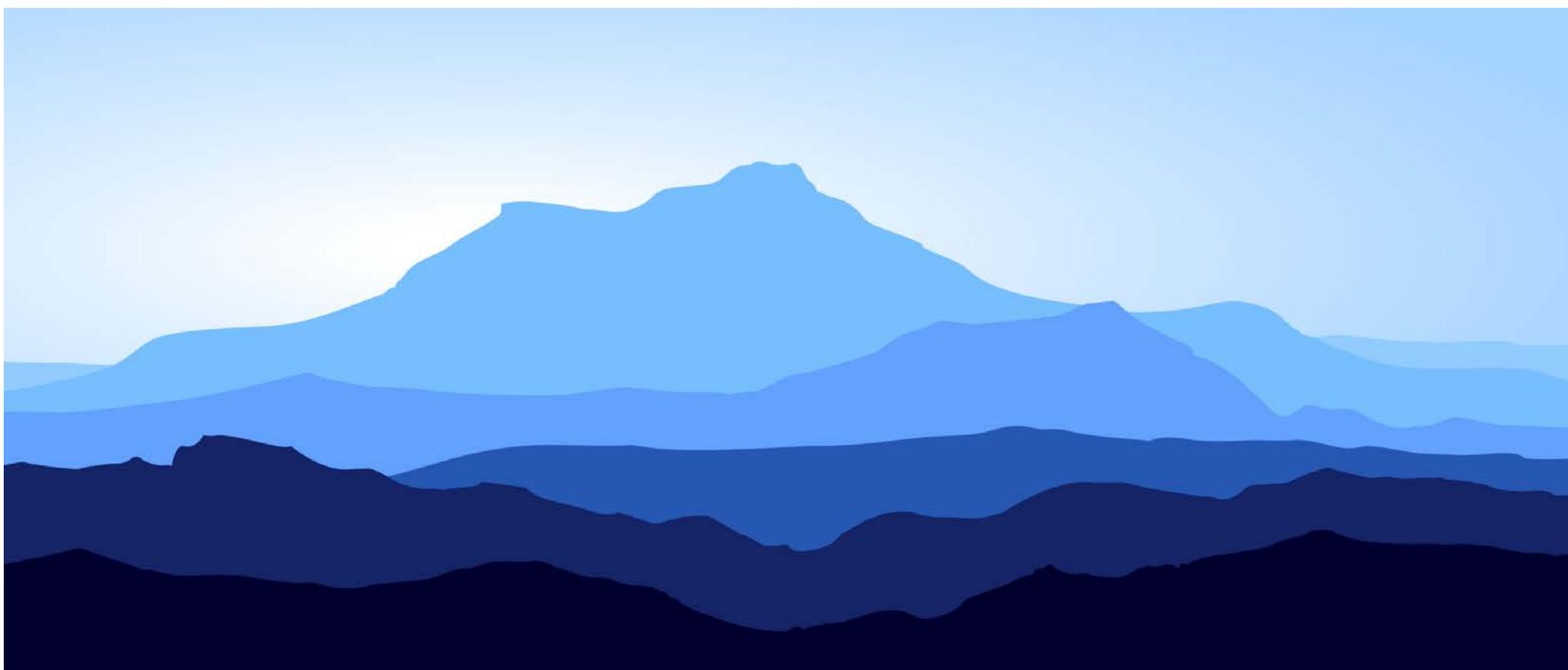
In October of 2014 the Board approved a contract with Pension Consulting Alliance (PCA) to perform investment review services of the Nevada Prepaid Tuition/Higher Education Trust Fund (formerly performed by Callan Associates). These services include an independent quarterly review of investment performance and fund monitoring of each underlying fund or separate account. Attached is PCA's report for the quarter ending June 30, 2016.

Eric White from PCA will be available should there be any questions from the Board.

2Q 2016

## Nevada Higher Education Prepaid Tuition Program

QUARTERLY REPORT



This report is solely for the use of client personnel. No part of it may be circulated, quoted, or reproduced for distribution outside the client organization without prior written approval from Pension Consulting Alliance, LLC

Nothing herein is intended to serve as investment advice, a recommendation of any particular investment or type of investment, a suggestion of the merits of purchasing or selling securities, or an invitation or inducement to engage in investment activity.

## INTRODUCTION

The Nevada Prepaid Tuition Plan Portfolio had an aggregate value of \$224.5 million as of June 30, 2016. During the latest quarter, the Total Portfolio increased in value by \$8.7 million, and over the latest year the Total Portfolio increased by \$13.7 million. US GDP growth increased from the prior quarter (advanced estimate) but has slowed relative to quarterly growth from one-year ago (2.6% in 2Q 2015 vs. 1.2% in 2Q 2016). GDP growth during the second quarter was driven mostly by consumer spending on goods and services. The unemployment rate remained unchanged since the prior quarter at 4.9%. The seasonally adjusted Consumer Price Index for All Urban Consumers increased by 3.4% on an annualized basis in the quarter, its largest quarterly increase since the third quarter of 2012. Commodities continued to improve during the quarter and are now up 15.1% since the end of February. Global equities were slightly positive during the quarter returning 1.2% (MSCI ACWI) despite a volatile quarter end, resulting from the UK's "leave" vote in the Brexit referendum. The referendum result also put downward pressure on the British Pound, decreasing by -8.3% versus the US dollar during the quarter - almost all of which came in the last two weeks. Bond markets had a strong positive quarter as the BC Universal increased by 2.5% and yields fell.

## Asset Allocation Trends

With respect to policy targets, the Total Portfolio ended the latest quarter overweight Equities and Fixed Income, while underweight Covered Calls. All asset class weights are within their policy target bands.

## Recent Investment Performance

The Total Portfolio outperformed its policy benchmark by 10 basis points over the most recent Quarter, and outperformed the benchmark over the 1-, 3-, and 5-year periods by 50, 30, and 80 basis points, respectively.

Recent Investment Performance (Gross of Fees)<sup>2</sup>

	Quarter	1 Year	3 Year	5 Year
Total Portfolio (Gross of Fees)	2.8	4.8	8.5	9.3
<i>Policy Benchmark<sup>1</sup></i>	<i>2.7</i>	<i>4.3</i>	<i>8.2</i>	<i>8.5</i>
<b>Excess Return</b>	<b>0.1</b>	<b>0.5</b>	<b>0.3</b>	<b>0.8</b>

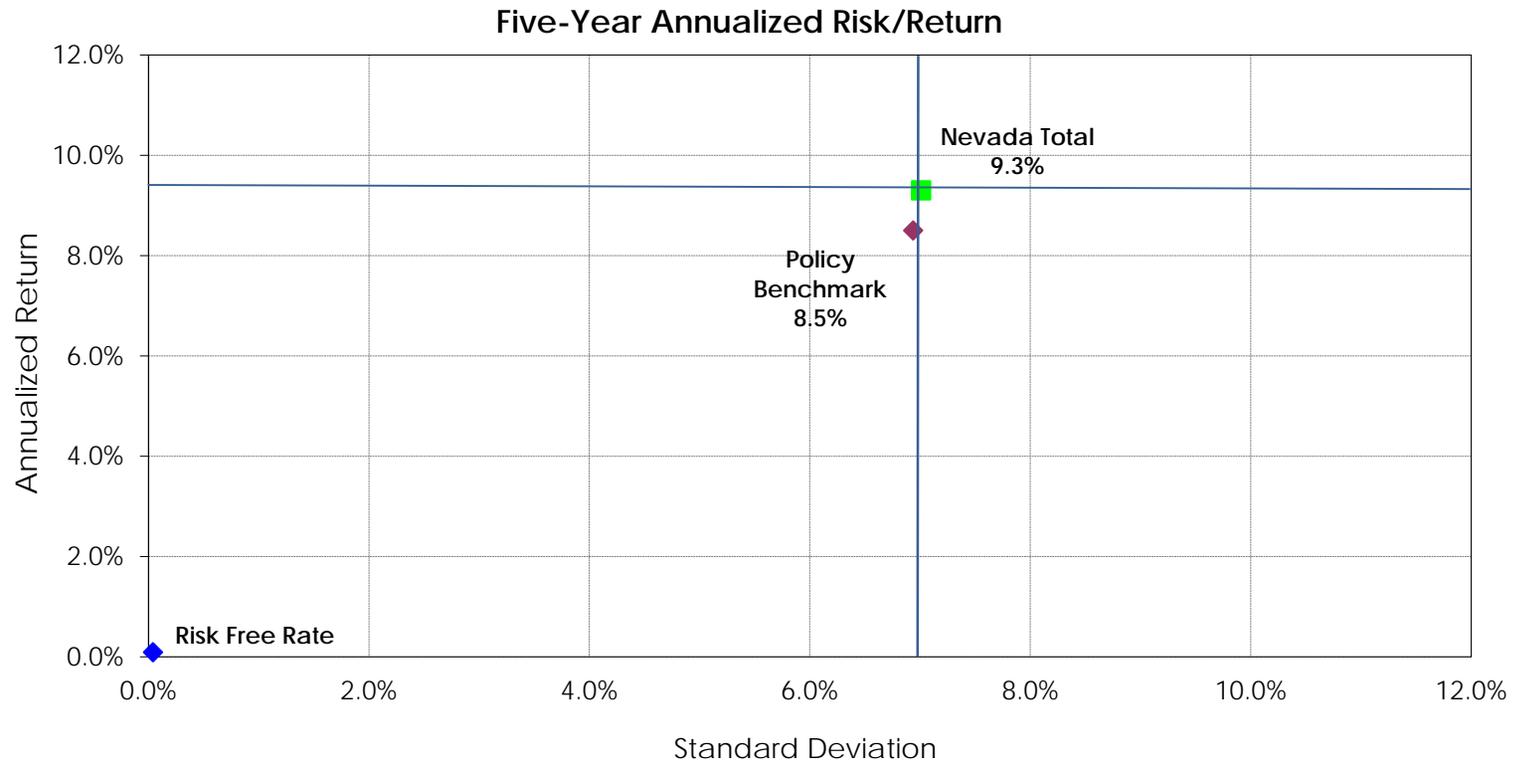
<sup>1</sup> Policy Benchmark consists of 39% S&P 500 Index, 30% Barclays US Aggregate Bond Index, 20% CBOE BXM Index, 7% S&P Midcap 400 Index, 4% S&P Smallcap 600 Index as of 9/30/2014. Prior to 9/30/2014 Policy Benchmark consisted of 45% S&P 500 Index, 43% Barclays US Aggregate Bond Index, 8% S&P Midcap 400 Index, 4% S&P Small cap 600 Index

<sup>2</sup> Gross of fee returns for the Vanguard equity funds calculated using the following fee schedule: Vanguard Institutional = 4 basis points, Vanguard Mid Cap = 8 bps, Vanguard Small Cap = 8 bps, Glenmede Secured Options = 84 bps

NEVADA PREPAID PORTFOLIO REVIEW

**Nevada Prepaid Tuition Plan RISK/RETURN ANALYSIS**

*Period ending June 30, 2016*



**ASSET ALLOCATION**

**Actual vs. Target Allocations**

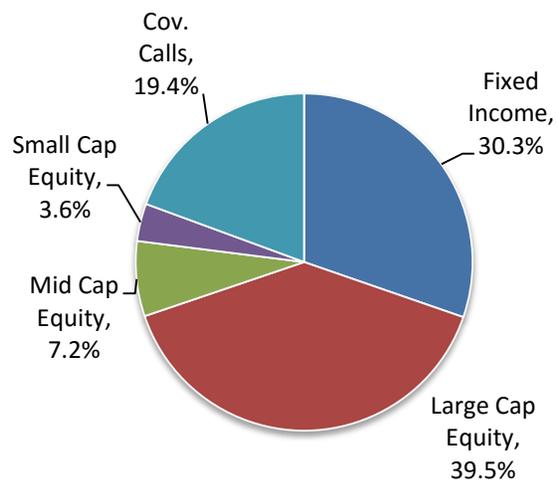
With respect to policy targets, the Total Portfolio ended the latest quarter slightly overweight Equities and Fixed Income, while Covered Calls was underweight its target allocation. Within Domestic Equity, Both Large cap and Mid cap allocations were overweight their target allocations, while Small Cap equity was 0.4% underweight its 4% target allocation. Fixed Income was 0.3% above its target and the Covered Calls asset class is currently (0.6%) underweight its 20% target allocation.

**Asset Allocation - As of June 30, 2016** (This chart does not represent performance)

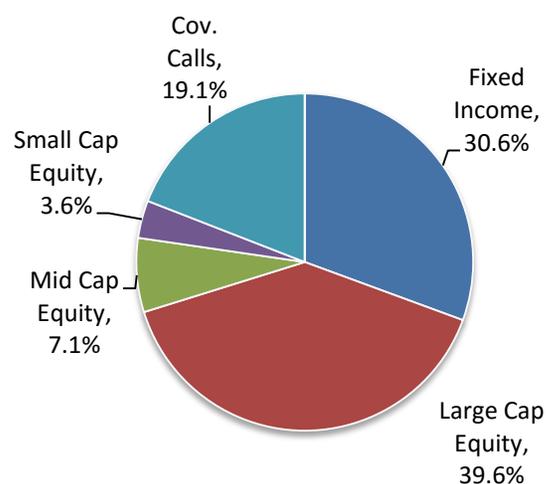
Rebalancing Triggers

Segment	Actual \$(000)	Actual %	Target %*	Policy Minimum	Policy Maximum	Acceptable Variance
<b>Total Portfolio</b>	<b>224,492</b>	<b>100%</b>	<b>100%</b>	---	---	
<b>Domestic Equity</b>	<b>112,916</b>	<b>50.3%</b>	<b>50.0%</b>	<b>45%</b>	<b>55%</b>	✓
Large Cap	88,745	39.5%	39.0%	36.5%	41.5%	✓
Mid Cap	16,096	7.2%	7.0%	4.5%	9.5%	✓
Small Cap	8,074	3.6%	4.0%	2.5%	5.5%	✓
<b>Covered Calls</b>	<b>43,455</b>	<b>19.4%</b>	<b>20.0%</b>	<b>15%</b>	<b>25%</b>	✓
<b>Total Fixed Income</b>	<b>68,121</b>	<b>30.3%</b>	<b>30.0%</b>	<b>25%</b>	<b>35%</b>	✓

June 30, 2016



March 31, 2016



## Asset Class Performance

The **Domestic Equity** asset class components (Large cap, Mid cap, and Small Cap) all tracked their respective benchmarks over the recent quarter and 1-year periods. Over the 3-year period, the Large cap component matched its benchmark while the Small Cap and Mid Cap components each outperformed by 10 basis points. Over the 5-year period, Large cap and Small cap equity outperformed by 50 and 20 basis points, respectively, while Mid cap equity underperformed by (30) basis points.

The **Fixed Income** asset class underperformed its benchmark over the quarter by (30) basis points and underperformed over the most recent 1-year period by (20) basis points. Over the 3- and 5-year periods, the fixed income asset class underperformed by (40) and (20) basis points, respectively.

The **Covered Calls** asset class returned 4.3% over the quarter, outperforming its benchmark by 1.1%. Over the 1-year period, the Covered Calls asset class outperformed by 1.5%, gross of fees.

### Periods ending June 30, 2016 (Gross of Fees)\*

Asset Class	Quarter	1 Year	3 Year	5 Year
<b>Total Portfolio</b>	<b>2.8</b>	<b>4.8</b>	<b>8.5</b>	<b>9.3</b>
<b>Policy Benchmark<sup>^</sup></b>	<b>2.7</b>	<b>4.3</b>	<b>8.2</b>	<b>8.5</b>
Large Cap Equity	2.5	4.0	11.7	12.6
<i>S&amp;P 500 Index</i>	2.5	4.0	11.7	12.1
Mid Cap Equity	4.0	1.3	10.6	10.3
<i>S&amp;P Mid Cap 400 Index</i>	4.0	1.3	10.5	10.6
Small Cap Equity	3.5	0.0	10.3	11.4
<i>S&amp;P Small Cap 600 Index</i>	3.5	0.0	10.2	11.2
Covered Calls	4.3	5.5	---	---
<i>CBOE BXM Index</i>	3.2	4.0	---	---
Total Fixed Income	1.9	5.8	3.7	3.6
<i>Barclays US Agg. Index</i>	2.2	6.0	4.1	3.8

<sup>^</sup> Policy Benchmark consists of 39% S&P 500 Index, 30% Barclays US Aggregate Bond Index, 20% CBOE BXM Index, 7% S&P Midcap 400 Index, 4% S&P Smallcap 600 Index as of 9/30/2014. Prior to 9/30/2014 Policy Benchmark consisted of 45% S&P 500 Index, 43% Barclays US Aggregate Bond Index, 8% S&P Midcap 400 Index, 4% S&P Small cap 600 Index

\* Gross of fee returns for the Mutual funds calculated using the following fee schedule: Vanguard Institutional = 4 basis points, Vanguard Mid Cap = 8 bps, Vanguard Small Cap = 8 bps, Glenmede Secured Options = 84 bps

**MANAGER PERFORMANCE****Manager Performance – Periods ending June 30, 2016 (Gross of Fees)**

Manager	Mkt Value (\$000)	Asset Class	Management Style	Quarter	1 YR	3 YR	5 YR	Estimated Annual Fee (bps)
<b>Vanguard Institutional Fund</b>	88,745	Large Cap Equity	Passive	2.4	4.0	---	---	4
<i>S&amp;P 500 Index</i>	---	---	---	4.0	1.3	---	---	---
<b>Vanguard S&amp;P Mid Cap</b>	16,096	Mid Cap Equity	Passive	4.0	1.3	---	---	8
<i>S&amp;P Mid Cap 400</i>	---	---	---	4.0	1.3	---	---	---
<b>Vanguard S&amp;P Small Cap</b>	8,074	Small Cap Equity	Passive	3.5	-0.1	---	---	8
<i>S&amp;P Small Cap 600</i>	---	---	---	3.5	-0.0	---	---	---
<b>Glenmede</b>	43,455	Covered Calls	Active	4.1	4.6	---	---	84
<i>CBOE BXM</i>	---	---	---	3.2	4.0	---	---	---
<b>Chicago Equity Partners</b>	68,121	Fixed Income	Active	1.9	5.8	3.7	3.6	22
<i>Barclays US Aggregate</i>	---	---	---	2.2	6.0	4.1	3.8	---

**Vanguard:**

The three passive Vanguard equity funds all performed roughly in line with their benchmarks. This performance is within expectations for passive mandates.

**Glenmede:**

The Plan's Covered Calls manager returned 4.1% during the most recent quarter, outperforming its benchmark return of 3.2%. Over the 1-year period, the Covered Calls manager outperformed the benchmark by 60 basis points.

**Chicago Equity Partners:**

The Plan's Fixed Income manager underperformed its index, the Barclays US Aggregate Bond Index, over the quarter by (30) basis points. Over the 1-year period, Chicago Equity Partners returned 5.8%, trailing the benchmark by (20) basis points. Over the 3- and 5-year periods, the fund returned 3.7% and 3.6%, underperforming its benchmark by (40) and (20) basis points, respectively.

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*The information contained in this report may include forward-looking statements. Forward-looking statements include a number of risks, uncertainties and other factors beyond the control of the Firm, which may result in material differences in actual results, performance or other expectations. The opinions, estimates and analyses reflect PCA's current judgment, which may change in the future.*

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THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 11**  
**September 22, 2016**

**Item: Amplify Relations Education and Outreach Update**

**Recommendation:**

**That the Board receive an update on education and outreach activities and results from Amplify Relations.**

Fiscal Impact:  
None.

Summary:

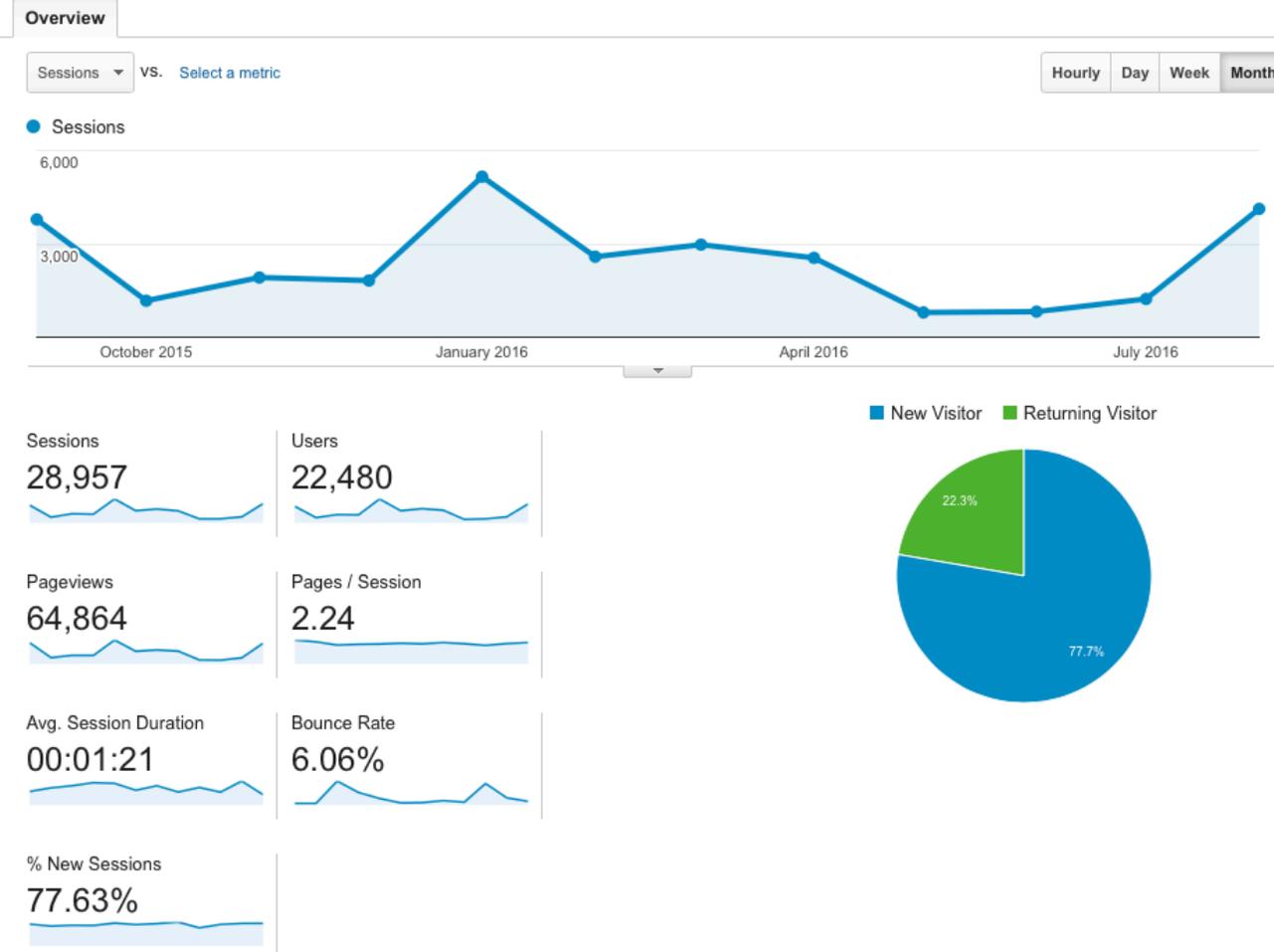
Megan Bedera, Vice President, Amplify Relations, will be available to answer any questions.

# “Let’s Go to College: Nevada Saves” Campaign

Report to the State of Nevada  
College Savings Board  
September 22, 2016

# NV529.org Traffic

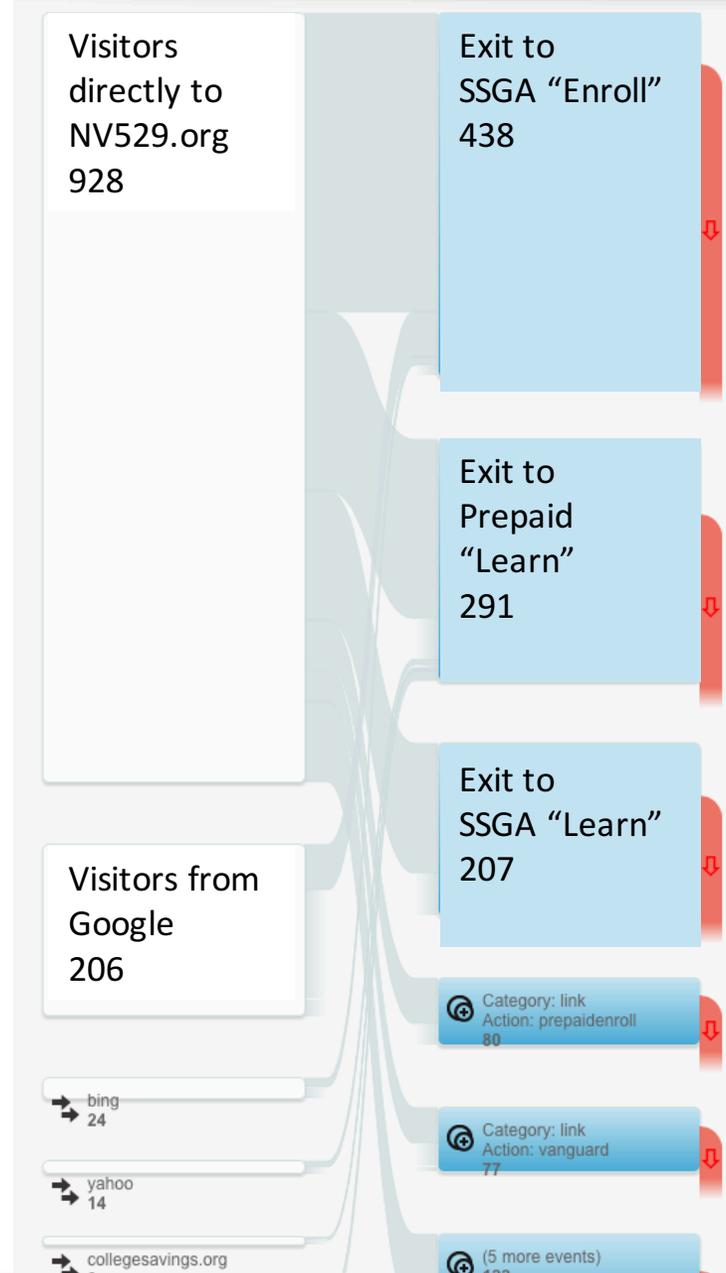
## September 1, 2015-August 31, 2016



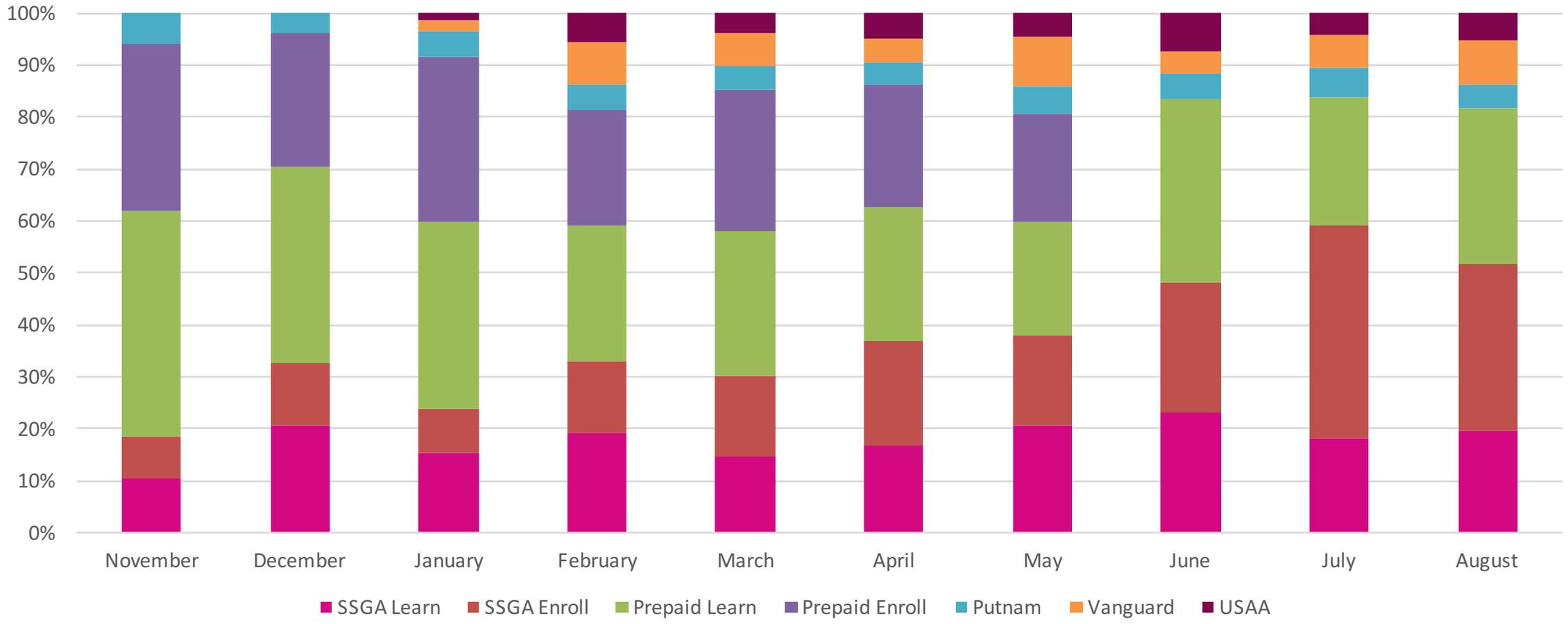
# NV529.org Exits

May 1, 2016-August 31, 2016

- Most visitors are entering directly through NV529.org
- During this period, most visitors are exiting to the SSGA “Enroll” Link followed by Prepaid “Learn More”



# Distribution of website exit clicks



# Distribution of website clicks - totals



	SSGA Learn	SSGA Enroll	Prepaid Learn	Prepaid Enroll	Putnam	Vanguard	USAA	Total by Month
November	53	43	223	165	30			514
December	167	96	304	207	30			804
January	369	205	858	760	117	50	33	2392
February	125	88	166	143	32	53	36	643
March	182	191	343	337	56	81	47	1237
April	124	147	191	173	32	33	37	737
May	62	51	66	62	16	28	14	299
June	65	70	99		14	12	21	281
July	129	285	175		38	45	30	702
August	112	181	171		25	48	31	568
Average	139	136	260	264	39	44	31	818

\*Due to a bug in the tracking codes, Putnam, Vanguard and USAA began tracking in early January



# Actual Enrollments vs. Enroll Now Exit Clicks



	SSGA Enroll Now Clicks	SSGA New Enrollments
November	43	34
December	96	46
January	205	82
February	88	56
March	191	64
April	147	43
May	51	81
June	70	79
July	285	159
August	181	55
<b>Average/Month</b>	<b>135.7</b>	<b>69.9</b>

	Prepaid Enroll Now Clicks	Prepaid New Enrollments
November	165	77
December	207	74
January	760	247
February	143	86
March	337	335
April	173	143
May	62	8
<b>Totals</b>	<b>1847</b>	<b>970</b>

\*Data before the third week of November is inconsistent due to new website bugs and tracking challenges across platforms



# Spring 2016 Silver State Matching Grant - Mail



- 32,786 postcards mailed to Nevada families
- Household income below \$75,000
- Delivered week of June 19-25, 2016



**SSGA Upromise529**

**Your investment in their future has met its match.**

Save for their college future with the SSGA Upromise 529 Plan and Silver State Matching Grant Program\*. Now's the time to take advantage of this convenient, common sense program designed to help make a college education a reality for your child.

**Dollar-for-Dollar Investment Matching**  
With our Silver State Matching Grant Program, qualified Nevada residents\*\* can receive a match on their investment of up to \$300 per calendar year, for up to five years.

Applications accepted through July 31, 2016.  
Open an account and apply online today!  
Visit [Nevadas529.com](http://Nevadas529.com)

- Open an account with as little as \$15.
- Easy online enrollment & no setup fees.
- Use at eligible schools nationwide.

\*Matching grants are subject to availability of funds, and there is no guarantee of the continued operation of the Silver State Matching Grant Program.  
\*\*Adjusted gross income up to \$74,999. If you qualify and are approved for the Program, contributions to your SSGA Upromise 529 account will be matched dollar-for-dollar up to \$300 per year. There is a lifetime maximum of \$1,500 over five (5) years.

ONLY \$15 to open an account!

Find out if you're eligible and apply for the Silver State Matching Grant program at [Nevadas529.com](http://Nevadas529.com) - Deadline is July 31 so don't delay!

Administered by Nevada State Treasurer Dan Schwartz

**SSGA Upromise529**  
SSGA Upromise 529 Plan  
P.O. Box 55578  
Boston, MA 02205-5578

For more information about the SSGA Upromise 529 Plan ("the Plan") download the Plan Description and Participation Agreement or request one by calling 1-800-587-7305. Investment objectives, risks, charges, expenses, and other important information are included in the Plan Description; read and consider it carefully before investing. Ascensus Broker Dealer Services, Inc. ("ABD") is distributor of the Plan.

Before investing in the Plan, you should consider whether your or the beneficiary's home state offers a 529 plan that provides its taxpayers with favorable state tax and other benefits that are only available through investment in the home state's 529 plan.

The SSGA Upromise 529 Plan (the "Plan") is administered by the Board of Trustees of the College Savings Plans of Nevada (the "Board"), chaired by Nevada State Treasurer. Ascensus Broker Dealer Services, Inc. serves as the Program Manager. ABD has overall responsibility for the day-to-day operations, including distribution of the Plan and provision of certain marketing services. State Street Global Advisors (SSGA) serves as Investment Manager for the Plan except for the Savings Portfolio, which is managed by Sallie Mae Bank, and also provides or arranges for certain marketing services for the Plan. The Plan's Portfolios invest in either (i) Exchange Traded Funds and mutual funds offered or managed by SSGA or its affiliates; or (ii) a Federal Deposit Insurance Corporation (FDIC)-insured omnibus savings account held in trust by the Board at Sallie Mae Bank. Except for the Savings Portfolio, investments in the Plan are not insured by the FDIC. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

Investment returns will vary depending upon the performance of the Portfolios you choose. Except to the extent of FDIC insurance available for the Savings Portfolio, you could lose all or a portion of your money by investing in the Plan, depending on market conditions. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.

CSNVU\_00525C-0316



# 2016 Silver State Matching Grant - Email



- Email to state employees
- Delivered week of July 15, 2016



**Enroll Now**



**Enroll Now**

**Administered by Nevada State Treasurer Dan Schwartz**

**Administered by Nevada State Treasurer Dan Schwartz**

**Your investment in their future has met its match.**

The State of Nevada and the SSGA Upromise 529 plan want to help you get a jump start on saving for college. If your family qualifies for the Silver State Matching Grant Program, you could receive a dollar-for-dollar matching contribution to your child's SSGA Upromise 529 of up to \$300 per year for up to 5 years. That could mean up to \$1,500 in extra savings for your child's higher education needs!

Don't miss out! Applications accepted until July 31.

In addition to receiving up to \$300 in matching contributions, with a SSGA Upromise 529 account, you can:

- Open with as little as \$15
- Make saving for college easy and affordable
- Contribute on your schedule in amounts that fit your budget
- Save for all qualified education expenses
- Use at any eligible school in the country

**Applications accepted through July 31.**

**SSGA Upromise529**

**Enroll Now**

To qualify for the Silver State Matching Grant Program, you and your beneficiary must be Nevada residents, the beneficiary must be 13 or younger at the time of the first application, and you must have a household income under \$75,000.

Call [1-800-587-7305](tel:1-800-587-7305) or visit [nevadas529.com](http://nevadas529.com) for more information.

**SSGA Upromise529**

**Administered by Nevada State Treasurer Dan Schwartz**



# 2016 Silver State Matching Grant - Online Ads



- Targeted Online Buy – July 1-31, 2016 (1,536,798 impressions, 11,178 engagements, 746 site visits, .05% ctr)

**SSGA promise529**

**SILVER STATE MATCHING GRANT**

Boost your child's college savings with a matching contribution into a 529 account of up to \$300!

Administered by Nevada State Treasurer Dan Schwartz

[click here to learn more](#)

SSGA promise529

SILVER STATE MATCHING GRANT

Boost your child's college savings with a matching contribution into a 529 account of up to \$300!

[click here to learn more](#)

Administered by Nevada State Treasurer Dan Schwartz

**SSGA promise529**

**SILVER STATE MATCHING GRANT**

Boost your child's college savings with a matching contribution into a 529 account of up to \$300!

Administered by Nevada State Treasurer Dan Schwartz

[Click here to learn more](#)

# TV Ads & Production



- TV ads continue to run
- Added 15-second variations of existing ads
- 2 new 15-second ads in production
- Expected completion – late October
- Themes to emphasize important frequently asked questions – can be used anywhere, including community colleges and some trade programs



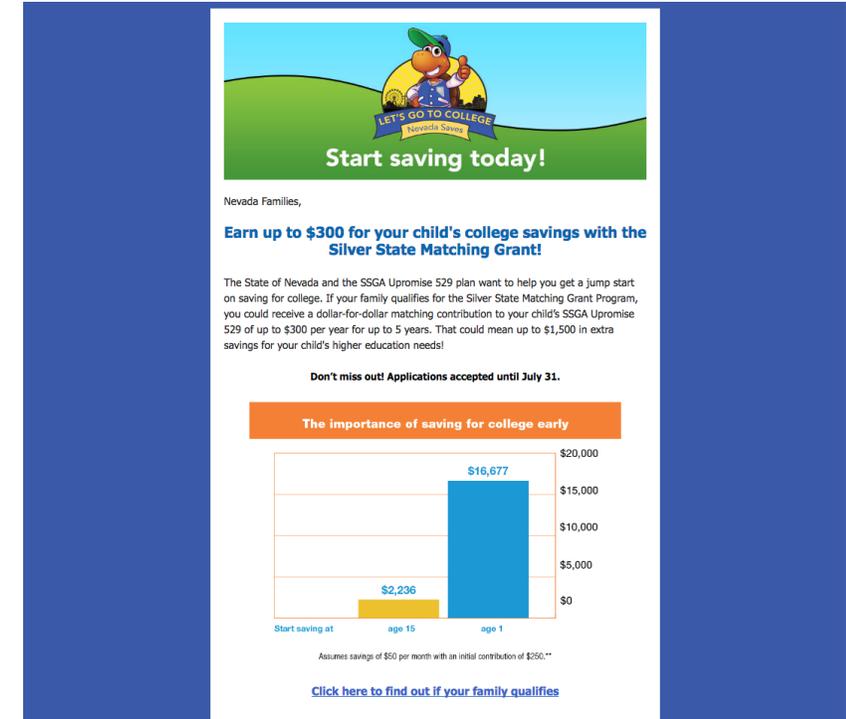
# Monthly Emails



## July Email Excerpt

Event	Total Emails	Delivered	Bounced	Unique Opens	Total Clicks	Unsubscribes
April 1 (Sent 4/28/16)	1,151	1,137 (98.8%)	14	352 (31%)	69	5 (.4%)
April 2 (Sent 4/28/16)	1,325	1,119 (84.45%)	206	578 (29%)	89	4 (.3%)
May (Sent 5/26/16)	2,287	2,244 (98.1%)	136	423 (18.9%)	75	7 (0%)
July (Sent 7/7/16)	2,823	2,791 (98.9%)	32	856 (30%)	123	8 (.3%)
August (Sent 8/24/16)	3,100	3062 (98.8%)	38	620 (20%)	43	10 (.3%)
Averages	1,841	92%	79	26.84%	97	6

- We will be collecting 27,000 qualified email addresses over the course of the year to increase our email reach.
- We are also including income information for the email collection, allowing us to target messages about programs based on income level.



Nevada Families,

**Earn up to \$300 for your child's college savings with the Silver State Matching Grant!**

The State of Nevada and the SSGA Upromise 529 plan want to help you get a jump start on saving for college. If your family qualifies for the Silver State Matching Grant Program, you could receive a dollar-for-dollar matching contribution to your child's SSGA Upromise 529 of up to \$300 per year for up to 5 years. That could mean up to \$1,500 in extra savings for your child's higher education needs!

**Don't miss out! Applications accepted until July 31.**

**The importance of saving for college early**

Start saving at	Amount
age 15	\$2,236
age 1	\$16,677

Assumes savings of \$50 per month with an initial contribution of \$50.\*\*

[Click here to find out if your family qualifies](#)

# Post-Event Follow Up Emails



- 3-email series following each event
- Open Rates
  - Email 1: 33% (-3.6)
  - Email 2: 24% (+2)
  - Email 3: 22.5%



Dear \*|FNAME|\*,

Thank you for signing up to learn more about saving for college at \*|EVENTLONG|\*. You've taken an important first step to helping your child reach his or her education goals.

Nevada State Treasurer Dan Schwartz wants to help by making sure you've heard about the great college savings programs and scholarships administered by the Treasurer's Office.

**NEVADA PREPAID TUITION**

- Plans available for newborns through 9th graders
- Plan benefits can be used nationwide\*
- Prices start at \$38 per month with several payment plan options available
- **Open enrollment ends March 31, 2016!**

[Learn More](#) | [Enroll Now](#)

**SSGA promise529**

- Open with as little as \$15
- Makes saving easy and affordable
- Contribute on your schedule in amounts that fit your budget
- Save for all qualified education expenses
- Use at any eligible school in the country

[Learn More](#) | [Open an Account](#)

\*Visit [FAFSA.gov](http://FAFSA.gov) for a complete list of eligible schools

# Fall 2016 Social Media/Online



- Suggested content delivered to state staff monthly
- Monthly meme for July, August & September
- Cover photo updates for back to school and College Savings Month





# Fall 2016 Creative Assets Produced



- Update to Videoboard for Aces Game
- Continuing edits to employer tax credit flyer
- Event flyer with slips in Word
- LV Museum artwork and ads
- Update Prepaid Tuition Brochure for 2016/2017
- Update Prepaid Tuition Covers for 2016/2017
- Ad for VMSN 8<sup>th</sup> Annual Ball



**NEVADA PREPAID TUITION**  
Tomorrow's In-state Tuition. Today's Prices.

Newborn - 9th grade  
Purchase in Nevada, Use Nationwide!\*

**Enrollment Opens November 1!**  
**(702) 486-2025 NV529.ORG**

Administered by Nevada State Treasurer Dan Schwartz

\* Visit PAFSA.ed.gov for a list of eligible schools.

# Fall 2016 Umbrella Mailer



- 20,000 Nevada residents with household incomes over \$75,000
- Received first postcard week of August 15, 2016
- Will receive a second postcard approx. September 15, 2016

**Kids grow up fast!**  
Take the first step to a bright future by opening a college savings account for your child.  
**NV529.ORG**

**Take the first step to put your child on the path to success.**  
Learn more at **NV529.ORG**

**Kids grow up fast! Start saving today!**

Set your child on the right path by opening a college savings account!

**NEVADA PREPAID TUITION**

Nevada Prepaid Tuition locks in tomorrow's in-state tuition at today's prices—so you don't have to worry about the rising cost of tuition.

Benefits can be used nationwide! Visit [FAPSA.ed.gov](http://FAPSA.ed.gov) for a list of eligible schools.

**SSGA promise529**

Nevada's SSGA Upromise 529 Plan makes saving easy and affordable. Open an account in minutes with as little as \$15.

Watch your investment in your child's higher education grow as they do!

**kickstart**

The Nevada College Kick Start Program jump starts college savings for kindergarten students with a \$50 account and lets them know that college is an attainable goal.

**MILLENNIUM Scholarship**

The Governor Guinn Millennium Scholarship is awarded to qualified Nevada high school graduates and can be used at eligible in-state institutions.

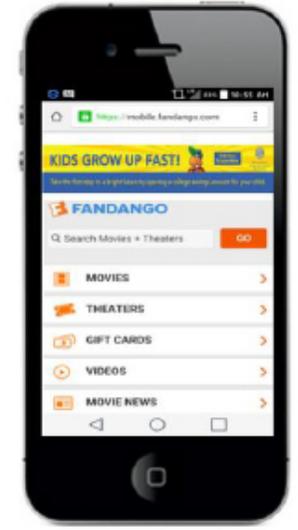
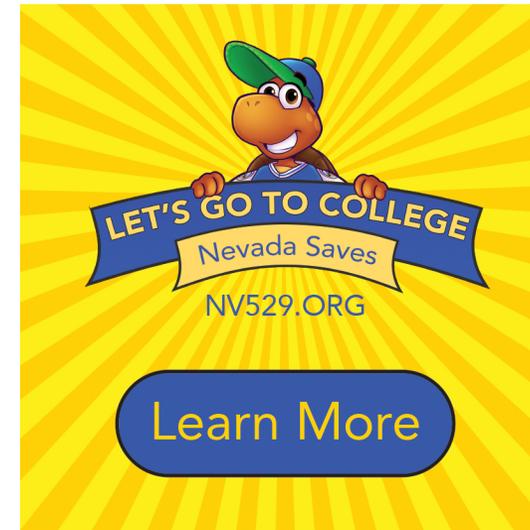




# Fall 2016 Umbrella Online Ads



- Pandora Radio – Jul 15– Sep 30, 2016
- Online Ads – Jul 15– Sep 30, 2016 (results to date: 527,150 impressions, 243 clicks)
- NCM (placement targeting families who buy tickets to children's movies online) – Aug. 5 – Sep. 1, 2016 (289,324 impressions, 2,746 clicks, .95% ctr)
- Tiny Beans (app for families of young children to share photos) – Sep. 1-30, 2016



Administered by  
Nevada State Treasurer  
Dan Schwartz

**KIDS GROW UP FAST!**

Take the first step to a bright future by opening a college savings account for your child.

[Click Here To Learn More](#)

# Public Relations

## MESQUITE LOCAL NEWS

### Silver State Matching Grant Deadline is July 31

Print

JULY 22, 2016 BY SPECIAL TO THE MLN

LEAVE A COMMENT

Like 6 Tweet Pin It +1 Share

Carson City, Nev. – The Nevada State Treasurer's Office reminds Nevada families that the deadline to apply for the Silver State Matching Grant is **July 31**. Applicants must be current SSGA Upromise 529 account owners and have a household adjusted gross income that can't exceed \$74,999.

The Silver State Matching Grant Program allows eligible Nevada residents who are saving for higher education with a SSGA Upromise 529 Plan to be considered for a matching grant of up to \$300 per calendar year, up to a lifetime maximum of \$1,500 over five years.

"Saving for college can be a real challenge for many families," said Dan Schwartz, Nevada State Treasurer. "We want to help with that burden, so together with the SSGA Upromise 529 Plan we created the Silver State Matching Grant Program."

To qualify for the Silver State Matching Grant, both the applicant and beneficiary must be Nevada residents, must be a SSGA Upromise account holder, the beneficiary must be 13-years-old or younger as of December 31, 2016, and household income must not exceed \$74,999. Those interested in applying can do so online by visiting

"The Silver State Matching Grant is a great opportunity for parents to boost the investment they've already made in their child's future," Schwartz said. "Make sure to apply by the July 31 deadline in order to be considered."

Plans offered by the Nevada State Treasurer's Office include the Nevada Prepaid Tuition Program, SSGA Upromise 529 Plan, Putnam 529 for America, the Vanguard 529 College Savings Plan and the USAA 529 College Savings Plan. Each plan is different, and they can even be combined with one another for remarkable savings.

To learn more about any of these programs please visit [www.NV529.org](http://www.NV529.org).

News Date	News Headline	Outlet Name	Outlet City	Viewers
6/10/16	Reno Kite Festival Returns This Weekend, Parents Can Open College Savings Account	KTVN-TV Online	Reno	175120
6/11/16	Reno Kids Kite Festival Saturday at Rancho San Rafael	KOLO-TV Online	Reno	128036
6/27/16	ESA deadline fast approaching	KVVU-TV Online	Henderson	507205
7/22/16	Silver State Matching Grant Deadline is July 31	Mesquite Local News - Online	Mesquite	
7/30/16	Sunday is deadline to apply for Silver State Matching Grant	KSNV-TV Online	Las Vegas	78696

- July Release
- August Release
- September Release
- Q1 opinion editorial to cover changes to Kick Start

# Overview by Quarter



## Q1

- New ad production
- TV Ads
- NV529.org Pandora Ads
- NV529.org Mailer
- NV529.org Online Ads
- CKS Welcome Letter
- Begin production of Sage stress balls

## Q2

- TV Ads
- NV529.org Pandora Ads
- NV529.org Online Ads
- Prepaid Mailer
- Prepaid Backpack Fliers
- Prepaid Public Radio Ads

# Overview by Quarter



## Q3

- TV Ads
- Prepaid Pandora Ads
- Prepaid Online Ads
- Prepaid Public Radio Ads
- Prepaid Mailer

## Q4

- TV Ads
- Matching Grant Pandora Ads
- Matching Grant Online Ads
- Matching Grant Mailer
- NV529.org Mailer

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 12**  
**September 22, 2016**

**Item: Nevada Prepaid Tuition 2017 Program Description  
and Master Agreement**

**Recommendation:**

**That the Board review and approve the 2017 Nevada Prepaid Tuition Program Description and Master Agreement and direct the Treasurer's Office to administer all contracts within the provisions of the Master Agreement.**

**Fiscal:**

Printing of the Program Description/Master Agreement is estimated to cost \$1,000 and is included in the in printing budget.

**Summary:**

NRS 353B.100 requires the Board to create a prepaid tuition contract in accordance with the Nevada Revised Statutes. This document referred to as the "Master Agreement," delineates the rules and policies for the Nevada Prepaid Tuition Plan ("Plan"), which is adopted by the Board and meets the federal 529 requirements for disclosure of the program. Our hired outside legal counsel, James Canup, of Hirschler Fleischer made recommended changes, which were included in the 2017 Program Description and Master Agreement.

James Canup of Hirschler Fleischer will be available to answer any questions on the Master Agreement contract language.

# NEVADA **PREPAID** TUITION

## Nevada Prepaid Tuition Program Description and Master Agreement

### 2017 Open Enrollment

**November 1, 2016 – March 31, 2017**

#### *Choose a plan:*

- 4 year university
- 2 year university
- 1 year university
- 2 year community college
- 2 year community college & 2 year university

#### *Choose a payment option:*

- Extended monthly payments
- 5-year monthly payments
- Lump-sum payment

First payment not due until May 15, 2017.



\*Benefits may be used out of state at eligible institutions of higher education.



Administered by  
Nevada State Treasurer  
Dan Schwartz

# NV529.ORG

**Dan Schwartz**  
*State Treasurer*



**STATE OF NEVADA**  
**OFFICE OF THE STATE TREASURER**

October 1, 2016

Dear Nevada Families:

***Tomorrow's In-State Tuition. Today's Prices.*** The goal of the Nevada Prepaid Tuition Program is to help Nevada families make the dream of a higher education for their children a reality.

Finding the money to send your child to college can be a monumental task, but we'd like to help you achieve that goal by encouraging you to begin saving for college today by purchasing a Nevada Prepaid Tuition contract. The cost of attending college continues to rise, and that's where the Nevada Prepaid Tuition Program can assist you. By purchasing in-state higher education tuition credits at today's prices, you are locking in tuition rates now when your child is ready for college at a later date. Prepaid Tuition may also be extended to certain family members should your child receive a full scholarship or decide not to pursue post-secondary education.

The Program offers university, community college, or a combination of tuition credit choices. The earlier you start, the more affordable your payment options are. ***Purchased in-state tuition credits may be used to pay tuition costs at both in-state and out-of-state eligible public or private colleges or universities.***

**This year's enrollment period for the Nevada Prepaid Tuition Program opens November 1, 2016, and closes on March 31, 2017.** I invite you to review the options and consider joining the more than 19,330 Nevada families which have already enrolled their children and are benefiting from the "peace of mind" gained by planning ahead. To learn more about the Nevada Prepaid Tuition Program, please visit [www.NVPrepaid.gov](http://www.NVPrepaid.gov), or call my office at 702 486-2025.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dan Schwartz".

Dan Schwartz  
Nevada State Treasurer

**CARSON CITY OFFICE**  
101 N. Carson Street, Suite 4  
Carson City, Nevada 89701-4786  
(775) 684-5600 Telephone  
(775) 684-5623 Fax

**STATE TREASURER PROGRAMS**  
Millennium Scholarship Program  
Nevada Prepaid Tuition Program  
Unclaimed Property  
Upromise College Fund 529 Plan

**LAS VEGAS OFFICE**  
555 E. Washington Avenue, Suite 4600  
Las Vegas, Nevada 89101-1074  
(702) 486-2025 Telephone  
(702) 486-3246 Fax

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# Introduction<sup>1</sup>

The Nevada Prepaid Tuition Program (“Program”) allows you to purchase tomorrow’s in-state college tuition at today’s rates. Contracts available through the Program allow the purchase of community college and university level credit hours at any eligible higher education institution for use when the Beneficiary is ready to attend college. You may choose from a variety of plan options which pay the actual cost of basic in-state tuition charged to a Nevada resident for undergraduate credit hours. Program earnings are currently free from federal taxes if the educational benefits are used to pay for the cost of future college credit hours.

The Program offers flexibility and portability, providing a variety of plan choices and payment options, including monthly payments made until the date the Beneficiary graduates from high school. The contract can also be used to pay tuition benefits at both in-state and out-of-state eligible public or private colleges and universities. However, the Program will not pay more than the in-state credit hour rate at two and/or four-year public colleges and universities located in Nevada regardless of where a child uses their benefits.

The Program is offered pursuant to Nevada Revised Statutes (NRS) 353B and the Nevada Administrative Code (NAC) 353B. Internal Revenue Code Section 529 authorizes states and state agencies to establish and maintain tax-advantaged qualified tuition programs intended to assist individuals and families in paying for qualified higher education expenses. The Nevada Prepaid Tuition Program, administered by the State Treasurer through the Board of Trustees of the Nevada College Savings Plans, is a qualified 529 plan. Funds are deposited and managed in the Nevada Higher Education Tuition Trust Fund. To learn more about Nevada’s Prepaid Tuition Program, visit the website at [www.NVPrepaid.gov](http://www.NVPrepaid.gov).

The Program is compatible with the Governor Guinn Millennium Scholarship and other 529 college savings plans. While a Nevada Prepaid Tuition contract pays the basic costs of tuition through credit hour disbursements, the Millennium Scholarship and additional 529 college savings plan accounts may supplement the Prepaid Tuition Program to provide additional funds towards qualified higher education expenses such as certain room and board costs, and college fees, books, and equipment required for attendance not covered by the Prepaid Program.

You may invest in the Program as long as either the purchaser or the student (Beneficiary) is a Nevada resident, or the purchaser graduated from a Nevada public college or university.

<sup>1</sup> Defined terms in this Program Description have the meanings attributed to them in the Master Agreement.

## Contracts and Pricing: 2017 Enrollment

Now in its 18<sup>th</sup> year of operation, the Nevada Prepaid Tuition Program offers five different plans including a community college plan, three university plans, and a combination community college – university plan. Payment options include a one-time lump sum payment, a five-year monthly payment plan (sixty months), and an extended monthly payment plan (monthly until high school graduation). Making a down payment of \$1,000 or more is also an option. Contact the Program office for more details on making an optional down payment.

The following tables provide the 2017 Enrollment Period Contract prices. To determine a price, decide which Credit Hour plan you want to purchase, then find the Beneficiary's age or grade on the left hand side of the chart. Next, the columns moving across the chart will provide you with the prices and number of payments for different payment options. If you enroll during the 2017 enrollment period, which ends March 31, 2017, **your first payment will not be due until May 15, 2017.**

# NEVADA PREPAID TUITION PROGRAM 2017 PRICES AND PLANS

**Plan A: Four Year University**  
**120 University Level Credit Hours**

Age/ Grade	Lump Sum Payment	Extended Monthly Payment Plan		Five Year Payment Plan	
	1 Payment	Number of Payments	Monthly Amount	Number of Payments	Monthly Amount
Newborn	\$24,285	207	\$190	60	\$469
Age 1	\$24,351	195	\$197	60	\$471
Age 2	\$24,417	183	\$205	60	\$472
Age 3	\$24,482	171	\$215	60	\$473
Age 4/5*	\$24,545	159	\$226	60	\$474
K	\$24,603	147	\$238	60	\$476
1 <sup>st</sup>	\$24,660	135	\$253	60	\$477
2 <sup>nd</sup>	\$24,716	123	\$271	60	\$478
3 <sup>rd</sup>	\$24,773	111	\$292	60	\$479
4 <sup>th</sup>	\$24,834	99	\$319	60	\$480
5 <sup>th</sup>	\$24,899	87	\$354	60	\$481
6 <sup>th</sup>	\$24,967	75	\$400	60	\$483
7 <sup>th</sup>	\$25,036	63	\$464	60	\$484
8 <sup>th</sup>	\$25,129	51	\$559	n/a	n/a
9 <sup>th</sup>	\$25,233	39	\$712	n/a	n/a

**Plan B: Two Year University**  
**60 University Level Credit Hours**

Age/ Grade	Lump Sum Payment	Extended Monthly Payment Plan		Five Year Payment Plan	
	1 Payment	Number of Payments	Monthly Amount	Number of Payments	Monthly Amount
Newborn	\$12,181	207	\$96	60	\$236
Age 1	\$12,219	195	\$100	60	\$237
Age 2	\$12,250	183	\$104	60	\$238
Age 3	\$12,279	171	\$108	60	\$238
Age 4/5*	\$12,307	159	\$114	60	\$239
K	\$12,335	147	\$120	60	\$239
1 <sup>st</sup>	\$12,364	135	\$128	60	\$240
2 <sup>nd</sup>	\$12,392	123	\$136	60	\$240
3 <sup>rd</sup>	\$12,420	111	\$147	60	\$241
4 <sup>th</sup>	\$12,453	99	\$161	60	\$241
5 <sup>th</sup>	\$12,490	87	\$178	60	\$242
6 <sup>th</sup>	\$12,526	75	\$202	60	\$243
7 <sup>th</sup>	\$12,561	63	\$234	60	\$244
8 <sup>th</sup>	\$12,617	51	\$281	n/a	n/a
9 <sup>th</sup>	\$12,686	39	\$359	n/a	n/a

\*Five year olds not yet in Kindergarten as of September 30, 2016, will follow the Age 4/5 pricing.

**Plan C: One Year University  
30 University Level Credit Hours**

**Plan D: Two Year Community College/Two Year University  
60 Community College Level /60 University Level Credit Hours**

Age/ Grade	Lump Sum Payment	Extended Monthly Payment Plan		Five Year Payment Plan		Age/ Grade	Lump Sum Payment	Extended Monthly Payment Plan		Five Year Payment Plan	
	1 Payment	Number of Payments	Monthly Amount	Number of Payments	Monthly Amount		1 Payment	Number of Payments	Monthly Amount	Number of Payments	Monthly Amount
Newborn	\$6,109	207	\$49	60	\$119	Newborn	\$16,869	207	\$133	60	\$327
Age 1	\$6,123	195	\$51	60	\$119	Age 1	\$16,947	195	\$138	60	\$328
Age 2	\$6,137	183	\$53	60	\$120	Age 2	\$17,028	183	\$144	60	\$330
Age 3	\$6,152	171	\$55	60	\$120	Age 3	\$17,111	171	\$151	60	\$331
Age 4/5*	\$6,166	159	\$58	60	\$120	Age 4/5*	\$17,193	159	\$158	60	\$333
K	\$61,80	147	\$61	60	\$121	K	\$17,271	147	\$168	60	\$334
1 <sup>st</sup>	\$6,194	135	\$65	60	\$121	1 <sup>st</sup>	\$17,346	135	\$178	60	\$336
2 <sup>nd</sup>	\$6,208	123	\$69	60	\$121	2 <sup>nd</sup>	\$17,423	123	\$191	60	\$337
3 <sup>rd</sup>	\$6,222	111	\$75	60	\$121	3 <sup>rd</sup>	\$17,499	111	\$207	60	\$339
4 <sup>th</sup>	\$6,242	99	\$81	60	\$122	4 <sup>th</sup>	\$17,579	99	\$227	60	\$340
5 <sup>th</sup>	\$6,261	87	\$90	60	\$122	5 <sup>th</sup>	\$17,660	87	\$252	60	\$342
6 <sup>th</sup>	\$6,278	75	\$102	60	\$122	6 <sup>th</sup>	\$17,744	75	\$285	60	\$343
7 <sup>th</sup>	\$6,295	63	\$118	60	\$123	7 <sup>th</sup>	\$17,832	63	\$331	60	\$345
8 <sup>th</sup>	\$6,340	51	\$142	n/a	n/a	8 <sup>th</sup>	\$17,931	51	\$399	n/a	n/a
9 <sup>th</sup>	\$6,372	39	\$181	n/a	n/a	9 <sup>th</sup>	\$18,036	39	\$510	n/a	n/a

**Plan E: Two Year Community College  
60 Community College Level Credit Hours**

Age/ Grade	Lump Sum Payment	Extended Monthly Payment Plan		Five Year Payment Plan	
	1 Payment	Number of Payments	Monthly Amount	Number of Payments	Monthly Amount
Newborn	\$4,639	207	\$38	60	\$91
Age 1	\$4,653	195	\$39	60	\$91
Age 2	\$4,664	183	\$40	60	\$91
Age 3	\$4,676	171	\$42	60	\$92
Age 4/5*	\$4,721	159	\$45	60	\$92
K	\$4,766	147	\$47	60	\$93
1 <sup>st</sup>	\$4,811	135	\$51	60	\$94
2 <sup>nd</sup>	\$4,857	123	\$54	60	\$95
3 <sup>rd</sup>	\$4,903	111	\$59	60	\$96
4 <sup>th</sup>	\$4,952	99	\$65	60	\$97
5 <sup>th</sup>	\$5,002	87	\$72	60	\$98
6 <sup>th</sup>	\$5,053	75	\$82	60	\$99
7 <sup>th</sup>	\$5,103	63	\$96	60	\$100
8 <sup>th</sup>	\$5,163	51	\$116	n/a	n/a
9 <sup>th</sup>	\$5,229	39	\$149	n/a	n/a

\*Five year olds not yet in Kindergarten as of September 30, 2016, will follow the Age 4/5 pricing.

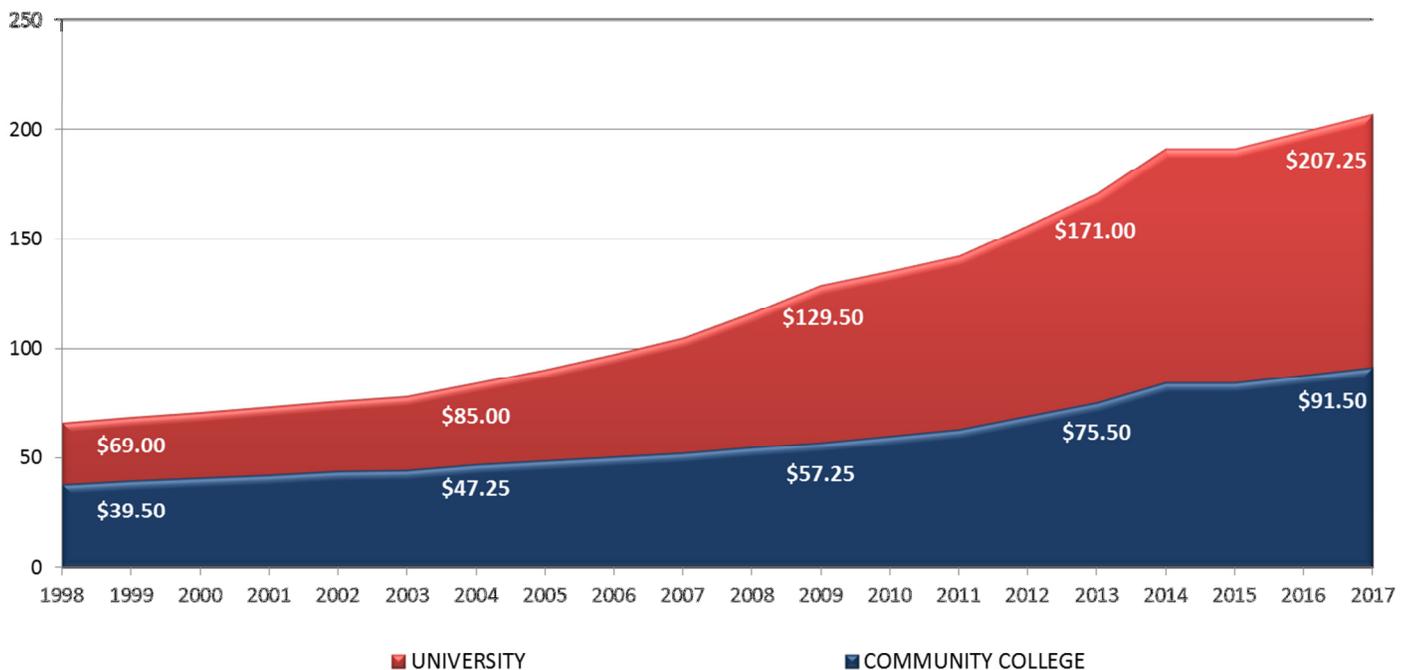
## How Pricing is Determined

For each enrollment period, the College Savings Board of Nevada uses actuarial methodology to help determine Contract prices. These Contract prices may include a premium over the current cost of Credit Hours at representative Nevada colleges and universities. Once a Contract is established, the price of the Contract will not change regardless of future tuition increases.

Plan pricing is based in part on an actuarial formula, which incorporates several factors, including the current cost of Credit Hours, the estimated future costs of Credit Hours, a general inflation adjustment, anticipated investment returns, administrative costs, and the need for a reserve to assist in periods of fluctuating returns or higher than average costs for Credit Hours at Nevada colleges and universities. (See the latest annual actuarial report which can be found at [www.NVPrepaid.gov](http://www.NVPrepaid.gov) for more information.)

The total Contract payments for either of the monthly payment options equates to more than the lump sum payment option, as the five-year and extended monthly payment options include a 6.25% interest component. This is because the Program does not have the full contract amount available to invest immediately, so it cannot generate the same amount of income as it would with a lump sum payment. As a result, monthly payment contract purchasers pay a greater amount over time for Contracts than if purchased with a lump sum payment. However, in the event of program cancellation, the purchaser is entitled to a refund of the amount paid into the program, including the interest component, less any administrative fees, or tuition amounts paid on the beneficiary's behalf. In addition, with the Nevada Prepaid Tuition prepayment plan, if your actual payments total more than the In-State Credit Hour rate paid when the Beneficiary uses the benefits and the Program pays out less than the actual amount paid into the program, you may be entitled to a refund less any Program fees.

Historical Credit Hour Cost Increases At Nevada Colleges



# Chapter I: Program Information

The Nevada Prepaid Tuition Program ("Program") agrees to pay for the fixed number of undergraduate Credit Hours bought by a Purchaser. The Program pays the in-state rate of Credit Hours at two and four-year public colleges and universities located in Nevada. The Program was created by the Nevada State Legislature and is administered by the State Treasurer's Office under the oversight of the Board of Trustees of the College Savings Plans of Nevada ("Board").

**Please read this Nevada Prepaid Tuition Program Description and Master Agreement prior to purchasing a contract.**

## Legislative History

The Nevada State Legislature established the Nevada Prepaid Tuition Program (the "Program") in 1997. The Program is governed through the Nevada Revised Statutes (NRS) 353B and the Nevada Administrative Code (NAC) 353B. The Program is administered by the Board of Trustees of the College Savings Plans of Nevada through the State of Nevada Treasurer's Office. With legislative approval, the NRS and NAC's that govern the Program may be amended from time to time.

## Board

As required by the Nevada Revised Statutes (NRS) 353B, the Nevada Prepaid Tuition Program is directed and administered by the Board of Trustees of the College Savings Plans of Nevada (the "Board"). The Board consists of five members, including the State Treasurer, the Director of Administration, and the Chancellor of the Nevada System of Higher Education or their appointees, all of whom serve ex officio. The remaining two Board members are appointed by the Governor and must possess knowledge, skill and experience in the field of accounting, finance, investment management, or marketing. Board members serve without compensation, however they are entitled to reimbursement for actual and reasonable expenses incurred while performing Board duties. The Board has general and fiduciary responsibility for the Program as a whole. The College Savings Board meetings are held quarterly and are open to the public. Please find the list of board meetings at [NVPrepaid.gov](http://NVPrepaid.gov), under More Info/College Savings Board.

## Trust Fund

The Nevada Higher Education Prepaid Tuition Trust Fund (the "Trust Fund") was created pursuant to NRS 353B.140. The Trust Fund consists of monies received for payment of Prepaid Tuition Contracts, and may also include a bequest, endowment or grant from the Federal Government, or any other public or private source. Monies held by the Trust Fund are not considered monies of the State and may not be commingled with other General Fund monies of the State. Monies in the Trust Fund not expended during any biennium do not revert to the State General Fund at any time, for any reason.

## Annual Audit

In accordance with NRS 353B.180, the Board is required to contract with a certified public accounting firm to perform an annual audit of accounts and records of the Program, including receipts and disbursements from the Trust Fund. Eide Bailly LLP has been retained by the Board to conduct the annual audit. The completed audit report is included in the Annual Report, which can be found online at [www.NVPrepaid.gov](http://www.NVPrepaid.gov).

## Annual Actuarial Study

In accordance with NRS 353B.190, the Board is required to contract with a certified actuary to perform an annual actuarial study to determine the financial soundness of the Program. Gabriel Roeder Smith & Company has been retained by the Board to conduct the annual actuarial study. The completed annual actuarial study is included in the Annual Report, which can be found online at [www.NVPrepaid.gov](http://www.NVPrepaid.gov).

## Annual Report

In accordance with NRS 353B.170, the Board shall prepare an Annual Report each year. The Report includes a detailed accounting of the Trust Fund and a description of the financial soundness of the Trust Fund at the close of each fiscal year. Both the Actuarial Report and Annual Audit are included as part of the Annual Report. The Board is required to submit the Annual Report to the Governor each year in addition to various Legislative Committees based on odd- or even- numbered years. The Annual Report can be viewed at [www.NVPrepaid.gov](http://www.NVPrepaid.gov).

## Investment Policy and Investment Management

The Board has adopted an Investment Policy in accordance with NRS 353B.160. The overall Trust Fund has been structured to provide the most appropriate asset allocation from a risk and return perspective to meet the Trust Fund objectives. The Trust Fund shall be diversified both by asset class and within asset classes. The Board has adopted an asset allocation divided between various asset types, which include 50% Equities, 20% Covered Calls, and 30% Fixed Income, which is reviewed annually. The Board contracts separately with Investment Managers who are responsible for administering Program assets in accordance with the guidelines and objectives of the Investment Policy. The Board also contracts with an Investment Consultant to provide information, analysis, oversight and recommendations. The full investment policy is posted on the Program website at [www.NVPrepaid.gov](http://www.NVPrepaid.gov).

## General Risks

**The Program must operate and finance its activities only through its own assets. It is not guaranteed by the State of Nevada, is not an obligation of the General Fund of the State of Nevada, and is not commingled with the investment funds of any other Nevada 529 Plans. Payment of Program obligations will be made only from the assets in the Trust Fund.**

Contracts are with the Board of Trustees of the College Savings Plans of Nevada. To protect its assets from other uses by the State, only the Board— not the State—controls the assets in the Trust Fund. Pursuant to NRS 353B.130, Contracts are not an obligation of the State of Nevada and neither the full faith and credit nor taxing power of the State is pledged directly, indirectly, or contingently to payment of the Contracts. Contract owners (Purchasers) in the Program assume all investment risk, including the potential loss of contributions and liability for additional income taxes or penalties for Non-qualified Distributions.

## Investment May Not Meet Objectives; Accounts Are Not Insured.

As with any investments, the rates of return and the amount of appreciation and depreciation of the Trust Fund investments are unpredictable. Therefore, we cannot provide any assurance that the investments selected by the Board for the Trust Fund will meet their objectives. The Board's investments are not deposits or obligations of, or guaranteed by any depository institution and are not insured by the Federal Deposit Insurance Corporation (FDIC), Federal Reserve, the State of Nevada or any other government agency. As of June 30, 2015, the actuarial study determined that the Program was 127.9% funded.

As noted above, in accordance with NRS 353B.130, a Contract is not an obligation of the state of Nevada and neither the full faith and credit nor taxing power of the State is pledged directly or indirectly or contingently, morally or otherwise, to the payment of the Contract. The Board cannot directly or indirectly or contingently obligate morally or otherwise, the State to levy or pledge any form of taxation whatsoever or to make any appropriation for the payment of the Contract

## Market Uncertainties

Due to market uncertainties, the overall market value of the Trust Fund is likely to be highly volatile and could be subject to wide fluctuations in response to factors such as regulatory or legislative changes, worldwide

political uncertainties, and general economic conditions. All of these factors are beyond the Board's control and may cause the value of the Trust Fund to decrease regardless of the investment performance.

## **Using Your Contract**

A Nevada Prepaid Tuition Contract can be used at any "Eligible Educational Institution", which includes any accredited public or private university, college, or vocational school in the United States, as well as at selected colleges in other countries. An institution is eligible if it is qualified to participate in federal financial aid programs through the U.S. Department of Education. For a complete list of Eligible Educational Institutions in the United States and other countries, please visit the U.S. Department of Education's Free Application for Federal Student Aid (FAFSA) website at [www.fafsa.ed.gov](http://www.fafsa.ed.gov). If the Institution is listed, the In-State Credit Hour benefits of the Nevada Prepaid Tuition Program Contract may be used at that school.

Before the Beneficiary graduates from High School, and prior to fall attendance at college, the Program Administrator will send or make available electronically to the Beneficiary a Nevada Prepaid Tuition Student Handbook, which includes the paperwork required to use the tuition benefits (Intent to Enroll form, etc.) and explains enrollment and disbursement of benefit procedures at Eligible Educational Institutions for the Beneficiary.

## **Requesting a Refund**

All cancellations and refunds are made according to Code Section 529, Nevada State Law, and the Nevada Prepaid Tuition Master Agreement. In general, the Purchaser can receive a refund with some exceptions specifically noted in the Master Agreement. A refund request must be submitted on the form provided by the Program, along with any required documentation. The Refund form may be mailed, faxed, or emailed to:

Nevada Prepaid Tuition Program  
Office of the State Treasurer  
555 E Washington Avenue, Suite 4600  
Las Vegas, NV 89101  
Fax: 702-486-3246      Email: [PrepaidTuition@nevadatreasurer.gov](mailto:PrepaidTuition@nevadatreasurer.gov)

Once a refund has been approved, the Purchaser will usually receive a refund within six weeks. Penalties and fees may be assessed on certain refunds and interest will not be paid on refunds. Please review the Master Agreement for full details.

## **Privacy Policy**

The Board considers the privacy and security of personal information a top priority. The Board adheres to policies for the benefit of current and past Purchasers and Beneficiaries. In administering the Program, the Board may collect the following types of personal information:

- Required information received from enrollment forms, communication, and other forms, such as name, address, and Social Security Number.
- Information the Board may require as a result of administering contracts, such as transaction information and account balances.

The Board restricts access to this personal information to its employees and agents who need to know the information to provide the purchaser with the products and services required by statutes governing the Program. The Board may make disclosure of such information, as permitted or required by law, and may ask the Purchaser for verification, or additional information. The Board maintains appropriate physical, electronic, and procedural safeguards to protect the privacy of personal information. **None of the information provided is supplied to third parties for solicitation purposes.**

## **Online Contract Service**

Individuals may access their Nevada Prepaid Tuition Contract information and access account payments and records securely online at [www.NVPrepaid.gov](http://www.NVPrepaid.gov). Contact the Nevada Prepaid Tuition Office for assistance.

## **Changing Tax Laws and Regulations**

This summary is based on the relevant provisions of Code Section 529, relevant legislative history, and official interpretations of applicable U.S. federal laws as of the date of this document. Changes to federal or state tax laws may occur in the future which could have a significant impact on the Program and your Contract, including termination of the Program.

## **Federal Income Tax Treatment of Contributions, Distributions and Refunds**

The Program is designed to constitute a "qualified tuition program" under Code Section 529. Under current U.S. federal tax law, if the Contract is used for qualified higher education expenses, any increase in the value of the Program Contract is not subject to federal income tax. If a Non-qualified Refund is requested, the Purchaser will owe federal tax on the earnings received in the year such Refund is processed and a 10% federal penalty tax on the earnings. If a Program Contract is terminated and the payment received is not used to pay qualified higher education expenses, any contract "earnings" are subject to federal income taxes and additionally a 10% federal penalty tax on the earnings. The Purchaser or person receiving the Non-qualified Refund will be responsible for those taxes.

## **Special Termination of Contract**

In the event of the Beneficiary's death, disability, receipt of a full scholarship, or attendance at a U.S. service academy that renders the Program educational benefits unusable, the Purchaser may receive a Qualified Refund of the plan contributions. Any earnings on a Qualified Refund are subject to federal income tax but not to the additional 10% federal penalty tax on earnings.

## **Federal Gift and Estate Taxes**

Contributions to a 529 plan, excluding those from a Uniform Gifts to Minors Act (UGMA) or Uniform Transfers to Minor Act (UTMA) account, are generally considered to be completed gifts to the designated Beneficiary and may qualify for the \$14,000/\$28,000 (single taxpayer/taxpayers filing jointly) annual gift tax exclusion in 2016. In cases where contributions to a 529 Plan such as the Nevada Prepaid Tuition Program exceed the then current annual gift limits, a Purchaser may elect to treat the contributions as if they were made ratably over a five-year period. This election, which is made on IRS Form 709, the taxpayer's gift tax return, is applicable only for contributions up to five times the available annual exclusion in the calendar year of the contribution. Thus, the maximum contribution pursuant to this rule would be \$70,000 (or \$140,000 for a married couple) in 2016. Estate, gift, and generation-skipping tax issues arising in conjunction with 529 plans are complex. Potential Purchasers and Beneficiaries should consult their own tax advisor for advice on their individual tax situation and to identify annual gift limit increases.

## **State Income Tax**

Nevada does not have a state income tax. Potential Purchasers who are not residents of the State of Nevada, but are qualified Purchasers may want to first consult their own tax advisor.

## **American Opportunity and Lifetime Learning Tax Credits**

The use of Education Tax Credits will not affect participation in the Program. However, a Purchaser cannot claim the American Opportunity Tax Credit or Lifetime Learning Tax Credits for amounts withdrawn tax free under a Program Contract. Please be aware that the coordination of the various federal higher education tax incentives can be complex. A Purchaser or potential Purchaser should contact their own tax professional or the Internal Revenue Service for assistance in determining eligibility for the various tax incentives and in allocating higher education expenses. For more information, refer to IRS Publication 970, "Tax Benefits for Education," which is available at [www.irs.gov](http://www.irs.gov).

## **Impact on Medicaid Eligibility**

Owning a Nevada Prepaid Tuition Contract may impact eligibility for federal and state health care assistance programs. A Purchaser or potential Purchaser should contact his/her state's Medicaid authorities regarding their individual situation.

## **Impact on Financial Aid Eligibility**

Purchase of a Nevada Prepaid Tuition Contract may or may not have an adverse impact on the Beneficiary's eligibility to participate in need-based financial aid programs. Assets in the Program or any other 529 College Savings Plan purchased by a parent would typically be included on the Free Application for Federal Student Aid (FAFSA) form as a parental asset, which is assessed at a lower rate than a student's asset (5.64% vs. 20%) would be when determining a family's expected contribution. Since the treatment of assets under any qualified tuition program may have an effect on your Beneficiary's eligibility to receive benefits under financial aid programs, you or your Beneficiary will need to check the applicable laws or regulations or check with the financial aid office of an Eligible Educational Institution and/or your tax advisor regarding the impact of purchasing a Contract on need-based financial aid programs.

## **Federal and State Bankruptcy Laws**

Federal bankruptcy legislation excludes from property of the debtor's bankruptcy estate certain assets that have been contributed to a 529 Plan account. However, bankruptcy protection in this respect is limited and has certain conditions. For the 529 Plan account to be excluded from the debtor's estate, the account beneficiary must be a child, stepchild, grandchild, or step grandchild (including a legally adopted child or a foster child) of the individual who files for bankruptcy protection. In addition, contributions made to all 529 Plan accounts for the same beneficiary are protected from becoming property of the debtor's estate as follows: (1) There is no exclusion for 529 Plan assets if they have been contributed less than 365 days before the bankruptcy filing, (2) 529 Plan account assets are excluded in an amount up to \$5,000 if they have been contributed between 365 and 720 days before the bankruptcy filing, and (3) 529 Plan accounts are fully excluded if they have been contributed more than 720 days before the bankruptcy filing. Federal bankruptcy law permits a debtor to exempt certain specified assets from liability notwithstanding the assets being property of the debtor's estate. If the debtor is domiciled in Nevada (as defined under bankruptcy law), Nevada law provides that up to \$500,000 of assets held in a 529 Plan account may be protected from creditors, depending upon when such assets were contributed to the account and whether they are eventually used to pay qualifying higher-education expenses of the account Beneficiary. However, under federal bankruptcy law, assets held in a 529 Plan account that are property of the debtor's estate are not exempt from debt for domestic support obligations. This information is not meant to constitute individual tax or bankruptcy advice, and you should consult with your own advisors concerning your individual circumstances.

# Chapter II: Frequently Asked Questions

## **What is Nevada Prepaid Tuition?**

Nevada Prepaid Tuition is Nevada's 529 prepaid tuition program, which allows Purchasers to select and purchase a Contract for a specific number of either college or university level higher education undergraduate In-State Credit Hours at a locked-in Contract price and to pay for that Contract in a lump sum or over an extended period of time.

## **How do I purchase a Contract?**

You can enroll online at [www.NVPrepaid.gov](http://www.NVPrepaid.gov) or an enrollment form can be downloaded from the website and mailed into the State Treasurer's Office.

## **When can I purchase a Contract?**

Open Enrollment dates are set annually. For the 2017 enrollment period, Contracts may be purchased between November 1, 2016, and March 31, 2017.

## **May two people jointly purchase a Contract?**

No. Only one Purchaser is allowed to own a Contract. However, other individuals may make gifts and payments toward the Contract. The Purchaser may also appoint a legal successor for the contract.

## **What will a Contract pay for?**

Your Contract will pay the in-state undergraduate basic per Credit Hour cost for course work as established by the Nevada Board of Regents at either two or four-year public colleges and universities located in Nevada, (or as otherwise commonly referred to as "basic in-state tuition") at the credit level you select on the Contract (university or community college).

## **Does the purchase of a Contract ensure that my child will be admitted to a college or university?**

No. A Beneficiary must meet the admissions requirements of the college of his/her choice and maintain the required academic status. The Program does not guarantee acceptance to any college or university.

## **What if I move out-of-state after I purchase a Contract?**

Your Contract is still valid. As long as you continue to make payments, your Beneficiary will be able to use all Contract benefits they are entitled to.

## **What if I suddenly can't make the monthly payment on my Contract?**

You may be able to convert the Contract to a lower cost Contract, increase the years you pay on the Contract to lower the monthly payment, or close the Contract and request a refund.

## **How does the Program pay for the future costs of Credit Hours?**

Assets in the Prepaid Tuition Trust Fund are used to pay for the future costs of Credit Hours purchased under each Contract. The Board, through the State Treasurer, is responsible for investing the money paid on Contracts in the Trust Fund. The Board does this with the assistance of a professional Investment Manager(s)/Consultant(s). For more information on the Trust Fund, please see the most recent Annual Report, which includes the Actuarial Report and the Annual Audit for the fiscal year ended June 30, 2015. The Report can be viewed at [www.NVPrepaid.gov](http://www.NVPrepaid.gov).

## **Can this Program be used at an out-of-state school?**

Yes. Contract benefits may be used at any Eligible Educational Institution nationwide. See [www.fafsa.ed.gov](http://www.fafsa.ed.gov) to verify if a school is eligible. However, the cost of In-State Credit Hour rates the Program will pay to any private or out-of-state college or university will not exceed what the Program would have paid to either a two or four-year in-state public college or university in Nevada corresponding to the Contract purchased. The cost of in-state Credit Hour benefits paid may be less than the actual cost of Credit Hours at an out-of-state or private college or university. The Purchaser or Beneficiary will be responsible for payment of any difference between the actual cost of their tuition and the Nevada in-state tuition benefits paid under the Nevada Prepaid Tuition Program Contract.

## **What happens if my child decides not to go to college?**

You may transfer the Contract to another qualified Beneficiary who is a Family Member, defer use of the Contract in effect, as the Beneficiary has 6 years post high school graduation to use their benefits, or you may cancel your Contract and request a refund.

## **Can this Program be used together with scholarships?**

Yes. The Program may be used in conjunction with a partial scholarship, including the Governor Guinn Millennium Scholarship. If the scholarship equals or exceeds the Contract benefits, the Purchaser may transfer the contract to another qualified Beneficiary who is a Family Member, cancel the Contract and request a refund, or defer initial usage to ensure the scholarship covers the beneficiary's attendance. A Beneficiary has 6 years to use his/her contract benefits.

# Chapter III:

## 2017 Master Agreement

Before you purchase a Nevada Prepaid Tuition Contract, please carefully read the Master Agreement, which explains the rules of the Program. When you sign an Enrollment form, you are agreeing to the terms of the Master Agreement.

### 1. DEFINITIONS

**Definitions.** Terms used in this Master Agreement and the Enrollment form for purchase of a Contract have the following meaning:

**A. "529 Plan"** A qualified prepaid tuition program or college savings plan within the definition of IRS Section 529 of the Code.

**B. "Academic Year"** Undergraduate school year beginning the first Semester, term, or quarter after July 15th of any year.

**C. "Basic Registration Fee"** The charge for the basic per Credit Hour of course work as established by the Nevada Board of Regents excluding all other fees or charges.

**D. "Beneficiary" or "Qualified Beneficiary"** The child designated in the Program Contract Enrollment form to receive the Educational Benefits of the Program.

**E. "Benefit Use Year"** The year of Matriculation to college, which the Beneficiary may begin drawing on Educational Benefits in the form of Credit Hours from the Contract.

**F. "Board"** The Board of Trustees of the College Savings Plans of Nevada.

**G. "Cancellation of Contract"** A voluntary request from the Purchaser to terminate the Contract and request a refund.

**H. "Clock Hours"** College level credit course benefit requested to be converted to Credit Hours for payment to an Eligible Educational Institution that charges tuition based on hours spent in class time rather than Semester Credit Hours. Clock

Hours are converted based on the Free Application for Federal Student Aid (FASFA) guidelines for the current academic year.

**I. "Code"** Internal Revenue Code of 1986, as amended.

**J. "Community College"** An Eligible Educational Institution which grants a two-year degree.

**K. "Contract"** A Program Contract accepted by the Program Office, including the Master Agreement, the Program Description, the Enrollment Form, and the Plan and payment option selected by the Purchaser.

**L. "Credit Hours"** Semester Credit Hours established by the Nevada Board of Regents. Credit Hours paid for by the Program will be applicable toward undergraduate studies only.

**M. "Custodian"** Person who is designated with the rights of the Purchaser on a Contract where the Purchaser is a minor or the Contract was acquired by way of UGMA or UTMA and the Custodian is required to act under the terms of the UGMA or UTMA. The Custodian is responsible for performing all duties of the Purchaser.

**N. "Disabled" or "Disability"** Limitation of individual's physical or mental abilities resulting from an injury or disease which renders the individual incapable of participating in the Program as either a Purchaser or Beneficiary.

**O. "Distribution"** Payment by the Program to the Beneficiary's Eligible Educational Institution toward Credit Hours, as authorized by the Contract Purchaser.

**P. "Down-payment"** Payment of a minimum of \$1,000.00 toward the total purchase price of a 5 year monthly or extended monthly payment Contract at the time of enrollment.

**Q. "Contract Benefits"** In-State Credit Hours purchased for use by the Beneficiary.

**R. "Eligible Educational Institution"** Includes accredited postsecondary educational institutions offering credit towards an associate's degree, a bachelor's degree, professional degree, or another recognized postsecondary credential, and certain

postsecondary vocational and proprietary institutions. The institution must be recognized by the U.S. Department of Education as eligible to participate in student financial aid programs. See [www.fafsa.ed.gov](http://www.fafsa.ed.gov) for additional information.

**S. "Family Member"** Member of the family as set forth in IRS Code Section 529(e)(2) which includes a son or daughter, or a descendant of either; a stepson or stepdaughter or a descendant of either; a brother, sister, stepbrother, or stepsister; the father or mother, or an ancestor of either; a stepfather or stepmother; a son or daughter of a brother or sister; a brother or sister of the father or mother; a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law; the spouse of the Beneficiary or the spouse of any individual listed above; and a first cousin. A legally adopted child or foster child is also treated as a Family Member, as is a brother or sister by half-blood.

**T. "Fiscal Year"** Time period from July 1st to June 30th (inclusive) of the next calendar year.

**U. "Gift Contribution"** Contribution or payment by a Person who is not the original Contract Purchaser in connection with an established Contract.

**V. "Giftor"** An individual authorized by the Purchaser to make a Gift Contribution(s) to the Contract.

**W. "Guardian"** An adult authorized to make decisions on a Contract owned by a minor who becomes the Purchaser due to death of the original Purchaser without a designated Purchaser Legal Successor.

**X. "Investment Manager(s)"** The Investment Manager(s) is/are selected by the Board and administers Program assets in accordance with the guidelines and objectives contained in the Program's Investment Policy. The detailed investment policy is located at [www.NVPrepaid.gov](http://www.NVPrepaid.gov).

**Y. "Lump Sum Payment"** Payment in full for the Plan at the time of enrollment in the Program with the Contract accepted by the Program administrator.

**Z. "Mandatory Fee"** Any fee, other than charges for Credit Hours, which a public educational institution requires all students to pay as a condition of enrollment in such institution, including but not limited to class specific fees, health fees, or technology fees. These examples are not all inclusive. Mandatory Fees are not covered by the Program as Educational Benefits. Credit Hours are the only payments made on behalf of Beneficiaries in the Program.

**AA. "Matching Contribution"** Contribution or payment by an employer as directed by the employee to match their contribution to an open, active, in payment status contract for a designated beneficiary.

**BB. "Matriculation"** The year that a Beneficiary plans to commence attendance at a postsecondary educational institution.

**CC. "Monthly Purchase"** Monthly installment payment option chosen by the Purchaser, with the Monthly Purchase Amount to be remitted on or before the 15th day of each month.

**DD. "Monthly Purchase Amount"** Monthly dollar amount specified by the Program for payment by the Purchaser on a Monthly Purchase Contract by the 15th day of each month.

**EE. "Newborn"** A child under one year old born prior to June 30th of the calendar year in which an Open Enrollment closes.

**FF. "Non-qualified Refund"** All voluntary refunds (that are not Qualified Refunds), caused by Terminations and cancellations are subject to Termination Fee and penalties payable by the Purchaser, and shall also include refunds due to the actuarial unsoundness of the Program as described in Section 10.B, for which Termination Fee will not be applicable. A Non-qualified Refund may also have adverse tax consequences.

**GG. "Open Enrollment"** Period of time designated by the Board annually to accept new Contracts.

**HH. "Person"** An individual who is a citizen of or legal alien resident of the United States, or a partnership, trust, association, corporation, or governmental subdivision existing under the laws

of the United States or any state of the United States.

**II. "Plan"** Type of Program Contract purchased under Section 3 of the Master Agreement.

**JJ. "Program"** The Nevada Prepaid Tuition Program.

**KK. "Program Administrator"** The State Treasurer of the State of Nevada, or designee.

**LL. "Program Fees"** The Fees as noted in the Program Fee Chart as well as the Master Agreement Section 8.O.

**MM. "Purchaser"** Person specified in the Contract who is responsible for payments under the Contract. If the Purchaser is a natural Person, he or she must be 18 years of age or older, or have a trustee, or a designated Custodian of a minor under the UTMA, or be represented by a court appointed or approved conservator or Guardian. The Purchaser also must satisfy applicable residency requirements.

**NN. "Purchaser Legal Successor"** Person designated by the Purchaser on the Contract to receive correspondence and have full ownership rights for the Contract in case of the death or Disability of the Purchaser.

**OO. "Quarterly Payments"** Payments requested to be converted to Semester Credit Hours from an Eligible Educational Institution that charges based on a quarter year system.

**PP. "Qualified Refund"** A refund made (1) because the beneficiary received a full scholarship, (2) attendance at a service academy, or (3) as a result of the Beneficiary's death or Disability.

**QQ. "Resident"** Individual who is domiciled in the State of Nevada and meets the definition of US Citizen as defined in the Nevada Revised Statute (NRS) 10.155. Includes military personnel who reside out-of-state, but list Nevada as their home of record in their military files.

**RR. "Rollover"** Contribution from, or Qualified/Non-qualified Refund, transferred to a qualified 529 Plan which shall include a contribution from a Coverdell Education Savings

Account, and or Savings Bonds, for the same Beneficiary or a new Beneficiary.

**SS. "UGMA/UTMA"** Uniform Gifts to Minors Act/Uniform Transfers to Minor Act.

**TT. "Semester"** The fall or spring term of the Academic Year of 15 to 18 weeks, or the summer Semester equivalent, as defined by the Nevada Board of Regents.

**UU. "State"** State of Nevada.

**VV. "Standard Bachelor Degree"** Consists of 120 Semester Credit Hours achieving a defined course of study at an accredited Eligible Education Institution granting undergraduate degrees.

**WW. "Termination"** Discontinuation of the Beneficiaries right to receive Educational Benefits at an Eligible Educational Institution under the Contract.

**XX. "Termination Fee"** Fee charged for a Non-Qualified cancellation refund of Contract.

**YY. "Total Contract Price"** means the cumulative amount of all Monthly Purchase Amounts owed under a Monthly Purchase Plan, or the Total Contract Price set forth in a Lump Sum Contract.

**ZZ. "Trust Fund"** Nevada Higher Education Prepaid Tuition Trust Fund, which owns Program assets and from which all Program Educational Benefits are paid.

**AAA. "Tuition Charge"** The charge assessed against students who are not residents of Nevada and which is in addition to the Basic Registration Fees or other fees assessed against students who are residents of the State of Nevada. (See, NRS 396.540 (1) (c)).

**BBB. "University"** An Eligible Educational Institution which grants a four year standard bachelor's degree. In the context of this document, any institution which includes "college" in its name and is otherwise eligible for this Program will be described as a "University," as long as it also grants a standard bachelor's degree.

**CCC. "Weighted Average Tuition (WAT)"** The average tuition rate calculated based on the cost

per credit hour and the number of attendees at each of Nevada's public colleges and universities. The rates for the public community colleges and public universities will be calculated separately.

## **2. PROGRAM OBLIGATIONS**

**A. General Provisions:** The Program agrees to pay the Basic Registration Fee of Credit Hours from the assets in the Trust Fund for the level of Credit Hours purchased in a Contract. University Credit Hours and Community College Credit Hours are priced and disbursed at different amounts and will determine the Total Contract Price and Educational Benefit disbursed under a Contract. Educational Benefits may be used at any Eligible Educational Institution, but only at the level purchased and up to the maximum number of Credit Hours purchased.

**B. Standard Bachelor's Degree:** A Standard Bachelor's Degree usually consists of 120 Semester Credit Hours (or, on average, 30 credit hours each year). The student Beneficiary may require more credit hours than purchased in order to graduate for various reasons such as dropping, failing, or repeating classes; taking non-transferable classes at another eligible educational institution; or changing majors. The Program will not pay for any additional Credit Hours.

**C. Limit of Benefits:** The Program will stop providing Contract Benefits under this Contract when the Program has paid the total Credit Hours purchased, regardless of the number of Credit Hours the Beneficiary has accumulated toward graduation.

**D. Basic Registration Fee-Credit Hour Payments Only:** The Program will only pay Educational Benefits, as defined by the Contract and provide Qualified and Non-qualified Refunds under the Contract from the assets of the Trust Fund. The ability of the Program to pay Contract Benefits and provide Qualified and Non-qualified Refunds under the contract is not guaranteed by the State of Nevada.

**E. Contract Benefits Disbursed at Community College and University Level:** The Educational Benefits disbursed at both the Community College and University level will be established by the Board and based on the cost or Weighted Average Tuition Cost of Credit Hours established for Nevada Universities and Community Colleges set by the Nevada Board of Regents. The rate will be the rate paid to both in-state and out-of-state Eligible Educational Institutions. The Program agrees to pay the cost of Credit Hours from the assets of the Trust Fund. Out-of-state and private

or independent Eligible Educational Institutions may charge tuition fees in excess of the Contract Benefits. If the Beneficiary chooses to attend one of these institutions, Colleges, or Universities, the Beneficiary is financially liable to pay the difference between the Program Contract Benefits disbursement amount and the actual costs. If the Basic Registration Fee is less than the rate of Contract Benefits paid under the Contract during that year, the Purchaser may have an overpayment at the termination of the Contract and an overpayment reimbursement may be made by the Program.

**F. Contract Requirements:** Before the Contract Benefits can be utilized, all outstanding balances and Program Fees must be paid in full. A Contract is considered paid in full when the Total Contract Price owed and all outstanding fees are paid to the Program. The Contract must have been purchased at least three years prior to the Benefit Use Year and a valid Social Security number must be on file for the Beneficiary prior to any benefits being paid.

## **3. PLAN OPTIONS**

**A. Four Year University Contract, 120 University Level Credit Hours:** The Program will pay for 120 Credit Hours at the Beneficiary's Eligible Educational Institution.

**B. Two Year University Contract, 60 University Level Credit Hours:** The Program will pay for 60 Credit Hours at the Beneficiary's Eligible Educational Institution.

**C. One Year University Contract, 30 University Level Credit Hours:** The Program will pay for 30 Credit Hours at the Beneficiary's Eligible Educational Institution.

**D. Two Year Community College Contract, 60 Community College Level Credit Hours:** The Program will pay for 60 Credit Hours at the Beneficiary's Eligible Educational Institution.

**E. Combination, Two Years of Community College Level (60) Credit Hours and Two Years of University Level (60) Credit Hours:** The Program will pay for 60 Credit Hours at the Beneficiary's Eligible Educational Institution at the Community College level. The Program will then pay for 60 Credit Hours at the University level. The Basic Registration Fee for Credit Hours at both the Community College and the University

levels will be established by the Nevada Board of Regents for Nevada domiciled Community College and four-year Universities and will be paid to the Beneficiary's Eligible Educational Institution. Community College credits must be used first, before University credit hours. All remaining provisions of the University and Community College Contracts will apply to the combination two-year Community College Contract and two-year University Contract.

Note: The Basic Registration Fees for Credit Hours established by the Nevada Board of Regents for Nevada-domiciled four-year Universities and two-year Community Colleges will be paid to both in-state and out-of-state Eligible Educational Institutions. In the event that the Nevada System of Higher Education Board of Regents adopts varying tuition rates at Nevada colleges and universities, a Weighted Average Tuition Model may be used for Credit Hour payments.

#### **4. ENROLLMENT**

**A. Submitting an Open Enrollment Form:** The Open Enrollment Form and Enrollment Fee must be submitted to the Program between November 1 and March 31 and must be completed according to the Open Enrollment form instructions and may be accepted only during Open Enrollment periods designated by the Board. A separate Open Enrollment form is required for each Beneficiary. The Open Enrollment form must be completed online by midnight on the last day of Open Enrollment or postmarked by the last day of the Open Enrollment period in order to be processed. The Board at its sole discretion may extend the Open Enrollment period. Either the Purchaser or the Beneficiary must be a Nevada resident or the Purchaser must hold a degree or certificate from a Nevada University or Community College.

**B. Contract Acceptance:** The Program has no obligation to the Purchaser unless and until it accepts the Contract. The Program will accept the Contract only after it receives a fully completed Open Enrollment form from a qualified Purchaser and payment of the Enrollment Fee is received in the form of a personal check, credit card, electronic withdrawal, cash, cashier's check, certified check, or money order payable to the Program.

**C. Purchaser Qualifications:** A qualified purchaser must (1) satisfy the Nevada residency requirement: either be a resident of the State of Nevada, hold a degree or certificate from a Nevada-domiciled University or Community College or designate a Beneficiary who is a resident of the State of Nevada, (2) provide a valid Social Security number or Taxpayer Identification Number, and (3) be 18 years of age or older or have a designated Custodian under UTMA who may name a minor as the Purchaser; or be a trust with the authority to enter into the Contract on behalf of the Beneficiary, or be a court-appointed conservator or Guardian.

**D. Beneficiary Qualifications:** The Beneficiary must have a valid Social Security or Taxpayer Identification Number and must not have completed the ninth grade of school and not reached the age of 18 at the time of Contract acceptance. The Beneficiary must be a resident of the State of Nevada at the time of enrollment in the Program, and/or the Purchaser must be a resident of the State of Nevada and/or hold a degree or certificate from a Nevada-domiciled University or Community College.

**E. Enrollment Form Acceptance or Rejection:** A Contract is not established until the Program sends a written or electronic confirmation of acceptance of the Open Enrollment form and initial payment (either Lump Sum or the initial Monthly Payment) is processed. If an Open Enrollment form is not accepted based on criteria established by the Program Administrator, the Enrollment Fee will be forfeited by the potential enrollee, but an amount equal to any lump sum or down-payment made will be returned to the Purchaser. The Purchaser must have a valid Social Security number (or a Taxpayer Identification Number) and provide accurate and full information on the Open Enrollment form or the enrollment will be rejected. The Program Administrator will accept more than one Open Enrollment form, up to a maximum of four Contracts for a single Beneficiary, as long as the total Credit Hours of the combined Contracts do not exceed 120 Semester Credit Hours at any level.

**F. Payment and Participation Schedule:** A payment and participation schedule will be forwarded in writing or electronically to the Purchaser of an accepted Contract within 60 days

of the close of Open Enrollment and first payments are due by May 15 of the Open Enrollment year. If the Purchaser does not receive this schedule by that time, the Purchaser should immediately notify the Program.

**G. Newborn Enrollment:** A Contract for a Newborn child may be accepted by the Program without a social security number. However, the purchaser must supply the beneficiary's social security number within 60 days of contract acceptance.

**H. Ownership:** The Purchaser will hold ownership rights to the Contract, and only the Purchaser may exercise rights under the Contract, unless the Purchaser's rights are transferred to the Purchaser's Legal Successor, or to the Beneficiary. Any person making a Gift contribution will not have any title to or rights under the Contract. If the Program is unable to locate either the Purchaser or the Beneficiary within the term of the Contract, the Program will treat the Contract payments received as unclaimed property and they shall be transferred to the State Treasurer in accordance with NRS 120A.

**I. Automatic Transfer of Ownership:** The Beneficiary designated in the Contract will automatically assume the Purchaser's rights and responsibilities under the title to the Contract in the event that the Purchaser dies, becomes legally incompetent, or cannot be located by the Program and the Purchaser has not designated a living Purchaser's Legal Successor to assume control of the Contract. In such event, the Program, without further notice, consent, authorization or otherwise, shall act at the specific direction of the Beneficiary, if not a minor. If the Beneficiary is a minor, the Contract shall not distribute Educational Benefits unless and until the Program in its sole judgment receives acceptable documentation that a legal Guardian may act on behalf of the Beneficiary, and the Program will adhere to the directives of such Guardian. A Change of Purchaser Form, acceptable documents and Program Fee must be submitted to the Program Office.

**J. Voluntary Transfer of Ownership:** The Purchaser may transfer ownership rights under the Contract to another Person to act as the Purchaser if such a transfer is not prohibited by state or federal law or regulation, and is specifically approved by the new Purchaser and completed in

full on a Change of Purchaser form provided by the Program. The new Purchaser must agree to the transfer by signing the Change of Purchaser form, submitting the required fee, and shall be subject to all the terms of the Contract and any outstanding and unpaid balance and Program Fees on the Contract. The signature of the current Purchaser must be notarized.

## **5. CONTRACT PURCHASER**

**A. Only One Contract Purchaser Allowed:** The Purchaser must meet the following qualifications (as applicable):

1. A Purchaser must provide a valid Social Security number and/or a Taxpayer Identification Number.
2. A Purchaser under the age of 18 must have an adult sign the Open Enrollment form and certify that this adult will serve as the Guardian or Custodian of the Contract.
3. In case of a legal entity purchasing a Contract, a legally authorized representative of the entity must sign the Open Enrollment form. This authorized representative is an individual designated by a partnership, corporation, trust, estate, association or organization to control a Contract, however the entity itself and not the representative, will be the Purchaser of the Contract. The authorized representative must sign all forms. The entity must notify the Program in a timely manner if the authorized representative changes by submitting a completed Change of Purchaser from provided by the Program.
4. The Purchaser must meet the qualifications of a Purchaser as defined In Section 4.C of this Agreement.
5. Notices - All notices from the Program will be directed only to the Contract Purchaser, unless otherwise requested in writing by the Purchaser.
6. Address Change – The Purchaser shall keep their address up to date by changing it online, or by notifying the Program in writing of any change of address of the Purchaser, Beneficiary, or the Purchaser's Legal Successor. The Program is not responsible for non-delivered mail regardless of any change of address and any/all Master Agreement updates still apply.

**B. Using Funds from UGMA/UTMA Accounts:** Custodians for minors under UGMA/UTMA may purchase a Contract using funds from an UGMA/ UTMA account subject to all state laws and rules governing such accounts.

1. When proceeds from UGMA/UTMA accounts are used to purchase a Contract, the Beneficiary must be shown as the Purchaser and a Custodian must be designated and provide required documentation to the Program and the Custodian will be considered the Purchaser by the Program for all transactions and documentation.

2. The Beneficiary will obtain ownership control of the Contract and all rights of the Purchaser upon reaching the age of majority. No Change of Purchaser fee will be charged for transfer of the Contract at the time of majority.

3. Any and all contributions toward the purchase of the Contract will be considered to be UGMA/ UTMA funds and become an asset of the Beneficiary. Custodians should consider carefully whether future contributions to a Contract initially purchased with UGMA/UTMA proceeds would be appropriate or whether non-UGMA/UTMA funds in the future should be used to purchase a new Contract for a particular Beneficiary.

4. The Program will not be liable for any consequences related to a Custodian's improper use, transfer, or characterization of UGMA/ UTMA-related activity, or other custodial funds.

**C. Rollovers:** The Purchaser must indicate if the purchase of a Contract is funded by a Rollover contribution from a Coverdell Education Savings Account, or another Code Section 529 plan for the same Beneficiary or for a new Beneficiary who qualified as a Family Member of the previous Beneficiary. If it is a Rollover contribution, the Purchaser must provide documentation acceptable to the Program showing the earnings portion of the contribution. To the extent such documentation is not provided, the Program will treat the entire amount of the Rollover proceeds as earnings. Acceptable documentation includes:

1. Statement issued by the 529 Plan showing the earnings, less the portion of the Purchaser's withdrawal.

2. Coverdell Education Savings Account (ESA) statement or documentation issued by the account custodian that shows the basis and earnings.

3. Such other documents determined by the Program Administrator in its sole judgment to be acceptable and in accordance with current and future guidance issued by the IRS. Rollovers will be applied to a Lump Sum payment on the Contract unless the Purchaser specifies otherwise. The distribution must be reinvested in the Contract within 60 days of the withdrawal date to avoid adverse tax consequences on the part of the Purchaser.

**D. Power of Attorney:** The Program will accept a notarized Power of Attorney acting on behalf of a Purchaser. It is the Purchaser's responsibility to notify the program if and when the Power of Attorney ends.

## **6. BENEFICIARY**

**A. Designation:** An individual designated as a Beneficiary must meet the qualifications of a Beneficiary and have a valid Social Security or Taxpayer Identification Number. The Beneficiary need not be related to the Purchaser.

**B. Change of Beneficiary:** For any reason **prior to the Benefit Use Year** designated in the Contract and if the Contract is not in default, has not been Terminated, **and no Educational Benefits have been distributed on behalf of the current Beneficiary, the Purchaser may submit a Change of Beneficiary form to designate a new Beneficiary** who must qualify as a Family Member of the previously designated Beneficiary. The Purchaser must submit the required Program Fee and a completed Change of Beneficiary form including the name, date of birth, Social Security number, and date of Benefit Use Year for the new Beneficiary before the Program may consider amending the Contract. The Contract may be amended by the Program if the age of the proposed new Beneficiary is less than the age of the existing qualified Beneficiary or no more than three years older; or the Purchaser pays any additional sum the Program determines in its sole judgment to be necessary, as a result of the change, to ensure the actuarial soundness of the Trust Fund. A Change of Beneficiary form must be notarized.

**C. Transfer to a Family Member Due to Death/ Disability of the Beneficiary:** If the Beneficiary dies or becomes Disabled and benefit distributions have not begun at the time of death or Disability, all Contract Educational Benefits may be transferred with the Program's written approval and in accordance with Section 529 to a Family Member of the Beneficiary, or a nonprofit organization (501.3(c)) at the organization's direction to be used as a scholarship to a designated individual of the 501.3(c) choosing. The transfer shall be subject to (1) payment of any outstanding Program fees (if any), and (2) payment to the Program of the amount necessary in its sole judgment to reimburse the Program for any additional expense or loss of funds associated with the transfer to an older Beneficiary, if applicable. If a Contract is transferred to an older Beneficiary who was ineligible for a Contract when the Contract was purchased, the transfer may not be approved by the Program. A Change of Beneficiary form must be completed and documentation acceptable to the Program of death or disability submitted. The Program Administrator may waive the Change of Beneficiary fee.

**D. Total Credit Hours:** A Beneficiary may not accumulate Contracts that exceed 120 Credit Hours in the Program.

**E. Maximum Contribution limit** – An account owner may continue to make contributions to both the Nevada Prepaid Tuition Program and other Nevada College Savings Plans for the same Beneficiary so long as the aggregate balance of all Section 529 plans sponsored by the State of Nevada does not exceed the maximum contribution limit, which is currently \$370,000. The Board is required to set the maximum allowable contribution limit for all accounts for a Beneficiary. The Board expects to evaluate the maximum allowable contribution limit annually, but reserves the right to make adjustments more or less frequently. It is possible that federal law might impose different limits on maximum allowable contributions in the future.

**F. Designation of Benefit Use Year:** The Purchaser must designate a Benefit Use Year for the Beneficiary of a Contract. The year must coincide with the Beneficiary's Matriculation. The Purchaser may submit a Deferment of Benefit Request form to the Program on behalf of the

Beneficiary during any year the Program would disburse Educational Benefits on the Contract, but the Program must distribute all benefits within 6 years of the Benefit Use Year, except as provided by the Contract.

## **7. PURCHASING OPTIONS**

**A. Annual Enrollment Period:** The Board will publish an annual Open Enrollment period for each fiscal year. Open Enrollment forms to purchase a Lump Sum, Five Year, or an extended Monthly Installment payment plan may be submitted only during the Open Enrollment period. The purchaser must indicate on the Open Enrollment form the option selected for payment.

**B. Lump Sum Contracts:** The Purchaser may choose to purchase a Contract in one Lump Sum payment at the time of enrollment.

**1. Insufficient Payment** - If the Purchaser who has chosen a Lump Sum Contract pays less than the total Program Contract amount plus the one-time Enrollment Fee, the Program will notify the Purchaser. If the Program does not receive instructions and payment (if applicable) from the Purchaser within 90 business days of the date notice is sent, the Program shall Terminate the Contract. If the Program sends a notice, the Purchaser shall advise the Program by mail that he/she will do one of the following:

- Enclose payment in full, including any specified Program Fees;
- Inform the Program to apply the amount submitted and convert the unpaid balance (if any) to a Monthly Purchase option;
- Inform the Program to convert the Contract to a different Plan Option (see Section 3) which is equal to or less than the lump sum paid; or
- Withdraw the Open Enrollment Application.

**2. Lump Sum Late Fees** - If the Program does not receive payment within 15 days of the due date, a Late Fee for Lump Sum Purchase will be applied (see Program Fee Chart). Forty-five days after the due date, a penalty of 1 percent of the total amount due, including the amount of all outstanding fees and penalties imposed pursuant to the

Contract, will be imposed for each period of 30 days or portion thereof that passes until:

- The total amount due is paid; or
- The Contract is terminated at the discretion of the Program Administrator, whichever occurs first.

The Program will then return to the purchaser the amount paid by the purchaser (without interest), less the enrollment fee and termination fee (see Program Fee Chart).

**C. Monthly Payment Purchase Options:** A Purchaser may choose one of two Monthly Purchase options: make monthly payments over a 60 month time frame (five years); or make monthly payments from the time of enrollment in the Program until the Beneficiary graduates from high school. The Board may offer additional Monthly Payment Purchase Options in future enrollment periods.

**1. Down Payment on Monthly Purchase Plans** - If either Monthly Payment option is selected, the Purchaser may choose to apply an up-front Down Payment to reduce the total cost of the Contract balance subject to Monthly Payments. The minimum Down Payment is \$1,000.

**2. Interest on Balance** - The Purchaser must pay any outstanding balance, calculated Program Fees, and interest included in the Total Contract Price by submitting Monthly Purchase Amounts to the Program. Monthly Purchase Amounts include an interest component, (currently 6.25% interest). The total cumulative amount paid under a Monthly Payment option over the Contract's life will be more than if paid by Lump Sum. The Purchaser may submit additional Monthly Purchase Amounts early without penalty, but will still be obligated to the Total Contract Price, unless Purchaser submits an Early Payoff Request (see Section 8.E).

## **8. PAYMENTS**

**A. Methods of Payment:** Payments for Contracts, including any Program Fees must be made in United States currency, using any of the payment methods permitted by the Program, which may include the following:

1. Cashier's check or personal check.
2. Money order
3. Cash, limit not to exceed \$500

**4. Automated Withdrawal authorization.** Purchasers selecting this method must complete the Automated Withdrawal Authorization Form provided by the Program, along with a voided check for verification of routing and bank account numbers.

**5. Payroll deduction.** Purchasers selecting this method must be employed by an organization that offers payroll deduction for the Program and must complete a Payroll Deduction Authorization Form provided by or acceptable to the Program. It is the employee's responsibility to stop payroll deduction once their contract is paid in full.

**6. Employer Matching Contribution.** A matching contribution made by an employer for an employee who makes contributions to a qualified beneficiary. The employee must provide proof of contract payment(s) to their employer. A matching contribution is accepted when the employer submits to the Program the name of the employee and the corresponding contract number. Certain limitations may apply. See NRS 353B.100

**7. Online automated payment option via the Program's website.**

**8. Credit Card for the payment of enrollment fee, optional down payment, and/or lump sum accepted at the time of enrollment only.**

**B. Wire Transfers:** The Program does not accept payments via wire transfers.

**C. Fees:** The Purchaser will be responsible for any fees charged by a bank or entity that may be applicable to the payment method selected, including fees assessed on returned or dishonored payments.

**D. Acceptance of Payments:** Upon acceptance of a Monthly Purchase Amount or Lump Sum Payment, the Program will record payment in the Purchaser's account based on policies established by the Program Administrator.

**E. Early Payoff:** A Purchaser under a Monthly Purchase option who makes a Lump Sum payment to complete the Total Contract Price before the final Monthly Purchase Amount is due will receive an Early Payoff Discount (currently 6.25%) on the unpaid remaining balance at the rate set annually by the Board (see Program Fee Chart). In order for the Early Payoff Discount to be applied by the Program, the Contract may not be delinquent or converted to a different Plan

Option (see Section 11) to bring the Contract current on payments, and all Program Fees must be paid in full.

**F. Late Payments:** If a Monthly Purchase Amount is not paid by the 15th day of the month due, the Purchaser is granted a 15 day grace period. After the grace period (month-end), the Program will accept the payment only if it is accompanied by a Late Fee for Monthly Purchase (see Program Fees). Additional late fees apply for each month the payment is late (see Program Fee Chart). Any amount owing that is 90 days past due will also be subject to a Delinquency Fee (see Program Fee Chart) not to exceed 8% applied to the delinquent balance. The Delinquency Fee will be applied at 90 days past due and assessed until overdue payments are received by the Program or the Contract is Terminated. When a Contract is 180 days past due the Program will inform the Purchaser of pending cancellation and will Terminate the Contract in 45 days from the date of pending cancellation notice, if no payment or appeal is received (see Section 10).

**G. Overpayments by Purchaser or gift contributions:** If a Contract is paid-in-full and the Program receives additional payments toward the Contract, the Program will notify the purchaser and return the overpayment to the Purchaser. No Program Fees will apply to overpayments.

**H. Overpayments of Employer Matching Contributions:** If Employer matching contributions are received, in excess of the amount owed on a contract, the matching contribution will be returned to the employer. The employer is responsible for notifying the employee on whose behalf the match was not made, as well as updating tax credit records with the Nevada Department of Taxation.

**I. Prepayments:** The Purchaser may prepay or allow Gift contributions toward any amount due under the Monthly Purchase option, including the remaining balance of a Contract. The Program will automatically apply prepayments in the following order of priority: (1) to any outstanding Program Fees; (2) to future Monthly Purchase Amounts in chronological order by due date. A prepayment will not result in a reduction in the cumulative Monthly Purchase Amounts due under the Contract, including the interest component thereof. A Purchaser may prepay the remaining

balance on a Contract in full as a Lump Sum payment (see Section 8.E).

**J. Default:** The Purchaser must remit payments pursuant to a Contract on the dates and in the amounts set forth in the schedule for payment and participation provided to the Purchaser in the Contract. If the Purchaser: (a) fails to remit a payment as required pursuant to a Contract within 30 days after the date the payment is due, the purchaser shall be deemed in Default; (b) does not make the required first payment for a new Contract within 90 days after the date the payment is due, the Program will Terminate the Contract; or (c) does not make all past due payments (including relevant Program Fees required pursuant to a Contract within 180 days after the date the Purchaser is deemed to be in Default pursuant to this section, the Program will inform the Purchaser of pending cancellation and will Terminate the Contract in 45 days from the date of pending cancellation notice, if no payment or appeal is received. The Program will provide the Purchaser, after deducting the total amount of any Program Fees and penalties imposed pursuant to the Contract, a Non-Qualified Refund of the balance of the amount paid by the purchaser pursuant to the Contract under the terms and conditions established by the Program Administrator.

**K. Dishonored Payments:** If a check, automated withdrawal, or other payment by a Purchaser is not honored or not paid in full by the applicable bank or other entity (including stop payments), the payment will be treated as a dishonored payment and subject to a Dishonored Payment Fee (see Program Fee Chart). If the dishonored payment represents the initial payment, the Program may choose not to accept the Contract. If the Contract was previously accepted, the Program will cancel the Contract. If the dishonored payment is a Monthly Purchase option payment, the amounts relating to the dishonored payment and applicable Program Fees will remain due and subject to Late Payment conditions (see Section 8.F).

**L. Gifts:** A Purchaser may authorize individuals to make Gift contributions toward a Contract. Gifts will only be accepted when accompanied by a signed Giftor Form provided by the Program. The Gift contribution may be applied to the current or future Monthly Purchase payments of the Contract, subject to the Total Contract Price. If

a Gift contribution results in an overpayment that exceeds the Total Contract Price, the overpayment will be refunded to the Purchaser (see Section 8.G). All Gift contributions will be used to meet Contract obligations and will be owned by, and subject to direction solely by, the Purchaser of the Contract, not by the Person making the Gift contribution. Gift contributions may be received at any time.

**M. Suspended Contract:** A Purchaser may request the monthly payments in a Monthly Purchase option be suspended for a maximum 90 day period without being subject to Termination once during the term of the Contract. The Program may approve the suspension request and will charge a Late Fee for Monthly Purchase. Reinstatement of the Contract will require the payment of all past due payments, any applicable Program Fees accrued during the 90 day period or the Contract will be considered in default. Contracts may only be suspended once during the term of the Contract and a Contract may not be suspended within one year of the stated Matriculation of the Beneficiary.

**N. Term of Payments:** The term of a Monthly Purchase option must end before the Academic Year the Beneficiary is projected to Matriculate.

**O. Due Date of Monthly Payments:** Monthly payments of a Monthly Purchase option are due on or before the 15th day of the month in which the obligation is due.

**P. Program Fees:** Fees currently assessed by the Board:

Enrollment Fee	\$100
Document Replacement Fee (coupon book, welcome pack, or student handbook)	\$7
Late Fee for Lump Sum Plans	\$15 for 1st month (plus 1% per month of outstanding balance for additional months)
Late Fee for Monthly Plans	\$15 per month
Delinquency Fee on any payments over 90 days past due	6.25% per annum (applied to overdue amount)

Private or Out-of State School Fee	\$25
Payment Option Change Fee	\$20
Plan Conversion Fee	\$20
Change of Purchaser Fee	\$20
Dishonored Payment Fee	\$25
Change of Beneficiary Fee	\$20
Termination or Cancellation Fee	\$100
Fraud Penalty	\$250
Interest on Monthly Payment Option	6.25%
Early Pay-off Discount	6.25%
Interest on Refunds	0%

The Board in its sole discretion may change existing Program Fees or impose future administrative fees without notice.

## **9. DISTRIBUTION OF BENEFITS**

**A. Distribution of Contract Benefits:** Contract Benefits distributed from a Contract are payments made only for the Registration Fees (a.k.a in-state tuition) for Semester based Credit Hours as determined in a manner prescribed by the Board and have no monetary value to the Purchaser. Additional fees, Surcharges, Mandatory Fees, Tuition Charges or additional costs charged by an Eligible Educational Institution including, but not limited to room or board, supplies, or any application, entrance, parking, technology, athletic, studio fees, or fines are not eligible for payment under the Program or distribution under any Contract. Distribution to Eligible Educational Institutions requested in any form other than Semester Credit Hours (including Quarterly Payment and Clock Hour calculations) will be converted by the Program using a formula prescribed by the Board with guidelines from the Free Application for Federal Student Aid (“FAFSA”) for the current Academic Year.

**B. Notification of Intent to Enroll:** A Beneficiary who intends to begin using Contract Benefits at the start of an Academic Year must notify the Program by returning the Intent to Enroll Form signed by both the Purchaser and the Beneficiary 60 days prior to the start of the Academic Year.

**C. Payment to Eligible Educational Institutions:** Any distribution of Contract Benefits by the Program on behalf of a Beneficiary will be paid directly to the Eligible

Educational Institution to which the Beneficiary has submitted an Intent to Enroll Form.

**D. Conditions of Payments to Eligible Educational Institutions:** A distribution of Contract Benefits will be made only after the Program determines:

1. The chosen institution is an Eligible Educational Institution.
2. The requested Contract Benefits distribution has been converted to Credit Hours, if the request is from an institution based on Quarterly Payments or Clock Hours.
3. The Program has established third-party billing for each out-of-state and private eligible educational institution in order to distribute Contract Benefits to the chosen institution and the required Private or Out-of-State Processing Fee has been paid (See Program Fee Chart). If the Eligible Educational Institution will not accept third-party billing from the Program, the Beneficiary must submit to the Program proof of enrollment in the form of a letter, transcript, or enrollment certificate including the Semester Credit Hours Contract Benefits requested to be distributed from the Eligible Educational Institution acceptable to the Program and the Program will then issue payment directly to the Eligible Educational Institution. The Beneficiary is responsible for any reimbursement from the Eligible Educational Institution for any direct payments made to the Eligible Educational Institution.

**E. Deferral of Benefits:** A Beneficiary who does not intend to begin using Contract Benefits during the stated Benefit Use Year must submit a Deferral of Benefits Form signed by the Purchaser and the Beneficiary. All Deferral of Benefits forms must be submitted at least 60 days prior to the start of an Academic Year.

**F. Reinstatement of Contract Benefits:** Requests to reinstate the use of deferred Contract Benefits should be submitted on an Intent to Enroll Form and submitted at least 60 days prior to the start of the academic Semester in which the Beneficiary will commence use of Contract Benefits.

**G. Term of Contract Benefit Use:** Distributions will not be made more than two years before the date of the specified Benefit Use Year unless the Beneficiary is a senior in High School and enrolls

in an Eligible Educational Institution before that date and provides proper documentation of enrollment acceptable to the Program, and an Intent to Enroll Form to the Program. Commencement of distributions will not be made later than six years from the original Benefit Use Year excluding any period during which the Beneficiary was (1) on active duty in the Armed Services of the United States, (2) been actively serving or participating in a charitable, religious or public service assignment or mission after the expected date of Matriculation, as evidenced by documentation acceptable to the Program Administrator for extension of the term of a Contract. Nor may distribution of Contract Benefits commence after the Beneficiary reaches the age of 30 plus any period during which the Student Beneficiary was (1) on active duty in the Armed Services of the United States, or (2) actively serving or participating in a charitable, religious or public service assignment or mission after the expected date of Matriculation, as evidenced by documentation acceptable to the Program Administrator.

**H. Forfeiture of Contract:** The Program may Terminate the Contract if there is no activity on the Contract in the 6 years after the Beneficiary graduates from High School and no notification of intended usage or request for extension to the term of the Contract has been received by the Program. Written notification of the forfeiture of Contract will be sent by the Program to the Purchaser, Beneficiary, and any Purchaser's Legal Successor. Parties will have 60 days to respond from the date of the mailing. Failure to respond within the time given will result in the rights to distribution of Contract Benefits being forfeited and the Contract Terminated. The balance of payments made, minus any Program Fees will be turned over to the State Treasurer as unclaimed property for proper disposition.

**I. Tax Implications:** The Program is not responsible for any taxes imposed as a result of (1) the Contract, (2) any contributions made to the Contract, or (3) Contract Benefit distributions made from the Contract. Purchaser and Beneficiaries are urged to consult their own tax advisor.

## **10. TERMINATION AND REFUNDS**

**A. General Rules:** All Terminations and Qualified/Non-qualified Refunds will be made in accordance with State law, Program policies and rules, and IRS Code Section 529, including:

1. Qualified Refunds will be made by the Program only for the amount held in the Program for a minimum of three years or such shorter time period as may be imposed by state or federal laws, regulations or policies or approved by the Program Administrator. This three year time limit does not apply to Non-qualified Refunds.
2. The Program may charge Program Fees which may include penalties in connection with a Qualified or Non-qualified Refund (see Program Fee Chart). The Program will deduct all such Program Fees prior to a Qualified or Non-qualified Refund being issued.
3. The Program will make Qualified or Non-qualified Refunds or transfer remaining balances to another Contract, an amount paid to the Purchaser, or an alternate 529 Plan account at the direction of the Purchaser.
4. The Board will set an annual rate of interest on Qualified/Non-Qualified Refunds (see Program Fee Chart).
5. The Board will provide a Qualified or Non-qualified Refund only after deducting Contract Benefit payments the Trust Fund made on behalf of the Beneficiary. A Qualified or Non-qualified Refund amount shall not exceed the total amount paid by the Purchaser pursuant to the Contract, with the interest on the adjusted amount (Qualified Refunds only) in accordance with the applicable rates established by the Board in the year in which the request is made. (see Program Fee Chart). A Non-qualified Refund amount shall not exceed the total amount paid by the Purchaser.
6. Qualified and Non-qualified Refund and Termination disbursements will be made as soon as practicable following the end of the calendar month of the request to a Purchaser who has agreed to accept in full satisfaction a Qualified/ Non-qualified Refund/Termination claim. The amount will not exceed the total amount paid by the Purchaser pursuant to the Contract as of the last business day of the calendar month.

7. Qualified/Non-qualified Refund amounts may be set by the Board at a rate lower than 100% of the Total Contract Price if the Board, in its sole judgment, determines that any such refunds would jeopardize the actuarial soundness of the Fund. If the Board institutes such a policy, a purchaser will have the option to (1) accept an amount determined by the Board, which may be less than the cumulative Monthly Purchase Amount or Lump Sum paid by the Purchaser pursuant to the Contract; or (2) choose to wait until the market value of the Trust Fund is sufficient, in the sole judgment of the Board to provide a Qualified/Non-qualified Refund equal to 100 percent of the cumulative Monthly Purchase Amount/Lump Sum made by the Purchaser. No representation is made regarding the timing when the market value of the Trust Fund will achieve a level of adequacy to provide 100% refund values.

8. Qualified and Non-qualified Refund and Termination requests must be submitted on the Refund Request Form provided by the Program and be notarized and a Program Fee assessed for Non-qualified Refunds (see Program Fee Chart).

### **B. Termination:**

**1. Voluntary Termination by Purchaser:** The Contract may be terminated upon written request on the prescribed Refund Request Form to the Program by the Purchaser (or, in the case of death or Disability of the Purchaser, the Purchaser's Legal Successor or estate appointee with acceptable documentation provided to the Program). A Termination Fee will be charged (see Program Fee Chart).

**2. Death or Disability:** Upon submittal of a Refund Request Form and acceptable documentation of the disability, the Program will issue a Qualified Refund of the cumulative Monthly Purchase Amount or Lump Sum paid into the Contract—less any Program fees and any payments distributed in Contract Benefits with interest on the balance in accordance with the applicable rates established by the Board in the year in which the refund request is made (see Program Fee Chart); or under conditions established in Section 6.C a new qualifying Beneficiary may be named.

**3. Scholarship:** Qualified Refunds for full scholarships that make the Contract Benefits of a Prepaid Tuition Contract unusable must be requested during the Academic Year in which the scholarship is awarded. Documentation must be provided by the educational institution or authority issuing the scholarship and the documentation must be acceptable to the Program Administrator. If acceptable documentation is provided within the required timeframe and approved by the Program Administrator, the Program will amend the Contract to change the identity of the Beneficiary of the Contract under the conditions provided in Section 6.B, or the Purchaser may choose to terminate the Contract pursuant to Section 10.B and receive a Qualified Refund. The Program may waive Program Cancellation Fees.

**4. Non-payment:** The Program will terminate the Contract and no Qualified or Non-qualified Refund will be issued if the Purchaser fails to make the necessary payments and the outstanding Program Fees exceed the Monthly Purchase payments and Program Fees already paid.

**5. Forfeiture or Term:** The Contract will be terminated if the Contract Benefits are forfeited because the term of Contract Benefit use has expired or the age of the Beneficiary now exceeds the Program maximum (see Section 9.G). The Program will pay the Purchaser a Non-qualified Refund to the extent the Lump Sum or cumulative Monthly Purchase amount paid into the Contract exceeds cumulative Contract Benefits paid out (if any) under the Contract. A Termination Fee will apply.

**6. Fraud:** The Program will terminate the Contract and issue a Non-qualified Refund to the Purchaser made up of the Lump Sum or cumulative Monthly Purchase amount paid by the Purchaser, less a Termination Fee, Fraud Penalty and any cumulative Education Benefits paid out, if any of the following have been fraudulently stated on an enrollment form or otherwise:

- a. The age of the Beneficiary;
- b. The grade of the Beneficiary;
- c. The Academic Year in which the Beneficiary (stated benefit use

year) is to receive Educational Benefits under the contract;

- d. The Social Security Number of the Purchaser or Beneficiary is invalid;
- e. The residency of the Purchaser, or the Purchaser's academic background, at the time the Open Enrollment Form is submitted to the Program; or
- f. Other matters as determined by the Program Administrator.

**7. Actuarial Unsoundness:** An actuarial valuation study of the Program shall be made annually by a certified actuary. If this actuary determines that the Program does not have sufficient funds to ensure the actuarial soundness of the Program and the Board reasonably determines there will be an insufficient number of new Contracts in the future with reasonably predictable terms to ensure the actuarial soundness of the Program, the Program may provide Qualified and Non-qualified Refunds at a reduced rate, may pay Educational Benefits at a reduced rate or may Terminate all Contracts and prorate the assets of Program among the existing Contracts. If the Trust Fund is liquidated, the amount to be returned is uncertain and could be less than the Purchaser's contributions. Upon termination of the Program pursuant to this subsection, the Program may stop providing Contract Benefits from the Program and will pay Non-qualified Refunds determined as follows:

- a. The Program will calculate the Contract's "asset value," which is the Lump Sum or cumulative Monthly Purchase Amount paid by the Purchaser, less any Contract Benefits or Qualified/Non-qualified Refunds paid by the Program, less any Program Fees due and payable to the Program;
- b. A percentage of the amount of the total Trust Fund assets after liquidating all of the Trust Fund investments. The percentage is determined by dividing the asset value of a given Contract by the asset value of all Program Contracts combined. This Non-qualified Refund shall be applied, at the option of each Purchaser, either toward the purposes of this Contract on behalf of the Beneficiary, or paid to the Purchaser.

**8. Cancellation by the Program for Failure to Provide Information:** The Program may cancel a Contract immediately and charge a Termination Fee, if:

- a. The Purchaser fails to provide within 90 days of a written request from the Board any reasonable information relating to a Contract.
- b. The Purchaser fails to provide a valid Social Security number for the Beneficiary within six months after the date a Contract is accepted.
- c. The initial payment in either a Lump Sum or Monthly Purchase option is dishonored.
- d. The Purchaser fails to comply with the terms of the Contract (other than failure to make a Monthly Purchase Amount payment by the failure within the time period provided in this Master Agreement.

9. Three Day Cancellation: The Purchaser may cancel his/her Open Enrollment application within three business days after the Program receives the Open Enrollment Form. The Program will return all payments to the Purchaser, including the Enrollment Fee. No Termination Fee will be charged.

**C. Qualified/Non-qualified Refunds:** The Program will calculate the amount of any Qualified/Non-qualified Refund pursuant to the terms of this Master Agreement. The Qualified/Non-qualified Refund amount paid is based on the Lump Sum or Monthly Purchase Amount paid by the Purchaser on the Contract to date less any Program Fees due and payable, and any Educational Benefits already paid on behalf of the Beneficiary:

**1. Non-Qualified Refund Due to Bankruptcy:** If a Non-qualified Refund is requested by the Purchaser due to bankruptcy, the Purchaser must provide the Program with a copy of the bankruptcy filing. The Contract will be valued as in Section 10.B.7 and the value will be equal to the calculated asset value of that provision.

**2. Rollover of Qualified/Non-qualified Refund:** The Purchaser may choose to have any Qualified/Non-qualified Refund administered as a rollover to a qualified 529 Plan. Rollovers between 529 Plans for the same Beneficiary or a new Beneficiary must

provide acceptable documentation as detailed in Section 5.C. The Qualified/Non-qualified Refund must be re-invested within 60 days and the Beneficiary of the accepting plan must be an eligible Family Member. Rollover requests must be submitted on a completed Rollover Request Form provided by the Program. Requests that do not meet these requirements will be considered under Section 10.B Terminations.

**3. Tax Implications:** The Program shall not be responsible for any state or federal taxes imposed on the Purchaser, the Beneficiary, or otherwise in connection with any Qualified/Non-qualified Refund, including the 10 percent penalty tax payable to the IRS in connection with a Non-qualified Refund. The Program sends a tax document to recipients of Qualified and Non-qualified Refunds and any distributions made during the calendar year as required by the IRS. The tax document details the gross distribution, gain (or loss), and the basis of all distributions.

**D. Appeals:** Appeals of Cancellation, Terminations and Qualified/Non-qualified Refunds must be made in writing to the Program Administrator by a Purchaser within 30 days of a notice by the Program to cancel or Terminate a Contract. Appeals of cancellations, Terminations, assessment of Program Fees and special petitions for conversions and waivers will be decided by the Program Administrator. An aggrieved party may appeal the decision of the Program Administrator to the Board by the filing of a written request within 30 days of the notice of denial of appeal by the Program. The Board will conduct a review of the merits of the appeal and render final decision at the Board's next regularly scheduled meeting.

## **11. CONTRACT AMENDMENT AND CONVERSION**

**A. Contract Amendments and Plan Conversion:** The Purchaser may request the conversion of a Contract either for method of payment or for selection of Plan. The Purchaser must submit the request on a Contract Conversion Form and all required Program Fees and any additional sum the Program determines in its sole judgment to be necessary as a result of the conversion or amendment in the interest of maintaining the Actuarial Soundness of the Trust

Fund. The Contract in question must meet the following criteria:

1. No Contract Benefits have been disbursed pursuant to the Contract.
2. The Purchaser is not in default on the Contract.
3. The Contract has not otherwise been Terminated.
4. The Plan requested must have been available for the Open Enrollment year the Contract was purchased.

**B. Fees and Costs:** Amendments to the method of payment (Section 7) and conversion from one Credit Hour Plan (Section 3) to another will likely have Contract price implications to the Purchaser. The Program will determine the change in Total Contract Price, change in monthly payments (where applicable) the proposed amendment/conversion will impose, and provide new Contract documents to the Purchaser detailing the changes prior to the due date of the first new payment. The Purchaser may choose to pay any difference in plan cost either in a Lump Sum or through an amendment in the remaining Monthly Purchase Amount payments. Applicable Program Fees and interest will apply.

**C. Non-Qualified Refunds Due to Conversion:** Any Non-qualified Refund amount due to conversion to a lower cost Plan will be made by the Program as soon as practicable following the end of the calendar month.

## **12. OPERATION OF THE FUND**

**A. Higher Education Prepaid Tuition Trust Fund:** Amounts received from Contracts under the Nevada Prepaid Tuition Program are commingled and held by the Board of Trustees of the College Savings Plans of Nevada and/ or invested in the Higher Education Prepaid Tuition Trust Fund. The Trust Fund consists of payments received pursuant to a Contract; any bequest, endowment, or grant funds from the federal government; and any other public or private sources of money. The Program will not separately invest amounts paid under an individual Contract, but will maintain records showing the Purchaser; the Beneficiary; the amounts paid; the type of Plan purchased; and any distributions of Contract Benefits, Program Fees (already paid, as well as due and payable), and Qualified/Non-

Qualified Refunds (to date or pending) in connection with the Contract.

**B. Program Administrator:** As the Administrator of the Program and Trust Fund, the State Treasurer's Office maintains the financial records and any associated accounts of the Trust Fund.

**C. Investment and Use:** The Program is permitted to invest amounts paid under the Contracts in accordance with state law and any Investment Policies of the Board. The current Investment Policy can be found online at [NVPrepaid.gov](http://NVPrepaid.gov), under More Info/Enrollment.

**D. Investment Not Subject to Direction:** Contract Purchasers and Beneficiaries may not direct the investment of amounts paid to or otherwise held by the Program in connection with any Contract.

**E. Use:** The Program may apply amounts received under the Contracts on a commingled basis to pay for or reimburse the State Treasurer's Office for administrative expenses in connection with the Program.

**F. Reserve:** As part of the contract pricing, the Program will accumulate amounts as a stabilization reserve, available to pay immediate obligations of the Program if the Program does not otherwise have revenues at any particular point in time sufficient to pay such obligations.

**G. Annual Analysis:** In accordance with State law, the Program undertakes an annual valuation study using a certified actuary to determine the actuarial soundness of the Program and conducts an annual audit using a certified public accounting firm. The results of the actuarial valuation are used to determine the price of future Contracts and stabilization reserve embedded in the Contract pricing. The reports are available to the public at [NV Prepaid.gov](http://NV Prepaid.gov), under More Info/Enrollment, or upon request.

**H. Fund Termination:** If the Board determines (in its sole judgment) that the Program is not financially viable, or for any other reason determines that the Program shall be terminated, the Board will cease to accept any further Contracts and notify all current Contract Purchasers of the plan for final disbursements (as a Non-qualified Refund to the Purchaser or the Beneficiary) from the Trust Fund as outlined in Section 10.B.7.

**I. No State Guarantee: The Nevada Prepaid Tuition Program is not guaranteed by the State of Nevada and is not an obligation of the taxpayers of the State. The Contract is not an obligation of the State of Nevada and neither the full faith and credit nor taxing power of the State is pledged directly or indirectly or contingently, morally or otherwise, to the payment of Contract Benefits or a Qualified/Non-qualified Refund from the Contract. The Board cannot directly or indirectly or contingently obligate, morally or otherwise, the State to levy or pledge any form of taxation whatsoever, or to make any appropriation for the payment of the Contract or Qualified/Non-qualified Refund.**

### **13. MASTER AGREEMENT AMENDMENTS**

**A. Changes in Contract Prices:** Prices are based in large part on actuarial assumptions established on an annual basis and such prices may be changed from time to time by the Board, at its sole discretion.

**B. Entire Agreement:** This Master Agreement is considered a part of all Contracts and represents the entire understanding of the parties.

**C. Invalid Provisions:** If any portion of this Master Agreement or Contract shall be found to be invalid or unenforceable by any court, that portion shall be severed from this Master Agreement and/or Contract and the remainder will remain in full force.

**D. Captions:** The captions in this Master Agreement and any Contracts are for convenience only and in no way limit the intent of any provision of this Master Agreement or any Contracts.

**E. Amendment to Contracts and Master Agreement:** The Board reserves the right to amend any Contract to the extent required by law or to the extent necessary or desirable in order to preserve favorable tax treatment under federal and state law or for reasons in the interest of the Purchaser and the Program to make technical corrections. The Board may in future years unilaterally amend this Master Agreement or individual Contracts if necessary to make reasonable changes including, but not limited to, administrative procedures, Program Fees (as listed in 8.O.), and methods of calculation of Contract prices. Any such changes shall be

implemented across all Contracts affected by the amendment. Purchasers choosing not to be bound by any such Contract changes may elect to terminate the Contract and receive a Non-qualified Refund, which may include Program Fees imposed by the Board. Master Agreements are published on the Nevada Prepaid Tuition website at [www.NVPrepaid.gov](http://www.NVPrepaid.gov).

### **14. GENERAL TERMS**

**A. Judgment or Attachment:** It is the intent of the parties that the right to Contract Benefits or Qualified/Non-qualified Refunds shall not be subject to any attachment, garnishment, seizure, or attachment by creditors of the Purchaser or Beneficiary.

**B. Tax Considerations:** The Contract is offered pursuant to Nevada Revised Statute (“NRS”) 353B and the Nevada Administrative Code (“NAC”) 353B promulgated under these statutes. The Contract is intended to qualify for the tax benefits described and required in Code Section 529. The Program is not liable for the effect of any state or federal taxes on any transactions or activity in conjunction with the Contract. Potential Purchasers are strongly advised to consult their own tax advisor.

**C. Arbitration:** Any controversy or claim arising out of or relating to a Program Contract and this Master Agreement, or breach, Termination, or questions relating to the validity thereof, shall be settled by arbitration administered by the American Arbitration Association (“AAA”) in accordance with its Commercial Arbitration Rules. Judgment on any award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

**D. Attorney Fees:** Except as otherwise provided by law or the Contract and this Master Agreement, the rights and remedies of the parties shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including, without limitation, actual damages, and the prevailing party’s reasonable attorneys’ fees and costs. It is specifically agreed that reasonable attorneys’ fees shall be not more than \$125 per hour.

**E. Liability Limitations:** The State and the Board will not waive and intends to assert available NRS Chapter 41 liability limitations in all cases. Contract liability of both parties shall not

be subject to punitive damages. Damages for any breach shall never exceed the amount of accrued financial obligations to either party under this Contract at the time of breach.

**F. Prevention of Performance of Contract:**

Neither the State nor the Board nor the Program Administrator shall be deemed to be in violation of any Contract or this Master Agreement if prevented from performing any of their obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including, without limitation, earthquakes, floods, winds, or storms. In such an event, the intervening cause must not be through the fault of the party asserting such an excuse, and the excused party is obligated to promptly perform in accordance with the terms of the Contract after the intervening cause ceases.

**G. Failure to Declare Breach:** Failure to declare a breach or the actual waiver of any particular breach of any Contract or its material or nonmaterial terms by either party shall not operate as a waiver by such party of any of its rights or remedies as to any other breach.

**H. Sale of Contract:** A Contract may not be sold for any reason. A Contract may not be used as security for any loan.

**I. Impact on Financial Aid:** The Program cannot determine and makes no representation as to what effect, if any, a Contract may have on the current or future state, federal, institutional, or private financial aid eligibility of any student Beneficiary.

**J. Student Eligibility:** Purchase of a Contract or participation in the Program, including being named as a Beneficiary under a Contract, does not constitute a guarantee or a promise by the Program or the State that a Beneficiary will be admitted to any or a particular Eligible Educational Institution, or be allowed to continue to attend an Eligible Educational Institution after having been admitted, or will graduate from an Eligible Educational Institution.

**K. Nevada Law:** The Contract is to be interpreted under the laws of the State of Nevada. All parties consent to the jurisdiction of Nevada's district courts for enforcement of the Contract and this Master Agreement. The provisions of NRS 353B and NAC 353B, as amended from time to time, are incorporated into and govern the

interpretation and performance of this Master Agreement and individual Contracts.

**L. Notices to Program:** Notices to the Program must be sent by mail to:

Nevada Prepaid Tuition  
Office of the State Treasurer  
555 East Washington Avenue, Suite 4600  
Las Vegas, NV 89101

**M. Records:** Records for the Program shall be subject to the public disclosure laws of the State. Individual Contract records shall be subject to the privacy policy of the Board.

**N. Forms:** Electronic forms and signatures may be accepted at the discretion of the Program Administrator. All forms are available on the Nevada State Treasurer's website [www.NVPrepaid.gov](http://www.NVPrepaid.gov) or by contacting the Nevada Prepaid Tuition Office:

Nevada Prepaid Tuition  
Office of the State Treasurer  
555 E. Washington Avenue, Suite 4600  
Las Vegas, NV 89101  
PrepaidTuition@NevadaTreasurer.gov  
Phone (888)477-2667(toll free) or  
(702) 486-2025  
Fax (702) 486-3246

## Program Fee Chart

<u>Type of Fee</u>	<u>Amount</u>
Non-refundable Enrollment Fee	\$100
Document Replacement Fee(for example, a payment coupon book)	\$ 7
Late Fee for Lump Sum Plans	\$ 15 for 1 <sup>st</sup> month(plus 1% per month of outstanding balance for additional months)
Late Fee for Monthly Plans	\$ 15 per month
Delinquency Fee on any payments over 90 days past due (applied to overdue amount)	6.25% per annum
Out-of-State School Processing Fee	\$ 25
Payment Option Change Fee	\$ 20
Plan Conversion Fee	\$ 20
Change of Purchaser Fee	\$ 20
Dishonored Payment Fee	\$ 25
Change of Beneficiary Fee	\$ 20
Contract Termination Fee	\$100
Fraud Penalty	\$250
Interest on Monthly Payment Option	6.25%
Early Pay-off Discount	6.25%
Interest on Refunds	0%

NOTE: The Board, in its sole discretion, may change existing Program Fees or impose future administrative fees without notice. Program Fees are always published on our website at [www.NVPrepaid.gov](http://www.NVPrepaid.gov).

# The Board of Trustees of the College Savings Plans of Nevada

**Dan Schwartz** – Nevada State Treasurer, Chair

**Janet Murphy** - Director of Administration Appointee

**Jamie Hullman** - Chancellor of the Nevada System of Higher Education Appointee

**Edward (Ned) Martin** - Governor Appointee

**Robert (Bob) Seale** - Governor Appointee

## Program Office

### Mailing Address:

Nevada Prepaid Tuition  
555 E. Washington Avenue, Suite 4600  
Las Vegas, NV 89101

**Telephone:** 1-888-477-2667 (toll free), or 702-486-2025

**Fax:** 702-486-3246

**Email:** PrepaidTuition@NevadaTreasurer.gov

### Payment address:

Nevada Prepaid Tuition  
PO Box 844490  
Los Angeles, CA 90084-4490

**Office Hours:** Weekdays 8:00 am to 5:00 pm (excluding state holidays)

A potential Purchaser should consider the objectives, risks and expenses associated with the Program before participating. This Program Description and Master Agreement contain important information and should be read carefully before making a decision about the Program. If a Purchaser or Beneficiary is not a Nevada resident or taxpayer, they should consider whether their home states offer 529 plans that would provide state tax and other benefits that are not available by participating in the Nevada Prepaid Tuition Program.

Contracts in the Program are not an obligation of the State of Nevada and neither the full faith and credit nor taxing power of the State is pledged directly, indirectly, or contingently to payment of the Contracts. Contracts are secured solely by the assets in the Trust Fund, which are not insured by the FDIC, Federal Reserve, the State of Nevada, the Board, the Nevada Treasurer, or any other government agency. The Board cannot directly or indirectly or contingently obligate morally or otherwise, the State to levy or pledge any form of taxation whatsoever or to make any appropriation for the payment of the Contract.

**[www.NVPrepaid.gov](http://www.NVPrepaid.gov)**

# NEVADA PREPAID TUITION



# NV529.ORG



Administered by  
Nevada State Treasurer  
Dan Schwartz

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 13**  
**September 22, 2016**

**Item: Annual Prepaid Program Fee Rates**

**Recommendation:**

**That the Board review and approve the 2016-2017 Nevada Prepaid Tuition Program fee chart and schedule:**

- 1) Interest on Refunds: 0%**
- 2) Early Payoff of Remaining Balance Discount: 6.25%**
- 3) Delinquent Payment Rate: 6.25%**
- 4) Fraud Penalty: \$250**
- 5) Interest on Monthly Payment Option: 6.25%**
- 6) Enrollment & Termination or cancellation fee: \$100**
- 7) Miscellaneous fees: Attached as supporting documentation**

**Fiscal:**

Staff is recommending the fees remain the same as the prior year.

**Summary:**

Under Nevada Administrative Code 353B.200 the Board must annually establish the rates of tuition contracts, open enrollment dates, the rate of interest for refunds, delinquent payments, and the rate of discount given for the payment of the remaining balance of a contract.

The Fee Schedule for inclusion in the 2016-17 Program Description and Master Agreement will be updated accordingly.

Sheila Salehian, Deputy Treasurer, will be available to discuss the fee schedule if questions arise.

## Nevada Prepaid Tuition Program 2017 Fee Chart

<b><u>Enrollment Fee</u></b>	<b>\$100</b>
Fee charged for application processing and administration of contracts	
<b><u>Dishonored Payment Fee</u></b>	<b>\$25</b>
Payments returned by a financial institution unpaid	
<b><u>Late Payment for Monthly Contract Payments</u></b>	<b>\$15</b>
Assessed on monthly payments not received within the 15 day grace period	
<b><u>Delinquency Fee Rate</u></b>	<b>6.25%</b>
Assessed on any unpaid delinquent balance over 90 days	
<b><u>Late Payment Fee - Lump Sum Purchase</u></b>	<b>\$15 the first month</b>
Additional 1% of balance including outstanding fees for each additional 30 day period	
<b><u>Termination Fee</u></b>	<b>\$100</b>
Fee charged for cancellation of a contract (involuntary and voluntary)	
<b><u>Fraud Penalty</u></b>	<b>\$250</b>
Penalty for submitting fraudulent information on an Open Enrollment Form	
<b><u>Payment Option Change Fee</u></b>	<b>\$20</b>
Fee charged for change in payment option (i.e., monthly to extended monthly, etc.)	
<b><u>Change of Tuition Plan Fee</u></b>	<b>\$20</b>
Fee charged for changing the type of Prepaid Tuition plan originally purchased.	
<b><u>Change of Purchaser Fee</u></b>	<b>\$20</b>
Fee charged to change the Purchaser on a Prepaid Tuition contract (waived due to death)	
<b><u>Change of Beneficiary Fee</u></b>	<b>\$20</b>
Fee charged for a transfer of benefits to another qualified beneficiary (waived if requested change is due to beneficiary death, disability or receipt of full scholarship)	
<b><u>Document Replacement Fee</u></b>	<b>\$7</b>
Fee charged for Coupon Book, Welcome Pack, or Student Handbook replacement	
<b><u>Private/Out-of-State School Processing Fee</u></b>	<b>\$25</b>
Fee charged to establish third-party billing at an institution for a qualified beneficiary to a private and/or out-of-state school	
<b><u>Interest on Refund</u></b>	<b>0%</b>
<b><u>Interest on Monthly Payment Option</u></b>	<b>6.25%</b>
Rate of interest charged to contracts purchased in 2016, paid in monthly installments	
<b><u>Early Pay-Off Discount</u></b>	<b>6.25%</b>
Rate of discount given when paying off the balance of a Prepaid Tuition monthly installment contract with a lump sum payment	

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 14**  
**September 22, 2016**

**Item: Settlement Agreement with Treasury Solutions**

**Recommendation:**

**That the Board receive an update regarding the previously approved settlement agreement with Treasury Solutions, Inc.**

Fiscal:  
\$0

**Summary:**

Dickinson Wright, outside counsel for the State, will present an update regarding the settlement agreement with Treasury Solutions Holdings, Inc. John Desmond and Brian Irvine of Dickson Wright will be present to review this item with the Board.

## M E M O R A N D U M

**To:** Board of Trustees of the College Savings Plans of Nevada

**From:** Dickinson Wright, PLLC

**Date:** September 14, 2016

**Re:** *Treasury Solutions Holdings, Inc. v. State of Nevada, ex rel. Board of Trustees of the College Savings Plans of Nevada* - Report of performance of settlement agreement

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In August, 2011, TREASURY SOLUTIONS HOLDINGS, INC., a Georgia corporation, successor in interest to TREASURY SOLUTIONS, LLC, a Georgia limited liability company, f/k/a GIF PLAN ADVISORS, LLC, a Georgia limited liability company, assignee of interest from GIF SERVICES, LLC, a Georgia limited liability company, and TREASURY SOLUTIONS, LLC, a Georgia limited liability company (“Treasury Solutions”) filed a lawsuit against the STATE OF NEVADA, ex rel. BOARD OF TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA, acting by and through its Administrator, the STATE TREASURER OF NEVADA (the “CSP Board”) in First Judicial District Court in Carson City (hereinafter the “Treasury Solutions Lawsuit”). In the Treasury Solutions lawsuit, Treasury Solutions was seeking to recover from the CSP Board various fees to which it believed it was entitled pursuant to its August 24, 2001 Plan Advisor Agreement with the CSP Board.

Treasury Solutions also filed a lawsuit against Upromise Investments, Inc. a Delaware corporation (“UII”); Upromise, Inc., a Delaware corporation (“Upromise,” and together with UII, the “Upromise Entities”) and The Vanguard Group, Inc. (“Vanguard”) in federal court in Reno. (hereinafter the “Upromise Lawsuit”). In the Upromise Lawsuit, Treasury Solutions was asserting claims against the Upromise Entities and Vanguard for interference with the Plan Advisor Agreement between Treasury Solutions and the CSP Board, claiming that certain actions by the Upromise Entities and Vanguard caused the CSP Board to stop paying Treasury Solutions fees it was owed under that Plan Advisor Agreement.

The CSP Board settled the Treasury Solutions Lawsuit in September 2014 (the settlement was also approved by the Board of Examiners in November 2014). Pursuant to the terms of the settlement with Treasury Solutions, the CSP Board agreed to pay Treasury Solutions a total amount of \$850,000.00. Those funds were placed in the Trust account of Gordon Silver, the law firm that represented the CSP Board at the time. Any release of those settlement funds was contingent upon the resolution of the Upromise Lawsuit. Specifically, if Treasury Solutions were to settle with (or obtain a judgment against) Vanguard in excess of \$850,000.00, then the CSP Board was to receive a refund of \$425,000 from the settlement funds. Likewise, if Treasury Solutions were to settle with (or obtain a judgment against) the Upromise Entities in excess of \$850,000.00, then the CSP Board was also to receive a refund of \$425,000 from the settlement funds. And, if Treasury Solutions were to settle the Upromise Lawsuit (or obtain a judgment) in a total amount in excess of \$1.7 million, then the CSP Board would receive a full refund of the settlement amount. In contrast, if Treasury Solutions were to settle its claims with (or obtain a judgment) against either Vanguard or the Upromise Entities in an amount of less than

MEMO: Board of Trustees of the College  
Savings Plans of Nevada  
DATE: September 15, 2016  
PAGE: 2

\$850,000.00 for either Vanguard or the Upromise Entities, then half of the settlement funds would be released to Treasury Solutions for each settlement reached or judgment obtained. Upon resolution of the Upromise Lawsuit, the Treasury Solutions Lawsuit would be dismissed. An executed copy of the settlement agreement between the CSP Board and Treasury Solutions is attached.

Treasury Solutions settled its claims against Vanguard for \$150,000 in February 2015. Accordingly, Gordon Silver released \$425,000.00 to counsel for Treasury Solutions. The remaining \$425,000 was transferred to the law firm of Dickinson Wright PLLC in June 2015, pursuant to authorization from Treasury Solutions.

In May 2016, Treasury Solutions settled its claims against the Upromise Entities for \$510,000. Accordingly, Dickinson Wright PLLC released the remaining \$425,000 in its trust account to counsel for Treasury Solutions. The Treasury Solutions Lawsuit was then dismissed. The Upromise Lawsuit has also been dismissed, and the CSP Board should consider this dispute fully-resolved.

RENO 65615-1 11077v1

## SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement (the "Agreement") is made as of September \_\_\_\_\_, 2014 by and among TREASURY SOLUTIONS HOLDINGS, INC., a Georgia corporation, successor in interest to TREASURY SOLUTIONS, LLC, a Georgia limited liability company, f/k/a GIF PLAN ADVISORS, LLC, a Georgia limited liability company, assignee of interest from GIF SERVICES, LLC, a Georgia limited liability company, and TREASURY SOLUTIONS, LLC, a Georgia limited liability company ("Treasury Solutions"); and the STATE OF NEVADA, *ex rel.* BOARD OF TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA, acting by and through its Administrator, the STATE TREASURER OF NEVADA (the "CSP Board," and together with Treasury Solutions, the "Parties" and each one a "Party").

### Recitals

A. Treasury Solutions and the CSP Board are parties to that certain Plan Advisor Agreement dated August 24, 2001 (the "Treasury Solutions Agreement"), pursuant to which, among other things, Treasury Solutions agreed to provide to the CSP Board advisory services related to the State of Nevada's college savings program ("CSP") including assistance with program development and implementation, compliance and performance monitoring of vendors providing administration and investment services, and other assistance necessary to provide a quality program (the "Treasury Solutions Services"). In exchange for performing such services, Treasury Solutions was paid certain fees earned from the CSP (the "Treasury Solutions Fees").

B. The Treasury Solutions Agreement has been amended twice, including that certain amendment executed by the Parties on April 4, 2006 and April 6, 2006, after adoption at a meeting of the CSP Board on March 22, 2006, and approved by the State of Nevada Board of Examiners on May 11, 2006 ("Treasury Solutions Amendment #2").

C. Pursuant to Treasury Solutions Amendment #2, the Parties agreed that Treasury Solutions would no longer be obligated to provide the Treasury Solutions Services, but that Treasury Solutions would continue to be paid the Treasury Solutions Fees through the termination of the Treasury Solutions Agreement, as amended.

D. Upromise Investments, Inc. a Delaware corporation ("UII"); Upromise, Inc., a Delaware corporation ("Upromise," and together with UII, the "Upromise Entities"), and the CSP Board were parties to that certain Contract for Services of Independent Contractor as supplemented by that certain Direct Program Management Agreement, both executed on March 5, 2002 and approved by the Nevada State Board of Examiners on March 12, 2002 (collectively, as amended, the "Upromise Agreement"), pursuant to which, among other things: (i) as specified in the Upromise Agreement, UII managed the day-to-day operations of certain college savings plans in the CSP and coordinated payments to subcontractors, vendors and other third parties; and (ii) Upromise managed internet-based savings network as specified in the Upromise Agreement.

E. The Upromise Agreement has been amended seven times, including that certain amendment executed by the CSP Board and the Upromise Entities on November 20 and

November 21, 2006, after adoption at a meeting of the CSP Board on November 17, 2006, and approved by the State of Nevada Board of Examiners on December 28, 2006 ("Upromise Amendment #2").

F. In 2013, UII was sold by Sallie Mae to Ascensus, Inc. As a result of that sale, Upromise assigned all of its duties, responsibilities interests and rights under the Upromise Agreement to UII. UII is currently known as Ascensus Broker Dealer Services, Inc.

G. Through Upromise Amendment #2, the CSP Board and the Upromise Entities agreed to a global restructuring of the CSP fee structure, including, among other things, reallocation of all Treasury Solutions Fees accruing under the CSP to UII; payment by UII to the CSP Board of a one-time, up-front fee of \$1,000,000; payment by UII and The Vanguard Group, Inc. ("Vanguard") to the CSP Board of an annual, CPI-adjusted program fee of \$1,500,000 (at first in part to the CSP Board and Treasury Solutions, and thereafter only to the CSP Board).

H. In Amendment #2, the CSP Board and the Upromise Entities also agreed the CSP Board would close out, by December 15, 2006, any and all of its contractual obligations to Treasury Solutions (including, in particular, any obligations remaining owing under the Treasury Solutions Agreement). Subsequent to December 15, 2006, the Upromise Entities made certain payments to Treasury Solutions.

I. Treasury Solutions contends the CSP Board never closed out the Treasury Solutions Agreement, and that Treasury Solutions did not receive the Treasury Solutions Fees or the equivalent pursuant to the Treasury Solutions Agreement. The CSP Board disputes those allegations and contends that Treasury Solutions has been paid all sums owed to it pursuant to the Treasury Solutions Agreement, as amended.

J. On December 28, 2009, Treasury Solutions filed a complaint against the Upromise Entities and Vanguard, subsequently removed on diversity grounds to the United States District Court for the District of Nevada (Case No: 3:10-CV-00031-ECR-RAM), asserting causes of action for, among other things, tortious interference with an existing contract (the "Treasury Solutions/Upromise Litigation"). The Treasury Solutions/Upromise Litigation remains pending before the United States District Court for the District of Nevada.

K. On August 15, 2011, Treasury Solutions filed a complaint against the CSP Board in the First Judicial District of the State of Nevada in and for Carson City (Case No. 11-OC 00268 1B; Dept. II), asserting causes of action for, among other things, breach of contract (the "Treasury Solutions/Nevada Litigation") based upon the assertion that Treasury Solutions did not receive funds allegedly due and owing under the Treasury Solutions Agreement. The CSP Board has disputed the allegations made in the Treasury Solutions/Nevada Litigation and disputes that Treasury Solutions is owed money by the CSP Board or the State of Nevada. The CSP Board also filed a counterclaim in the Treasury Solutions/Nevada Litigation seeking a declaration that the Treasury Solutions Agreement, as amended, had been terminated and that no additional monies were owed by the CSP Board or the State of Nevada pursuant to the Treasury Solutions Agreement.

L. As a result of confidential settlement discussions, the Parties have agreed to settle and resolve any and all claims and counterclaims asserted in the Treasury Solutions/Nevada Litigation (the “Claims”) on the terms set forth herein, and believe it is in the best interests of the Parties, the public, and judicial economy to resolve the Parties' Claims without further litigation.

## Agreement

### Section 1 Recitals; Definitions

1.01 Recitals. The recitals herein form an integral part of this Agreement.

1.02 Definitions. Each of the following terms has the meaning set forth in the Section next to such term:

<b>Term</b>	<b>Section</b>
"Agreement"	1 <sup>st</sup> Paragraph
"Amendment #2"	Recitals B and C
"BOE" or State of Nevada Board of Examiners"	Sec. 2.02(a)
"Business Day"	Sec. 5.03(a)
"Claims"	Recital K
"CSP"	Recital A
"CSP Board"	1 <sup>st</sup> Paragraph
"Party" and "Parties"	1 <sup>st</sup> Paragraph
"Released Parties"	Sec. 3.01
"Releasing Party"	Sec. 3.01
"Representing Party"	Sec. 4.01
"Settlement Amount"	Sec. 2.02(a)
"Treasury Solutions"	1 <sup>st</sup> Paragraph
"Treasury Solutions Agreement"	Recital A
"Treasury Solutions Amendment #2"	Recital B
"Treasury Solutions/Upromise Litigation"	Recital J
"Treasury Solutions/Nevada Litigation"	Recital K
"Treasury Solutions Fees"	Recitals A and C
"Treasury Solutions Services"	Recitals A and C
"Triggering Event"	Sec. 2.02(b)
"UII"	Recital D
"Upromise"	Recital D
"Upromise Agreement"	Recital D
"Upromise Amendment #2"	Recitals E, G and H
"Upromise Entities"	Recital D
"Vanguard"	Recital J

## Section 2 Settlement

2.01 Non-Admission. No Party admits any liability in connection with any Claim (or any portion thereof), and this Agreement shall not be construed as an admission of liability by any Party or an admission of the existence of facts upon which liability can be based.

2.02 Payment.

a. Settlement Amount. Within twenty (20) business days of the execution of this Agreement by the Nevada Board of Examiners ("BOE"), the CSP Board shall cause to be deposited into an escrow account established by the Parties, the amount of Eight Hundred Fifty Thousand Dollars (\$850,000) (the "Settlement Amount"), as full and final satisfaction of the Claims and any and all amounts due or claimed to be due by Treasury Solutions, regardless of whether or not all or any part of the Settlement Amount is eventually repaid to the CSP Board pursuant to certain of the Triggering Events, as described below. The source of payment of the Settlement Amount shall be the Endowment Account described in NRS 353B.350. The Settlement Amount shall be held in escrow until the occurrence of a Triggering Event, as described below.

b. Triggering Events. Should any of the following events occur, the Settlement Amount, or the specified portion of the Settlement Amount, shall be released as follows:

- i. If the claims asserted by Treasury Solutions against Upromise in the Treasury Solutions/Upromise Litigation are resolved, in any fashion, regardless if by dismissal, voluntary dismissal, settlement, entry of judgment (after the time for appeal has expired) or final disposition on appeal and that disposition results in a recovery to Treasury Solutions of less than \$850,000, half of the Settlement Amount, \$425,000, shall be paid to Treasury Solutions through payment to the trust account of its counsel, Laxalt & Nomura.
- ii. If the claims asserted by Treasury Solutions against Upromise in the Treasury Solutions/Upromise Litigation are resolved, in any fashion, regardless if by dismissal, voluntary dismissal, settlement, entry of judgment (after the time for appeal has expired) or final disposition on appeal and that disposition results in a recovery to Treasury Solutions of at least \$850,000, regardless of whether Treasury Solutions is paid by Upromise, UII, Vanguard, Sallie Mae, Ascensus, Inc., Ascensus Broker Dealer Services, Inc., or any third-party, or any combination of the foregoing, half of the Settlement Amount, \$425,000, shall be released to the CSP Board.
- iii. If the claims asserted by Treasury Solutions against Vanguard in the Treasury Solutions/Upromise Litigation are resolved, in any fashion, regardless if by dismissal, voluntary dismissal, settlement, entry of judgment (after the time for appeal has expired) or final

disposition on appeal and that disposition results in a recovery to Treasury Solutions of less than \$850,000, half of the Settlement Amount, \$425,000, shall be paid to Treasury Solutions through payment to the trust account of its counsel, Laxalt & Nomura.

- iv. If the claims asserted by Treasury Solutions against Vanguard in the Treasury Solutions/Upromise Litigation are resolved, in any fashion, regardless if by dismissal, voluntary dismissal, settlement, entry of judgment (after the time for appeal has expired) or final disposition on appeal and that disposition results in a recovery to Treasury Solutions of at least \$850,000, regardless of whether Treasury Solutions is paid by Upromise, UII, Vanguard, Sallie Mae, Ascensus, Inc., Ascensus Broker Dealer Services, Inc., or any third-party, or any combination of the foregoing, half of the Settlement Amount, \$425,000, shall be released to the CSP Board.
- v. Notwithstanding the above, if Treasury Solutions's collective recovery from the resolution of its claims against Vanguard and Upromise, regardless if by dismissal, voluntary dismissal, settlement, entry of judgment (after the time for appeal has expired) or final disposition on appeal, is at least \$1,700,000, regardless of whether Treasury Solutions is paid by Upromise, UII, Vanguard, Sallie Mae, Ascensus, Inc., Ascensus Broker Dealer Services, Inc., or any third-party, or any combination of the foregoing, the entire Settlement Amount shall be released to the CSP Board either: (1) through the release of the full Settlement Amount to the CSP Board from the Gordon Silver trust account; or (2) if a portion, \$425,000, has already been paid to Treasury Solutions pursuant to Paragraphs 2.02(b)(i) or 2.02(b)(iii), above herein, through a refund of that \$425,000 payment by Treasury Solutions to the CSP Board so that the full Settlement Amount is returned to the State.

c. The Treasury Solutions/Upromise Litigation. Treasury Solutions agrees to inform Gordon Silver of any settlement or decision regarding the Treasury Solutions/Upromise Litigation and provide to Gordon Silver a copy of any settlement agreement between Treasury Solutions and Upromise and/or Treasury Solutions and Vanguard within ten (10) days of the execution of such settlement agreement(s). If the agreement(s) contain covenants that such agreements are confidential, Gordon Silver will agree to convey the requisite information regarding the trigger event to the CSP Board while maintaining the confidentiality of the agreement(s).

### Section 3 Mutual Releases

3.01 Mutual Release. All Claims shall be deemed completely and finally resolved upon the execution of this Agreement and payment of the Settlement Amount. Effective upon the occurrence of the foregoing, each Party (the "Releasing Party") absolutely and forever releases, discharges, waives, relinquishes, and acquits the other Parties, their past, present, and future affiliates, subsidiaries, predecessors, legal successors, heirs, executors and assigns, and their shareholders, members, principals, direct and indirect owners, investors, directors, managers, officers, representatives, employees, agents, attorneys, and insurers (collectively, the "Released Parties") from the Claims and any liability, damages, losses, costs, fees, and other demands thereon.

3.02 No Prior Assignments. Each Party represents, covenants, and warrants to the other Parties that as of the date hereof, it has not previously assigned, delegated, or otherwise transferred any Claim which actually or potentially is or may be subject to the release herein, nor will purport to make any such assignment, delegation, or transfer in the future. Each Party hereby agrees to indemnify and hold harmless the Released Parties from and against all such Claims brought by a purported assignee, delegee, or transferee.

3.03 Obligations Hereunder. Nothing in this Section 3 shall constitute a release of any Party's obligations set forth in this Agreement, nor constitute a waiver of each Party's right to enforce this Agreement.

### Section 4 Representations, Warranties, and Covenants

4.01 Mutual Representations and Warranties. Each Party (the "Representing Party") represents and warrants to each other Party as of the date hereof as follows:

(a) *Legal Advice*. The Representing Party has received or had the full opportunity to receive independent legal advice from attorneys of its choice with respect to the advisability of making the settlement and release provided herein. Each Party has made such investigation of the facts pertaining to this settlement and release, and all of the matters pertaining thereto, as they deem necessary.

(b) *Representations*. Except as expressly stated herein, no Party has made any statement or representation to the Representing Party regarding any fact relied upon by the Representing Party in entering into this Agreement.

(c) *Authorization*. The Representing Party has taken all necessary statutory and/or corporate action to authorize the execution, delivery and performance of this Agreement and each and every agreement, document and instrument (if any) provided for herein (and by their execution hereof, such signatories individually represent and warrant that they are so authorized).

(d) *Enforceability.* The Representing Party's obligations set forth in this Agreement shall be the legal, valid and binding obligations of such Party enforceable in accordance with its terms.

(e) *Approvals.* No consent, license, permit, order, approval or authorization of any governmental authority or private party is required in connection with the execution, delivery and performance of this Agreement (except for such governmental approvals which may be required as a prerequisite for the CSP Board's and BOE's execution below, which approvals have been or will be obtained by the CSP Board and/or BOE and which have been agreed to by Treasury Solutions). For the avoidance of any doubt, the CSP Board cannot guarantee that the BOE or Interim Finance Committee ("IFC") will approve this Agreement or the budget amendment necessary for the CSP Board to pay the Settlement Amount.

(f) *No Conflicts.* The execution, delivery or performance of this Agreement will not, with or without the giving of notice and/or the passage of time (i) violate any provision of law applicable to the Representing Party, or (ii) conflict with or result in the breach or termination of, or constitute a default under or pursuant to, the Representing Party's Constitution or organizational documents (as the case may be), or any judgment, order, injunction, decree or ruling of any court or governmental authority, or any other agreement or instrument by which the Representing Party is bound or to which it is subject.

4.02 Treasury Solutions. Treasury Solutions represents and warrants as of the date hereof that it is a corporation duly incorporated, validly existing and in good standing under the laws of Georgia, with all requisite power and authority to enter into and carry out its obligations under this Agreement.

4.03 Confidentiality. The Parties hereto recognize and acknowledge that both the CSP Board and BOE are public boards, and subject to all Nevada open meeting laws. As such, this Agreement is subject to disclosure to the public and subject to discussion at any necessary open meetings under Nevada law. As such, the CSP Board is unable to make any representations or otherwise agree to keep this Agreement confidential as it will need to be considered and approved at an open public meeting.

## **Section 5 Miscellaneous**

5.01 Governing Law. The laws of the State of Nevada applicable to contracts made or to be wholly performed there (without giving effect to choice of law or conflict of law principles) shall govern the validity, construction, performance and effect of this Agreement. Any lawsuit to interpret or enforce the terms of this Agreement shall be brought in a court of competent jurisdiction in the State of Nevada, consolidated municipality of Carson City, including the First Judicial District Court of the State of Nevada.



Attention: Robert Dotson  
Email: [rdotson@laxalt-nomura.com](mailto:rdotson@laxalt-nomura.com)

(c) *Changes.* A Party may change its address for the purpose of receiving notices or demands as herein provided by a written notice given in the manner provided above, which notice of change of address shall not become effective against another Party, however, until actual receipt by such Party.

5.04 Further Assurances. The Parties agree to do any commercially reasonable act or thing and execute any and all documents or instruments necessary or proper to effectuate the provisions and intent of this Agreement, at its own reasonable cost and expense.

5.05 Integration Clause. This Agreement (along with the documents referred to herein) constitutes the entire and exclusive agreement among the Parties pertaining to the subject matter contained herein and supersedes all prior agreements, representations and understandings of the Parties.

5.06 Modifications; Waivers. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all of the Parties. The rights and remedies of the Parties are cumulative and not alternative, except as otherwise expressly provided for herein. To the maximum extent permitted by applicable law: (i) no waiver shall apply unless executed in writing by the other Party or Parties, and any waiver that may be given by a Party will only be applicable to the specific instance for which it is given; (ii) neither the failure nor any delay by any Party in exercising any right, power, or privilege under this Agreement will operate as a waiver of such right, power, or privilege; and (iii) no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege.

5.07 Successors and Assigns.

(a) This Agreement shall inure to the benefit of and be binding upon the Parties and their respective heirs, successors and assigns.

(b) Except as expressly set forth herein, (i) nothing in this Agreement shall be construed to give any person other than the Parties (and their permitted successors and assigns) any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement, and (ii) this Agreement is for the sole and exclusive benefit of the Parties (and their permitted successors and assigns).

5.08 Severability. If any term, provision, covenant or condition of this Agreement, or any application hereof, should be held by a court of competent jurisdiction to be invalid, void or unenforceable, then all terms, provisions, covenants or conditions, and all applications thereof, not held invalid, void or unenforceable shall continue in full force and effect and shall in no way be affected, impaired or invalidated thereby, provided that the invalidity, voidness or unenforceability of such term, provision, covenant or condition (after giving effect to the next sentence) does not materially impair the ability of the Parties to consummate the transaction

contemplated hereby. In lieu of such invalid, void or unenforceable term, provision, covenant or condition there shall be added to the Agreement a term, provision, covenant or condition that is valid, not void, and enforceable and is as similar to such invalid, void, or unenforceable term, provision, covenant or condition as may be possible. Provided, however, that if any of the provisions contained in Section 2.01(b), above herein are held to be invalid, void or unenforceable, this Agreement shall be deemed null and void in its entirety.

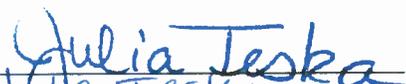
5.09 Captions. The captions appearing at the commencement of the sections hereof are descriptive only and for convenience in reference to this Agreement and in no way whatsoever define, limit or describe the scope or intent of this Agreement, nor in any way affect this Agreement.

5.10 Construction. Personal pronouns shall be construed as though of the gender and number required by the context, and the singular shall include the plural and the plural the singular as may be required by the context. The terms and conditions of this Agreement shall be construed as a whole according to its fair meaning, and not strictly for or against any Party. The Parties acknowledge that each of them has reviewed this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement.

5.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but all such counterparts shall constitute one and the same Agreement. Any signature page of this Agreement may be detached from any counterpart without impairing the legal effect of any signatures thereon, and may be attached to another counterpart, identical in form thereto, but having attached to it one or more additional signature pages. The Parties contemplate that they may be executing counterparts of this Agreement transmitted by e-mail (in .pdf format) or facsimile and agree and intend that a signature transmitted through the same shall bind the Party so signing with the same effect as though the signature were an original signature.

*[The remainder of this page is blank and the signature page follows.]*

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date set forth above.

<p><b>Board of Trustees of the College Savings Plans of Nevada</b>, acting by and through its administrator, the State Treasurer of Nevada</p> <p>By: <u></u> Name: Kate Marshall Title: State Treasurer and Chairperson of the Board of Trustees of the College Savings Plans of Nevada</p> <p>APPROVED AS TO FORM</p> <p>By: _____ Name: John P. Desmond Gordon &amp; Silver, Ltd. Date of Approval as to Form: _____, 2014</p>	<p><b>State Board of Examiners</b>, acting by and through its administrator, _____</p> <p>By: <u></u> Name: <u>Julia Teska</u> Title: <u>Clerk of the Board</u></p> <p>APPROVED AS TO FORM</p> <p>By: _____ Name: _____</p> <p>Date of Approval as to Form: <u>10-14</u>, 2014</p>
<p><b>Treasury Solutions Holdings, Inc.</b>, a Georgia corporation</p> <p>By: <u></u> Name: <u>John T. McLaughlin</u> Title: <u>President</u></p> <p>APPROVED AS TO FORM</p> <p>By: <u></u> Name: Robert Dotson Laxalt &amp; Nomura Date of Approval as to Form: <u>9/19</u>, 2014</p>	

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 15**  
**September 22, 2016**

**Item: PCA Investment Monitoring Report**

**Recommendation:**

**That the Board review and approve the Nevada College Savings Plans Investment Monitoring Report prepared by Pension Consulting Alliance, Inc. for the quarter ending June 30, 2016.**

Fiscal:  
None.

Summary:

In December of 2010 the Board hired Pension Consulting Alliance (PCA) to perform investment review services of the Nevada College Savings Plans. These services include an independent quarterly review of investment performance and fund monitoring of each underlying fund or portfolio within each of the four college savings plans.

In May of 2011, the Board adopted the 2011 Comprehensive Investment Policies for College Savings outlining the criteria for investment monitoring and analysis, including the establishment of a "Watch List" process. Attached is the quarterly report for the quarter ended June 30, 2016. In their report and memorandum regarding funds on "Watch" status, PCA is recommending the following changes to "Watch" status:

Removal from Watch Status

- None

Initial Placement on Watch Status

- None

Eric White of PCA will be in attendance to answer any questions or provide further information to the Board.

**Date:** September 12, 2016  
**To:** Nevada College Savings Plans  
**From:** Pension Consulting Alliance, LLC (PCA)  
**CC:** Eric White, CFA – PCA  
Kay Ceserani – PCA  
Sean Copus – PCA  
**RE:** Review of Portfolios Qualifying for “Watch” Status

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### Summary

PCA has conducted a review of the underlying funds in the Nevada College Savings Plans for the period ending June 30, 2016.

Currently, three funds from the **USAA** Program remain on “Watch” with no additional funds qualifying for “Watch.”

- USAA Real Return – **Assets are planned to be reallocated during the fourth quarter**
- USAA Intermediate-Term Bond
- USAA Income

In the **Putnam** 529 for America Program, there are three funds currently on “Watch” with no additional funds qualifying for “Watch.”

- Putnam International Capital Opportunities – **Assets reallocated on 8/12/2016**
- Putnam Income
- Putnam Voyager – **Assets reallocated on 7/11/2016**

The **Vanguard** 529 Program has no funds that either qualify for “Watch,” or are currently on “Watch.”

The **SSgA** Upromise 529 College Savings Plan has no funds that either qualify for “Watch,” or are currently on “Watch.”

USAA 529 Plan

**Summary of Watch Status**

Portfolios	On Watch	Criteria Utilized for Watch Status			
		1-12 months	Short-term	Medium-term	Long-term
USAA Real Return	Yes	N/A	✓	---	N/A
USAA Intermediate-Term Bond	Yes	N/A	✓	---	N/A
USAA Income	Yes	N/A	---	---	N/A

N/A Watch status not applicable for time period due to fund inception date  
 ✓ Indicates eligible for Watch status as a result of performance  
 --- Indicates not eligible for Watch status as a result of performance

**Performance of Funds Currently on Watch Status**

Funds on Watch Status	Board Action Date	Watch Status Start Date	No. Months Since Watch Began	Excess Return Since Watch
USAA Real Return	9/24/2015	7/1/2015	12	-3.5%
USAA Intermediate-Term Bond	12/17/2015	10/1/2015	9	0.3%
USAA Income	3/24/2016	4/1/2016	6	1.7%

**Funds Currently on “Watch”**

USAA Real Return (2Q Combined Status Report – Page 23)

Since being placed on “Watch” status 12 months ago, the USAA Real Return fund has underperformed its benchmark, the Barclays U.S. Government Inflation-linked Bond index, by (3.5%). Over the latest 3-month period, the fund outperformed its benchmark by 2.2%, placing it in the 18<sup>th</sup> percentile of its Conservative Allocation peer group. The fund’s strong performance over the most recent quarter was due to positive results for each segment of the fund’s multiple asset class holdings. The fund’s commodity allocation was the strongest contributor as both energy and metals delivered positive returns during the quarter. The fund’s fixed income component benefited from the public’s appetite for more yield which led to gains in the fund’s investment-grade corporate and high yield bond holdings. The search for higher yields also led to a strong quarter for dividend producing stocks and REITS, both of which make up a good portion of the funds equity component. While the fund’s excess return is still well into the Caution range, the fund has produced strong absolute returns for the second straight quarter. **PCA, therefore, recommends the USAA Real Return fund remain on “Watch” status until the fourth quarter planned reallocation of assets.**

USAA Intermediate-term Bond (2Q Combined Status Report – Page 24)

Since being placed on “Watch” status 9 months ago, the USAA Intermediate-term Bond fund has outperformed its benchmark, the Barclays US Aggregate Bond index, by 0.3%, placing the fund in the 19<sup>th</sup> percentile of its Intermediate-term Bond peer group. Over the most recent quarter, the fund outperformed its benchmark by 1.5% while ranking in the 2<sup>nd</sup> percentile of its peer group. The fund benefited from its overweight in commodity-related corporate bonds in

the energy and metals and mining sectors. The fund's bias towards longer-term U.S. Treasuries also added to relative performance as demand for longer maturity fixed income increased during the quarter. **PCA, therefore, recommends that the USAA Intermediate-Term Bond fund remain on "Watch" status.**

USAA Income (2Q Combined Status Report – Page 25)

Since being placed on "Watch" status 6 months ago, the USAA Income fund has outperformed its benchmark, the Barclays US Aggregate Bond index, by 1.7%, placing the fund in the 2<sup>nd</sup> percentile of its Intermediate-term bond peer group. Over the most recent quarter, the fund has outperformed its benchmark by 1.6%, which ranks in the 2<sup>nd</sup> percentile of its peer group. Similar to the USAA Intermediate-term Bond fund, the USAA Income fund's performance during the quarter was mostly driven by its holdings in the Energy sector as well as its overweighting of corporate bonds relative to the benchmark. The fund also benefited from its focus on longer-term US Treasuries, which saw demand spike after the UK Brexit vote. **PCA, therefore, recommends the USAA Income fund remain on "Watch" status.**

Putnam 529 for America Plan

Summary of Watch Status

Portfolios	On Watch	Criteria Utilized for Watch Status			
		1-12 months	Short-term	Medium-term	Long-term
Putnam International Capital Opps.	Yes	N/A	---	✓	N/A
Putnam Income	Yes	N/A	✓	✓	N/A
Putnam Voyager	Yes	N/A	✓	✓	N/A

Performance of Funds Currently on Watch Status

Funds on Watch Status	Board Action Date	Watch Status Start Date	No. Months Since Watch Began	Excess Return Since Watch
Putnam International Capital Opps.	9/9/2014	7/1/2014	24	-6.0%
Putnam Income	9/24/2015	7/1/2015	12	-6.5%
Putnam Voyager	3/24/2016	1/1/2016	6	-6.3%

Putnam International Capital Opportunities (2Q Combined Status Report – Page 30)

Since being placed on “Watch” status 24 months ago, the Putnam International Capital Opportunities fund has trailed its benchmark, the S&P Developed ex U.S. Small Cap index, by (6.0%). The fund continued to underperform over the most recent quarter as it trailed its benchmark by (2.6%), placing the fund in the 75<sup>th</sup> percentile of its Foreign Small/Mid Value peer group. **On August 12, 2016, all program assets within the Putnam International Capital Opportunities fund were reallocated to the MFS Instl. International Equity fund,**

Putnam Income (2Q Combined Status Report – Page 32)

Since being placed on “Watch” status 12 months ago, the Putnam Income fund has underperformed its benchmark, the Barclays US Aggregate Bond index, by (6.5%). The fund fared better over the most recent 3-month period as it outperformed its benchmark by 20 basis points placing it in the 46<sup>th</sup> percentile of its Intermediate-term Bond peer group. The fund’s outperformance over the most recent quarter was primarily due to the fund’s mortgage strategies which focused on non-agency residential MBS and commercial MBS with tranches in the lower range of the credit spectrum. The fund also benefited from its Prepayment strategies as allocation to agency interest-only securities produced positive results during the periods. The fund’s lone detractor was its interest rate strategy which was short duration during the quarter, resulting in less price appreciation than the benchmark when interest rates fell. **PCA, therefore, recommends the Putnam Income fund remain on “Watch” status.**

Putnam Voyager (2Q Combined Status Report – Page 31)

Since being placed on “Watch” status 6 months ago, the Putnam Voyager fund has underperformed its benchmark, the Russell 1000 Growth index, by (6.3%), placing the fund in the 84<sup>th</sup> percentile of its Large Growth peer group. **On July 11, 2016, all program assets within the Putnam Voyager fund were reallocated to the Putnam Growth Opportunities fund.**

Vanguard 529 Plan

No Funds qualify for “Watch,” or are currently on “Watch.”

SSgA Uprromise 529 College Savings Plan

No Funds qualify for “Watch,” or are currently on “Watch.”

APPROVED FOR WATCH STATUS:

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Dan Schwartz, State Treasurer

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2Q

2016

NEVADA COLLEGE SAVINGS PROGRAMS  
INVESTMENT PERFORMANCE STATUS REPORT



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## AGENDA ITEMS

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Age-based Risk / Return Analysis	2
<u>Underlying Fund Analysis:</u>	
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## SECTION 1

## SUMMARY OF FUND PERFORMANCE STATUS

## SUMMARY OF FUND PERFORMANCE STATUS

### *Vanguard 529 Plan*

#### SUMMARY OF FUND PERFORMANCE STATUS

Portfolios	Prior Quarter Status	Current Quarter Status
<b><i>Passively Managed Funds</i></b>		
Vanguard 500 Index Fund	Positive	Positive
Vanguard Ttl Stock Mkt Indx Fund	Positive	Positive
Vanguard Value Index Fund	Positive	Positive
Vanguard Growth Index Fund	Positive	Positive
Vanguard Mid-Cap Index Fund	Positive	Positive
Vanguard Small Cap Index Fund	Positive	Positive
Vanguard Ttl Intl Stock Index Fund	Positive	Positive
Vanguard Total Bond Market Fund	Positive	Positive
Vanguard Ttl Bond Market II Fund	Positive	Positive
<b><i>Actively Managed Funds</i></b>		
Vanguard Morgan Growth Fund	Positive	Positive
Vanguard Windsor Fund	Positive	Positive
Vanguard STAR	Positive	Positive
Vanguard Infl-Protected Securities	Positive	Positive
Vanguard High-Yield Bond Fund	Positive	Positive

- Current status is based on evaluation results from short-term (rolling 12-months), medium-term (rolling 36-month) analysis.
- According to the Investment Status Schedule, the portfolio's overall "Current Status" equals the lowest status as achieved by one or more of the criteria during the quarter (see page Appendix for details.)

## SUMMARY OF FUND PERFORMANCE STATUS

### *Vanguard 529 Plan*

#### SUMMARY OF WATCH STATUS

Portfolios	Currently on Watch?	Qualifies for Watch?
<b><i>Passively Managed Funds</i></b>		
Vanguard 500 Index Fund	NO	NO
Vanguard Ttl Stock Mkt Indx Fund	NO	NO
Vanguard Value Index Fund	NO	NO
Vanguard Growth Index Fund	NO	NO
Vanguard Mid-Cap Index Fund	NO	NO
Vanguard Small Cap Index Fund	NO	NO
Vanguard Ttl Intl Stock Index Fund	NO	NO
Vanguard Total Bond Market Fund	NO	NO
Vanguard Ttl Bond Market II Fund	NO	NO
<b><i>Actively Managed Funds</i></b>		
Vanguard Morgan Growth Fund	NO	NO
Vanguard Windsor Fund	NO	NO
Vanguard STAR	NO	NO
Vanguard Infl-Protected Securities	NO	NO
Vanguard High-Yield Bond Fund	NO	NO

- Funds identified as “Currently on Watch” are those whose Watch status has been approved by the State Treasurer’s Office.
- Funds identified as “Qualifying for Watch” have not necessarily been approved as being on Watch by the State Treasurer’s Office, but qualify for Watch according to the approved Monitoring Criteria (see Appendix for details).

## SUMMARY OF FUND PERFORMANCE STATUS

### *SSgA Upromise 529 Plan*

#### SUMMARY OF FUND PERFORMANCE STATUS

Portfolios	Prior Quarter Status	Current Quarter Status
<i>Passively Managed Funds</i>		
SPDR S&P 500 ETF Trust	Positive	Positive
SPDR S&P Mid-Cap 400 ETF Trust	Positive	Positive
SPDR S&P 600 Small Cap ETF	Positive	Positive
SPDR Dow Jones REIT ETF	Positive	Positive
SPDR Dow Jones International Real Estate ETF	Positive	Positive
SPDR S&P World ex-US ETF	Positive	Positive
SPDR S&P International Small-Cap ETF	Positive	Positive
SPDR S&P Emerging Markets ETF	Positive	Positive
SPDR S&P Emerging Markets Small-Cap	Positive	Positive
SPDR BarCap Aggregate Bond ETF	Positive	Positive
SPDR BarCap TIPS ETF	Positive	Positive
SPDR Citi Intl Govt Infl-Protected Bond ETF	Positive	Caution
SPDR BarCap High Yield Bond ETF	Positive	Positive
SPDR BarCap Short-Term Corp Bond ETF	Positive	Positive
SPDR BarCap 1-3 Month T-Bill ETF	Positive	Positive

- Current status is based on evaluation results from short-term (rolling 12-months), medium-term (rolling 36-month) analysis.
- According to the Investment Status Schedule, the portfolio's overall "Current Status" equals the lowest status as achieved by one or more of the criteria during the quarter (see page Appendix for details.)

## SUMMARY OF FUND PERFORMANCE STATUS

### *SSgA Upromise 529 Plan*

#### SUMMARY OF WATCH STATUS

Portfolios	Currently on Watch?	Qualifies for Watch?
<b><i>Passively Managed Funds</i></b>		
SPDR S&P 500 ETF Trust	NO	NO
SPDR S&P Mid-Cap 400 ETF Trust	NO	NO
SPDR S&P 600 Small Cap ETF	NO	NO
SPDR Dow Jones REIT ETF	NO	NO
SPDR Dow Jones International Real Estate ETF	NO	NO
SDPR S&P World ex-US ETF	NO	NO
SPDR S&P International Small-Cap ETF	NO	NO
SPDR S&P Emerging Markets ETF	NO	NO
SPDR S&P Emerging Markets Small-Cap	NO	NO
SPDR BarCap Aggregate Bond ETF	NO	NO
SPDR BarCap TIPS ETF	NO	NO
SPDR Citi Intl Govt Infl-Protected Bond ETF	NO	NO
SPDR BarCap High Yield Bond ETF	NO	NO
SPDR BarCap Short-Term Corp Bond ETF	NO	NO
SPDR BarCap 1-3 Month T-Bill ETF	NO	NO

- Funds identified as “Currently on Watch” are those whose Watch status has been approved by the State Treasurer’s Office.
- Funds identified as “Qualifying for Watch” have not necessarily been approved as being on Watch by the State Treasurer’s Office, but qualify for Watch according to the approved Monitoring Criteria (see Appendix for details).

## SUMMARY OF FUND PERFORMANCE STATUS

### *USAA529 Plan*

#### SUMMARY OF FUND PERFORMANCE STATUS

Portfolios	Prior Quarter Status	Current Quarter Status
USAA Growth Fund	Positive	Positive
USAA Growth & Income Fund	Acceptable	Caution
USAA Value Fund	Acceptable	Caution
USAA Income Stock Fund	Caution	Acceptable
USAA Small Cap Stock Fund	Acceptable	Acceptable
USAA International Fund	Positive	Positive
USAA Emerging Markets Fund	Acceptable	Acceptable
USAA Income Fund	On Watch	On Watch
USAA Intermediate-Term Bond	On Watch	On Watch
USAA High Income Fund	Acceptable	Acceptable
USAA Short-Term Bond Fund	Acceptable	Positive
USAA Precious Metals & Minerals	Positive	Acceptable
USAA Real Return	On Watch	On Watch

- Current status is based on evaluation results from short-term (rolling 12-months), medium-term (rolling 36-month) analysis.
- According to the Investment Status Schedule, the portfolio's overall "Current Status" equals the lowest status as achieved by one or more of the criteria during the quarter (see page Appendix for details.)

## SUMMARY OF FUND PERFORMANCE STATUS

### *USAA529 Plan*

#### SUMMARY OF WATCH STATUS

Portfolios	Currently On Watch?	Qualifies for Watch?
USAA Growth Fund	NO	NO
USAA Growth & Income Fund	NO	NO
USAA Value Fund	NO	NO
USAA Income Stock Fund	NO	NO
USAA Small Cap Stock Fund	NO	NO
USAA International Fund	NO	NO
USAA Emerging Markets Fund	NO	NO
USAA Income Fund	<b>YES</b>	NO
USAA Intermediate-Term Bond	<b>YES</b>	Short-Term
USAA High Income Fund	NO	NO
USAA Short -Term Bond Fund	NO	NO
USAA Precious Metals & Minerals	NO	NO
USAA Real Return	<b>YES</b>	Short-Term Medium-Term

- Funds identified as “Currently on Watch” are those whose Watch status has been approved by the State Treasurer’s Office.
- Funds identified as “Qualifying for Watch” have not necessarily been approved as being on Watch by the State Treasurer’s Office, but qualify for Watch according to the approved Monitoring Criteria (see Appendix for details).

## SUMMARY OF FUND PERFORMANCE STATUS

### *Putnam 529 for America Plan*

#### SUMMARY OF FUND PERFORMANCE STATUS

Portfolios	Prior Quarter Status	Current Quarter Status
<b><i>Portfolios for Age/Goal Based</i></b>		
GAA All Equity	Acceptable	Acceptable
GAA Growth	Acceptable	Acceptable
GAA Balanced	Acceptable	Acceptable
GAA Conservative	Acceptable	Caution
<b><i>Individual Fund Options</i></b>		
SPDR S&P 500 ETF Trust	Positive	Positive
Putnam Equity Income	Acceptable	Acceptable
Putnam Voyager <sup>1</sup>	On Watch	On Watch
Principal MidCap Blend	Positive	Positive
MFS Inst. International Equity	Positive	Positive
Putnam Income	On Watch	On Watch
Putnam International Capital Opps. <sup>2</sup>	One Watch	One Watch
Federated US Govt Sec: 2-5 Years*	Caution	Caution
Putnam High Yield Trust	Acceptable	Acceptable
<b><i>Absolute Return Funds</i></b>		
Putnam Absolute Return 100*	Caution	Caution
Putnam Absolute Return 300*	Caution	Caution
Putnam Absolute Return 500*	Caution	Caution
Putnam Absolute Return 700*	Caution	Caution

\* Fund has been excluded from Watch status but remains below watch criteria

<sup>1</sup> Assets in the Putnam Voyager fund were reallocated to the Putnam Growth Opportunities fund on 7/11/2016

<sup>2</sup> Assets in the Putnam International Capital Opportunities fund were reallocated to the MFS institutional International Equity fund on 8/12/2016

- Current status is based on evaluation results from short-term (rolling 12-months), medium-term (rolling 36-month) analysis.
- According to the Investment Status Schedule, the portfolio's overall "Current Status" equals the lowest status as achieved by one or more of the criteria during the quarter (see page Appendix for details.)

## SUMMARY OF FUND PERFORMANCE STATUS

### *Putnam 529 for America Plan*

#### SUMMARY OF WATCH STATUS

Portfolios	Currently on Watch?	Qualifies for Watch?
<b><i>Portfolios for Age/Goal Based</i></b>		
GAA All Equity	NO	NO
GAA Growth	NO	NO
GAA Balanced	NO	NO
GAA Conservative	NO	NO
<b><i>Individual Fund Options</i></b>		
SPDR S&P 500 ETF Trust	NO	NO
Putnam Equity Income	NO	NO
Putnam Voyager <sup>1</sup>	<b>YES</b>	Short-Term Medium-Term
Principal MidCap Blend	NO	NO
MFS Inst. International Equity	NO	NO
Putnam International Capital Opps. <sup>2</sup>	<b>YES</b>	Medium-Term
Putnam Income	<b>YES</b>	Short-Term Medium-Term
Federated US Govt Sec: 2-5 Years*	NO	Short-Term Medium-Term
Putnam High Yield Trust	NO	NO

\* Fund has been removed from Watch status but remains below watch criteria

<sup>1</sup> Assets in the Putnam Voyager fund were reallocated to the Putnam Growth Opportunities fund on 7/11/2016

<sup>2</sup> Assets in the Putnam International Capital Opportunities fund were reallocated to the MFS institutional International Equity fund on 8/12/2016

- Funds identified as “Currently on Watch” are those whose Watch status has been approved by the State Treasurer’s Office.
- Funds identified as “Qualifying for Watch” have not necessarily been approved as being on Watch by the State Treasurer’s Office, but qualify for Watch according to the approved Monitoring Criteria (see Appendix for details).

## SUMMARY OF FUND PERFORMANCE STATUS

### *Putnam 529 for America Plan*

#### SUMMARY OF WATCH STATUS

Portfolios	Currently on Watch?	Qualifies for Watch?
<b><i>Absolute Return Funds</i></b>		
Putnam Absolute Return 100*	NO	Short-Term Medium-Term
Putnam Absolute Return 300*	NO	Short-Term Medium-Term
Putnam Absolute Return 500*	NO	Short-Term Medium-Term
Putnam Absolute Return 700*	NO	Short-Term Medium-Term

\* Fund has been excluded from Watch status but remains below watch criteria

- Funds identified as “Currently on Watch” are those whose Watch status has been approved by the State Treasurer’s Office.
- Funds identified as “Qualifying for Watch” have not necessarily been approved as being on Watch by the State Treasurer’s Office, but qualify for Watch according to the approved Monitoring Criteria (see Appendix for details).

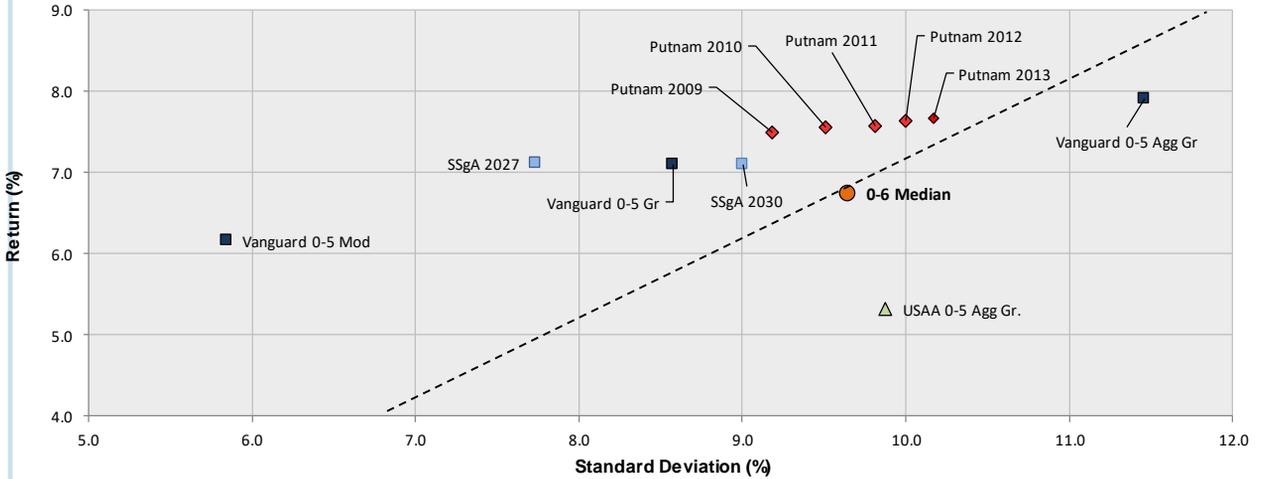
## SECTION 2

## AGE-BASED RISK / RETURN CHARTS

# AGE-BASED RISK / RETURN CHARTS

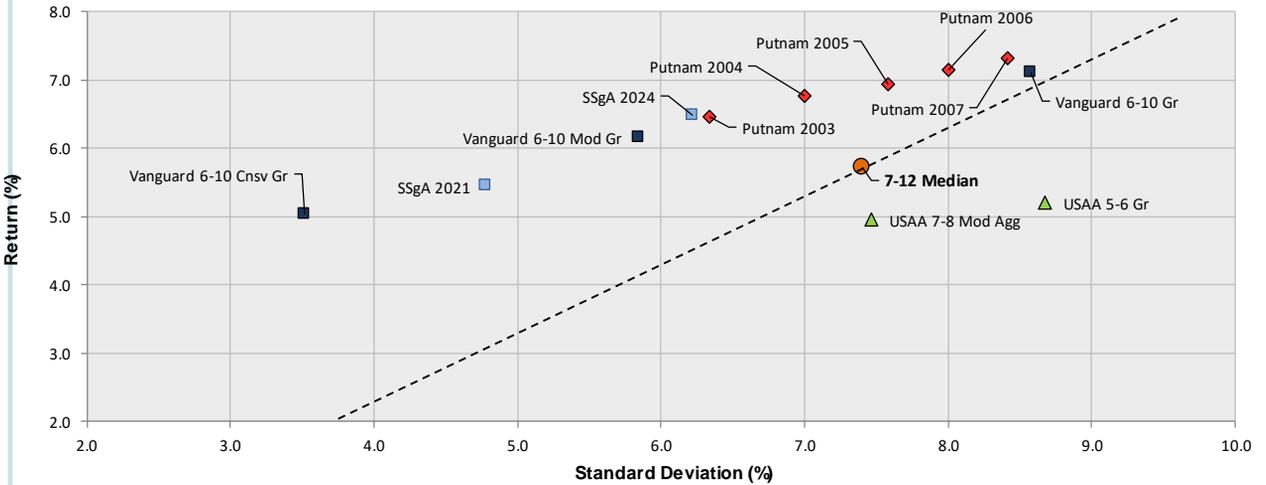
## Age 0-6

3-year (as of June 30, 2016)



## Age 7-12

3-year (as of June 30, 2016)

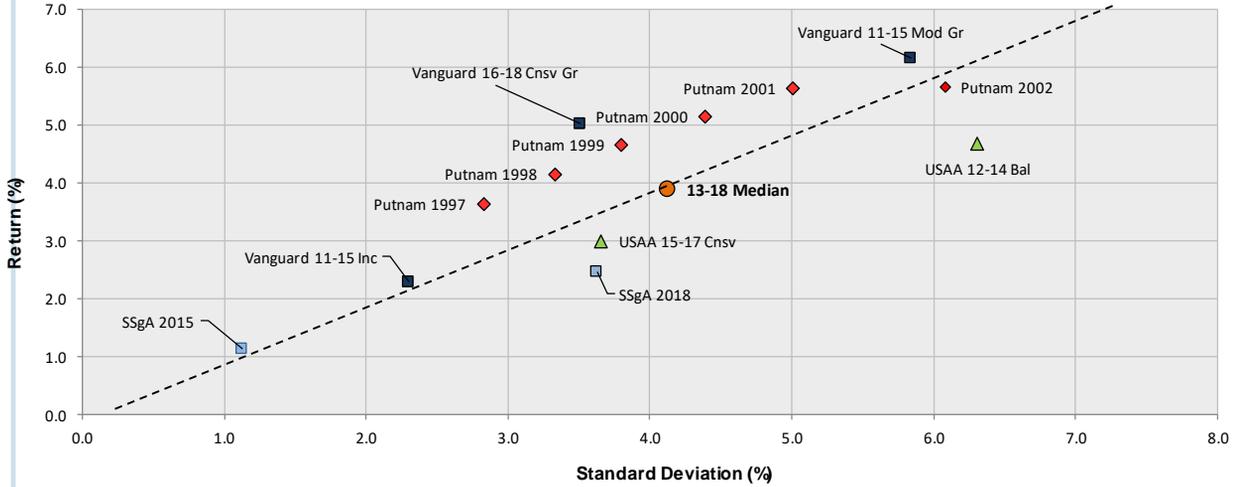


Source: MorningStar

# AGE-BASED RISK / RETURN CHARTS

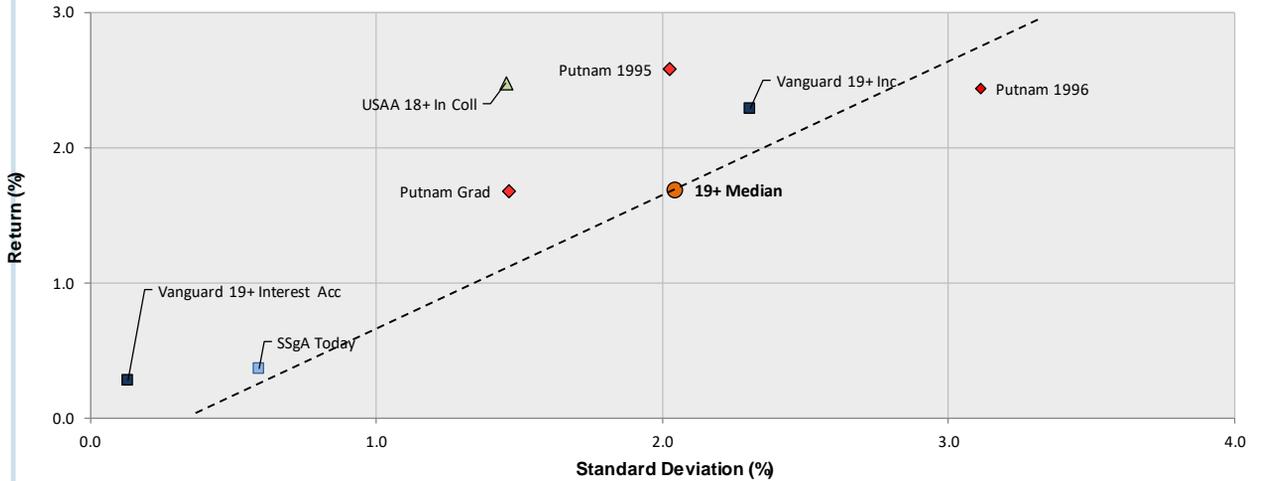
## Age 13-18

3-year (as of June 30, 2016)



## Age 19+

3-year (as of June 30, 2016)



Source: MorningStar



## UNDERLYING FUND PERFORMANCE

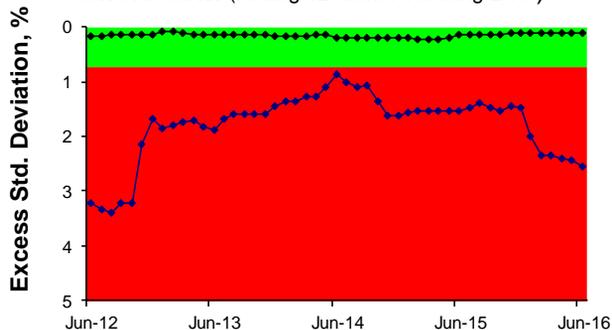
## SECTION 3

## REVIEW OF FUNDS – VANGUARD 529 PLAN

VANGUARD FUNDS – PASSIVELY MANAGED

# VANGUARD TOTAL INTERNATIONAL STOCK INDEX

## Short-term (Rolling 12-Month Tracking Error)

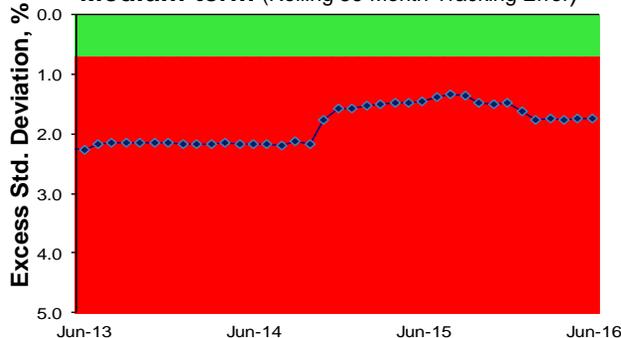


← actual tracking error with FMV removed

← probationary performance band  
0.75%

- Increased tracking error is due primarily to the Vanguard Total International Stock Index Fund's "fair market value" (FMV) adjustment procedures, which increases or decreases the Fund's actual closing price to compensate for pricing differences between international markets. This results in increased tracking error during periods of high volatility. This chart also shows the actual performance for the Total International Stock Index Fund's since March 2010.

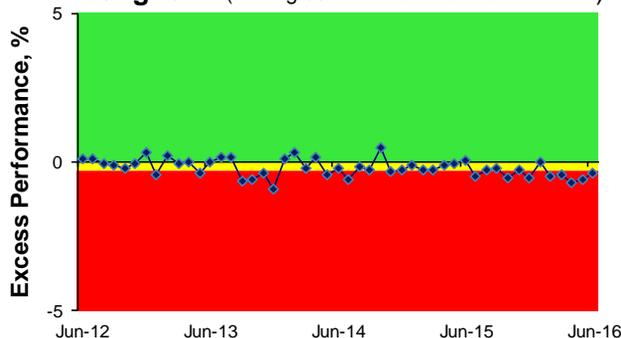
## Medium-term (Rolling 36-Month Tracking Error)



← probationary performance band  
0.70%

- Medium-term tracking error remains in the Caution range, but is due to the FMV adjustment

## Long-term (Rolling 60-Month Excess Performance)



← probationary performance band  
-0.30%

- Long-term performance dropped into the Caution range

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (12/17/2002)
Vanguard Total Intl Stock Index	0.22	-9.21	1.93	0.52	7.24
FTSE Global All Cap ex US TR	-0.37	-9.16	2.23	0.85	---

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

**Positive**

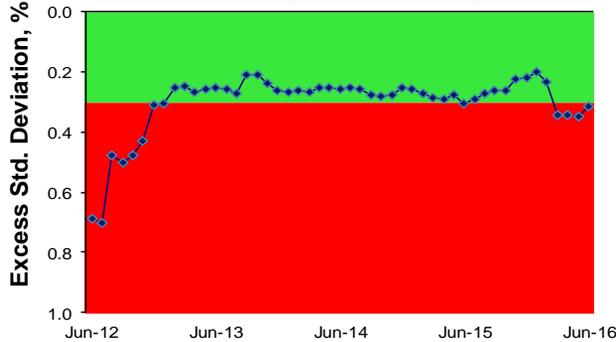
Source: Vanguard

## SECTION 4

## REVIEW OF FUNDS – UPROMISE COLLEGE FUND 529 PLAN

# SPDR CITI INTL GOVT INFL-PROTECTED BOND ETF

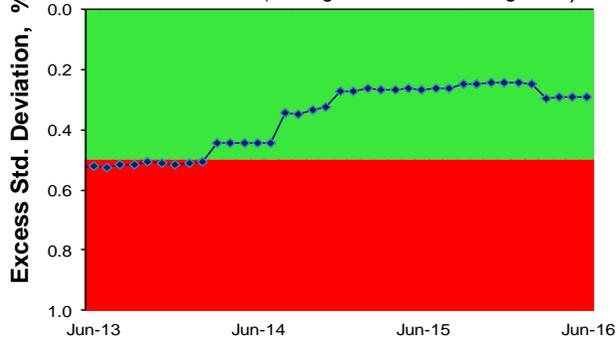
## Short-term (Rolling 12-Month Tracking Error)



← probationary performance band  
0.30%

- Short-term tracking error remained in the Caution range

## Medium-term (Rolling 36-Month Tracking Error)



← probationary performance band  
-0.50%

- Medium-term performance remains in the Positive range

- Long-term criteria to take effect 2Q 2017

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (4/16/2012)
SPDR Citi Intl. Infl-Prot. Bond ETF	1.76	2.11	0.18	0.09	-0.02
Citi Intl. Infl-linked Securities Sel.*	1.93	2.36	0.64	0.57	0.30

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

**Caution**

\* As of 1/1/2016 benchmark is Citi Intl. Infl-linked Sec. Sel., prior to 1/1/2016 benchmark was DB Glob. Govt. ex-US Infl-linked Bond

Source: Morningstar Direct

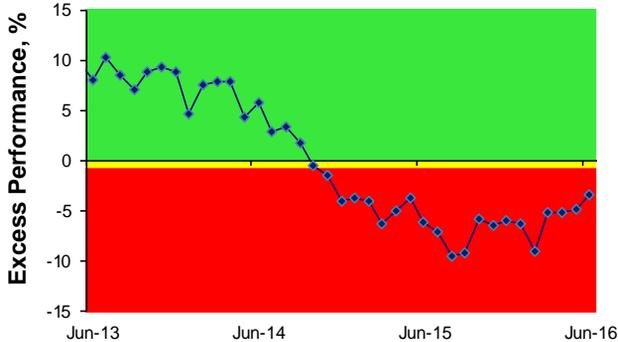
Peer Group = US OE World Bond

**SECTION 5**

**REVIEW OF FUNDS – USAA 529 PLAN**

# USAA REAL RETURN FUND

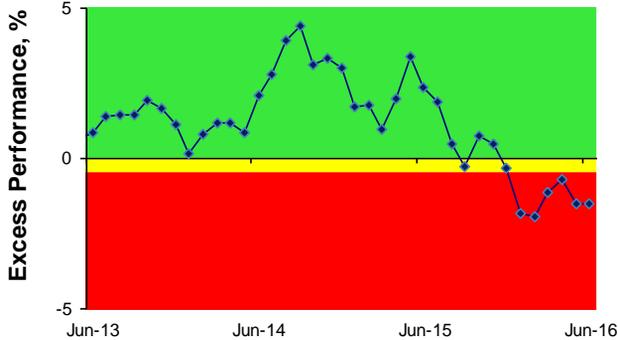
## Short-term (Rolling 12-Month Excess Performance)



- Short-term performance remained in the Caution range

← probationary performance band  
-0.75%

## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remains in the Caution range

← probationary performance band  
-0.50%

- Long-term criteria to take effect 2Q 2017

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (2/1/2012)
USAA Real Return	4.01	1.06	0.96	1.67	1.49
Barclays US Govt Infl Lkd TR	1.80	4.59	2.50	2.77	0.89
Peer Rank (Percentile)	18	46	96	96	96

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

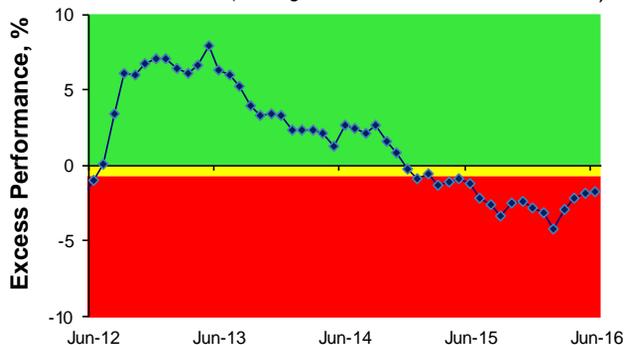
**On Watch**

Source: Morningstar Direct

Peer Group = US OE Conservative Allocation

# USAA INTERMEDIATE-TERM BOND FUND

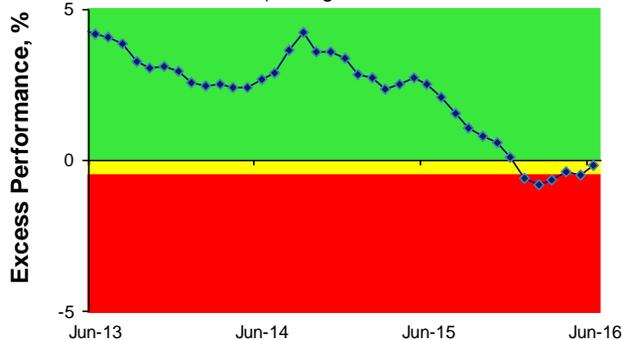
## Short-term (Rolling 12-Month Excess Performance)



- Short-term performance remained in the Caution range

← probationary performance band  
-0.75%

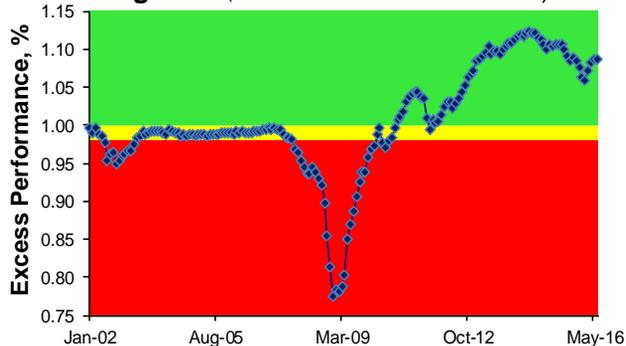
## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance moved back into the Acceptable range

← probationary performance band  
-0.50%

## Long-term (Cumulative Excess Performance)



- Long-term performance remains in the Positive range

← probationary performance band  
> 0.98

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (1/1/2002)
USAA Intermediate-Term Bond	3.74	4.18	3.89	4.73	5.54
BC US Agg Bond Index	2.21	6.00	4.06	3.76	4.93
Peer Rank (Percentile)	2	70	37	8	13

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

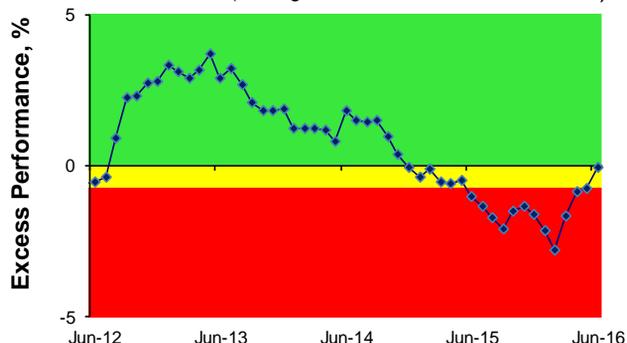
**On Watch**

Source: Morningstar Direct

Peer Group = US OE Intermediate-Term Bond

# USAA INCOME FUND

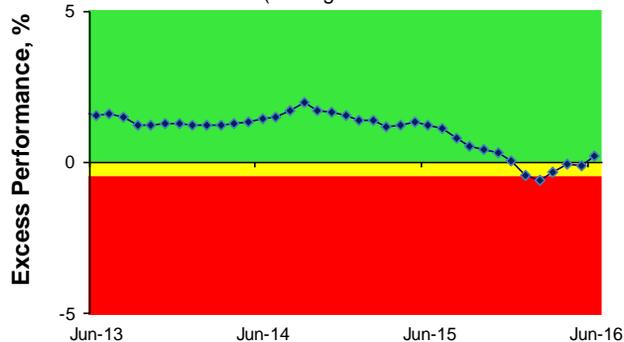
## Short-term (Rolling 12-Month Excess Performance)



- Short-term performance moved into the Acceptable range

← probationary performance band  
-0.75%

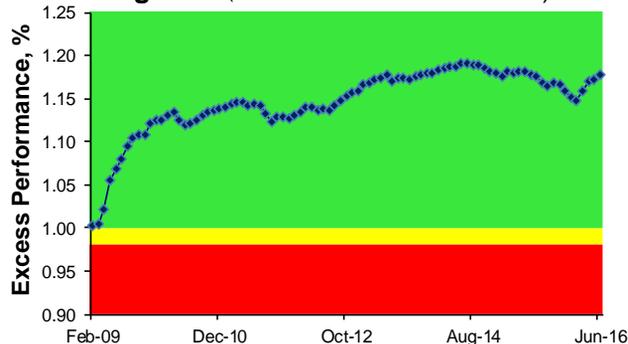
## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance moved into the Positive range

← probationary performance band  
-1.50%

## Long-term (Cumulative Excess Performance)



- Long-term performance remains in the Positive range

← probationary performance band  
> 0.97

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (2/1/2009)
USAA Income Fund	3.80	5.91	4.27	4.37	7.04
BC US Agg Bond Index	2.21	6.00	4.06	3.76	4.71
Peer Rank (Percentile)	2	13	16	16	13

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

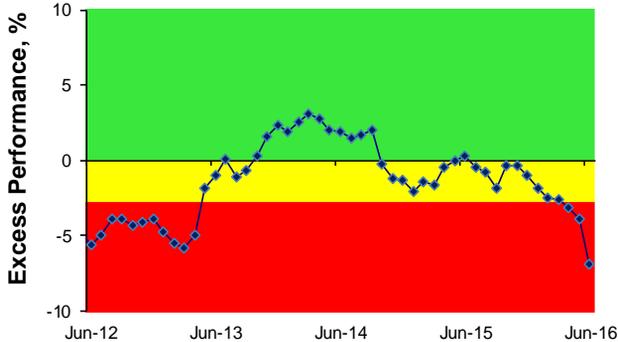
**On Watch**

Source: Morningstar Direct

Peer Group = US OE Intermediate-Term Bond

# USAA GROWTH & INCOME

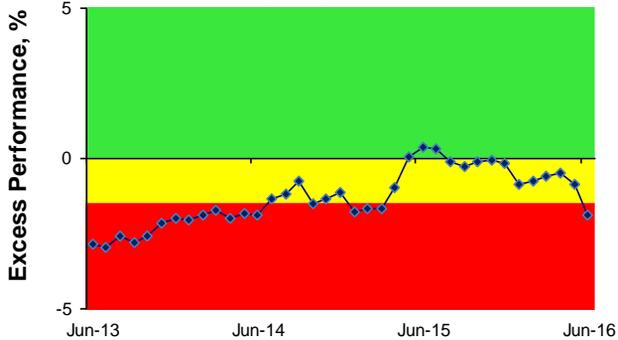
## Short-term (Rolling 12-Month Excess Performance)



- Short-term performance dropped into the Caution range

← probationary performance band  
-2.75%

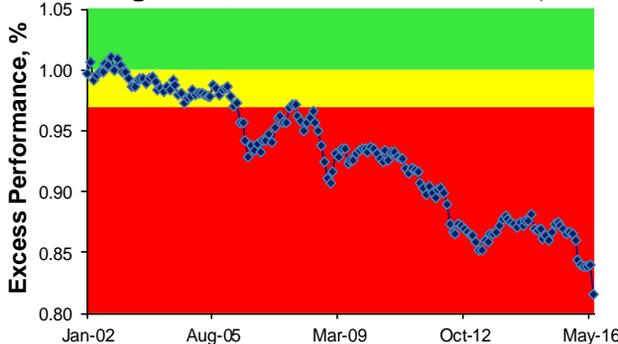
## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remained Acceptable for the period

← probationary performance band  
-1.50%

## Long-term (Cumulative Excess Performance)



← probationary performance band  
> 0.97

- Long-term performance remains in the Caution range

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (1/1/2002)
USAA Growth & Income Fund	-0.10	-4.77	9.21	9.02	5.24
Russell 3000 TR	2.63	2.14	11.13	11.60	6.74
Peer Rank (Percentile)	89	86	62	76	75

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

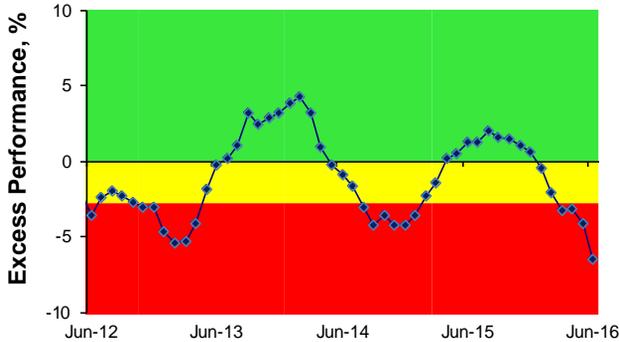
**Caution**

Source: Morningstar Direct

Peer Group = US OE Large Value

# USAA VALUE

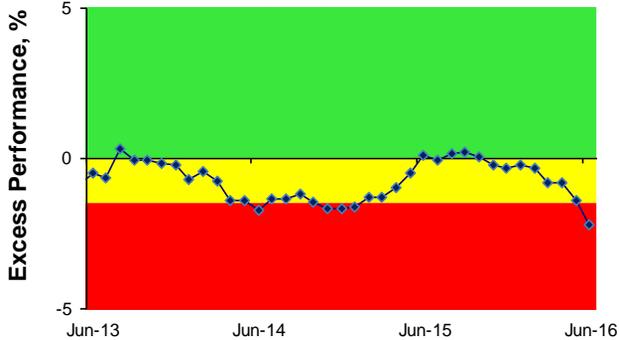
## Short-term (Rolling 12-Month Excess Performance)



- Short-term performance dropped into the Caution range

← probationary performance band  
-2.75%

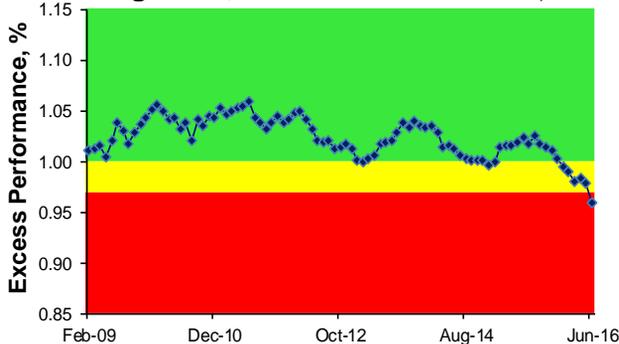
## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remained Acceptable for the period

← probationary performance band  
-1.50%

## Long-term (Cumulative Excess Performance)



- Long-term performance remains in the Caution range

← probationary performance band  
> 0.97

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (2/1/2009)
USAA Value Fund	2.24	-4.11	7.37	8.92	14.36
Russell 3000 Value TR	4.57	2.42	9.58	11.09	15.01
Peer Rank (Percentile)	62	79	67	66	31

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

**Caution**

Source: Morningstar Direct

Peer Group = US OE Large Value

## SECTION 6

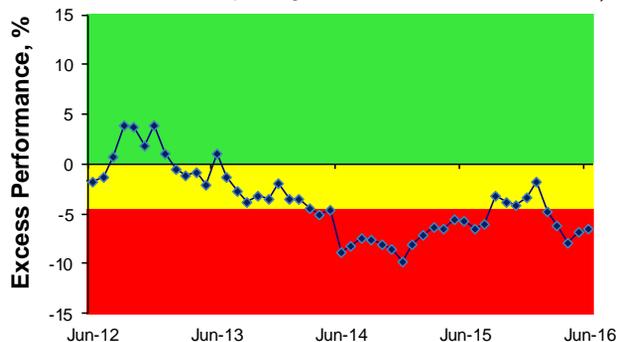
## REVIEW OF FUNDS – PUTNAM 529 FOR AMERICA PLAN

PUTNAM – INDIVIDUAL FUND OPTIONS

# PUTNAM INTL. CAPITAL OPPS FUND\*

\* Fund assets were reallocated to the MFS Inst. International Equity Fund on 8/12/2016

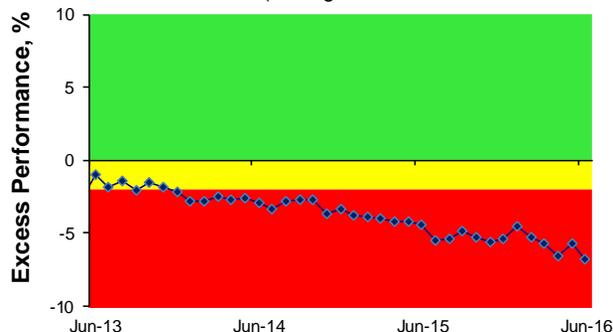
## Short-term (Rolling 12-Month Excess Performance)



- Short-term performance remained Acceptable for the period

← probationary performance band -4.50%

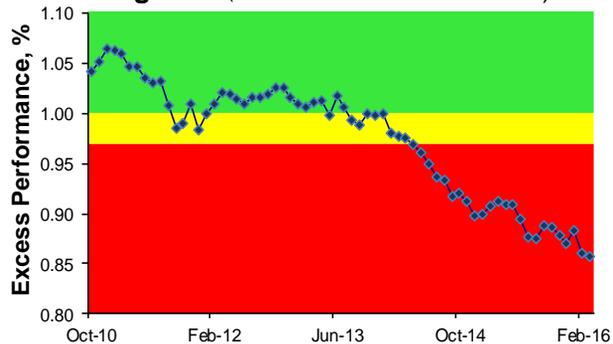
## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remained in the Caution range

← probationary performance band -2.00%

## Long-term (Cumulative Excess Performance)



- Long-term performance remains in the Caution range

← probationary performance band 0.97

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (10/1/2010)
Putnam Intl Capital Opportunities	-3.85	-10.24	0.29	-0.11	2.49
S&P Dev xUS Small TR	-1.30	-3.80	7.14	4.20	6.62
Peer Rank (Percentile)	75	57	76	74	70

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

**On Watch**

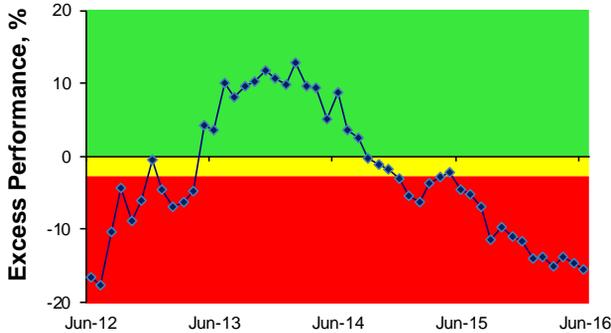
Source: Morningstar Direct

Peer Group = US OE Foreign Small/Mid Value

# PUTNAM VOYAGER FUND\*

\* Fund assets were reallocated to the Putnam Growth Opps. Fund on 7/11/2016

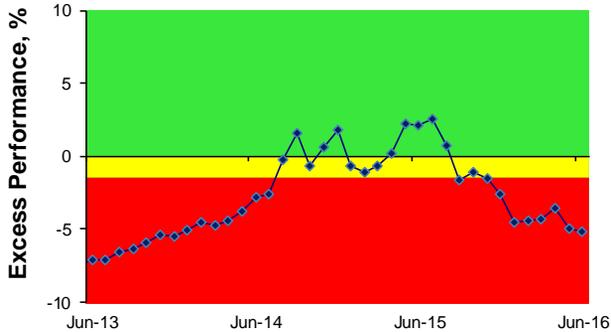
## Short-term (Rolling 12-Month Excess Performance)



- Short-term performance remained in the Caution range

← probationary performance band  
-2.75%

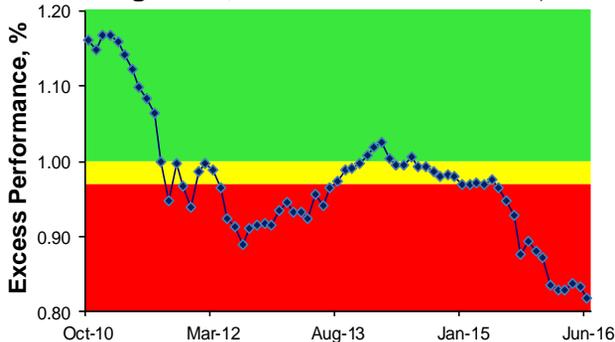
## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remained in the Caution range

← probationary performance band  
-1.50%

## Long-term (Cumulative Excess Performance)



- Long-term performance remains in the Caution range

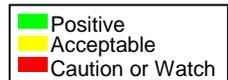
← probationary performance band  
0.97

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (10/1/2010)
Putnam Voyager Fund	-0.66	-12.56	7.89	6.20	7.24
Russell 1000 Growth TR	0.61	3.02	13.07	12.35	14.13
Peer Rank (Percentile)	76	98	89	97	99

Source: Morningstar Direct

Peer Group = US OE Large Growth

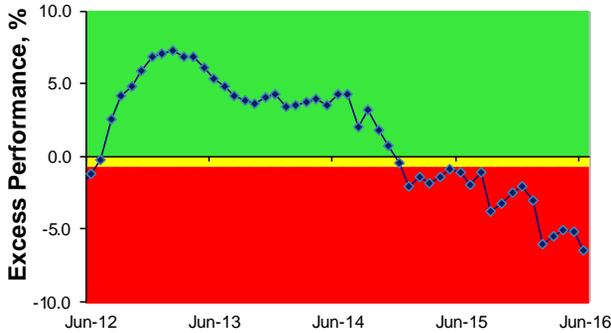


**Current Status**

**On Watch**

# PUTNAM INCOME FUND

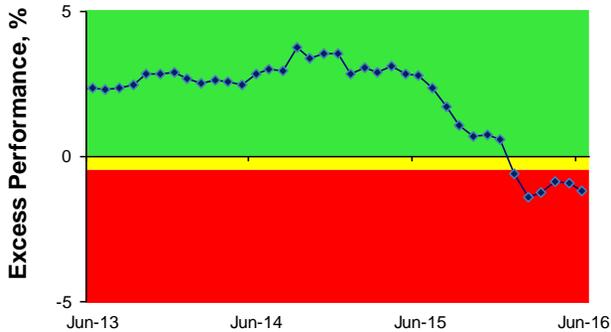
## Short-term (Rolling 12-Month Excess Performance)



- Short-term performance remains in the Caution range

← probationary performance band -0.75%

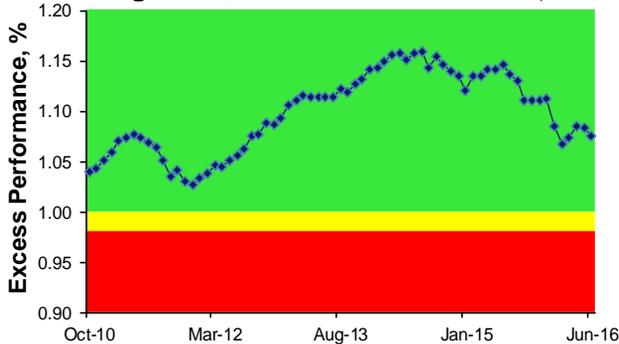
## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remained in the Caution range

← probationary performance band -0.50%

## Long-term (Cumulative Excess Performance)



- Long-term performance remains in the Positive range

← probationary performance band 0.98

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (10/1/2010)
Putnam Income Fund	2.41	-0.47	2.87	3.89	4.06
BarCap US Agg Bond TR	2.21	6.00	4.06	3.76	3.51
Peer Rank (Percentile)	46	98	85	40	24

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

**On Watch**

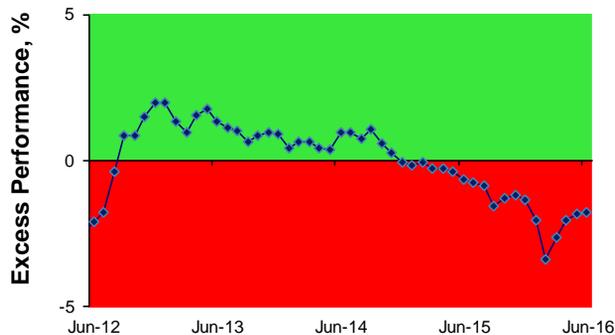
Source: Morningstar Direct

Peer Group = US OE Intermediate Term Bond

PUTNAM – ABSOLUTE RETURN FUNDS

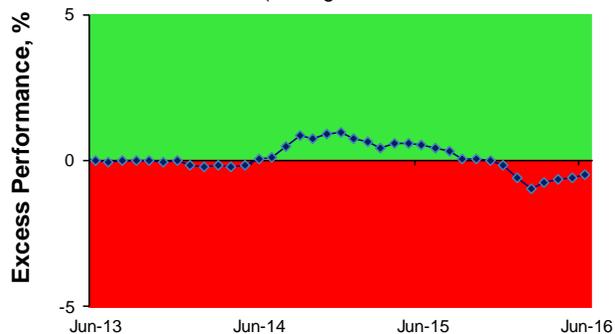
# PUTNAM ABSOLUTE RETURN 100 FUND

## Short-term (Rolling 12-Month Performance)



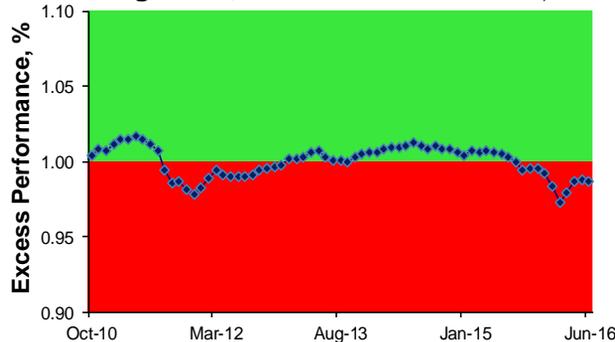
- Short-term performance remains in the Caution range

## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remains in the Caution range

## Long-term (Cumulative Excess Performance)



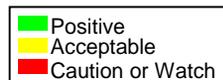
- Long-term performance remained in the Caution range

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (10/1/2010)
Putnam Abs Ret 100	1.12	-0.55	0.61	0.64	0.91
BofA ML Tbill + 1.0%	0.35	1.26	1.14	1.13	1.08
Peer Rank (Percentile)	71	63	63	83	85

Source: Morningstar Direct

Peer Group = US OE Nontraditional Bond

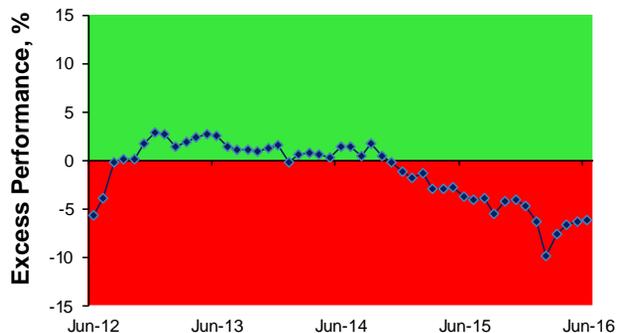


**Current Status**

**Caution**

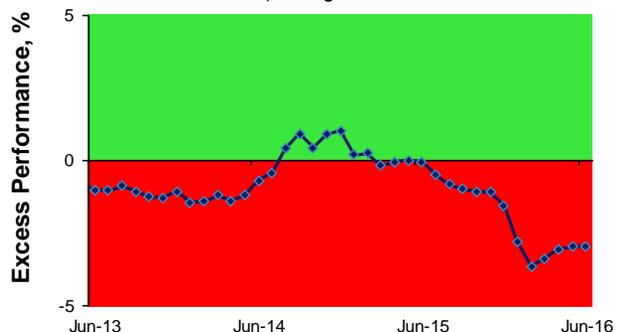
# PUTNAM ABSOLUTE RETURN 300 FUND

## Short-term (Rolling 12-Month Performance)



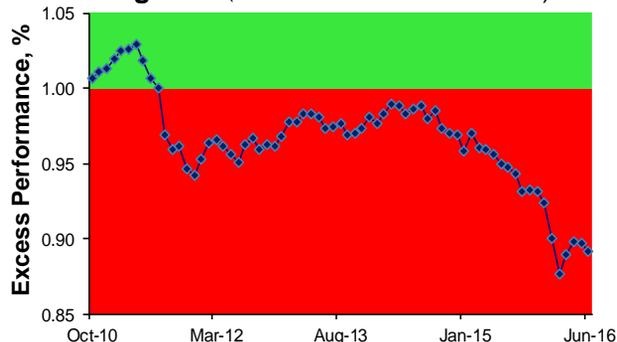
- Short-term performance remains in the Caution range

## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remains in the Caution range

## Long-term (Cumulative Excess Performance)



- Long-term performance remains in the Caution range

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (10/1/2010)
Putnam Abs Ret 300	1.17	-2.98	0.17	0.66	1.11
BofA ML Tbill + 3.0%	0.84	3.27	3.14	3.13	3.00
Peer Rank (Percentile)	71	63	63	83	85

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

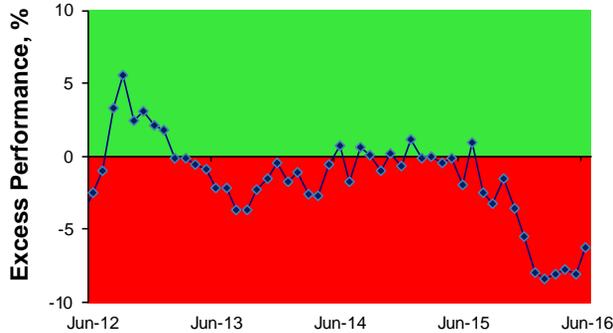
**Caution**

Source: Morningstar Direct

Peer Group = US OE Nontraditional Bond

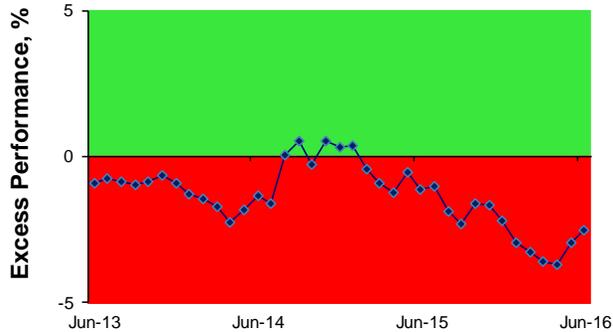
# PUTNAM ABSOLUTE RETURN 500 FUND

## Short-term (Rolling 12-Month Performance)



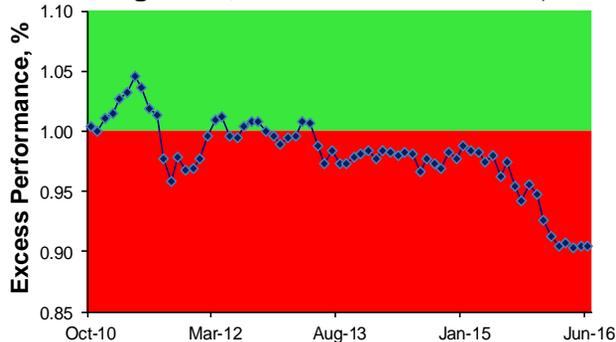
- Short-term performance remains in the Caution range

## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remains in the Caution range

## Long-term (Cumulative Excess Performance)



- Long-term performance remains in the Caution range

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (10/1/2010)
Putnam Abs Ret 500	1.13	-0.99	2.60	2.65	3.32
BofA ML Tbill + 5.0%	1.33	5.27	5.13	5.13	4.90
Peer Rank (Percentile)	43	39	29	33	33

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

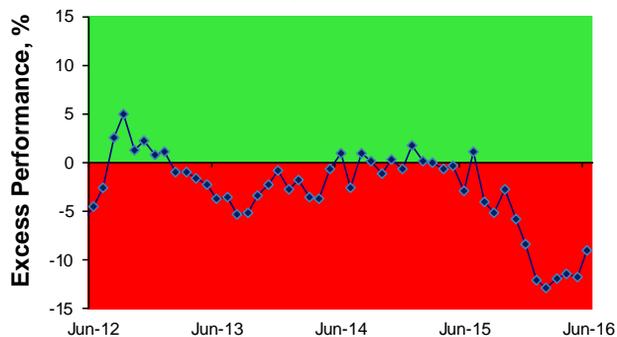
**Caution**

Source: Morningstar Direct

Peer Group = US OE Multialternative

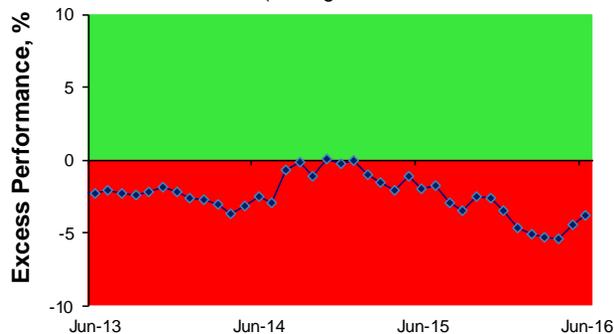
# PUTNAM ABSOLUTE RETURN 700 FUND

## Short-term (Rolling 12-Month Performance)



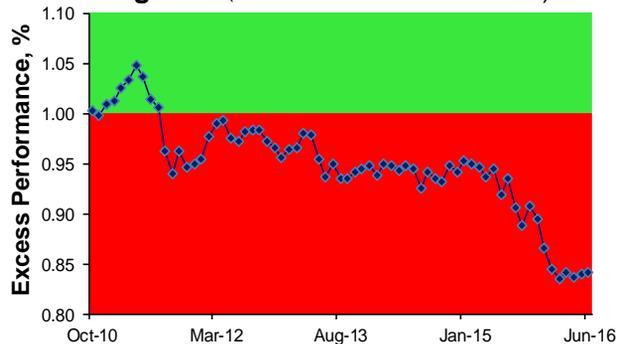
- Short-term performance remains in the Caution range

## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remains in the Caution range

## Long-term (Cumulative Excess Performance)



- Long-term performance remains in the Caution range

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (10/1/2010)
Putnam Abs Ret 700	1.82	-1.84	3.33	3.18	3.95
BofA ML Tbill + 7.0%	1.81	7.27	7.14	7.13	6.81
Peer Rank (Percentile)	24	48	18	22	21

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

**Caution**

Source: Morningstar Direct

Peer Group = US OE Multialternative

## Disclosures

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THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 16**  
**September 22, 2016**

**Item: Putnam 529 for America Investment Update**

**Recommendation:**

**That the Board receive a presentation from Putnam 529 for America concerning their current investment strategies and investment performance during the past year; receive a memorandum from Pension Consulting Alliance, Inc. commenting on recommendations; approve investment options and provide direction, as appropriate.**

**Fiscal:**

None to the Board.

**Summary:**

As provided in the contracts for each of the college savings plans sponsored by the State of Nevada and the comprehensive investment plan and investment policies adopted by the Board in August 2009, each plan must present an annual investment review to the Board of Trustees. In addition, the Board is required to annually approve the investment options of the plans offered to account holders.

Putnam has prepared its annual investment review for Putnam 529 for America. The Board is asked to receive and review the report and approve the lineup of investment options proposed for the upcoming year. By contract, if the Board does not approve a particular proposed portfolio or investment option, the investment manager must retain the investment lineup from the previous year and bring a new proposal to the Board for approval.

Staff and Pension Consulting Alliance, Inc. (PCA) have reviewed the proposed allocations and have presented a written report for the Board to consider on Putnam 529 for America's performance. Putnam is not recommending any proposed changes during this year's annual investment review.

Judy Minsk and others from Putnam will be either present or available via teleconference to make the presentation, and Eric White from PCA will also be present to comment.

# Putnam 529 for America<sup>SM</sup> Annual investment update

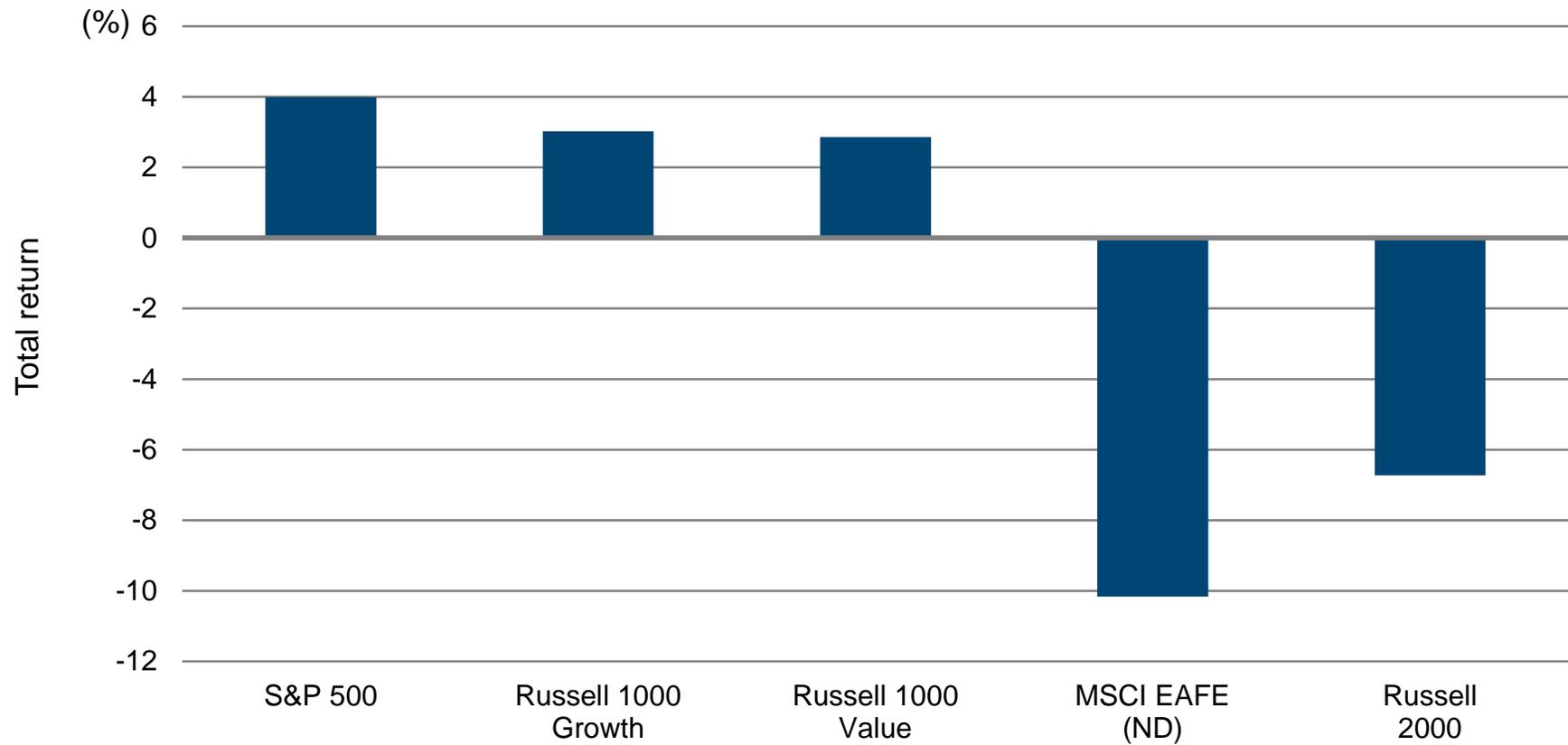
A world of investing.<sup>®</sup>



Performance review  
and outlook as of June 30, 2016

# Market overview

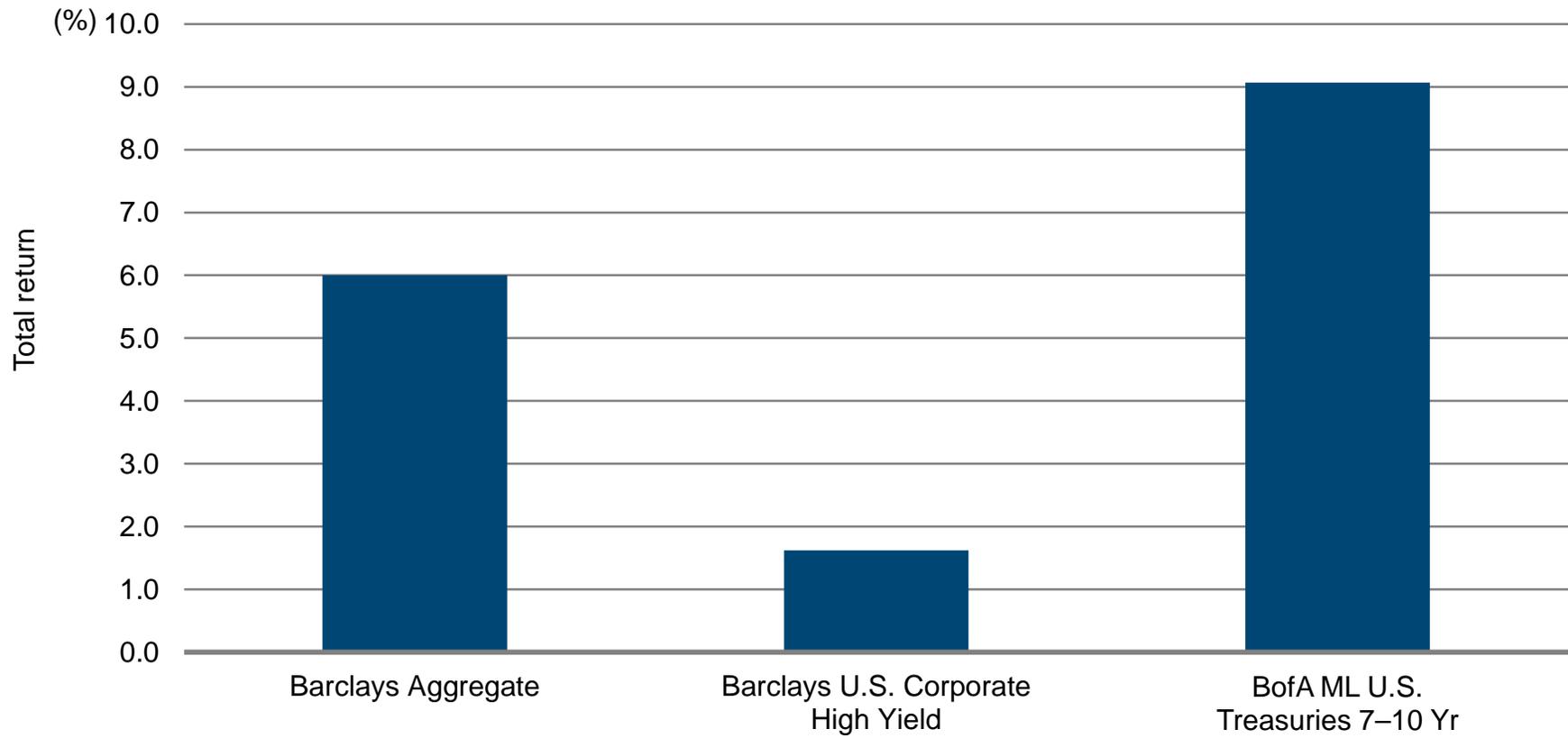
## Equity returns: 1 year ending 6/30/16



Source: Putnam. As of 6/30/16. Past performance is not indicative of future results. Indexes are unmanaged, and it is not possible to invest directly in an index.

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302618 9/16

## Fixed-income returns: 1 year ending 6/30/16



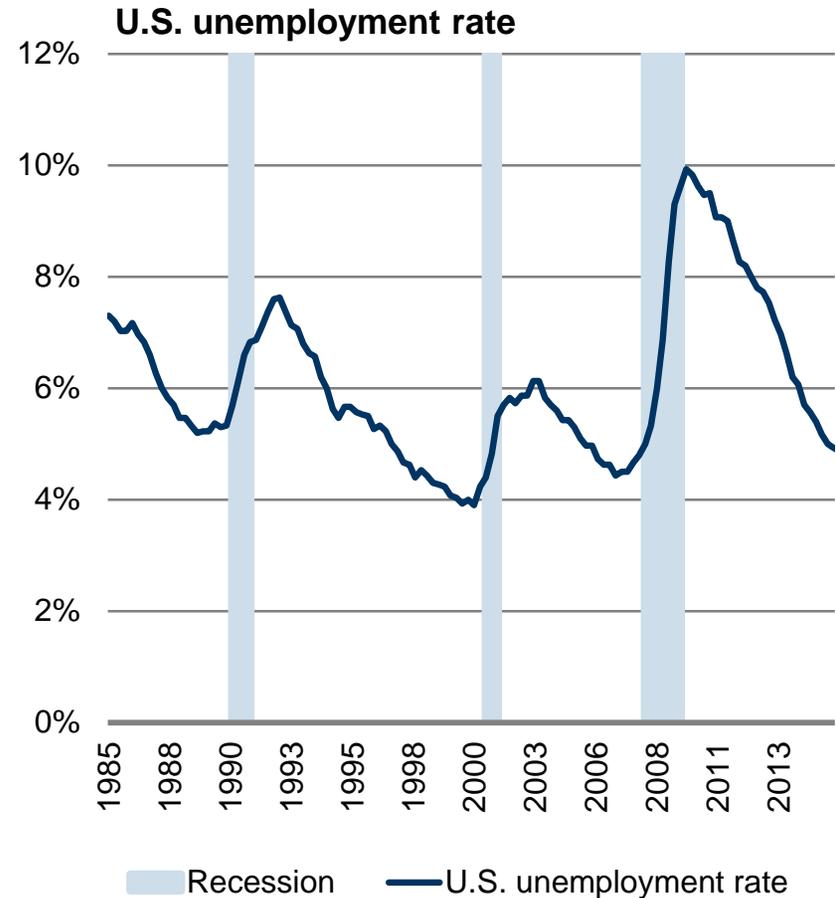
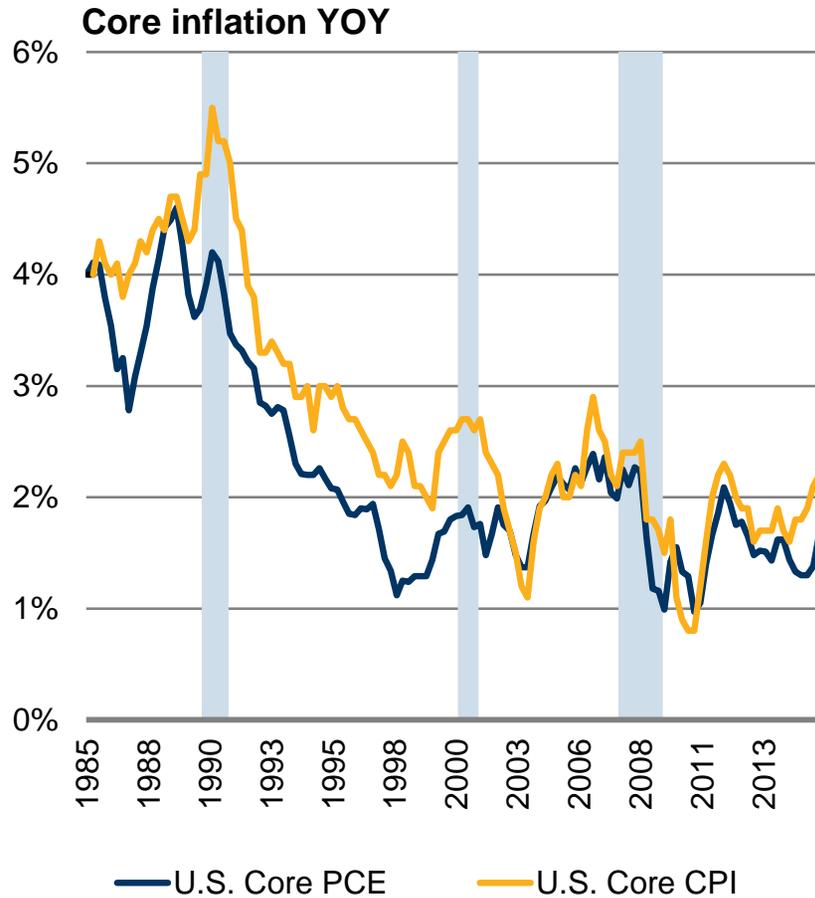
Source: Putnam. As of 6/30/16. Past performance is not indicative of future results. Indexes are unmanaged, and it is not possible to invest directly in an index.

## **Markets – A year in review**

**The trailing 12-month period is one categorized by bouts of volatility and uncertainty within markets:**

- Investor concerns regarding the direction of the Fed and future rate hikes
- Concerns regarding the magnitude of a slowdown in China's growth
- The commodities complex created volatility
- Global stock markets experiencing the worst January for equities since 2009
- Toward the end of the period, uncertainty was dominated by “Brexit”

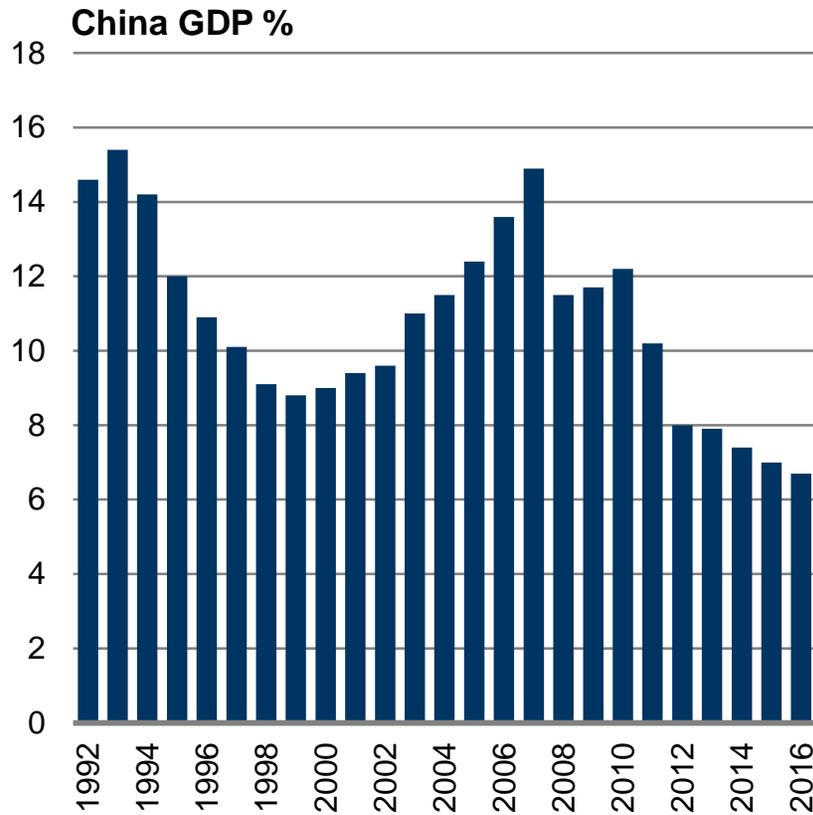
# FOMC dual mandates achieved: Moderate inflation and “full” employment



Source: Bloomberg, 3/31/16 and 6/30/16.

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# China: Still a wild card

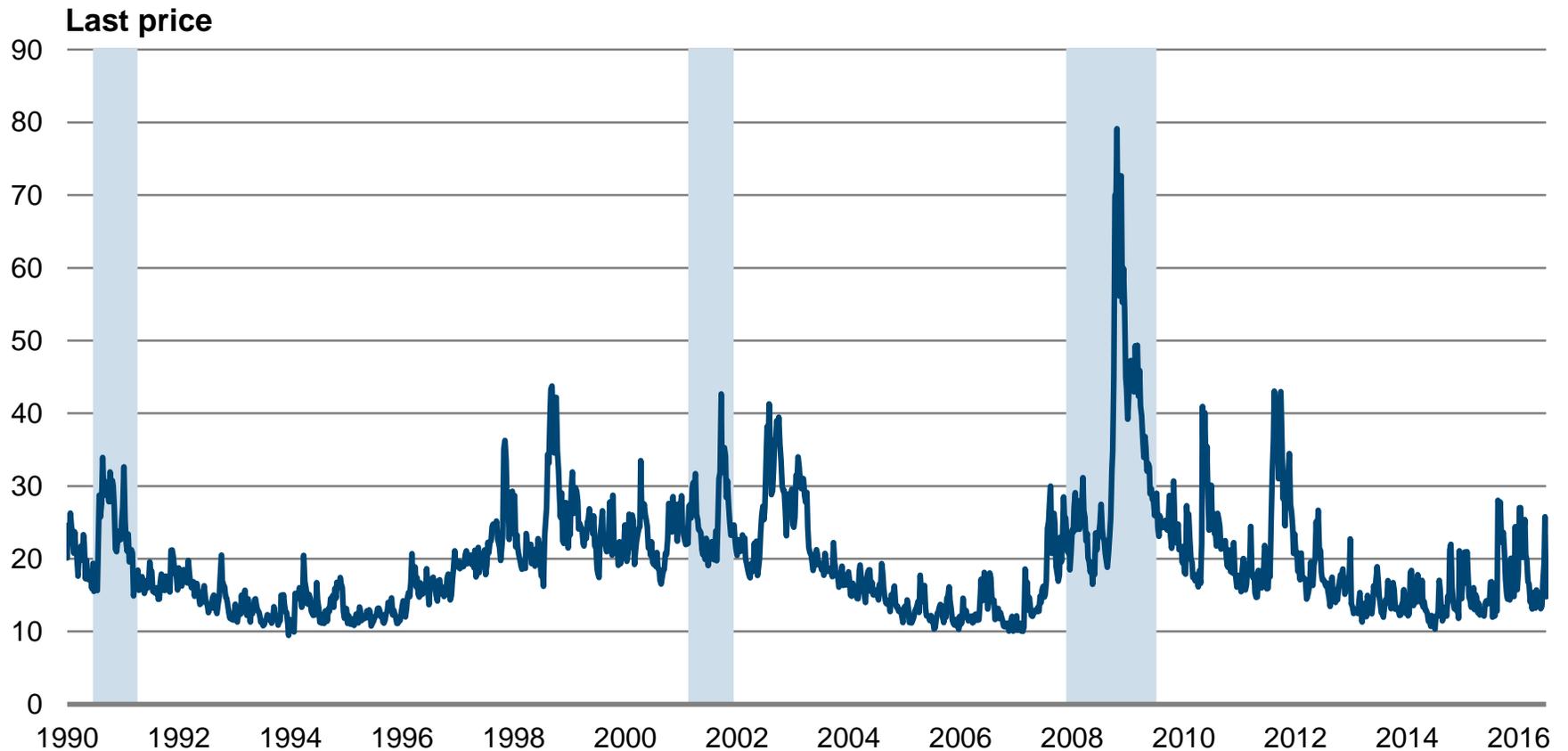


— CNH to USD  
■ China corporate debt as percentage of GDP

Source: National Bureau of Statistics of China.

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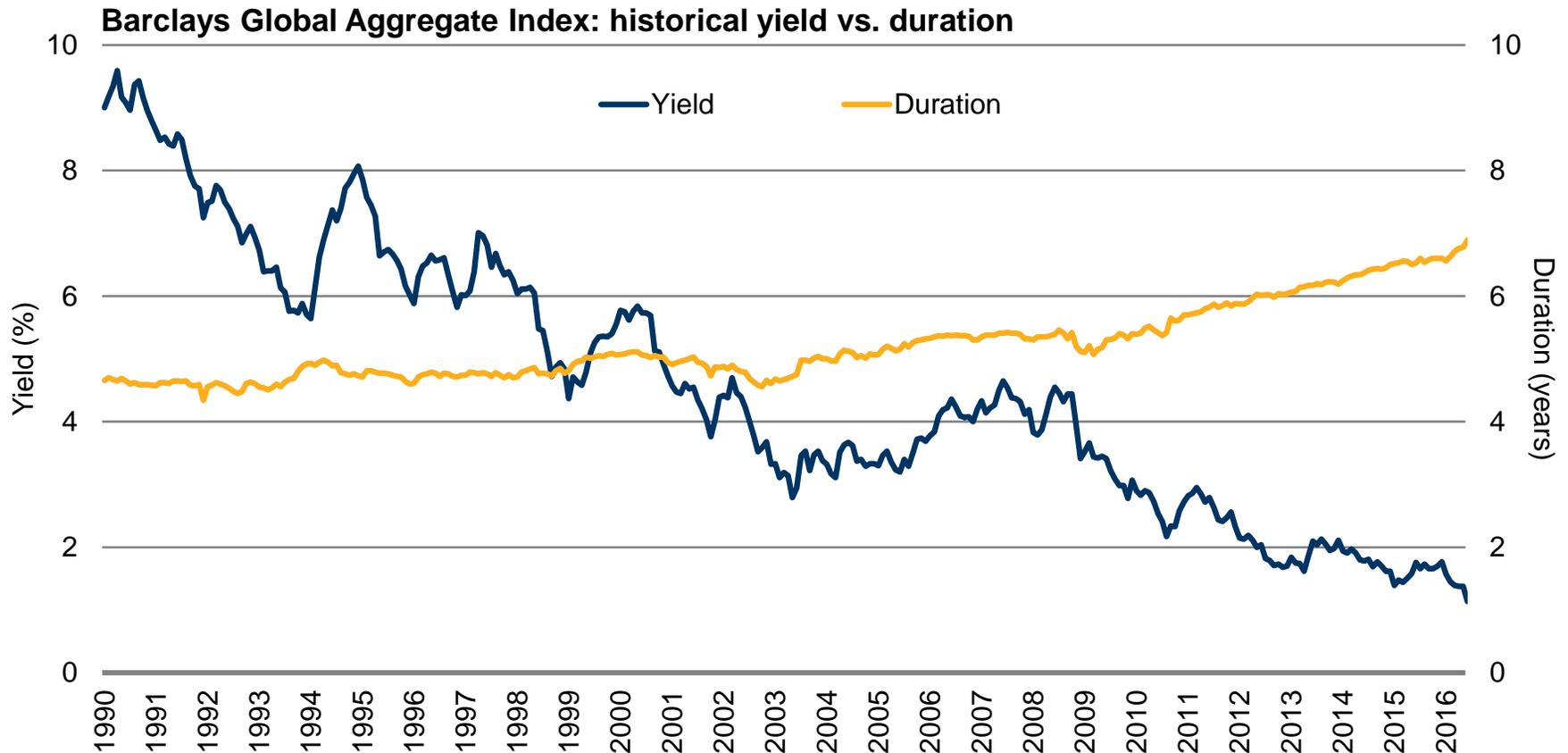
# Volatility has increased: Where do we go from here?



Sources: Bloomberg, Chicago Board of Exchange Volatility Index, 6/30/16.

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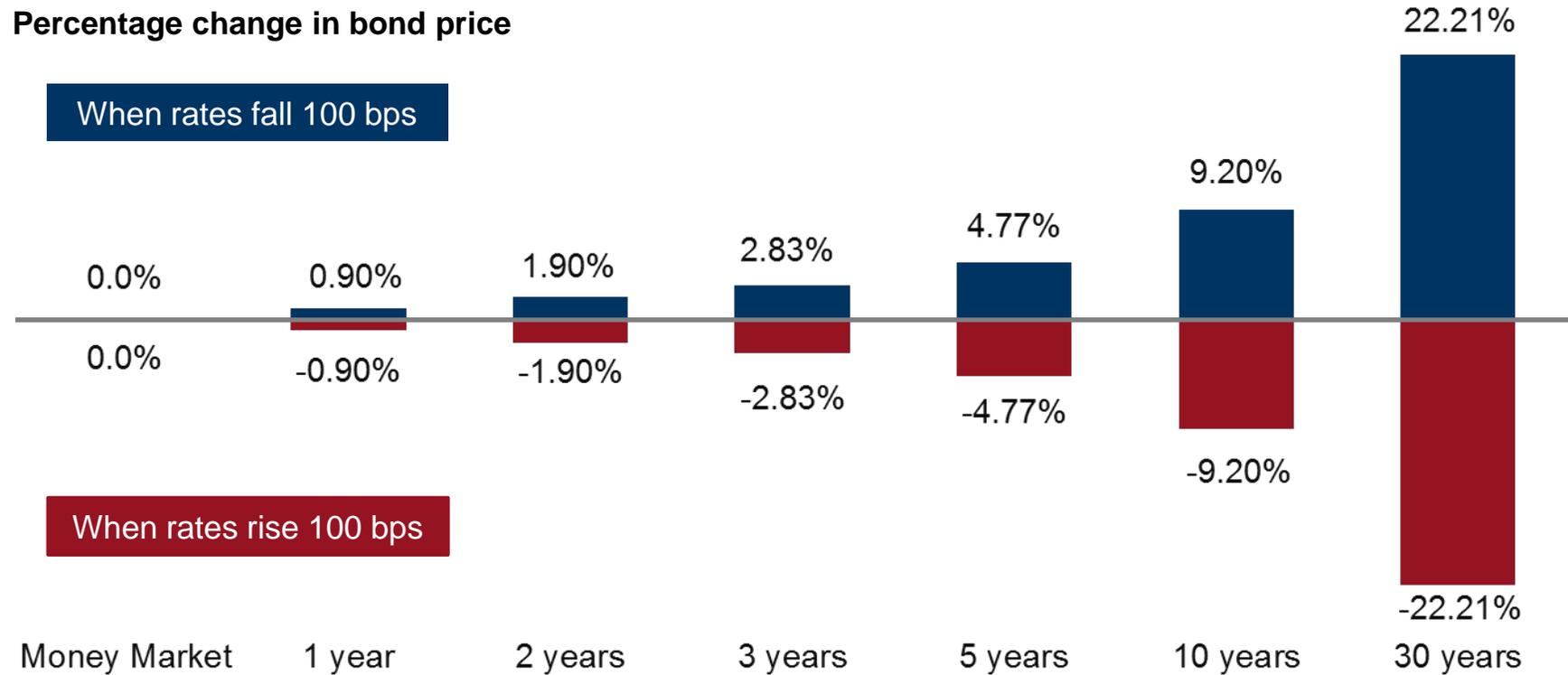
# Interest-rate risk is unprecedented given the low level of rates



Sources: Barclays, Putnam, as of 6/30/16.  
 This chart uses yield to worst as the representation of yield, and modified adjusted duration as the representation of duration.

# Price sensitivity of various bond maturities

Percentage change in bond price



Source: Barclays, as of 6/30/16.

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## Key risks to monitor as of 6/30/16

**It is our view that we are moving into a lower-return, elevated-volatility period relative to the post financial crisis era. From a global macro perspective, there are several market factors that could contribute to this transition:**

- Divergence of monetary policy
  - The Fed seems to be on a tightening schedule, while other major banks are expected to continue easing
- China is transitioning from a manufacturing economy to a services and consumer economy
  - As China makes a transition to a consumer-led economy, global economies will have to adapt to lower growth expectations out of China
- Fallout from “Brexit”
  - The economic and political consequences of Britain leaving the European Union continue to be uncertain

## Prepared for market volatility

### In our view, potential impact of market risks include the following:

- Short term — any of these risks would likely have a negative price impact for risky assets, accompanied by higher volatility
- Longer term — it will be hard to expect strong performance from government bonds as the threat of rising interest rates still looms, while equities could continue a positive trend but at a much more modest pace than in recent history

### Putnam 529 for America seeks to handle certain key risks:

- We believe that the diversification of investment choices in the plan helps to mitigate a rise in volatility and to stabilize returns; Putnam's absolute return products are available in the plan with a goal of mitigating this risk
- Age-based strategies are designed to ward off investment risk in tandem with a beneficiary's age with a goal of minimizing steep losses around the time when withdrawals begin
- Currently, equity holdings in the plan have been reduced as valuations have become a growing concern. We have also trimmed our recent long interest-rate exposure as better economic data is likely to push the market's Fed rate-hike expectation closer to September/December as opposed to the current December/March projection. We have increased our credit risk over the past few months as spreads have widened out to attractive levels over cash and flows have stabilized

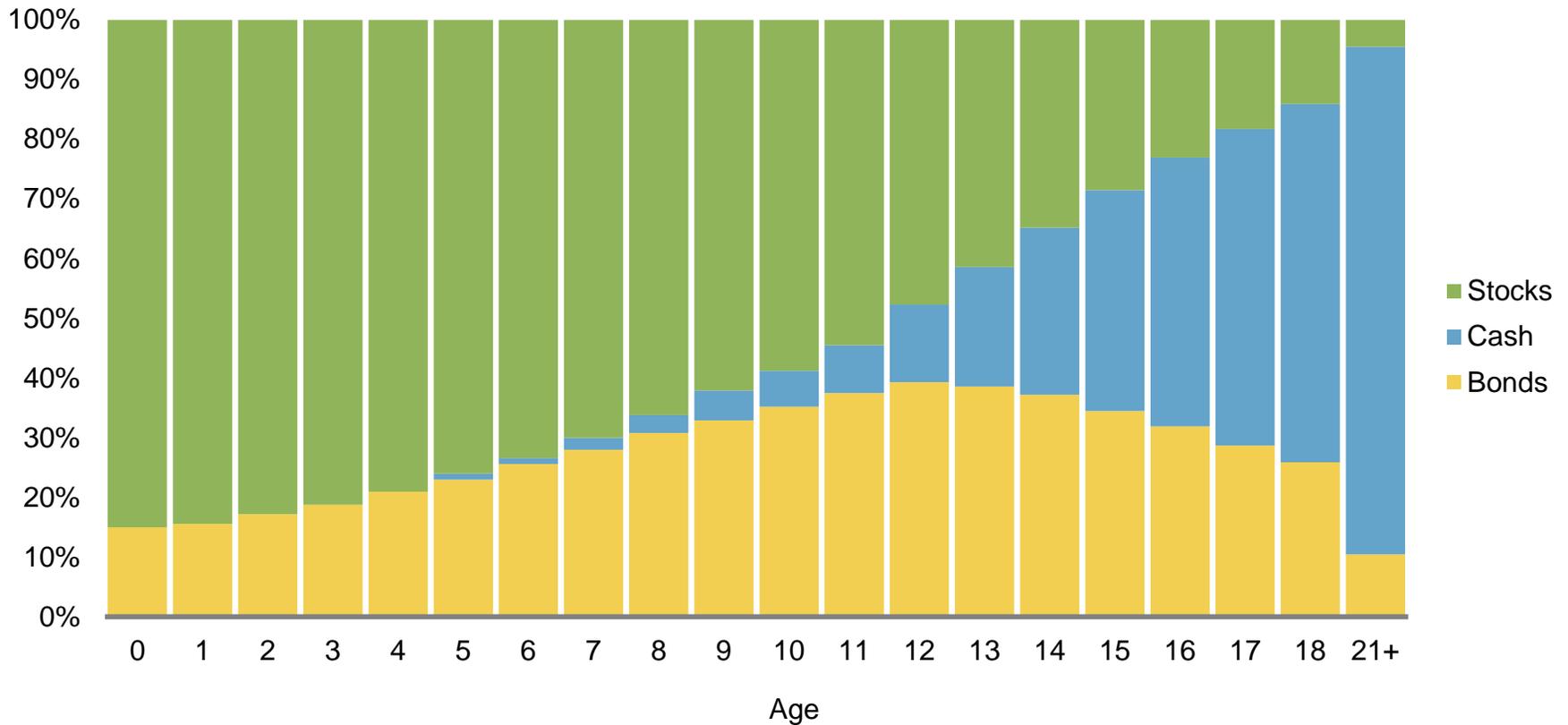
# Performance review as of 6/30/16

## Putnam 529 for America<sup>SM</sup>

### Glide path summary

- Our glide path allows for greater potential appreciation in the early years but emphasizes preservation of capital as the child approaches college age
- Complete in-house management allows our asset allocation managers comprehensive control
  - We control both tactical allocation and security selection, providing the ability to dynamically implement changes and reduce overlap and unintended risk — we are NOT a traditional fund of funds
- Senior team members have been managing 529 portfolios since 2000

# Putnam 529 for America<sup>SM</sup> Age-based portfolios



Asset allocations shown are target allocations. Actual allocations may vary.

The age-based and goal-based options invest across four broad asset categories: short-term investments, fixed-income investments, U.S. equity investments, and non-U.S. equity investments. Within these categories, investments are spread over a range of asset allocation portfolios that concentrate on different asset classes or reflect different styles.

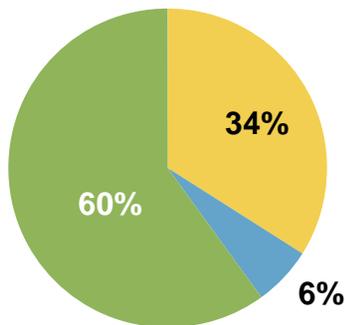
Each age-based option has a different target date, which is based on the year in which the beneficiary of an account was born. The principal value of the funds is not guaranteed at any time, including age-based options closest to the college age.

# Putnam 529 for America<sup>SM</sup> Goal-based portfolios

- Actively managed and keep the same allocation mix, regardless of the child’s age
- Separately managed accounts

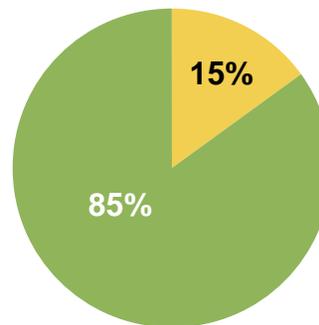
## Balanced option

- Putnam 529 GAA Growth Portfolio
- Putnam 529 Balanced Portfolio
- Putnam 529 Money Market Portfolio



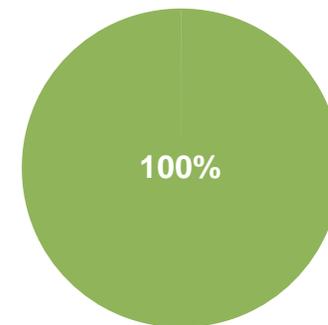
## Growth option

- Invests in the Putnam 529 GAA Growth Portfolio and Putnam 529 All Equity Portfolio



## Aggressive growth option

- Invests in the Putnam 529 GAA All Equity Portfolio



Stocks
  Bonds
  Cash

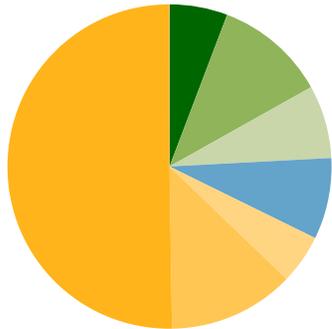
Allocations shown are target allocations; actual allocations may vary. See the offering statement for details.

# Putnam 529 for America<sup>SM</sup>

## Age-based and goal-based options: Underlying fund strategies

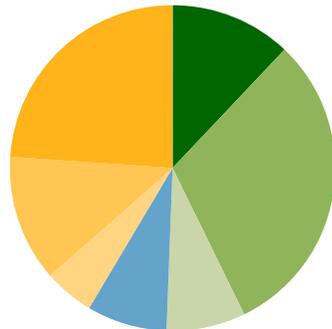
### Conservative: capital preservation

70% Fixed income  
30% Equity



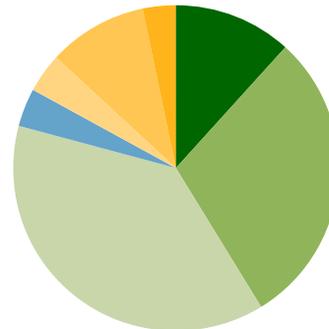
### Balanced: manageable volatility

40% Fixed income  
60% Equity



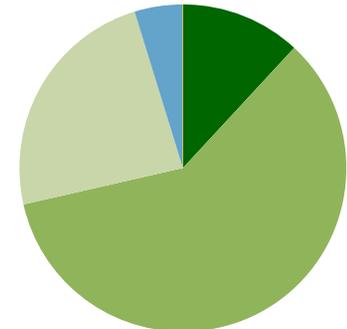
### Growth: equity-like returns

20% Fixed income  
80% Equity



### All equity: capital appreciation

100% Equity



■ U.S. small-/mid-cap  
■ U.S. large-cap

■ International equity  
■ Cash

■ U.S. high-yield bonds  
■ International bonds

■ U.S. investment-grade bonds

Allocations shown are target allocations; actual allocations may vary. See the offering statement for details.

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## Performance commentary: Age-based and goal-based strategies

- The strategies posted negative results for the one-year period as of 6/30/16
- Positive contributors to performance:
  - Positive security selection within core international equities and emerging-market equities (where applicable)
- Notable detractors to performance:
  - Security selection within U.S. large-cap and small-cap equities
  - Dynamic asset allocation decisions to be overweight or underweight certain asset classes also hurt the portfolio. Within dynamic asset allocation decisions, allocations to an out-of-benchmark fixed-income strategy focused on securitized credit, primarily mortgages, detracted

## Putnam 529 for America<sup>SM</sup>

### Underlying asset allocation portfolios: Performance as of 6/30/16

	1 YR	3 YRS ANNUALIZED	5 YRS ANNUALIZED	SINCE INCEPTION ANNUALIZED
<b>Putnam GAA All Equity Portfolio (9/29/10)</b>	-4.78%	8.60%	8.65%	10.24%
Putnam Equity Blended Index	-1.11	8.66	8.79	10.49
<b>Putnam GAA Growth Portfolio (9/29/10)</b>	-3.19	7.88	7.75	8.95
Putnam Growth Blended Benchmark	0.21	7.83	8.02	9.36
<b>Putnam GAA Balanced Portfolio (9/29/10)</b>	-1.36	7.49	7.74	8.48
Putnam Balanced Blended Benchmark	2.39	7.53	7.76	8.69
<b>Putnam GAA Conservative Portfolio (9/29/10)</b>	1.15	5.60	6.04	6.19
Putnam Conservative Blended Benchmark	4.18	5.86	5.90	6.25

## Putnam 529 for America<sup>SM</sup>

### Goal-based portfolios: Performance as of 6/30/16

	1 YR	3 YRS ANNUALIZED	5 YRS ANNUALIZED	SINCE INCEPTION ANNUALIZED
<b>Putnam Balanced Portfolio (10/1/10)</b>	-1.99%	6.72%	6.89%	7.61%
Balanced Index	1.85	7.15	7.37	8.31
<b>Putnam Growth Portfolio (10/1/10)</b>	-3.97	7.59	7.53	8.75
Growth Index	-0.11	8.04	8.22	9.63
<b>Putnam Aggressive Growth Portfolio (10/1/10)</b>	-5.12	8.15	8.22	9.72
Aggressive Growth Index	-1.11	8.66	8.79	10.47

## Putnam 529 for America<sup>SM</sup> Putnam Income Fund review

- For the one-year period ended June 30, 2016, Putnam Income Fund was down -0.47% (net, Y shares) and underperformed its benchmark, the Barclays Aggregate Bond Index, which was up 6.00%. The primary detractor was our term structure strategy; however, our credit and prepayment holdings were also modest headwinds
- Although the duration of the fund was only slightly underweight relative to the benchmark index by the end of the period (5.4 years and 5.5 years, respectively), over the entire 12-month period the fund maintained a structural underweight of a couple years or so, on average
  - This was a negative for the fund, as rates rallied during the year with the yield on the 10-year U.S. Treasury ending the period 88 bps lower than where it began (1.47% versus 2.35%, respectively). Rates also rallied on the short to intermediate part of the yield curve, albeit more modestly, with the yield on the 5-year U.S. Treasury ending the period 65 bps lower than where it began (1.00% versus 1.65%, respectively), and the yield on the 2-year U.S. Treasury ending the period 6 bps lower than where it began (0.58% versus 0.64%, respectively)
  - Our underweight duration strategy was especially challenging during two months in particular — in September 2015 as the Federal Reserve decided not to hike short-term interest rates, and then again in January 2016 as slowing growth in China, sharply lower oil prices, and further cuts by the BoJ caused investors to seek the relative safety associated with debt issued by the U.S. government

## **Putnam 529 for America<sup>SM</sup> Putnam Income Fund review (continued)**

- Exposures within credit also detracted. The aforementioned conditions created some uncertainty in the financial markets, which caused spreads to widen during the period, particularly on investment-grade corporate bonds but also across areas of mortgage credit, such as mezzanine CMBS and non-agency RMBS. All three of these sectors represented, and continue to be, meaningful allocations in the fund
- Prepayment risk securities were also a negative for the fund during the period. As previously mentioned, rates fell across the curve, and as a result created headwinds for our Agency CMO interest-only securities, as lower rates increased the likelihood that homeowners may be able to refinance their existing mortgages at lower rates
- We continue to perceive relative value across various sub-sectors within fixed income, particularly in the areas of corporate credit, mortgage credit, and prepayment, and also believe that, in general, existing liquidity premiums are adequately compensating investors for the risk associated with holding many fixed-income securities

# Putnam 529 for America<sup>SM</sup>

## Investment option replacement summary

### June 9, 2016

Voyager and International Capital Opportunities notification: Supplements and cover letters mailed to shareholders

### July 11, 2016

Reallocation of Voyager assets and accounts to Growth Opportunities

### August 12, 2016

Reallocation of International Capital Opportunities assets and accounts to MFS Institutional International Equity

### September 1, 2016

Reallocation of Putnam Money Market assets and accounts to Government Money Market

### July 5, 2016

- The 529 Voyager option closed to new investors
- 529 Growth Opportunities option launched

### July 25, 2016

Money Market notification: Supplements and cover letters mailed to shareholders

### August 18, 2016

- The Putnam 529 Money Market closed to new investors
- The Putnam 529 Government Money Market launched

# Appendix

- Performance
  - Age-based portfolios
  - Goal-based portfolios
  - Individual options
  - Absolute Return
  - Underlying funds

# Putnam 529 for America Performance as of 6/30/16\*

PORTFOLIOS	INCEPTION DATE	3 MONTHS		1 YEAR		3 YEARS		5 YEARS		SINCE INCEPTION		TOTAL EXPENSE RATIO
		BEFORE SALES CHARGE	AFTER SALES CHARGE									
<b>AGE-BASED PORTFOLIOS</b>												
Graduate	10/1/2010	0.18%	-5.58%	-0.18%	-5.92%	1.68%	-0.31%	1.98%	0.77%	2.10%	1.06%	0.96%
Graduate Index		0.97		1.64		2.56		2.59		2.79		
1995	10/1/2010	0.08	-5.67	-0.32	-6.05	2.58	0.57	3.23	2.02	3.77	2.71	0.96
1995 Index		0.41		0.74		2.82		3.42		4.11		
1996	10/1/2010	0.24	-5.53	-0.23	-5.97	3.11	1.09	3.74	2.52	4.33	3.26	0.98
1996 Index		0.53		0.96		3.34		3.92		4.68		
1997	10/1/2010	0.38	-5.39	-0.15	-5.89	3.65	1.62	4.25	3.02	4.88	3.81	1.00
1997 Index		0.71		1.24		3.88		4.43		5.25		
1998	10/1/2010	0.52	-5.26	-0.22	-5.96	4.17	2.13	4.71	3.47	5.40	4.32	1.03
1998 Index		0.92		1.52		4.42		4.93		5.81		
1999	10/1/2010	0.65	-5.14	-0.29	-6.02	4.67	2.62	5.17	3.93	5.91	4.83	1.04
1999 Index		1.09		1.70		4.93		5.41		6.35		
2000	10/1/2010	0.71	-5.08	-0.42	-6.14	5.16	3.11	5.61	4.37	6.39	5.29	1.07
2000 Index		1.25		1.85		5.42		5.86		6.86		
2001	10/1/2010	0.76	-5.04	-0.61	-6.33	5.65	3.58	5.98	4.73	6.82	5.73	1.08
2001 Index		1.43		1.99		5.92		6.28		7.33		
2002	10/1/2010	0.88	-4.92	-0.80	-6.50	6.08	4.01	6.31	5.06	7.20	6.10	1.09
2002 Index		1.62		2.12		6.40		6.67		7.76		
2003	10/1/2010	1.00	-4.81	-1.04	-6.73	6.46	4.38	6.60	5.34	7.54	6.43	1.10
2003 Index		1.80		2.18		6.80		7.01		8.15		
2004	10/1/2010	1.05	-4.76	-1.34	-7.02	6.77	4.68	6.82	5.56	7.82	6.71	1.11
2004 Index		1.95		2.15		7.13		7.28		8.48		

\* Net of plan fees.

Performance for periods of less than one year is not annualized.

# Putnam 529 for America Performance as of 6/30/16\*

PORTFOLIOS	INCEPTION DATE	3 MONTHS		1 YEAR		3 YEARS		5 YEARS		SINCE INCEPTION		TOTAL EXPENSE RATIO
		BEFORE SALES CHARGE	AFTER SALES CHARGE									
<b>AGE-BASED PORTFOLIOS</b>												
2005	10/1/2010	0.97%	-4.83%	-1.71%	-7.36%	6.95%	4.86%	6.95%	5.69%	8.00%	6.89%	1.12%
2005 Index		2.05		2.00		7.36		7.48		8.73		
2006	10/1/2010	0.96	-4.84	-2.00	-7.63	7.16	5.06	7.06	5.80	8.17	7.06	1.13
2006 Index		2.08		1.78		7.56		7.65		8.95		
2007	10/1/2010	0.96	-4.85	-2.29	-7.91	7.32	5.22	7.16	5.90	8.30	7.19	1.13
2007 Index		2.09		1.55		7.72		7.79		9.12		
2008	10/1/2010	0.95	-4.85	-2.51	-8.12	7.43	5.33	7.25	5.99	8.43	7.32	1.13
2008 Index		2.11		1.29		7.83		7.91		9.27		
2009	10/1/2010	0.88	-4.92	-2.85	-8.44	7.49	5.39	7.33	6.07	8.54	7.42	1.14
2009 Index		2.10		0.99		7.91		7.98		9.37		
2010	10/1/2010	0.88	-4.92	-3.07	-8.65	7.57	5.46	7.41	6.14	8.62	7.51	1.14
2010 Index		2.09		0.70		7.94		8.04		9.44		
2011	1/3/2011	0.80	-4.99	-3.34	-8.90	7.58	5.48	7.48	6.21	7.69	6.54	1.14
2011 Index		2.08		0.46		7.97		8.09		8.37		
2012	1/3/2012	0.84	-4.96	-3.51	-9.06	7.64	5.53	—	—	10.47	9.02	1.15
2012 Index		2.06		0.26		8.01		—		10.67		
2013	1/2/2013	0.74	-5.05	-3.69	-9.23	7.67	5.56	—	—	9.14	7.31	1.15
2013 Index		2.03		0.12		8.04		—		9.43		
2014	1/2/2014	0.74	-5.05	-3.82	-9.35	—	—	—	—	3.28	0.86	1.15
2014 Index		2.01		0.01		—		—		4.00		
2015	1/2/2015	0.61	-5.18	-3.88	-9.41	—	—	—	—	-0.67	-4.51	1.16
2015 Index		1.99		-0.08		—		—		1.56		
2016†	1/4/2016	0.71	-5.08	—	—	—	—	—	—	-0.80	-6.50	1.16
2016 Index†		1.97		—		—		—		2.92		

\* Net of plan fees.

† "Since inception" performance is not annualized, but cumulative.

Periods less than one year are not annualized.

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# Putnam 529 for America Performance as of 6/30/16\*

PORTFOLIOS	INCEPTION DATE	3 MONTHS		1 YEAR		3 YEARS		5 YEARS		SINCE INCEPTION		TOTAL EXPENSE RATIO
		BEFORE SALES CHARGE	AFTER SALES CHARGE									
<b>GOAL-BASED PORTFOLIOS</b>												
Balanced	10/1/2010	0.93%	-4.88%	-1.99%	-7.63%	6.72%	4.63%	6.89%	5.64%	7.61%	6.51%	1.12%
Balanced Index		2.09		1.85		7.15		7.37		8.31		
Growth	10/1/2010	0.62	-5.16	-3.97	-9.50	7.59	5.49	7.53	6.27	8.75	7.63	1.16
Growth Index		1.98		-0.11		8.04		8.22		9.63		
Aggressive Growth	10/1/2010	0.41	-5.36	-5.12	-10.58	8.15	6.04	8.22	6.95	9.72	8.60	1.18
Aggressive Growth Index		1.76		-1.11		8.66		8.79		10.47		
<b>INDIVIDUAL OPTIONS</b>												
Putnam Equity Income Fund	10/1/2010	3.14%	-2.79%	-1.23%	-6.90%	8.59%	6.47%	10.47%	9.17%	12.18%	11.03%	1.10%
Russell 1000 Value Index		4.58		2.86		9.87		11.35		12.75		
Putnam International Capital Opportunities Fund	10/1/2010	-3.87	-9.40	-10.56	-15.70	-0.09	-2.04	-0.48	-1.65	1.96	0.91	1.37
S&P Developed Ex U.S. SmallCap Index		-1.30		-3.80		7.14		4.20		6.51		
Putnam Voyager Fund	10/1/2010	-0.75	-6.46	-12.81	-17.83	7.47	5.37	5.79	4.54	6.76	5.66	1.12
Russell 1000 Growth Index		0.61		3.02		13.07		12.35		14.09		
Putnam Small Cap Value Fund	9/12/2014	3.21	-2.73	-5.58	-11.01	—	—	—	—	-0.11	-3.35	1.29
Russell 2000 Value Index		4.31		-2.58		—		—		0.85		
MFS Institutional International Equity Fund	10/1/2010	-1.25	-6.92	-10.32	-15.47	2.17	0.17	2.15	0.95	4.23	3.17	1.10
MSCI EAFE Index (ND)		-1.46		-10.16		2.06		1.68		3.39		
Principal MidCap Fund	10/1/2010	3.15	-2.79	0.37	-5.41	11.17	9.00	12.25	10.93	14.68	13.51	1.09
Russell Mid Cap Index		3.18		0.56		10.80		10.90		13.24		

\* Net of plan fees.

Performance for periods of less than one year is not annualized.

# Putnam 529 for America Performance as of 6/30/16\*

PORTFOLIOS	INCEPTION DATE	3 MONTHS		1 YEAR		3 YEARS		5 YEARS		SINCE INCEPTION		TOTAL EXPENSE RATIO
		BEFORE SALES CHARGE	AFTER SALES CHARGE									
<b>INDIVIDUAL OPTIONS</b>												
SSGA S&P 500 Index	6/27/2012	2.32%	-3.56%	3.52%	-2.43%	11.04%	8.87%	—	—	13.77%	12.10%	0.55%
S&P 500 Index		2.46		3.99		11.66		—		14.44		
Putnam High Yield Trust	10/1/2010	4.65	0.46	-0.52	-4.49	3.12	1.73	4.62%	3.77%	5.38	4.63	1.17
JPMorgan Developed High Yield Index		6.09		1.49		4.32		6.20		6.93		
Putnam Income Fund	10/1/2010	2.33	-1.76	-0.89	-4.85	2.45	1.07	3.48	2.64	3.64	2.91	0.99
Barclays U.S. Aggregate Bond Index		2.21		6.00		4.06		3.76		3.51		
Federated U.S. Government Securities Fund	10/1/2010	0.87	-3.16	2.15	-1.93	0.98	-0.39	0.83	0.01	0.74	0.02	0.97
BofA Merrill Lynch 3–5 Year Treasury Index		1.18		3.92		2.57		2.31		2.18		
Putnam Money Market Fund	10/1/2010	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.87
Lipper Money Market Funds Average		0.02		0.04		0.02		0.02		0.02		
<b>ABSOLUTE RETURN OPTIONS</b>												
Absolute Return 100 Fund	10/1/2010	1.08%	0.07%	-0.87%	-1.86%	0.23%	-0.11%	0.25%	0.05%	0.52%	0.34%	0.80%
BofA Merrill Lynch U.S. Treasury Bill Index		0.10		0.25		0.13		0.12		0.13		
Absolute Return 300 Fund	10/1/2010	1.07	0.06	-3.35	-4.31	-0.22	-0.56	0.27	0.07	0.69	0.51	0.98
BofA Merrill Lynch U.S. Treasury Bill Index		0.10		0.25		0.13		0.12		0.13		
Absolute Return 500 Fund	10/1/2010	1.03	-4.78	-1.42	-7.09	2.19	0.19	2.23	1.03	2.88	1.82	1.25
BofA Merrill Lynch U.S. Treasury Bill Index		0.10		0.25		0.13		0.12		0.13		
Absolute Return 700 Fund	10/1/2010	1.75	-4.10	-2.17	-7.79	2.92	0.91	2.78	1.57	3.51	2.45	1.40
BofA Merrill Lynch U.S. Treasury Bill Index		0.10		0.25		0.13		0.12		0.13		

\* Net of plan fees.

Performance for periods of less than one year is not annualized.

# Putnam 529 for America

## Underlying performance as of 6/30/16

	QUARTER	YEAR TO DATE	1 YR	3 YRS	5 YRS	10 YRS	SINCE INCEPTION
Putnam GAA All Equity Portfolio (9/29/2010)	0.46%	-1.24%	-4.78%	8.60%	8.65%	—	10.24%
Putnam Equity Blended Index	1.76	2.27	-1.11	8.66	8.79	—	10.49
Lipper Multi-Cap Core Funds average	1.13	1.63	-2.17	8.84	9.35	—	11.19
Putnam GAA Growth Portfolio (9/29/2010)	0.86	-0.43	-3.19	7.88	7.75	—	8.95
Putnam Growth Blended Benchmark	2.05	3.16	0.21	7.83	8.02	—	9.36
Lipper Mixed-Asset Target Allocation Growth Funds average	1.78	2.32	-1.02	6.18	6.37	—	7.65
Putnam GAA Balanced Portfolio (9/29/2010)	1.14	0.38	-1.36	7.49	7.74	—	8.48
Putnam Balanced Blended Benchmark	2.26	3.78	2.39	7.53	7.76	—	8.69
Lipper Mixed-Asset Target Allocation Moderate Funds average	2.16	3.31	0.08	5.21	5.41	—	6.45
Putnam GAA Conservative Portfolio (9/29/2010)	1.65	2.10	1.15	5.60	6.04	—	6.19
Putnam Conservative Blended Benchmark	2.34	4.69	4.18	5.86	5.90	—	6.25
Lipper Mixed-Asset Target Allocation Conserv. Funds average	2.35	4.08	1.51	4.03	4.18	—	4.82
Federated U.S. Government Sec Fund: 2–5 Years Instl (2/18/1983)	0.95	2.86	2.49	1.36	1.22	3.50%	5.94
BofA Merrill Lynch 3–5 Year Treasury Index	1.18	3.66	3.92	2.57	2.31	4.44	—
Lipper Short-Intermediate U.S. Government Funds average	0.45	1.75	1.51	1.24	1.08	3.07	5.94
Putnam Small Cap Value Y (4/13/1999)	3.31	2.02	-5.24	6.44	8.41	4.11	9.19
Russell 2000 Value Index	4.31	6.08	-2.58	6.36	8.15	5.15	9.18
Lipper Small-Cap Value Funds average	2.19	4.98	-4.16	5.74	7.58	5.70	10.30
Principal MidCap Fund Instl (3/1/2001)	3.27	4.21	0.77	11.69	12.79	10.49	10.19
Russell Mid Cap Index	3.18	5.50	0.56	10.80	10.90	8.07	8.68
Lipper Multi-Cap Growth Funds average	0.69	-2.16	-4.43	9.67	9.16	7.07	5.10
SSgA S&P 500 Index Fund (12/30/1992)	2.41	3.74	3.89	11.48	11.96	7.28	8.88
S&P 500 Index	2.46	3.84	3.99	11.66	12.10	7.42	9.03
Lipper S&P 500 Index Funds average	2.30	3.51	3.42	11.05	11.48	6.85	8.66
Putnam Equity Income Fund Y (6/15/1977)	3.23	3.60	-0.89	9.03	10.94	7.91	10.17
Russell 1000 Value Index	4.58	6.30	2.86	9.87	11.35	6.13	—
Lipper Equity Income Funds average	3.43	6.41	3.13	8.29	9.29	6.40	10.55
Putnam International Capital Opportunities Fund Y (12/28/1995)	-3.85	-4.75	-10.24	0.29	-0.11	2.28	9.00
S&P Developed ex U.S. SmallCap Index	-1.30	-0.78	-3.80	7.14	4.20	4.15	6.73
Lipper International Small/Mid-Cap Core average	-2.08	-2.64	-8.80	3.47	1.80	2.79	8.65

Performance for periods of less than one year is not annualized.

# Putnam 529 for America

## Underlying performance as of 6/30/16

	QUARTER	YEAR TO DATE	1 YR	3 YRS	5 YRS	10 YRS	SINCE INCEPTION
Putnam Income Fund Y (11/1/1954)	2.41%	1.84%	-0.47%	2.87%	3.89%	5.91%	7.64%
Barclays U.S. Aggregate Bond Index	2.21	5.31	6.00	4.06	3.76	5.13	—
Lipper Core Bond Funds average	2.32	5.03	4.95	3.62	3.56	4.65	—
Putnam High Yield Trust Y (2/14/1978)	4.79	7.90	-0.12	3.54	5.06	6.59	8.46
JPMorgan Developed High Yield Index	6.09	9.34	1.49	4.32	6.20	7.76	—
Lipper High Yield Funds average	4.16	6.53	-0.19	2.95	4.57	6.01	8.14
Putnam Money Market Fund A (10/1/1976)	0.01	0.01	0.01	0.01	0.01	1.04	4.93
Lipper Money Market Funds average	0.02	0.03	0.04	0.02	0.02	0.94	5.05
Putnam Voyager Fund Y (4/1/1969)	-0.66	-4.90	-12.56	7.89	6.20	6.89	10.43
Russell 1000 Growth Index	0.61	1.36	3.02	13.07	12.35	8.78	—
Lipper Large-Cap Growth Funds average	0.39	-2.42	-1.71	11.26	10.38	7.41	9.66
MFS Intl International Equity Fund (1/30/1996)	-1.25	-3.55	-10.03	2.54	2.55	3.86	7.23
MSCI EAFE Index (ND)	-1.46	-4.42	-10.16	2.06	1.68	1.58	4.08
Lipper International Large-Cap Growth average	-1.01	-3.15	-9.25	2.28	1.58	2.73	6.69
Putnam Absolute Return 100 Fund Y (12/23/2008)	1.12	0.20	-0.55	0.61	0.64	—	1.32
BofA Merrill Lynch U.S. Treasury Bill Index	0.10	0.21	0.25	0.13	0.12	—	0.16
Putnam Absolute Return 300 Fund Y (12/23/2008)	1.17	-1.86	-2.98	0.17	0.66	—	2.10
BofA Merrill Lynch U.S. Treasury Bill Index	0.10	0.21	0.25	0.13	0.12	—	0.16
Putnam Absolute Return 500 Fund Y (12/23/2008)	1.13	0.28	-0.99	2.60	2.65	—	3.95
BofA Merrill Lynch U.S. Treasury Bill Index	0.10	0.21	0.25	0.13	0.12	—	0.16
Putnam Absolute Return 700 Fund Y (12/23/2008)	1.82	0.63	-1.84	3.33	3.18	—	5.04
BofA Merrill Lynch U.S. Treasury Bill Index	0.10	0.21	0.25	0.13	0.12	—	0.16

Performance for periods of less than one year is not annualized.

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# Putnam 529 for America

## Client Services metrics: 1 year ending 6/30/16

Criteria	Service level
<b>Transactions</b>	99.0%
<ul style="list-style-type: none"> <li>• 96% of all financial and non-financial transactions processed error free</li> </ul>	
<b>Telephone service</b>	92.0%
<ul style="list-style-type: none"> <li>• 80% of calls answered within 20 seconds</li> </ul>	
<b>Mail service</b>	
<ul style="list-style-type: none"> <li>• Transaction confirmations               <ul style="list-style-type: none"> <li>–99% of confirmations and checks mailed within 2 business days of any transaction</li> </ul> </li> </ul>	100%
<ul style="list-style-type: none"> <li>• Quarterly statements               <ul style="list-style-type: none"> <li>–97% of customers receive quarterly statements within 5 business days of the end of each quarter</li> </ul> </li> </ul>	100%

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## Staff Updates

September 22, 2016

1. **Informational Item on the Gov. Guinn Millennium Scholarship Program (GGMS) from July 14, 2016 CSB Meeting:** During the July 14, 2016 Board meeting, Board members requested information on acceptable uses of the College Savings Trust Fund and the Board's responsibility to fund the GGMS program. Permissible uses of the Trust Fund are as follows:

In accordance with Nevada Revised Statutes 353B.350(5), the Endowment Account must be used for the deposit of any money received by the Nevada College Savings Program that is not received pursuant to a savings trust agreement and, in the determination of the State Treasurer, is not necessary for the use of the Administrative Account. The money in the Endowment Account may be expended:

(a) For any purpose related to the Nevada College Savings Program;

(b) To pay the costs of administering the Governor Guinn Millennium Scholarship Program created pursuant to [NRS 396.926](#), but such costs must not exceed an amount equal to 3 percent of the anticipated annual revenue to the State of Nevada from the settlement agreements with and civil actions against manufacturers of tobacco products anticipated for deposit in the Trust Fund; or

(c) In any other manner which assists the residents of this state to obtain post-secondary education.

The Board has no authority over or responsibility to fund the GGMS program to ensure there are funds available to fund student scholarships.

2. **College Savings Month – September \$529 Account Giveaway:** To celebrate college savings month during September, The Treasurer's Office is giving away five \$529 college savings account awards. The contest runs from September 1<sup>st</sup> to September 30<sup>th</sup>, and the link to enter the contest can be found at [ssga.upromise529.com/giveaway](http://ssga.upromise529.com/giveaway). It is open to Nevada residents with children 13 years old or younger. The contest has received widespread media attention and is also being further promoted through social media channels with the assistance of Amplify Relations.

3. **Outreach School/Community Events:** Staff has been busy participating in fall outreach events throughout the state. During August alone, staff participated in **48** events and gathered **443** leads statewide to promote College Savings. The SSGA Upromise 529 Plan has seen positive account growth over the last 3 months largely as a result of these increased outreach efforts. Thus far for September, staff has either already attended or has scheduled **41** additional community/school events to further promote our programs. Some of the past & upcoming events include:
  - KIDS' DAY at the Children's Museum – September 10<sup>th</sup>, Las Vegas
  - Candlelighters Childhood Cancer 5K Run Event – September 10<sup>th</sup>, Las Vegas
  - Baby Fair and Diaper Derby – September 17<sup>th</sup>, Reno
  - Elko Balloon Fest – September 23<sup>rd</sup> Thru 25<sup>th</sup>, Elko
  - Governor's Conference on Business – September 30<sup>th</sup>, Las Vegas
  
4. **Nevada Prepaid Tuition Program:** The 2017 open enrollment period for Prepaid Tuition will begin on November 1<sup>st</sup> and conclude on March 31<sup>st</sup>. Once again, staff is making preparations to print and distribute enough prepaid flyers to be sent to ALL elementary and middle schools students in Nevada during the first week of November.
  
5. **Payday Loans:** Staff held public workshops for business owners and nonprofit advocacy groups to get input on proposed changes to the 'payday loan' statutes. After all sides had an opportunity to weigh in, the BDR submitted by the Treasurer's office includes a 'cooling off period' to help with endless cycle of debt for consumers and the development/implementation of a statewide database to ensure current debt to income ratios are able to be adhered to by lenders.
  
6. **SB412:** A public workshop was held on July 28, 2016 to get public input relating to employer tax credits for employers who wish to contribute to employee's Nevada College Savings Plans. The new regulations for SB412 have been written, and a second public workshop for Prepaid Tuition was held on September 9<sup>th</sup> to seek approval to amend the college savings regulations as outlined in NAC 353B.370. The Official Public Hearing for both plans (Savings and Prepaid Tuition) will be held in early October.
  
7. **Women's Money Conferences:** The last Women's Money Conference for 2016 was held in Reno on August 13<sup>th</sup>. This Mujeres Y Dinero Conference saw an attendance of 48 women, and 24 leads were collected. The conferences in 2016 gave the

Treasurer's Office an opportunity to take a more active role in sharing information on the benefits of saving for college. Staff made presentations, sat on Investment panels at the conference and gave attendees an opportunity to meet with attendees on-on-one to discuss the tax advantaged programs and to learn firsthand what programs could benefit their families saving for higher education. Staff seeks to approve the renewal option of the contract to deliver 5 women's money conferences in 2017.