

Zach Conine
State Treasurer



Members
State Treasurer Zach Conine
Lt. Governor Stavros Anthony
Joe Caldera
Andy Kao
William H. Palmer III
Mary Beth Sewald

STATE OF NEVADA
THE BOARD OF TRUSTEES OF THE
NEVADA EMPLOYEE SAVINGS TRUST

PUBLIC MEETING

AGENDA
MEETING OF THE BOARD OF TRUSTEES OF THE
NEVADA EMPLOYEE SAVINGS TRUST

Wednesday, February 26, 2025 at 10:00 a.m.

Meeting via videoconference at the following physical location(s):

Nevada State Capitol
Old Assembly Chambers, 2nd Floor
101 North Carson Street
Carson City, NV 89701

Governor's Office
Conference Room, 4th Floor
1 Harrah's Court
Las Vegas, NV 89119

Virtually through Microsoft Teams, accessible here:

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Meeting ID: 233 656 570 495

Passcode: 3fE7V4Un

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 Items

1. Roll Call.

2. Public Comment.

Comments from the public are invited at this time. Pursuant to NRS 241.020(3)(d)(7), the Board intends to limit to 3 minutes the time for an individual to speak and reserves the right to impose other reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board is not permitted to deliberate or take action on any items raised during the public comment period until the matter itself has been specifically included on an agenda as an item upon which action may be taken by the Board.

Comments by the public may be emailed to nest@nevadatreasurer.gov by 9:00 p.m. the day before the scheduled meeting and include the commenter's full name. Content may be redacted due to inappropriate language. All written public comments shall, in their entirety, be included as part of the public record.

3. **For discussion and for possible action:** Board review and approval of the minutes of the Board of Trustees of the Nevada Employee Savings Trust meeting held on January 24, 2025.
4. **For discussion:** Nevada Employee Savings Trust operations update. State of Colorado, lead state of the Partnership for a Dignified Retirement (PDR) and Vestwell will provide presentations.
5. **For discussion and for possible action:** Staff presentation on recommendation, and Board selection of Nevada Employee Savings Trust Program Design Elements:
 - a. Auto-escalation cap rate
 - b. Self-enrollment feature
6. **For discussion and for possible action:** Board review and approval of Interstate Adherence Agreement and Vestwell Partner Addendum documents and direct staff to finalize the contract documents with the Partnership for a Dignified Retirement (PDR) and Vestwell.
7. **Public Comment.**

Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(d)(7), the Board intends to limit to 3 minutes the time for an individual to speak and may impose reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board may discuss but is precluded from acting on items raised during Public Comment that are not on the agenda.
8. **ADJOURNMENT.**

Notes:

Items may be taken out of order; items may be combined for consideration by the public body; and items may be pulled or removed from the agenda at any time.

Prior to the commencement and conclusion of 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.

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- **Capitol Building, 1st & 2nd Floors, Carson City, Nevada**
- **Legislative Building, Carson City, Nevada**
- **Nevada State Library, Carson City, Nevada**
- **Blasdel Building, Carson City, Nevada**
- **Nevada Building, 1 State of Nevada Way, Las Vegas, Nevada**

Also online at: [Nevada Treasurer](#) and the [Nevada Public Notice](#).

THE BOARD OF TRUSTEES OF THE
NEVADA EMPLOYEE SAVINGS TRUST

Agenda Item 3
February 26, 2025

Item: Approval of Minutes of the Board of Trustees of the Nevada Employee Savings Trust meeting held on January 24, 2025

Summary:

For approval, please see attached minutes from the Nevada Employee Savings Trust Board meeting held on January 24, 2025.

Fiscal Impact: None by this action.

Staff recommended motion:

To accept and approve the Minutes of the Board of Trustees of the Nevada Employee Savings Trust meeting held on January 24, 2025.

THE BOARD OF TRUSTEES OF THE NEVADA EMPLOYEE SAVINGS
TRUST

MINUTES OF THE BOARD MEETING

January 24, 2025

Location:

Via videoconference at the following locations and on Teams

Old Assembly Chambers

Capitol Building, Second Floor
101 N. Carson Street
Carson City, NV 89701

Governor's Office Conference
Room

1 Harrah's Court, 4th Floor
Las Vegas, NV 89119

Board Members Present:

Chairman Treasurer Zach Conine – Las Vegas
Lt. Governor Stavros Anthony – Las Vegas
Joe Caldera – Las Vegas
Andy Kao – Las Vegas
William H. Palmer III – Carson City
Mary Beth Sewald – Remote via Microsoft Teams

Others Present:

Greg Cloward - Deputy Attorney General, Nevada Attorney General's Office
Hunter Railey - Colorado Secure Savings Program
Courtney Eccles - Vestwell
Kirsten Van Ry – Chief of Staff, State Treasurer's Office
Erik Jimenez – Chief of Policy, State Treasurer's Office
Lesley Mohlenkamp – Deputy of Financial Literacy and Security, State Treasurer's Office
Andrea Feirstein – AKF Consulting
Itzel Fausto – State Treasurer's Office
Veronica Kilgore - State Treasurer's Office

Evelyn Castro – State Treasurer’s Office
Kayla Slaughter – State Treasurer’s Office
Michael Pelham – State Treasurer’s Office

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Treasurer Conine

Alright, everybody, let us begin this meeting of the board of trustees of the Nevada Employee Savings Trust for Friday, January twenty fourth, two thousand twenty-five. We'll make that adjustment in your agenda.
We do not have a time machine.
Let's start with roll call, Lesley.

Lesley Mohlenkamp

Treasure Conine

Treasurer Conine

Hi.

Deputy Mohlenkamp

Lieutenant governor Anthony.

Lt. Governor Anthony

Here.

Deputy Mohlenkamp

Member Caldera.

Deputy Mohlenkamp

Member Kao.

Member Kao

Morning, here.

Deputy Mohlenkamp

Member Palmer.

Member Palmer

Present

Deputy Mohlenkamp

Member Kao

Deputy Mohlenkamp

Member Sewald.

Member Sewald

Present

Deputy Mohlenkamp

Treasurer we have a quorum.

Treasurer Conine

Excellent. And please Mark member Caldera present if and when he is able to join us, we'll close roll call vote public comment from the public are invited at this time.

Are there any members of the public who would like to make comment in Las Vegas?

Are there any members, Mister Palmer in Carson City, or are you in the one man show?

Member Palmer

Well, I have the wonderful staff here, but that's it.

Treasurer Conine

OK.

Excellent. Then if any of them wants to make a public comment it could be a big moment for them.

Member Palmer

No.

Treasurer Conine

OK member.

Member Sewald, any members of the public in the room that you are who would like to comment?

Member Sewald

No, Sir.

Treasurer Conine

All right.

And any members online would like to make public comment.

OK, alright. There will be another period for public comment at the end we will close that agenda item moving on to number three for discussion and possible action. The board review and approval of the Minutes from the meeting held on December 17th, do any board members wish to make an adjustment to the minutes? Otherwise, we'll take a motion to approve.

Lt. Governor Anthony

Stavros Anthony move for approval.

Treasurer Conine

Alright, we have a motion to approve any discussion on the motion.

All in favor, say aye.

Lt. Governor Anthony

Aye.

Member Sewald

Aye.

Member Kao

Aye.

Member Palmer

Aye.

Treasurer Conine

Any opposed?

Motion passes unanimously.

Moving on to agenda number four, a Nevada Employee Savings Trust operations update, including a brief introduction to state of Colorado partnership for a dignified retirement.

Michael Pelham

Thank you Treasurer Conine, Michael Pelham for the record. So, I'm here to provide you just a brief update on the NEST operations.

I'd like to announce that we are finally fully staffed. We have a new member who joined us a couple weeks ago, Program Officer for NEST Kayla Slaughter.

She will be responsible for outreach and ensuring that all Nevadans are aware of this program. She has excellent energy and we're happy to have her and believe she will do a great job.

I'm also pleased to announce that we've completed our data sharing agreement with DETER. This agreement allows us to collect unemployment insurance data from Nevada employers. The state's database will provide us information on all the businesses we need to target. (Caldera enters meeting at 32:19)

We're also exploring data sharing agreements with other agencies to implement a strategy were selecting businesses to target and we realize, we will need to go through this with a fine-tooth comb and take several different approaches.

I'd also like to mention that we're targeting February, March and April for finalizing our forward facing branding and promotional materials.

We've received excellent work internally and we've also reached out to multiple vendors and marketing firms for quotes. We're looking to have primary and secondary logos in February and targeting May and June for our pilot program.

For the pilot program, we're searching for five to ten businesses to join us and hopefully their experiences are going to be great and we're going to use them as you know, kind of mouthpieces for our program going forward and to speak the benefits of that.

So last meeting you voted in favor of joining the partnership for a dignified retirement led by the state of Colorado. I'm pleased to report back that we're currently reviewing the master agreement along with the vessel addendum. These will be submitted to the AG's office for approval, hopefully by the February board meeting.

So we're targeting that meeting so that we can launch our pilot program and start moving. At this time, I'd like to introduce our partners from Colorado and the partnership for a dignified retirement.

We've invited Hunter Riley, who's the executive director for the PDR. Hunter, I'd like to invite you to say a couple words to our board and congratulations.

Hunter Railey - Colorado Secure Savings Program

Thank you. We are really looking forward to working with Nevada and launching the program, Treasurer Young sends his regards as well.

At this point, Lesley, Michael and I discussed introducing myself and providing a quick overview, but we are planning on myself, my colleague Anna Stevens and Courtney Eccles, who is also on this call from Vestwell, on attending the February meeting in person to provide a more detailed overview of how the partnership functions, and answer any questions that the board might have, and we're happy to take any questions right now.

By way of quick introduction, I have been the Executive director of the Colorado Secure Savings Program since it was authorized into law.

I also advocated and lobbied and organized business support for the Colorado Securities program. I've been working on Auto IRA, Policy and business engagement for I guess at this point seven or eight years. We've successfully rolled out programs in Maine, Delaware and now Vermont at this stage and based on everything that we've discussed with folks on your end, we should have a good aggressive timeline, but very reasonable one to launch your program later this year.

At this time, Courtney, do you want to introduce yourself quickly and then we can take any questions kind of field any if there are.

Courtney Eccles – Vestwell

Sure. Happy to do so.

Hello everyone, thank you so much for having me.

My name is Courtney Eccles. I've been with Vestwell since November of 2021. I serve as one of our lead relationship managers and work specifically with all the partner states in the partnership for the dignified retirement. Prior to this, I spent six years as the Executive director of Illinois Secure Choice. Please know these programs are near and dear to me. I'm just thrilled to continue working on them. I think they make such a huge difference. We are excited to work with all of you, Michael, Lesley and the team to launch the NEST program in the coming months.

Thank you so much.

Treasurer Conine

Thank you, Courtney, and thank you Hunter good to see you again. And please give our best to Treasurer Young who is one of my top fifty treasurers in the country. Any questions from members about the partnership or to Colorado?

Member Caldera

This is Joe Caldera I have arrived late. I do have some questions. I'm not sure if now 's the time to go through some of these items or should we postpone. As it relates to some of the details of Vestwell.

Treasurer Conine

I think you'd certainly ask him, and we can always follow up off offline if they don't have it, we'll get into the items in in agenda item number five afterwards. If it's kind of more generic Vestwell questions, certainly feel free.

Member Caldera

In regard to the access code that employers will need to get access to your system. Will that be generated from the state level or is that something Vestwell provides?

Courtney Eccles

That's something that we provide.

So when we work with the state to securely receive the employer data, we'll ingest all that data and create employer records. And part of that process includes creating a unique access code that employers will use alongside their EIN to set up their account once the program is open and we've sent out communications.

Member Caldera

OK.

Thank you.

Courtney Eccles

Of course, Yes.

Treasurer Conine

OK. Any other, please go-ahead ma'am.

Member Sewald

Mr. Chairman, thank you. And similarly to Mr. Caldera, I'm not sure if this is the appropriate time, I do have several questions regarding the marketing and so forth, but I have a feeling that there might be opportunity for us to do a deeper dive on that at another time. Is that most appropriate.

Treasurer Conine

Either way it's fine if you want to touch on them now and then, we can circle back on the marketing later. Cortney might have some sort of immediate thoughts on that front. Or we can kind of collect them all together if you want to give an overview of what you want to hear about, I'm sure Vestwell and Colorado would be happy to come back and explain.

Member Sewald

OK, excellent. Thank you, Sir.

I'll just voice a couple of these questions and then we can determine the best time

to go deeper. In terms of finalizing the branding materials and the vendors and the marketing firms. Is that an official RFP process?

Treasurer Conine

So the state of Nevada already has a marketing contract.

We've gone through an RFP process using an approved state vendor for the marketing and brand creation of the program at the state level. I'll turn it over to Deputy Mohlenkamp if she wants to add some additional color there.

Deputy Mohlenkamp

There's sort of two parts. Is how we look at it. Vestwell, in the partnership will come to the table with certain elements related to marketing and we will work with them. And again, because that's through the partnership that's already established. However, we do have a couple marketing firms that are already in place should we need to do marketing above and beyond what's given as part of the partnership.

Treasurer Conine

And I think within that, Member Sewald within that a piece of the puzzle would be our outreach to businesses Obviously, our partnership with the Chamber and other organizations to make sure we get in front of folks have the materials we need to answer their questions. Kind of all that outreach sort of a lot of it I expect. Courtney, correct me if I'm wrong, will be in some ways powered by or fueled by Vestwell. The boots on the ground will be ours.

Courtney Eccles

That's correct.

Member Sewald

OK.

Excellent. That's very helpful.

And I assume that this committee will, or commission will be able to view the branding materials when they're in a more finalized prior to the pilot program, I assume?

Treasurer Conine

Yes.

Member Sewald

I know that's right upon us.

February, March and April.

That's right now.

Deputy Mohlenkamp

We've had really great results on some of the marketing firms we worked with that we are looking out to do the initial branding.

So we do expect that we should be able to have that in front of the board in the next couple months, again, February, March time frame.

Member Sewald

OK, excellent.

Thank you so much.

Lesley Mohlenkamp

Thank you.

Treasurer Conine

Thank you, member.

Member Caldera

Chairman, I do have one more question.

Courtney, will the Colorado program, which I think is well done in terms of its organization and frequently asked questions and so forth, how much of that will that look like in for Nevada 's program?

Courtney Eccles

Sure. Great question and happy to give kind of a high level answer and then certainly happy to spend more time on this in person with all of you.

So we will have a website specifically for the NEST program along with all of the

different employer saver Pages, FAQ'S and Help Center content.

And so a lot of the content that's related to operations and how an employer logs in, completes registration, that's all pretty identical across the programs because it functions the same way.

So we can really mirror that same content and then what we'll do is work alongside the Treasurer's office team to ensure that the specific things that are unique to your state and your program are reflected in the opening website pages.

So it's really a blend of making sure the program is accurate to the state and the features of NEST and then all the core content were able to quickly mirror and spin up and ensure we have those same resources for your employers.

Member Caldera

OK.

That's good to hear. Thank you.

Courtney Eccles

Of course.

Treasurer Conine

Any additional questions for Courtney or Hunter?

Thank you, Michael.

Thank you everyone else, appreciate it.

We'll close agenda item number four and if we could team, please mark that Member Caldera, has joined us in the middle of agenda item. Let's say at the beginning of Agenda item number four, you missed almost none of it.

Let's move on to agenda item number five, kind of the main work of the day staff presentation on recommendations and board selection of Nevada Employee Savings Trust program design elements.

So what I'd like to do here. If we can, is Deputy Mohlenkamp will give an overview that will move through each individual item.

Let's ask questions on each individual item, and then at the end if we're all copasetic on everything, we can vote them all in together. If there are some that we feel we want to make changes to, we can pull those out and vote on them separately. But we'll kind of, I think get through the whole universe and then go through each.

Deputy Mohlenkamp

Leslie Mohlenkamp Deputy Treasurer, Financial Literacy and Security division.

I'm here today as part of Agenda item number five to provide a brief overview of the program design elements for the Nevada Employee Savings Trust Program and to offer staff recommendations for the board's consideration. In your meeting materials on page twenty-six through thirty-nine of the PDF documents, you'll find the program design elements for discussion today. To give context after the last board meeting, the staff connected with the Colorado led partnership for a dignified retirement, which we are now going to refer to as PDR, just to make it easier as well as Courtney from the partnerships program administrator Vestwell.

And when we reach out to them, we wanted to identify any decisions that needed to be made early to ensure the NEST program can stay on track, to meet its deadline of July first twenty five to launch.

And at that time, we were provided a list of program design elements and these are the elements that need to be determined so that Vestwell can incorporate them for the NEST program structure.

And so this morning, I'm going to walk through our summary, which is in your meeting packet starting on page twenty six.

And I'm going to go through the package really quick to do the overview of what the recommendations are and then as the Treasurer discussed, going through those.

Treasurer Conine

To clarify, I think you can just go through them one by one, but I think from a group perspective, let's talk about the individual items. We won't vote on them until the end.

Deputy Mohlenkamp

Alright, so looking at the very first page of the of the PowerPoint presentation that we had put together, there is a summary of all the design elements that we're going to go through. I'm going to skip past that and go on to the very first design elements. We're going to start off with default contribution rate and so the decision on this item is what percentage of a covered employee's compensation will be withheld when the IRA is opened and most State Auto IRA programs set the default at five percent. And just to give an example of the impact that would have at five percent, fifteen hundred dollars in wages would result in a seventy-five-dollar

contribution. Five percent is our recommendation, and we did want to point out lower default contribution rates. There's a fine balance because lower contribution rates struggled to accrue assets. This is the key consideration for us. We're trying to find that fine balance and five percent is our recommendation.

Treasurer Conine

If a person wanted open the thing wanted to have a one percent contribution rate, they would be able to do that.

Deputy Mohlenkamp

Yes. It can be adjusted at any point in time by the saver.

Treasurer Conine

And they can go up and down too. So, one pay period, it could be one percent. Next pay period could be ten. Is there a cap to the percentage that they can?

Deputy Mohlenkamp

No. As far as the percentage that they want to elect, no.

Treasurer Conine

OK.

Member Caldera

Or is there a cap to the limit of the IRA itself.

Deputy Mohlenkamp

Right.

Treasurer Conine

Right.

You can fill the raw.

Any questions on default contribution rate? Or thoughts?

Member Palmer

Just a quick question. Do you know why the other states chose five percent instead of the normal federal three or four? Do we have any reasoning behind that?

Treasurer Conine

Thank you, Member Palmer.

Deputy Mohlenkamp

We do have Andrea Feirstein from AKF consulting that may be able to give a more thoughtful answer on this. It is my understanding that, the lower default rate is going to struggle to accrue assets, higher default may be difficult for the saver, but I will turn it over to both Andrea and Courtney to discuss any experience they've seen on that.

Andrea Feirstein

Thank you, Lesley. Andrea Feirstein for the record and I will defer to Courtney as being one of the initial executive directors. The programs that were first launched, California and Illinois all began with a 5% default.

The next RFP, I think that came out was at 3% for the state of Connecticut and I think 3%, you know is a tougher rate. It's a lower accumulation of dollars. Almost every RFP that came out subsequently to that went with the 5% rate. So, Member Palmer I'm not sure that gives you a reason for it. I think it's the way the industry evolved, and I would defer a Courtney since she was the 2nd program to launch, and they chose the 5% rate. So maybe she can enlighten us on the reason Illinois chose that rate.

Courtney Eccles

Sure, I'm happy to. We certainly looked at the federal kind of number that was given and actually in the early days had some conversations with folks at the federal level and really learned that 3% wasn't some sort of golden number, but kind of an example that then became widely adopted because it was in, Safe Harbor language and initially Illinois had 3% as part of our statute, but after having those types of conversations and also working with some research groups who I'm now forgetting but, but some survey work that was done that basically pulled individuals to find out if they were more or less likely to participate depending on what the rate was. They really found that there was almost no difference in folks who would utilize a 3% versus a 5% because I think initially there was some concern that something too

high would lead to a higher opt out rate and once, we felt confident that it wouldn't, we landed on what others have said here which is the five it's a very sticky number. You'll see it across all the programs, whatever the default is where people tend to stay, and so the hope was to be intentional about starting folks at something that wasn't too low to create. A meaningful savings, but struck the right balance, so I hope that's helpful.

Member Palmer

Yeah. I just want to make sure people if they join, they stay and weren't worried about their paycheck being deducted too much. So, thank you.

Courtney Eccles

You're welcome.

Treasurer Conine

Thank you Member Palmer.
Member Sewald.

Member Sewald

I don't have a concern about the 5%, but I would just say I think it all comes down to education of the employer and the employee that, is clearly spelled out in the packets that are shared with the employees, once they go to make these decisions and that they do have an option to do more or less or not at all. I think that'll be the critical part in this piece.

Treasurer Conine

Thank you member, and let me just say for basically every member on this body with the exception of the Lieutenant governor and I are counting on you to read this with non-government eyes and say hey, this is not as clear as it should be, we need to make this more specific, or we need to call more attention to the fact or that fact. Or I want to make sure we get the marketing right and that is a real big piece of your role here.

Additional questions on the default contribution rate.

Member Kao

Ms. Feirstein I think this question is probably for you. Do you have data on opt out rates for states that went with five compared to states that did not use five percent.

Andrea Feirstein

The opt out rates there is information available it is limited information, and I think it's early to draw conclusions with respect to opt out rates, whether they're driven or not, driven by the default rate, I'm not sure Member Kao, if that answers the question, we do have, first, Georgetown University collects the Center for Retirement Initiatives, collects this information from the program managers or administrators like VESTWELL that make it available.

So we don't have those rates for everyone. And so, I think it's early to draw conclusions with respect to the impact of a default rate and the opt out rate. Does that answer your question Member Kao?

Treasurer Conine

Courtney might have some additional color here.

Courtney Eccles

Thank you. So just to add a little bit of color there without revealing other states specific data at a public meeting, I can say that at least across the states that we work with, which is 9 right now in operation that are live looking at the full set of current opt out rates. There are two states that have a 3% contribution rate and I would say that the opt out rates are not significantly different across any of the state programs. So to Andrea's point, I can't say whether there's a correlation but across the states, they all sit in a similar range regardless of the fact that most of them have a 5% contribution default rate.

Member Caldera

Courtney, what is the opt out rate?

Courtney Eccles

Well, what I can say is it's right around 20 to 30% across most state programs.

Member Caldera

Thank you.

Courtney Eccles

Yep, sure.

Member Kao

Thank you for that. I think that answers my concern of whether five is too high or too little, I'm hoping you have some insight on what drives that range and opt out rate. If it's not, the default contribution, is there something else that you statistically see any of the other things that we're going to go to on whether it's base fee or escalation rates? Is there something that drives that difference?

Courtney Eccles

I think it's a good question and I think it would go back to what Andrea said that it's still early days for many of these programs. But we tend to see this consistent range. They're not all identical, but they fall within a similar range and some of it may be there's just a certain percentage of folks who don't feel like they're able to be able to save for retirement now. Others may not want to be doing it through their employer or may have their own account somewhere else and so saving into an IRA in the state program isn't something they need to do.

So I think there's a different range of reasons that people have, but I don't know that we've seen any significant anomalies as maybe the way to put it.

I'm sorry, Andrea. I didn't know if you were planning to say something there.

Andrea Feirstein

I wanted to go back on the opt out rate. I do think it's important that we look at opt out rates and again that information is sparse. It's not uniformly reported, but there is a difference between opt out rates. Maybe in those first 30 days and opt out rates over the longer term. So, I think, the number that Courtney has referred to in the 30% range is an opt out rate over a longer period. If we actually looked at the opt out rates again without attributing it to any particular state, but thanking Georgetown for providing the information generally, I would say in the first 30 days it

probably ranges somewhere from the handful of states that are reporting from maybe 18 to about 24%.

So it's a little lower than what we see over a longer period of time is and I hope Vestwell agrees with that sort of view of it.

Treasurer Conine

I see you; Mister Palmer give me just one second. I will go to Mary Beth, but I want to do a follow up question. So, Andrea, just to make sure I'm picking up what you're putting down here, what you were saying is there is some percentage of people who opt out, basically get signed up because they didn't fill out the paperwork, not to get signed up and then immediately get out of the program, right. They never intended to be part of the program people. And then there was some people who then opt out overtime at for some other reason. And of course, I think Courtney 's part, which was made not all the inputs on someone 's decision to retire are inputs that are within our controller in front of us, right?

Like someone could be deciding not to save for retirement because their spouse has a retirement program that's better than theirs, right?

Somebody in the family has PERS or whatever the reason is for them. And so, I think what is an interesting question, is to understand within the levers that are in our control, what makes it more likely for people not to opt out and then what things exist sort of outside of that universe.

Member Kao how do you feel about the answer that you got?

Member Kao

I think we have enough information to say that the five is feels like a safe number.

Treasurer Conine

OK, appreciate that.

Thank you, Member Sewald.

Member Sewald

Yes, thank you so much.

This is not scientific by any stretch of the imagination, but one thing I think it would be important if we're going to dig deeper into the opt out questions. It'll be important to look at the demographics of who opts out, because I will tell you just

among my members at the Las Vegas Chamber of Commerce anecdotally, they will, my members tell me that their employees and it's what Courtney said, their employees don't feel like they can afford to save, especially given their hourly rate or pay or even their salary and so forth.

So whether that's an accurate perception by the employee or whether they could actually afford to save, it's a budgeting question and it just comes down to being as simple as that.

So again, that's not scientific, but that's what I hear all the time from my members.

Treasurer Conine

Thank you, Member Sewald,
Member Palmer

Member Palmer

Yes, I guess this would be a more website technical question for those that are, excuse me, already contributing to a traditional Roth. Is there any language on your website suggesting that they should opt out because they already contributed, and they don't want to do the over contribution penalty?

Like forcing them to opt out because the language is there? Or is that language not present on the website?

Courtney Eccles

We do include language in communications to employees that specifically state, not unique to a Traditional IRA, but for any IRA that an individual may have outside of the program. We can only ensure that participants do not go over the annual contribution cap within the state program. We do have language that says remember your total annual contribution limit is across any number of IRA's that you might have. So that is the language that is provided. The annual contribution cap within the state program.

Member Palmer

That is amazing. Thank you.

I run into too many people that try to open six of them to try to get around the law.

Courtney Eccles

Yes.

Treasurer Conine 1:00:17

Well, we do appreciate their commitment to playing for retirement.

OK. With that, let's close default contribution rate and move on to number two.

Deputy Mohlenkamp

The next program design element we're covering is default IRA, traditional or Roth. The question on this is what IRA option would the covered employee be automatically enrolled in and most state auto IRA programs set the default at a Roth IRA. We do recommend setting it the same way the default to Roth IRA, the majority of Nevada savers will qualify for a Roth and there is an option to recharacterize to Traditional IRA within the structure of that and we can speak to that, but I also wanted to point out that a Roth IRA does allow the saver to withdraw tax free, and that is definitely one of the major elements, especially in the legislation that was discussed which is the ability to withdraw those funds. That's my summary on default IRA, traditional or Roth.

Treasurer Conine

The makes a lot of sense to me.

Member Caldera

Yes, I believe that the ROTHs would be my preference as well, but there is a five-year rule in terms of contribution. So, there would be a penalty if they took money out within those five years.

And I don't know.

Courtney and that and that's something, how is that something communicated as well that members may or participate in regards to the five year rule, there will be a ten percent penalty, correct?

Courtney Eccles

We'll add the caveat that I am not our internal investment expert, but our understanding is that with a Roth IRA, you always have access to your contributions

with no penalty as they are put in post-tax.

To your point there are penalties involved depending on what age and how long you've had the IRA open for any earnings that you may withdraw from your account, and so that with all IRA's, obviously it would be up to the individual to keep track of from a tax reporting standpoint, but going back to what was mentioned earlier. Many of the state programs see the advantage of being able to assure individuals that they always have access to their contributions unit penalty free.

Treasurer Conine

That's right.

And I think that was a big piece of the conversation during the legislative session, making sure that people could create their own emergency fund through this vehicle as opposed to payday lenders or other sort of fourth short term capital.

Member Caldera

any gains in the portfolio would be subject to a penalty, but not access to principle is not subject to that.

I'm not sure can the participants choose the principle?

Do we take out principle first or is it equally weighted?

Courtney Eccles

It would be up to the individual participant when they make a withdrawal to indicate what they're withdrawing, just as it would with any IRA.

We don't provide specific guidance or recommendations on how or where an individual makes a withdrawal.

Member Caldera

I'm sorry I didn't answer the question, or I didn't phrase the question correctly.

Let's say that I put six thousand dollars in, and I earned an initial thousand dollars.

So a seven-thousand-dollar account, but I need three thousand. With a ten ninety-nine will I just get the three thousand dollars. Can I earmark that was part of my contribution or is part of the three thousand including the thousand-dollar earnings.

Courtney Eccles

I believe that is the case, it could be viewed as contributions, but I will defer here as I truly am not our expert on IRA's.

Treasurer Conine

Let's do a follow up on that.

My assumption would be just from other IRA interactions on the raw side that if you had six thousand dollars in it and a thousand dollars of earnings and you take out three thousand dollars, you'll take out three thousand dollars of principal not one thousand dollars of earnings and two thousand dollars in principle. So, it's a worst tax last out situation.

Member Kao

I have a question for you on. I recall the program has a grace period.

Where somebody automatically enrolls, that money doesn't go into an investment immediately what is that bucket in the beginning? Does it go into a Raff immediately, or does it sit on the sidelines until that grace period is over.

Courtney Eccles

Sure. Great question.

So across all the programs this is standard in terms of how it works.

Once an individual is enrolled, you know after that 30-day waiting period, any contributions are going into their Roth IRA. It's the investment structure that the partnership has. And again, it's standard pretty much across the program.

So for a period the money is invested in a capital preservation fund option, and then after the set period the money is transitioned into the appropriate target date. Funds age-based target date fund, I should say.

Member Caldera

Courtney, I believe that's thirty days correct.

Courtney Eccles

Yes.

Member Kao

Yeah, it's.

So just a follow up on that. If somebody automatically joins and it goes into that conservation fund, and they did the recommended seventy-five dollars. This makes ten cents in the thirty days when they withdraw. Would they have to pay taxes on the thirty cents earned?

Andrea Feirstein

To who do you want to answer that question?

Treasurer Conine

Andrea, looks like you're chomping at the bit.

Andrea Feirstein

It's not a withdrawal at that point. It's a transfer from one investment option to the other. The money does not come out of the account, but it sits in that Capital Preservation Fund for 30 days and then it just moves over to its liquidated from that put into the appropriate target date fund.

Treasurer Conine

It is the Capital Preservation Fund, not invested. In other words, is not generating returns for those thirty days. It in investment purgatory functionally.

Andrea Feirstein

And I think Courtney, you would probably be able to do it.

I thought that it was the Capital Preservation Fund, that is, it's an SSGA fund and it's a short-term fund.

So it's invested, but it's got a short-term return. So, we're talking about a cash like investment. But if Brittany, you can address that better than I can.

Treasurer Conine

So, Member Kao's question was it put in seventy-five dollars?

If they popped out in that short term fund of thirty days, they pull it out. It's now seventy-five dollars and ten cents.

Andrea Feirstein

I'm sorry I misunderstood the question.

Courtney Eccles

So if someone makes a full liquidation of their account, then they'll receive the appropriate forms from us on an annual basis that they would use for taxes. So you know, yes. In essence, if there is a limited amount of earnings, you know that they will get the appropriate tax forms to use at tax time.

Treasurer Conine

I'm not a tax attorney here, but isn't there a threshold?

Courtney Eccles

I would assume so, but above my knowledge on this.

Treasurer Conine

Member Palmer, brings us into the light.

Member Palmer

Oh no, I wasn't going to answer that.
I'm no tax expert.

Treasurer Conine

Ah darn it.

Member Palmer

Not legally allowed to comment on taxes, no question. If a member, excuse me, a participant creates a Roth IRA, has a contribution for a couple months and withdraw. There any account closing fees or is that just waived into the general program fees of the fee based?

Courtney Eccles

We do not have any fees for closing the account. We do need to make sure that an individual has a bank account on file for us to transfer. I believe there are instances in which you may have individuals who are not just liquidating their account one time and being done with it, but making multiple withdrawals, doing so by paper check.

There are fees for paper check if that is happening on a recurring basis, but no there's no penalty for closing an account in a program.

Member Andy Kao

I think really what I was asking is so there is that fifteen, twenty percent that immediately opt out and do we create some sort of for this pool of employees extra tax headaches for them for that very small period of a program that they did not want to enroll in and now they get a form from you and they have to go figure out what to do with this. If they even file taxes appropriately or not.

Courtney Eccles

This may not be a preferred answer, and we can certainly have a broader conversation as I'm happy to chat with our team. I think at the end of the day these are individual retirement accounts and so by federal tax law, there are, things that any state program cannot get around, and so part of the intent of having the dollars initially in the capital preservation is that you mostly are maintaining initial investments as opposed to seeing huge earnings.

So that if you have those folks as you're speaking to who you know have a single.

A single payroll or even 2 payrolls that go in, they could make the they could make the withdrawal of their contributions only if they wanted to.

But yes, at the end of the day, if there are instances in which someone makes a withdrawal, that includes potential earnings that they would need to file those forms appropriately.

Treasurer Conine

And we can certainly follow up with the other participants in this plan and others to see how they handle that because I expect there's not a lot if point five tax bills getting sent out like they've sorted it. Or potentially we could pass for the first month, them going to an account that literally did not create any interest right where the interest was not passed through to the recipient plus or minus, I suppose.

OK. Any additional questions on default IRA, traditional or raw?

All right, auto escalation.

Deputy Mohlenkamp

So the question here is, should savers have their contribution percentage increased yearly? yes, or no?

So just to give a little bit of context on auto escalation this moves eligible savers up one percent annually until they hit a maximum rate, which we will talk about the maximum rate next, but for now, should we increase yearly? Yes or No. It does occur annually, usually, and again in coordination with Courtney thank you for the information it's usually in the first week in January, and it only applies to savers that are in the program for six months or more.

Most Auto IRA programs set the default at yes, and we also recommend yes to auto escalation does provide the saver and opportunity to save more, which is absolutely the intent, and the saver can always go into their account and turn it off or change it. So that's another important element that we would emphasize heavily, to Member Sewald's point. Turning it over to you for any questions.

Treasurer Conine

Members any questions?

Member Kao

Courtney, one more similar question to you is with the states that you have, do you see a drop off or you know unenrolling at certain escalation percentages?

Courtney Eccles

Yeah, it's a great question. And we do have a little bit of evidence here because obviously so many of the states have launched just in the last year or two. They've maybe only experienced auto escalation once at this point. But there are a couple like Oregon that have had it for a few years. And so, what I would say is we send a communication to every saver who is eligible for auto escalation near the end of the year, just as a reminder, this is coming. If you don't want it, you can turn it off in your account or you can call and then we do the auto escalation.

So I will say I don't have the numbers in front of me. We'll be able to share the numbers in many of the state board meetings this first quarter of this year for auto escalation from 2024. We see a few folks who drop off, but by and large, as with any default that you said, you'll find that they're really sticky. And so, a good percentage of folks stay in and don't make that change and continue to utilize the auto escalation year after year.

Treasurer Conine

Courtney a follow up Is it with programs like this sometimes any communication can lead to drop off people have sort of forgotten about it and then they get a message that something's increasing or decreasing.

The plan is changing slightly is that do you see a different level of drop off between? That's auto escalation and say just any other communication that reminds somebody that they're in this program.

Courtney Eccles

Yes, they're quarterly statement or annual statement to your I have not looked at that. So, I can't answer specifically I we can see for the folks that we sent to communication to on auto escalation. We can see who opted out of auto escalation only, right. Who actually maybe increased it or lowered it, so made a change but stayed in and then we can see who opted out of the program entirely.

I would say the latter is a is a really small number.

If anything, it's usually people who go in and we'll just make a change to the auto escalation itself or turn it off.

It doesn't usually lead to a significant number of I want out of the program.

Member Kao

Courtney, one more question for you.

Have any state implemented an auto escalation based on income. For example, somebody who makes forty thousand dollars a year and one more percent increases big is a substantial difference to them in in what they have remaining versus somebody who makes a hundred thousand dollars a year.

Courtney Eccles

It's a great question. Unfortunately, the programmers are not privy to individual income levels for participants we only receive contributions from businesses, unlike maybe a qualified plan where an employer provides a lot more information, it's not information that's given about each employee. So not something that we can do. In all cases, the state programs are set up to have you have auto escalation have a max percentage.

That doesn't mean a person individually couldn't go higher than that, but to sort of

try to find that balance of overtime helping people grow and I will say it, it does only happen once annually and it's only after you've been in the program for six months. So the idea is for people who are familiar with or who haven't just entered into it.

Member Kao

Thank you.

Treasurer Conine

Any other questions from Members on this item of auto escalation?

Member Caldera

You specify that this program, the escalation, would happen annually, first week of January and only applies to savers in their program for six months.

So, someone who joined I guess in August I guess would not be escalated until that following year.

Deputy Mohlenkamp

Yes, that's correct.

That's my understanding from Courtney, we give them some time to accumulate.

Treasurer Conine

But could manually escalate whatever they want to.

Member Caldera

Yes, I think that's a great feature.

Treasurer Conine

OK.

Let's move on to auto escalation cap rate.

Deputy Mohlenkamp

So the question on this is what percentage will be auto escalation cap out, most State Auto IRA programs set default at ten percent. There are a few states at eight percent. And our understanding is this is to appeal to low-income savers.

We do recommend that ten percent auto escalation cap rate, though we do want to encourage savings pre-taxed as much as possible.

And again, this goes back to countering that with a heavy emphasis that those savers can always go and turn it off or change it. So, in allowing for more of that savings, we counter that by making sure we have a very robust communication effort to make sure they. They can always turn that off or change it.

Member Palmer

First thing, I believe that's a typo. Roth contributions are post tax. That way they're allowed to be withdrawn pretax or traditional. So, if we are recommending a Roth IRA, it's not pretax and I believe we can't do pretax. And second Mike told me that we're waiting on data to know how Nevadans are doing and our average income, and that'll take next month. Is there anyway that we can decide this without deciding on it today based on what's best for Nevadans, once we have that information, rather than making determination today.

Try to put it through record.

Treasurer Conine

Mechanically yes.

Help me understand that data and that decision point.

OK.

Member Palmer

So let's say the average Nevadan that would sign up for this program annual income is fifty grand. If we cap at ten grand, that's five thousand dollars great for right now plus inflation, if we happen to say and very unlikely that it's eighty grand. Well then, unless they're over fifty, they wouldn't be able to do a contribution.

Or we may want to put a higher cap to encourage them if they're in their thirty thousand to have more savings, like maybe put a cap at fifteen to encourage more savings for retirement.

OK.

Until we know the income, we really want Nevadans to have the most for retirement.

Treasurer Conine

Member Palmer, thank you.

I think I understand your question and to clarify, Deputy Mohlenkamp, we're talking about the cap of the auto escalation, not the cap of the program itself.

If someone wanted to go in there, Courtney, Andrea and Megan, twenty percent of their earnings, they could do that. Up until within the standard caveats of rough contribution limits and yada yada.

This is simply where if someone sets it and forgets it.

Where would their auto escalation stop? And so does the information that you're waiting on from Michael help you with the umm.

Where to stop the auto escalation?

Member Palmer

Yeah, well, every state has a different workforce.

Sure.

And our average income of an average Nevadan. I really want this program to work for implementing it and not someone at the end of retirement having very little in here, so I think we should least have a rough idea of the average income of someone that be participating in this before we set a cap. So that way we can maximize the plan most efficiently.

Lesley Mohlenkamp

I do want to emphasize, and this is just across the board on these elements.

That this board can come back and change this at any time. So if you are looking for actual data and as we start to implement the program or even if it's right before we implement the program and we have much better data on our actual.

Participants, we can always make come back and make a change on this.

If the board felt this was not this starting point needed to be adjusted.

So again, just that's for your consideration, we do have the ability to make those changes.

Treasurer Conine

And deputy, let me ask, this default does that if we were to pump that to the next, that what item so far to the next meeting?

That goof anything up from a timeline perspective on implementation?

Deputy Mohlenkamp

It's in fact one of the reasons we wanted to make sure this was on the board agenda for today is because we wanted to make sure if there were any sticking points, we had time to resolve them by the next meeting.

Treasurer Conine

Great. OK. Member Palmer let's get you the information so you can feel comfortable there.

Thank you.

Andy Kao

Deputy Mohlenkamp, I think this is a question for you and it might be obvious and I'm just not seeing it. Why is there a cap on how escalation? Based on limited data no one really drop off, why are we capping it?

Deputy Mohlenkamp

I think at this point and I and I hate to do this to you, Courtney, but I'm going to take it over to you because I know when we were given the program design elements, we know we must do this. Courtney will be more thoughtful and educated on this answer.

Courtney Eccles

Sure. Well, I'll try.

It's an interesting question. I don't know that we've ever gotten it before, and I will say to a certain degree, I think some of it comes with despite knowing that defaults are sticky, I think there is a general sense that at some point continually escalating may feel like too much.

And so having some cap, albeit one that that you know, maybe like a 10% that feels pretty good and pretty aggressive. It at least ensures that you've got that set and, I think to the point that Miss Mohlenkamp made that will take five years before the program assuming you start at a default. And so that would leave plenty of time to kind of see what the savings behaviors are the average account balance. Continue to monitor the average income of your participants at the state level and make changes from there. I think there is a general sense that having some kind of cap and not leaving an open indefinitely gives a little bit or to that default component.

Deputy Mohlenkamp

And to add to that, just from a mass perspective. It probably does give a little bit of comfort for a saver coming in, especially on the lower income side that this is not going to go on forever and consume my income. It may also be a method of giving the peace of mind.

Treasurer Conine

Any additional questions on auto escalation cap rates? Thank you, Courtney, Let's move on to the State dollar-based fee.

Deputy Mohlenkamp

We've always referred to these as a state dollar-based fee knowing that this is the amount that would come back into Nevada to help with operating costs.

It's the fees that's going to sustain our program, operating costs or offset them depending on where we're at, and Nevada can choose any dollar amount in making a choice. This we looked at the partnership for dignified retirement partners. So again, the other partners that we have are Delaware, Maine and Vermont are all at four dollars.

We do recommend staying with this four-dollar state dollar-based fee. We feel the four-dollar amount is a fine balance between getting those operating costs back to Nevada or revenue to Nevada, but also making sure that we're not burdening the saver too much.

So again, balance between saving the fees for the members and paying the NEST operating costs. This again as emphasized in in the prior items, this can be adjusted by the board at any time. I do want to go ahead and move on a couple more slides here on this topic because these were absolutely involved in our decision making here.

This next slide shows a state comparison of what other state dollar-based fees are. There's a couple things that we wanted to point out, when you're looking at these other state fees, we have Illinois, Oregon and California were early adopters. You can see that their total fees in their structure are a little bit different from what we're seeing more recently. You know you can see that their total fees in their structure is a little bit different from what we're seeing more recently.

But you can see that the recent adopters, which is our Connecticut, Maryland and so on, the recent adopt state dollar based fees ranged between two dollars and six dollars.

And the recent adopter 's total fees and again this is what the cost would be to the saver ranges between twenty-two dollars and up to thirty dollars.

So in taking a look at this, you'll see that the Partnership States Delaware, Maine and Vermont, and we apologize we do have an older slide from July here, but Vermont is also included they are all set at four dollars, so we just wanted to point that out and then in taking a look at the next slide we wanted to make sure we were aligned fairly with the cost to the participants. So again, using analysis that AKF provided back in July, this was a great way to look at the state comparison.

If you had a fifteen hundred dollar account, what would be the cost to that saver? And so again, Illinois, Oregon and California, they're early adopters they do have the lowest total cost to the participant at less than twenty four dollars for a fifteen hundred dollar account.

Nevada, however, would be similar at the four dollar amount they would be similar to Maine in Delaware here on this chart at an estimated thirty dollars and thirty five cents for a fifteen hundred dollar account.

I do want to point out in general, that when the partnership reaches the breakpoint on the number of accounts they have collectively it is expected that there would be a two dollar per account reduction for the program administrator fee.

So again, at that point in time, it could be decided what this extra two dollars. So, if you want to reduce that fee for a saver, it could be put towards that.

As we stand right here and now, it would be around the thirty dollar and thirty-five cent amounts for a fifteen-hundred-dollar account.

And then our last slide here, we talked about the dollar-based fees and how it helps to cover the projected revenue for Nevada. So the projected revenue, if we were to select a four dollar amount, this is the revenue to sustain the NEST program operate or offset the operating cost for the program.

The projections are very much preliminary because, again, we need to have our actual data to see how many accounts we have in the total universe.

At a four dollar state dollar base fee, it is expected that Nevada would collect an estimated forty five thousand per year for every ten thousand accounts.

And this would be based on a one thousand dollar account balance. Again, we thought that was a fairly reasonable amount.

So really, when it comes down to it, the most important thing is, is that if we could reach seventy thousand accounts as quickly as possible with a thousand dollar average and that would be the program goal, it would help to address any general fund loans, so that would be a fair goal for us to be able to say that we can start, you know effectively paying, you know any of the cost or loans that you've taken from the general fund down so.

Treasurer Conine

And as a reminder, this program is paid for with loans from the States General Fund. And so, first biennium with a loan from the state 's General Fund we must pay back. There's no interest, which is helpful when you throw both sides of the transactions.

Lt. Governor Anthony

How much is that?

Deputy Mohlenkamp

The actual amount for our first year was low because the program is still launching. It's approximately six thousand dollars. But as we get into this year and again off the top of my head, it's about five hundred and eighty-five thousand dollars that will be used this year for launching.

Treasurer Conine

And so, and then ongoing maintenance, right, but this is how we pay for marketing. This is how we pay to make sure people understand what's going worse. And so obviously our goal is one to get sustainable where we can go off the loan mechanic. We're requesting another loan during this session, which shouldn't be a surprise to anyone. Obviously the lower this fee is, the longer it takes for us to get to break even the longer it takes for us to get to break even the longer it takes for us to pay back that loan.

Lt. Governor Anthony

I don't understand four dollars. Who's paying the four dollars? And is that four dollars a year that a participant would pay.

Deputy Mohlenkamp

Yes, that is correct.

Lt. Governor Anthony

So, I open an account, I put money into it and four dollars comes out of that account every year.

Deputy Mohlenkamp

Yes, I think if Courtney is still on the line, she can clarify.
I believe that may be quarterly.

Lt. Governor Anthony

Because it says thirty dollars. It's got fifteen, so I'm not understanding what exactly the participant is going to pay us a fee.

Deputy Mohlenkamp

That's a great question. If you look on the very first slide where it says. State dollar based fee and if just for simplicity sake, let's go ahead and look at the Colorado one and I know I apologize because it's a little small print there, but. You will see that there's various mechanisms under this Colorado, Maine and Delaware, one that column.

What you're seeing is each one of these areas is a place where we collect a fee from the participant, and so if you look down in sort of the beige area, that's what we're really talking about right now because the program administrator charges twenty two dollars and then as a state would charge four.

So we'd be getting to twenty six dollars right there and then we do have asset based fees that are percentage based fees that would be on top of that.

And so, when we give this sort of projection on the next slide where we're saying. If somebody had a fifteen-hundred-dollar account, this is what we would estimate they would pay with all those fees collectively totaling up.

Treasurer Conine

And I'm sorry. Can we clarify, is this quarterly annually Courtney?

Courtney Eccles

So, the fees are collected quarterly, and they are prorated. If you happen to have your first payroll funded, your IRA in the last month of December, you're not paying a full quarterly fee. The annual picture, but they're assessed quarterly that the dollar-based fees are assessed quarterly.

Treasurer Conine

And so the four-dollar state fee is one dollar each quarter or four dollars each quarter.

Courtney Eccles

My assumption for the other states I should say so for the three states that have these yeah, it's a \$4.00 total. So, it's \$1.00 each quarter.

Lt. Governor Anthony

That's an annual number. So, if you have three thousand in your account, it would be sixty dollars.

It does go up.

Treasurer Conine

Yes, but it wouldn't go up directly like that.

Just use Colorado, for example, or Maine or Delaware. Twenty-two dollars to the program administrator, that goes to Courtney or Vestwell, but I assume Courtney gets most of it., and it doesn't matter how much money 's in the account, then four dollars for the state doesn't matter how much money 's in the account.

And then the percentage is above those basis points above underlying funds. The state cut the program administrator cut, but that point two, two five percent of this page. So, these guys right that point two, two, five point three, two so.

Point two and a half BEPS or thirty-two BEPS that is based on assets.

Also, you have thousand bucks, right?

If you have two thousand bucks, double that. If you have three thousand bucks, it triples that. Anybody disagree with that?

Deputy Mohlenkamp

It definitely goes up and down.

Member Caldera

Let me just clarify.

So, there's five basis points because there's both a base fee of the four dollars per year, a dollar per quarter and then there's an acid fee on top of that, which is five percent that codes back to the state correct five.

Treasurer Conine

Five basis points.

Deputy Mohlenkamp

Yes, correct.

Treasurer Conine

You said five percent.

Member Caldera

Five basis points and then the fifteen basis points go to Vestwell.

And then there's an underlying investment fees that could range depending on what they selected. So, whether it's a targeted fund or whatever, that would add, you know to it, but the state will get the five basis points savers choice in addition to.

OK. And so the two dollars comes in play with reducing the four dollars, is that what we're talking about reduce four dollars if there's enough.

Maybe you'll talk about it next about how we get there or it's just a matter of once we get to the general funds or once the funds in the general funds are being paid, that's when there's a reductions.

Treasure Conine

So the two dollar the trend for like the two-dollar reduction is based on the number of accounts that have been opened.

So that's like a that's a that's a growth thing. If we get to a certain number then vest well, Courtney takes two dollars less.

And then we can either choose to move that two dollars into the state side, moving the state side to six dollars cause function would be the same amount two they participant, but then the state would be able to retrieve more of that money and pay back its loan earlier or we could give those two dollars back to the saver, or some combination of the two, right. OK.

So basically like there would be a savings to the individual whether that savings was passed on to the individual would be a choice for the spot, OK.

Member Caldera

OK.

I missed that so Vestwell would collect the twenty-two dollars as their base fee and then in addition to the fifteen basis points.

Treasurer Conine

Member Palmer, thanks for being patient.

Oh yeah, of course for those of us that aren't professionals in the finance field, is there any way we can get some slides that explains to the people that are listening online what BEPS and bases are and how these fees are broken down?

Because nowhere on here doesn't say it's an annual fee, just for clarity, for participants and those interested or terminology please.

Treasurer Conine

For sure.

And I think we're going to have to part of our part of our education process is going to be showing what happens, as we've done with the comparison of you know you have a thousand bucks. Here's what you're paying, right? I would I think all this kind of question for the board right there might be a question amongst board members where that money 's going.

So we know that the individual participant is going to care so much that they're paying the underlying fund costs, and then Vestwell, they just need to understand what it costs to them.

Deputy Mohlenkamp

That's correct.

Member Kao

Miss Mohlenkamp, and I'm going to put you on the spot. I know you probably don't have this answer ready. Since we know a guy in the Treasurer 's office and we don't pay interest on this loan. If you can help prepare, maybe for the next time around where to breakeven point is, when we can fund this program with a zero, one, two, three, four-dollar state-based fee and fund it purely based on assets compared to.

Treasurer Conine

Where does the break even come.

Member Palmer

Because I think going back to the point of part of the mandate of, you know what we must pay it back, right, encouraging savings and the less fees that we can take away from folks.

General, these spur a little bit more interest in savings.

Treasurer Conine

I mean, back in napkin, right?

The asset base part of the fees, such a small number relatively right.

If it's seventy thousand accounts with a thousand dollars in them is sort of the target right at four dollars. So, if it's two dollars and it's a hundred and forty thousand accounts with a thousand dollars in them. If it's one dollar, it's double that, right?

Deputy Mohlenkamp

And again, we knew at the four-dollar amount that we're going to be collecting approximately forty-five thousand dollars but if you move it to five dollars it's approximately fifty-five thousand dollars.

If you move it down to three dollars, it's approximately thirty-five thousand dollars.

The asset and us looking at how much does that bring in to help offset cost.

So again, in the decision making on the four dollars, you know, we do feel like a three-dollar amount. You know for only collecting those thirty-five thousand dollars that's per every thousand ten thousand accounts.

We feel like this is going to take much longer. But the five-dollar amount again, now

we're sitting at approximately thirty dollars, but a saver is going to pay. If we select the four dollars as you start to get that incrementally up.

Now it's thirty-one dollars, so we feel like it's a very good middle ground. One of the reasons why I have been emphasizing this so much is that if we go at any point in time and this program, especially you know our team we're very heavy on the analysis part of this and right now we just don't have, you know, super good data. But moving forward as we start operating the program.

If we determine that this is moving it too slow of a pace, or you know, whatever to pay back that that general fund loan, we would absolutely come to the board and say we believe we need to increase that dollar base fee.

And so, in order to make it a very middle ground, we feel the four dollars, you know, gets us enough to be very reasonable in paying that off. But also, isn't going to put a burden on the saver. Those are the two levers we've been trying to keep in.

Treasurer Conine

I just did a little math in my head.

It's about assuming there are our acquisition rate is similar to Colorado 's and Hunter.

It's about assuming there are our acquisition rate is similar to Colorado 's and.

I'm sure you can give me better information here, but feel free not to just because, I'm doing mental math and that's not really a thing I need to fact.

So uh, but I appreciate you treasuring working on Paul would have absolutely, you know, qualms against correcting a minor mistake in what I'm about.

It's about two and a half dollars a year. So, every dollar we move it down will take another two and a half years to get to the payback and I from a from a Treasury perspective, speaking as the person functionally managing the no interest loan. I think my goal would be charge what we can charge to not be overly burdensome.

Get the program sustainable payback the loans and then look towards cutting fees, which will help all participants and the ones that worry. If at the beginning help them and it'll help the ones that they get into it later.

Because if we run into a place where the state is in an economic downturn, the loan can be cancelled and the program just goes away.

If we get to a place where the legislature has to choose between, say, this and paying for teachers, NEST will just fold.

And so the sooner we get to sort of self-sustaining where we're like paying for the things that we need ourselves, the more sustainable this program will be long term and I think that the worst outcome for the state would be we do this for a couple of years and don't get it to sustainability and then it just vanishes and we've got a bunch of, you know zombie IRA's floating around out there that can't be added to. That's our take from a Treasury perspective, we'd do the math a little better than what I just did.

Hunter don't do it.

Hunter Railey - Colorado Secure Savings Program

Going to jump in and say, the state funding for Colorado, for instance, where working from a general appropriation right now, and that gives us some flexibility. But we also have an aggressive fee cap in Colorado why we do not collect all our base fees, but that pressure is uniform across state programs to get the sustainability.

I'm not going to check your math and Treasurer Young is not here to embarrass both of us. I will say the reason we are really looking forward to partnering with Nevada, continuing to speak to additional states that are going to be coming online is that this \$4.00 that you're discussing, and other fees becomes easier. We have the break points in our contract with as well as you probably saw with the materials we submitted. The quicker we scale and get to these break points; the saver fees go down on the Vestwell side.

And then the final piece that I would just simply add is that and I don't want to get over too far over my skis here and annoy Andrea and Courtney. Given the services that are provided to the individuals with these accounts, even with the state fee that you're discussing right now. You're we did a survey of IRA fees and what folks were being charged relative to like the services that were being provided and basically what was in them. These IRA programs are kind of roughly in the mix of theirs, obviously a bottom basement of what people are charging, but given the fact that you're setting defaults, you're providing some oversight over the accounts. None of these charges are excessive or egregious. When you'd in the broader context of other IR as that are being offered in the market.

Treasurer Conine

Thanks for that color, Hunter.

Also just functionally right a one dollar charge a quarter or a seventy-five cent charge a quarter, dollar twenty five cent charge a quarter if that's the thing that's breaking the saver then there's another problem, right.

No one 's going to get a dollar charge and be like, oh, that's a problem.

Any other conversations on or thoughts on the state-based dollar fee?

OK, self-enrollment feature.

Deputy Mohlenkamp

Self-enrollment feature. Will the NEST program allow an individual to go to the website and enroll in two nest and that that's our summary of what this is.

We wanted to know the feature is used mostly for nontraditional workers, private contractors and non-covered employee employees.

Most State Auto IRA programs set the default at yes. We would like to have as many people join even if they do it electively. We recommend yes, again, this potentially increases the number of participants especially for non-traditional workers.

And that's my summary of the self-enrollment feature.

Member Caldera

Courtney, I know that the site encourages an EIN number for, but as someone who is self-employed would it work similar the same that they would just use their social?

Courtney Eccles

We have basically a self-enrollment functionality that we can flip on or flip off depending on whether you choose to utilize it.

And so it's totally unrelated and unconnected to any employer. It would be just an individual coming in and providing the information they need to provide to open an IRA in the program. They can add their bank account they can also set it up to make regular contributions as they see fit.

So yes, it'll utilize an asset, we will collect SSN as that as one of the pieces of information required to open an IRA, but they'll basically just set up the account directly with the program as opposed to having it done via an employer structure.

Member Caldera

So it's separate site then, correct?

Courtney Eccles

It would all be part of your website. There's a way to toggle and say I'm coming to open my own account versus I received a notice via my employer, something like that. That's not quite the right language, but we've got a track, so people who are coming on their own are able to go right into that self-enrollment flow.

Treasurer Conine

And then functionally, that self-employed or whoever was opening because, it might not be a self-employed person. It could be somebody who has a 401K at work, but they don't trust the administrator, or they who knows right for whatever reason they want to do. Then they would just make deposits into that account however they wanted. They could set up like a recurring deposit or they just one-time deposits or just have some flexibility on that front.

Courtney Eccles

Correct. You can't open and just have it sit there with nothing in it, right? So I think initially you can open it up and if you set a reoccurring deposit even you know \$5.00 a month that's fine. If you don't want to make a connection, then you need to have an initial deposit so that there's something.

Treasurer Conine

Could we add this later to the program, also can you turn it on and off whenever you want to?

Courtney Eccles

Yes, it is something that if you chose not to have it initially, we could. We could add this functionality at a later point.

Treasurer Conine

I think additional options for folks are good, if we have the ability to give them the education that they need, and we can message both at the same time. We're not taking on more than we can do. We know that there's a legislative interest in having individuals who are self-employed or Uber drivers or whatever to have

access to this sort of thing.

So I'm in favor of it.

Member Kao

Courtney. For someone who has multiple employments and or self-employed, do they see all this together? They work at two grocery stores and grab an Uber.

Courtney Eccles

So that is one of the things that comes with the platform functionality. Individuals will always have a single sign on point, so if you happen to be connected through multiple businesses to your single IRA, you'll see that together. Most people you wouldn't do self-enrollment if you already have an IRA. What you would do is be able to go in and add your bank account and so in addition to contributions you might make through one or multiple employers, you could also decide hey, on top of that, I'd like to put an extra \$20.00 a month in and. You can set up those additional recurring contributions. All of that is in one spot. You have one login to access it.

Member Kao

Thank you.

Treasurer Conine

Good question.

Any additional questions on the self-enrollment feature?

All right.

Deputy.

Deputy Mohlenkamp

Moving on to age of eligibility, this one was pretty straightforward because the question is what is the minimum age eligibility for the NEST program?

This is actually in statute, it's a legislative mandate that we have for this.

A covered employee means person who is at least eighteen years of age.

So we will be setting the minimum age of eligibility for the nest program at eighteen years of age unless something changes in the legislature, which I don't think it will.

That summarizes age of eligibility.

Treasurer Conine

Any questions there before we move on?

Follow the laws is a good choice.

Deputy Mohlenkamp

Alright. And moving on to exemption reasons, this also falls in line similarly, what exemption reasons are included.

We do know that the exemptions are typically standard across most states.

What we would be looking to do is to recommend any exemptions aligned with the statute NRS 3503D. We would look to all the legislation there to make sure any exemptions align. I gave some examples here, there is a provision where an employee must be employed by a covered employer for not less than one hundred and twenty days. That would be a reason someone maybe would come into the program being exempt for a little while, until they're not. Another exemption would be for an employer has not maintained a tax retirement plan for its employees. The provision or has not maintained a tax favored retirement plan for its employees or has not done so in an effective form, in operations at any time within the current calendar year or three immediately preceding calendar years, this right here determines what our exemption would be for the employers.

So I hope that explains how we would be aligning any exemptions with NRS but happy to answer any questions on that.

Treasurer Conine

And so within NRS 3503D the specific sections are the definition of covered employee which is spot of sixty. So NRS 353D.060. or 353D.070, which is covered employer so that who is an exempt employee is covered in the statute who is an exempt employer, is covered in the statute and the recommendation here is that we follow the statute.

Deputy Mohlenkamp

That is correct.

Treasurer Conine

Right. OK, perfect.

Any questions on that?

Member Caldera

Are we looking at the year-end W-2's to determine you know whether they're over that five-employee exemption or is it that any point in time if they reach six that they need to be covered?

Deputy Mohlenkamp

I think that is part of the process that we're going to be creating.

We will be looking to look at other States and see what their practices are.

Obviously we don't want to reinvent the wheel if another state has a particular practice. Again, being in a partnership, I think that's one of the benefits because we can ask our partners how they're doing it. We do intend on having and I believe most states set up an annual base basically annually if it's new employees, they do a sweep through to see what changes have occurred and if they need to approach and reach out to the employers.

Treasurer Conine

Two things. If an employer tries to employ an employer had four employees, some parts of them that employees another part of the year and they wanted to join the program. Nevada, unlike some of the other states they are in, this partnership like this doesn't collect tax information from employers in the same way.

We don't necessarily know how many employees they have at any given point in time depending on what type of company they are in, yada.

So I think this gets back to Member Kao's consistent refrain as well.

Which is how do we make sure that people are, participating in the program that should be participating in the program. I expect it'll be a combination of education and then down the road, regulatory enforcement wherein someone is functionally saying my business does not qualify for this because I have four employees and attesting to that under penalty of perjury.

Member Palmer

At the end of the year is that if they're at four employees and they're at seven at the end of the year, then.

Treasurer Conine

Yes. The Statute does not discriminate between those two things. Differentiate between those two things. What we'd have to do is work with the Attorney General's office. Understand. OK, in other places where it says someone with more than five employees how is that calculated is it if you ever tip over five, then suddenly, you're a is it when you're over five but then back down and I expect there's a fair amount of case law on that. And so, we'll get a little smarter.

Member Palmer

That 'd be great, thank you.

Member Kao

Lesley I have a question for you on two parts.

One is are there any tax favored retirement plans that do not require all employees to have access to it, or are all taxpayer retirement plans by default, all employees. So, if a company has it, but not all employees can access it, where do they sit in this bucket.

And secondly, if there is a waiting period for employee to join and it's longer than a hundred twenty days where they sit in this requirement.

Lesley Mohlenkamp

In answering the first question, I think it absolutely is going to be the way we collect our data and be able to look at it where we would be able to make those determinations I think we're a little early on to talk about sort of how we would do that, but it absolutely is part of what the legislation requires.

So one of the things definitely, operationally we look at is what is in statute first and foremost and we want to make sure that that's being adhered to. So, a lot of times, if you end to the Treasurer's point, some things get tricky.

You know, so you must figure out how to make sure you're aligning with that.

So I hope that that answers or at least kind of addresses that first part.

Your second question, could you repeat that one?

Member Kao

If they're a waiting period for our employee to join a 401K that is greater than one hundred twenty days.

Where does that qualify the employer for that exemption? Or must they now offer a retirement plan available?

Deputy Mohlenkamp

Right. I think again, we would look to make sure it aligned with the statute first and foremost, but I do think that's a process that needs to be put into place as we start to reach out to each individual employer and make sure that if they're in a flux state, we want to look at that and make sure it aligns with the law. I know one of the things that and again, Courtney don't want to put you on the spot but would be something that's not unusual for any other state that's participating because many of them do have requirements similar to ours legislatively. I believe you probably have mechanisms to help with that.

Courtney Eccles

So yes, it's a great question and well, fortunately or unfortunately, I suppose depending on how you look at it, this is absolutely a consistent issue across every state program.

All states have very common set of exemptions, your traditional employer sponsored plans as exempt those would be businesses that are offering their own qualified plan. So they're exempt from the state program.

I will say that those are all governed by ERISA federal law for qualified plans and at this point in time, no State Auto IRA program has ever had caveats where the State Auto IRA would apply to any business that offers a qualified plan.

So specifically to your question, yes there are federal rules governing who is eligible for a 401K at a business.

I'm not an ERISA attorney, it may depend on tenure, their number of hours worked, things like that's all federal rule.

If you have a business in Nevada that has a 401K, they will be able to indicate that they are exempt and unfortunately there isn't much right now that State Auto IRA

programs can do to support workers whose business is exempt, they can always use self-enrollment, right? The treasure may have spoken to that earlier. That's why states have it often.

Treasurer Conine

One of the things that will be in front of us is the process to basically work with employers to define themselves as qualified or not qualified.

So we know who they were, who we must integrate with, who we don't have to integrate with that's a real that's a piece of work in front of the spot.

Member Caldera

Thank you.

Treasurer Conine

Any other questions on exemption reasons?

Functionally what we see in just anecdotally in other programs, right.

Is that as we start, we'll come with some of the situations in this room.

Courtney knows a lot of situations as we continue to bring it to larger bodies, there will be more. What about my circumstance, which is, I have five employees in December and three in January and for retirement program plan to those who have been with company for more than five. We're going to that's that is a theme that's going to happen, and we'll deal with them and kind of get smarter about it as it comes.

Member Caldera

Just a few more things questions regarding control group. Will there be a scenario where I have a business with three employees with one, I have a sandwich shop and then I have another ice cream shop.

How does that fit relay?

Treasurer Conine

So there is case law around common ownership and how that plays into whether it's one business or two businesses and that is not my field of practice.

Do we have a DAG on the line?

Deputy Attorney General Greg Cloward

Yes, I'm here.

Greg Cloward from the Attorney general's office.

Treasurer Conine

Hey, Greg, how are you?

Do you want to weigh in on common ownership rules as it as it relates to an employer or perhaps is that something we want to get back to Member Caldera after the meeting?

Deputy Attorney General Greg Cloward

Yes, respectfully, I do primarily water law and natural resources and that would be out of my depth.

So I'm here for open meeting issues, but I would maybe follow up with Nicole on that other question.

Treasurer Conine

Yes, absolutely.

And Greg, I don't know if the out of my depth was a water law joke, but if it wasn't, it should have been.

Member Sewald.

Member Sewald

Thank you so much. Just a quick question.

Hopefully this is an appropriate time to ask this one for employers. I know on the Colorado website I see that all eligible employers must register to certify their exemption or register to prove it looks like to me to prove that they are complying are we following that same rule or will there be penalties for not complying to employers.

Treasurer Conine

I can answer the second part, which is there aren't any penalties currently defined within the program. I would say civil penalties for breaking laws and things like that could be imposed here, but the program itself does not have a stick like that.

Courtney, do you have a comment on the registration form?

I expect Member SeaWorld, we're going to have to sort that out. And so, to the extent that we can copy what our partners are doing, if that thing works well. Which I expect does that would probably be the easiest road.

Courtney Eccles

So the way that it works is we'll kind of going back to the beginning of the board meeting. We'll work with the state to take in those employer records, and we do a fair bit of cleaning and sorting of that data before we create employer records.

So one of the first things we'll do is compare your employer set to the federal 5500 data. That's the data that the vast majority, although not all employers, are required to file if they offer qualified plans.

So that's one of the ways we're automatically, if we can identify that a business is filing because they offer a qualified retirement plan, they'll be preemptively exempted. None of us are interested in bothering employers who already offering a retirement benefit. We will also be able to compare against other states, especially as more states in the region and area or those that have national companies with locations all over the place. If we can see that some of these larger national businesses have exempted in one program in the last year, we can preemptively mark those entities as exempt as well for the exact same reason if their EIN matches. I was going to go back to that earlier question.

We utilize EIN to determine connection of employees and business and then once we create the set of records, we'll send communications to all the remaining employers and what we say is you know if you offer a qualified plan just exempt. It's an incredibly easy process we can show it to you guys if you'd like to.

If that's helpful, it's literally a. Tell us. Tell us why you're exempt.

That's where we use those reasons that you've provided., someone certifies that it's true. An individual from the company signs off and we keep those records for the state, should you ever want them it takes about 5 seconds.

Everyone else then does that registration right where they're going through the process of registering and beginning to facilitate the program.

So I hope that touched on what you were asking, we tried to clear out anybody that we can. 5500 data is not perfect though. So, we know and with every program we

know that there are still businesses that do have qualified plans and that's why there's that really easy process to.

Courtney Eccles

Just exempt and state the reason.

Member Sewald

OK. Just a follow up I assume that information would also be included in the earlier conversation we had about the marketing, so just the education piece, yeah, OK.

Treasurer Conine

Oh, for sure. Yes. Hundred percent.

Member Caldera.

Member Sewald

Thank you.

Member Caldera

I guess to Member Sewald's point, an employer I would have to go to the site to just exempt myself.

Is that how that would work, Courtney?

In other words, notify the state that I'm exempt.

Courtney Eccles

Yes, it's a good question. If you receive that communication, because we try to preemptively exempt as many businesses as possible.

But if you receive a notification, there are clear instructions that say if you are already offering a qualified plan, you can go online or you can give a call right to the program statewide exempt we process that and it's done.

We've got it on the record for the state to have.

Member Caldera

OK.

I love that idea, and one other thing is that if I have two EIN numbers, am I

registering on your site as the employer for both those EIN numbers?
They're two separate logins per say.

Courtney Eccles

No, it's always one log in.

So that's another thing that kind of goes back to the user functionality. If you happen to run 3 separate businesses and for legal reasons, you have created three separate EIN's so you have different payrolls, different employee sets you will need to facilitate the program for any of those businesses that fall under the requirement, but you will always have a single a single login.

So you'll login. You can go into whichever business it is that you are doing the information for. And same goes for payroll providers who support multiple employers in your state if they are added as authorized users, they'll also only ever have a single account, and then we'll see the different separate businesses that they're connected to.

Treasurer Conine

Thank you. That's helpful.

Any additional questions on exemption reasons or I guess on any of the items before we move on to approving and punting?

OK, hearing none, the only item I've heard that we wanted to punt to a later meeting was D) the auto escalation cap rate.

There any other items that people would like to punt to a later meeting?

Member Caldera

The self-enrollment feature.

As a board member, it brings a little more complexity.

I understand having the employers and some requirements, but I would like more to consider this maybe at a different time. So, I wouldn't necessarily want to approve this out of the gate.

But it's just my opinion.

OK.

Treasurer Conine

Let's open up for discussion from a self-enrollment feature side.

My take would be right adds a little bit of complexity to the marketing.

But is sort of available out of the gate and gives what I expect in our first range of marketing, there will be a lot of Nevadans who care about the program who aren't eligible, right? Because maybe we're starting with a larger employers as opposed to the smaller ones or because they work in a place for employees in December and whatever, right?

And so I think that gives them a place to go.

We also have a relatively high percentage of employees in Nevada that are self-employed, or gig workers, Uber drives things like that.

So I'm in favor of doing it offhand, because. I think the additional marketing efforts probably are de minimis compared to sort of turning on a functionality that already exists, but open other thoughts from the group.

And we can also punt.

We're going to punt one so we can certainly punt that one there.

A little more inflation, if you want to do that, sure.

It's like.

Deputy Mohlenkamp

I would want to know from the staff perspective what additional information could be provided or needs to be provided, or if you're looking to just say you know instead of a yes it would be a no, just for clarification.

Member Caldera

I wouldn't say no necessarily. I just wanted to focus on the employers as to roll this thing out and work on the success of that.

Treasurer Conine

Sorry, I didn't mean to cut you off. You are more concerned with the bandwidth.

Can we execute on both effectively question as opposed to a we shouldn't do this ever question.

Member Caldera

Correct.

Member Caldera

Not too muddy the waters and being very clear, very specific of what it is, what we're trying to do and then and then at some point, encourage some of these folks that are not part of an employer program or self-employed, you know, we would hear that it's something that they want, but I just think from a marketing standpoint that it would be very clear.

Treasurer Conine

OK.

So let's punt out.

Lt. Governor Anthony

Mr. Chair is it our intent to approve some of these today and others at the next meeting?

Treasurer Conine

Correct.

Lt. Governor Anthony

We have two that we're going to spend more time on at the next meeting.

Treasurer Conine

Yep. So right now, auto escalation, cap rate and self-enrollment feature.

D and F on that list are the ones that I would punt.

Any other discussion from Members, otherwise they'll take a motion to, and we'll have to read through them all. But we'll take a motion to approve the other ones, OK.

Member Palmer

I'll make that motion.

Treasurer Conine

Member Palmer if you could please make a motion to approve the staff recommendations for items five A, B, C, E, G and H.

Member Palmer

I make a motion to approve staff items of five A, B, C, E as in ECHO G, H.

Treasurer Conine

All right.

Any discussion on that motion?

All in favor, say Aye.

Member Caldera

Aye.

Member Kao

Aye.

Member Palmer

Aye.

Treasurer Conine

Thank you, that passes unanimously.

I'll now accept a motion to move items five D and five F to our next meeting for future discussion and information.

Member Kao

Before we do that, may I make a discussion point on self-enrollment feature? OK, please.

Treasurer Conine

Ok.

Member Kao

I think I see that self in the moment feature in a slightly different light than aware.

Perhaps the overarching message is that there is retirement savings for all.

And if you already have it, great. If you don't, regardless of whatever status you have,

as long as you work, you can now get it.

Which might be a clearer message than to say some people will get it today and some people will get it tomorrow for some future date.

That's the end of my discussion point.

Treasurer Conine

No, I like that. So, we're all going to noodle on that one. But I'll take a motion to move agenda items. Five D and five F to our next meeting.

Member Caldera

I want to make that motion.

Treasurer Conine

All right, we have motion. Any discussion on the motion?

All in favor say Aye.

Member Sewald Aye.

Member Kao

Aye.

Member Caldera

Aye.

Treasurer Conine

Please note, for the record that Lieutenant Governor had to step out for that one. Motion passes unanimously.

Thank you all to the staff. Thank you, Courtney, for weighing in and for Hunter weighing in and Andrea as always. We will close agenda number five, move on to agenda item number six.

Public comments are invited at this time.

We've no public comment in Las Vegas.

Any public comment in Carson City Member Palmer?

Member Palmer

No sir.

Treasurer Conine

Any public comment on Teams?

Hearing none, we'll close the second period for public comment and move on to adjournment. We are adjourned.

Thanks everybody.

- **Nicole Stephens** stopped transcription

THE BOARD OF TRUSTEES OF THE
NEVADA EMPLOYEE SAVINGS TRUST

Agenda Item 4
February 26, 2025

Item: **Staff presentation to Board on NEST operations
and program direction.**

Summary:

Michael Pelham, Program Manager, Nevada Employee Savings Trust Program, will provide an operations update. State of Colorado, lead state of the Partnership for a Dignified Retirement, will provide a presentation followed by Vestwell.

Staff recommended motion:

Informational item only.

THE BOARD OF TRUSTEES OF THE
NEVADA EMPLOYEE SAVINGS TRUST

Agenda Item 5
February 26, 2025

Item: **Staff presentation on recommendation, and Board selection of Auto-IRA Program Design Elements.**

Summary:

Michael Pelham, Program Manager of the Financial Literacy and Security Division, will provide an overview and recommendation for Auto-IRA Program Design Elements.

Staff recommended motion:

Board to select Auto-IRA Program Design Elements recommended by staff.

Self enrollment option

Will the NEST Program allow an individual to go to the website and enroll into NEST?

Recommendation: Yes

- Allows mechanism for Nevadans to participate in this program if they are not a “covered employee”
- Statute encourages the Board to create the self enrollment option

NRS 353D.310

8. The Board shall determine a method for employers other than covered employers and employees other than covered employees to participate in the Program, if allowed under federal law.

Auto-escalation Cap Rate:

What percentage will the auto-escalation cap out at?

Recommendation: 10%

- 8% may be more appealing to savers than 10% (psychological argument in favor of 8%); however the most important aspect of an Auto IRA is to encourage people to save as much as possible
- The auto escalation is designed to save more (consumers save more when auto-escalation occurs) so the higher the cap, the more likely Nevadans are to save
- Participants can log into their account and select their preferred contribution rate.
- 7 out of 12 states are at 10% or higher Escalation Rate Cap (CT and VT are currently seeking to increase Cap to 10%)

	Default Contribution Rate	Escalation Rate Cap	Opt-Out Rate – 1 st 30 Days	Effective Opt-Out Rate - Total
California	5%	1% (up to 8% maximum)	Not Reporting	35.34%
Colorado	5%	1% (up to 8% maximum)	19.10%	--
Connecticut	3%	No Default Auto-Escalation	18.22%	--
Delaware	5%	1% (up to 10% maximum)	--	--
Illinois	5%	1% (up to 10% maximum)	Not Reporting	38.26%
Maine	5%	1% (up to 8% maximum)	24.88%	--
Maryland	5%	1% (up to 10% maximum)	22.87%	--
Massachusetts	6%	1% or 2% based on employer election (up to 15% maximum)	--	--
New Jersey	3%	1% (up to 10% maximum)	--	--
Oregon	5%	1% (up to 10% maximum)	Not Reporting	--
Vermont	5%	1% (up to 8% maximum)	--	--
Virginia	5%	1% (up to 10% maximum)	23.30%	--

Source for Opt-Out Rate information: Georgetown University Center for Retirement Initiatives as of December 2024

THE BOARD OF TRUSTEES OF THE
NEVADA EMPLOYEE SAVINGS TRUST

Agenda Item 6
February 26, 2025

Item: **Board review and approval of the Interstate Adherence Agreement and Vestwell Partner Addendum documents, and direct State Treasurer staff to finalize the contract documents with the Partnership for a Dignified Retirement (PDR) and Vestwell State Savings LLC.**

Summary:

Michael Pelham, Program Manager of the Financial Literacy and Security Division, will provide an overview of the agreement and addendum documents for Board review and approval.

Staff recommended motion:

Board to approve Interstate Adherence Agreement and Vestwell Partner Addendum contract documents and move to direct State Treasurer staff to finalize the contract documents with the Partnership for Dignified Retirement and Vestwell State Savings LLC.

Partner State Agreement
PARTNERSHIP FOR A DIGNIFIED RETIREMENT

This Partner State Agreement (this “Agreement”) is entered into between the Office of the State Treasurer for the State of Nevada, on behalf of the Nevada NEST Program (“Undersigned Partner State”), and Vestwell State Savings LLC (“Vendor”) for purposes of Undersigned Partner State’s receipt of services under the Partnership for a Dignified Retirement (“PDR”). This Agreement relates to the master services agreement known as State of Colorado Department of Treasury Master Agreement Terms and Conditions, and effective as of **March 1, 2025** (the “Master Services Agreement”), between the State of Colorado (“Lead State”) and Vendor.

WHEREAS, Undersigned Partner State is participating in the PDR and has executed the Adherence Agreement Signature page of the Interstate Adherence Agreement by and between the participating states;

WHEREAS, Vendor has signed the Master Services Agreement with Lead State; and

WHEREAS, Undersigned Partner State hereby seeks to enter into a Partner State Agreement with Vendor in order to receive the benefit of Vendor’s services to the PDR and its partner state members.

NOW THEREFORE, Vendor and Undersigned Partner State agree as follows:

1. Agreement to be Bound.

The Master Services Agreement is hereby incorporated into and made a part of this Agreement. By and through such incorporation, and subject to the terms of the Master Services Agreement, Undersigned Partner State hereby agrees to be bound by those terms made applicable to “Partner States” as part of the Master Services Agreement, and Vendor hereby agrees to allow such rights and provide such benefits to Undersigned Partner State as though it is a “Partner State” under the Master Services Agreement.

2. Additional Terms.

Notwithstanding section 1.3.1 or any other provision of the Master Services Agreement or any provision of the Interstate Agreement (as defined in the Master Services Agreement), and with the consent of the Lead State, Undersigned Partner State and Vendor agree, as by and between them, to the following additional terms:

- A. Vendor acknowledges that notwithstanding anything to the contrary stated or implied in the Master Services Agreement, the Nevada NEST Program Board (the “Board”) has the authority only to incur obligations on its behalf and not the State of Nevada.

- B. Vendor acknowledges that notwithstanding Section 3.3.1.a) of the Master Services Agreement, the Lead State and Undersigned Partner State have mutually waived the requirement for a Memorandum of Cooperation.
- C. Section 4.4.1. is amended to include a subpart “g)” that provides: “Complying with all relevant requirements of official State of Nevada websites.”
- D. All data types identified in Section 5.2 of the MSA as not subject to withholding by Contractor from Lead State shall not be subject to withholding by Contractor from Undersigned Partner State.
- E. Vendor and Undersigned Partner State agree to set an implementation timeline within 30 days of execution of this Agreement.
- F. Vendor and Undersigned Partner State shall determine the most efficient means for transferring State Administrative fees collected by the Vendor to Undersigned Partner State.
- G. Vendor will attend all Board meetings and provide such reports as Undersigned Partner State may reasonably request at least on a quarterly basis. Vendor will work with Undersigned Partner State to determine the content and presentation of such reports. Vendor will annually attend at least one Nevada NEST Program Board meeting in person, if requested by the Undersigned Partner State.
- H. Vendor shall execute and comply with the State of Nevada Terms and Conditions Governing Cloud Services and Data Usage Agreement attached hereto.
- I. Vendor shall comply with all policies, technical standards, forms, and guidelines related to information technology and information security and privacy as may be required by the Nevada Office of the Chief Information Officer (OCIO) and/or other applicable agency.
- J. Unless legally prohibited by applicable law and without violating any of Vendor’s other contractual or other obligations Vendor shall notify Undersigned Partner State in writing of the existence of any investigation, examination or other proceeding involving Vendor, or any key personnel or designated staff thereof, including a subcontractor retained to perform a service or any key personnel or designated staff of a subcontractor, commenced by any regulatory or law enforcement agency and involving allegations of fraud or illegal conduct related to any service provided under the Agreement.
- K. Any and all notices required to be sent under the Agreement shall be in writing and shall be mailed, certified or registered mail, or emailed, as follows:

If to Undersigned Partner State:

Attn: Board of Trustees of the Nevada Employee Savings Trust
State Treasurer Zach Conine, Chair
1 State of Nevada Way
Las Vegas, NV 89119
nest@nevadatreasurer.gov

If to Vendor:

Attn: Vestwell
Matt Golden
1410 Broadway, 23rd Floor
New York, NY 10018
matt.golden@vestwell.com
617-945-3917

3. Other Terms.

- A. Effective Date. This Agreement is effective on the date of the last signing party below.
- B. Term & Termination. This Agreement shall continue in effect until the earlier of: (a) termination, expiration or other cessation of the Master Services Agreement between Lead State and Vendor; (b) the parties hereto enter into a written and signed Amendment that terminates this Agreement; or (c) the Master Services Agreement or this Agreement is determined by a court of law of competent jurisdiction to be terminated, expired, invalid, void, or otherwise unenforceable with respect to one or both of the parties hereto.
- C. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect, provided that the parties can continue to perform their obligations under this Agreement in accordance with the intent of this Agreement.
- D. Vendor / Jurisdiction. In the event of a dispute between Undersigned Partner State and Vendor where such dispute resolution is not led by Lead State on behalf of the partner states, Undersigned Partner State and Vendor agree that jurisdiction for such dispute shall reside solely in the State of Nevada.
- E. No Third-Party Beneficiaries. Except for the parties' valid respective successors and assigns, this Agreement does not and is not intended to confer any rights or remedies upon any person or entity, including enforcement of this Agreement, other than the rights and obligations hereunder which are reserved solely to the Lead State, the Partner States,

and Contractor. Any services or benefits which third parties who are not Parties to this Agreement receive as a result of this Agreement are incidental to this Agreement, and do not create any rights or ability to enforce the terms of this Agreement for such third parties.

- F. Authority. Each party hereto represents and warrants to the other that the execution and delivery of this Agreement and the performance of such party's obligations have been duly authorized.
- G. Separate Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be considered an original and all of which shall constitute a single instrument. The parties agree that a fax or electronically transmitted valid and authorized original signature shall be deemed an original, provided the original copies are promptly delivered.
- H. State Start-Up Fee. Upon execution of this Agreement, the Undersigned Partner State shall pay the Vendor a one-time start-up fee of \$100,000.00 for costs associated with the development and launch of the Program. The Undersigned Partner State will pay the start-up fee within three months of the execution of this Agreement, and in advance of the Program being made operational. Vendor and Undersigned Partner State shall determine the most efficient means for transferring Start-Up Fee from Undersigned Partner State to the Vendor.
- I. Undersigned Partner State does not waiver or limit any of the provisions or defenses under NRS Chapter 41.

FOR VENDOR:

Signed

Douglas Magnolia

Name

President, Vestwell State Savings

Title

Date

FOR UNDERSIGNED PARTNER STATE:

Signed

Name

Nevada State Treasurer

Title

Office of the State Treasurer

Agency/Department

Date

ACKNOWLEDGEMENT BY THE LEAD STATE:

Signed

David L. Young

Name

Treasurer

Title

Date

**Establishment of the
PARTNERSHIP FOR A
DIGNIFIED RETIREMENT
and
INTERSTATE ADHERENCE
AGREEMENT**

WHEREAS, many states have formed partnerships for the benefit of providing cost-effective, tax-advantaged investment programs for people with disabilities;

WHEREAS, State-run retirement investment programs dedicated to increasing access to workplace retirement savings in the private sector would similarly benefit participants in such programs through collaboration and resource-pooling across States;

WHEREAS, Colorado, acting by and through its Department of Treasury, has invested resources towards creating, researching, implementing, administering and maintaining a private sector auto-enrollment payroll deduction program for the eligible citizens of Colorado;

WHEREAS, Colorado believes that this work will allow its constituents access to an affordable auto-enrollment payroll deduction IRA, program and that there are substantial economies of scale, efficiencies, and resource advantages that can be realized if, multiple states work with Colorado in furtherance of its creation, implementation, administration and maintenance of a private sector auto-enrollment payroll deduction IRA program

WHEREAS, Colorado has determined that several States agree that a multi-state auto enrollment payroll deduction IRA program will create cost efficiencies, and will ultimately benefit participating states and all their program participants;

NOW THEREFORE BE IT RESOLVED THAT, the “Partnership for a Dignified Retirement,” is established as a multi-state consortium operating a private sector auto-enrollment payroll deduction IRA Program and

NOW THEREFORE BE IT FURTHER RESOLVED THAT the Partnership for a Dignified Retirement shall be operated pursuant to the terms provided below in the Interstate Adherence Agreement, and upon its execution participating States may collaborate, share resources and expertise, and efficiently retain, evaluate and monitor vendors that operate the Program through contracts authorized and executed in accordance with the terms of this Agreement.

PARTNERSHIP FOR A DIGNIFIED RETIREMENT

INTERSTATE ADHERENCE AGREEMENT

For and in consideration of the mutual promises and covenants contained in this Interstate Adherence Agreement (“this Agreement”) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the participating States each agree as follows:

I. DEFINITIONS:

As used in this Agreement:

“**IRA**” means a Roth individual retirement account authorized pursuant to Section 406 & 408A of the Internal Revenue Code or a traditional individual retirement account pursuant to Section 408 of the Internal Revenue Code.

“**PDR Lead State**” means the State designated by the PDR to solicit, retain, supervise, and monitor the Vendor(s).

“**Lead State Member**” means the natural person designated by Lead State to serve as Member on its behalf.

“**Master Services Agreement**” means the contract entered into between a Vendor and the Lead State that governs the Vendor’s performance and the delivery of Vendor’s services, and upon which participating States sign on via execution of a Partner State Agreement with said Vendor, including the anticipated agreements between Lead State and a program administrator and investment managers.

“**State Member**” means each participating State’s natural person designated to serve on the PDR and represent their State’s interests in the PDR, the Program, and this Agreement.

“**Members**” means the Lead State Member and each State Member, collectively.

“**Partnership for a Dignified Retirement**” or “**PDR**” means the consortium by the States under this Agreement to facilitate collaboration, communication, and decision-making with respect to the Program and this Agreement.

“**Program**” means the auto-enrollment payroll deduction IRA program operated as the PDR, and as specified in, and subject to, this Agreement and the Master Services Agreement(s).

“**Saver**” mean Employee or other individual who is eighteen years or older, who owns an Account in a Partner Program, including (a) a Saver who owns an Account, but is no longer an Employee, or (b) the Beneficiary of a deceased Saver.

“**Signature Page**” means the Interstate Adherence Agreement Signature Page (Exhibit A) used to execute this Agreement by each State and in so doing authorizing the State to participate in the PDR in strict accordance with the terms of this Agreement.

“**State**” means a duly authorized state government body executing the Signature Page and participating in the PDR.

“**States**” means the collective of all States that are parties to this Agreement via their execution of the Signature Page, which pledges the State to participation in the PDR.

“**Vendor**” means a third-party independent contractor retained to provide services to the Program, including program administrator and one or more investment managers.

II. OVERVIEW OF THE PDR CONSORTIUM.

1. Establishment. Through this Agreement the States hereby participate in the PDR.
2. Purpose. The purpose of the PDR is for the States to participate in the ongoing administration of the Program and make Program recommendations. To fulfill this purpose the States participating in the PDR will:
 - A. Appoint a “Lead State Member” to perform the responsibilities as set forth in Article V, below;
 - B. Support the Lead State in its assessment and evaluation of each of the Vendors, and create processes for monitoring the Vendors;
 - C. Identify shared expenses to be incurred by the States and the manner in which such expenses may be apportioned;
 - D. Share documentation relating to Vendor performance, including performance statistics, audit documents; and,
 - E. Form and participate in committees or working groups delegated to address significant planning, Vendor performance monitoring, and Program strategies, modifications and implementation
 - F. Ensure equitable treatment of Members under the Master Services Agreements and any Partnership Addendum.
3. Expenditures. The PDR shall not authorize the expenditure of monies by any State.
4. PDR Eligibility & Approval. Only duly authorized state government bodies are permitted to participate in the PDR. A State may participate in the PDR only upon application and upon approval of a majority of current Members. To participate a State must execute each Partner State Agreement with all authorized Vendors.

III. PDR STRUCTURE AND PROCESSES.

1. Meetings. The PDR will meet regularly by video conference, phone and/or in-person to discuss implementation and maintenance of the Program, and to receive updates from Lead State. The PDR shall at a minimum hold regularly scheduled meetings each quarter.
2. Meeting Agendas. An agenda will be set for each meeting. The agenda will be prepared by the Chair and/or the Secretary and will be circulated in advance of the meeting. Each agenda will include updates from the Lead State which may include information regarding Vendor performance, reporting, results and statistics, and any other information, topic or presentation deemed appropriate. Prior to release of an agenda, the Chair or Secretary will solicit agenda items from Members. Members may

request that the Chair and Secretary add a specific agenda item.

3. Attendance. Members or their designees should make good faith efforts to attend all scheduled meetings.
4. Chair & Secretary. The PDR meetings shall be chaired by either the Lead State Member or their designee. Meetings shall be conducted in an informal manner that approximately follows the Robert's Rules of Order for matters concerning motions and voting.

The Chair shall appoint as Secretary a State Member or a staff person affiliated with any State. The Secretary shall be responsible for sending meeting invitations, preparing brief minutes of the discussions of each meeting, and circulating draft meeting minutes for approval by the PDR at subsequent meetings.

The Chair and the Secretary will coordinate the agenda items for meetings.

5. Special Meetings. Upon not less than 24-hours of written notice, the Chair may call a special meeting to discuss or take formal action on a specific item of business. Special Meetings may also be called at the request of a majority of the Members.
6. Notices. A meeting notice shall be deemed properly delivered if sent via e-mail to the e-mail address on file for each Member.
7. Voting. All action taken by the PDR shall be made by a majority vote of the Members in attendance at the meeting. Each State Member shall have one vote. A vote is required for each of the following decisions:
 - A. Appointment or replacement of a Lead State;
 - B. Amendment or modification of any portion of any Master Services Agreement, with any such amendment or modification being subject to veto by the Lead State and consent of the countersigning Vendor;
 - C. Amendment or modification of this Agreement;
 - D. Removal of a State from the PDR;
 - E. Approval or retention of Vendors pursuant to a cost-sharing arrangement among the States, provided that no State shall be required to participate in cost-sharing unless it consents to doing so and commits funding pursuant to its laws and rules;
 - F. Determination of whether a State's laws, rules, policies, or actions are in compliance with this Agreement and the obligations of that State under the PDR; and,
 - G. Any decision the Lead State Member deems appropriate or necessary to resolve by a vote.
8. Quorum. A quorum is required for any formal action taken by a vote of the Members. A quorum exists if two-thirds of the Members are in attendance.

9. Subcommittees. The PDR may establish subcommittees or working groups consisting of Members, as well as staff appointed by States to represent Members or provide advice, information or expertise.
10. Vendor Grievance. A grievance by a State asserting a Vendor's failure to satisfactorily perform a contract obligation shall be noticed and resolved in accordance with this section.

A. Lead State Identification of Vendor Issues. In the event the Lead State determines that a Vendor may have or has materially failed to perform a Vendor contract obligation, in whole or in part, the Lead State shall take such action as it deems necessary or prudent to gather information and assess and evaluate the Vendor's performance.

- i. If, after gathering information and evaluation, the Lead State determines that it is more likely than not that the Vendor has failed or is failing to perform a contract obligation in whole or in part, the Lead State shall provide a written notice regarding that determination to all Members. The written notice shall, in separately numbered paragraphs, specify each Vendor contract obligation performance failure that has or may have occurred and upon the Lead State's information and belief: (1) identify each specific Vendor contract obligation that has been, may have been or is being violated; (2) if applicable, identify each specific law, regulation, rule, or other required policies, guidance, or requirements the Lead State believes may have been violated or are being violated; and (3) state precisely what action or inaction is needed of the Vendor to cure or avoid the violation ("1," "2," and "3", collectively, the "Grievance Notice Requirements").
- ii. Thereafter, the Members shall meet to discuss each contract performance obligation violation and collaborate on possible actions the Lead State may take to manage Vendor performance.

B. Non-Lead State Identification of Vendor Issues. In the event that a State other than the Lead State determines that a Vendor has or may have materially failed to perform a contract obligation in whole or in part, the State must report such possible performance failure to the Lead State Member in writing (for purposes of this Section "10", such State is hereafter the "Reporting State").

Upon the Lead State's receipt of the writing the Lead State Member and the Reporting State Member shall meet to discuss the issue. Together the Lead State Member and Reporting State Member shall work in good faith and reasonable diligence to assess the Vendor's potential failed contract obligation performance and determine whether the Lead State Member and the Reporting State Member agree regarding whether a Vendor has, failed or is failing to perform any contract obligation or violated any provision of law.

- i. In the event the Lead State Member and the Reporting State Member determine that a Vendor has materially failed in its contract obligation

performance the Lead State shall (A) provide a written notice to the Members that complies with the Grievance Notice Requirements; and (B) commence the Lead State's enforcement duties.

ii. In the event that:

- a) the Lead State Member and Reporting State member do not agree that the Vendor has materially failed in its contract performance obligations, in whole or in part the Lead State Member shall make a determination regarding the potential failed contract performance obligation,
- b) the Lead State declines to pursue any action against the Vendor, including any further investigatory action or the exercise of any contractual rights or remedies, the Lead State Member shall determine, in their sole discretion, whether the issue concerns solely or substantially the Reporting State, and not all States,
- c) After action by the Lead State, if the Reporting State Member determines, in its sole discretion, that the Vendor continues to fail performance of its contract obligations in whole or in part, the Reporting State shall issue a written notice to all Members. The written notice must comply with the Grievance Notice Requirements, except all averments shall be on the Reporting State's behalf, only.

iii. Thereafter, the Reporting State has the right, subject to the terms of the Master Services Agreement, and solely on behalf of itself and its Savers (if applicable), to conduct such independent investigation, demands, declarations, and enforcement permitted under the Master Services Agreement, and to seek any claims or remedies against the Vendor allowed under the Master Services Agreement or allowed under its Partner State Agreement; provided that no such remedies of Reporting State may seek to, or result in, the termination, invalidation, revocation, alteration, modification, or amendment of the Master Services Agreement or this Agreement. No action, claims, or relief sought of or by any Reporting State, may reduce, alter, modify, or materially impact the rights of the other States. Any action, claims, or relief sought by the Reporting State shall only pertain to the Reporting State and its Savers. The Reporting State may not materially impact the rights of other States or their Savers.

C. Lead State's Enforcement. The Lead State may take such actions and may exercise all such rights as are permitted or required by the Master Services Agreement with regard to the Vendor. The States agree such action may include, but may not be limited to, discussions with the Vendor, exercising of contractual rights of the Lead State to audit and monitor the Vendor, declaration of breach, and pursuit of legal remedies in court; provided that no such action may include the signing or execution of any settlement agreement, amendment, modification, or any other document that seeks to modify the Master Service

Agreement unless the document is approved by the States pursuant to a vote. *See* (III)(7)(D). Nothing in this Section “10” shall prevent the Lead State from initiating any action or claim to enforce the rights of the Lead State and, by extension, the States, immediately if the Lead State deems doing so is prudent to protect the rights of the Lead State or the States; provided that the Lead State shall inform all other States of any formal claim or dispute and satisfy the Grievance Notice Requirements within a reasonable time after taking action or commencing any claim.

- D. Vendors May Not Rely Upon PDR Grievance Process. For avoidance of doubt, no Vendor may raise a claim or defense surrounding any purported failure to adhere to the internal processes prescribed by this (III)(10). With respect to any dispute between a Vendor and the Reporting State, the Reporting State’s written notice required by this section are preliminary in nature only, and shall not serve to bar, estop, waive, or in any way prevent the Reporting State from raising additional or different claims, revising claims, or making additional or different factual or legal determinations in subsequent proceedings against a Vendor.

IV. STATE RESPONSIBILITIES.

Each participating State shall be responsible for the following:

1. Membership & Designees.

- A. Appointment of “State Member.” Each State must designate a person who will actively participate on the State’s behalf as a “State Member.” The State Member, or their authorized designee, should attend all PDR meetings.
- B. Authorized Designees. Each State Member may designate a person who is authorized to attend PDR meetings and, in the State Member’s absence to, vote on matters in the State Member’s stead. To designate such person, the State Member must notify the Chair, the Secretary, and the Lead State Member via an e-mail that states substantially as follows:

“I State member _____ hereby designate _____ as my State Member Designee. In the event I am not in attendance at a PDR meeting, I authorize my State member Designee to represent my State and vote on my behalf as State Member for the State of _____. A vote cast by my State Member Designee shall have the same force and effect pursuant to the terms of this Agreement as if I had cast the vote.”

- C. Changes in State Member or State Member Designee In the event a State Member or State Member Designee leaves their State employment, ceases to have authority to serve or otherwise no longer serves as State Member or State Member Designee, the State shall immediately notify the Chair and the Secretary.

2. State Maintenance Duties. Each State agrees, throughout the duration of their

participation in the PDR, to adhere to the following requirements.

A. Mandatory Participation. Participation by Required Employers from each State must be mandated by that State's laws. The mandate must include automatic enrollment of the employees of each Required Employer into an IRA with the opportunity for an Employee to opt out.

Required Employers at a minimum include all of a State's private employers who have been in business for at least thirty-six consecutive months, who do not offer a qualified retirement plan and who employ more than five employees

B. Outreach. Each State must provide resources to conduct outreach and marketing efforts to promote the Program within their State.

C. Staffing. Each State agrees to employ at least one full-time staff person for the purposes of carrying out the State PDR requirements and all other Partner State responsibilities.

D. Laws, Rules & Continued Legal Authority. Each State shall, at all times, maintain full legal authority to participate in the Program without material conflict between that State's laws, regulations, rules, or policies and the Program. Each State agrees that cost-efficiency and scalability is a material benefit to the State's participation in the PDR and, accordingly, each State shall avoid implementing, regulations, rules, policies or any other form of requirement that will or could raise cost on other States.

E. Investment Policy Statement. Each State agrees to ensure any Investment Policy Statement adopted by that State which directly concerns or relates to the Program is substantially consistent with the Lead State's Investment Policy Statement. Each State consents to the PDR's determination of investment options line-up, investment strategy, and investment election offerings for the duration of the State's PDR and Program participation. Pursuant to Section III.2, State Members may suggest investment performance and potential modifications in or additions to investment options as a topic of discussion for the PDR.

3. Vendor Performance Monitoring. Each State agrees to participate in Meetings and assist the Lead State in the evaluation and monitoring of Vendor performance contract obligations, both under the Master Services Agreement and applicable laws, regulations and rules.

4. Partner State Agreements. Each State shall execute and enter into a Partner State Agreement with all authorized Vendors that are subject to a Master Services Agreement with the Lead State. Each State must ensure their Partner State Agreement conforms with that State's laws, as well as any other applicable laws, regulations, rules, or official guidance. The Partner State Agreement must be substantially in the form provided at Exhibit B.

5. Master Services Agreement. Each State must review and understand the Master Services Agreement prior to executing any Partner State Agreement with an authorized Vendor. Each State must review the Master Services Agreement with all Vendors to

understand the terms of those services and ensure their State's participation in the PDR and the Program will not result in a violation of any applicable law, rule or regulation. By entering into this Agreement, each State consents to those terms, rights, conditions, and limitations in the Master Services Agreement applicable to "Partner States."

6. Compliance with Law. Each State is charged with ensuring its participation in the Program and the PDR comports with its own laws, regulations, rules, and requirements of any kind.

7. Withdrawal from Agreement. A State may only withdraw from this Agreement upon termination of its Partner State Agreement. A State that (a) fails to execute a Partner State Agreement in accordance with Section V.3 within ninety (90) days after full execution of a Master Services Agreement by the Lead State, or (b) terminates its Partner State Agreement with a Vendor shall be removed from the PDR.

If the Lead State is removed from the PDR, the PDR shall appoint a new PDR Lead State, subject to approval of each authorized Vendor, and the removed PDR Lead State agrees to assign all Master Services Agreement between Vendor(s) and the removed Lead State to the new Lead State.

V. LEAD STATE RESPONSIBILITIES.

1. Initial Lead State – Colorado. Colorado will serve as the PDR Lead State for so long as it remains contracted as "Lead State" with the program administrator and investment manager vendors selected during calendar year 2022. The States anticipate this responsibility to continue from the effective date of the contracts with those Vendor(s) until the termination of those contracts.

Thereafter, the PDR shall vote to appoint a PDR Lead State.

2. Procurement. For each procurement the PDR Lead State shall:
 - A. Create a Program implementation and/or transition schedule;
 - B. Draft a request for proposal or similar solicitation designed to create a competitive bidding process in compliance with the laws of the PDR Lead State, to seek Vendor(s);
 - C. Establish an evaluation team comprised of interested eligible State Members. In order to be eligible to be on the evaluation team, the State Member must represent a State that has legal authority to enter into a contract with the Vendor(s); and
 - D. Award one or more contracts to Vendor(s) based on a scoring process that is in compliance with the laws of the PDR Lead State and approved by the PDR.

At its own cost, the PDR Lead State may obtain the services of external advisors, including advisors to provide services to the PDR Lead State on the procurement of Vendor(s).

3. Contracts. The PDR Lead State is authorized and required to retain at least one

Vendor to serve as a program administrator and at least one Vendor to serve as an investment manager. The PDR Lead State will enter into a Master Services Agreement with each Vendor. Each Master Services Agreement must set forth the Vendor's scope of work and the general terms and conditions based on the advice and approval of the PDR. Each State shall within ninety (90) days of the execution of this Agreement enter into a separate contract (i.e., their Partner State Agreement) with all Vendors that sets forth the terms and conditions specific to such State. The form of this contract shall be substantially in the form contained in Exhibit B. In the event that the scope of work within any Master Services Agreement requires amendment, the PDR Lead State shall obtain the unanimous approval of the States before executing such amendment.

4. Master Service Agreement Maintenance & Vendor Oversight. The PDR Lead State shall devote adequate internal staffing and undertake good faith and reasonable efforts to monitor, oversee, and evaluate each Vendor's performance under the terms of the applicable Master Service Agreement.

VI. EXPLICIT UNDERSTANDINGS OF STATE RIGHTS.

All rights of the States surrounding the Program and each State are expressly reserved to those States to the extent those rights do not conflict with this Agreement or any Master Services Agreement. Nonetheless, for avoidance of doubt, each State has the right and authority to:

1. Grievances with Vendors. Conduct independent assessments, evaluations, and other actions necessary to evaluate Vendors' qualifications and performance; provided however, that grievances by States must adhere to the processes established in (III)(10), above.
2. Consultants & Other Non-PDR Contractors. Retain additional consultants or other third parties it deems necessary or prudent to evaluate the performance of a Vendor or assure compliance with the terms of any Partner State Agreement. States remain free to undertake all such actions they deem necessary or prudent to effectuate their rights or the rights of their Savers. This Agreement is intended as a vehicle for collaboration and realization of cost-efficiencies, and not as a barrier to independent enforcement of any State's rights or privileges.
3. Cost-Sharing for Additional Services. The States may vote to retain consultants or other experts to assist the PDR in carrying out its monitoring and evaluation of Vendors. In doing so, the States may agree on sharing costs associated with the consultants or other experts; provided, however, that no State shall be required to remit any portion of monies towards any cost-sharing, even if all other States vote in approval and are willing to contribute their proportionate share of costs. Consultants or other experts shall be retained only by one of the States – and not the PDR – pursuant to an agreement between the State and the consultant or vendor.
4. No Vendor Performance Guarantees By the PDR Lead State. The States agree that the PDR Lead State, does not guarantee and is not responsible for any given Vendor's

performance or compliance with the terms of any Master Services Agreement.

Nothing in this Agreement shall be construed as empowering the PDR to exercise any power or function properly residing with any State, including, without limitation, the ability of a State to independently select and contract with a vendor of its own choosing, at its own costs, and outside of the rights, privileges, duties and responsibilities of the PDR structure.

VII. Term and Termination

1. This Agreement shall become effective on the Effective Date and shall continue in effect until terminated.
2. A Member shall cease to be a Member of the Partnership for a Dignified Retirement, and this Agreement shall terminate with respect to such Member upon the upon 180 days prior written notice to the Lead Partner State.

VIII. OTHER TERMS.

1. Advisory in Nature. Except for the determinations expressly set forth herein, the intent of this Agreement is to make the PDR advisory in nature, only. The States agree that delegation of control and oversight to the PDR Lead State reduces the resources required of the other States and reduces costs by requiring that Vendors will be retained pursuant to a cooperative procurement and consult primarily with and take direction from the PDR Lead State with regard to the overall administration of the Master Services Agreement for the PDR. The States further agree that each State will have direct communication with the Vendors on matters related to the day-to-day implementation and administration of the Program in that State that are not applicable to the Partnership as a whole. Such items include by example and not as a limitation: Implementation, concerns raised by individuals participating in that State's Program; administration of IRAs for Employees of the Partner State, marketing materials and outreach for that State's Program; communications with Employers and Employees in that, operation and content of the website operated for the Partner State's program; matters regarding State Administrative Fees; and Vendor reports and presentations to the State.
2. Disagreements Among States. In the event of disagreements among States the States mutually agree to engage in informal mediation.
3. Ex-Officio Status. The PDR may have as many Ex-Officio Members as the Members deem necessary or prudent for purposes of carrying on the business of the Board or supporting the Program or the PDR. Ex-Officio Members shall not vote, and shall only attend meetings and participate at the discretion of the Board. Each Vendor is presumptively an Ex-Officio Member, subject to any determination otherwise by the Board. Ex-Officio membership does not confer a right to attend or participate in all meetings and, for avoidance of doubt, the Members and the PDR are expressly authorized to convene without Ex-Officio Members present and without notice to the Ex-Officio Members.
4. Limitation of Liability.

- A. By and through this Agreement, no State accepts liability or responsibility for the acts, errors or omissions of any other State.
 - B. No commissioner, officer, agent, board member, or employee of any State or State itself shall be charged with any liability or held liable under any term or provision of this Agreement, or because of its execution or because of any breach hereof. Nothing in this Agreement is intended to nor shall be construed to require any State to defend, hold harmless, and/or indemnify any other State or vendor.
 - C. Although the States agree this Agreement provides no or very limited action, to the extent any claim could arise out of any State's, including the PDR Lead State's obligations under this Agreement and each State hereby agrees that such action is expressly limited to the requirement of specific performance of another State's duties and obligations. No State may seek or claim against any other State any financial remuneration of any kind, such as damages, costs, fees, or expenses. The sole remedy for each State arising out of this Agreement is for an order requiring specific performance of any other State.
 - D. Each State retains its independent fiduciary duty to the Savers located within that State. No State is entitled to rely upon any other State in the exercise of their fiduciary obligations with respect to their State's Savers.
5. Independence of States. Nothing in this Agreement shall be deemed to create a partnership, joint venture, and/or principal and agent relationship between the States and/or their respective counsel. No State shall become liable for any representations, acts or omissions of one of the other States contrary to the provisions hereof.
6. Confidentiality & Public Disclosure. This Agreement, along with all of the Signature Pages incorporated as a part of this Agreement, and all documents sent or received by the PDR and its Members in relation to this Agreement or created by the PDR under this Agreement (e.g., agendas; meeting minutes), are public records subject to disclosure under each State's open records and disclosure laws without prior notice to any other State. This general statement of public disclosure is limited by the following three exceptions:
- A. Individual State Laws. The States will continue to apply their State's public disclosure and open records laws if doing so results in the withholding or additional protection of records or information, as permitted or required by that State's laws, including restrictions on disclosure of personally identifying information;
 - B. Federal Laws. The States will not disclosure any records or materials for which the disclosure would cause a State to violate any federal law or regulation; and,
 - C. PDR Confirmation of Non-Disclosure. The States recognize and agree that there may be instances where the States agree that records created or received by the PDR or its States are not disclosable under law. The States anticipate that these may include, but are not necessarily limited to: (1) examinations and records surrounding Vendor cybersecurity compliance and practices; (2) records

concerning litigation or litigation strategy that may affect the performance or ongoing participation in the Program of the PDR Lead State, the performance or ongoing participation in the Program of any Partner State, or pre-litigation claims or dispute resolution with Vendors, to the extent the PDR deems confidentiality of such records necessary to implement the rights of the States with respect to those Vendors; and (3) records subject to heightened protection, frequently by operation of law, due to the nature of their content, such as protected health information and personally identifiable information. In such instances, the States and their respective Members agree to: (A) avoid disclosing such records; (B) to segregate such records from non-confidential records; (C) endeavor to clearly label all records containing protected information as “Confidential”; and, if disclosure must be made pursuant to law or court order; and (D) redact, de-identify or aggregate information whenever possible to avoid the disclosure of confidential information to the greatest extent legally permitted.

7. Entire Agreement. This Agreement and to the extent incorporated herein, any related Master Services Agreement and Partnership Addendum, constitutes the entire agreement between the States with regard to the matters contained herein, and it supersedes all oral or written communications, representations, understandings, undertakings, or agreements between the States relating to the Contract and this Agreement. Each State is executing this Agreement wholly upon its own volition, individual judgment, belief, and knowledge, upon the advice of counsel, and this Agreement is made without reliance upon any statement or representation of any other State, except those representations and warranties expressed in this Agreement.
8. The parties intend that the PDF Program, related Partner State Programs, as well as the Master Service Agreement, are authorized procurement activities within the scope of state authority and do not relate to any employee benefit plan governed by The Employee Retirement Income Security Act, 29 U.S.C. 1001, et seq. (“ERISA”). The agreements shall be interpreted to give effect to that intention, including the application of the severability clause under Section VII (12) severability provisions if necessary
9. Amendments & Modifications. This Agreement cannot be amended or modified except by a written instrument, signed by each State, following a unanimous vote of the States to amend.
10. Order of Precedence. In the event any term in this Agreement or a Partner State Agreement conflicts with the terms of any Master Services Agreement, the Master Services Agreement shall control provided, however that no term in the Master Services Agreement may diminish the rights of any State hereunder.
11. No Third-Party Beneficiaries. This Agreement has no third-party beneficiaries. No Vendor, consultant, or other party retained by any State is a third-party beneficiary to this Agreement, and a Vendor cannot enforce any provision in this Agreement. Vendors and the States shall continue to adhere to their Partner State Agreements.

12. Severability. If any provision of this Agreement is deemed invalid, illegal, or unenforceable, the balance of the Agreement shall remain in full force and effect to the greatest extent allowed by law. Upon a determination by a court of competent jurisdiction that any provision is invalid, illegal, or unenforceable, the court may modify this Agreement to affect the original intent of the States as closely as possible in order that the agreement contemplated hereby be consummated as originally contemplated to the greatest extent possible.
13. Survival. Any provision of this Agreement which, either by its terms or to give effect to its meaning, shall survive, including but not limited to those terms which contain limitations of liability and protect or allow the protection of records and preservation of confidentiality survive termination of this Agreement, whether in whole or with respect to any State.
14. Preservation of Rights. No State has waived any defense, right, immunity or other protection under law, including any statutory provision, by entering into this Agreement.
15. Authority. Each State represents that it has legal authority to participate in the PDR enter into this Agreement and be bound by the terms herein. Each State shall maintain lawful authority to participate in the Program according to its terms, processes, Master Services Agreement(s), and this Agreement. If it is determined that such representations are (or have become) incorrect, such State shall immediately notify the other States and either remedy the issue or withdraw from the PDR. A State that breaches this Section, may be removed from the PDR under Section IV.2.D.
16. Scanned Counterparts Acceptable. This Agreement may be executed in counterparts, and the States agree that any signed and scanned Signature Page (e.g., a PDF) shall be treated as though it was an original signature by the signing State.
17. Effective Date. This Agreement shall be binding upon both (1) the signing State executing the “Adherence Agreement Signature Page” contained in Exhibit A, and (B) the signing State and Vendor entering into a “Partner State Agreement” with all Vendors in substantially the form contained at Exhibit B.

SIGNATURE PAGES FOLLOW

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

EXHIBIT A

Adherence Agreement Signature Page

The State of Colorado (the "Signing State"), hereby elects to participate in the Partnership for a Dignified Retirement (the "PDR") and, in doing so, represents and agrees as follows:

1. The Signing State has reviewed the Interstate Adherence Agreement, has reviewed all applicable Master Services Agreement(s), and hereby elects to become a "State" pursuant to the Interstate Adherence Agreement, and subject to the terms therein.
2. The undersigning individual has authority to bind the Signing State to the terms contained in the Interstate Adherence Agreement.
3. The Signing State designates the following individual employee of State to serve as its "Member" for purposes of the Interstate Adherence Agreement:

Name: William Hunter Railey
Title: Executive Director
E-mail: william.railey@state.co.us

Or:

The person, whomsoever they may be, who now or hereafter serves in the role of _____ (name), within the _____ (department or agency name) unless and until changed otherwise by our State.

FOR SIGNING STATE:

Signed
William Hunter Railey

Name
Executive Director

Title
Colorado Department of the Treasury, SecureSavings Program Division

Agency / Department

Date: _____

Adherence Agreement Signature Page

The State of Nevada (the "Signing State"), hereby elects to participate in the Partnership for a Dignified Retirement (the "PDR") and, in doing so, represents and agrees as follows:

1. The Signing State has reviewed the Interstate Adherence Agreement, has reviewed all applicable Master Services Agreement(s), and hereby elects to become a "State" pursuant to the Interstate Adherence Agreement, and subject to the terms therein.
2. The undersigning individual has authority to bind the Signing State to the terms contained in the Interstate Adherence Agreement.
3. The Signing State will, within 90 days of execution of this Signature Page, enter into a Partner State Agreement with all Vendors in the form approved by the PDR and, in doing so, agrees to be bound to those terms that apply to Partner States as part of the Master Services Agreement for such Vendor.
4. The Signing State designates the following individual employee of State to serve as its "Member" for purposes of the Interstate Adherence Agreement:

Name: _____

Title: _____

E-mail: _____

Or:

The person, whomsoever they may be, who now or hereafter serves in the role of _____ (name), within the _____ (department or agency name) unless and until changed otherwise by our State.

FOR SIGNING STATE:

Signed

Date: _____

Name

Title

Agency / Department

EXHIBIT B
Form of Partner State Agreement

Partner State Agreement
PARTNERSHIP FOR A DIGNIFIED RETIREMENT

This Partner State Agreement (this “Agreement”) is entered into between _____ (“Undersigned Partner State”) and _____ (“Vendor”) for purposes of Undersigned Partner State’s receipt of services under the Partnership for a Dignified Retirement (“PDR”). This Agreement relates to the master services agreement known as _____, and effective as of _____ (the “Master Services Agreement”), between the State of Colorado (“Lead State”) and Vendor.

WHEREAS, Undersigned Partner State is participating in the PDR and has executed the Adherence Agreement Signature page of the Interstate Adherence Agreement by and between the participating states;

WHEREAS, Vendor has signed the Master Services Agreement with Lead State; and,

WHEREAS, Undersigned Partner State hereby seeks to enter into a Partner State Agreement with Vendor in order to receive the benefit of Vendor’s services to the PDR and its partner state members.

NOW THEREFORE, Vendor and Undersigned Partner State agree as follows:

1. Agreement to be Bound.

The Master Services Agreement is hereby incorporated into and made a part of this Agreement. By and through such incorporation, and subject to the terms of the Master Services Agreement, Undersigned Partner State hereby agrees to be bound by those terms made applicable to “Partner States” as part of the Master Services Agreement, and Vendor hereby agrees to allow such rights and provide such benefits to Undersigned Partner State as though it is a “Partner State” under the Master Services Agreement.

2. Additional Terms.

Undersigned Partner State and Vendor agree, as by and between them, to the following additional terms:

[To be completed by Undersigned Partner State and Vendor]

3. Other Terms.

A. Effective Date. This Agreement is effective on the date of the last signing party below.

B. Term & Termination. This Agreement shall continue in effect until the earlier of: (a) termination, expiration or other cessation of the Master Services Agreement between Lead State and Vendor; (b) the parties hereto enter into a written and signed Amendment that terminates this Agreement; or (c) the

Master Services Agreement or this Agreement is determined by a court of law of competent jurisdiction to be terminated, expired, invalid, void, or otherwise unenforceable with respect to one or both of the parties hereto.

- C. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect, provided that the parties can continue to perform their obligations under this Agreement in accordance with the intent of this Agreement.
- D. Vendor / Jurisdiction. In the event of a dispute between Undersigned Partner State and Vendor where such dispute resolution is not lead by Lead State on behalf of the partner states, Undersigned Partner State and Vendor agree that jurisdiction for such dispute shall reside solely in the State of _____, with exclusive venue in _____.
- E. No Third-Party Beneficiaries. Except for the parties' valid respective successors and assigns, this Agreement does not and is not intended to confer any rights or remedies upon any person or entity, including enforcement of this Agreement, other than the rights and obligations hereunder are reserved solely to the Lead State, the Partner States, and Contractor. Any services or benefits which third parties who are not Parties to this Agreement receive as a result of this Agreement are incidental to this Agreement, and do not create any rights or ability to enforce the terms of this Agreement for such third parties.
- F. Authority. Each party hereto represents and warrants to the other that the execution and delivery of this Agreement and the performance of such party's obligations have been duly authorized.
- G. Separate Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be considered an original and all of which shall constitute a single instrument. The parties agree that a fax or electronically transmitted valid and authorized original signature shall be deemed an original, provided the original copies are promptly delivered.