



**NEVADA SYSTEM OF HIGHER EDUCATION
DEFINED CONTRIBUTION
RETIREMENT PLAN GUIDE**

This document provides each Participant with a description of the Institution's
Defined Contribution Retirement Plan

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INTRODUCTION

The Nevada System of Higher Education – NSHE (the “Institution) Retirement Plan (RPA) (the “Plan”) is a defined contribution retirement plan that operates under Section 401(a) of the Internal Revenue Code (IRC). The Plan was established on January 1, 1970, amended on January 1, 1977, restated effective January 1, 1999 and further amended on July 1, 1999, October 1, 1999, June 30, 2002, and July 1, 2002. The purpose of the Plan is to provide retirement benefits for participating employees. Participating employees in the Plan are not subject to Social Security contributions.

Please take the time to read and understand your rights and obligations under this Plan. Decisions affecting your retirement and future security should be made carefully and reviewed periodically. Although the NSHE can provide information concerning the terms of the Plan, it cannot take responsibility for your decisions in utilizing the Plan. The NSHE does not make recommendations pertaining to the options under this plan, nor does it guarantee any investment returns, interest rates, dividends, or future tax consequences.

This booklet summarizes the RPA in general terms and has been prepared for the convenience of the Plan participants. If there is any ambiguity or inconsistency between this summary and the Plan document, the terms of the Plan document will govern.

Employer Identification Number: 88-6000024

HIGHLIGHTS OF THE RPA

The Retirement Plan Alternatives (RPA) program is designed to provide you with retirement income from mandatory contributions made by both the Employee and the Employer.

All contributions will be invested in accounts in your name and in the investment funds you have selected. You make investment elections for both the employee and the employer contributions. These opportunities give you more control over your eventual retirement security, but they also place responsibility on you to carefully investigate your choices and to make informed investment decisions. When you retire, you will have a variety of options for withdrawal of your retirement income.

One of the most attractive features of the RPA is that you have a number of investment choices, with three different investment companies (fund sponsors). You determine how contributions to your accounts are invested within the fund sponsor(s) you select. You may choose one or more of the fund sponsors for investment of your RPA contributions. If you choose more than one fund sponsor, the only limitation is that no less than 25% of total contributions can be allocated to any one sponsor (percentages must be in whole numbers, not fractions). At any time you may change your investment selections within each fund sponsor, move your account balances within or between your existing fund sponsors, and/or select a new fund sponsor. All of these actions require a phone call, an online transaction, and/or the completion of the appropriate paperwork in order to make the requested changes.

Under the RPA, once you retire, you determine when your retirement payments begin. Within the parameters of the Plan, when you retire or terminate your employment with the NSHE, you can maintain your accounts and/or elect with the fund sponsor to begin receipt of benefits based on the terms of the RPA Plan.

You are immediately 100% vested in your retirement accounts. This means that your account balances are non-forfeitable.

The RPA is a defined contribution retirement plan. Under this type of plan, the income you will receive in retirement cannot be accurately determined until you actually decide to retire. The actual benefit you will receive in retirement will be based on several factors, including:

- The size of your account balance at retirement
- The form of payment you select
- Your age at retirement

Information will be provided about each fund sponsor approved to offer investment fund options through the RPA. Each fund sponsor has its own description of the funds (see page 8 for a list of approved fund sponsors). You will receive specific information about the available investment options prior to enrollment.

NO LOANS ARE AVAILABLE FROM YOUR RPA ACCOUNT(S).

**NO HARDSHIP WITHDRAWALS ARE AVAILABLE
FROM YOUR RPA ACCOUNT(S).**

WHO IS ELIGIBLE TO PARTICIPATE IN THE PLAN?

All eligible employees of the Institution can participate in the Plan. The term “Eligible Employee” means any academic faculty employee or administrative professional employee of the Institution who is employed on an annual “A” or “B” contract of no less than half-time equivalent (50% FTE).

The term “eligible employee” *does not* include a person who has accrued retirement benefits under the Nevada Public Employee Retirement System (PERS) or whose employment is incidental to his/her education program.

Leased employees are not eligible to participate in the Plan.

WHEN DO I BECOME ELIGIBLE TO PARTICIPATE IN THE PLAN?

If you are an eligible employee, you must, as a condition of employment, begin participation in this Plan on the effective date of your appointment. Upon accepting employment, you make an irrevocable election to make mandatory contributions to the Plan. Enrollment consists of completing the Company Allocation Instruction Form, plus the appropriate fund sponsor(s) application. If these forms are not received by the Benefits Department within the appropriate time frame, you will be defaulted into the selected default fund. Both your employee contributions and the employer’s contributions will be placed in this fund.

If you have defaulted and elect at a later date to complete an application of an approved fund sponsor, you may then elect to complete the direct rollover paperwork necessary to transfer the defaulted funds from the default vendor to your selected fund sponsor, assuming you select a fund sponsor other than the default vendor.

You will continue to be a Plan participant until one of the following conditions occur:

- You no longer meet the eligibility requirements described above
- You terminate employment with NSHE
- The Plan is terminated

WHAT CONTRIBUTIONS WILL BE MADE TO THE PLAN?

When you begin participation in the Plan, contributions will be made to the investment options you have selected with your selected fund sponsor(s).

EMPLOYER CONTRIBUTIONS:

Each month in which you are an eligible employee the NSHE will contribute to the Plan a percentage of your regular salary, as defined below. This portion of the Plan is designed to qualify under Internal Revenue Code Section 401(a). The current contribution made by the employer is 10.5% of your regular salary. This percentage of contribution is set by Nevada Revised Statute.

EMPLOYEE CONTRIBUTIONS:

Your mandatory contribution to the retirement Plan is also 10.5% of your regular salary, as defined below. Participant plan contributions are designated as “picked-up” by the Institution in lieu of contributions by the Participant, in accordance with IRC Section 414(h)(2). Your contributions will be withheld from your pay on a tax-deferred basis. This means that you do not pay federal income tax on these contributions now but will pay taxes instead at the time you withdraw your retirement income.

DEFINITION OF REGULAR SALARY:

Regular salary includes:

- (A): Base pay, which is the monthly rate of pay excluding fringe benefits

- (B): Payment for extra duty assignments, if it is the standard practice of the Institution to include such pay in the employment contract or official job description for the calendar or academic year in which it is paid and such pay is specifically included in your employment contract or official job description

Regular salary does not include payment for overtime, overload salary, summer salary, annual leave payoff, perquisites, and payment from Workers’ Compensation.

IS THERE A LIMIT ON CONTRIBUTIONS?

There are limits on contributions governed by Internal Revenue Codes and various Federal regulations, which are subject to change.

DO CONTRIBUTIONS CONTINUE DURING A LEAVE OF ABSENCE?

During a paid leave of absence, Plan contributions will continue to be made based on your compensation paid during that time period.

No contributions will be made during an unpaid leave of absence.

DO CONTRIBUTIONS CONTINUE WHILE I AM ON ACTIVE DUTY IN THE ARMED FORCES?

If you are absent from employment by reason of service in the uniformed services of the United States, once you return to actual employment the Institution will make those contributions to the Plan that would have been made if you had remained employed at the Institution during your period of military service to the extent required by law, and only if you “make-up” the employee portion of the contributions.

WHEN DO MY PLAN CONTRIBUTIONS BECOME VESTED?

You are fully and immediately vested in the benefits arising from contributions made under this Plan. Vesting is immediate for both the employer and the employee contributions. Such amounts are non-forfeitable.

WHAT IS THE NORMAL RETIREMENT AGE UNDER THE PLAN?

The normal retirement age under the Plan is age 65.

WHEN DOES MY RETIREMENT INCOME BEGIN?

Although income usually begins at retirement, you may elect to begin to receive your retirement income at any time after termination of employment (see next page for additional details). You may also elect to receive income while you are actively employed, if you have reached the age of 65.

Retirement benefits must normally begin no later than April 1 of the calendar year following the year in which you attain age 70½, or, if later, April 1 following the calendar year in which you retire. Failure to begin annuity income by the required beginning date may subject you to a substantial federal tax penalty.

If you die before the distribution of benefits has begun, your entire account balance(s) must normally be distributed by December 31 of the fifth calendar year after your death. Under a special rule, death benefits may be payable over the life or life expectancy of a designated beneficiary if the distribution of benefits begins not later than December 31 of the calendar year immediately following the calendar year of your death. If the designated beneficiary is your spouse, the commencement of benefits may be deferred until December 31 of the calendar year in which you would have attained age 70½ had you continued to live.

The payment of benefits according to the above rules is extremely important. Federal tax law imposes a 50 percent excise tax of the difference between the amount of benefits required by law to be distributed and the amount actually distributed if it is less than the required minimum amount.

Your fund sponsor will normally contact you several months before the date you have scheduled your benefits to begin on your application. You may decide, however, to begin receiving income sooner, in which case you should notify the fund sponsor in advance of that date. Usually, the later you begin to receive payments, the larger each payment will be.

WHAT OPTIONS ARE AVAILABLE FOR RECEIVING RETIREMENT INCOME?

The following income options are available under this Plan (some subject to Plan limitations):

- Single life annuities
- Joint and survivor annuities
- Cash withdrawals
- Fixed period annuities
- Systematic withdrawals
- Interest only distributions
- Minimum distributions

You should contact your fund sponsor several months prior to your retirement date regarding income options and review with that fund sponsor ALL forms of income available to you in retirement. Income decisions should be made only after a full understanding of all options and a determination of which options best suit your lifestyle.

MAY I RECEIVE A CASH WITHDRAWAL FROM THE PLAN AFTER TERMINATION OF EMPLOYMENT?

LESS THAN 5 YEARS OF SERVICE:

If you leave the NSHE with less than 5 years of service, you are eligible to withdraw **both** the employer and the employee contributions in any form of withdrawal available from your RPA fund sponsor; this includes 100% cash withdrawals.

5 YEARS OR MORE OF SERVICE:

EMPLOYEE CONTRIBUTIONS – employee contributions may be withdrawn as a cash withdrawal at any age if you leave the NSHE with 5 or more years of service.

EMPLOYER CONTRIBUTIONS – employer contributions may be withdrawn as a cash withdrawal only upon reaching the age of 55 or older if you leave the NSHE with 5 or more years of service. The employer contributions may be withdrawn as a lifetime annuity only if you leave employment with 5 or more years of service and wish to begin receipt of your employer RPA funds before the age of 55.

In-service (while employed) cash withdrawals are not permitted unless the participant has attained the age of 65.

Cash withdrawals may be subject to penalties. Contact your fund sponsor for information.

MAY I RECEIVE BENEFITS FROM THE PLAN WHILE STILL EMPLOYED?

Yes, you may receive retirement benefits while employed by the Institution, but only if you have attained the age of 65.

MAY I MOVE MY ACCUMULATIONS TO ANOTHER COMPANY?

WHILE EMPLOYED:

Accumulations may only be transferred to a NSHE approved fund sponsor. These transfers may be made at any time by simply completing the appropriate transfer documents available by calling your fund sponsor.

AFTER TERMINATION:

Accumulations may be rolled over according to IRS regulations. Most employee accumulations are eligible for 100% rollover. Most employer accumulations are eligible for rollover **ONLY** if you were employed by the Institution for less than 5 years upon termination or if you left the NSHE after 5 or more years of service and you are age 55 or older.

WHAT IF I DIE BEFORE STARTING TO RECEIVE BENEFITS?

If a participant dies before retirement benefit payments begin, the full current value of the accumulation account(s) is payable to the named beneficiary(ies). Distribution of Survivor Benefits is subject to the required distribution rules set forth in IRC Section 401(a)(9).

WHAT HAPPENS TO MY BENEFITS IF I DIVORCE BEFORE STARTING TO RECEIVE THESE BENEFITS?

Decisions regarding the distribution of your retirement benefits during a divorce will be determined by the courts under the state domestic relations law. The courts will issue a Qualified Domestic Relations Order (QDRO) describing the rights of an alternate payee under the Plan. This QDRO should be directed to your fund sponsor for processing. No NSHE Plan Administrator signature is required.

WHAT FUND SPONSORS ARE AVAILABLE UNDER THE PLAN?

Plan participants may elect to invest their RPA plan contributions (both employee and employer contributions) with any or all of the following approved fund sponsors.

- **FIDELITY INVESTMENTS**
82 Devonshire Street
Boston, MA 02109
1-800-343-0860
www.fidelity.com/atwork
- **TIAA-CREF**
730 Third Avenue
New York, NY 10017
1-800-842-2776 or 1-800-842-2252
www.tiaa-cref.org
- **A.I.G./VALIC**
North NSHE: Reno 337-2445 or 358-6464
South NSHE: Las Vegas 796-0047
www.aigvalic.com

The minimum contribution percentage that may be made to any individual fund sponsor is 25%. Percentages must be in whole numbers, not fractions.

The Institution's current selection of fund sponsors is not intended to limit future additions or deletions. The NSHE Retirement Plan Advisory Committee continuously monitors RPA Fund Sponsorship.

WHAT FUNDING (INVESTMENT) VEHICLES ARE AVAILABLE UNDER THE PLAN?

The Retirement Plan Advisory (RPA) Committee is responsible for determining which funding vehicles are available under the RPA Plan. Each fund sponsor keeps the RPA Committee apprised of their new fund offerings and, if approved, these new funding vehicles are made available.

You should contact your fund sponsor at the phone number or web sites listed on page 7 for a complete list of funds currently available under the RPA Plan.

The Institution's current selection of funding vehicles is not intended to limit future additions or deletions of funding vehicles. If approved by the RPA Committee, any additional investment accounts offered by a fund sponsor will automatically be made available to participants in accordance with the procedures established by the Institution and the fund sponsor.

HOW DO I MONITOR MY ACCOUNT?

You will receive quarterly statements from your fund sponsor(s) indicating all transactions regarding your account during that quarter. You will also receive periodic newsletters and confirmation of transactions from your fund sponsor(s).

If you wish to monitor your retirement accounts via the internet, you may find it convenient to use the fund sponsors' web sites (see page 7 for web site addresses).

HOW IS THE PLAN ADMINISTERED?

Benefits under the Plan are provided to participants by the fund sponsors. The Chancellor of the NSHE has been designated as the Plan Administrator by the Board of Regents. The Plan Administrator is responsible for enrolling participants, forwarding Plan contributions for each participant to the appropriate fund sponsor, and performing other duties required for operating the Plan.

The Chancellor has delegated oversight administration of the Plan to the RPA Committee. The RPA Committee consists of members representing various institutions within the NSHE. These members serve at the pleasure of and report directly to the Chancellor regarding all aspects of the NSHE Retirement Plan administration. The day-to-day operation of Plan administration is delegated to the benefits offices at Business Center South and Business Center North.

MAY THE TERMS OF THE PLAN BE CHANGED?

While it is expected that the Plan will continue indefinitely, the Institution reserves the right to modify or discontinue the Plan at any time. The Institution, by action of the Board of Regents, also may delegate any of its power and duties with respect to the Plan or its amendments to one or more officers or other employees of the Institution. Any such delegation shall be stated in writing. The Institution will exercise good faith, apply standards of uniform application, and refrain from arbitrary action.

HOW DO I GET MORE INFORMATION ABOUT THE PLAN?

Requests for information about the Plan and its terms, conditions and interpretations including eligibility, participation, contributions, or other aspects of operating this Plan should be directed to your campus HR/Benefits Department.

DOES THE PENSION BENEFIT GUARANTY CORPORATION INSURE THE PLAN?

No, since the Plan is a defined contribution plan, it is not insured by the PBGC. The PBGC is the government agency that guarantees certain types of benefits under covered plans.