

**PUBLIC EMPLOYER RETIREMENT PLAN ANNUAL REPORT**

**THE LANCASTER COUNTY, NEBRASKA  
401(a) EMPLOYEES RETIREMENT PLAN**

**FOR THE PLAN YEAR ENDING DECEMBER 31, 2017**

**This report is prepared in accordance with Nebraska Rev. Statute § 23-1118(5)(a)**



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### NUMBER OF PLAN PARTICIPANTS

Number of Active Participants	842
Number of Separated (Terminated) Participants with a Balance	255
Number of Retired Participants	34

\*We no longer show a "Retired" Status in our Plan Demographic presentations.

289 will show up in the "Terminated" Status in our presentation. (255 + 34 = 289)

We have continued to break out the "Retired" Status here for consistency purposes.



## PLAN ASSETS AND LIABILITIES

AS OF DECEMBER 31, 2017, THE PLAN HAD \$147,230,974 IN ASSETS.

As of December 31, 2017, the Plan had no liabilities.



## Contribution Rates

Unrepresented employees hired BEFORE December 25, 2014, who are eligible to make contributions to the 401(a) plan, will contribute 5.2% of their wages on a pre-tax basis and the County will match 1.5 times or one hundred fifty percent of those contributions to the plan.

Unrepresented employees hired on or AFTER December 25, 2014, who are eligible to make contributions to the 401(a) plan, will contribute 6.5% of their wages on a pre-tax basis and the County will match 1.0 times or one hundred percent of those contributions to the plan

Employees covered under the collective bargaining agreement with FOP, Lodge 29, who are eligible to make contributions to the 401(a) plan, will contribute 5.2% of their wages on a pre-tax basis and the County will match 1.5 times or one hundred fifty percent of those contributions to the plan.

Employees covered under the collective bargaining agreement with FOP, Lodge 32, hired BEFORE August 23, 2012, who are eligible to make contributions to the 401(a) plan, will contribute 5.2% of their wages on a pre-tax basis and the County will match 1.5 times or one hundred fifty percent of those contributions to the plan.

Employees covered under the collective bargaining agreement with FOP, Lodge 32, hired on or AFTER August 23, 2012, who are eligible to make contributions to the 401(a) plan, will contribute 6.5% of their wages on a pre-tax basis and the County will match 1.0 times or one hundred percent of those contributions to the plan.

Employees covered under the collective bargaining agreement with FOP, Lodge 77, hired BEFORE August 31, 2014, who are eligible to make contributions to the 401(a) plan, will contribute 5.2% of their wages on a pre-tax basis and the County will match 1.5 times or one hundred fifty percent of those contributions to the plan.

Employees covered under the collective bargaining agreement with FOP, Lodge 77, hired on or AFTER August 31, 2014, who are eligible to make contributions to the 401(a) plan, will contribute 6.5% of their wages on a pre-tax basis and the County will match 1.0 times or one hundred percent of those contributions to the plan.

Employees covered under the collective bargaining agreement with AFSCME, Local 2468, hired BEFORE August 22, 2013, who are eligible to make contributions to the 401(a) plan, will contribute 5.2% of their wages on a pre-tax basis and the County will match 1.5 times or one hundred fifty percent of those contributions to the plan.

Employees covered under the collective bargaining agreement with AFSCME, Local 2468 and AFSCME, Local Engineering, hired on or AFTER August 22, 2013, who are eligible to make contributions to the 401(a) plan, will contribute 6.5% of their wages on a pre-tax basis and the County will match 1.0 times or one hundred percent of those contributions to the plan.



## Listing and Nature of Plan Investments

### Gibraltar Guaranteed Fund

**Balance \$ 41,088,410**

The Gibraltar Guaranteed Fund is designed to provide plan participants with safety of principal and competitive, stable guaranteed returns. The guaranteed interest rate is declared in advance and is net of fund management fees. The guaranteed interest rate is generally reset on a quarterly basis, although some plans may provide for a semi-annual reset. The minimum guaranteed rate is 0.00%. Preservation of capital plus competitive intermediate-term returns Principal and accumulated interest is guaranteed by Prudential Retirement Insurance and Annuity Company. Daily liquidity for benefit and transaction needs. Participants can readily make contributions, transfers and withdrawals

### Core Plus Bond / PGIM Fund

**Balance \$ 11,609,718**

The Separate Account ("the Fund") seeks to add +150 bps of annualized excess return over a broad U.S. bond market index over a full market cycle (three to five years) by emphasizing relative-value based sector allocation, research-based security selection, and modest duration and yield curve positioning. Prudential Investment Management, Inc. (PIM) is the Fund's investment adviser. PIM is an indirect, wholly owned subsidiary of Prudential Financial, Inc., and an affiliate of PRIAC. Prudential Fixed Income is PIM's largest public fixed income asset management unit and is responsible for the management of the Fund. There is no assurance the objectives will be met.



**Prudential Day One IncomeFlex Target Balanced Fund**

**Balance \$ 1,561,910**

The Prudential Day One IncomeFlex Target® Balanced Fund (the “Fund”) is a multi-asset class fund which offers a distinct risk/return profile and is designed to be integrated with the Prudential IncomeFlex Target® retirement income solution – a group variable annuity offered as a retirement plan option that features a guaranteed minimum withdrawal benefit for an additional fee.

The Fund is intended to provide a disciplined and diversified investment solution for defined contribution plan participants. The Fund’s asset allocation is designed to maximize the potential that the participant’s account balance, in conjunction with the Prudential IncomeFlex Target® guarantees, will provide a reliable source of lifetime income. The Prudential IncomeFlex Target® guarantees are supported by the general account of Prudential Retirement Insurance and Annuity Company; the Fund itself provides no guarantees. There is no assurance the objectives of the Fund will be met.

Quantitative Management Associates LLC (“QMA”), an SEC-registered investment adviser and a Prudential Financial, Inc. company, has been engaged by PRIAC to provide certain asset allocation and other investment advice relating to the operation of the Funds. QMA’s asset allocation outlook will be incorporated into the Funds’ 2015 Glidepath and Underlying Fund allocations





**Prudential IncomeFlex Lifetime Balanced Fund**

**Balance \$ 1,233,033**

The Prudential IncomeFlex® Selects Lifetime Balanced Fund is a member of the series of Prudential Retirement's family of Lifetime Funds that is used with Prudential IncomeFlex® Selects, a retirement plan option that features a guaranteed minimum withdrawal benefit for an additional fee. For more information on IncomeFlex please refer to the Prudential IncomeFlex Important Considerations. Eligible participants can choose to invest their Prudential IncomeFlex balances in any of the Prudential IncomeFlex Funds offered by their retirement plan. The Lifetime Funds are a family of funds comprised of five distinct, multi-asset class, multi-manager investment portfolios, which offer a range of risk/return characteristics. The investment objective of each of the five Funds varies in keeping with the desired risk tolerance and associated asset allocation of the underlying portfolios. The performance goal for each is to consistently outperform its benchmark over full market cycles. There is no assurance the objective of a Fund will be met. The IncomeFlex lifetime income guarantees are supported by the general account of Prudential Retirement Insurance and Annuity Company; the Lifetime Funds themselves provide no guarantees. There is no assurance the objectives of the Fund will be met.

**Prudential IncomeFlex Lifetime Conservative Growth Fund**

**Balance \$ 286,007**

The Prudential IncomeFlex Select Lifetime Conservative Growth Fund is a member of the series of Prudential Retirement's family of Lifetime Funds that is used with Prudential IncomeFlex® Selects, a retirement plan option that features a guaranteed minimum withdrawal benefit for an additional fee. For more information on IncomeFlex please refer to the Prudential IncomeFlex Important Considerations. Eligible participants can choose to invest their Prudential IncomeFlex balances in any of the Prudential IncomeFlex Funds offered by their retirement plan. The Lifetime Funds are a family of funds comprised of five distinct, multi-asset class, multi-manager investment portfolios, which offer a range of risk/return characteristics. The investment objective of each of the five Funds varies in keeping with the desired risk tolerance and associated asset allocation of the underlying portfolios. The performance goal for each is to consistently outperform its benchmark over full market cycles. There is no assurance the objective of a Fund will be met. The IncomeFlex lifetime income guarantees are supported by the general account of Prudential Retirement Insurance and Annuity Company; the Lifetime Funds themselves provide no guarantees. There is no assurance the objectives of the Fund will be met.



**Oakmark Equity & Income Class I**

**Balance \$ 3,169,045**

The investment seeks current income, preservation and growth of capital. The fund invests primarily in a diversified portfolio of U.S. equity and fixed-income securities (although the Fund may invest up to 35% of total assets in securities of non-U.S. issuers). It invests approximately 40-75% of total assets in common stock, including securities convertible into common stock, and up to 60% of assets in U.S. government securities and debt securities rated within the two highest grades assigned by Moody's Investors Service, Inc. or by Standard & Poor's Corporation Ratings Group, a division of The McGraw-Hill Companies. There is no assurance the objectives of the Fund will be met.

**Vanguard 500 Index Admiral**

**Balance \$ 2,974,501**

The investment seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks. The fund employs a passive management or indexing investment approach designed to track the performance of the Standard & Poor's 500 Index, which is a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighing in the index. There is no assurance the objectives of the Fund will be met.

**T. Rowe Price US Large Cap Value Equity Fund (IS Platform)** **Balance \$ 11,970,751**

The Separate Account (the "Fund") is advised by T. Rowe Price Associates, Inc. The fund seeks to provide long-term capital appreciation by investing in common stocks believed to be undervalued. Income is a secondary objective. There is no assurance the objectives will be met.

**Fidelity Advisory New Insights I**

**Balance \$ 16,827,585**

The investment seeks capital appreciation. The fund invests primarily in common stocks. It invests in domestic and foreign issuers. The fund invests in securities of companies whose value the adviser believes is not fully recognized by the public. It invests in either "growth" stocks or "value" stocks or both. The fund uses fundamental analysis of factors such as each issuer's financial condition and industry position, as well as market and economic conditions to select investments. There is no assurance the objectives of the Fund will be met.

**American Funds Fundamental Investors R4**

**Balance \$ 6,107,909**





The investment seeks long-term growth of capital and income. The fund invests primarily in common stocks of companies that appear to offer superior opportunities for capital growth and most of which have a history of paying dividends. It may invest significantly in securities of issuers domiciled outside the United States. There is no assurance the objective of the Fund will be met.

**Vanguard Mid Capitalization Index Adm**

**Balance \$ 1,053,805**

The investment seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the CRSP US Mid Cap Index, a broadly diversified index of stocks of mid-size U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index. There is no assurance the objectives of the Fund will be met.

**Vanguard Selected Value Inv**

**Balance \$ 9,826,151**

The investment seeks long-term capital appreciation and income. The fund invests mainly in the stocks of mid-size U.S. companies, choosing stocks considered by an advisor to be undervalued. Undervalued stocks are generally those that are out of favor with investors and are trading at prices that the advisor feels are below average in relation to measures such as earnings and book value. These stocks often have above-average dividend yields. It uses multiple investment advisors. There is no assurance the objectives will be met.

**Mid Cap Growth / Westfield Capital Fund**

**Balance \$ 6,442,460**

This Separate Account (the "Fund") is sub-advised by Westfield Capital Management following its Mid Cap Growth Equity investment strategy. The Fund seeks to provide capital appreciation and outperform the Russell Mid-Cap Growth Index over the long term. The securities of mid-capitalization companies involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements. There is no assurance the objectives of the Fund will be met.

**Eaton Vance Atlanta Capital Small/Mid Cap I**

**Balance \$ 1,052,803**



The investment seeks long-term capital growth. The fund normally invests in common stocks of companies having market capitalizations within the range of companies comprising the Russell 2500 Index. Under normal circumstances, it invests at least 80% of net assets in small to mid-cap stocks. The fund may also invest in larger companies. It may invest in dollar-dominated securities of foreign companies that trade on U.S. exchanges or in the over-the-counter market (including depositary receipts which evidence ownership in underlying foreign stocks). The fund may also lend its securities. There is no assurance the objectives of the fund will be met.

**Vanguard Small Cap Index Adm**

**Balance \$ 3,580,189**

The investment seeks to track the performance of a benchmark index that measures the investment return of small capitalization stocks. The fund employs a passive management investment approach designed to track the performance of the MSCI US Small Cap 1750 index, a broadly diversified index of the stocks of smaller U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index. There is no assurance the objectives of the Fund will be met. Smaller companies may present greater opportunities for capital appreciation, but may also involve greater risks than larger companies. As a result, the value of stocks issued by smaller companies may fluctuate more than stocks of larger issuers.

**BlackRock Small Cap Growth Equity Institutional**

**Balance \$ 1,936,202**

The investment seeks long-term capital appreciation. The fund normally invests at least 80% of net assets in equity securities issued by U.S. small capitalization companies believed to offer superior prospects for growth. It defines small-capitalization companies using a different index or classification system. The fund primarily buys common stock but also can invest in preferred stock and convertible securities. There is no assurance the objective of the Fund will be met. Smaller companies may present greater opportunities for capital appreciation, but may also involve greater risks than larger companies. As a result, the value of the stocks issued by smaller companies may fluctuate more than stocks of larger issuers.



**Prudential QMA Small-Cap Value Q**

**Balance \$ 876,855**

The investment seeks above-average capital appreciation. The fund normally invests at least 80% of its investable assets in equity and equity-related securities of small-cap companies. The sub-adviser considers small-cap companies to be companies with market capitalizations within the market cap range of companies included in the Russell 2000 Index or the Standard & Poor's Small Cap 600 Index. While most assets will typically be invested in U.S. equity and equity-related securities, including real estate investment trusts (REITs), the fund may also invest in foreign equity and equity-related securities. There is no assurance the objectives will be met.

**American Funds EuroPacific Growth Fund R4**

**Balance \$ 19,101,422**

The investment seeks to provide long-term growth of capital. The fund invests primarily in common stocks of issuers in Europe and the Pacific Basin that the investment adviser believes have the potential for growth. Growth stocks are stocks that the investment adviser believes have the potential for above-average capital appreciation. It normally invests at least 80% of the net assets in securities of issuers in Europe and the Pacific Basin. The fund may also invest a large portion of its assets in common stocks and other securities of companies in countries with developing economies and/or markets. There is no assurance the objectives of the Fund will be met. Investing in foreign securities presents certain unique risks not associated with domestic investments, such as currency fluctuation and political and economic changes. This may result in greater share price volatility.





**American Funds Capital World Growth Income R4**

**Balance \$ 6,532,219**

The investment seeks long-term growth of capital while providing current income. The fund invests primarily in common stocks of well-established companies located around the world, many of which have the potential to pay dividends. It invests, on a global basis, in common stocks that are denominated in U.S. dollars or other currencies. Under normal market circumstances, the fund invests a significant portion of its assets in securities of issuers domiciled outside the United States. The fund may also invest in issuers in developing countries. There is no assurance the objectives of the Fund will be met. Investing in foreign securities presents certain unique risks not associated with domestic investments, such as currency fluctuation and political and economic changes. This may result in greater share price volatility.



### **GoalMaker®**

GoalMaker® is an asset allocation service that pairs modeled portfolios to participants' risk tolerance and time horizon. This free asset allocation tool has three distinct risk tolerance categories and four time horizon portfolios within each risk category. These models use the available plan investments to provide participants an asset allocation strategy across all asset classes and consistent with their goals. These portfolios are designed to rebalance periodically to match the initial asset allocation—a systematic approach to buy low, sell high. There is no minimum balance to participate in this feature and participants may enter or exit this service at any time.



## PLAN ADMINISTRATOR

The persons responsible for the administration of the plan are the Lancaster County Board of Commissioners.

The Board has appointed Prudential Bank & Trust, FSB as trustee of plan assets and Prudential Retirement as directed Recordkeeper.



## NAMES AND PERSONS INVESTING PLAN ASSETS

Investments are participant directed.



## INVESTMENT POLICY

The plan does have a written investment policy which is on file with the Nebraska Public Employees Retirement Board and the Retirement Systems Committee (See 2006 Annual Report). Lancaster County is in the process of updating its investment policy to more closely match our investment array administered by Prudential Retirement.



Executed by the Lancaster County Board of Commissioners this 30<sup>th</sup> day of January, 2018.

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Todd Wiltgen, Chair

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