

BUDGET POLICY

*The State of Delaware Deferred Compensation Plans Under
IRC§§ 457(b), 403(b) and 401(a)*

*The State of Delaware College Investment Plan under /RC§
529*

The State of Delaware ABLE Plan under IRC§ 529A

Approved on December 10, 2019

By the Delaware Plans Management Board

I. The Plans Management Board

The Plans Management Board (the "Board") oversees and administers the State's deferred compensation program authorized under chapter 60A of title 29 of the Delaware Code (the "DC Program"). The DC Program encompasses three distinct deferred compensation plans authorized under the Internal Revenue Code ("IRC"): (a) the State's deferred compensation plan under IRC § 457(b); (b) the State's tax-sheltered annuity plan for certain education employees under IRC § 403(b); and (c) the State's employer match plan under IRC § 401(a). The Board also oversees and administers the State's college investment plan under IRC § 529, authorized by subchapter XII, chapter 34 of title 14 of the Delaware Code, and the State's Achieving a Better Life Experience ("ABLE") program authorized by chapter 96A of title 16 of the Delaware Code (collectively, the "Plans").

II. Office of the State Treasurer

The Office of State Treasurer ("OST") provides administrative support for the Board and its committees in accordance with 29 *Del. C.* § 2722(g).

III. Statement of Purpose and Scope

This policy governs the development and management of an annual budget for the Plans and addresses the accounting practices and internal controls necessary to provide effective fiscal management.

IV. Budget Development

OST is responsible for developing an annual budget for the Plans. OST shall present a draft budget for approval by the Board at the first full Board meeting each calendar year.¹ The Board shall approve the budget by majority vote of a quorum of its members.

In preparing the annual budget, OST shall look to prior year revenues and expenditures as a baseline and account for anticipated changes in revenues and expenditures in the upcoming calendar year. At year-end, approved budget line items may be carried over and used in the following year budget to pay for prior year's expenses.

The budget shall detail sources and uses as follows:

Sources:

The Plans receive annual, ongoing funding through non-appropriated special funds ("NSF") in the form of (i) administrative fees assessed to Plan participants, and (ii) interest or other income received in respect of administrative fees collected from participants. From time to time, one or more Plans may also receive

¹ With the exception of the ABLE Plan, the Plans operate on a calendar year basis, beginning on January 1st and concluding on December 31st of each year. The ABLE Plan operates on a fiscal year that starts on July 1st and ends on June 30th of the next year.

appropriated general funds ("GF") or appropriated special funds ("ASF"), as indicated in the annual State Budget Act.² The budget shall reflect whether anticipated sources of funds are NSF, GF or ASF.

Uses:

- Personnel/Staffing
- Legal Services
- Consulting Services
- Auditing Services
- Marketing /Promotion/Education
- Travel/Conferences
- Technology
- Professional Organization Memberships
- Postal Services
- Banking Fees

V. Budget Management

Budget vs. actual reconciliation reports shall be provided to and reviewed by the Board on a semi-annual basis.

OST shall abide by the budget and accounting policies required by the State as set forth in the State Budget and Accounting Manual and OST's internal budget procedures.

VI. Reserves

To the extent feasible, OST shall maintain a budget reserve for the 457(b) and 529 college investment Plans equal to one year's worth of Plan expenses, which reserve shall be funded with legacy administrative fee balances. To the extent feasible, OST shall maintain a budget reserve for the 401(a), 403(b) and 529A Plans equal to one year's worth of Plan expenses, which reserve shall be funded through GF and ASF sources. Unless otherwise required by Plan-related documents or agreements, the reserves may be held in demand deposit accounts, or invested in accordance with policies established by the Cash Management Policy Board, until required by OST to make authorized disbursements.

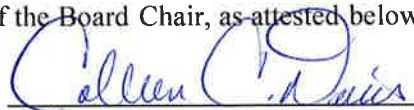
VII. OST Internal Controls

No payments shall be made from any plan account unless such disbursement has been authorized by the Board, including disbursements authorized under any annual budget. Authorized payments shall require written approval from at least two levels of authority within OST.

VIII. Miscellaneous Provisions

² The State's fiscal year runs from July 15¹ through June 30th.

This Policy shall be binding on Members and shall remain in effect until amended by the Board. The Board shall have full and complete discretion as to the interpretation of this document and its application to a specific situation. Nothing contained herein shall provide to any participant, beneficiary or any other party the right to enforce the terms of this Policy. Adopted by the Delaware Plans Management Board this 10th day of December 2019, as evidenced by the signature of the Board Chair, as attested below.



Chair

ATTEST:

Colleen Davis, State Treasurer
Title: State Treasurer, on behalf of the Plans Management Board¹

¹ By motion approved on September 4, 2019, the State Treasurer was granted authority to sign on behalf of the Plans Management Board pending appointment and approval of a new chairperson.

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