



RETIREE NEWS

Fall/Winter 2006

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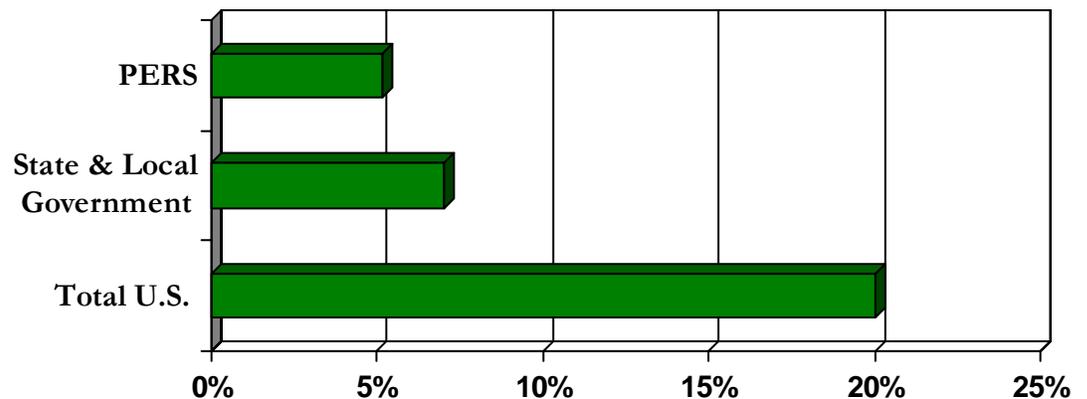
Achieving the Mission

Our Mission

The Public Employees' Retirement System of Nevada (NVPERS) was designed to attract and retain long-term employees to the public sector, as well as to provide a reasonable base income to those in retirement through the use of a defined benefit plan structure. NVPERS accomplishes its mission in a cost-effective and stable manner. The Nevada Legislature designed the System to insure uniformity in application to all public employees in the state and to maximize efficiencies through the pooling of assets and liabilities of virtually all public employers and employees.

Retention

Due to the nature of positions in the public sector (teaching, public safety, etc.), employee retention lowers overall public services costs by lessening training expenses. The chart below demonstrates the relative turnover ratios for Nevada public employers (combined), versus all state and local government nationally and against total U.S. turnover statistics.



Reasonable Retirement Benefits

The average benefit from NVPERS provides a reasonable base income to the System's retirees. The 2006 average benefit for retirees of the regular fund was \$2,136 a month, with approximately twenty years of service. The 2006 average benefit for members of the Police and Firefighters Retirement Fund was \$3,387 a month, also with approximately 20 years of service. Members of NVPERS do not participate in Social Security. Other than supplemental retirement personal savings, NVPERS is the only retirement benefit most career employees will have.

DEDICATED TO DELIVERING ACCURATE AND TIMELY SERVICE

Contribution Rates — Shared, Stable, Competitive

NVPERS’ 2005 valuation indicates the System covers 166 public employers with 94,000 active members and 31,000 retirees. The average reportable salary for regular members is \$40,901 and \$61,277 for police and fire members. The pay differential between the two funds reflects the hazardous nature of the positions in the Police and Firefighter’s Retirement Fund.

Regardless of which fund the member participates in, public employers and employees share equally in the cost of the System. Each pays half the statutory contribution rate, including payment on the unfunded accrued liability. Certain members pay their portion in a pre-tax manner (known as “employer pay”) and certain members have an option to pay their portion with after-tax dollars, which provides the member with the opportunity for a refund of their contributions upon termination of public employment.

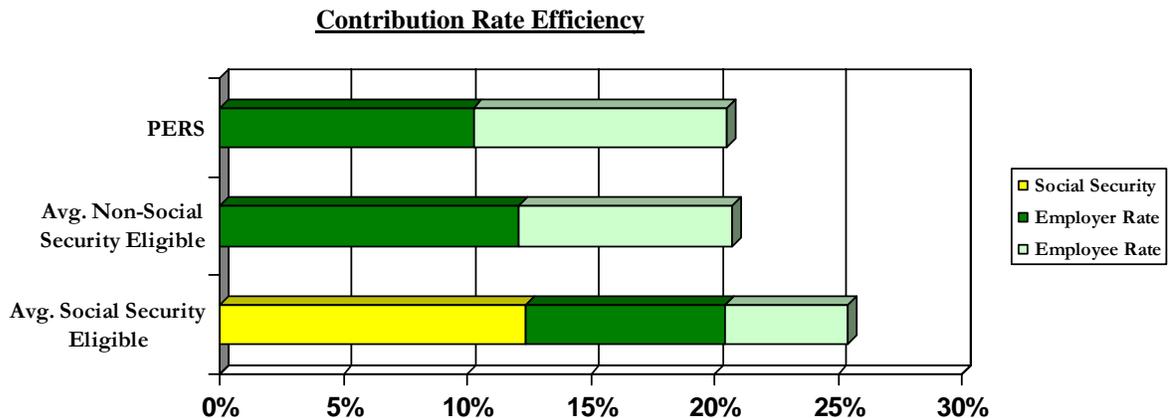
One of the principal goals of the Board of Trustees has been to stabilize contribution rates during volatile investment market cycles which insures cost predictability to employers and members. The chart below sets forth the actuarial contribution rates for the regular plan for the last decade. The chart demonstrates the relative stability of the contribution rate during both the strong and weak market cycles.

	1998	1999	2000	2001	2002	2003	2004	2005	2006
<i>Employer Pay*</i>	18.55	18.92	18.29	18.96	20.32	20.07	19.70	20.44	20.44

**Years ended June 30th. Rate split equally between employer and employee.*

Rate stabilization is key to the long term financing of NVPERS. It provides predictability to members in their take home pay and in the employer budgeting process. Any event (loss or gain) in a single year, that would generate sharp rate changes is managed, not simply reacted to. This is a significant tool to the System to balance short-term swings in costs with the long-term financing horizon for NVPERS (40 to 60 years).

NVPERS’ contribution rates are also competitive when compared to other states, both with Social Security coverage and those without. Below is a chart comparing the System’s current contribution rate against the average Non-Social Security state rate as well as the average Social Security eligible public pension plan.

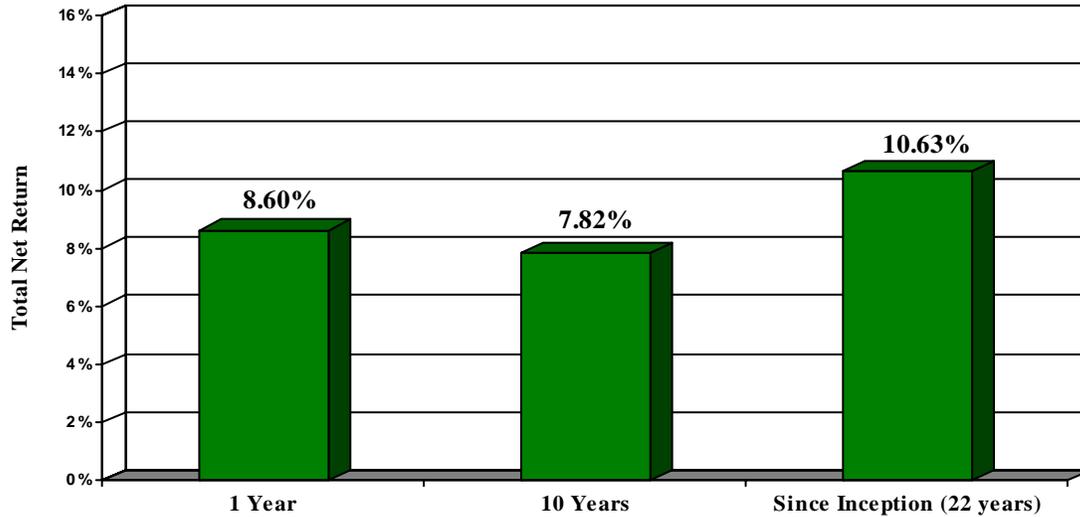


Source: PERS, Public Funds Survey

PERS Investment Program

The goal of the investment program is to achieve an 8% return over the long-term funding horizon of the plan with the least possible risk. Below is NVPERS' fund performance for the last 22 years. The chart demonstrates the long-term achievement of this goal.

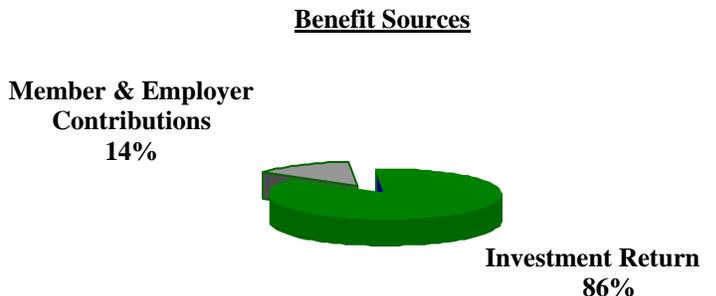
PERS' Fund – Performance as of June 30, 2006



NVPERS manages investment risk in a number of ways. Our portfolio is conservative by institutional investor standards. We employ a well diversified strategy, investing in a broad variety of asset classes to dilute investment volatility. NVPERS' portfolio is high quality, with an emphasis on large U.S. and international company stocks, and high quality U.S. and international bonds. At the security level, we hold over 4000 individual stocks and bonds to further diversify the portfolio.

Our conservative structure is evident when we compare ourselves to other public pension investment programs. Since the inception of our performance records (22 years), Nevada has maintained one of the lowest risk investment portfolios in the country. Equally important, PERS' assets have been efficiently invested. When compared to other funds, our risk-adjusted return ranks in the top 10%. This reinforces that we have taken a low risk approach, and have been well compensated for the investment risk we have accepted.

The following chart depicts the central importance of the investment program to the financing of NVPERS' benefits as it funds 86% of the average member's lifetime benefit. On average, employer contributions fund only 7% and employee contributions fund 7% of the lifetime benefit.



For other pension related information visit our web site for related links to:

- NASRA** – National Association of State Retirement Administrators
- NCTR** – National Council on Teacher Retirement
- NCPERS** – National Conference on Public Employees Retirement Systems
- CPRS** – Coalition to Preserve Retirement Security

PERS' Funding Remains Stable

The funded ratio of NVPERS has been relatively stable during the volatile market cycle. While the System's funded ratio has gone down, the conservative nature of our investment strategy has metered the impact investment losses have had on our overall funded ratio. The funded ratio was reduced in the 2006 valuation by less than 1%.

The following chart shows the funding levels of NVPERS over the last decade.

Funded Ratio	
1997	75.6%
1998	78.2%
1999	82.5%
2000	84.7%
2001	84.2%
2002	82.4%
2003	81.3%
2004	78.7%
2005	75.8%
2006	74.9%

NVPERS—Good for Nevada

Nevada Investments

NVPERS' investment program has \$894 million invested in assets that support the Nevada economy through real estate, publicly traded stocks, and private businesses. The System's real estate holdings are primarily held within our Real Estate Investment Trust portfolio and include an ownership and interest in 201 properties within the State.

NVPERS maintains positions in 18 publicly traded companies that make an important contribution to the Nevada economy. These firms include IGT, Newmont Mining, Harrah's Entertainment, Starbucks Coffee, Wal-Mart, and Amazon.com. The System also maintains positions in 19 privately held companies such as American Asphalt, ClubCorp, and Emergency Medical Services that also make an important business contribution to the State.

Nevada Benefits Cashflow

For fiscal year 2006, the System paid \$832,000,000 in benefits to retirees and survi-

vors. The vast majority of benefit recipients, over 76%, reside throughout Nevada. These benefit recipients return a significant portion of benefits paid to their local economies, in all portions of the State, through the purchasing power these benefits provide. During this same time period, fiscal year 2006, NVPERS received just over \$1,042,000,000 in contributions. Over \$500,000,000 of this contribution amount comes from the employees themselves, as the contribution rate is split equally between the employer and employee.

For fiscal year 2006, the total public budget in Nevada (excl. charter schools and volunteer fire departments) was approximately \$14,500,000,000 (Source: Nevada Department of Taxation). The employer portion of the contributions received by NVPERS in fiscal year 2006 was approximately 3.6% of the public budgets. As the percentage of total expenditures, the System is a cost efficient method to help our employers attract and retain quality public employees.

PERS Welcomes New Board Member

Elizabeth “Betsy” Fretwell was appointed to the Retirement Board by Governor Guinn in September 2006. In her current position as Deputy City Manager for the City of Las Vegas, Ms. Fretwell is directly responsible for the Administrative Services, Detention & Enforcement, Fire & Rescue, Government & Community Affairs, and Municipal Court Departments within the organization. Additionally, Ms. Fretwell works on various special projects such as the Union Park development agreements, negotiations, adaptive reuse of the historic Post Office and Courtroom, strategic planning, and leadership development.

Ms. Fretwell is a graduate of the University of Georgia with a bachelor of arts degree in political science and a master’s degree in public administration. She is also a member of several professional and community organizations including the Nevada Public Radio Board of Directors, the Las Vegas Chamber of Commerce, the International City/County Managers Association, the Local Government Managers Association of Nevada, the American Society for Public Administration, University of Nevada Las Vegas, Public Administration Advisor, and Pi Alpha Alpha, a public administration honor society.

Retirement Board Meeting Dates

January 17, 2007
5820 S. Eastern Ave, Suite 220
Las Vegas

February 22, 2007
693 W. Nye Lane, Carson City

March 21, 2007
693 W. Nye Lane, Carson City

April 18, 2007
693 W. Nye Lane, Carson City

May 16, 2007
693 W. Nye Lane, Carson City

June 20, 2007
693 W. Nye Lane, Carson City

PERS Contact Information



Las Vegas (702) 486-3900
Reno or Carson City (775) 687-4200
Toll Free 1-866-473-7768



www.nvpers.org



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PERS' Featured Retiree

A WALK IN THE PARK

Life begins at 40? I don't think so. Some of life's best rewards happen after retirement if you are open to them.

Tom Greco was with the Nevada Department of Transportation for 25 years and retired in 2001, at the age of 55. He then enjoyed working in the consulting world for a few years. His wife Deb and he expanded their daily walks into jogging. After finding great support from Deb, friends and family, he set a goal to run a marathon before the end of his 60th year.

Tom ran that marathon in Susanville recently and successfully completed the 26.2 miles with a smile on his face. He says: "I made some great new friends

along the way. I met up with Cindy Trease, PERS Manager of Production Services at about mile 20, and we ran together for several miles. With about 3 miles to go, we came upon 2 snakes on the trail and Cindy used the adrenaline to pick up her pace. She crossed the finish line about 2 minutes ahead of me. Too bad I'm not afraid of snakes!"

Tom Greco

PERS Feature Retiree will be a continuing article in our quarterly newsletter. If you'd like to share your story, send it to: PERS Newsletter, 693 W. Nye Lane, Carson City, NV 89703. ■



2007 Check Mail Dates*

January 26, 2007
 February 23, 2007
 March 27, 2007
 April 25, 2007
 May 25, 2007
 June 26, 2007
 July 26, 2007
 August 28, 2007
 September 25, 2007
 October 25, 2007
 November 27, 2007
 December 26, 2007

*Remember, with Automatic Deposit your funds will be in your account on the above dates.

The 2007 refrigerator magnets are on their way. These convenient magnets are a handy way to know when your retirement benefits will be paid. You should receive your magnet in the mail around the first of January 2007.

This publication is intended to provide general information. If there is any conflict between this information and Nevada laws or PERS policies, the laws and policies will supersede this information.

Retiree News is a quarterly newsletter for retired members and benefit recipients of the Public Employees' Retirement System of Nevada. Comments or suggestions may be directed to: PERS, Newsletter, 693 W. Nye Lane, Carson City, Nevada 89703

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