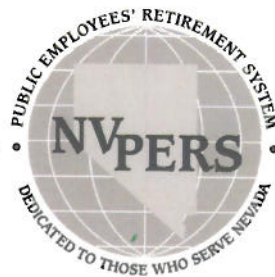


## Retirement Board

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Vice Chairman

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David F. Kallas  
Bart T. Mangino  
David Olsen  
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Executive Officer

Tina M. Leiss  
Operations Officer

Ken Lambert  
Investment Officer

## Memorandum

To: Liaison Officers

From: Public Employees' Retirement System

Date: February 5, 2010

Re: Las Vegas Review-Journal Editorial Repsonse

The Public Employees' Retirement System (PERS) generally does not provide counterpoints to editorials regarding PERS. However, given the level of misunderstanding of PERS' long-term financing structure contained in the Las Vegas Review Journal's February 5 editorial, we thought our members, retirees, employers and the public may find the following facts informative.

- **The System is sustainable in the short-term and in the long-term.**

The PERS' trust currently holds \$22 billion in assets to support its ability to pay retirement benefits, and the actuarial funding mechanism absorbs current and future pension costs in today's contribution rate. The System's finances are measured, reviewed and audited on an annual basis and comply with all applicable accounting requirements and disclosures.

- **There is no funding crisis at PERS.**

The editorial implies PERS is in a state of fiscal crisis. Nothing could be further from the truth. The most significant portion of PERS' unfunded liability is being retired over the course of the next 26 years in a prudent and methodical manner that ensures intergenerational equity among current and future employees. There is no massive bill coming due in the future that will require taxpayers to "provide a bailout". PERS is well-positioned to pay retirement benefits in the short and long-term through the current financing mechanism.

- **The contribution rate is shared equally between the employer and employee.**

All employees share one-half the cost of financing their retirement. From the 1970's until today, PERS has over 1900 employer certifications attesting that this cost-sharing mechanism was properly implemented. The contribution rate is set based on valuations conducted by independent actuaries so that each employee, along with his employer, prefunds

his retirement benefit throughout his entire career. Each employee shares equally with his employer in any contribution rate increases or decreases that the independent actuary determines is necessary to prefund the benefit.

- **PERS' retirement benefits are reasonable.**

Nevada law states that the mission of PERS is to attract and retain public employees by providing a reasonable base income in retirement, and the facts confirm that PERS is accomplishing that mission in a very prudent, cost effective manner. The average teacher or state employee retires at age 61 and receives a monthly PERS' benefit of \$2,428.00, without a Social Security benefit.