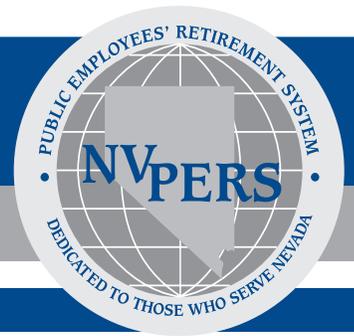


PERS NEWS

Volume I, 2016



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PERS Retirees – Explanation of your 1099-R Tax Statement

In accordance with IRS rules, PERS must mail your 2015 benefit recipient 1099-R form on or before January 31, 2016. The 1099-R form is a federal income tax form used to provide year-end income and tax information for PERS Retirees. The 1099-R must be filed with your income tax return each year. Please promptly report any change of mailing address to PERS in writing so that you will receive your 1099-R in a

timely manner. After January 1st, you may also view your 1099-R form through the PERS website (www.nvpers.org) by logging into the secure site with your user name and password.

Below is a blank 1099-R form with an explanation of how the form is used to report income and tax information.

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Gross distribution		OMB No. 1545-0119		2015	Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
		\$		2a Taxable amount					
PAYER'S federal identification number		RECIPIENT'S identification number		2b Taxable amount not determined <input type="checkbox"/>		Total distribution <input type="checkbox"/>		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.	
				3 Capital gain (included in box 2a)		4 Federal income tax withheld			
RECIPIENT'S name		5 Employee contributions /Designated Roth contributions or insurance premiums		6 Net unrealized appreciation in employer's securities		This information is being furnished to the Internal Revenue Service.			
		\$		\$					
Street address (including apt. no.)		7 Distribution code(s)		8 Other		%			
		IRA/SEP/SIMPLE <input type="checkbox"/>		\$					
City or town, state or province, country, and ZIP or foreign postal code		9a Your percentage of total distribution		9b Total employee contributions		%			
		%		\$					
10 Amount allocable to IRR within 5 years		11 1st year of desig. Roth contrib.		12 State tax withheld		13 State/Payer's state no.		14 State distribution	
\$		\$		\$		\$		\$	
Account number (see instructions)		15 Local tax withheld		16 Name of locality		17 Local distribution		\$	
		\$		\$		\$		\$	

Form **1099-R** www.irs.gov/form1099r Department of the Treasury - Internal Revenue Service

- **Box 1** – Gross Distribution – The total amount PERS paid you in 2015 before income tax or other deductions.
- **Box 2a** – Taxable Amount – If you paid contributions to PERS while you were working, a portion of your benefit may be non-taxable. Box 2a shows the amount of your gross distribution that is taxable.
- **PAYER'S name, address** – The payer is PERS, LRS, or JRS.

- **Federal identification number** – PERS, LRS, or JRS Federal Tax ID number.
- **Recipient’s identification number** – Your Social Security number or other taxpayer identification number.
- **Box 4** – The amount of federal income tax withheld from your PERS benefit in 2015.
- **Box 5** – PERS uses this box to report employee contributions paid to you in 2015 that are non-taxable. Employee contributions are taxed before they are paid to PERS. When you retire, a percentage of these contributions are paid based on your anticipated lifetime benefit and are non-taxable. The amount in Box 5 is the difference between your Gross Distribution (Box 1) and the Taxable Amount (Box 2a). **PERS does not use Box 5 to indicate insurance premiums paid in 2015; that information is not included on the 1099-R form.**
- **Box 7** – Distribution Code – The IRS code used to determine what type of benefit you received.
- **Boxes 8 and 9a** – These boxes are blank.
- **Box 9b** – Total Employee Contributions – If this is your first year of retirement, Box 9b will show the total employee contributions paid to the system prior to your retirement. If you have been retired for more than one year, this box will be blank.
- **Account Number (optional)** – Identifies which PERS account the benefit was paid from.
- **Boxes 10-15** – These boxes are blank.

If you do not receive your 1099R in the mail, contact our office at 1-866-473-7768 for a duplicate after February 15th

THE CONSUMER PRICE INDEX AND HOW IT AFFECTS YOUR POST RETIREMENT INCREASES

During the 1983 legislative session, the Nevada Legislature adopted a law that provided for funded post-retirement increases paid for with the active employee contribution rate. This legislation established a percentage increase to be granted after a certain number of years in retirement. In addition, the law limited these increases so they could not exceed the average of the Consumer Price Index (CPI) over the preceding three years. Under this rule, if the percentage of post-retirement increase was greater than the CPI average, then the post-retirement increase was reduced to the CPI average. This provision is known as the CPI cap.

In 1995, the legislature, recognizing the insidious nature of inflation, enacted a change to the CPI cap providing that it could be measured against inflation for the retiree’s entire retirement period. This enabled PERS to compare benefit increases for the entire period of benefit payments to the CPI over the same period. Under this provision, the post-retirement increase is only capped if the increase in lifetime benefits is more than the increase in the total CPI for the retiree’s retirement period.

Below is an example of how PERS determines whether a retiree’s benefit payment over the period of the benefit has increased more than the CPI for the same period. This calculation assumes that the retiree has been retired since September 1983 and would be at the 5.0% post –retirement increase level. Formula: $184.6 - 100.2 / (100.2 \times 100) = 84.23\%$

Current CPI	184.6%
Beginning CPI	<u>100.2%</u>
	84.23%
	difference in CPI since retiree’s benefit inception

To determine if the total change to the benefit exceeds the difference in the CPI, we must divide the total change to the benefit by the original benefit. This shows the percentage that the benefit has changed. This percentage is then compared to the percentage difference in the CPI and if the change in benefit is greater than the change in CPI, the post-retirement increase is capped. *Formula: $\$3,200 - \$1,500 / (\$1,500 \times 100) = 113.33\%$*

Current Benefit	\$3,200
Beginning Benefit	<u>\$1,500</u>
	113.33% benefit increase since inception

The example shows that the benefit has increased greater than the CPI since the retiree started to collect the benefit, thus, the benefit has kept pace with inflation, on a cumulative basis and therefore will be capped at the three year rolling average of the CPI index which is 1.06% for this fiscal year.

Please refer to our website www.nvpers.org for more information on the CPI and PRI White Paper on our homepage.

Returning to Work with a Nevada Public Employer?

Returning to work for a Nevada public employer in the PERS system may affect your retirement benefit. Under the Nevada Revised Statutes, you are subject to certain restrictions if you plan to return to work for a Nevada public employer (city, state, county, etc.) under PERS. For example, if you return to work in a PERS eligible position, your retirement benefit will be suspended for the duration of that employment. **It is your responsibility to notify PERS in writing within 10 days when you accept employment with a Nevada public employer if you are employed in a PERS eligible position.**

If you are returning to work with a Nevada public employer in a position that is not eligible for membership, you must wait at least 90 days from the date of your retirement. There are provisions for a one-time, 30-day waiver during the first 90 days on an emergency basis only. You may earn up to 50% of the average salary for regular members which is, \$23,920.00 for fiscal year 2016, without it affecting your retirement benefit. A PERS retired member who is working for a Nevada public employer in a non-eligible position and exceeds the earnings limitation in any fiscal year must have his or her retirement benefit suspended for the duration of the employment, independent contract, or any subsequent employment, even if it extends into the next fiscal year. Also, if the retiree meets or exceeds the half-time hourly equivalent in a fiscal year, their retirement benefit will be suspended until the end of that fiscal year. **Both the retired employee and the public employer must notify PERS in writing within 10 days if the retiree exceeds the earnings limitation or the hours limitation.** If PERS is not notified in a timely manner, the result could be an overpayment of your retirement benefit which will then need to be paid back to PERS.

There are a few exceptions from the return to work restrictions:

- Employment with either house of the

Legislature or by the Legislative Counsel Bureau;

- Employment of certain retirees to fill positions for which there is a critical labor shortage; and
- Election to public office, unless serving in the same office in which service credit was earned as a member.

In these situations, a retiree may be employed with no restrictions and continue to receive their monthly retirement benefit.

We cannot emphasize too strongly that employment after retirement with a Nevada public employer may seriously affect your retirement benefit. If you have any questions or are considering employment with a Nevada public employer, please contact our office directly to discuss your specific reemployment situation and how to avoid a benefit overpayment.

PERS' Limited Power of Attorney

If a PERS member or benefit recipient becomes unfit or unable to handle his or her own affairs, the member/benefit recipient's family may need the right to manage their affairs. Unless PERS has a Power of Attorney document authorizing family members to manage such matters, these rights cannot be granted.

Members, retirees, and all other benefit recipients may designate a Limited Power of Attorney through PERS. This designation authorizes another person or organization to handle your PERS business while you are unavailable or unable to do so. This document is for the specific purpose of conducting PERS business which may include address, Federal Income Tax and direct deposit changes, as well as release of account information, etc. Once designated, a PERS Limited Power of Attorney will remain in effect until revoked by you.

The PERS Limited Power of Attorney document is available on the PERS website (www.nvpers.org) or you may request a copy by contacting our office, toll free, at 1-866-473-7768.

Reemployed Retiree Earnings Limitation for Fiscal Year 2016

The earnings limitation for retired employees returning to employment with a Nevada public employer in a non-eligible position for fiscal year 2016 is **\$23,920.00**. Fiscal year 2016 begins July 1, 2015, and ends on June 30, 2016.

A retired employee who exceeds the earnings limitation in any fiscal year must have his/her benefit suspended for the duration of the employment, independent contract, or any subsequent employment during the fiscal year, even if it extends into the next fiscal year. The overpaid retirement benefits will need to be calculated from the first month the earnings limit was exceeded and repaid to the System. Both the public employer and retired employee must notify PERS within ten days after the retired employee exceeds the earnings limitation.

Holidays and Office Closures 2016

January 1

New Year's Day

January 18

Martin Luther King, Jr.'s Birthday

February 15

Washington's Birthday

May 30

Memorial Day

July 4

Independence Day

September 5

Labor Day

October 28

Nevada Day

November 11

Veterans' Day

November 24

Thanksgiving

November 25

Family Day

December 26

Christmas

693 W. Nye Lane
Carson City, NV 89703
(775) 687-4200
Fax: (775) 687-5131

7455 W. Washington Ave., Suite 150
Las Vegas, NV 89119
(702) 486-3900
Fax: (702) 304-0697

5820 S. Eastern Ave., Suite 220
Las Vegas, NV 89119
(702) 486-3900
Fax: (702) 678-6934

Toll Free: (866) 473-7768
Website: www.nvpers.org

This publication is intended to provide general information. If there is any conflict between this information and Nevada law or PERS' policies, the laws and policies will supersede this information. *PERS News* is a newsletter for benefit recipients and members 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.



693 W. Nye Lane
Carson City, NV 89703

Benefit Check Mail Dates for 2016

PERS benefits are mailed or electronically deposited to your bank account four working days before the end of each month.

Check mail dates can be found on the PERS website homepage under the Benefit Recipient link.

The check mail dates for 2016 are listed below:

January 26, 2016
February 24, 2016
March 28, 2016
April 26, 2016

May 25, 2016
June 27, 2016
July 26, 2016
August 26, 2016

September 27, 2016
October 25, 2016
November 23, 2016
December 27, 2016