



Employer News

Fall/Winter 2012

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Fiscal Year 2012 Investment Performance Update

PERS generated a 3.0% return for fiscal year 2012. While this return is below our 8% actuarial assumption, it is reasonable given the fact that returns for the prior two fiscal years were 21.0% and 11.0%. PERS' annualized return for the past three years is 11.4%, still well above the 8% objective.

PERS ended the fiscal year with \$25.8 billion in assets. This represents a \$600 million increase in the last twelve months and an \$8.9 billion increase from the March 2009 stock market lows. PERS' since inception return, annualized for the last 28 years, is now 9.3%.

Despite the relatively low total return for the fiscal year, it represents one of the best returns in the pension public fund industry. PERS' performance ranks in the top 10% of large public funds for the year, and our return was nearly triple that of the average fund.

While we are pleased with the competitive results, we are proud that we are able

to achieve this success in an efficient and cost effective manner. Competitive returns to peers are compared on a before fee basis. If we take into account investment costs, PERS' results would be even better.

Currently PERS' investment costs are 68% lower than the median large public pension fund. The Maryland Public Policy Institute published a report in July 2012 which found Nevada PERS to have the fifth lowest fee structure nationally among state retirement systems and the lowest management fees for state pension plans that utilize only external investment managers.

Our results won't always look this good versus our peers. Inevitably there will be cycles where our investment strategy is out of favor. However, we are confident that our patient, simple and disciplined investment approach will enable PERS to continue to meet its actuarial objectives over time and rank competitively versus peer pension funds.

Contribution Rate Changes

Contribution rates for Regular and Police/Fire members contributing under the EPC and Employee/Employer plans are scheduled to increase. There will also be an increase in the rate for Volunteer Fire members. All rate changes are effective with the first monthly retirement reporting period beginning on or after July 1, 2013. Each employer will receive a detailed letter explaining the specific date and contribution report to begin the rates for each employee group.

The contribution rates for Regular members under the EPC plan will increase from **23.75%** to **25.75%** and the contribution rate for Regular members under the Employee/Employer plan will increase from **12.25%** to **13.25%**. The contribution rates for Police/Fire members under the EPC plan will increase from **39.75%** to **40.50%** and the contribution rate for Police/Fire members under the Employee/Employer plan will increase from **20.25%** to **20.75%**.

New Wage and Contribution Reporting Codes

Effective with the October 2012 contribution report (due in our office on November 16, 2012) all Nevada public employers will be required to begin using the new wage and contribution report status codes that were introduced last year. These new codes will separately identify each type of PERS eligible compensation such as longevity, shift-differential, hazardous duty pay, extra-duty assignments, holiday pay, standby pay, call-back pay, dual employment and school district contract overlaps. This will allow PERS' staff, members, and public employers the ability to verify the accuracy of the data that is being reported.

In addition to identifying each eligible pay type, each employer will report all of their employees that are not working in PERS eligible positions. Once we begin receiving this information, our Staff will provide the employers a periodic listing of employees that may be close to reaching enrollment thresholds. The new codes will help us identify any retirees that may be working in a non-eligible position so that we can assist employers with the re-employment restrictions in order to minimize potential benefit overpayments.

We understand that the new reporting codes will be a challenge to implement initially, however we know that the new information will greatly assist PERS, public employers and members with accurate and up to date information.

Follow us on Twitter

PERS recently joined social media and launched a Twitter site. This is a great platform for us to disperse information instantly. We can now post updates to pension issues, as well as have an interactive dialogue among organizations, communities, and individuals who follow us.

Of all communication techniques, social media, in particular, Twitter, has become one of the most powerful sources for news updates and happens to be very user friendly.

You can create your Twitter account if you haven't already and do a search (@NVPERS) and follow us or check us out on <http://twitter.com/NVPERS>. We will be posting important information for Retirees, Active Members, and Employers.

You can logon to Twitter right from our website (www.nvpers.org). Click on the Twitter icon on our homepage.



2013 Legislative Update

The complete Bill Draft Request (BDR) list for the 2013 Legislative Session is now available on the Legislature's web site (www.leg.state.nv.us). The BDRs listed below are being tracked by PERS' staff for potential impact to the Retirement System. Currently, there is no additional language available for these BDRs. Once the BDR is introduced as a bill and the language is available, the Retirement Board will determine their position on the bill which staff will then post. This list will be updated monthly.

BDR #193 – Assemblyman Kirner – Revises provisions governing the Public Employees' Retirement System.

BDR #375 – Public Employees' Retirement System – Makes various technical corrections to maintain federal tax qualification status for Public Employees' Retirement System, Legislators' Retirement System, and Judicial Retirement System.

BDR #376 – Governor's Office (PERS) – Revises provisions governing the Public Employees' Retirement System.

BDR 559 – Requested by Senator Segerblom – Revises provisions governing the employment of retired employees.

Reemployment of PERS Retirees

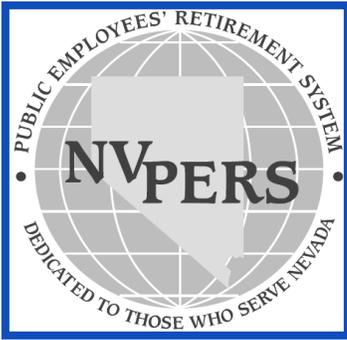
PERS retirees sometimes return to the workforce after retirement. If a PERS retiree makes the decision to return to public employment both the retiree and the employer have certain responsibilities. The following information describes the restrictions that apply should a retiree return to the public workforce.

1. If the PERS retiree returns to public employment in Nevada within the first 90 calendar days after their effective date of retirement, the retiree will be required to forfeit their retirement allowance for the duration of that employment. There are provisions for a one-time, 30 day waiver during the first 90 days after retirement. Both the public employer and retiree must notify PERS in advance that it is an emergency situation. The PERS Executive Officer must approve the request in advance of the retiree returning to work.

2. For employment after the first 90 days from the effective date of retirement, different restrictions, depending on the conditions of that employment, apply:

- A. PERS retirees will be required to forfeit their retirement benefit from the first day they are employed with a Nevada public employer in an **eligible** position of half time or more. Different options apply for re-retirement in order to resume benefits.
- B. PERS retirees may return to public employment in Nevada after 90 days from their effective retirement date in an **ineligible** position. Earnings can be up to 50% of the average salary for regular members without forfeiting their retirement benefit. This fiscal year (July 1, 2012—June 30, 2013) the earning limit for retirees in this category is **\$24,404.00**. Public employers and the retirees are required to notify PERS within 30 days of first day of this type of employment. If the earnings limitation is exceeded, the retirement benefit will be 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.
- C. In some instances, a PERS retiree may be reemployed with a Nevada public employer in a position that is eligible and for which there is a critical labor shortage. The PERS retiree would be exempt from any reemployment restrictions described above if receiving a **fully eligible** PERS benefit. In order for a position to be classified as ‘critical labor shortage’, it must be approved by the governing authority of the public employer and must be recertified every two years. The designation of a critical labor shortage position from the employer’s governing body must include documentation from public meetings involving:
 - 1. History of the rate of turnover for the position and length of time vacant,
 - 2. Number of openings for the position and the number of qualified candidates for openings after all other efforts of recruitment have been exhausted,
 - 3. Special circumstances, including education requirements or experience required for the position, and
 - 4. History and success of the efforts to recruit for the position, including advertising, out-of-state recruitment and all other efforts made.

Refer to the “Employers” link on our website homepage for the forms needed to make a critical need designation and the rehiring of a PERS retiree.



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9th Annual Liaison Officer Conference

The 9th Annual Liaison Officer Conference took place on November 15, 2012 at the Peppermill Hotel and Casino in Reno, NV. This is a one day conference for Liaison Officers, Deputy Liaison Officers, Payroll Clerks, and Human Resource Specialists. This conference is designed to meet the needs of our employer representatives when it comes to fulfilling their PERS' responsibilities. We had a record number of attendees this year with 247 employer representatives who registered for the conference.

We started the day with a general session which included presentations from our Executive Officer, Dana Bilyeu regarding the mission of PERS and an update on the System. Tina Leiss, Operations Officer spoke about Liaison Officer Responsibilities and contribution rate changes. Ken Lambert of Peavine Capital spoke about PERS' investment strategy. We offered 4 different breakout sessions for the afternoon and each attendee was asked to choose two. The breakout sessions offered this year were: PERS 101, Wage & Contribution Reporting, PERS' Forms and HR, and PERS' Audit Process.

From the feedback we received, the conference was a huge hit. Our attendees were able to learn and take away valuable information to make their PERS' responsibilities easier. There are details that we need to refine and make better for next year, however, overall everything went very smooth. If you have not attended one of our Liaison Officer Conferences, please plan to attend next November. We alternate locations every year and next year the conference will be held in Las Vegas, NV. Thank you to all the attendees this year!

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. *Employer News* is a quarterly newsletter for employers 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