



# Member News

## Spring 2008

### Retirement Board

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## 2007 ANNUAL REPORT SUMMARY

Each year the System publishes an annual report, which is submitted to the Governor, members of the Nevada Legislature, public employers, as well as employee and employer associations. The following is some of the pertinent information contained in the 2007 annual report. Any member who would like a copy of the report should contact the System.

**Member/Retiree Demographics** - The annual report shows interesting trends in membership and retirement data, as follows:

	<b>Member/Retiree Demographics</b>		Annual Compound Increase (%)
	<u>1998</u>	<u>2007</u>	
Active Members	74,693	103,693	3.7%
Public Employer Payroll (millions)	\$ 2,556.2	\$ 4,769.6	7.2
Average Annual Salary:			
Regular	\$ 32,714	\$ 43,355	3.2
Police/Fire	\$ 44,987	\$ 66,316	4.4
Retirees, Beneficiaries, & Survivors	19,836	35,687	6.7
Ratio: Active Members/ Retirees & Survivors	3.8	2.9	
Average Annual Retirement Benefit:*			
Regular	\$ 17,592	\$ 26,592	4.7
Police/Fire	\$ 26,748	\$ 42,588	5.3
Total Benefits (millions)	\$ 336.1	\$ 929.4	12.0

\*Excludes survivors and beneficiaries

In 1998, the System had 4.4 active members for each retiree. This ratio decreased to 3.3 active members per retiree by 2007.

## 2007 ANNUAL REPORT SUMMARY continued

### Principal Participating Employers

The number of participating employers has risen from 139 in 1998 to 166 in 2007, an increase of 19.4%. As the following chart shows, the make-up and ranking of our ten largest employers changed only slightly from 1998 to 2007.

#### 1998

Clark County School District  
State of Nevada  
Washoe County School District  
Clark County  
Las Vegas Metropolitan Police Dept.  
University Medical Center of So. Nevada  
Washoe County  
City of Las Vegas  
University of Nevada Reno  
Department of Transportation

#### 2007

Clark County School District  
State of Nevada  
Clark County  
Washoe County School District  
Las Vegas Metropolitan Police Dept.  
University Medical Center of So. Nevada  
Washoe County  
City of Las Vegas  
University of Nevada Reno  
City of Henderson

The top ten participating employers at June 30, 2007 accounted for 80,148 members, or just over 77%, of the total System membership of 103,693.

**Contribution Rates** - As of July 1, 2007, contribution rates for regular and police/fire members under the two contribution plans were as follows:

<u>Contribution Rates:</u>	<u>7/1/07</u>
<u>Employer Pay</u>	
Regular	20.50%
Police/Fire	33.50%
<u>Employee/Employer (Matching Rates)</u>	
Regular	10.50%
Police/Fire	17.25%

Contribution rates will remain the same through June 2009 for all members regardless of contribution plan.

**Investments** - The System has a funding objective to provide a total rate of return which exceeds the Consumer Price Index (CPI) by 4.5% each year over the long-term future. Our investment objective to achieve that funding is to capture market returns for each asset class. For example, regarding domestic common stocks, it is the return of the S & P 500; for U.S. bonds, the Lehman Aggregate Index; and for real estate, the National Council of Real Estate Investment Fiduciaries (NCREIF) index. International stocks are measured against the Morgan Stanley Capital International Europe, Australia, Far East Index, and International Bonds against the Citigroup Non-Dollar Government Bond Index. Total return for fiscal year 2007 was 15.0%.

# 2007 ANNUAL REPORT SUMMARY continued

**Financial** - During the 2007 fiscal year, the total fund balance changed as follows:

## 2007 Statement of Changes

### In Plan Net Assets

(\$ in millions)

Fund Balance June 30, 2006			\$19,542.9
Revenues:	Contributions	\$	1,175.4
	Investments		2,937.1
	Other		<u>3.3</u>
	Total		4,115.8
Expenses:	Benefits		929.4
	Refunds		17.4
	Administration		8.6
	Transfers into PERS from JRS		<u>2.0</u>
	Total	\$	957.4
Excess, Revenues over Expenses			<u>3,158.4</u>
Fund Balance June 30, 2007			<u>\$22,701.3</u>

## Major Initiatives— Legislation

The Nevada Legislature convenes on a biennial basis in odd-numbered years. During the 2007 legislative session, the Public Employees' Retirement Board (Board) sought only technical legislation changing the title of the statutory administrative assistant position to administrative services coordinator to better reflect the duties of this position.

Approximately fifteen separate pieces of legislation were introduced that could have affected the System. Highlights include the gradual phasing-out of the program to purchase one-fifth of a year of retirement service credit for certain education personnel. No other benefit modifications affecting PERS were approved in the 2007 session.

### Purchase Service Credit through a Direct Rollover

Many members choose to participate in an advantageous program under EGTRRA (Economic Growth and Tax Relief Reconciliation Act). This program allows for all or any portion of a member's 401(k), 403(b), 457 or IRA to be directly rolled over to their PERS account for purposes of purchasing additional service credit or repay a refund of withdrawn contributions. The rollover (moving monies from qualified plan to another) remains tax deferred. A member must make their request to PERS at least 60 days prior to his/her anticipated date of payment. More so, if the member is planning to retire and wants to complete a rollover purchase of service agreement, it is imperative to request that agreement at least 30 days prior to the termination date of employment.

Purchasing service with 'rollover' monies is one of three payment methods members may use to purchase service or repay a refund. In addition to this method you may also pay in a lump-sum or through monthly payments. Regardless of which method is used, purchasing service requires an agreement with PERS. Agreements for purchase are typically requested over the phone and subsequently sent directly to the member at their home address.

\* In order to be eligible to purchase additional service credit, the member must have at least 5 years of credible service credit.

## **2007 ANNUAL REPORT SUMMARY continued**

### **System Governance**

Over the past two years, the System conducted a review of its governance process that encompassed Board and staff relations, fiduciary review, education, and the individual roles played by the Board and staff. During this past fiscal year, the Board completed a self-assessment process with the assistance of executive staff and a consultant. The Board also completed a review of compliance with the charters for the Board, Board chair, vice-chair, and executive officer. The compliance review report prepared by the System's governance consultant showed a high degree of compliance with the charters. This review resulted in minor revisions to the Board and executive officer charters in the area of disaster recovery planning to reflect current industry practices.

### **Operational Initiatives**

Operations of the System are conducted in accordance with the Operational Yearly Plan. This plan is designed to organize all agency functions by department and to insure that all duties are performed within the fiscal year. PERS' performance is measured, in part, by total member and retiree workload. During fiscal year 2007 the System completed approximately 96,000 pieces of work. Of this group, 87,000 were directly related to customer requests, with the remainder relating to back office support. Approximately 92% of all work was performed within the ten working day benchmark.

Benefit payments were made to approximately 33,000 benefit recipients monthly. The System completed 6,454 one-fifth of a year purchases for educational employees and 647 service credit audits for the Public Employees' Benefits Program. The System continued its project to move employers to web based reporting which requires employers to filter their own data before submission to the System. The System continues training employers on this tool. During fiscal year 2007 approximately 140 agencies were reporting wage and contribution information in this manner.

PERS now has a full year of experience with Las Vegas counselors connected to the call center. This project enhanced our service to members and retirees through the reduction in wait time on the telephone and provided better uniformity in service for the northern and southern regions of the state. PERS continued participation in a benchmarking analysis service in fiscal year 2007. The purpose of the analysis was to help PERS understand how our total administrative costs and service levels compare to our peers. The most recently completed report shows that PERS provides a good level of service to the members and beneficiaries at a cost below the median for its peers.

The Third Annual Liaison Officer Conference was held in Reno on November 14, 2006. The conference gave the System an opportunity to provide valuable information about the System to the liaison officers as a group. This conference included break-out sessions tailored to the different roles performed by the liaison officer and payroll personnel. Reviewing the conference attendee surveys completed at the end of the conference reveals 97% of attendees rated the conference good or excellent.

### **Information Technology**

The System continued to work to improve the functionality of the website for our members, retirees, and employers. Significant modifications were made to reduce browsing complexities for members and retirees. PERS' forms were made available online in PDF format to allow members and retirees to type their information directly on the form prior to printing the form. In addition, loading speed of wage and contribution reporting was increased to improve efficiency for employers. PERS maintained its security certification through an information technology security consultant and continues to participate in this security review on an ongoing basis.

## 2007 ANNUAL REPORT SUMMARY continued

### **Strategic Planning**

Strategic and tactical planning are key to the successful management of the System. These plans must address both external and internal elements ranging from financial market analysis to federal legislative efforts to member relations. The System annually reviews the Strategic Plan for updates, including both additions and deletions. The revision of the Strategic Plan made during fiscal year 2007 was the first revision after the Board adopted the policy regarding strategic planning and budgeting through the governance initiative.

The revision to the Strategic Plan included the following sections: Introduction, Mission, Philosophy, Core Values, Organization and History, Goals and Objectives, Strategies, Internal Assessment, External Assessment, and Performance and Caseload Indicators. Three of these sections (Introduction, Core Values, and Organization and History) are new to this year's Strategic Plan. The order of the sections was revised to enhance usability and language was modified in the Internal Assessment and External Assessment sections to reflect legislative changes and provide a progress update. The Strategic Plan was made available on the System's website for the first time this fiscal year.

## **Filing Your Retirement Application?**

Many of our members schedule an appointment with a Retirement Counselor or attend one of the Group Counseling sessions in order to file their application for retirement. This is a great way to understand the calculation of your benefit and the different options available. Our retirement counselors are more than happy to meet with you and make sure your questions and/or concerns are addressed and answered.

All of our counselors are Certified Retirement Counselors through InFre and are very knowledgeable in all areas of the retirement process. However, if coming to the PERS office is not convenient for you, an alternative would be to request that a benefit estimate and retirement paperwork packet be mailed to your home. This option works well for many retiring members, with any questions being answered with a phone call to our office.

If you choose to submit your application by mail, please mail your retirement packet to the PERS Carson City office. Once the application is received, a letter is mailed to you confirming the receipt and accuracy of the retirement date, option selection, and proof of birth information. Please ensure that the original copy of the application is submitted, keeping a photocopy for your records. You may submit your application to PERS anytime within the six month period prior to the date you plan to retire.



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## PERS' Website: [www.nvpers.org](http://www.nvpers.org)

Visit the PERS' website and explore the vast amount of information available to assist you in gaining knowledge and insight to your retirement benefit. The website features include the ability to create your personal account in order to view your information. Also, you may utilize the "Benefit Estimate" link to calculate your benefit using salary and service credit information posted to your account. There is also a "Benefit Estimator" which would allow you to calculate benefits using salary and service credit information that you provide. You may also want to utilize the "Purchase Estimator" to receive an estimate of the cost to buy additional service credit towards your retirement. Rest assured, we are committed to maintaining a safe and secure website program.

General Information on the website includes the schedule for Informational Programs at any one of our three PERS' offices. Choose a date and time that is convenient for you and give us a call to make a reservation. We also have a publications link that includes all the important documents you should read such as Summary Plan Descriptions and Pre-retirement Documents. You may also access a variety of change forms on the website which allow you to type in your information before printing and submitting to our office. Visit our "FAQ" section on the homepage and review the most common questions received at PERS.

**Questions? Call us toll free  
1-866-473-7768**

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. *Member News* is a quarterly newsletter for 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