



# Member News

## Spring 2011

### Retirement Board

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Chairman

**Mark R. Vincent,**  
Vice Chair

#### Members

**Chris Collins**

**James Green**

**Bart Mangino**

**David Olsen**

**Charles A. Silvestri**

### Executive Staff

**Dana K. Bilyeu**  
Executive Officer

**Tina M. Leiss**  
Operations Officer

**Ken Lambert**  
Investment Officer

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## *Fiscal Year 2010 Highlights*

Each year the Public Employees' Retirement System of Nevada publishes an annual report, which is submitted to the Governor, members of the Nevada Legislature, public employers, as well as employee and employer associations. Your Spring 2011 Retiree News includes some of the highlights from the 2010 annual report.

### **Legislation**

The Nevada Legislature convenes on a biennial basis in odd-numbered years. During the interim between legislative sessions, PERS worked with legislative staff on pension-related issues. Following the 2009 legislative session, the Retirement Board reviewed the System's Official Policies and adopted modifications to reflect legislative changes to the benefit structure for members with effective dates of membership on or after January 1, 2010.

### **System Governance**

During this past 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 governance policies. The review assessed general compliance with over 140 verifiable provisions of the governance policies. The report concluded that the Retirement Board and staff have demonstrated a high degree of compliance with verifiable provisions of the governance policies.

### **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 ensure that all duties are performed within the fiscal year. PERS' performance is measured, in part, by total member and retiree workload. Between July 1, 2009, and June 30, 2010, staff completed approximately 66,000 pieces of work. Of this group, 56,000 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 days benchmark.

Benefit payments were made to approximately 42,000 retirees and beneficiaries monthly. During this fiscal year, staff completed 4,417 one-fifth of a year purchases for educational employees and 576 service credit audits for the Public Employees' Benefits Program (PEBP). PERS staff provided extensive training to non-choice public employers in the use of electronic enrollment. A total of 76 agencies now use this process to enroll their new hires into PERS. The electronic enrollment process has been a great success and has significantly reduced the large volume of paper enrollment forms that the employer submits and PERS staff manually inputs.

The Member Annual Statements were revised and sent to all active members in a different format during fiscal year 2010. The new statement format is a condensed version of the prior format while including the same information. The previous statement was a thirteen page document whereas the new statement is only four pages, which is less expensive to print and mail. During the 2010 fiscal year, the format of the inactive member statements was changed to enhance readability.

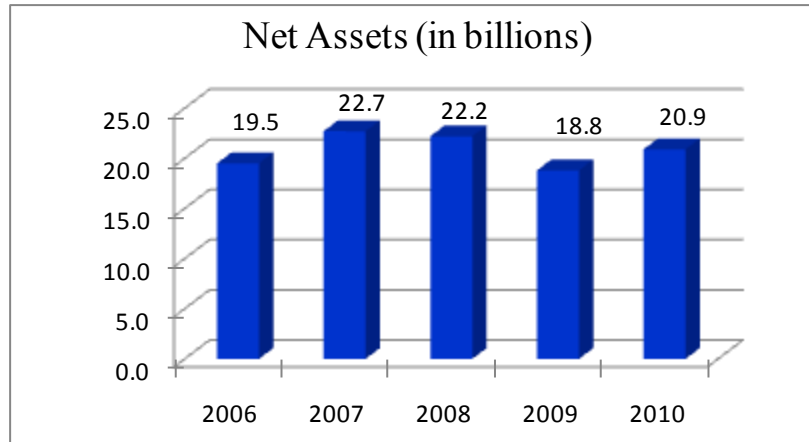
# Financial Highlights

Net assets (total assets minus total liabilities) increased by \$2.1 billion or 11.4% to \$20.9 billion as of June 30, 2010.

Total net investment gain was \$2.1 billion in fiscal year 2010, an increase from the \$3.5 billion loss in fiscal year 2009.

Total investments, excluding securities lending collateral, at June 30, 2010, increased by \$2.0 billion or 10.7% to \$20.5 billion.

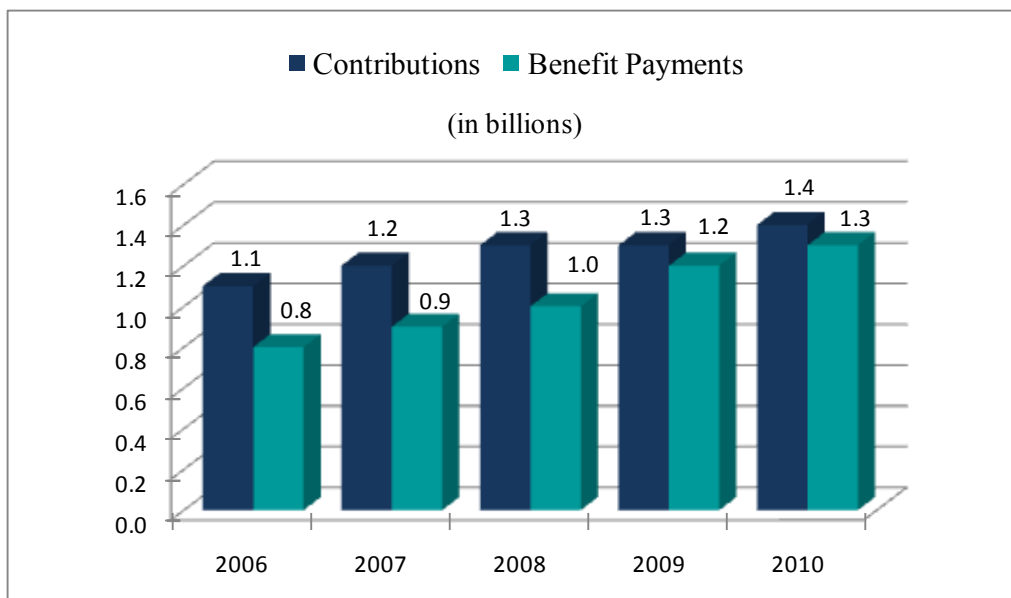
As of June 30, 2010, the most recent actuarial valuation, the System was 70.5% funded, compared to a funding level of 72.5% as of June 30, 2009.



Total contributions for fiscal year 2010 increased by \$73.5 million or 5.5% to \$1.4 billion.

Benefit payments for fiscal year 2010 increased by \$112.0 million or 9.4% to \$1.3 billion.

Refunds of contributions increased by \$1.7 million or 9.1% to \$20.3 million.



# Membership

Our motto at PERS is “Dedicated to Those Who Serve Nevada.” To that end, during fiscal year 2010 we:

- Answered 123,885 telephone inquiries from members and benefit recipients
- Received 481,840 hits at the PERS website
- Responded to more than 4,413 emails
- Provided individual counseling to approximately 11,500 members and benefit recipients
- Conducted 145 informational programs that were attended by 5,560 PERS members, benefit recipients, and others
- Processed 2,611 retirement, survivor, and disability benefit applications
- Made monthly benefit payments to approximately 42,000 retirees and beneficiaries with a total annual benefit payroll exceeding \$1.3 billion
- Hosted an employer conference that was attended by 142 representatives from 52 employers

## Comparisons from 2001 and 2010

Below are several comparisons of regular and police/fire retirees from 2001 and 2010. It is very interesting to note the differences in average monthly compensation, average monthly benefit, years of service, and etc. from 2001 and 2010.

|             | <u>June 30</u>                             | <u>Regular<br/>Members</u> | <u>Police/Fire<br/>Members</u> |
|-------------|--|----------------------------|--------------------------------|
| <u>2001</u> | Average Monthly Benefit                    | \$1,719                    | \$2,583                        |
|             | Average monthly compensation at retirement | \$4,091                    | \$5,548                        |
|             | Number of new retirees                     | 1,741                      | 236                            |
|             | Average years of service at retirement     | 18.96                      | 21.24                          |
|             | Average age at retirement                  | 59                         | 54                             |
| <u>2010</u> | Average monthly benefit                    | \$2,486                    | \$4,141                        |
|             | Average monthly compensation at retirement | \$5,309                    | \$8,250                        |
|             | Number of new retirees                     | 2,252                      | 357                            |
|             | Average years of service at retirement     | 18.15                      | 23.01                          |
|             | Average age at retirement                  | 61                         | 55                             |

# Contribution Rate Changes Effective July 1, 2011

PERS' contributions come from both employers and employees. PERS is quite unique because one-half of the contributions paid to the System to fund benefits come from the members themselves. Members pay their portion of the contributions through direct salary reduction, or by giving up raises promised to them by their employers.

The system's actuary has determined that contribution rates needed to fund the system under both the Employer Pay and Employee/Employer Pay contribution plans must increase effective **July 1, 2011**. Below is a listing of the new rates for both regular and police/fire members.

## Contribution Rate Changes—Employee/Employer Pay Contribution Plan

Regular Members—Increase from 11.25% to 12.25%

Police/Fire Members—Increase from 19.00% to 20.25%

## Contribution Rate Changes—Employer-Pay Contribution (EPC) Plan

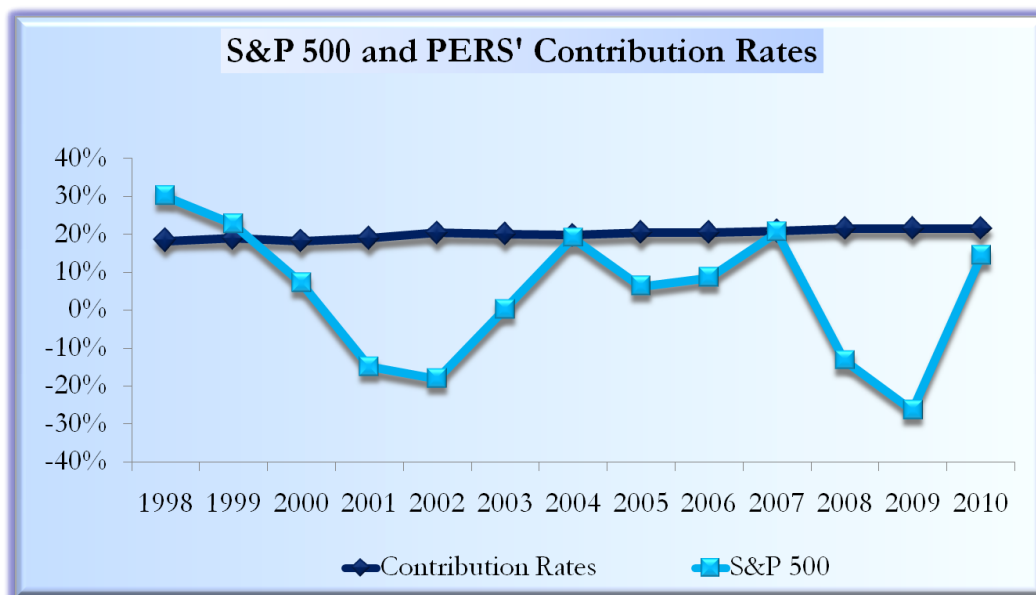
Regular Members—Increase from 21.5% to 23.75%

Police/Fire Members—Increase from 37.00% to 39.75%

Volunteer Fire Members—Increase from 22.50% to 24.5%

## Contribution Rate Stability

Keeping contribution rates stable while moving through market cycles is key to the long-term stability of PERS. It provides predictability to members in their take-home pay and in the employer budget process. This chart plots the contribution rates for regular members of the system for the last twelve years as compared to stock market returns for the same period of time.



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## New Retirement Board Member Appointment

Chris Collins was appointed to the Retirement Board by Governor Sandoval in 2011. Prior to this appointment, Mr. Collins served on the Police and Firefighters' Retirement Fund Advisory Committee for 3 years. Currently Mr. Collins serves as the Executive Director of the Las Vegas Police Protective Association ("LVPPA"), a position he has held since January of 2007. The LVPPA has approximately 3,000 members. The LVPPA represents the rank and file police and corrections officers of the Las Vegas Metropolitan Police Department, as well as the City of Las Vegas Deputy Marshal and the City of Las Vegas Municipal Court Marshals.

Mr. Collins has worked in law enforcement with the Las Vegas Metropolitan Police Department for the past 27 years. In those 27 years, Mr. Collins has worked in a variety of assignments, including patrol, the detective Bureau, and, notably thirteen years in SWAT.

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 active 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