



# Member News

## Winter 2011

### Retirement Board

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Chairman

**Mark R. Vincent,**  
Vice Chairman

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### Defined Contribution Plan Study

The Retirement Board recently studied defined contribution plans as compared to the current defined benefit structure to ensure that all interested parties are aware of the costs and regulatory impacts of a transition to a defined contribution plan and to qualify the efficiency of the current benefit structure in meeting the mission of the System.

The study showed that the current method of delivering retirement benefits is an efficient way to fulfill PERS' mission and a conversion to a defined contribution plan would carry a significant cost in the next biennium.

A copy of the study is available on our website at [www.nvpers.org](http://www.nvpers.org).

### Executive Staff

**Dana K. Bilyeu**  
Executive Officer

**Tina M. Leiss**  
Operations Officer

**Ken Lambert**  
Investment Officer

### PERS is Competitive in Contribution Costs

PERS' contribution comes from both employers and employees. In fact, NVPERS is quite unique because exactly one-half 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 employer.

The System's contribution rates are very competitive when compared with other states and private employers. In the regular fund, employers and employees pay approximately 11% of salary each to fund the retirement benefits.

### Inside This Issue

**Page 2**

Investment Update

PERS Programs

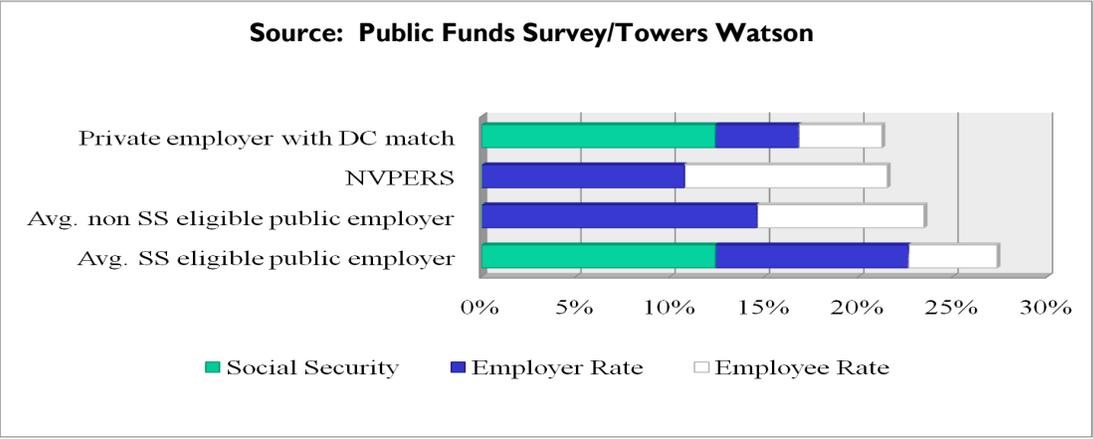
PERS Benefits and Divorce

**Page 3**

Frequently asked Questions

**Page 4**

Frequently asked Questions (cont.)



## PERS' Investment Program One of the Lowest Cost in the Country

Maintaining a low cost investment program is critical to an investor's long term success because every dollar paid out in fees is no longer available to generate compound interest. For this reason, a key component of PERS' investment philosophy is to maintain a low cost program.

Nevada's all inclusive investment costs are 0.13% of total assets, which is 65% below the industry average for large public pension plans. In contrast to PERS' fees, the average large public pension plan pays 0.39% of assets, the average public plan (including smaller funds) pays 0.52% of assets, and the typical 401(k) plan pays between 0.75% and 1.50% of assets for investment expenses.

To put the savings in dollar terms, PERS' fees are over \$54 million per year below the average large public pension plan. Over the course of a 10 year period, compounded at an 8% annual investment rate of return, this savings equates to over \$750 million.

The very low cost structure of the program is due to a number of factors. One is PERS' investment strategy is primarily focused on gaining pure capital market exposure through ownership of global stocks and bonds,

typically through index funds. The majority of the value added in the program is generated from the Board's asset rebalancing program, which is managed by PERS' staff. This approach is much less expensive than a strategy that makes heavy use of actively managed portfolios and alternative investments such as hedge funds.

The Board also re-evaluates the fees it pays to all providers on an annual basis. At every opportunity the System takes advantage of its position as one of the larger asset pools in the country to pursue fee concessions. This effort ensures costs for all components of the portfolio stay well below industry average.

However, always paying the lowest cost is only one piece of the puzzle. We never want to sacrifice service or performance for low fees. In order to ensure PERS receives top tier results from its providers the Board conducts comprehensive performance and service reviews at least quarterly.

Overall, the Board strikes a balance between receiving superior service and keeping costs low. This is an important component of our efforts to protect the hard earned retirement savings of PERS' members.

## Programs Scheduled for PERS' Offices

The **Planning Ahead Program** is an informational program for current public employees who may or may not be vested in the PERS System. The program is also for those who want to learn more about PERS' benefits. A PERS representative will discuss retirement benefits, disability benefits, survivor benefits, purchasing service credit, and of course answer questions.

The **RETIRE Program** is an informational program for all public employees considering retirement within the next three years. A PERS representative will discuss what to expect when you retire, how and when to file your retirement application, and answer questions.

Please refer to our website ([www.nvpers.org](http://www.nvpers.org)) for a schedule of these programs and a toll free number to contact our office and make a reservation.

## PERS Benefits and Divorce

If you are going through a divorce, PERS can provide you with information regarding your retirement account. You may then take this information to your legal counsel for negotiations and the division of community property, which may include your PERS benefit. A Qualified Domestic Relations Order (QDRO) is a supplement to a divorce decree and goes into further detail as to how your PERS benefit will be split. PERS will require this document if we are to make a direct payment to your ex-spouse from your retirement account when you retire. PERS recommends that you read our publication "PERS Benefits and Qualified Domestic Relations Orders" located on our website, if you are going through the divorce process. This handy guide contains valuable information that both you and your legal counsel should review.

# Frequently Asked Questions

Here are a few frequently asked questions and answers to help you better understand the benefits you have with PERS:

## What does it mean to be vested?

Vesting refers to the time period necessary for you to work in order to receive a retirement benefit. For example, once you have attained 5 years of service we consider you “vested” in the system and eligible to receive retirement benefits at age 65. Vesting also occurs at other time periods such as 10, 20, 25 and 30 years, which makes you eligible to receive benefits earlier than age 65.

## What is the difference between the Employee Employer Pay Plan (EES/ERS) and Employer Pay Plan (ER PAID or EPC)? How does the choice of plan affect my retirement benefit?

Under the EES/ERS the member pays 50% of the retirement contributions through a payroll deduction and the employer pays 50% of the contributions. If you terminate employment, you are entitled to refund any money you personally paid into the system. Under the ER Paid the employee pays for their portion of the contribution through a salary reduction or in lieu of a pay increase and the employer pays 100% of the retirement contribution to PERS. In this case, the member does not accrue refundable contributions. In addition, your average compensation is adjusted at the time of retirement if you are under the ER Paid Contribution Plan. Regardless of which plan you are under, you share equally in the contribution rate and your retirement benefit is calculated in the same manner.

## I have accepted a position with a Nevada public employer, is it possible to transfer my service from another public retirement system into PERS?

No. Nevada does not have reciprocity rights with any other state.

## What is service credit? How do I earn service credit?

Service credit is the accumulation of actual years, months, and days you worked during your employment in a PERS eligible position. Service is based on hours or salary earned as reported by your employer. Service credit is not earned for any periods of leave without pay (LWOP).

## How is my benefit calculated when I retire?

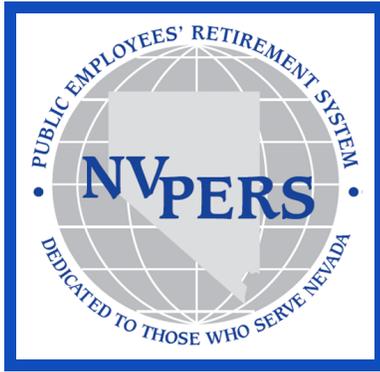
Your service credit is multiplied by the service time multiplier (2.5% for each year completed prior to July 1, 2001, 2.67% for each year completed on or after July 1, 2001, and 2.5% for each year completed if you were hired on or after January 1, 2010). The total percentage earned is then multiplied by your average compensation.

## What is average compensation?

The average of a member’s highest consecutive 36 months of compensation as certified by the public employer.

## When can I retire?

Enrolled in PERS before 1-1-2010		Enrolled in PERS on or after 1-1-2010	
Regular Members	P/F Members	Regular Members	P/F Members
5 years, age 65	5 years, age 65	5 years, age 65	5 years, age 65
10 years, age 60	10 years P/F, age 55	10 years, age 62	10 years P/F, age 60
30 years, any age	20 years P/F, age 50	30 years, any age	20 years P/F, age 50
	25 years P/F, any age		30 years, any age



693 W. Nye Lane  
Carson City, NV 89703

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

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

7455 W. Washington Avenue  
Suite 150  
Las Vegas, NV 89128  
(702) 486-3900  
Fax (702) 304-0697

Toll Free 1-866-473-7768  
Website: [nvpers.org](http://nvpers.org)

## Frequently Asked Questions continued

### I am getting ready to retire, what steps do I take?

Six to eight months before your intended retirement date, we recommend you review the Pre-Retirement Guide publication and obtain an estimate of your retirement benefit by contacting one of our offices and requesting one. Up to six months before your intended retirement date, you will need to complete and return an application for retirement benefits. Applications can be mailed to you or are available in our offices. Counselors are available to assist you in completing your application in both our Carson City and Las Vegas offices, or you may mail your completed application directly to our Carson City office.

**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 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