



Member 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%**.

Informational Programs

Informational programs are offered in each PERS' office. The Planning Ahead for your PERS Retirement is an hour long informational program for all current public employees who may or may not be vested in the PERS system, or those who want to learn more about PERS benefits. Retirement benefits, disability benefits, survivor benefits, purchase of service credit, and much more will be covered.

The RETIRE program is another informational program for all public employees considering retirement within the next 3 years. The program will address what to expect when you retire, how and when to file your retirement application, pitfalls to avoid and much more.

Please visit our website (www.nvpers.org) to check out the scheduled dates for the programs in each of the PERS' offices. Please call to make a reservation as space is limited. The informational programs are a great way to learn about your PERS retirement.

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.

Contribution Rate Changes Q & A

Why are contribution rates increasing for this coming biennium?

Contributions are based upon the actuarial experience of the plan, both demographic and economic. The Retirement Board adopts assumptions based upon advice from the independent actuary (in accordance with the Nevada Constitution, Article 9, section 3) that help to forecast costs based upon the experience of the plan. The demographic experience and the economic experience of the plan affect the contribution calculation.

As the Great Recession contracted Nevada's economy, the public workforce contracted as well, losing almost 9,000 employees since the highpoint in 2008. Reported public payroll also has contracted—it is projected to be approximately \$330 million dollars less than in the last rate-setting year, 2010. On a System-wide basis, the yearly dollar cost of accumulated benefits remains almost identical to the previous biennium within \$20 million of previous contribution levels (\$1.56 Billion compared to projected \$1.58 Billion in contributions), but the shrinking payroll and employee base means fewer employees and a smaller payroll to spread the costs. These basic facts, coupled with the fact the System has had to absorb losses in the investment markets stemming from the economic downturn, translates to higher per person contributions.

It is important to note that the System is valued on the total experience of all employers (180+) and plan participants (98,000 actives and 50,000 retirees) collectively. Individually, some employer payrolls may not have decreased, but those whose payrolls have not decreased have been offset by employers whose payrolls have significantly declined.

Are PERS' contribution rates reasonable?

Contribution costs, while they have increased in the recent decade due to economic conditions, are comparable to the costs in other states, as well as to retirement security costs in the private sector.

Since Nevada does not participate in Social Security for public employees, when compared to states that do, overall retirement security cost is lower. When comparing costs of NVPERS with other states, the cost of Social Security in those states is part of the cost for an overall retirement benefit. When taking into consideration the cost of Social Security, the Las Vegas Chamber of Commerce concluded in its study of NVPERS before the 2009 legislative session, that on a percentage of payroll basis, NVPERS was one of the lowest cost funds in the nation. This same comparison holds true today.

While costs are competitive, the System strives to minimize contribution volatility with every tool available. The extreme market environment, coupled with the loss in membership of over 9,000 public employees and a commensurate loss in payroll, leaves the System few responsible choices but to increase the rates in accordance with the actuarial valuation to insure the retirement security of the members and beneficiaries of the System.

PERS at a Glance

- PERS offers a safe and secure defined benefit program that guarantees lifetime retirement benefits to eligible members.
- PERS was created by the NV Legislature in 1947 and we have grown to serve over 98,000 members and 50,000 benefit recipients.
- A 7-member Board of Trustees governs the system.
- The system's assets are conservatively invested for the exclusive benefit of members and beneficiaries of the fund.
- Over 180 public employers participate in PERS.
- Informational programs are offered in both Las Vegas and Carson City offices.
- After 90 days of employment you can set up your own online member account at: www.nvpers.org
- Our knowledgeable call center representatives are available to assist you Monday through Friday, 8:00 AM to 5:00 PM.
- Member Statements are issued yearly and available on our website through your secure login.
- PERS offers three benefit packages:
 1. Service (Regular) Retirement - Eligible after 5 years of employment
 2. Disability Retirement - Eligible after 5 years of employment (Special conditions apply)
 3. Survivor Benefits - Eligible survivors may receive benefits, if you have 2 or more years of service and die as an active member.



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Frequently Asked Questions

Where can I find out how much service credit I have?

Create a username and password on our website and then log into your account to see your accumulative service credit. You may also call one of our offices and speak with a PERS representative or review your service credit on your Member Statement.

How do I know if I have a survivor beneficiary on file at PERS?

Log in to your account and look at your designated beneficiaries. If any of your beneficiaries have the relationship of "Survivor Beneficiary", this would indicate that a form was properly completed and is on file at the PERS office. You may also call one of our offices and a PERS representative can verify the receipt of your form. If you haven't completed the form, or need to change your information, complete the Survivor Beneficiary Designation and return it to one of our offices.

Why do I need to designate a survivor beneficiary if I am married?

A Survivor Beneficiary applies to both married and single members who have not retired. In the event of simultaneous death of you and your spouse or registered domestic partner, your designated Survivor Beneficiary will receive the lifetime benefit your spouse or registered domestic partner would have received. You may also choose to designate additional payees to share the survivor beneficiary benefit based on a percentage you indicate on your form.

Visit our website for more answers to the frequently asked questions: www.nvpers.org

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