



# Retiree News

## Winter 2012

### *PERS' Rebalancing Program*

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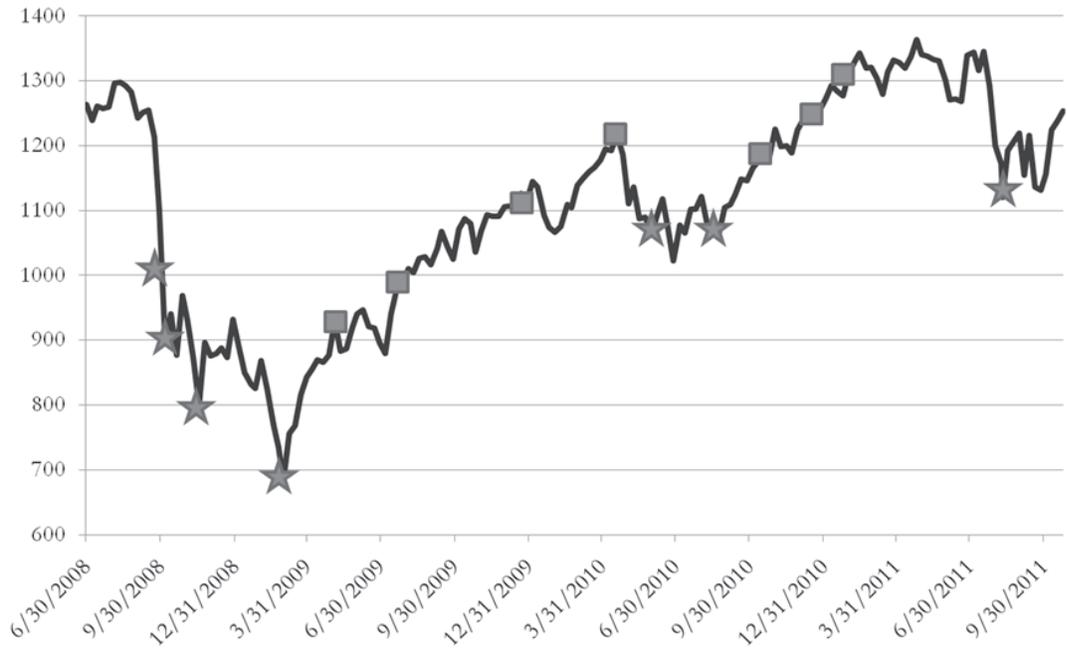
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One of the most repeated phrases in the investment business is “buy low and sell high”. Buying assets at low prices and locking in gains by selling them at higher prices is critical to long term investment success.

At PERS we have developed a proprietary system that rebalances the fund by buying stocks at low points in the market cycle and selling them at higher prices. The line chart below details the price of U.S. stocks over time (as determined by the S&P 500 stock index). The stars are points where PERS bought stocks and the squares indicate sell points. For this period, each buy or sell point represents approximately \$500 million in transactions.



The rebalancing activity covered in this chart added over \$500 million in profits to the fund. This rebalancing process is the single most important source of value added in the PERS' investment program.

# Explanation of your 1099-R Tax Statement

In January 2012, PERS will be preparing and sending out the 2011 year-end income and tax information on the 1099-R tax forms. The 1099-R form is a federal income tax form used to provide year-end income and tax information. The 1099-R is similar to the W-2 form you received while working, and must be filed with your income tax return each year. In accordance with IRS rules, PERS must mail these forms on or before January 31, 2012. Be sure to report any change of mailing address to PERS promptly so that you will receive your 1099-R in a timely manner. Below is a blank 1099-R form with an explanation of how the form is used to report income and tax information. **Please pay particular attention to the explanation of Box 5 as it seems to generate many questions.**

- **Box 1-Gross Distribution**—The total amount PERS paid you in 2011 before income tax or other deductions.
- **Box 2a**—Taxable Amount—If you paid contributions to PERS while you were working, a portion of your benefit may be non-taxable. Box 2a shows the amount of your gross distribution that is taxable.
- **PAYER’S name, address**—The Payer is PERS, LRS, or JRS.

Form 1099-R		<input type="checkbox"/> CORRECTED (if checked)	OMB No. 1545-0119	
1 Gross distribution		2a Taxable amount		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
2b Taxable amount not determined		Total distribution		
PAYER'S name, street address, city, state, and ZIP code				
PAYER'S Federal identification number		RECIPIENT'S identification number		
3 Capital gain (included in box 2a)	4 Federal income tax withheld	5 Employee contributions or insurance premiums		
6 Net unrealized appreciation in employer's securities	7 Distribution code	IRA/SEP/SIMPLE	8 Other	%
9a Your percentage of total distribution		9b Total employee contributions		
RECIPIENT'S name and street address (incl. apt. no.), city, state and ZIP code				
Account number (optional)		10 State tax withheld		
11 State/Payer's state no.		12 State distribution		
13 Local tax withheld	14 Name of locality	15 Local distribution		
Copy 2 File this copy with your state, city, or local income tax return, when required.				Department of the Treasury Internal Revenue Service

- **Federal identification number**—PERS, LRS, or JRS Federal Tax ID number
- **Recipient’s identification number**—Your Social Security number or other taxpayer identification number.
- **Box 4**—The amount of federal income tax withheld from your PERS benefit in 2011.
- **Box 5**— This box can be used to report 2 things. PERS uses Box 5 to report employee contributions paid to you in 2011 that are non-taxable. Employee contributions are taxed before they are paid to PERS. When you retire, a percentage of these contributions are provided as a yearly tax credit based on your anticipated lifetime benefit. The amount in Box 5 is the difference between your Gross Distribution (Box 1) and the Taxable Amount (Box 2a). PERS **does not** use Box 5 to report insurance premiums; that information is not included on the 1099-R form.
- **Box 7**—Distribution Code—the IRS code used to determine what type of benefit you received.
- **Box 9b**—Total Employee Contributions—If this is your first year of retirement, Box 9b will show the total employee contributions paid to the system prior to your retirement. If you have been retired for more than one year, this box will be blank.

- **Account Number (optional)** - Identifies which PERS account the benefit was paid from.
- **Boxes 2b, 3,6,8,9a, 10,11,12,13,14, and 15**-These boxes are blank.

Continued on page 3

## *Explanation of 1099-R Tax Statement continued*

Your 1099-R form for 2011 will be mailed on or before January 31, 2012. If you do not receive your 1099-R form by February 17, 2012, you may contact PERS at 1-866-473-7768 to request a duplicate. The duplicate will be sent within 7 business days. Also, after the 1099-Rs are mailed, they will be available for you to view through the PERS website ([www.nvpers.org](http://www.nvpers.org)) by logging into the secure site with your user name and password.

### **2012 Federal Income Tax Withholding**

Each year PERS receives a new tax withholding table from the Internal Revenue Service. Based on the updated table, your monthly income tax withholding is adjusted automatically on your January 2012 check using the withholding instructions we currently have on file for you.

You may update your instructions throughout the year by making changes online through your secure website account or by completing a new Federal Income Tax Withholding Form and returning it to our office by the 14<sup>th</sup> of the month. You may obtain the form from our website by selecting PERS Forms or by contacting our office.

To update your withholding instructions online, create a secure retiree account through the PERS website at [www.nvpers.org](http://www.nvpers.org). From the website you may view, calculate or change your instructions without completing the form. Should you have any questions regarding the website, please contact our office and speak with a PERS Help Desk representative at 1-866-473-7768 and select Option 5.

### **Holidays and Office Closures**

Below is a listing of our office closures for holidays and observed holidays from January 2012—January 1, 2013.

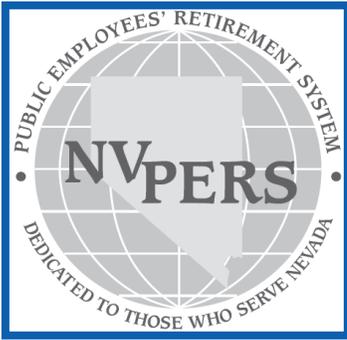
Monday, January 16, 2012	Friday, October 26, 2012
Monday, February 20, 2012	Monday, November 12, 2012
Monday, May 28, 2012	Thursday & Friday, November 22-23, 2012
Wednesday, July 4, 2012	Tuesday, December 25, 2012
Monday, September 3, 2012	Tuesday, January 1, 2013

### **Retiree Earnings Limitation**

The earnings limitation for retirees who are working for a Nevada public employer in a position that does not require reenrollment into PERS has changed to \$24,624.00 for fiscal year 2012 (July 1, 2011 through June 30, 2012). Exceeding the fiscal year earnings limitation results in having your pension benefits suspended.

We would suggest that both you and your public employer track your earnings in the fiscal year to ensure that you do not go over the limit. Contact our office if you have any questions or if you are considering reemployment with a Nevada public employer. We can discuss the specifics of your reemployment situation and help to avoid any overpayment in benefits.

Per statute, when a retiree exceeds the fiscal year salary limitation, both the retiree and the public employer must notify PERS within ten days.



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

## 2012 CHECK MAIL DATES

PERS checks will be mailed or sent by direct deposit to your bank on the followings days in 2012:

**January 26, 2012**

**July 26, 2012**

**February 24, 2012**

**August 28, 2012**

**March 27, 2012**

**September 25, 2012**

**April 25, 2012**

**October 25, 2012**

**May 25, 2012**

**November 27, 2012**

**June 26, 2012**

**December 26, 2012**

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. *Retiree News* is a quarterly newsletter for retirees and benefit recipients 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