



Retiree 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.

Earning Limitation for Re-Employed Retirees

By statute, retirees who return to work for a participating employer in an ineligible position may only earn up to one-half the active reported salary of the average member in the regular fund.

The earnings limitation for retired employees returning to employment with a Nevada public employer in a non-eligible position for fiscal year 2013 is **\$24,404.00**. This represents a decrease from last year's limit. Fiscal year 2013 begins July 1, 2012, and ends on June 30, 2013.

A retired employee who exceeds the earnings limitation in any fiscal year must have his/her retirement benefit suspended for the duration of the employment, independent contract, or any subsequent employment during the fiscal year, even if it extends into the next fiscal year. Both the public employer and retired employee must notify PERS within ten days after the retired employee exceeds the earnings limitation.

Explanation of your 1099-R Tax Statement

Your 2012 1099-R tax statement will be mailed on or before January 31, 2013, to your address on file with PERS. Please make sure your address is updated with PERS before January 15, 2013 in order to receive your 1099-R tax statement in a timely manner. After January 31st, you may also view your 1099-R form through the PERS website (www.nvpers.org) by logging into the secure site with your user name and password.

Below is a blank 1099-R form with an explanation of how the form is used to report income and tax information.

- **Box 1** - Gross Distribution—The total amount PERS paid you in 2012 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.
- **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 2012.
- **Box 5** - PERS uses this box to report employee contributions paid to you in 2012 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 indicate insurance premiums paid in 2012; that information is not included on the 1099-R form.**

Form 1099-R		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					

- **Account Number (optional)** - Identifies which PERS account the benefit was paid from.
- **Boxes 10 - 15** - These boxes are blank.

If you do not receive your 1099-R form in the mail, you may request a duplicate form after February 15, 2013.

2013 Tax Withholding

Shortly after the first of the year, PERS will receive the 2013 tax withholding tables from the Internal Revenue Service. Your tax withholding will be automatically updated based on these new tables using the withholding instructions you have provided.

You may change your tax withholding instructions at any time during the year by completing and submitting a Federal Income Tax Withholding Certificate to our office. This form is available on our website or a copy can be mailed to you upon request.

To find the Tax Withholding Certificate on the PERS' website, go to www.nvpers.org, click on the Benefit Recipients tab at the top of the homepage. From there, click on Recipient Forms and then Tax Withholding Certificate. You can print the form, complete it and send it to the Carson City PERS office for processing before the 15th of any month in order for it to be processed that month; otherwise, it will be processed the following month.

You may also login in to your [secure account](#) and change your tax withholding. Once logged in click on the Federal Income Tax link on the left of the page and follow the instructions to change you tax withholding calculation.

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.



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2013 Benefit Check Mail Dates

January 28, 2013

February 25, 2013

March 26, 2013

April 25, 2013

May 28, 2013

June 25, 2013

July 26, 2013

August 27, 2013

September 25, 2013

October 28, 2013

November 22, 2013

December 26, 2013

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