



Member News

Summer 2009

Retirement Board

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2009 Legislature Final Report

During the 2009 Legislative session, the Retirement Board was committed to maintaining the integrity of the system while supporting the benefits provided to our members and beneficiaries. Changes were made to the benefit structure for newly hired members of the System on or after January 1, 2010. No changes were made for existing members or the benefits payable to our current retirees. A listing of the bills related to PERS are summarized below.

Assembly Bill 92 - This bill, effective July 1, 2009, revises the reemployment provisions for retired judges and justices.

Assembly Bill 488 - This bill, effective July 1, 2009, revises provisions governing the allowances that may be paid to a retired public employee who accepts employment or an independent contract with a Nevada public employer in a position for which there is a critical labor shortage.

Assembly Bill 493 - This bill requires the Public Employees' Retirement Board to identify and report concerning investments of money from the Public Employees' Retirement System in certain scrutinized companies with certain business activities or connections to Iran's petroleum sector.

Senate Bill 41 - This bill, effective July 1, 2009, contains technical language changes for PERS and the Judicial Retirement System as requested by the Retirement Board. The bill revises certain administrative provisions and provides clarification of choices within the Judicial Retirement System.

Senate Bill 174 - This bill, effective July 1, 2009, exempts certain retired public employees who are servicing as volunteer firefighters from certain consequences of reemployment with a public employer.

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2009 Legislative Final Report - continued

Senate Bill 427 - This bill makes various changes to the system which mostly affect new members who will be enrolled in the PERS system on or after January 1, 2010. **The bill makes no changes to the benefits of current members and retirees.** Below we have provided the benefit provisions in effect for current members and the changes from SB 427 that will be applied to new members enrolled on or after January 1, 2010.

Benefit Eligibility Requirements

<u>Current Regular Members</u>	<u>Newly Hired Reg. Members</u>	<u>Current P/F Members</u>	<u>Newly Hired P/F Members</u>
5 years at age 65	5 years at age 65	5 years at age 65	5 years at age 65
10 years at age 60	10 years at age 62	10 years at age 55	10 years at age 60
30 years any age	30 years any age	20 years at age 50	20 years at age 50
		25 years at any age	30 years at any age

Benefit Multiplier

Current Regular and P/F Members

Years of service earned or purchased prior to July 1, 2001 multiplied by 2.5%

Years of service earned or purchased on or after July 1, 2001 multiplied by 2.67%

Newly Hired Regular and P/F Members

All years of service earned or purchased multiplied by 2.5%

Average Compensation

Current Regular and P/F Members

The average of a member's 36 consecutive months of highest compensation

Newly Hired Regular and P/F Members

The average of a member's 36 consecutive months of highest compensation, with a provision that each 12 month period of salary may not increase greater than 10% of the prior 12 months of salary reported. Salary increases due to promotion and assignment related compensation are excluded from the salary cap calculation.

Early Retirement Reduction

Current Regular and P/F Members

4% reduction in the benefit for each year the member is under the full retirement age

Newly Hired Regular and P/F Members

6% reduction in the benefit for each year the member is under the full retirement age

Post Retirement Increases

Current Regular and P/F Members

2% in the 4th, 5th and 6th years, 3% in the 7th, 8th and 9th years, 3.5% in the 10th, 11th and 12th years, 4% in the 13th and 14th years, and 5% in 15th year and every year thereafter

Newly Hired Regular and P/F Members

2% in the 4th, 5th and 6th years, 3% in the 7th, 8th and 9th years, 3.5% in the 10th, 11th and 12th years, and 4% in the 13th year and every year thereafter

For more information regarding each bill, please refer to the PERS website at www.nvpers.org or the State of Nevada Legislature website at www.leg.state.nv.us.

PERS Weathers Challenging Investment Markets

The financial crisis was the catalyst for disappointing total returns for PERS in fiscal year 2009. But it was one of our best years in terms of competitive returns versus our peers as the Retirement Board skillfully navigated one of the most challenging investment markets in a generation.

PERS' investment philosophy centers on maintaining diversified exposure to the global capital markets and systematically buying assets low and selling them high. To implement this strategy, we emphasize a simple, low cost structure that relies primarily on asset allocation and rebalancing.

This traditional, high quality philosophy was the key to our relative success in fiscal year 2009. PERS ended the fiscal year with \$18.7 billion in assets, and a one year return of -15.8%. This return ranks in the top 20% among other large public pension funds.

PERS was able to outperform in this volatile market environment due to the Board's disciplined rebalancing policy. PERS bought U.S. and non U.S. stocks as the markets dropped, positioning the fund to profit during the recent rally. In total, rebalancing generated more than \$115 million in additional profits this fiscal year and positioned the fund to capitalize on a future economic recovery.

PERS' long term returns have met the plan's funding needs by generating a 25 year average annual return of 9%. PERS continues to be one of the lowest risk state pension plans for long term periods, while ranking in the top 15% in terms of risk/return efficiency.

It is critical to adhere to sound investment principles during volatile times. The Board's unwavering commitment to its common sense investment philosophy and disciplined implementation of its long term investment strategy will be critical to PERS' future success.

Furlough Participation

Due to the current economic status of state, many PERS members are taking furlough leave. When an employee takes a furlough, the employee does not receive pay for that day off. Normally, leave without pay would result in a reduction of PERS service credit.

Senate Bill 433 was passed by the 2009 Legislature, requiring furlough days for employees of state agencies. The bill includes language which ensures that the retirement benefit for state employees who furlough would not be affected by the furloughed amount.

As a result, a furlough program was created which requires state agencies to report a participating employee's full-time salary/work hours and pay full-time contributions for one furlough day per month, for a period not to exceed two years. This program allows the agency to reduce their payroll costs without detrimentally affecting an employee's PERS service credit.

All other non-state agencies may also create and participate in a furlough program with PERS for their employees on a voluntary basis. If you are employed by a non-state agency, please check with your payroll office regarding your agency's eligibility and option to participate in the program.

All public employers participating in the furlough program are required to certify furlough information to PERS and identify furlough leave on their monthly payroll report to PERS.



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

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
(702) 486-3900
Fax (702) 304-0697

Toll Free 1-866-473-7768
Website: www.nvpers.org

New Contribution Rates

Effective July 1, 2009, new contribution rates are as follows:

- Police/Fire Employer-Pay Rate: **37%**
- Police/Fire Employee/Employer Rate: **19%**
- Regular Employer-Pay Rate: **21.5%**
- Regular Employee/Employer Rate: **11.25%**
- Volunteer Firemen: **22.5%**

PERS' Office Closures

Monday, September 7, 2009	Labor Day
Friday, October 30, 2009	Nevada Day
Wednesday, November 11, 2009	Veterans' Day
Thursday & Friday, November 26—27, 2009	Thanksgiving & Family Day
Friday, December 25, 2009	Christmas
Friday, January 1, 2010	New Years' Day

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 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