

MEMBER NEWS – FALL 2003

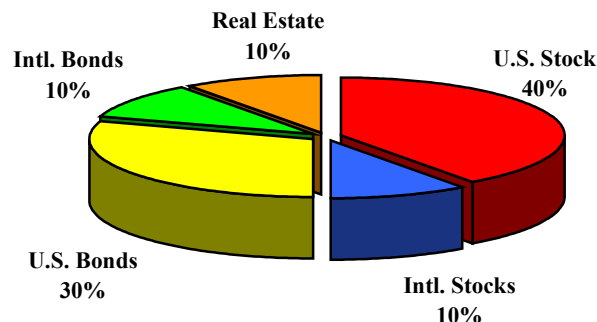
PERS' BOARD CHANGES INVESTMENT ASSUMPTIONS AND ASSET ALLOCATION

Annually, the Retirement Board reviews PERS' investment strategy to ensure it continues to support the long-term goal of funding the System's financial obligations. This review begins with an analysis of expected long-term returns from the stock, bond and real estate markets. Those expectations are combined with PERS' asset allocation strategy (the mix of stocks, bonds and real estate), to determine if the strategy continues to offer a reasonable opportunity to meet our return and risk objectives.

As a result of this year's review, the Board reduced PERS' inflation assumption, as well as expectations for long-term returns from the stock, bond and real estate markets. The catalysts for lower return expectations are twofold.

First, a sustained period of low inflation is expected in the future. In this type of environment, the total return on investments is expected to be lower when compared to periods of higher or declining inflation. Second, U.S. interest rates are at historic lows. With bonds paying lower interest income, it will be more difficult to replicate the high returns bonds have generated the last twenty years.

To ensure the portfolio maintains a reasonable probability of meeting our 8% actuarial objective, the Board shifted 5% of assets from U.S. bonds to U.S. stocks. Our real estate allocation was also combined with a small allocation to private equity or venture capital investments. Overall, the new mix is statistically "efficient," meaning it maximizes return given its level of risk. PERS' new asset allocation policy is reflected below.



This strategy was implemented in October 2003, and we believe with these changes, PERS' investment program continues to be well positioned to meet its long-term financial objectives.

On another note, one of PERS' international stock managers, Putnam Investments, has recently been in the news as certain employees have been accused of improper mutual fund trading. When these allegations were announced, we halted Putnam's authority to buy or sell stocks for Nevada PERS. Subsequently, a special meeting was scheduled and the Retirement Board terminated the relationship. Due to our bank custody structure, the mutual fund trading did not have a direct financial impact on PERS' assets. A primary goal of our administration will continue to be safeguarding the System's assets.

ENHANCEMENTS TO YOUR SURVIVOR BENEFITS

If you pass away before retirement your eligible survivors may be entitled to survivor benefits. A member's eligible survivors are a spouse, dependent children and a named Survivor Beneficiary. If you and your spouse die simultaneously or you are not married at the time of death PERS will pay one person to receive monthly benefits as your Survivor Beneficiary if you have a properly completed form on file. Survivor benefits are in addition to any dependent child benefits.

Effective January 1, 2004, survivor benefits for unmarried members will be expanded to include Additional Payees as eligible survivors. What this means to you is that while the annuity will be determined based on the life of the name survivor, the benefit can be split and paid to Additional Payees as well as the named Survivor Beneficiary. You must be unmarried at the time of death for the Survivor Beneficiary and any Additional Payees to receive benefits. The named Survivor Beneficiary and Additional Payees will receive payment based on percentages you designate. All benefits will cease upon the death of the Survivor Beneficiary. If an Additional Payee dies the benefit amount would be redistributed among the remaining payees.

The designation of the Survivor Beneficiary and Additional Payees must be made on a PERS' Survivor Beneficiary Designation form. The form must be properly completed and submitted or postmarked before a member's death.

We strongly encourage you, married or unmarried, to update your survivor information with PERS. The Survivor Beneficiary Designation form is available through the PERS office or on our web site. It's as simple as printing the form, completing the entire form, and returning it to the PERS' office. Don't miss the opportunity to take advantage of this excellent benefit today!

To receive more information on your survivor benefits you are invited to attend one of the survivor benefit programs listed below. If you are unable to attend one of these programs, contact us about scheduling a group presentation at your agency.

Las Vegas PERS' Office:

December 2, 2003	9:00 a.m. and 4:00 p.m.
December 11, 2003	12:00 p.m. and 4:00 p.m.
January 8, 2004	12:00 p.m. and 4:00 p.m.
January 14, 2004	9:00 am and 4:00 p.m.

Carson City PERS' Office:

December 18, 2003 10:00 am and 4:00 p.m.
January 15, 2004 10:00 am and 4:00 p.m.

In Reno: Washoe County Complex, Bldg A, Council Chambers, 1001 E. Ninth St.
December 19, 2003 3:00 p.m.

BOARD APPOINTS NEW EXECUTIVE OFFICER

Following a nationwide search, the Retirement Board selected Dana Bilyeu as the new Executive Officer for PERS. Ms. Bilyeu fills the vacancy created when George Pyne retired in July 2003. She served as the PERS' Operations Officer since January 1995. Previously she was the Deputy Attorney General representing PERS in addition to numerous state agencies. Ms. Bilyeu is a past member of the National Association of Public Pension Attorneys and currently has licenses to practice law in Nevada and California.

“Dana has an excellent blend of professional experience in public pension administration and seasoned leadership qualities that are ideally suited for the position of the Executive Officer,” said Charles Silvestri, Chairman of the Retirement Board. “We look forward to working with her in her new position.”

“I am indeed honored and excited about the Board’s selection. I am ready to face the challenges of the Executive Officer position.” said Ms. Bilyeu.

SOCIAL SECURITY AND PERS

If you are eligible to receive a PERS benefit and a Social Security benefit you may be affected by Social Security regulations that reduce Social Security benefits. The laws that regulate these reductions are the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP).

- GPO applies only if you are drawing Social Security benefits as a spouse or widow(er). Under this provision, your Social Security benefit may be reduced by two-thirds of the amount of your PERS benefit.
- WEP affects how your Social Security benefit is calculated if you are drawing a PERS benefit. In certain situations the formula used to calculate your Social Security benefit is modified, giving you a lower Social Security benefit.

There are exceptions to both of these laws. For more information on these provisions you can print fact sheets from the Social Security web site at www.socialsecurity.gov/pubs or contact them at 1-800-772-1213.

For other pension related information visit our web site for related links to:

NASRA – National Association of State Retirement Administrators
NCTR – National Council on Teacher Retirement
NCPERS – National Conference on Public Employees Retirement Systems
CPRS – Coalition to Preserve Retirement Security

HOLIDAY CLOSURES

PERS' offices will be closed on the following days:

November 27, 2003

November 28, 2003

December 25, 2003

HAPPY HOLIDAYS FROM YOUR RETIREMENT SYSTEM