MISSION

It is the mission of the Public Employees’ Retirement System to:

- Provide public workers and their dependents with a retirement program that provides a reasonable base income for retirement or for periods where a disability has removed a worker’s earning capacity.
- Encourage those workers to enter into and then remain in government service for such periods of time to give public employers and the people of the State of Nevada the full benefit of their training and experience.
- Provide an orderly method of promoting and maintaining a high level of service to the public through an equitable separation procedure available to employees at retirement or upon becoming disabled.

PHILOSOPHY

The Public Employees’ Retirement System will act in accordance with applicable laws and regulations at the highest standards of ethics, accountability, efficiency, and openness. We recognize that our members, retirees, and employers are entitled to expect excellence in the conduct of the operation of the Retirement System. To this end, we pledge to conduct our affairs for the exclusive benefit of our members and retirees; to maintain responsible funding policies to ensure actuarial soundness of the System; to invest the assets of the System in a prudent and well-diversified program; and to deliver service in an accurate, timely, courteous, and efficient manner.

CORE VALUES

The System’s core values are:

- **Service**  Provide the most efficient and effective service to our members, retirees, and public employers.
- **Integrity**  Conduct operations in an ethical and fair environment while adhering to the highest standards of professional conduct in our interactions with all stakeholders.
- **Leadership**  Develop strong performance through staff development, use of technology, and application of innovative leadership and management strategies.
♦ **Work Environment**  Sustain a work environment that promotes quality, respect, communication, cooperation, trust, and personal development.

♦ **Accountability**  Take responsibility for our actions and results.

♦ **Communication**  Implement education and communication initiatives to ensure broad stakeholder and public understanding of the System and its operations.

♦ **Fiscal Conservatism**  Manage and operate the System in a fiscally conservative manner that balances the interests of all stakeholders including members, retirees, employers, and taxpayers.

### ORGANIZATION AND HISTORY

The System was established by the Nevada State Legislature in 1947. By July 1, 1949, the System had approximately 3,000 members and 64 retirees. At the end of fiscal year 2016, the System had 202 participating public employers, 105,167 active members, and 61,180 benefit recipients. The System is comprised of two sub-funds, the Regular sub-fund, consisting of members who are not police or fire employees, and the Police and Firefighter’s sub-fund. The System also administers the Judicial Retirement System, the Legislators’ Retirement System, and the Retirement Benefits Investment Fund.

Pursuant to the Nevada Constitution, the System is governed by the Retirement Board. The Executive Officer is responsible for the management of the System. The Operations Officer, Investment Officer, Chief Financial Officer, and Manager of Information Systems report to and support the Executive Officer. The benefit administration portion of Operations, reporting directly to the Operations Officer, is divided into three departments each headed by a director: Employer, Production and Pension Services; Member and Retiree Services; and Support Services. The General Counsel and Internal Audit Division are responsible directly to the Retirement Board and the Executive Officer.

### GOALS AND OBJECTIVES

1. Provide accurate, timely services and information to retirees, members, and public employers and further to maintain accurate records which will be available to appropriate parties in accordance with established policies.
(a) Make benefit payments in accordance with statutory requirements and Board policy.

(b) Respond to requests in an accurate and understandable manner and in accordance with established performance expectations.

(c) Provide high quality customer service, education, and communications that enables members and employers to make informed and timely retirement decisions.

(d) Apply best practices to safeguard the confidentiality, integrity, and availability of PERS’ information assets, in support of the business objectives of the System.

2. Administer an investment program designed to achieve the System’s investment objectives within the framework of the Nevada Revised Statutes, and policies, and directives adopted by the Board.

3. Conduct a legislative program that is responsive to the majority interest of members, benefit recipients, and public employers while protecting the fiscal and actuarial integrity of the System.

4. Monitor and protect the actuarial integrity of the system to achieve and maintain a fiscally sound System that ensures each generation of employees will be able to receive the contracted benefits without undue burden to future System Participants.

**STRATEGIES**

*Investments* –

We will administer a program designed to achieve the System’s investment objectives within the framework of the Nevada Revised Statutes, specific policies, and directives adopted by the Board. To that end, future efforts will focus on:

1. Maintaining realistic long-term capital market expectations.
2. Ensuring PERS’ asset allocation strategy can reasonably be expected to generate the System’s long-term return objective while minimizing risk over the long-term.
3. Maintaining PERS’ disciplined, long-term investment strategy.
4. Maintaining a simple, high quality, cost effective, diversified investment strategy.
Operations -

We will provide timely, accurate, and cost effective service to our members and beneficiaries. We will focus on the following:

1. Managing the funding of the System to ensure fiscal sustainability, including ongoing assessment of the funding policy and key economic and demographic assumptions.
2. Automating workflow systems to monitor, measure, and evaluate our response to inquiries from members and retirees in order to identify those areas where service delivery can be improved.
3. Enhancing web functionality to improve our service to members, beneficiaries, and employers.
4. Enhancing system member and retiree communications, through continued growth of the communications initiative, including publications, and on-line and live presentations.
5. Enhancing public outreach to communicate the System’s mission and performance to all interested parties.
6. Emphasizing employee training to ensure accurate and understandable customer service to members and retirees.
7. Enhancing employer training to ensure accurate, timely and complete employer reporting and dissemination of accurate information to members of each employer.
8. Striving to annually receive the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for both the CAFR and PAFR and the Public Pension Coordinating Council award.

ASSESSMENT

Investment Program

PERS’ investment philosophy is based on time tested investment principles. We maintain consistent exposure to primarily publicly traded global capital market assets with risk parameters that are consistent with PERS’ objectives as established by the Board in consultation with its staff and advisors. We emphasize a simple portfolio structure with fewer, clearly diversified components. Our strategy is based on a disciplined, patient, long term approach with a focus on asset allocation and index management. Priorities include investment in understandable, high quality assets, holding assets directly (as opposed to using commingled vehicles) and a focus on minimizing costs.
Successful investing involves developing a thoughtful, focused long-term strategy and consistently implementing that plan over time. Frequent changes can increase costs and reduce efficiency. As a result, while the Board will make changes to strategy as warranted by circumstances, the focus is on making meaningful, less frequent revisions to the program.

To support effective program improvements in the future, we will continue to emphasize Board investment education and promote a collaborative discussion and decision environment. Emphasis will be placed on continuity of strategy, oversight, management and simplicity of portfolio structure. This will promote more efficient monitoring and ensure any future changes to the plan are accretive to the risk/return profile of the fund.

The Board will continue to take a long-term view regarding portfolio strategy and maintain its consistent, common sense investment approach.

**Operations Management**

A basic principle of superior pension administration begins with the governance framework of the pension system that defines clear roles and responsibilities for Board and executive management. The System’s existing governance principles, policies, and charters define the role of the Retirement Board and executive management, guide the conduct and decision-making of the Retirement Board, and document and preserve the System’s policies. The System will continue to assess the relevance and efficiency of the System’s governance policies and evaluate the use of appropriate governance services to maintain best governance practices.

Managing the administration and long-term funding of the benefits as provided in Nevada law is the primary function of the System and is paramount to the overall success of PERS. The System continually reviews trends in actuarial liabilities and maintains a realistic recognition of plan costs in order to govern the plan in a fiscally responsible manner, including conducting periodic actuarial experience studies and actuarial second opinion reviews, in addition to annual actuarial valuations.
Contribution rate stability is a key goal of the System. Due to market and demographic trends, upward pressure on contribution rates will continue throughout the strategic horizon period. Staff will work to manage expectations of stakeholders and other interested parties on contribution rates through continued public relations outreach and education regarding the financing and management of the System.

The System will continually work to foster informed and effective relationships with stakeholders and interested parties through enhanced communication efforts on all aspects of the System’s operations, including funding, benefit design, and benefit administration. Effective communication and stakeholder understanding of the mission, administration, and funding structure of the plan is a key goal of the System.

The System shall maintain effective internal controls over financial reporting and observe the highest standards in financial reporting. Staff will continue to diligently monitor and update internal controls as necessary as well as continue to evaluate enterprise-wide risk through an assessment process. The System will continue to maintain the standards necessary to receive the Public Pension Coordinating Council award in recognition of meeting professional standards for plan design and administration as set forth in the Public Pension Standards, the Government Finance Officers Award (GFOA) for excellence in financial reporting for the Comprehensive Annual Financial Report, and the Government Finance Officers Award (GFOA) for excellence in financial reporting for the Popular Annual Financial Report.

The internal audit function is vital to ensuring appropriate administration of benefits, compliance, and mitigation of risk. The internal audit division audits employers and the System’s internal operations. During the strategic horizon, staff will enhance the function of internal audit through a revised reporting structure to the Retirement Board.

An efficient and effective technology environment is vital to providing accurate and timely service to our members, beneficiaries, and employers. Over the strategic horizon, staff will engage in a pension administration system project in order to maintain the highest standard in benefit administration and security.
The key to fulfilling each of the goals of the System is attracting and retaining a high quality staff. PERS is committed to promoting a strong work culture that demonstrates the System’s core values. The System will continue to review and enhance employee training and development opportunities and ensure staff has appropriate resources. The System will also implement strategies to recognize and promote top-performing employees and managers and ensure appropriate succession planning at all levels of the organization.