PERS Generates Competitive Returns

The last 5 years included some of the most volatile periods in the history of the investment markets. PERS’ strategy of risk control, diversification and adapting to market volatility enabled the fund to navigate these markets effectively.

We are pleased at how competitive PERS’ returns are when compared to other large public pension plans. For the current fiscal year through March 2012, PERS’ total return ranks in the top 13% of large public pension plans. For the last 5 years PERS’ return ranks in the top 25% among the same peer group. PERS also ranks in the top 25% on a risk-adjusted return basis for the last 5 years. Since inception (27 3/4 years), PERS ranks in the top 13% of peer pension plans on a risk adjusted return basis.

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Return information from other plans is only available before investment fees and expenses. Since PERS’ maintains one of the lowest cost investment programs in the country (our annual investment fees are more than three times less than the median large public pension plan), on a net of fee basis our rankings are even better.

There will of course be periods in the future when our results won’t look as good versus our peers. But the Retirement Board’s discipline in not straying from their strategy during periods of volatility or less competitive performance has ensured we emerge from those periods in an even more competitive position.
As most everyone knows, PERS' contributions come from both employers and employees. In fact, NVPERS is quite unique because exactly one-half the contributions paid to the System to fund benefits come from the members themselves. Members pay their portion of the contributions through direct salary reduction, or by giving up raises promised to them by their employers.

The System’s contribution rate is very competitive when compared with other states and private employers. Employers and employees pay 12.25% of the salary each to fund the retirement benefits for regular members and 20.25% for police and fire members.

In 1947, the Nevada Public Employees Retirement System was created by the state legislature to ensure Nevada can recruit, retain, and retire a qualified workforce to provide essential taxpayer services such as: policing the streets, fighting fires, and educating children. The system is sound and serves more than 220,000 Nevada workers and retirees.

Due to public employees being ineligible for Social Security, the retirement system is particularly vital in Nevada. The system is pre-funded which means, contributions are made to the pension fund during the entire course of an employee's career. The contributions are shared equally by the employer and employee. This model of shared responsibility and advanced funding means that investment earnings and employees do much of the work in terms of financing the benefits—rather than Nevada taxpayers.

Currently, there are 181 public employers participating in Nevada PERS. From the Moapa Valley Water District, to Battle Mountain General Hospital, to the Clark County School District, the benefits available from Nevada PERS attract and retain qualified, capable, dedicated employees to serve the citizens of the State.

An economic impact study was commissioned to analyze how NV PERS pension payments made by the retirement system impact the state economy. For the first time, we have quantitative results from the economic impact of Nevada PERS and how it touches each county and industry in the state. We think you will find the results very interesting.

What is Nevada PERS and its Economic Impact?

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The Economic Impact of Nevada PERS finds that the retirement system does more than provide fiscally responsible retirement benefits to some 220,000 Nevada workers and retirees. The pension payments create an economic “multiplier effect” that stimulates Nevada’s economy and supports job creation. More specifically, the report finds that:

- More than **5,700 jobs statewide** can be attributed to Nevada PERS.
- Nevada PERS retirement checks supported more than **$1 billion in total economic output** in the state.
- Payments made to Nevada PERS retirees supported more than **$196 million in federal, state, and local tax revenue**.
- Each dollar in taxpayer contributions to Nevada PERS supported **$6.21 in total economic output** in Nevada.
- Each dollar paid out in pension benefits to Nevada PERS retirees residing in the state supports **$1.28 in total economic output** in Nevada.
- Expenditures from Nevada PERS pension payments supported more than **$390 million in income for state residents** other than PERS retirees.

How does Nevada PERS support job creation and stimulate the economy?

Each month, Nevada PERS sends benefit payments to retirees. These Nevadans spend their retirement income across the state – to buy everything from food to clothing to cars to medicine. This purchase of goods and services from Nevada businesses by retirees ripples through the economy to support economic growth and job creation.

For example, a Nevada restaurant will experience an increase in their revenue and income when a retiree buys a meal. The restaurant then can spend this income on supplies and hire more employees. These suppliers and employees receive additional income to purchase more goods and services in the community, creating yet another cycle of economic activity. Each successive “round” of spending creates additional economic impacts, or what is known as a “multiplier effect.”

This economic and job stimulus is particularly important today as Nevada and the nation face a severe economic downturn. Nevada’s retired public servants know they have a stable monthly income and therefore can continue spending on basic needs during these tough times. In the end, this benefits all Nevadans in both good and bad times.

What regions and industries realized the most economic stimulus, or ‘output impact’?

Virtually every industry and county realized economic stimulus from Nevada PERS. Clark County again showed the highest output impact with a total stimulus of some **$513 million**. This is more than was contributed by both the Educational Services and Agricultural, Forestry, Fishing and Hunting industries.

By industry, again Retail Trade and Health Care and Social Assistance showed the highest economic impact with **$93.5 million** and **$93.4 million** respectively.

The Finance and Insurance industry also was supported greatly by PERS with **$54.6 million** in total output attributable to Nevada PERS.

For more information about the PERS’ Economic Impact Study, please visit our website, [www.nvpers.org](http://www.nvpers.org).
The 9th Annual Liaison Officer Conference is scheduled for Thursday, November 15, 2012 at the Peppermill Hotel and Casino in Reno, NV. This is a one day conference designed for employer representatives including: Liaison and Deputy Liaison Officers, Human Resource Professionals, Payroll staff, Administrators, and anyone newly assigned to perform PERS’ functions. The conference is one of the highlights of our year because we get to connect with some old friends as well as some new faces.

The day’s agenda will be filled with great information to help with the everyday PERS’ responsibilities as well as the more complex issues that may arise. Another important component of the conference is the ability to network with other employer representatives in attendance. Our Liaison Officer Conference has always been well received and we look forward to making it happen again! Keeping you informed of changes that affect PERS’ members, employers, and retirees is a priority of ours.

Don’t miss another great opportunity to connect with other employer representatives as well as our own PERS staff! Look for registration materials in the mail, email, and on our website in September. We hope to see all of you there.

Save the date!