

PERS NEWS

June 2017



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Your PERS Account and Confidentiality

Recently, PERS had the opportunity to testify on Senate Bill 384 sponsored by Senator Ratti regarding the confidentiality of member and retiree records. The Retirement Board has taken a position of support on Senate Bill 384. The System's support of this bill is primarily based on the need for clarity and certainty regarding which records and information about members, retirees, and beneficiaries of the System are confidential and which records and information are subject to release to the public. Clarity is necessary as the System holds extensive personal and sensitive information on over 300,000 individuals who have worked for a public employer in Nevada or who are beneficiaries, spouses or children of someone who has worked for a public employer.

NRS 286.110 and NRS 286.117 were enacted in 1977 to resolve a question as to whether member and retiree records were confidential or subject to the public records law. In 1974, the Office of the Attorney General advised the System that the "individual retirement file of a particular member of the system, which often contains information of an extremely sensitive and confidential nature, is not a 'public record' within the meaning of the Nevada Public Records Law."

Based on advice of the Office of the Attorney General, the System's interpretation of NRS 286.110 that all information obtained from an individual file

was confidential was consistent for over 35 years. Now, as a result of the November 2013 ruling by the Nevada Supreme Court that led to a district court ordering PERS to make public a monthly report that lists the name and benefit amount of each retiree, the lines of what is public and what is confidential are very blurry. The Supreme Court Order placed the System in a situation which makes it difficult to fulfill fiduciary duties while still performing required functions to administer the System. Differing from the long-standing interpretation of the Office of the Attorney General, the Supreme Court Order provides that information contained in an individual file is confidential but only so long as the System has not run a report containing that information as the reports themselves are public records.

The System believes that it should not be determining which member and retiree information is confidential or public as a byproduct of performing its administrative functions. The System believes its plan sponsor, the Legislature, should definitively determine which information should be confidential and which information should be public, regardless of how the System stores, maintains, or uses that information. With Senator Ratti bringing this bill forward, it will pave the way to clearly define and address these issues.

Frequently Asked Questions (FAQs)

1. What is the Public Employees' Retirement System of Nevada (NVPERS)?

Founded in 1947, Nevada PERS is the retirement system for public employees in Nevada, including the State's teachers, first responders, police and general workers. It provides retirement benefits to approximately 160,000 current and former employees and their survivors.

2. How many dollars does the retirement system pay out each year?

Nevada PERS pays approximately \$2 billion annually in retirement benefits. Most retirees remain in Nevada, spending their benefit dollars contributing to the overall economic activity in the State.



Retiree Data

- The fund pays benefits to over **60,000** retirees and their beneficiaries
- Average Service at Retirement: **18.7**
- Average Retiree Age: **69.5**
- Average Monthly Benefit: **\$2,854**

3. What percentage of retirement benefits are paid to Nevada residents?

Approximately 85% of benefits from PERS are paid to retirees who live in Nevada.

4. What is the impact of these retirement payments on the State of Nevada's economy?

A recent economic study demonstrated the positive effect that Nevada PERS has on the State's economy.

For example, expenditures resulting from Nevada PERS retirement payments generate:

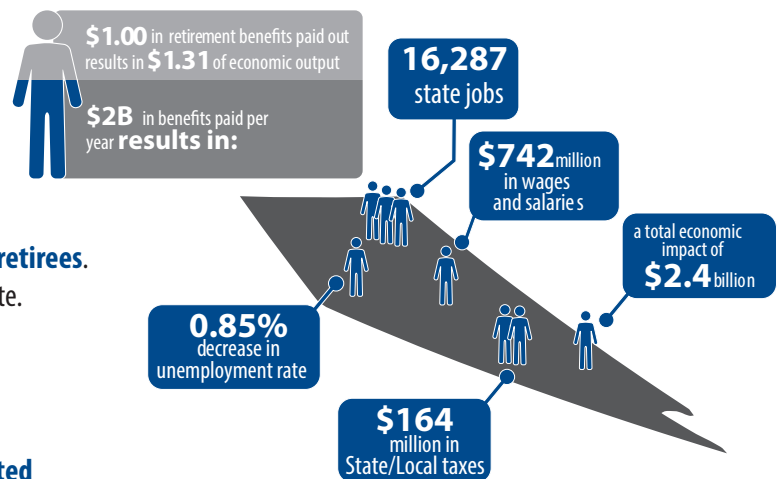
- More than **16,000 jobs** statewide, which paid **\$742 million** in labor income for state residents **other than Nevada PERS retirees**.
- Over **\$2.4 billion** in total economic output throughout the state.
- Nearly **\$417.9 million** in federal, state and local tax revenue.

Likewise, expenditures resulting from Nevada PERS retirement payments multiply through the State's economy:

- **Each dollar** paid to PERS retirees residing in the state **supported \$1.31** in total economic output in Nevada.
- **Each dollar** "invested" by Nevada taxpayers **supported \$3.24** in total economic output in Nevada.

Economic Impact

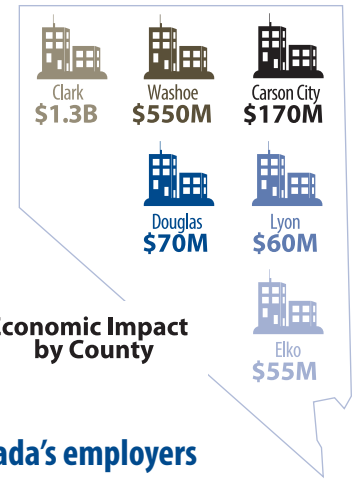
(from National Institute for Retirement Security study)



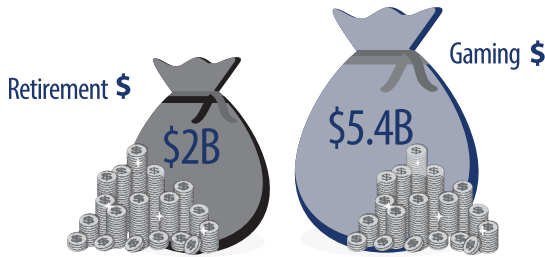
5. What is the impact of NVPERS retirement payments in Nevada's six largest counties?

The annual economic impact on PERS by county is:

- Clark: \$1.3 billion
- Washoe: \$550 million
- Carson City: \$170 million
- Douglas: \$70 million
- Lyon: \$60 million
- Elko: \$55 million



Effect of PERS on NV Economy



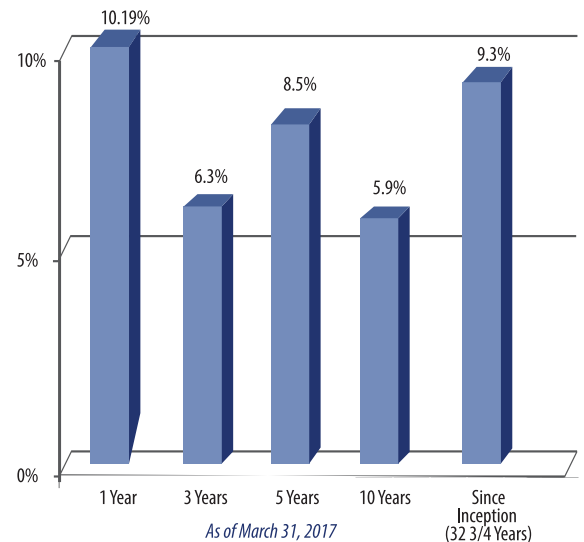
6. What is the impact of the rest of Nevada's employers on the economy compared to PERS?

Gaming is the largest industry in the State, contributing \$5.4 billion in wages and salaries annually. Although smaller, PERS provides over \$2 billion in benefit payments every year. This amount of economic impact has a similar stimulus effect as a very large employer in supporting community services, local governments' tax base, school financing and other important public services.

7. How are Nevada PERS retirement benefits funded?

There are three primary sources that fund benefits: employers, employees and the investment earned on the contributions of both. Contributions are split equally between employers and employees and are then placed in a professionally managed trust. The primary source of funding comes from the interest earned on these contributions: over half of the benefits paid by Nevada PERS have been funded through asset returns. Over the past 32 3/4-years, the fund has earned an average annual rate of return of 9.3%, which exceeds the national average returns for similar funds.

PERS' Investment Return (Net)



8. How are contributions to the retirement fund determined?

Each year, Nevada PERS reviews its funding status and determines the annual contribution required to fund benefits. This is called a valuation, or assessment of the current and projected cost of the fund, and is conducted by independent professionals. The recommended contribution is the amount needed to pay for the retirement benefits that members earn each year, plus a portion of benefits not yet covered by accumulated assets. In accordance with Nevada law, employer and employee contributions can be adjusted every two years to match the total amount remaining to be funded. Employers and employees are required by law to make payments in accordance with this policy.

9. How long do retirees receive retirement benefits?

Nevada PERS provides lifetime benefits throughout retirement and these benefits are earned during employees' working years. If a retiree chooses a reduction in his/her benefit payment, a spouse or beneficiary may also receive a retirement benefit following the death of the retiree.

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This publication is intended to provide general information. If there is any conflict between this information and Nevada law or PERS' policies, the laws and policies will supersede this information. *PERS News* is a newsletter for benefit recipients and 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.



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Retiree and/or Beneficiary Benefit Verification Form

As a retiree or beneficiary of the Public Employees' Retirement System, **you may be** selected to complete and return a Benefit Verification Form. This form requires a notarized statement verifying that you are in fact receiving an allowance or benefit. Failure to provide this statement may result in the allowance or benefit being withheld. This request is in accordance with *NRS 286.190 (3) (d)*. *NRS 286.190 (3) (d) states, "The Board may require an annual notarized statement from a retired employee or beneficiary that the retired employee or beneficiary is in fact receiving an allowance or benefits, and withhold the allowance or benefits if the retired employee or beneficiary fails to provide the statement."*

The Public Employees' Retirement System requires this form to safeguard your account from identity fraud and pension theft. PERS is dedicated to protect our member, retiree and beneficiary accounts. We appreciate your cooperation and understanding.

Not everyone will receive this form in the mail this year. However, as a friendly reminder, please always keep PERS up to date with address changes.