

PERS' Comparative Investment Advantage

In 1817 famed British economist David Ricardo introduced the concept of "comparative advantage." The underlying principle he put forth was that different entities maintain natural comparative advantages over their potential competition, and each one should seek to capitalize on whatever those advantages are. For instance, it's far easier to grow pineapples in Hawaii than in Wisconsin. Because of this Ricardo suggests it would be smart for people in Wisconsin to focus on making cheese and let the Hawaiians grow pineapples.

When it comes to retaining qualified employees and funding their retirement benefits, public defined benefit pension funds like Nevada PERS maintain a distinct comparative advantage over alternate approaches. Specifically, our advantage rests in our ability to invest assets over a long term time horizon that encompasses decades, rather than months or years.

In any individual year, statistically we can expect investment returns that range from strongly positive to very negative. However, given a 30+ year time horizon we can construct an investment program that takes these volatile single year returns and turns them into a more predictable long term average.

In fact, this is exactly what PERS has experienced. Since PERS' investment performance inception in 1984, the program has experienced four years of negative returns, eleven years of returns in excess of 13% and thirteen years of returns that were between those two extremes. PERS' average annualized return over that entire period has been 9.3%.

The ability to construct an investment portfolio that is measured in decades rather than single years is one of PERS' greatest comparative advantages. By taking a longer term view compared to the majority of market participants, we are able to capitalize on short term market overreactions.

By adapting the program to long term shifts in the capital markets, and maintaining a long term view as we buy assets at lower prices and sell them at higher prices during periods of volatility, we are able to add value to the program over time. We expect this disciplined, long term approach to continue to serve the system and its members well.

Eligible Holiday Pay

There has been some confusion with reporting eligible holiday pay. This article will address some of the confusion surrounding official holiday pay. Holiday pay is defined in PERS *Official Policy 1.28* as – "Compensation for work actually performed during an official holiday as defined by NRS 236.015 which is in addition to the compensation paid to all employees who do not work, providing the total working hours do not exceed the working hours of a normal workweek or pay period as certified by the public employer." NRS 236.015 indicates that the following are holidays observed by the State of Nevada:

- January 1 (New Year's Day)
- Martin Luther King, Jr.'s birthday is on January 15 but is to be observed on the third Monday in January
- Washington's birthday is on February 22 but is to be observed on the third Monday in February
- Last Monday in May (Memorial Day)
- July 4 (Independence Day)
- First Monday in September (Labor Day)
- Nevada Day is October 31 but is to be observed on the last Friday in October
- November 11 (Veterans' Day)
- Fourth Thursday in November (Thanksgiving Day)
- Friday following the fourth Thursday in November (Family Day)
- December 25 (Christmas Day)

In the event New Year's Day, July 4th, Veterans' Day or Christmas Day fall on a Sunday, the following Monday is observed as a legal holiday. If the holidays above fall on a Saturday, the preceding Friday will be observed as a legal holiday.

If you compensate your employees for an event or day that is not listed above, it would not meet PERS' definition of holiday pay. Only work performed on a holiday observed by the State of Nevada, which is also the employees' normally scheduled work day, would be considered eligible to PERS for holiday pay. Always

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remember that if you pay holiday premium pay for working on a different day than the day observed by the State of Nevada, the additional wages would not be reportable as Holiday Pay. For example, in the event Christmas (December 25th) lands on a Saturday, the State recognized holiday is Friday, December 24th. Therefore, the additional wages for working on Saturday December 25th, would not meet the definition of holiday pay.

If you have any questions regarding eligible wages please contact our Employer Services Division for assistance.

Contribution Rate Change

The contribution rates are set to change the first full payroll reporting period after July 1, 2013.

Contribution rates for Regular and Police/Fire members contributing under the EPC and Employee/Employer pay plans are scheduled to increase. There will also be an increase in the rate for Volunteer Fire members. All rate changes are effective with the first monthly retirement reporting period beginning on or after July 1, 2013. Each employer will receive a detailed letter explaining the specific date and contribution report to begin the rates for each employee group.

The contribution rates for Regular members under the EPC plan will increase from **23.75%** to **25.75%** and the contribution rate for Regular members under the Employee/Employer plan will increase from **12.25%** to **13.25%**. The contribution rates for Police/Fire members under the EPC plan will increase from **39.75%** to **40.50%** and the contribution rate for Police/Fire members under the Employee/Employer plan will increase from **20.25%** to **20.75%**. A letter was recently sent to each employer detailing the guidelines to implement the contribution rate changes and for the adjustment to your EPC compensation schedules. A certification form will be sent to each public employer to document the method in which their EPC compensation schedules are adjusted.


If you have any questions, please contact our office.

Public Employer Contact Information

Each public employer must select an employee as liaison officer to certify records and coordinate matters pertaining to retirement between PERS and members or participating public employers. It is very important for PERS to have accurate public employer information in order to communicate effectively with our agencies. This includes the contact information (email address and phone number) for the Liaison Officer and Deputy Liaison Officers.

Specifically, each Chief Administrator is to designate a Liaison Officer and the Liaison Officer can appoint up to three Deputy Liaison Officers. On the PERS website, under the Employer tab and Employer forms are three very significant forms. First, the Liaison Officer Designation Form is the form for the Employer's Chief Administrator to designate a Liaison Officer. We will use the email addresses in our system in order to communicate with Liaison Officers/Deputy Liaison Officers. We email various notices, newsletters, information, registration for the Liaison Officer Conference, etc. We will also post the information to our website and twitter.

Attached are the hyperlinks to the three forms in which to select, update, or change any Liaison Officer and/or Deputy Liaison Officer information.



Public Employer's Retirement System of Nevada
 500 N. Humboldt Avenue, Suite 200, Las Vegas, NV 89101-1925, 480-480-4800, Fax: 702-253-2444
 500 N. Humboldt Avenue, Suite 200, Las Vegas, NV 89101-1925, 480-480-4800, Fax: 702-253-2444
 Toll Free: 1-800-437-7328 Website: www.pers.nv.gov

Change of Deputy Liaison Officer & Signature Authority Designation
 (To be completed by the Employer)

Agency Name: _____ PERS Agency # _____
 Agency Address: _____ State: _____ Zip Code: _____
 City: _____
 Agency Phone # _____ Fax # _____

The Liaison Officer must use this form to add or delete a Deputy Liaison Officer or a Signature Authority from agency records on file with PERS. Current designations may be viewed through your agency web account.

Add Deputy Liaison Officers

Deputy Liaison Officer (Print Name)	Signature	Last four #'s of SSN
Email Address	Phone Number	
Deputy Liaison Officer (Print Name)	Signature	Last four #'s of SSN
Email Address	Phone Number	

Add Signature Authorities

Signature Authority (Print Name)	Signature	Last four #'s of SSN
Signature Authority (Print Name)	Signature	Last four #'s of SSN

Print Deputy Liaison Officers **Print Signature Authorities**

Print Employee Name	Print Employee Name
Print Employee Name	Print Employee Name
Print Employee Name	Print Employee Name

Agency Liaison Officer: _____ Date: _____



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Deputy Liaison Officer and Signature Authority Designation Form
 (To be completed by the Liaison Officer)

The agency Liaison Officer must designate up to three employees as Deputy Liaison Officers to serve in the case capacity as a Liaison Officer. The Liaison Officer is ultimately responsible for all actions taken by any designated Deputy Liaison Officers.

Agency Name: _____ PERS Agency # _____
 Agency Address: _____ State: _____ Zip Code: _____
 City: _____
 Agency Phone # _____ Fax # _____
 Number of PERS Members: _____ State Budget # (if applicable): _____

Liaison Officer (Print Name) _____ Signature _____ Last four #'s of SSN _____
 Email Address _____ Phone Number _____

The Liaison Officer has designated the following persons (maximum of 3) to serve as Deputy Liaison Officers for the above listed agency.

Deputy Agency Liaison Officer (Print Name)	Signature	Last four #'s of SSN
Email Address	Phone Number	
Deputy Agency Liaison Officer (Print Name)	Signature	Last four #'s of SSN
Email Address	Phone Number	
Deputy Agency Liaison Officer (Print Name)	Signature	Last four #'s of SSN
Email Address	Phone Number	

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 Toll Free: 1-800-437-7328 Website: www.pers.nv.gov

Liaison Officer Designation Form
 (To be completed by the Employer)

Agency Name: _____ PERS Agency # _____
 Number of PERS Members: _____ State Budget # (if applicable): _____
 Agency Address: _____ State: _____ Zip Code: _____
 City: _____
 Agency Phone # _____ Fax # _____

The Chief Administrator of a public employer may select an employee to serve as a Liaison Officer to certify records, receive information and coordinate matters pertaining to retirement between the employer and members of the public employer. A Liaison Officer may complete a disability application on behalf of employees within their agency, receive information regarding credits, accounts, and records, direct employee account information. The employee selected as the Liaison Officer shall be a member of the System through or her employment with the public employer.

Chief Administrator (Print Name) _____ Chief Administrator Signature _____
 Email address _____ Phone Number _____

The Chief Administrator has designated the following employee to serve as the Liaison Officer for the above listed agency.

Liaison Officer (Print Name)	Signature	Last four #'s of SSN
Email Address	Phone Number	

Change of Deputy Liaison Officer & Signature Authority Designation Form

(Click on form to access)

The Liaison Officer may designate employees to serve as Signature Authorities for the agency. Signature Authorities are allowed access to information provided from their agency to PERS, such as enrollment and termination forms, and wage and contribution information. (Attached additional sheet if necessary)

Signature Authority (Print Name)	Signature	Last four #'s of SSN
Signature Authority (Print Name)	Signature	Last four #'s of SSN
Signature Authority (Print Name)	Signature	Last four #'s of SSN
Signature Authority (Print Name)	Signature	Last four #'s of SSN

The Liaison Officer may designate a Web Administrator and Payroll Specialist to perform payroll reporting duties through the PERS website.

Web Administrator (Print Name)	Signature	Last four #'s of SSN
Email Address	Phone Number	
Payroll Specialist (Print Name)	Signature	Last four #'s of SSN
Email Address	Phone Number	
Payroll Specialist (Print Name)	Signature	Last four #'s of SSN
Email Address	Phone Number	
Payroll Specialist (Print Name)	Signature	Last four #'s of SSN
Email Address	Phone Number	

(Note: This form supersedes all previous submissions)

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Deputy Liaison Officer and Signature Authority Designation Form

(Click on form to access)

Liaison Officer Designation Form

(Click on form to access)

Background on Nevada PERS

The 1947 Session of the Nevada Legislature passed the Nevada Retirement Act. This Act created the Nevada Public Employees' Retirement System and was signed into law on March 27, 1947, by Governor Vail Pittman. The adoption of a retirement program for Nevada's public employees was influenced by several factors. First, the Nevada Legislature realized that Nevada was one of the few states that did not have an employee pension plan. In addition, the Social Security Administration of the federal government did not allow local government employee participation. Furthermore, the number of retirement plans in private industry was steadily increasing. All of these factors made government employment less attractive in states like Nevada that did not offer pension protection. In contrast, states with established retirement programs had favorable experience meeting their pension plan objectives. These included stabilization of employment conditions by reduction of personnel turnover, making long term employment attractive to persons of proven ability and capacity, improving employee morale with the promise of financial security at retirement, and the removal of "hidden pensioners" from employment. Employees and employers did not actually begin contributing to the system until July 1, 1948, while payments for service retirement and disability retirement started July 1, 1949. Despite the one-year setback from the time contributions began coming into the System until the date benefits were first paid, the Legislature still had to appropriate \$75,000 to meet the initial expenses of the system. Since that time, Nevada PERS has grown significantly. In 2010, the system paid roughly \$1.36 billion in pension benefits to 46,578 retirees and beneficiaries. Of this amount, over \$1.1 billion was paid to residents of Nevada, because the vast majority of Nevada PERS retirees continue to reside in the State of Nevada. The average regular fund benefit was \$2,539 per month, or \$30,468 per year.

Why are the contribution rates increasing for this coming biennium?

Contributions are based upon the actuarial experience of the plan, both demographic and economic. The Retirement Board adopts assumptions based upon advice from the independent actuary (in accordance with the Nevada Constitution, Article 9, section 3) that help to forecast costs based upon the experience of the plan. The demographic experience and the economic experience of the plan affect the contribution calculation.

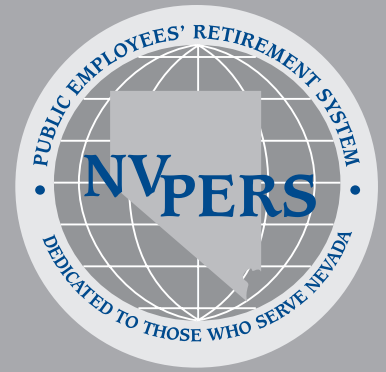
As the Great Recession contracted Nevada's economy, the public workforce contracted as well, losing almost 9,000 employees since the highpoint in 2008. Reported public payroll also has contracted—it is projected to be approximately \$330 million dollars less than in the last rate-setting year, 2010. On a System-wide basis, the yearly dollar cost of accumulated benefits remains almost identical to the previous biennium within \$20 million of previous contribution levels (\$1.56 Billion compared to projected \$1.58 Billion in contributions), but the shrinking payroll and employee base means fewer employees and a smaller payroll to spread the costs. These basic facts, coupled with the fact the System has had to absorb losses in the investment markets stemming from the economic downturn, translates to higher per person contributions.

It is important to note that the System is valued on the total experience of all employers (180+) and plan participants (98,000 actives and 50,000 retirees) collectively. Individually, some employer payrolls may not have decreased, but those whose payrolls have not decreased have been offset by employers whose payrolls have significantly reduced in employees.

10th Annual Liaison Officer Conference

Mark your calendars! The 10th Annual Liaison Officer Conference is scheduled for Thursday, November 21, 2013 at the South Point Hotel and Casino in Las Vegas, NV. This is a one day conference designed for employer representatives including: Liaison and Deputy Liaison Officers, Human Resource Professionals, Payroll staff, and anyone assigned to perform PERS functions. This year is extra special because we will be celebrating our 10th anniversary!

The conference is one of the highlights of our year because we get to connect with our employer representatives face to face. The day's agenda will be filled with useful information to help with the everyday PERS responsibilities as well as the more complex issues that may arise. Keeping you informed of changes that affect PERS' members, employers, and retirees is a priority of ours. Regardless of whether this will be your first Liaison Officer Conference or your tenth, we hope to see you there! Look for registration materials via mail, email, and on our website in September.



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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.

Employer News is a quarterly newsletter for Employers 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.