



# Member News

## Fall 2008

### Retirement Board

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### Inside This Issue

#### Page 2

IRS Regulations  
2009 Legislative Update

#### Page 3

Filing a Retirement Application  
Purchasing Service Credit

#### Page 4

Member Statements

## PERS' Investment Program

Members and beneficiaries of the Public Employees' Retirement System (PERS) may be concerned about the impact of current financial markets on their retirement benefits. PERS has posted information regarding the soundness of the investment program on the front page of our website, [www.nvpers.org](http://www.nvpers.org).

Understandably, we have had a number of inquiries regarding the impact of the financial crisis on PERS' investment program and our ability to pay benefits now and in the future. PERS continues to be fiscally sound, and the current markets do not pose a threat to PERS' ability to pay benefits.

Since PERS has a very long term investment horizon we have the ability to ride out, and profit from, volatile markets. PERS holds over 5,000 securities in over 20 countries. Due to the fund's broad diversification strategy, notably our holdings in bonds and real estate, the fund experiences less volatility than the broad stock markets.

During the last 24 years, the U.S. has experienced three separate bear markets and three recessions. Through all of that volatility, PERS' long term total return is still over 10% per year, net of fees. The reason is PERS' unwavering commitment to its conservative, long term investment strategy.

You may read that the portfolio has lost billions of dollars in the past few months. The portfolio's value is formally measured once per year for actuarial purposes. Short term volatility does not influence the long term health of the pension plan, and the portfolio can make money just as easily as lose it in these environments. For example, in the stock market rally on October 13, 2008 the portfolio earned

\$1.1 billion in a single day. Even with the challenging stock markets, as of October 13, 2008, the fund was \$19.1 billion in size.

It has been said that investing is simple, but not easy. Successful investors follow a few basic rules. Diversify, keep costs low, develop a sound long-term strategy and consistently implement it regardless of the market environment. It is the last part that is difficult in bear markets.

It can be very hard to buy stocks when a financial crisis dominates the landscape. However, this is exactly when successful investors position themselves to make money—by buying assets when they are undervalued. PERS has been methodically rebalancing into U.S. and international stocks the past few days, and will keep doing so if stocks continue to trade as they have lately—at some of their cheapest levels in the last 30 years.

PERS has historically ranked competitively compared to other large public pension plans in challenging markets, and this environment is no different. While these are difficult times in the investment markets, PERS' unwavering commitment to sound investment principles will enable the fund to continue to generate competitive results for decades to come. ■



## IRS Regulations - Normal Retirement Age

The Internal Revenue Service (IRS) issued final regulations related to in-service distributions after normal retirement age for governmental plans. The new regulations, as written, permitted a governmental pension plan to pay benefits upon an employee's attainment of "normal retirement age," and set specific requirements for the defining of the term in a governmental plan. The requirements of the regulations did not allow service-based retirement eligibility, such as 30-years of service at any age. Virtually all public pension plans in the country use some type of service based formula for retirement eligibility. Nevada PERS is one such plan.

The extension of the regulation to governmental plans was opposed by a broad coalition of national organizations including the National Association of State Retirement Administrators (NASRA), National Council on Teacher Retirement (NCTR), National Conference on Public Employee Retirement Systems (NCPERS), National Council of State Legislatures (NCSL), the National Association of Counties (NACo), the United States Conference of Mayors (USCM), the National League of Cities (NLC), the International City/County Management Association (ICMA), the Government Finance Officers Association (GFOA), the Fraternal Order of Police (FOP), American Federation of State, County and Municipal Employees (AFSCME), American Federation of Teachers (AFT), International Association of Fire Fighters (IAFF), and the National Education Association (NEA).

In Treasury Notice 2008-98, the Department of the Treasury delayed implementation of normal retirement age regulations for governmental plans to plan years beginning after January 1, 2011. The intent of the delay is to examine the language of the regulation as written and craft the regulation to better meet the needs of the governmental plan community. Representatives of the groups cited above will work with the IRS and the Treasury to address the concerns voiced by state and local government regarding these regulations. We will continue to update public employers and members as more information is received regarding this issue.

## 2009 Legislative Session

The Bill Draft Request (BDR) list for the 2009 Legislative Session is now available on the Legislature's website ([www.leg.state.nv.us](http://www.leg.state.nv.us)). The BDR's listed below are being tracked by PERS' staff for potential impacts to the system. Currently, there is no additional language available for these BDR's. Once the BDR is introduced as a bill and the language is available, the PERS Board will determine their position on the bill. Visit the PERS website to view the latest updates regarding these BDR's.

BDR #29—Requested by Assemblyman Segerblom

BDR #132—Requested by Assemblyman Hardy

BDR #174—Requested by Assemblywoman Womack

BDR #206—Requested by Assemblyman Cobb

BDR #300—Requested by the Legislative Committee on Education

BDR #308—Requested by PERS

BDR #400—Requested by the Nevada Supreme Court

BDR #547—Requested by PERS

BDR #561—Requested by Senator Nolan

BDR #633—Requested by the Assembly Minority Leader

## READY TO RETIRE? DON'T FORGET YOUR APPLICATION!

If you plan to retire within the next 6 months, you will find that paperwork will be required by many sources. Termination paperwork is required by your public employer and forms may be required by the administrator of your medical plan. Some members may also need to provide information to the Social Security Administration.

With the work involved in contacting these agencies, some members forget to contact the PERS office. We would like to remind you that your retirement cannot be processed unless you first complete and submit a retirement application to the PERS office on or before the date you would like to retire. Some members incorrectly believe that their public employer is responsible for notifying PERS that they are retiring and find out after the fact that this is not true.

It is your responsibility to ensure that your application on file in order to start your retirement benefit without a delay in payment. We encourage you to contact the PERS office for more information regarding the retirement application paperwork.

### When Can Additional Service Credit be Purchased?

Once you have earned 5 years of service through work, you are eligible to purchase service. Many of our members purchase just before retirement in order to reach a certain level of service credit (for example, 25 or 30 years). It is always a good idea to clearly state your specific needs with PERS staff members when you make your request for an agreement.

Since the timing of “at-retirement” purchases is so important, here are some general guidelines to follow to ensure your purchase is complete and you retire on time:

#### **30 days prior to your last day of employment:**

This is the last day you can request a rollover purchase of service agreement. Start much earlier if you have multiple rollovers to complete.

#### **1 day prior to your last day of employment:**

This is the last day you can request a lump-sum purchase of service agreement.

#### **Payment due dates:**

Your “at-retirement” purchase agreements must be paid by the due date on your agreement or 30 days after your last day of employment whichever is earlier.

#### **Employer paid purchases:**

Some employers purchase service for the member at retirement. Remember that the total combined purchases between you and your employer can not exceed 5 years.

**Questions? Call us toll free  
1-866-473-7768**

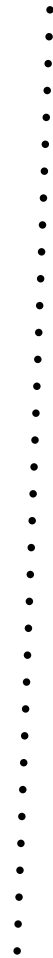


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## Member Statements

When payroll reports have been posted through the end of the fiscal year (July through June) or the school year (September through August), PERS will begin to generate the yearly member statements. Once printed, these statements are mailed to your public employer for distribution at your work place.

Your member statement includes service credit and employee contribution totals through a specified date. The statement also includes a listing of your family and beneficiary information. If any changes are needed, please complete and return the Survivor Beneficiary Designation form in your member statement.

It is important to carefully review all the information listed in your member statement. If you have corrections or questions, please contact the PERS office.

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