



# Retiree News

## Fall 2008

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## PERS' Investment Program

Retirees 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. ■



# Explanation of your 1099-R Tax Statement

In accordance with IRS rules, PERS must mail your 2008 1099-R form on or before January 31, 2009. The 1099-R form is a federal income tax form used to provide year-end income and tax information. The 1099-R must be filed with your income tax return each year. Please promptly report any change of mailing address to PERS in writing so that you will receive your 1099-R in a timely manner. After January 1st, you may also view your 1099-R form through the PERS website ([www.nvpers.org](http://www.nvpers.org)) by logging into the secure site with your user name and password.

Below is a blank 1099-R form with an explanation of how the form is used to report income and tax information.

<b>Form 1099-R</b>		<input type="checkbox"/> CORRECTED (if checked)	OMB No. 1545-0119	
<b>1</b> Gross distribution		<b>2a</b> Taxable amount		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>
<b>2b</b> Taxable amount not determined		Total distribution		
PAYER'S name, street address, city, state, and ZIP code				
PAYER'S Federal identification number		RECIPIENT'S identification number		
<b>3</b> Capital gain (included in box 2a)		<b>4</b> Federal income tax withheld	<b>5</b> Employee contributions or insurance premiums	
<b>6</b> Net unrealized appreciation in employer's securities		<b>7</b> Distribution code	IRA/SEP/SIMPLE	<b>8</b> Other %
<b>9a</b> Your percentage of total distribution		<b>9b</b> Total employee contributions		
RECIPIENT'S name and street address (incl. apt. no.), city, state and ZIP code				
Account number (optional)		<b>10</b> State tax withheld		
<b>11</b> State/Payer's state no.		<b>12</b> State distribution		
<b>13</b> Local tax withheld	<b>14</b> Name of locality	<b>15</b> Local distribution		
<b>Copy 2 File this copy with your state, city, or local income tax return, when required.</b>				Department of the Treasury Internal Revenue Service

- **Box 1** - Gross Distribution—The total amount PERS paid you in 2008 before income tax or other deductions.
- **Box 2a** - Taxable Amount - If you paid contributions to PERS while you were working, a portion of your benefit may be non-taxable. Box 2a shows the amount of your gross distribution that is taxable.
- **PAYER'S name, address** - The Payer is PERS, LRS, or JRS.
- **Federal identification number** - PERS, LRS, or JRS Federal Tax ID number.
- **Recipient's identification number** - Your Social Security number or other taxpayer identification number.
- **Box 4** - The amount of federal income tax withheld from you PERS benefit in 2008.
- **Box 5** - PERS uses this box to report employee contributions paid to you in 2008 that are non-taxable. Employee contributions are taxed before they are paid to PERS. When you retire, a percentage of these contributions are provided as a yearly tax credit based on your anticipated lifetime benefit. The amount in Box 5 is the difference between your Gross Distribution (Box 1) and the Taxable Amount (box 2a). **PERS does not use Box 5 to indicate insurance premiums paid in 2008; that information is not included on the 1099-R form.**
- **Box 7** - Distribution Code - The IRS code used to determine what type of benefit you received.

- **Boxes 8 and 9a** - These boxes are blank.
- **Box 9b** - Total Employee Contributions - If this is your first year of retirement, Box 9b will show the total employee contributions paid to the system prior to your retirement. If you have been retired for more than one year, this box will be blank.
- **Account Number (optional)** - Identifies which PERS account the benefit was paid from.
- **Boxes 10 - 15** - These boxes are blank.

## 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

## 2009 Tax Withholding

Shortly after the first of the year, PERS will receive the 2009 tax withholding tables from the Internal Revenue Service. Your tax withholding will be automatically updated based on these new tables using the withholding instructions you have provided.

You may change your tax withholding instructions at any time during the year by completing and submitting a Federal Income Tax Withholding Certificate to our office. This form is available on our website or a copy can be mailed to you upon request.

To find the Tax Withholding Certificate on the PERS website, go to [www.nvpers.org](http://www.nvpers.org), click on the "PERS Forms" link, select "Benefit Recipients" and click on the Tax Withholding Certificate. When completing the form, you may choose one of three options:

- Option 1: No tax withholding deduction will be taken from your monthly benefit.
- Option 2: Using the IRS tax withholding tables, a monthly income tax deduction will be calculated based on the marital status and total number of exemptions you indicate.
- Option 3: A flat rate monthly income tax deduction will be withheld based on the dollar amount you indicate.

Please contact a tax professional for assistance if you are unsure of the amount of tax withholding needed. The IRS website has information and resources as well. The IRS website is [www.irs.gov](http://www.irs.gov).



693 W. Nye Lane  
Carson City, NV 89703  
(775) 687-4200  
Fax (775) 687-5131

5820 S. Eastern Avenue, Suite 220  
Las Vegas, NV 89119  
(702) 486-3900  
Fax (702) 678-6934

7455 W. Washington Avenue  
Suite 150  
Las Vegas, NV 89128  
(702) 486-3900  
Fax (702) 304-0697

Toll Free 1-866-473-7768  
Website: [nvpers.org](http://nvpers.org)



## 2009 PERS' Benefit Check Mail Dates

January 27, 2009

February 24, 2009

March 26, 2009

April 27, 2009

May 26, 2009

June 25, 2009

July 28, 2009

August 26, 2009

September 25, 2009

October 26, 2009

November 23, 2009

December 28, 2009

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

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