

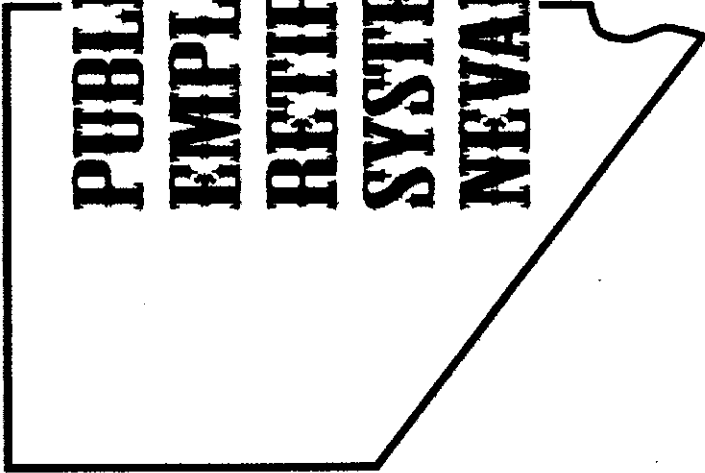
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**PUBLIC
EMPLOYEES'
RETIREMENT
SYSTEM OF
NEVADA**

1947 - 2003

George Pyne - Executive Officer

Dana Bilyeu - Operations Officer

Laura Wallace - Investment Officer

ORIGINALS ARE ON FILE IN
THE RESEARCH LIBRARY

ASSEMBLY GOVERNMENT AFFAIRS

DATE: 2-7-03 ROOM: 3143 EXHIBIT D

SUBMITTED BY: DANA BILYEU

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PERS' Overview

- ✓ Mission/Purpose
- ✓ History
- ✓ Structure
- ✓ Legal Considerations
- ✓ Plan Design
- ✓ Funding
- ✓ Legislators' Retirement System
- ✓ Judicial Retirement System
- ✓ 2003 Legislative Program
- ✓ Investment Program

PERS' Mission

- ✓ Provide a Reasonable Base Income at Retirement
- ✓ Encourage Workers to Remain in Public Service

PERS' History

- ✓ 1947 - System Established
- ✓ 1967 - Legislative Retirement System Created
- ✓ 1971 - Legislature Commissioned Study of PERS
- ✓ 1973/77 - Recommendations of the Study Implemented
 - Moved to Full Actuarial Funding Method
 - Constitution Amended to Create Trust Fund
 - System Independent with Legislative Oversight
- ✓ 1977 - Police and Fire Fund Created
- ✓ 1977 - Interim Retirement Committee of the Legislature Created
- ✓ 2001 - Judicial Retirement System Created

PERS' Administrative Structure

- ✓ Corporate in Nature
- ✓ The Retirement Board
- ✓ Executive Staff
- ✓ 4 Divisions
 - Employer and Production Services
 - Member and Retiree Services
 - Accounting
 - Information Technology

Legal Considerations

- ✓ Constitutionally Created Trust Fund
- ✓ Question 1 - 1996 Election
- ✓ Vesting of Retirement Benefits
- ✓ Internal Revenue Code Requirements

Plan Design

- ✓ Defined Benefit Plan
 - 20 years X 2.5%=50% (2.67% for service after July 1, 2001)
Example: 50% X \$2000=\$1000

- ✓ Retirement Eligibility
 - Regular Members
 - 5 years at 65, 10 years at 60, 30 years at any age
 - Police and Fire Members
 - 5 years at 65, 10 years at 55, 20 years at 50, 25 years at any age

- ✓ Disability and Survivor Benefits

Funding

- ✓ Actuarial Reserve Basis
 - 82% Funded
 - Fully Funded in 2024
- ✓ Two Contribution Plans
 - Employee/Employer Joint Contributory Plan
 - Employer Pay Plan
 - Employees and Employers share equally in the cost

Public Employees' Retirement System

	<u>Funded Status</u>
1994	72.3%
1995	73.5%
1996	75.8%
1997	75.6%
1998	78.2%
1999	82.5%
2000	84.7%
2001	84.2%
2002	82.4%

Public Employees' Retirement System

2003 Contribution Rates

Employer Pay Contribution Plan

	Regular Members	Police/Fire Members
Existing Rates*	18.75%	28.50%
2002 Actuarial Rate	20.32%	28.81%
Statutory Rates		
Effective 7/1/2003	20.25%	28.50%

*Existing rates change in odd-numbered years based on the preceding year's (even-numbered) actuarial valuation.

Public Employees' Retirement System

2003 Contribution Rates

Employee/Employer Contribution Plan

	Regular Members	Police/Fire Members
Existing Rates*	9.75%/9.75%	14.75%/14.75%
2002 Actuarial Rate	10.59%/10.59%	14.79%/14.79%
Statutory Rates		
Effective 7/1/2003	10.50%/10.50%	14.75%/14.75%

*Existing rates change in odd-numbered years based on the preceding years (even-numbered) actuarial valuation.

Projection of the Future

	<i>July 1, 1976</i>	<i>July 1, 2002</i>	<i>July 1, 2005</i>
Active Members	34,051	85,224	93,709
Benefit Recipients	4,080	25,535	30,291
Ratio	8.3	3.3	3.1

Legislators' Retirement System

- ✓ Created 1967
- ✓ Plan Design
 - Defined Benefit Plan
 - Age 60 Eligibility With 10 Years
 - \$25 X Years of Service: $\$25 \times 10 = \250
 - Options, PRI'S Similar to PERS
- ✓ Survivor Benefits/No Disability

LRS Funding

- ✓ 72% Funded
- ✓ 2024 Fully Funded
- ✓ 15% After Tax Employee Contribution
- ✓ Actuarially Determined Employer Contribution

JRS Funding

- ✓ 21% Funded
- ✓ 2037 Fully Funded

2003 Legislative Program

- ✓ Interim Study of Lump Sum Optional Retirement Programs (AB431 of 2001 Nevada Legislature)
 - No recommendation
- ✓ Technical or Housekeeping Bill
 - Several clarification and definitional changes
 - AB555
 - Single Survivor Beneficiary
- ✓ No Fiscal Legislation

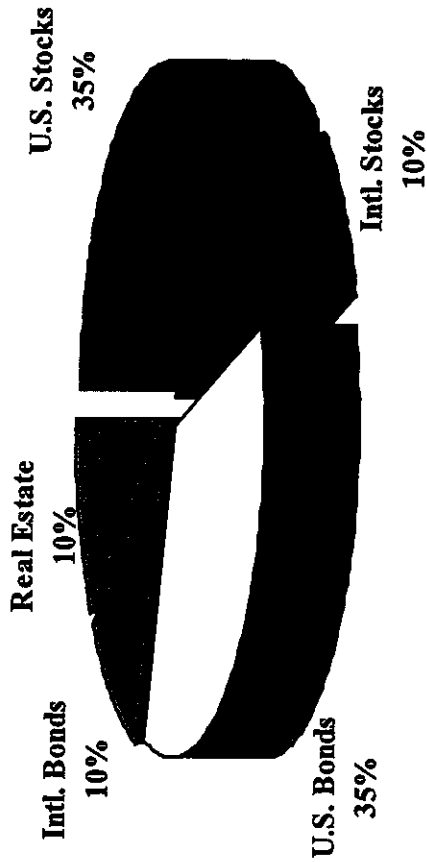
Investment Objectives

- ✓ Achieve Long Term Financial Goals
- ✓ Manage Risk
- ✓ Uncomplicated/Transparent Program

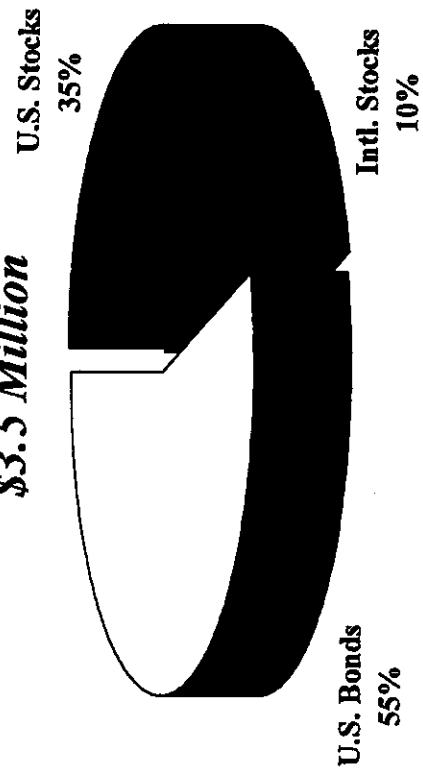
Investment Strategy

December 31, 2002

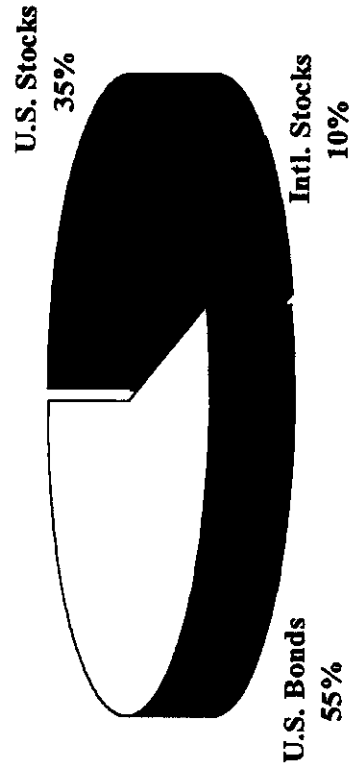
PERS Fund \$12.9 Billion



Legislators' Fund \$3.5 Million

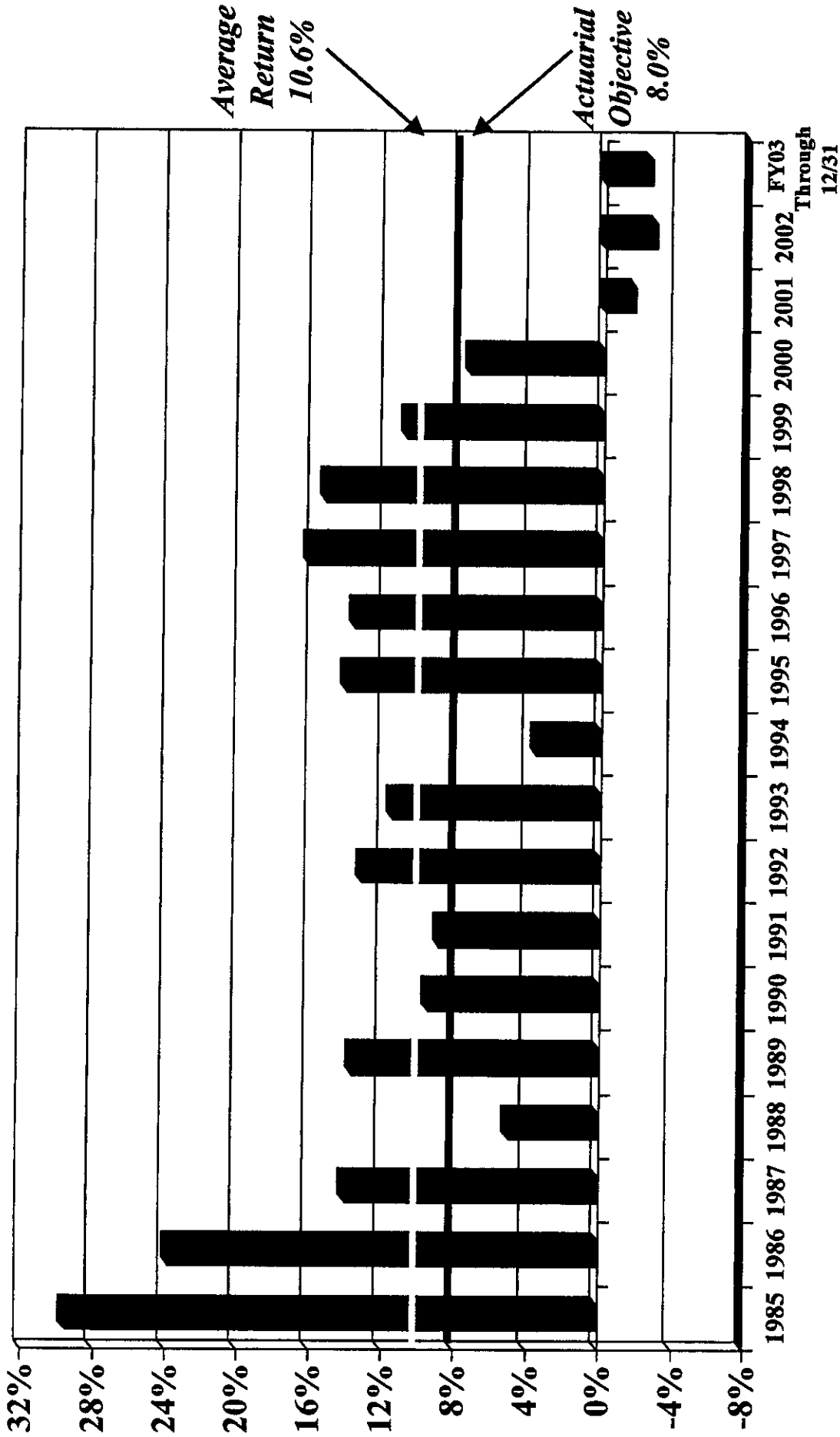


Judicial Fund \$4.8 Million



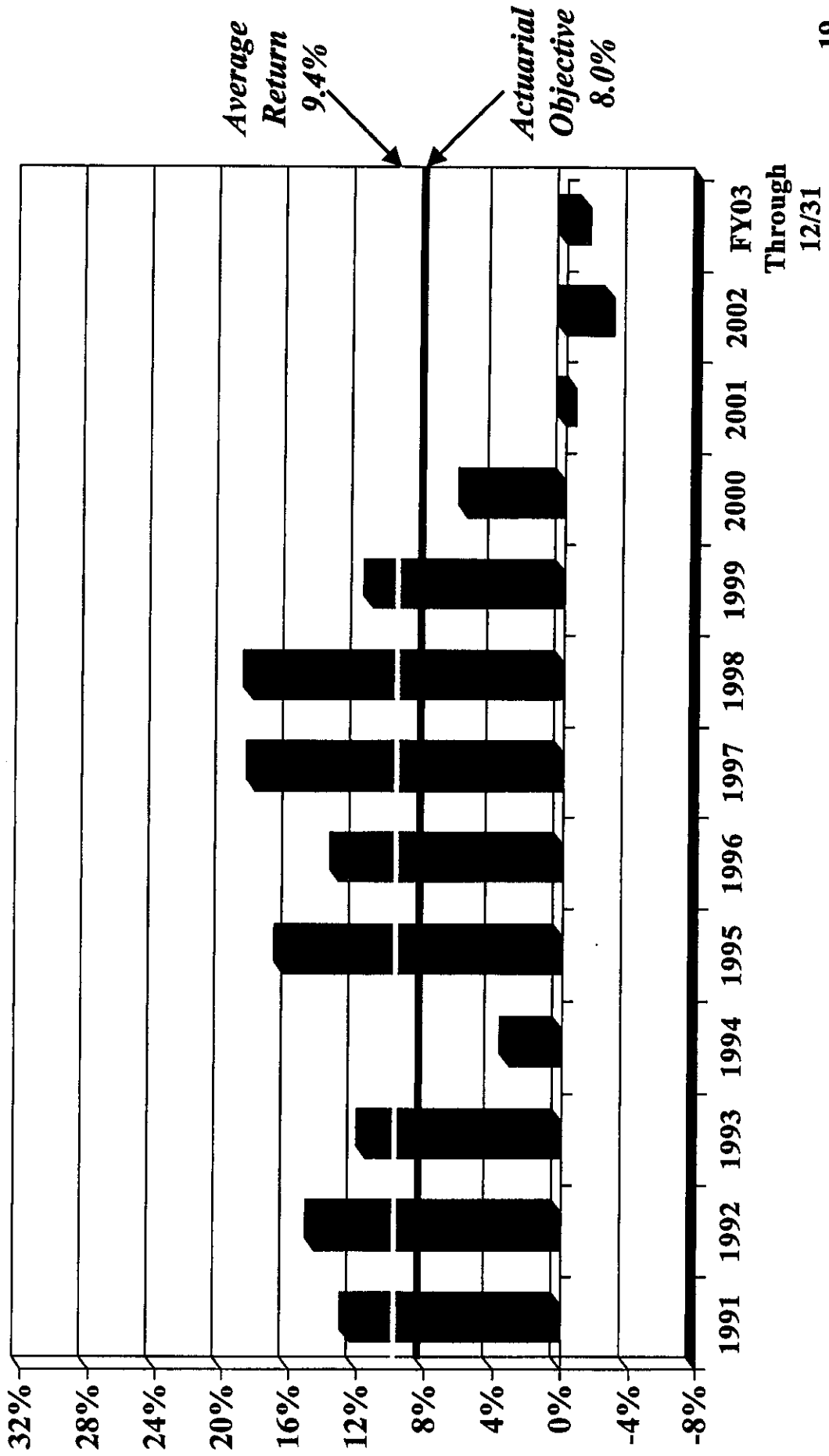
Nevada PERS' Performance

Fiscal Years ended June 30



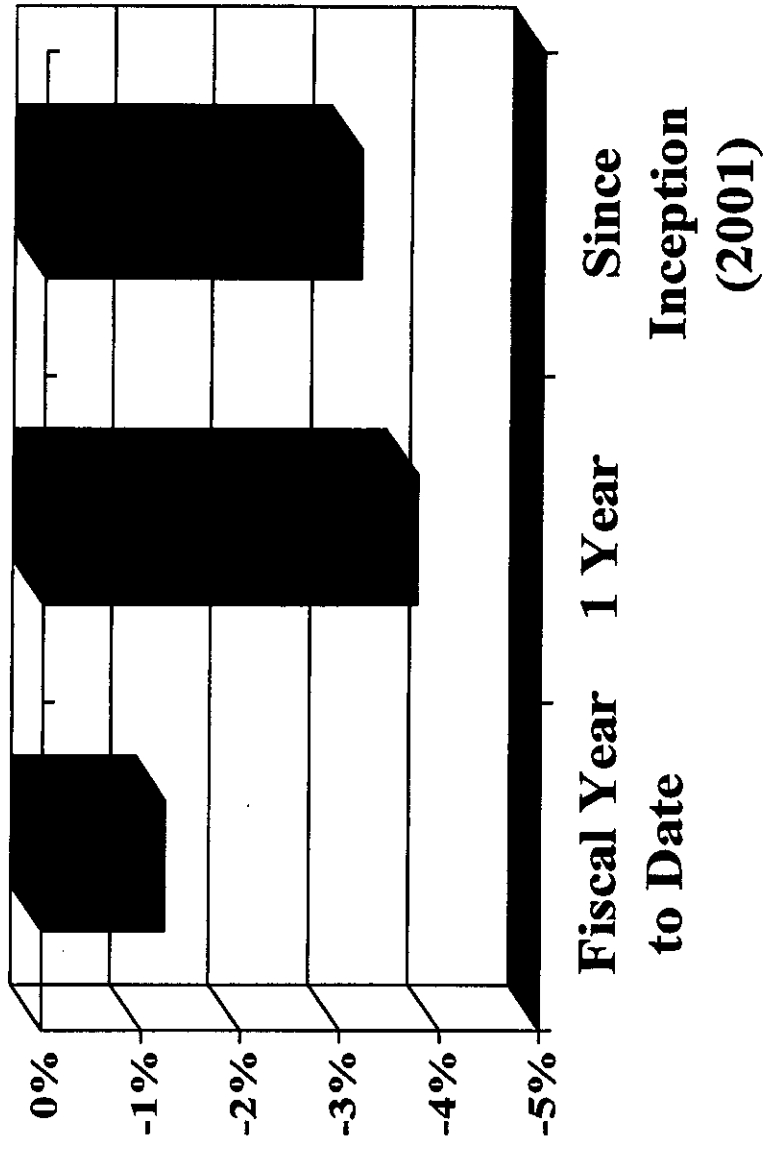
Legislators' Fund Performance

Fiscal Years ended June 30



Judicial Fund Performance

Periods ended December 31, 2002



Returns have been achieved employing...

- ✓ Conservative Asset Allocation
- ✓ Realistic Return/Risk Assumptions
- ✓ Diversification
- ✓ Compliance Monitoring