



# Retiree News

## Winter 2009

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## Become a Retiree Ambassador!

Recently the System established a new program for retirees interested in learning more about the positive impact of PERS on the economy of Nevada. The Ambassador Program is an educational opportunity for our retirees to receive specific information about the System such that they may provide better context to community discussions of the System, addressing potential misunderstandings or incorrect facts about the System. Nevada PERS provides a critical source of reliable income to more than 41,000 retired Nevadans residing throughout our state in every town, city and county.

Retiree Ambassadors are not lobbyists nor advocates of any positions adopted by the Retirement Board. Rather, Ambassa-

dors are community members who may be a valuable resource to their communities when discussions of PERS arise.

Ambassadors must complete an educational seminar provided by the System addressing the studies of Nevada PERS economic impact as well as PERS' mission, investment strategies and cost efficiencies. Seminars will be scheduled in Carson City and Las Vegas in early spring. If you are interested in participating in the Retiree Ambassador Program please contact our office (see contact information on the back page of this newsletter) for more information and registration at one of the upcoming seminars.

## Returning to work with a Nevada Public Employer?

Returning to work for a public employer in the PERS system may affect your retirement benefit.

If you return to work with a Nevada public employer in a position that is not eligible for membership you may earn up to 50% of the average salary for regular members, without affecting your retirement benefit. If you accept a position that is eligible for membership, your retirement benefit must be stopped for the duration of that employment. It is your duty to notify PERS in writing within ten days when you accept employment with a Nevada public employer regardless of the position. **Note:** Special rules apply to retirees in positions deemed to be critical labor shortage by their employers.

The earnings limitation for retired employees returning to employment with a Nevada public employer in a non PERS eligible position for fiscal year 2010 is \$24,076.00.

Fiscal year 2010 begins July 1, 2009 and ends June 30, 2010. A retired employee who exceeds the earnings limitation in any fiscal year must have his or her retirement benefit suspended for the duration of the employment, independent contract or any subsequent employment during the fiscal year, even if it extends into the next fiscal year. Both the public employer and retired employee must notify PERS within ten days in the event a retired employee exceeds the earning limitation.

We cannot emphasize too strongly that employment after retirement with a Nevada public employer may seriously effect your retirement benefit. If you have questions or are considering employment with a Nevada public employer, please contact our office directly to discuss your specific reemployment situation and how to avoid a benefit overpayment.

# Explanation of your 1099-R Tax Statement for 2009

In January 2010, PERS will prepare and send out your 2009 year-end pension information using a 1099-R tax form. This is a federal income tax form used to provide year-end income and tax withholding information. The 1099-R form must be filed with your federal income tax return each year.

Below is an example of the 1099-R form with an explanation of the boxes that pertain to your PERS benefit and how the form is used to report income and tax information.

OMB No. 1545-0119 **2009**

**Form 1099-R** CORRECTED (if checked)

**Distributions From Pensions, Annuities Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.**

1 Gross distribution		2a Taxable amount	
\$		\$	
2b 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	
3 Capital gain (included in box 2a)	4 Federal income tax withheld	5 Employee contributions/Designated Roth contributions or insurance premiums	
\$	\$	\$	
6 Net unrealized appreciation in employer's securities	7 Distribution code(s)	IRA/SEP/SIMPLE	8 Other %
\$		\$	
9a Your percentage of total distribution	9b Total employee contributions		
	\$		
RECIPIENT'S name and street address (incl. apt. no.), city, state, and ZIP code			
Account number (see instructions)	1st year of desig. Roth contrib.	10 State tax withheld	
		\$	
11 State/Payer's state no.		12 State distribution	
		\$	
13 Local tax withheld	14 Name of locality	15 Local distribution	
\$		\$	

Department of the Treasury  
Internal Revenue Service

**Copy 2 File this copy with your state, city, or local income tax return, when required.**

- **Box 1 - Gross Distribution**—The total amount PERS paid you in 2009 before income tax or other deductions.
- **Box 2a - Taxable Amount** - This is taxable amount of your gross distribution. The amount in this box will be less than Box 1, if you had non-taxable contributions in your member account prior to retirement.
- **PAYER'S name, address** - The Payer is the retirement fund in which you retired: PERS, LRS, or JRS.
- **PAYER'S Federal identification number** - This is the ID number assigned to the retirement fund in which you retired.
- **Recipient's identification number** - Your Social Security number or other taxpayer identification number.
- **Box 4** - The amount of federal income tax withheld from your PERS benefit in 2009.
- **Box 5** - PERS uses this box to report employee contributions paid to you in 2009 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 2009; 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 from PERS.

- **Box 9b - Total Employee Contributions** - If 2009 was your first year of retirement, Box 9b will show the total non-taxable 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.
- **Recipient's name and street address** - Your name and mailing address as it is listed in the system
- **Account Number (optional)** - Identifies which PERS account the benefit was paid from.
- **Boxes 2b, 3, 6, 8, 9a, 10, 11, 12, 13, 14 and 15** - These boxes are blank.

# Explanation of your 1099-R Tax Statement for 2009-cont.

In accordance with IRS rules, PERS must mail your 1099-R form no later than January 31, 2010. If you do not receive your 1099-R form by February 17, 2010, you may contact PERS at 1-866-473-7768 to request a duplicate. The duplicate form will be mailed to you within 7 business days.

On or after January 31, 2010, you may also view your current and past 1099-R forms through the PERS website ([www.nvpers.org](http://www.nvpers.org)) by logging into the secure site with your user name and password.

## PERS Generates Competitive Returns During Challenging Markets

The global financial crisis combined with one of the worst economic environments since the Great Depression was the catalyst for significant negative returns from the stock and real estate markets in fiscal year 2009. But this was also one of PERS' best years in terms of competitive returns versus its peers. PERS ended the fiscal year with \$18.7 billion in assets and a one year return of -15.8%, net of fees.

The fund outperformed its market objective by 0.4% and outperformed 81% of other large public pension funds for the fiscal year. At the same time, the fund's risk was among the bottom 23% of other pension plans. For fiscal year 2009, as well as the last three years (encompassing the entire bear market), PERS generated returns in the top of the peer group while experiencing risk near the bottom of the peer group. This outperformance versus the median plan in fiscal year 2009 saved the fund over \$750 million.

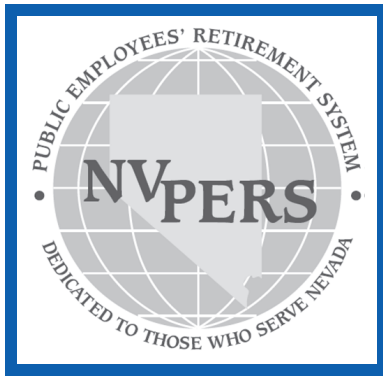
PERS was able to outperform in this volatile environment due to the Board's simple, high quality investment strategy and disciplined rebalancing policy. PERS invested an additional \$2 billion in U.S. and non U.S. stocks as the markets dropped, allowing the fund to profit during the recent rally. This systematic process of

buying stocks low and selling them high has added over \$350 million in value to the fund since the bear market started.

Over the last 25 years, PERS has generated a 9.0% average annual return. During that period, PERS' investment risk ranks among the lowest 10% of state pension plans, and the fund's risk adjusted return ranks in the top 13% of pension funds nationally.

The markets have continued to recover since the end of the fiscal year. From July 1 through December 30, 2009, U.S. stocks have risen 21.1%, and PERS generated a 14.7% return for the same time period. While we still have six months left in the fiscal year, this progress is encouraging.

The program's long term success is the result of an unwavering commitment to consistency, quality and cost effective management. The Retirement Board continues to stay committed to its long term investment strategy, which involves consistent exposure to the global capital markets and the methodical purchase of undervalued assets and sale of overvalued assets over the course of market cycles. This discipline has proven to be especially important during the recent turbulent times in the investment markets.



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**Notification:** Enclosed with this newsletter, please find a listing of the 2010 check mail dates. If your check is sent by direct deposit to your bank, these are dates in which the deposit will be made to your account. Please retain this schedule for future reference. This schedule is being provided in lieu of the refrigerator magnets that we have provided in the past.

## 2010 Tax Withholding

Shortly after the first of the year, PERS will receive the 2010 federal income tax withholding tables from the Internal Revenue Service. The tax withholding on your PERS check 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 upon your request.

If you have created a secure retiree account through the PERS website, you may view, calculate or change your income tax withholding at any time without the completion of this form.

**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



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[www.nvpers.org](http://www.nvpers.org)

### **2010 Check Mail Dates**

**January 26, 2010**

**February 23, 2010**

**March 26, 2010**

**April 27, 2010**

**May 25, 2010**

**June 25, 2010**

**July 27, 2010**

**August 26, 2010**

**September 27, 2010**

**October 25, 2010**

**November 23, 2010**

**December 27, 2010**