

NEVADA STATE EDUCATION ASSOCIATION

PERS Report

to the

2020 Delegate Assembly

Nevada's pension fund is known for its simple and conservative portfolio strategy despite an increasing trend of complex investment strategies pursued by many of its pension peers. Due to this simple and conservative strategy, PERS has continued to be one of the top-ranked pension funds in the nation. PERS is on track to be fully funded in 17 years.

Financial Highlights

- Net position (total assets less total liabilities) increased from \$41.4 billion to \$44.2 billion as of June 30, 2019. This is the tenth year in a row the System has increased its net position.
- As of the June 30, 2019, actuarial valuation, the System was 76.5% funded, compared to a funding level of 74.5% as of June 30, 2018.

PERS' total return on investments was 8.47%, which includes both realized and unrealized gains. The fund's annualized rate of return is 9.4% since inception (35 years) versus the long-term actuarial funding objective of 7.5%.

Effectively managing investment costs is critical to PERS long-term success because every dollar paid out in fees is no longer available to generate compound interest. For this reason, one of the primary components of PERS' investment philosophy is to minimize expenses. Nevada PERS' investment costs are among the lowest in the industry providing a clear competitive advantage.

Investment Costs

PERS' total investment costs are estimated to be more than \$171 million per year less than the average large public pension fund. PERS' investment costs are \$53.5 million as compared to the industry cost of \$224.9 million. PERS' investment costs are 75% less than the industry average.”
Steve Edmundson, Investment Officer

PERS' investment program has delivered long-term results that are among the most competitive in the industry while employing the smallest staff and incurring the lowest expenses. PERS' continues to believe this simple, low cost approach will benefit PERS' members into the future.

The following quote demonstrates the commitment of the PERS staff to all of the Nevada State Education members:

“I think that the most exciting thing about working for a public pension is that, unlike a lot of jobs, I never forget why I'm here. Our job is to ensure that the investment portfolio does its job for our members and beneficiaries. Every day I see myself coming to work for the 150,000 members who are public employees of our system. I feel pretty good about that. I feel good about getting to do something that I feel is worthwhile and can positively influence the hardworking public employees of the State of Nevada. I believe in what we're doing and that is the most exciting thing about working for Nevada PERS.”

Steve Edmundson, Investment Officer

Respectfully submitted,
Brian A. Wallace
PERS Board Member