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Pension Review Commission

October 4, 2022

TO: Public Employees' Retirement Association
Fire and Police Pension Association

FROM: Pension Review Commission

SUBJECT: Analysis of Passive Investments

The Pension Review Commission requests information from the Public Employees' Retirement Association (PERA) and the Fire and Police Pension Association (FPPA) that compares each pension's active and passive investment approaches.

Responses should include:

- a comparison of the advantages and disadvantages, cost, and projected asset allocation targets and ranges of the active investment approaches currently administered by the pensions with the advantages and disadvantages, cost, and projected asset allocation targets and ranges that could be provided if the pensions used alternative passive investment approaches;
- a comparison of the current active investment approach administered by the pensions to other statewide retirement plans' investment approaches, including the Public Employees' Retirement System of Nevada's passive investment approach;
- an analysis of the costs that would be incurred by employees and employers by transitioning from the current active investment approach administered by the pensions to alternative passive investment approaches;
- the impact that a change from the current investment approaches to alternative investment approaches would have on expected retirement benefits for current and future retirees of the pensions; and
- the incremental impacts that a change from the current investment approaches to alternative investment approaches would have on the ability of the pensions to fully amortize any unfunded actuarial accrued liability of each division of its association.