

## **NEVADA PERS BOARD MEETING NOVEMBER 15, 2018/NOTES**

Active employees in the Nevada Public Employees' Retirement System (PERS) will see their contribution rates going up by over 1% in the regular fund and around 2% in the Police/Fire Fund. The PERS Board approved an actuarial report from Segal Consulting November 15 suggesting the rate increase is necessary to keep the agency's funded ratio at 75% which is better than average when compared to their peers where the average funded ratio is 73.4%. Segal's Consulting Actuary Brad Ramirez noted the overall experience for the system for fiscal year 2018 was less favorable than expected, resulting in an actuarial loss. The actuarial return on assets was 8.2% but this slight gain was offset by losses in overall demographic experience and post-retirement increases since there were 22-hundred more people who retired in the last fiscal year than the previous year. Ramirez also noted that it was the fifth straight year PERS' funded ratio was up!

The regular fund Employer Pay contribution will go up July 1 to 29.25%, while the Employee/Employer contribution will be 30.50%. The new Employer Pay contribution for Police/Fire will be 42.50% and 44% for Employee/Employer paid.

Additionally PERS learned that the new average monthly benefit for regular retirees will increase from the current \$2,860 to \$2,923 (\$63 more per month, a little more than 2%). This will impact roughly 52,377 retirees compared to 50,091 that collected the lesser amount in the previous year. The average monthly benefit for Police/Fire retirees will be \$5,373, compared to the former amount of \$5,236, impacting 7,442 retirees compared to 7,108 the former year.

During a first quarter performance report Chief Financial Officer Steve Edmundson reported the fund was up 3.8% as of September 30, however it was down another 1% from that as of the morning of November 15. However, Edmundson reported NV PERS still is one of the better performing funds among its peers. He added that a single quarter is not indicative of where they'll end up at the end of a fiscal year so they aren't that concerned about this information at this time.

Under reports, legal counsel for PERS said they remain in a holding pattern with a ruling from the Nevada Supreme Court that favored the Nevada Policy Research Institute. PERS met November 1st to consider options as a result of that decision. RPEN was represented at the meeting by Legislative Advocate/Lead Lobbyist Marlene Lockard and Director of Finance/Operations Kerry Armanasco. Lockard reports the board spent about an hour and a half in closed meeting with their legal representatives, followed by an open session wherein a Board member moved to petition the Supreme Court for a re-hearing on the matter. The Supreme Court's decision in late October (following a March hearing) was split with a very strong dissent. Lockard reports being told that if the court grants the re-hearing, a decision must be made in about 45 days and said there's about a 10% chance a re-hearing will be granted.

Lockard says this issue needs a legislative fix to end all this litigation and as a result is recommending that RPEN move forward with Senator Julia Ratti in re-introducing SB 384 from the 2017 session with the caveat that we may need to make some language changes to the bill. Stay tuned for more information on this before the February start of the 80<sup>th</sup> Session of the Nevada State Legislature.