



NEVADA'S PENSION FUNDING LEVEL is below the norm for the 50 states, and it faces a fairly significant liability for non-pension benefits. These costs, principally for retiree health care, were projected to rise 20% from 2008 to 2009, according to information presented to the Nevada legislature in early 2007. If the state moves toward pre-funding its non-pension liability, the required annual contribution would be about four times the pay-as-you-go cost. But moving toward full funding would be smart fiscal practice because it would reduce the long-term bill considerably, from \$4.1 billion to \$1.6 billion. This is because the interest the state is likely to earn when it invests more money over the long term can be applied to paying down the bill.

PENSIONS

TOTAL BILL COMING DUE: **\$25.8 billion**¹

FUNDS SET ASIDE: **\$19.3 billion**

PORTION UNFUNDED: **\$6.5 million**

PERCENT FUNDED: **75 as of 2006**²

TEN YEAR FUNDING HIGH: **85% in 2000**

TEN YEAR FUNDING LOW: **75% in 2006**

HOW IS THE STATE DOING IN PAYING ITS ANNUAL BILL? 

ASSUMPTIONS: Nevada assumes an 8% interest rate of return on pension investments, which is the same as the 50-state median. It uses a five-year smoothing period to calculate the actuarial value of assets, similar to most states. The amortization period used for its pension systems conforms to accounting standards.

¹ Pension funds include public employees, legislators and judicial employees.

² 50-state mean was 82%.


OTHER BENEFITS

TOTAL BILL COMING DUE: **\$4.1 billion**¹

FUNDS SET ASIDE: **\$0**

PORTION UNFUNDED: **\$4.1 billion**²

PERCENT FUNDED: **0 as of 2006**

HOW IS THE STATE DOING IN MANAGING THIS BILL? 

¹ For state employees; \$1.6 billion if fully funded.

² 293% of covered payroll, compared to a national median of 135%.

REFORMS: In 2007, Nevada passed legislation to set up an irrevocable trust to fund retiree health costs for its public employee benefits program and also allowed local governments to do the same. The state also passed a law preventing non-state retirees from joining Nevada's health plan unless a retiree's last employer participates in the Public Employees' Benefits Program—but this doesn't take effect until November 30, 2008. (The new law also calls for Medicare retirees to be rated in a separate rate pool than active employees and those that are not Medicare eligible.)

KEY:  Top Performer  Needs Improvement  Below Par  Non-Pension Benefits are Minimal

This fact sheet stems from a 50-state analysis of states' retiree benefit obligations by Pew's Center on the States. The full report and 50 state fact sheets can be found at www.pewcenteronthestates.org.



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