

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
OF THE STATE OF NEVADA**

Actuarial Valuation as of June 30, 2008

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November 3, 2008

Public Employees' Retirement Board
State of Nevada
693 West Nye Lane
Carson City, Nevada 89703

Dear Retirement Board Members:

We are pleased to submit this report that presents the results of our actuarial valuation of the Public Employees' Retirement System of the State of Nevada as of June 30, 2008.

The census information on which our calculations are based and the unaudited financial information were provided by the Retirement Office staff. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Plan.

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

We look forward to meeting with the Retirement Board to review this report on the Public Employees' Retirement System of the State of Nevada.

Sincerely,

Brad Ramirez, FSA, MAAA, EA
Consulting Actuary

Thomas D. Levy, FSA, FCIA, MAAA, EA
Senior Vice President and Chief Actuary

John Monroe, ASA, MAAA, EA
Vice President and Associate Actuary

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I. INTRODUCTION

Actuarial valuations of the Public Employees' Retirement System of the State of Nevada are prepared annually by the independent actuary for the Public Employees' Retirement Board. The basic purposes of annual actuarial valuations are to determine the Retirement System's actuarial liabilities and the contribution rates required to fund the Retirement System on an actuarial reserve basis.

The June 30, 2008 actuarial valuation of the Public Employees' Retirement System of the State of Nevada is based on five basic elements:

1. The current provisions of the Public Employees' Retirement Act (see Section III).
2. The characteristics of active and inactive members.
3. The characteristics of members in pay status.
4. The actuarial assumptions and methods adopted by the Public Employees' Retirement Board (see Section IV).
5. The actuarial value of the Retirement System's net assets, which on June 30, 2008 amounted to \$23.2 billion, based on unaudited assets.

Highlights

The Public Employees' Retirement Act requires an adjustment in the statutory contribution rates on July 1 of each odd-numbered year, based on the actuarially determined rates indicated in the actuarial valuation report for the immediately preceding year. However, contribution rates are only adjusted if the difference between the existing and actuarially determined rate exceeds 0.50% of salary for the Employer-Pay rates or 0.25% of salary for the Employee/Employer rates. Contribution rates are rounded to the nearest 0.25% of covered payroll.

For both the regular and police/fire employees, the calculated rates for 2008 increased from the previous year. The most important factor in this increase was the larger than expected salary increase during the year ended June 30, 2008.

Since the actuarially determined rates from the June 30, 2008 valuation were not within the ranges previously noted and this valuation year was an even-numbered year, an adjustment in the statutory contribution rates is required for fiscal years July 1, 2009 through June 30, 2011.

	<u>Regular Employees</u>	<u>Police/Fire Employees</u>
Employer-Pay*		
Statutory Rate for Fiscal Years July 1, 2007 through June 30, 2009	20.50%	33.50%
Actuarial Determined Contribution Rate per July 1, 2008 Actuarial Valuation	21.54%	37.06%
Statutory Rate for Fiscal Years July 1, 2009 through June 30, 2011 (as determined from the July 1, 2008 valuation)	21.50%	37.00%

* See cost-sharing mechanism in NRS 286.421

	<u>Regular Employees</u>	<u>Police/Fire Employees</u>
Employee/Employer*		
Statutory Rate for Fiscal Years July 1, 2007 through June 30, 2009	21.00%	34.50%
Actuarial Determined Contribution Rate per July 1, 2008 Actuarial Valuation	22.42%	37.83%
Statutory Rate for Fiscal Years July 1, 2009 through June 30, 2011 (as determined from the July 1, 2008 valuation)	22.50%	38.00%

* See cost-sharing mechanism in NRS 286.410

As indicated on page 33 of this report, the total investment loss not yet recognized as of June 30, 2008 is approximately \$834 million for regular employees. Per page 34, the total investment loss not yet recognized as of June 30, 2008 is approximately \$206 million for police/fire employees. These unrecognized losses will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, to the extent they are not offset by recognition of gains derived from future experience. This implies that earning the assumed rate of investment

return of 8.00% per year (net of investment expenses) on a **market value** basis will result in investment losses on the actuarial value of assets in the next few years. Therefore, if the actual market return is equal to the assumed 8.00% rate and all other actuarial assumptions are met, the contribution requirements would increase in each of the next few years.

Active and Inactive Vested Membership

(Tables 1 through 6 - Section II)

A total of 117,716 active and inactive vested members of the Public Employees' Retirement System of the State of Nevada are included in this actuarial valuation. Approximately 88% of the active members are regular employees and 12% are police/fire employees.

	<u>Regular Employees</u>	<u>Police/Fire Employees</u>	<u>Total</u>
Active members	93,816	12,307	106,123
Inactive members	<u>10,965</u>	<u>628</u>	<u>11,593</u>
Total active and inactive members	104,781	12,935	117,716

Between the 2007 and 2008 actuarial valuations, the number of active regular employees increased by 2,059 or 2.2%, and the number of active police/fire employees increased by 371 or 3.1%. The average annual salaries of active regular employees increased by 6.5% to \$46,159, and the average annual salaries of police/fire employees increased by 5.8% to \$70,194.

As of the valuation date, approximately 82.0% of regular employees and 85.4% of police/fire employees were covered under the Employer-Pay provisions. The number and payrolls of active members covered under Employer-Pay and Employee/Employer contribution provisions are shown below.

	<u>Regular Employees</u>		<u>Police/Fire Employees</u>		<u>Total</u>	
	<u>Number</u>	<u>Payroll (Millions)</u>	<u>Number</u>	<u>Payroll (Millions)</u>	<u>Number</u>	<u>Payroll (Millions)</u>
Employer-Pay	76,929	\$3,655.5	10,514	\$778.8	87,443	\$4,434.3
Employee/Employer	<u>16,887</u>	<u>675.0</u>	<u>1,793</u>	<u>85.1</u>	<u>18,680</u>	<u>760.1</u>
Total	93,816	\$4,330.5	12,307	\$863.9	106,123	\$5,194.4

Members in Pay Status
(Tables 7 through 10 - Section II)

On the valuation date, the Public Employees' Retirement System of the State of Nevada was paying benefits to a total of 38,130 retired members, disabled members, beneficiaries, and survivors. The total number of benefit recipients increased 6.8% from 35,687 on June 30, 2007. The benefit recipients were comprised of 31,234 service retirees, 2,245 disability retirees, 2,932 beneficiaries and 1,719 survivors.

Between the 2007 and 2008 actuarial valuations, the total number of service retirees, beneficiaries, disability retirees and survivors increased as shown below:

	<u>Regular Employees</u>		<u>Police/Fire Employees</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Service	27,365	25,496	3,869	3,623	31,234	29,119
Disability	1,905	1,817	340	326	2,245	2,143
Beneficiaries	2,452	2,357	480	447	2,932	2,804
Survivors	<u>1,526</u>	<u>1,434</u>	<u>193</u>	<u>187</u>	<u>1,719</u>	<u>1,621</u>
Total	33,248	31,104	4,882	4,583	38,130	35,687

As of June 30, 2008 the average monthly benefit payable to service and disability retirees was \$2,306 for retired regular employees and \$3,740 for retired police/fire employees compared to \$2,216 and \$3,549, respectively, as of June 30, 2007.

Average monthly benefits paid to beneficiaries and survivors were \$1,375 for regular employees and \$1,641 for police/fire employees. These average benefit amounts and the amounts shown in the tables that follow include all post-retirement benefit increases as of the valuation date.

Assets
(Tables 11 through 14 - Section II)

As of June 30, 2008, net assets totaled \$22.2 billion at market value and \$23.2 billion at actuarial value. The actuarial value of assets as a percentage of market value of assets was 105% for both regular employees and police/fire employees as of the valuation date. Last year, the actuarial value of assets as a percentage of market value of assets was 94% for both regular employees and police/fire employees.

Results of the Actuarial Valuation

(Tables 15 through 19 - Section II)

Under the Entry Age Normal Cost funding method, the total actuarially-determined employer contribution rates consist of the normal cost, an administrative expense allowance, and the payment required to amortize the unfunded actuarial accrued liability over the established (GASB compliant) amortization period. Actuarial gains and losses resulting from differences between actual and assumed non-investment experience are recognized immediately in the Retirement System's actuarial accrued liabilities.

In general terms, the normal cost is the cost of benefit rights allocated to current service. The normal cost rate is the level percentage-of-salary contribution required each year per employee to accumulate, over the projected working lifetime, the reserves needed to meet the cost of projected benefits. The normal cost represents the ultimate percentage-of-salary cost of the Retirement System if the unfunded actuarial accrued liability is paid off and the actual experience of the System conforms to actuarial assumptions. The normal costs are calculated separately for regular employees and police/fire employees.

The calculated normal costs are shown in Table 15 and are summarized as follows:

	<u>Actuarially-Determined Normal Costs</u>		
	<u>Regular Employees</u>	<u>Police/Fire Employees</u>	<u>Total</u>
Employer Normal Cost*	\$708,417,558	\$254,581,841	\$962,999,399
Employee Contributions	<u>83,076,286</u>	<u>17,820,654</u>	<u>100,896,940</u>
Total Normal Cost	\$791,493,844	\$272,402,495	\$1,063,896,339

* See cost-sharing mechanisms in NRS 286.410 and NRS 286.421

The total actuarial accrued liability represents the amount that would have been accumulated as of the valuation date if contributions sufficient to meet the normal costs of the Retirement System had been made each year in the past. If assets equaled the total actuarial accrued liability, there would be no unfunded liability and future contribution requirements would consist solely of the calculated normal cost rates and the administrative expense allowance.

The unfunded actuarial accrued liability is the difference between the actuarial accrued liability and the actuarial value of assets. The actuarial value of assets is developed by spreading the

market value gains and losses over a five-year period. The majority of public sector retirement funds use an asset smoothing technique as part of their overall strategy in managing contribution rate volatility.

The unfunded actuarial accrued liability is shown in Tables 16 and 17, and amounts to \$5.363 billion for regular employees and \$1.895 billion for police/fire employees. The Plan has adopted the approach of amortizing year by year amounts of each year's change in the unfunded accrued liability. The annual increase or decrease in the unfunded actuarial accrued liability is amortized over a period of 30 years from July 1, 2008 and added to or subtracted from the previous years' amortizations. The method of amortizing the unfunded actuarial accrued liability is the level percentage-of-payroll method, under which the dollar amounts of calculated amortization payments increase in direct proportion to the assumed payroll growth rates. The assumed payroll growth rates are 6.50% per year for regular employees and 8.00% per year for police/fire employees.

Based on the year-by-year closed percentage-of-payroll amortization method, the annual payments required to amortize the unfunded actuarial accrued liability represent 5.01% of projected payroll for regular employees and 7.71% of projected payroll for police/fire employees. Under this method, the average length of payment for the total unfunded liability is approximately 26.5 and 26.4 years for regular and police/fire employees, respectively.

Regular Employees
Table of Amortization Payments (Thousands)

Date Established	Years Remaining	Annual Payment*	Percent of Annualized Payroll
07/01/2004	26	\$172,402	3.60%
07/01/2005	27	40,423	0.84%
07/01/2006	28	17,294	0.36%
07/01/2007	29	(14,043)	(0.29%)
07/01/2008	30	<u>24,199</u>	<u>0.50%</u>
Total		\$240,275	5.01%

* Amortized as a level percent of payroll with 6.5% annual payroll growth.

**Police/Fire Employees
Table of Amortization Payments (Thousands)**

Date Established	Years Remaining	Annual Payment*	Percent of Annualized Payroll
07/01/2004	26	\$56,623	6.08%
07/01/2005	27	6,999	0.75%
07/01/2006	28	5,669	0.61%
07/01/2007	29	(1,890)	(0.20%)
07/01/2008	30	<u>4,338</u>	<u>0.47%</u>
Total		\$71,739	7.71%

* Amortized as a level percent of payroll with 8.0% annual payroll growth.

The Retirement System's total administrative expenses are assumed to approximate 0.15% of projected payroll. Because administrative expenses are paid out of the retirement funds, the actuarially-determined employer contribution rates are increased by 0.15% of payroll to determine the total contribution rates required to meet the calculated actuarial costs plus administrative expenses.

The total calculated contribution rates (as a percent of projected payroll) are:

	<u>Regular Employees</u>	<u>Police/Fire Employees</u>
Employer-Pay*		
Employer Normal Cost	16.38%	29.20%
Amortization Payment	5.01%	7.71%
Administrative Expenses	<u>0.15%</u>	<u>0.15%</u>
Total Employer-Pay Rate	21.54%	37.06%
Statutory Rate (2007 – 2009)	20.50%	33.50%

* See cost-sharing mechanism in NRS 286.421

Employee/Employer*		
Employee Contributions	10.50%	17.25%
Employer Normal Cost	6.76%	12.72%
Amortization Payment	5.01%	7.71%
Administrative Expenses	<u>0.15%</u>	<u>0.15%</u>
Total Employee/Employer Rate	22.42%	37.83%
Statutory Rate (2007 – 2009)	21.00%	34.50%

* See cost-sharing mechanism in NRS 286.410

For comparison purposes, the 2007 calculated Employer-Pay rates were 20.82% and 36.97% for regular employees and police/fire employees, respectively. The 2007 calculated Employee/Employer rates for regular employees and police/fire employees were 21.66% and 37.72%, respectively. The Employee/Employer rates exceed the Employer-Pay rates because of the additional guaranteed cost for the refund provisions applicable to employee contributions.

Changes in Statutory Rates

The Public Employees' Retirement Act requires an adjustment in the statutory contribution rates on July 1 of each odd-numbered year, based on the actuarially determined rates indicated in the actuarial valuation report for the immediately preceding year. However, contribution rates are only adjusted if the difference between the existing and actuarially determined rate exceeds 0.50% of salary for the Employer-Pay rates or 0.25% of salary for the Employee-Employer rates. Contribution rates are rounded to the nearest 0.25% of covered payroll.

Since the actuarially determined rates from the June 30, 2008 valuation were not within the ranges previously noted, and this valuation year is an even numbered year, an adjustment in the statutory contribution rates is required for fiscal years July 1, 2009 through June 30, 2011. A summary of this change is as follows:

	<u>Regular Employees</u>	<u>Police/Fire Employees</u>
Employer-Pay*		
Statutory Rate for Fiscal Years July 1, 2007 through June 30, 2009	20.50%	33.50%
Actuarial Determined Contribution Rate per July 1, 2008 Actuarial Valuation	21.54%	37.06%
Statutory Rate for Fiscal Years July 1, 2009 through June 30, 2011 (as determined from the July 1, 2008 valuation)	21.50%	37.00%

** See cost-sharing mechanism in NRS 286.421*

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Actuarial Determined Contribution Rate per July 1, 2008 Actuarial Valuation	22.42%	37.83%
Statutory Rate for Fiscal Years July 1, 2009 through June 30, 2011 (as determined from the July 1, 2008 valuation)	22.50%	38.00%

** See cost-sharing mechanism in NRS 286.410*

Analysis of Actuarial Experience
(Table 20 - Section II)

The determinations below are on the basis of the actuarial assumptions used in the prior actuarial valuation.

Investment Experience. During fiscal year 2008, the net rate of investment return, on an actuarial basis (smoothed value), was approximately 7.68%, or 0.32% lower than the assumed long-term rate of 8.00% per year. As a result of the less than assumed investment return on an actuarial value basis, the annual payments required to amortize the unfunded actuarial accrued liability for both regular employees and police/fire employees are higher than they would have been if the investment return rate had equaled the assumed rate.

Liability Experience. The remaining experience due to changes in accrued liability is detailed in Table 20.

Changes in Plan Provisions Since the Previous Year

No changes were made to the plan provisions this year.

Changes in Actuarial Assumptions and Methods Since the Previous Year

No changes were made to the actuarial assumptions or methods this year.

II. PLAN STATISTICAL AND ACTUARIAL INFORMATION

This section of the report provides the demographic characteristics of the Retirement System's active and inactive vested members, retirees and beneficiaries, asset information and the details of our actuarial calculations.

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Table 1

Active Members Included in Actuarial Valuation

Item	Actuarial Valuation as of June 30,					
	2003	2004	2005	2006	2007	2008
	Regular Employees					
Number	77,569	79,848	83,224	87,020	91,757	93,816
Average age	44.8	45.1	45.1	45.1	45.0	45.1
Average years of service	8.7	8.7	8.7	8.5	8.3	8.4
Average annual salary ⁽¹⁾	\$39,193	\$40,069	\$40,901	\$41,929	\$43,355	\$46,159
Total payroll (millions)	\$3,040.2	\$3,199.5	\$3,404.0	\$3,648.6	\$3,978.1	\$4,330.5
	Police/Fire Employees					
Number	9,758	10,394	10,771	11,167	11,936	12,307
Average age	40.1	39.7	39.6	39.5	39.3	39.3
Average years of service	10.2	9.9	10.0	9.9	9.7	9.8
Average annual salary ⁽¹⁾	\$56,907	\$59,008	\$61,277	\$64,250	\$66,316	\$70,194
Total payroll (millions)	\$555.3	\$613.3	\$660.0	\$717.5	\$791.5	\$863.9

⁽¹⁾ Based on compensation actually paid during the preceding plan year to active members as of the valuation date.

Table 2

Division of Employees by Provision

Employees Under Employer-Pay Provisions

June 30,	Regular Employees	Percent of Total Regular Employees	Police/Fire Employees	Percent of Total Police/Fire Employees	Total	Percent of Total
2003	63,755	82.2%	8,417	86.3%	72,172	82.6%
2004	65,853	82.5%	8,865	85.3%	74,718	82.8%
2005	68,337	82.1%	9,146	85.0%	77,483	82.4%
2006	71,370	82.0%	9,465	84.8%	80,835	82.3%
2007	75,058	81.8%	10,122	84.8%	85,180	82.1%
2008	76,929	82.0%	10,514	85.4%	87,443	82.4%

Employees Under Employee/Employer Provisions

June 30,	Regular Employees	Percent of Total Regular Employees	Police/Fire Employees	Percent of Total Police/Fire Employees	Total	Percent of Total
2003	13,814	17.8%	1,341	13.7%	15,155	17.4%
2004	13,995	17.5%	1,529	14.7%	15,524	17.2%
2005	14,887	17.9%	1,625	15.0%	16,512	17.6%
2006	15,650	18.0%	1,702	15.2%	17,352	17.7%
2007	16,699	18.2%	1,814	15.2%	18,513	17.9%
2008	16,887	18.0%	1,793	14.6%	18,680	17.6%

Table 3-A
Population Statistics, Employer-Pay and Employee/Employer
Regular Employees

Employer-Pay			
June 30,	Average Age	Average Service	Average Entry Age
2003	44.9	9.3	35.0
2004	45.2	9.4	35.2
2005	45.2	9.4	35.2
2006	45.2	9.2	35.4
2007	45.1	9.0	35.2
2008	45.1	9.0	35.2

Employee/Employer			
June 30,	Average Age	Average Service	Average Entry Age
2003	44.6	5.8	38.1
2004	44.7	5.6	38.4
2005	44.7	5.5	38.3
2006	44.7	5.5	38.4
2007	44.6	5.4	38.2
2008	44.9	5.6	38.2

Table 3-B

**Population Statistics, Employer-Pay and Employee/Employer
Police/Fire Employees**

Employer-Pay			
June 30,	Average Age	Average Service	Average Entry Age
2003	40.2	11.0	29.0
2004	39.8	10.8	28.8
2005	39.9	10.9	28.7
2006	40.0	10.8	28.7
2007	39.6	10.7	28.5
2008	39.6	10.7	28.5

Employee/Employer			
June 30,	Average Age	Average Service	Average Entry Age
2003	40.0	5.8	33.4
2004	39.0	5.0	33.5
2005	38.4	4.8	33.1
2006	38.2	4.5	33.1
2007	37.9	4.3	32.9
2008	37.7	4.3	32.7

Table 4-A
Active Member Distribution by Age and Years of Service
Regular Employees
June 30, 2008

Age	Years of Service							
	Total	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 & Over
Total	93,816	41,903	19,599	14,543	9,424	4,653	2,764	930
Under 20	285	285	0	0	0	0	0	0
20 - 24	3,181	3,163	18	0	0	0	0	0
25 - 29	8,074	7,202	854	18	0	0	0	0
30 - 34	9,307	5,710	2,874	705	18	0	0	0
35 - 39	11,955	5,554	3,177	2,587	584	52	1	0
40 - 44	12,570	4,926	2,844	2,387	1,794	560	58	1
45 - 49	13,688	4,815	2,961	2,452	1,803	1,129	484	44
50 - 54	13,576	4,091	2,763	2,548	1,909	1,068	966	231
55 - 59	11,773	3,301	2,199	2,136	1,910	1,100	765	362
60 - 64	6,655	1,996	1,323	1,231	1,017	562	347	179
65 - 69	2,007	572	434	367	302	146	107	79
70 & Over	745	288	152	112	87	36	36	34

Table 4-B
Active Member Distribution by Age and Years of Service
Police/Fire Employees

June 30, 2008

Age	Years of Service									
	Total	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 & Over		
Total	12,307	4,240	2,960	2,165	1,534	919	383	106		
Under 20	1	1	0	0	0	0	0	0		
20 - 24	479	474	5	0	0	0	0	0		
25 - 29	1,598	1,372	214	12	0	0	0	0		
30 - 34	2,101	986	858	245	11	1	0	0		
35 - 39	2,636	668	960	798	195	14	1	0		
40 - 44	2,247	353	448	577	645	211	13	0		
45 - 49	1,661	220	277	273	397	377	111	6		
50 - 54	946	95	107	146	181	199	179	39		
55 - 59	438	45	59	65	71	84	65	49		
60 - 64	162	19	28	38	27	27	11	12		
65 - 69	29	4	4	8	6	5	2	0		
70 & Over	9	3	0	3	1	1	1	0		

Table 5

Salary Distributions

**Regular Employees and Police/Fire Employees
in Active Service on June 30, 2008**

Actual Salary	Regular Employees		Police/Fire Employees	
	Number	Percent	Number	Percent
Total	93,816	100.0%	12,307	100.0%
Under \$20,000	12,952	13.8%	449	3.6%
\$20,000 - \$24,999	4,181	4.5%	113	0.9%
25,000 - 29,999	5,761	6.1%	165	1.3%
30,000 - 34,999	7,979	8.5%	136	1.1%
35,000 - 39,999	8,993	9.6%	202	1.6%
40,000 - 44,999	8,777	9.4%	481	3.9%
45,000 - 49,999	8,493	9.1%	800	6.5%
50,000 - 54,999	7,843	8.4%	1,058	8.6%
55,000 - 59,999	6,118	6.5%	1,334	10.8%
60,000 - 64,999	6,195	6.6%	1,079	8.8%
65,000 - 69,999	3,917	4.2%	809	6.6%
70,000 - 74,999	2,952	3.1%	858	7.0%
75,000 - 79,999	2,354	2.5%	676	5.5%
80,000 - 84,999	1,989	2.1%	764	6.2%
85,000 - 89,999	1,418	1.5%	839	6.8%
90,000 - 94,999	991	1.1%	690	5.6%
95,000 - 99,999	716	0.8%	435	3.5%
100,000 - 104,999	495	0.5%	324	2.6%
105,000 - 109,999	398	0.4%	271	2.2%
110,000 - 114,999	253	0.3%	178	1.4%
115,000 - 119,999	193	0.2%	162	1.3%
120,000 - 124,999	153	0.2%	143	1.2%
125,000 - 129,999	111	0.1%	87	0.7%
130,000 - 134,999	92	0.1%	56	0.5%
135,000 - 139,999	61	0.1%	51	0.4%
140,000 - 144,999	39	0.0%	30	0.2%
145,000 - 149,999	61	0.1%	27	0.2%
150,000 - 154,999	61	0.1%	35	0.3%
155,000 - 159,999	53	0.1%	19	0.2%
160,000 & Over	217	0.2%	36	0.3%

Note: Based on compensation actually paid during the plan year.

Table 6

Salary Increase Rates by Service

Active Employees in Both 2008 and 2007 Actuarial Valuations			
		Percent Increase in Average Salary	
Service	Number	Actual	Expected
Regular Employees			
Under 5	31,752	10.3%	7.9%
5 - 10	19,335	6.0%	6.3%
10 - 15	14,446	7.4%	4.7%
15 - 20	9,386	6.2%	4.5%
20 & Over	<u>8,334</u>	<u>5.9%</u>	<u>4.5%</u>
Total	83,253	7.5%	5.9%
Police/Fire Employees			
Under 5	3,439	14.0%	10.3%
5 - 10	2,944	10.3%	7.7%
10 - 15	2,158	7.5%	6.5%
15 - 20	1,531	6.7%	6.5%
20 & Over	<u>1,408</u>	<u>7.6%</u>	<u>6.5%</u>
Total	11,480	10.1%	8.0%

Table 7-A
Pensions in Force
by Type and Monthly Amount

June 30, 2008

Regular Members

Monthly Amount	Total	Service	Beneficiary	Disability	Survivor
Total	33,248	27,365	2,452	1,905	1,526
Less than \$250	584	514	57	8	5
\$250 - \$499	2,825	1,828	276	209	512
500 - 749	3,202	2,201	345	256	400
750 - 999	2,993	2,312	307	255	119
1,000 - 1,249	2,745	2,224	266	179	76
1,250 - 1,499	2,750	2,253	243	180	74
1,500 - 1,749	1,588	1,278	141	122	47
1,750 - 1,999	1,831	1,465	161	149	56
2,000 - 2,249	1,567	1,285	122	125	35
2,250 - 2,499	1,405	1,190	101	75	39
2,500 - 2,749	1,183	980	83	85	35
2,750 - 2,999	1,145	987	66	68	24
3,000 - 3,249	1,076	944	62	46	24
3,250 - 3,499	1,079	971	42	39	27
3,500 - 3,749	1,135	1,047	52	21	15
3,750 - 3,999	1,181	1,114	30	29	8
4,000 - 4,249	1,095	1,051	22	14	8
4,250 - 4,499	832	797	24	7	4
4,500 - 4,749	601	572	15	10	4
4,750 - 4,999	444	416	9	14	5
5,000 - 5,249	316	304	6	5	1
5,250 - 5,499	317	309	3	3	2
5,500 - 5,749	251	244	4	1	2
5,750 - 5,999	219	214	3	2	0
6,000 & Over	884	865	12	3	4

Table 7-B
Pensions in Force
by Type and Monthly Amount

June 30, 2008

Police/Fire Members

Monthly Amount	Total	Service	Beneficiary	Disability	Survivor
Total	4,882	3,869	480	340	193
Less than \$250	12	10	2	0	0
\$250 - \$499	157	49	31	9	68
500 - 749	242	112	64	22	44
750 - 999	236	148	37	36	15
1,000 - 1,249	224	140	43	29	12
1,250 - 1,499	288	176	65	40	7
1,500 - 1,749	156	106	36	13	1
1,750 - 1,999	203	137	37	28	1
2,000 - 2,249	203	141	28	27	7
2,250 - 2,499	220	169	30	19	2
2,500 - 2,749	237	179	24	30	4
2,750 - 2,999	192	158	18	10	6
3,000 - 3,249	208	170	12	19	7
3,250 - 3,499	198	169	9	14	6
3,500 - 3,749	179	154	12	11	2
3,750 - 3,999	190	174	7	7	2
4,000 - 4,249	181	168	7	6	0
4,250 - 4,499	168	156	4	4	4
4,500 - 4,749	148	139	3	5	1
4,750 - 4,999	127	123	1	3	0
5,000 - 5,249	145	138	2	2	3
5,250 - 5,499	129	126	1	1	1
5,500 - 5,749	100	98	0	2	0
5,750 - 5,999	88	85	2	1	0
6,000 & Over	651	644	5	2	0

Table 8-A

**Pensions in Force
by Type and Age**

June 30, 2008

Regular Members

Age	Total	Service	Beneficiary	Disability	Survivor
Total	33,248	27,365	2,452	1,905	1,526
Under 50	1,390	355	221	266	548
50 - 54	1,884	1,316	92	345	131
55 - 59	4,010	3,157	155	519	179
60 - 64	6,773	5,955	237	398	183
65 - 69	6,923	6,245	316	214	148
70 - 74	4,971	4,400	353	88	130
75 - 79	3,437	2,912	385	37	103
80 - 84	2,217	1,761	373	19	64
85 - 89	1,147	881	225	14	27
90 & Over	496	383	95	5	13

Table 8-B

**Pensions in Force
by Type and Age**

June 30, 2008

Police/Fire Members

Age	Total	Service	Beneficiary	Disability	Survivor
Total	4,882	3,869	480	340	193
Under 50	447	212	44	87	104
50 - 54	628	519	22	70	17
55 - 59	844	675	54	92	23
60 - 64	1,008	888	70	36	14
65 - 69	847	717	77	37	16
70 - 74	585	482	81	15	7
75 - 79	297	236	55	1	5
80 - 84	146	98	42	1	5
85 - 89	65	39	23	1	2
90 & Over	15	3	12	0	0

Table 9-A
Pensions Awarded
by Type and Monthly Amount
Year Ended June 30, 2008
Retired Regular Members

Monthly Amount	Total	Service	Disability
Total	2,710	2,514	196
Less than \$250	55	55	0
\$250 - \$499	171	160	11
500 - 749	215	188	27
750 - 999	204	173	31
1,000 - 1,249	195	178	17
1,250 - 1,499	222	206	16
1,500 - 1,749	156	143	13
1,750 - 1,999	136	122	14
2,000 - 2,249	126	115	11
2,250 - 2,499	129	121	8
2,500 - 2,749	96	88	8
2,750 - 2,999	93	85	8
3,000 - 3,249	96	90	6
3,250 - 3,499	86	82	4
3,500 - 3,749	85	79	6
3,750 - 3,999	94	93	1
4,000 - 4,249	109	106	3
4,250 - 4,499	108	106	2
4,500 - 4,749	58	55	3
4,750 - 4,999	58	53	5
5,000 - 5,249	37	36	1
5,250 - 5,499	32	32	0
5,500 - 5,749	22	22	0
5,750 - 5,999	25	25	0
6,000 & Over	102	101	1

Table 9-B
Pensions Awarded
by Type and Monthly Amount
Year Ended June 30, 2008
Retired Police/Fire Members

Monthly Amount	Total	Service	Disability
Total	345	318	27
Less than \$250	2	2	0
\$250 - \$499	3	3	0
500 - 749	9	7	2
750 - 999	10	9	1
1,000 - 1,249	8	8	0
1,250 - 1,499	19	16	3
1,500 - 1,749	4	4	0
1,750 - 1,999	15	13	2
2,000 - 2,249	9	8	1
2,250 - 2,499	11	11	0
2,500 - 2,749	19	16	3
2,750 - 2,999	11	9	2
3,000 - 3,249	18	16	2
3,250 - 3,499	8	6	2
3,500 - 3,749	10	8	2
3,750 - 3,999	10	9	1
4,000 - 4,249	19	17	2
4,250 - 4,499	10	9	1
4,500 - 4,749	13	12	1
4,750 - 4,999	7	6	1
5,000 - 5,249	11	11	0
5,250 - 5,499	8	8	0
5,500 - 5,749	10	10	0
5,750 - 5,999	7	6	1
6,000 & Over	94	94	0

Table 10-A

**Pensions Awarded
by Type and Age**

Year Ended June 30, 2008

Retired Regular Members

Age	Total	Service	Disability
Total	2,710	2,514	196
Under 50	145	100	45
50 - 54	393	332	61
55 - 59	637	565	72
60 - 64	954	937	17
65 - 69	449	448	1
70 - 74	100	100	0
75 - 79	25	25	0
80 - 84	7	7	0
85 - 89	0	0	0
90 & Over	0	0	0

Table 10-B

**Pensions Awarded
by Type and Age**

Year Ended June 30, 2008

Retired Police/Fire Members

Age	Total	Service	Disability
Total	345	318	27
Under 50	85	69	16
50 - 54	116	107	9
55 - 59	72	70	2
60 - 64	44	44	0
65 - 69	23	23	0
70 - 74	2	2	0
75 - 79	3	3	0
80 - 84	0	0	0
85 - 89	0	0	0
90 & Over	0	0	0

Table 11
Market Value of Assets
Combined Balance Sheet

	June 30, 2008	June 30, 2007
ASSETS:		
Cash & Short-Term Investments	\$377,383,482	\$404,691,892
Contributions Receivable	98,981,950	102,931,882
Trades Pending	197,657,567	302,642,591
Accrued Investment Income	88,430,550	93,040,584
Investments	22,009,876,310	22,753,829,642
Collateral on Loaned Securities	2,872,321,923	3,390,654,058
Property & Equipment	4,600,228	3,095,035
Other Assets	<u>1,676,282</u>	<u>1,358,459</u>
Total Assets	<u>\$25,650,928,292</u>	<u>\$27,052,244,143</u>
LIABILITIES:		
Accounts Payable	\$11,410,243	\$10,182,701
Trades Pending	569,187,593	950,047,427
Obligations under Securities Lending	<u>2,872,321,923</u>	<u>3,390,654,057</u>
Total Liabilities	<u>\$3,452,919,759</u>	<u>\$4,350,884,185</u>
NET ASSETS	<u>\$22,198,008,533</u>	<u>\$22,701,359,958</u>

Table 12

Statement of Revenue and Expenses

Market Value Reconciliation For Year Ended June 30, 2008

	Regular Employees	Police/Fire Employees	Total
Operating Revenues			
Contributions:			
Employer*	\$885,258,334	\$282,134,579	\$1,167,392,913
Members	72,438,115	15,575,773	88,013,888
Repayment and Purchase of Service	<u>34,662,679</u>	<u>8,624,852</u>	<u>43,287,531</u>
Total Contributions	\$992,359,128	\$306,335,204	\$1,298,694,332
Investment Income:			
Interest	\$344,301,544	\$0	\$344,301,544
Dividends	310,551,918	0	310,551,918
Net Appreciation	(1,452,221,839)	0	(1,452,221,839)
Other	62,429,450	0	62,429,450
Transfer of Annual Investment Income	145,004,193	(145,004,193)	0
Securities Lending Income	<u>176,117,382</u>	<u>0</u>	<u>176,117,382</u>
Total Investment Income	(\$413,817,352)	(\$145,004,193)	(\$558,821,545)
Investment Expenses	<u>(184,252,012)</u>	<u>0</u>	<u>(184,252,012)</u>
Net Investment Income	(\$598,069,364)	(\$145,004,193)	(\$743,073,557)
Other Income	\$1,980,933	\$400,465	\$2,381,398
Total Operating Revenues	\$396,270,697	\$161,731,476	\$558,002,173
Operating Expenses			
Benefit Payments:			
Retirement and Survivor Benefits	\$797,682,278	\$181,637,377	\$979,319,655
Disability Benefits	43,956,025	9,880,959	53,836,984
Post-Retirement Increases	31,103	3,604	34,707
Refunds to Members	12,547,038	4,275,835	16,822,873
Administrative Expenses	7,713,840	1,009,761	8,723,601
Contribution Distributions	<u>2,615,779</u>	<u>0</u>	<u>2,615,779</u>
Total Operating Expenses	\$864,546,063	\$196,807,536	\$1,061,353,599
Excess of Revenues over Expenses	(\$468,275,366)	(\$35,076,060)	(\$503,351,426)
Interfund Transfers	<u>\$1,023,487</u>	<u>(\$1,023,487)</u>	<u>\$0</u>
Total Change During the Year	(\$467,251,879)	(\$36,099,547)	(\$503,351,426)
Fund Balance, July 1, 2007	\$18,271,778,808	\$4,429,581,150	\$22,701,359,958
Fund Balance, June 30, 2008	\$17,804,526,929	\$4,393,481,603	\$22,198,008,532

Based on unaudited financial statements.

* See cost-sharing mechanisms in NRS 286.410 and NRS 286.421

Table 13
Determination of the Actuarial Value of Assets
Regular Employees
June 30, 2008

1.	Actuarial Value of Assets as of the beginning of the year.....	\$17,189,181,473
2.	Contributions during the year	989,743,349
3.	Benefit payments during the year	854,216,444
4.	Expenses paid from the trust during the year.....	7,713,840
5.	Net Transfers.....	1,023,487
6.	Expected Return at 8.0%.....	1,374,167,160
7.	Write up (down)	

Year Ended	Write Up/(Down)	20% of	Percent Not Yet	Gain/(Loss) Not
<u>June 30</u>	<u>Total Asset</u>	<u>Total Asset</u>	<u>Recognized</u>	<u>Yet Recognized</u>
	<u>Gain/(Loss)</u>	<u>Gain/(Loss)</u>		<u>Yet Recognized</u>
2004	\$347,172,112	\$69,434,422	0%	\$0
2005	116,477,696	23,295,539	20%	\$23,295,539
2006	110,418,729	22,083,746	40%	44,167,492
2007	1,125,400,748	225,080,150	60%	675,240,449
2008	<u>(1,970,255,593)</u>	<u>(394,051,119)</u>	80%	<u>(1,576,204,474)</u>
Total	(\$270,786,308)	(\$54,157,262)		(\$833,500,994)

8.	Actuarial Value of Assets as of the end of the year (1) + (2) - (3) - (4) + (5) + (6) + (7)	\$18,638,027,923
9.	Market Value of Assets as of the end of the year	\$17,804,526,929
10.	Actuarial Value of Assets as a percentage of Market Value of Assets	104.68%

Table 14
Determination of the Actuarial Value of Assets
Police/Fire Employees
June 30, 2008

1.	Actuarial Value of Assets as of the beginning of the year.....	\$4,169,845,412
2.	Contributions during the year	306,335,204
3.	Benefit payments during the year	195,797,775
4.	Expenses paid from the trust during the year.....	1,009,761
5.	Net transfers	(1,023,487)
6.	Expected Return at 8.0%.....	336,257,389
7.	Write up (down)	

<u>Year Ended</u> <u>June 30</u>	<u>Total Asset</u> <u>Gain/(Loss)</u>	<u>Write Up/(Down)</u> <u>20% of</u> <u>Total Asset</u> <u>Gain/(Loss)</u>	<u>Percent Not</u> <u>Yet</u> <u>Recognized</u>	<u>Gain/(Loss) Not</u> <u>Yet Recognized</u>
2004	\$81,050,295	\$16,210,059	0%	\$0
2005	27,771,856	5,554,371	20%	5,554,371
2006	26,405,168	5,281,034	40%	10,562,067
2007	270,717,295	54,143,459	60%	162,430,377
2008	<u>(480,861,117)</u>	<u>(96,172,224)</u>	80%	<u>(384,688,893)</u>
Total	(\$74,916,503)	(\$14,983,301)		(\$206,142,078)

8.	Actuarial Value of Assets as of the end of the year (1) + (2) - (3) - (4) + (5) + (6) + (7)	\$4,599,623,681
9.	Market Value of Assets as of the end of the year	\$4,393,481,603
10.	Actuarial Value of Assets as a percentage of Market Value of Assets	104.69%

Table 15
Determination of Normal Cost
June 30, 2008

	Regular Employees	Police/Fire Employees	Total
Normal Cost Components:			
Retirement Benefits	\$676,946,835	\$244,120,315	\$921,067,150
Termination Benefits	29,528,903	3,857,581	33,386,484
Return of Contributions	6,254,522	727,475	6,981,997
Death Benefits	40,446,938	8,158,541	48,605,479
Disability Benefits	<u>38,316,646</u>	<u>15,538,583</u>	<u>53,855,229</u>
Total Normal Cost	\$791,493,844	\$272,402,495	\$1,063,896,339
Less: Employee Contributions	<u>(83,076,286)</u>	<u>(17,820,654)</u>	<u>(100,896,940)</u>
Employer Normal Cost*	<u>\$708,417,558</u>	<u>\$254,581,841</u>	<u>\$962,999,399</u>

* See cost-sharing mechanisms in NRS 286.410 and NRS 286.421

Table 16

Determination of the Unfunded Actuarial Accrued Liability

June 30, 2008

	Regular Employees	Police/Fire Employees	Total
Actuarial Accrued Liability Components:			
Active Members:			
Retirement Benefits	\$11,653,843,810	\$3,594,970,370	\$15,248,814,180
Termination Benefits	44,351,170	(1,496,326)	42,854,844
Return of Contributions	(22,664,265)	(2,199,549)	(24,863,814)
Death Benefits	384,986,114	76,433,894	461,420,008
Disability Benefits	<u>365,979,503</u>	<u>143,089,450</u>	<u>509,068,953</u>
Total for Active Members	<u>\$12,426,496,332</u>	<u>\$3,810,797,839</u>	<u>\$16,237,294,171</u>
Inactive Vested Members	<u>\$660,449,732</u>	<u>\$36,726,655</u>	<u>\$697,176,387</u>
Pay Status Members:			
Service Retirees	\$9,765,068,331	\$2,371,797,471	\$12,136,865,802
Beneficiaries	453,372,258	118,770,002	572,142,260
Disability Retirees	446,499,979	115,759,359	562,259,338
Survivors	<u>249,153,873</u>	<u>40,998,572</u>	<u>290,152,445</u>
Total for Pay Status Members	<u>\$10,914,094,441</u>	<u>\$2,647,325,404</u>	<u>\$13,561,419,845</u>
Total Actuarial Accrued Liability	\$24,001,040,505	\$6,494,849,898	\$30,495,890,403
Actuarial Value of Assets	<u>18,638,027,923</u>	<u>4,599,623,681</u>	<u>23,237,651,604</u>
Total Unfunded Actuarial Accrued Liability	\$5,363,012,582	\$1,895,226,217	\$7,258,238,799

Table 17**Total Unfunded Actuarial Accrued Liability (Millions)**

June 30,	Regular Employees	Police/Fire Employees	Total
2003	\$2,612.5	\$1,045.2	\$3,657.7
2004	3,306.5	1,248.6	4,555.1
2005	4,252.0	1,470.2	5,722.2
2006	4,778.0	1,679.1	6,457.1
2007	4,615.8	1,696.8	6,312.6
2008	5,363.0	1,895.2	7,258.2*

** Increase between 2008 total and unpaid portion of previous bases is this year's new financing base to be amortized over 30 years.*

Table 18

Percent Funded

Ratio of Actuarial Value of Assets to

Total Actuarial Accrued Liability

June 30,	Regular Employees	Police/Fire Employees	Total
2003	83.2%	73.9%	81.3%
2004	80.5%	71.7%	78.7%
2005	77.3%	69.8%	75.8%
2006	76.5%	68.9%	74.9%
2007	78.8%	71.1%	77.2%
2008	77.7%	70.8%	76.2%

Table 19-A
Actuarially Determined Contribution Rates
Regular Employees

	Year					
	2003	2004	2005	2006	2007	2008
Employer-Pay*						
Employer normal cost	15.70%	15.77%	15.70%	15.48%	16.16%	16.38%
Amortization payment	4.22%	3.78%	4.59%	4.81%	4.51%	5.01%
Administrative expenses	<u>0.15%</u>	<u>0.15%</u>	<u>0.15%</u>	<u>0.15%</u>	<u>0.15%</u>	<u>0.15%</u>
Total contribution rate	20.07%	19.70%	20.44%	20.44%	20.82%	21.54%
Employee/Employer*						
Employee contribution rate	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
Employer normal cost	6.15%	6.18%	6.11%	5.87%	6.50%	6.76%
Amortization payment	4.22%	3.78%	4.59%	4.81%	4.51%	5.01%
Administrative expenses	<u>0.15%</u>	<u>0.15%</u>	<u>0.15%</u>	<u>0.15%</u>	<u>0.15%</u>	<u>0.15%</u>
Total contribution rate	21.02%	20.61%	21.35%	21.33%	21.66%	22.42%
Matching Employee/Employer contribution rate	10.51%	10.31%	10.68%	10.67%	10.83%	11.21%

* See cost-sharing mechanisms in NRS 286.410 and NRS 286.421

Table 19-B
Actuarially Determined Contribution Rates
Police/Fire Employees

	Year					
	2003	2004	2005	2006	2007	2008
Employer-Pay*						
Employer normal cost	24.61%	25.76%	26.13%	25.89%	29.43%	29.20%
Amortization payment	7.84%	6.21%	6.96%	7.51%	7.39%	7.71%
Administrative expenses	<u>0.15%</u>	<u>0.15%</u>	<u>0.15%</u>	<u>0.15%</u>	<u>0.15%</u>	<u>0.15%</u>
Total contribution rate	32.60%	32.12%	33.24%	33.55%	36.97%	37.06%
Employee/Employer*						
Employee contribution rate	14.75%	14.75%	16.50%	16.50%	17.25%	17.25%
Employer normal cost	10.62%	11.77%	10.54%	10.27%	12.93%	12.72%
Amortization payment	7.84%	6.21%	6.96%	7.51%	7.39%	7.71%
Administrative expenses	<u>0.15%</u>	<u>0.15%</u>	<u>0.15%</u>	<u>0.15%</u>	<u>0.15%</u>	<u>0.15%</u>
Total contribution rate	33.36%	32.88%	34.15%	34.43%	37.72%	37.83%
Matching Employee/Employer contribution rate	16.68%	16.44%	17.08%	17.22%	18.86%	18.92%

* See cost-sharing mechanisms in NRS 286.410 and NRS 286.421

Table 20

Analysis of Actuarial Experience

Gains and Losses in Actuarial Accrued Liabilities (AAL) During Year Ended June 30, 2008
 Resulting from Differences Between Assumed Experience and Actual Experience
 (Dollar Amounts in Millions)

Type of Activity	Gain (or Loss) For Year			
	Regular		Police/Fire	
	Amount	As Pct of AAL	Amount	As Pct of AAL
Age and Service Retirements. If members retire at older ages or with lower final average pay than assumed, there is a gain. If retirements occur at younger ages with higher average pay, there is a loss.	(\$115.3)	(0.48%)	\$15.2	0.23%
Disability Retirements. If disability claims are less than assumed, there is a gain. If there are more claims, there is a loss.	(10.8)	(0.05%)	0.7	0.01%
Pre- and Post-Retirement Deaths. If retirees live longer than assumed, there is a loss. If retirees live shorter than assumed, there is a gain.	4.4	0.02%	(6.6)	(0.10%)
Withdrawal From Employment. If more liabilities are released by withdrawals than assumed, there is a gain. If less liabilities are released, there is a loss.	28.9	0.12%	1.7	0.03%
Pay Increases. If there are smaller pay increases than assumed, there is a gain. If there are greater increases, there is a loss.	(303.8)	(1.27%)	(56.2)	(0.87%)
Active New Entrants. Cost due to new hires.	(45.3)	(0.19%)	(6.4)	(0.10%)
Active Rehires. Some new active members have past service credits reinstated, thereby increasing costs due to the unanticipated liabilities.	(71.0)	(0.30%)	(8.5)	(0.13%)

Type of Activity	Gain (or Loss) For Year			
	Regular		Police/Fire	
	Amount	As Pct of AAL	Amount	As Pct of AAL
Inactive and Retiree Showups. Persons in inactive or pay status who are added to the valuation data during the year.	(11.2)	(0.05%)	(3.3)	(0.05%)
Other. Miscellaneous gains and losses result from data changes and adjustments, timing of financial transactions, and other miscellaneous impacts on the valuation results.	(35.1)	(0.15%)	(31.6)	(0.49%)
Total Liability Experience Gain (Loss) During Year.	(559.2)	(2.35%)	(95.0)	(1.47%)
Investment Income. If there is a greater investment income than assumed, there is a gain. If there is less income, there is a loss	(53.9)	(0.22%)	(15.2)	(0.23%)
Total Experience Gain (Loss) During the Year	(613.1)	(2.57%)	(110.2)	(1.70%)

III. SUMMARY OF PRINCIPAL PLAN PROVISIONS

Our 2008 actuarial valuation is based on the present provisions of the Nevada Public Employees' Retirement Act, which are summarized in this section. This summary is not intended to be, nor should it be, interpreted as a complete statement of all plan provisions.

Service Retirement

Requirements for regular members - age 65 with five years of service, or age 60 with ten years of service, or at any age with 30 years of service.

Requirements for police/fire members - age 65 with five years of service, or age 55 with ten years of police/fire service, or age 50 with 20 years of police/fire service, or at any age with 25 years of police/fire service.

Benefit - 2.67% of final average compensation (average of 36 highest consecutive months) per year of service earned on or after to July 1, 2001 plus 2.50% of final average compensation per year of service before July 1, 2001. Maximum benefits are 90% of average compensation for individuals who became members before July 1, 1985 and 75% of average compensation for individuals who became members after June 30, 1985.

Early Retirement

Requirements - any age with five years of service.

Benefit - accrued service retirement benefit reduced 4% for each year before service retirement age.

Vesting

Requirements - any age with five years of service, provided the member has not received a refund of employee contributions.

Benefit - accrued service retirement benefit payable upon attainment of age 65 if member has between five and ten years of service at termination, or upon attainment of the age required for service retirement if member has ten or more years of service at termination.

Disability Retirement

Requirements - five years of service and totally unable to perform current job or any comparable job for which the member is qualified by training and experience, because of injury or illness of a permanent nature, provided the member is in the employ of a participating employer at the time of application for disability retirement.

Benefit - accrued service retirement benefit without reduction for age. (System disability benefit is reduced for other benefits received on account of same disability if such other benefits are financed by a Nevada public employer, and to the extent that total disability benefits would otherwise exceed 100% of final average compensation.)

Optional Benefit Forms

Regular and disability retirees may elect one of the optional benefit plans:

- Option 1 - Single life annuity except as follows:

For Police and Fire members who contribute under the “employer pay” contribution plan, Option 1 is a 50% joint and survivor annuity

- Option 2 - 100% joint and survivor
- Option 3 - 50% joint and survivor
- Option 4 - 100% joint and survivor, with payments to beneficiary commencing at age 60
- Option 5 - 50% joint and survivor, with payments to beneficiary commencing at age 60
- Option 6 - specific sum option up to 100% of allowance paid to retiree
- Option 7 - specific sum option up to 100% of allowance paid to retiree, with payments to beneficiary commencing at age 60.

If the beneficiary predeceases the retired member, the optional allowance reverts to the unmodified allowance.

Survivor Benefits

Requirements - eligible survivors of an active member who dies receive survivor benefits if: (a) the deceased member had two years of service in the 2½ years immediately preceding death; or (b) the deceased member had ten years of service; or (c) death was caused by occupational disease or a service-connected accident regardless of the deceased member's length of service; or (d) death occurred within 18 months after termination of employment where mental or physical condition required the termination; or (e) death occurred while member was on leave of absence for training and member met requirements of (a) at time such leave began.

Benefits

- a. Unmarried children under age 18, or age 18 to 23 and attending an accredited school on a full-time basis: \$400 per month per child. Payments cease upon attaining age 18 or age 23 if full-time student, unless child is incapacitated; or upon marriage, adoption, or death.
- b. Spouse, or survivor beneficiary of an unmarried member, of deceased member with fewer than ten years of service (and at least two years of service in the last 2½ years): \$450 per month. Payments cease upon death.
- c. Spouse, or survivor beneficiary of an unmarried member, of deceased member with ten but fewer than 15 years of service: greater of \$450 per month or Option 3 benefit that would have been payable if deceased member had retired on date of death without reduction for early payment. Payments cease upon death.
- d. Spouse, or survivor beneficiary of an unmarried member, of deceased member with 15 or more years of service: greater of \$450 per month or Option 2 benefit that would have been payable if deceased member had retired on date of death without reduction for early payment. Payments cease upon death.
- e. Spouse, or survivor beneficiary of an unmarried member, of deceased member eligible to retire with respect to both age and service: greater of \$450 per month, Option 2 or Option 3 benefit that would have been payable if deceased member had retired on death, without reduction for early payment. Payments cease upon death.

- f. Dependent parents: \$400 per month each, provided there are no other eligible survivors. Payments cease upon death.
- g. Lump sum payment option: a spouse, or survivor beneficiary of an unmarried member, may waive right to monthly survivor benefits and instead receive a lump sum refund of deceased member's contributions plus half the contributions made under the Employer-Pay provisions, provided no other person is eligible for survivor benefits.

Benefit limitations - total survivor benefits, including any other survivor benefit received from any other source, shall not exceed final average compensation (a) if the other benefit was provided or purchased by a public employer, except for lump sum payments under a group insurance program; and (b) to the extent that the total of the allowance and the other benefit would otherwise exceed the deceased member's final average compensation.

Benefit for certain spouses - an employee who begins receiving service or disability retirement benefits from the police/fire members retirement fund after June 30, 1981, is eligible to receive an unreduced service retirement allowance. Upon the death of such a retired employee, a spouse who was the retired employee's spouse at the time of retirement is entitled to receive 50% of the unreduced allowance; this benefit is payable to the surviving spouse beginning at age 50. A surviving spouse is not eligible to receive this 50% spouse's benefit if the retired employee elects an optional benefit form at the time of retirement. Service performed after July 1, 1981, in positions other than as a police/fire employee, except military service, is not credited toward this 50% spouse's benefit. Existing "employer-pay" police/fire retirees who retired after June 30, 1981 and before July 1, 2007 have been valued assuming no surviving spouse, pending the results of an analysis and verification of spousal information.

Post-Retirement Benefit Increases

Benefit recipients are eligible for annual benefit increases if they began receiving benefits at least three years before the effective date of the increase. Benefits are increased annually on the first day of the month following the anniversary of the commencement of benefits, as follows:

- (a) 2% per year compounded following the third anniversary of the commencement of benefits,
- (b) 3% per year compounded following the sixth anniversary,
- (c) 3½% per year compounded following the ninth anniversary,
- (d) 4% per year compounded following the twelfth anniversary,
- and (e) 5% per year compounded following the fourteenth anniversary.

If less, the annual benefit increase is equal to the average percentage increase in the Consumer Price Index for the three preceding years. In any event, a member's benefit must be increased by the percentages shown above if the benefit of a member has not been increased at a rate greater than or equal to the average of the Consumer Price Index (All Items) (or other Board approved index) for the period between retirement and the date of increase.

Contribution Rates

For the fiscal years July 1, 2007 through June 30, 2009, statutory contribution rates as a percentage of compensation are as follows:

	<u>Regular Employees</u>	<u>Police/Fire Employees</u>
Employer-Pay	20.50%	33.50%
Employee/Employer	10.50%/10.50%	17.25%/17.25%

Total contribution rates are adjusted at the beginning of each odd-numbered fiscal year, based on the actuarially determined rates indicated in the actuarial valuation report for the immediately preceding year. However, contribution rates are only adjusted if the difference between the existing and actuarially determined rate exceeds 0.50% of salary for the Employer-Pay rates or 0.25% of salary for the matching Employee/Employer rates. Contribution rates are rounded to the nearest 0.25% of covered payroll.

Under the Employer-Pay provisions, the contributions made by employers on behalf of employees are not credited to member accounts and are not refunded upon termination. For employees covered by the Employer-Pay provisions, average compensation is increased by half

the total contribution made by the public employer and may not be less than it would have been if contributions had been made by the member and the employer separately.

Plan Provision Changes Since the Last Valuation

No changes were made to the plan provisions this year.

IV. ACTUARIAL ASSUMPTIONS AND METHODS

The actuarial assumptions and methods used in this 2008 actuarial valuation are the same as those used in last year's valuation. The actuarial assumptions and methods are reasonably related to the past and anticipated future experience of the Public Employees' Retirement System of the State of Nevada.

Investment Return

Funding a retirement system on an actuarial reserve basis involves the accumulation of substantial reserves to pay benefits in the future. These reserves are invested and the rate of investment return is a major factor in determining the contributions required to support the ultimate cost of benefits. The long-term rate of investment return - net of investment expenses - is assumed to be 8% per year. The 8% investment return rate is based on an assumed long-term inflation rate of 3.5% per year.

During the fiscal year ended June 30, 2008, the total rate of return on an actuarial (smoothed) value basis was approximately 7.7%. The schedule that follows shows the total rate of investment return on an actuarial (smoothed) value basis for each of the past ten fiscal years.

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Actuarial Value of Assets</u> <u>Total Rate of Return</u>
1999	13.3%
2000	12.0%
2001	9.0%
2002	5.8%
2003	4.3%
2004	4.5%
2005	4.8%
2006	6.5%
2007	9.6%
2008	7.7%

Salary and Payroll Increases

Because the benefits provided by the Retirement System are based on an employee's final average compensation (average of 36 highest consecutive months), increases in salaries have a significant effect on the System's ultimate cost. The rate of annual salary increases assumed for this actuarial valuation are shown below:

Regular Employees	
Years of Service	Rate
1	9.75%
2	8.25%
3	7.75%
4	7.50%
5	7.25%
6	7.00%
7	6.75%
8	6.25%
9	5.75%
10	5.50%
11	5.10%
12	4.90%
13 or more	4.50%

Police/Fire Employees	
Years of Service	Rate
1	14.75%
2	10.75%
3	10.20%
4	9.80%
5	9.40%
6	9.00%
7	8.25%
8	7.75%
9	7.25%
10 or more	6.50%

Assumed payroll growth rates are used to compute the unfunded actuarial accrued liability amortization payments as a level percentage of projected payroll. For this actuarial valuation, the payroll for the coming year is based on actual contributions for the prior year with an increase of 3.00% for regular employees and 5.00% for police/fire employees. The total payroll growth assumptions for future years are 6.50% per year for regular employees and 8.00% per year for police/fire employees.

Post-Retirement Benefit Increases

Members retiring during 1992 and earlier were assumed to currently be at the cap described on page 47 (based upon historical CPI). Those retiring in 1993 and later were assumed to reach the cap after 24 years of retirement. Underlying this assumption is that CPI will grow over time at a rate of 3.50% per year.

Retirement Rates

The assumed rates of retirement project the percentage of eligible active employees who will retire at each age. The assumed retirement rates used in the actuarial valuation are shown below:

Regular Employees				
Years of Service				
Age	5 - 19	20 - 24	25 - 29	30 or more
45 - 49	--	1%	8%	--
50 - 54	2%	2%	10%	25%
55 - 59	4%	7%	15%	30%
60 - 61	13%	20%	25%	30%
62 - 64	15%	20%	25%	30%
65 - 69	22%	25%	30%	30%
70 & older	100%	100%	100%	100%

Police/Fire Employees					
Years of Service					
Age	5 - 9	10 - 19	20 - 24	25 - 29	30 or more
40 - 44	--	1%	1%	--	--
45 - 49	--	1%	3%	15%	15%
50 - 54	1%	5%	12%	15%	25%
55 - 59	5%	12%	20%	25%	35%
60 - 64	10%	20%	25%	25%	35%
65 & older	100%	100%	100%	100%	100%

The retirement age for inactive vested members is equal to their earliest unreduced retirement age.

Withdrawal Rates

The assumed withdrawal or turnover rates used in the actuarial valuation are shown below:

Regular Employees	
Years of Service	Rate
0	18.25%
1	13.00%
2	9.80%
3	7.75%
4	6.50%
5	6.00%
6	5.00%
7	4.65%
8	3.90%
9	3.70%
10	3.30%
11 or more	2.00%

Police/Fire Employees	
Years of Service	Rate
0	13.00%
1	6.50%
2	5.50%
3	4.00%
4	3.90%
5	3.75%
6 or more	2.00%

Withdrawal rates end when retirement rates commence.

Disability Rates

The assumed rates of disability used in the actuarial valuation are shown below for selected ages:

Age	Regular Employees	Police/Fire Employees
22	0.01%	0.05%
27	0.02%	0.05%
32	0.06%	0.06%
37	0.09%	0.09%
42	0.18%	0.37%
47	0.31%	0.53%
52	0.50%	0.66%
57	0.69%	0.60%
62	0.50%	0.60%

No disability rates are assumed after age 65.

Mortality Rates

A mortality table is used to project the number of employees who will die at each age in active service, and also to determine the amount of the reserve required at the time of retirement to pay benefits for the remainder of an employee's lifetime.

The mortality table used in the actuarial valuation to project mortality rates for non-disabled male regular members is the RP 2000 Combined Healthy Table. For non-disabled female regular members and for all police/fire members it is the RP 2000 Combined Healthy Table set forward one year. The schedules on the following page show the assumed mortality rates and projected life expectancies for selected ages:

Regular Members				
	Mortality Rates		Expected Years of Life Remaining	
Age	Males	Females	Males	Females
40	0.11%	0.08%	39.8	41.7
50	0.21%	0.19%	30.3	32.1
60	0.67%	0.58%	21.2	23.0
70	2.22%	1.86%	13.4	15.0
80	6.44%	5.08%	7.3	8.6

Police/Fire Members				
	Mortality Rates		Expected Years of Life Remaining	
Age	Males	Females	Males	Females
40	0.11%	0.08%	38.8	41.7
50	0.24%	0.19%	29.4	32.1
60	0.77%	0.58%	20.4	23.0
70	2.46%	1.86%	12.7	15.0
80	7.20%	5.08%	6.7	8.6

The mortality table used in the actuarial valuation to project mortality rates for disabled male retirees is the RP 2000 Disabled Retiree Table set back three years for regular members and the RP 2000 Combined Healthy Table set forward ten years for police/fire members. For both regular and police/fire disabled female retirees it is the RP 2000 Disabled Retiree Table set forward eight years. Any mortality that occurs in the first two years of employment is assumed to be non-duty related.

Presence and Age of Beneficiary

It is assumed for purposes of the actuarial valuation that beneficiaries of female members are three years older than the female member. Beneficiaries of male members are assumed to be three years younger than the male member. Since survivor benefits are payable to a surviving beneficiary of an unmarried member, all members are assumed to have a beneficiary. Existing “employer-pay” police/fire retirees with an unmodified option who retired after June 30, 1981 and before July 1, 2007 have been valued assuming no surviving spouse, pending the results of an analysis and verification of spousal information.

Dependent Children

The assumption for dependent children in the actuarial valuation is one dependent child who is 28 years younger than the employee.

Asset Valuation Method

The actuarial value of assets is equal to the prior year's actuarial value of assets plus contributions, less benefit payments and expenses, an adjustment for net transfers, plus expected investment return, and 20% of each of the previous five years' gain/(loss) due to investment return greater/(less) than expected. The actuarial value of assets is further limited to not less than 80% or greater than 120% of the market value of assets.

Actuarial Funding Method

Funding the Retirement System on an actuarial reserve basis seeks to achieve the following major objectives:

- Maintain level required contribution rates as a percentage of payroll over a long period of years;
- Finance benefits earned by present employees on a current basis;
- Accumulate assets to enhance members' benefit security;
- Produce investment earnings on accumulated assets to help meet future benefit costs;
- Allow estimates of the long-term actuarial cost of proposed amendments to System provisions; and
- Maintain the Retirement System's long-term financial viability.

The basic funding objective is a level pattern of cost as a percentage of salary throughout an employee's working lifetime. The funding method used in this actuarial valuation - the Entry Age Normal Cost Method - is intended to meet this objective and result in a relatively level long-term contribution requirement as a percentage of salary.

Amortization of the Unfunded Actuarial Accrued Liability

The unfunded actuarial accrued liability is amortized over a year-by-year closed amortization period where each amortization period will be set at 30 years.

Method and Assumption Changes Since the Last Valuation

No changes were made to the actuarial assumptions this year.

V. ACTUARIAL VALUATION STATEMENT

This statement is to certify that The Segal Company has prepared an actuarial valuation of the Public Employees' Retirement System of the State of Nevada as of June 30, 2008.

Actuarial calculations were made with respect to 106,123 covered active members, 11,593 inactive members with vested benefit rights, 33,479 service and disabled pensioners, 2,932 beneficiaries, and 1,719 survivors.

The actuarial cost factors as of the valuation date are as follows:

	<u>Regular Employees</u>	<u>Police/Fire Employees</u>	<u>Total</u>
Normal Cost			
Employer normal cost*	\$708,417,558	\$254,581,841	\$962,999,399
Employee contributions	83,076,286	17,820,654	100,896,940
Total Normal Cost	<u>\$791,493,844</u>	<u>\$272,402,495</u>	<u>\$1,063,896,339</u>
Actuarial Accrued Liability			
Active members	\$12,426,496,332	\$3,810,797,839	\$16,237,294,171
Inactive members	660,449,732	36,726,655	697,176,387
Pensioners, beneficiaries and disabled	10,664,940,568	2,606,326,832	13,271,267,400
Survivors	249,153,873	40,998,572	290,152,445
Total Actuarial Accrued Liability	<u>\$24,001,040,505</u>	<u>\$6,494,849,898</u>	<u>\$30,495,890,403</u>
Assets at Actuarial Value	<u>\$18,638,027,923</u>	<u>\$4,599,623,681</u>	<u>\$23,237,651,604</u>
Total Unfunded Actuarial Accrued Liability	<u>\$5,363,012,582</u>	<u>\$1,895,226,217</u>	<u>\$7,258,238,799</u>
Payment to amortize unfunded actuarial accrued liability over 30 years, based on level percentage of payroll amortization	<u>\$240,274,989</u>	<u>\$71,738,769</u>	<u>\$312,013,758</u>
Employer-Pay Rate Payroll..	\$4,083,925,978	\$835,482,824	\$4,919,408,802
Employee/Employer Rate Payroll.	710,583,414	94,809,053	805,392,467
Total Rate Payroll	<u>\$4,794,509,392</u>	<u>\$930,291,877</u>	<u>\$5,724,801,269</u>

* See cost-sharing mechanisms in NRS 286.410 and NRS 286.421

Calculated Contribution Rates (as percentage of rate payroll):	Regular Employees	Police/Fire Employees
Employer-Pay, current statutory rate *	20.50%	33.50%
Employer normal cost	16.38%	29.20%
Amortization percentage	5.01%	7.71%
Administrative expenses	<u>0.15%</u>	<u>0.15%</u>
Employer-Pay, total rate *	21.54%	37.06%
New statutory rounded rate	21.50%	37.00%
<i>* See cost-sharing mechanism in NRS 286.421</i>		
Employee/Employer, current statutory rate **	21.00%	34.50%
Employee contribution rate	10.50%	17.25%
Employer normal cost	6.76%	12.72%
Amortization percentage	5.01%	7.71%
Administrative expenses	<u>0.15%</u>	<u>0.15%</u>
Employee/Employer, total rate **	22.42%	37.83%
New statutory rounded rate	22.50%	38.00%
<i>** See cost-sharing mechanism in NRS 286.410</i>		

The actuarial calculations were performed by qualified actuaries in accordance with generally accepted actuarial principles, based on the current provisions of the Public Employees' Retirement Act and on the actuarial assumptions and methods adopted by the Public Employees' Retirement Board.

The actuarial assumptions used in the June 30, 2008 actuarial valuation are reasonably related to the past and anticipated future experience of the retirement system.

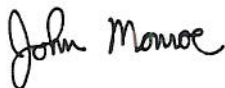
The Public Employees' Retirement System of the State of Nevada is funded on an actuarial reserve basis. Participating employers contribute to the Retirement System based on the results of actuarial valuations and the statutory funding provisions of the Public Employees' Retirement Act.



Brad Ramirez, FSA, MAAA, EA
Consulting Actuary



Thomas D. Levy, FSA, FCIA, MAAA, EA
Senior Vice President and Chief Actuary



John Monroe, ASA, MAAA, EA
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