

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

Actuarial Valuation as of June 30, 2009

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November 6, 2009

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, 2009.

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,

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Consulting Actuary

Thomas D. Levy, FSA, FCIA, MAAA, EA
Senior Vice President and Chief 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, 2009 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, 2009 amounted to \$24.0 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. Rates are only adjusted upward if the new rates are more than 0.50% higher than the existing rate for Employer-Pay and more than 0.25% higher for Employee/Employer. Rates are only adjusted downward if the new rates are more than 2.00% lower than the existing rate for Employer-Pay (and adjusted only by the amount in excess of 2.00%) and more than 1.00% lower than the existing rate for Employee/Employer (and adjusted only by the amount in excess of 1.00%). Rates are rounded to the nearest 0.25% of payroll.

For both the regular and police/fire employees, the calculated rates for 2009 increased from the previous year. The most important factor in this increase was the investment loss during the year ended June 30, 2009.

Since the June 30, 2009 valuation year is an odd-numbered year, an adjustment in the statutory contribution rates is not 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, 2009 through June 30, 2011	21.50%	37.00%
Actuarial Determined Contribution Rate per July 1, 2009 Actuarial Valuation	22.57%	38.39%

* 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, 2009 through June 30, 2011	22.50%	38.00%
Actuarial Determined Contribution Rate per July 1, 2009 Actuarial Valuation	23.47%	39.21%

* See cost-sharing mechanism in NRS 286.410

The asset valuation method has been changed since the prior valuation. The smoothing method is the same, however, the actuarial value of assets is now limited to not less than 70% or greater than 130% of market value. Previously, the actuarial value of assets was limited to not less than 80% or greater than 120% of market value. We believe that the actuarial value of assets still bears a reasonable relationship to the market value, since all gains and losses are recognized over a sufficiently short period of time, which for Nevada PERS is five years. The Board has taken this action under consultation with Segal.

Since all investment losses are recognized over five years, the long term effect of the change in asset valuation method on the funding of the plan is expected to be minimal. The immediate effect on the actuarially determined contribution rate, however, is that the composite rate for Regular employees is 22.7% of payroll and would have been 23.7% of payroll if the actuarial value of assets were limited to 120% of market value. For Police/Fire employees, the current composite rate is 38.5% of payroll and would have been 39.4% under the previous asset

valuation method. Since the actual contribution rates are not scheduled to be adjusted based on the actuarially determined rate in this valuation, there is no immediate effect on plan funding.

The return on the market value of assets for 2008-2009 for the PERS Fund was -15.99%, and was -3.26% for the preceding year.

The return on the actuarial value of assets for 2008-2009 for the PERS Fund was 2.68% compared to the investment return assumption of 8.00%. As a result, the PERS Fund experienced an investment loss on an actuarial value basis of approximately \$988 million for regular employees and \$246 million for police/fire employees.

As indicated on page 35 of this report, the total investment loss not yet recognized as of June 30, 2009 is approximately \$4.166 billion for regular employees. Per page 36, the total investment loss not yet recognized as of June 30, 2009 is approximately \$1.036 billion 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 means 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.

The ratio of the actuarial value of assets to the market value of assets for the PERS Fund is 128% for regular employees and 127% for police/fire employees. Last year, these ratios were 105%.

The unrecognized investment losses represent about 28% of the PERS Fund market value of assets. Unless offset by future investment gains or other favorable experience, the recognition of the \$5.2 billion market losses is expected to have a significant impact on the System's future funded ratio and actuarial contribution requirement. This potential impact may be illustrated as follows:

- If the deferred losses were recognized immediately in the actuarial value assets, the funded percentage would decrease from 73.4% to 57.5% for regular members and from 68.9% to 54.1% for police/fire members.

- If the deferred losses were recognized immediately in the actuarial value of assets, the actuarial contribution requirement would increase as follows:

	<u>2009/2010 Actuarial Contribution Rate</u>	<u>2009/2010 Rate Reflecting Deferred Losses</u>
Regular Employees		
Employer-Pay	22.57%	25.95%
Employee/Employer Pay	23.47%	26.85%
Police/Fire Employees		
Employer-Pay	38.39%	41.97%
Employee/Employer Pay	39.21%	42.79%

The actuarial valuation report as of June 30, 2009 is based on financial data as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Declines in asset values will increase the actuarial cost of the plan, while increases will decrease the actuarial cost of the plan.

There were substantial changes in plan provisions since the preceding valuation; however, there is no material cost or savings associated with those changes at this time, since they primarily affect members who become members on or after January 1, 2010. Please see page 44 or Section III for a description of these changes.

There were no changes to the actuarial assumptions since the preceding valuation. The last experience study was performed prior to the June 30, 2007 valuation, and the next one is due prior to the June 30, 2011 valuation. The payroll growth assumption of 6.5% per year for Regular employees and 8.0% for Police/Fire employees was not realized this year. This assumption was previously justified in part due to the clear trend of substantial annual increases in the numbers of active employees. Due to the impact this assumption has on the contribution requirements, we continue to monitor it closely.

Active and Inactive Vested Membership

(Tables 1 through 6 - Section II)

A total of 116,991 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	92,784	12,633	105,417
Inactive members	<u>10,954</u>	<u>620</u>	<u>11,574</u>
Total active and inactive members	103,738	13,253	116,991

Between the 2008 and 2009 actuarial valuations, the number of active regular employees decreased by 1,032 or 1.1%, and the number of active police/fire employees increased by 326 or 2.6%. The average annual salaries of active regular employees increased by 4.3% to \$48,151, and the average annual salaries of police/fire employees increased by 2.1% to \$71,669.

As of the valuation date, approximately 82% of regular employees and 86% 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	76,118	\$3,770.4	10,910	\$821.3	87,028	\$4,591.7
Employee/Employer	<u>16,666</u>	<u>\$697.3</u>	<u>1,723</u>	<u>\$84.1</u>	<u>18,389</u>	<u>\$781.4</u>
Total	92,784	\$4,467.7	12,633	\$905.4	105,417	\$5,373.1

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 41,905 retired members, disabled members, beneficiaries, and survivors. The total number of benefit recipients increased 9.9% from 38,130 on June 30, 2008. The benefit recipients were comprised of 34,692 service retirees, 2,403 disability retirees, 3,060 beneficiaries and 1,750 survivors.

Between the 2008 and 2009 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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Service	30,545	27,365	4,147	3,869	34,692	31,234
Disability	2,033	1,905	370	340	2,403	2,245
Beneficiaries	2,562	2,452	498	480	3,060	2,932
Survivors	<u>1,565</u>	<u>1,526</u>	<u>185</u>	<u>193</u>	<u>1,750</u>	<u>1,719</u>
Total	36,705	33,248	5,200	4,882	41,905	38,130

As of June 30, 2009 the average monthly benefit payable to service and disability retirees was \$2,428 for retired regular employees and \$3,926 for retired police/fire employees compared to \$2,306 and \$3,740, respectively, as of June 30, 2008.

Average monthly benefits paid to beneficiaries and survivors were \$1,437 for regular employees and \$1,763 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, 2009, net assets totaled \$18.8 billion at market value and \$24.0 billion at actuarial value. The actuarial value of assets as a percentage of market value of assets was 128% for regular employees and 127% for police/fire employees as of the valuation date. Last year, the actuarial value of assets as a percentage of market value of assets was 105% 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>
Total Normal Cost	\$813,751,945	\$286,442,385	\$1,100,194,330

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 \$6.929 billion for regular employees and \$2.174 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, 2009 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 6.26% of projected payroll for regular employees and 8.71% of projected payroll for police/fire employees. Under this method, the average length of payment for the total unfunded liability is approximately 26.3 and 25.8 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	25	\$183,608	3.68%
07/01/2005	26	43,051	0.86%
07/01/2006	27	18,418	0.37%
07/01/2007	28	(14,956)	(0.30%)
07/01/2008	29	25,772	0.52%
07/01/2009	30	<u>56,611</u>	<u>1.13%</u>
Total		\$312,504	6.26%

* 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	25	\$61,152	6.32%
07/01/2005	26	7,559	0.78%
07/01/2006	27	6,123	0.63%
07/01/2007	28	(2,041)	(0.21%)
07/01/2008	29	4,685	0.48%
07/01/2009	30	<u>6,819</u>	<u>0.71%</u>
Total		\$84,297	8.71%

* 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*		
Normal Cost	16.16%	29.53%
Amortization Payment	6.26%	8.71%
Administrative Expenses	<u>0.15%</u>	<u>0.15%</u>
Total Employer-Pay Rate	22.57%	38.39%
Statutory Rate (2009 – 2011)	21.50%	37.00%

* See cost-sharing mechanism in NRS 286.421

	<u>Regular Employees</u>	<u>Police/Fire Employees</u>
Employee/Employer*		
Normal Cost	17.06%	30.35%
Amortization Payment	6.26%	8.71%
Administrative Expenses	<u>0.15%</u>	<u>0.15%</u>
Total Employee/Employer Rate	23.47%	39.21%
Statutory Rate (2009 – 2011)	22.50%	38.00%

* See cost-sharing mechanism in NRS 286.410

For comparison purposes, the 2008 calculated Employer-Pay rates were 21.54% and 37.06% for regular employees and police/fire employees, respectively. The 2008 calculated Employee/Employer rates for regular employees and police/fire employees were 22.42% and 37.83%, 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. Rates are only adjusted upward if the new rates are more than 0.50% higher than the existing rate for Employer-Pay and more than 0.25% higher for Employee/Employer. Rates are only adjusted downward if the new rates are more than 2.00% lower than the existing rate for Employer-Pay (and adjusted only by the amount in excess of 2.00%) and more than 1.00% lower than the existing rate for Employee/Employer (and adjusted only by the amount in excess of 1.00%). Rates are rounded to the nearest 0.25% of payroll.

Since the June 30, 2009 valuation year is an odd numbered year, an adjustment in the statutory contribution rates is not required.

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 2009, the net rate of investment return, on an actuarial basis (smoothed value), was approximately 2.68%, or 5.32% 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

In June 2009, substantial changes were made to retirement benefits, but the following changes only affect members who become members on or after January 1, 2010:

- **Call-back pay:** The type of call-back pay that may be considered compensation has been revised for future members.
- **Benefit multiplier:** Current members earn a benefit equal to 2.67% of average compensation for each year of service with a maximum benefit of 75% of average compensation. This has been reduced to 2.50% of average compensation for each year of service for future members.
- **Early retirement:** Members with at least five years of service can elect to retire with a reduced pension. The amount of the reduction for current members is 4% per year for each year the retirement precedes the date the member is from eligibility for an unreduced service pension. The reduction will be 6% per year for future members.

- **Compensation increase limits:** The amount of an increase in compensation that can be considered when determining a retirement allowance will be limited to 10 percent per year for future members.
- **Service retirement eligibility (Regular members):** Current Regular members are eligible to begin receiving an unreduced service pension at age 65 with at least 5 years of service, at age 60 with at least 10 years of service, and at any age with at least 30 years of service. For future members, the age at which a Regular member with at least 10 years but less than 30 years of service could retire with an unreduced benefit will increase from age 60 to age 62.
- **Service retirement eligibility (Police/Fire members):** Current Police/Fire members are eligible to begin receiving an unreduced service pension at age 65 with at least 5 years of service, at age 55 with at least 10 years of service, at age 50 with at least 20 years of service, and at any age with at least 25 years of service. For future members, a Police/Fire member would be eligible for an unreduced service pension at age 65 with at least 5 years of service, at age 60 with at least 10 years of service, or at age 50 with at least 20 years of service. Eligibility for an unreduced service pension at any age with 25 years of service is not available for future members.
- **Post Retirement Benefit Increases:** Current retirees receive annual increases which can be as much as 5% per year after the fourteenth anniversary of retirement. Future members will have the same schedule of increases until it is capped at 4% per year after the twelfth anniversary of retirement.

In addition to the changes above, which only affect future members, the following changes were also made:

- The Critical Labor Shortage (CLS) program has been extended through June 30, 2015, but restrictions on eligible positions have been added. This program allows PERS retirees to return to work without facing the usual suspension of retirement benefits. Since the program is more restrictive than it has been in the past, and it is still temporary in nature, we believe the cost will be minimal. An experience study will be performed prior to the

program being extended or made permanent to determine if the actuarially determined cost rate is affected, and if so, how to estimate its cost.

- Any PERS retiree who is hired as a volunteer firefighter is also exempt from the benefit suspension rules. Based on experience thus far, volunteer firefighters typically do not work enough hours to earn enough salary for the suspension rules to take effect. We believe the cost of this provision is negligible.

Changes in Actuarial Assumptions and Methods Since the Previous Year

The asset valuation method has been changed since the prior valuation. The smoothing method is the same; however, the actuarial value of assets is now limited to not less than 70% or greater than 130% of market value. Previously, the actuarial value of assets was limited to not less than 80% or greater than 120% of market value.

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,					
	2004	2005	2006	2007	2008	2009
	Regular Employees					
Number	79,848	83,224	87,020	91,757	93,816	92,784
Average age	45.1	45.1	45.1	45.0	45.1	45.2
Average years of service	8.7	8.7	8.5	8.3	8.4	8.6
Average annual salary ⁽¹⁾	\$40,069	\$40,901	\$41,929	\$43,355	\$46,159	\$48,151
Total payroll (millions)	\$3,199.5	\$3,404.0	\$3,648.6	\$3,978.1	\$4,330.5	\$4,467.7
	Police/Fire Employees					
Number	10,394	10,771	11,167	11,936	12,307	12,633
Average age	39.7	39.6	39.5	39.3	39.3	39.4
Average years of service	9.9	10.0	9.9	9.7	9.8	9.8
Average annual salary ⁽¹⁾	\$59,008	\$61,277	\$64,250	\$66,316	\$70,194	\$71,669
Total payroll (millions)	\$613.3	\$660.0	\$717.5	\$791.5	\$863.9	\$905.4

⁽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
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%
2009	76,118	82.0%	10,910	86.4%	87,028	82.6%

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
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%
2009	16,666	18.0%	1,723	13.6%	18,389	17.4%

Table 3-A

Population Statistics, Employer-Pay and Employee/Employer

Regular Employees

Employer-Pay			
June 30,	Average Age	Average Service	Average Entry Age
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
2009	45.2	9.2	35.1

Employee/Employer			
June 30,	Average Age	Average Service	Average Entry Age
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
2009	45.1	5.8	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
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
2009	39.6	10.7	28.5

Employee/Employer			
June 30,	Average Age	Average Service	Average Entry Age
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
2009	38.1	4.5	32.8

Table 4-A**Active Member Distribution by Age and Years of Service****Regular Employees****June 30, 2009**

Age	Years of Service							
	Total	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 & Over
Total	92,784	39,953	20,341	15,061	9,420	5,030	2,318	661
Under 20	178	178	0	0	0	0	0	0
20 - 24	2,814	2,783	31	0	0	0	0	0
25 - 29	7,945	6,987	928	30	0	0	0	0
30 - 34	9,475	5,729	2,999	725	22	0	0	0
35 - 39	11,733	5,240	3,231	2,648	559	54	1	0
40 - 44	12,559	4,597	2,911	2,560	1,852	587	51	1
45 - 49	13,804	4,630	3,048	2,520	1,866	1,260	449	31
50 - 54	13,244	3,812	2,840	2,545	1,899	1,171	801	176
55 - 59	11,445	3,097	2,251	2,229	1,841	1,171	616	240
60 - 64	6,812	2,005	1,466	1,302	1,019	589	297	134
65 - 69	2,041	623	468	395	275	152	71	57
70 & Over	734	272	168	107	87	46	32	22

Table 4-B**Active Member Distribution by Age and Years of Service****Police/Fire Employees****June 30, 2009**

Age	Years of Service							
	Total	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 & Over
Total	12,633	4,395	2,912	2,368	1,552	933	344	129
Under 20	2	2	0	0	0	0	0	0
20 - 24	456	454	2	0	0	0	0	0
25 - 29	1,674	1,440	221	13	0	0	0	0
30 - 34	2,114	1,056	812	236	9	1	0	0
35 - 39	2,677	691	898	888	187	13	0	0
40 - 44	2,395	386	481	649	637	229	13	0
45 - 49	1,717	204	281	320	409	390	108	5
50 - 54	953	96	124	149	186	194	151	53
55 - 59	439	38	62	73	83	72	57	54
60 - 64	170	20	27	33	34	27	13	16
65 - 69	31	6	4	5	7	7	2	0
70 & Over	5	2	0	2	0	0	0	1

Table 5

Salary Distributions

**Regular Employees and Police/Fire Employees
in Active Service on June 30, 2009**

Actual Salary	Regular Employees		Police/Fire Employees	
	Number	Percent	Number	Percent
Total	92,784	100.0%	12,633	100%
Under \$20,000	10,859	11.7%	439	3.5%
\$20,000 - \$24,999	4,184	4.5%	34	0.3%
25,000 - 29,999	5,009	5.4%	165	1.3%
30,000 - 34,999	6,391	6.9%	181	1.4%
35,000 - 39,999	8,987	9.7%	178	1.4%
40,000 - 44,999	9,599	10.3%	429	3.4%
45,000 - 49,999	7,917	8.5%	800	6.3%
50,000 - 54,999	8,755	9.4%	987	7.8%
55,000 - 59,999	6,019	6.5%	1,255	9.9%
60,000 - 64,999	5,647	6.1%	1,228	9.7%
65,000 - 69,999	5,464	5.9%	986	7.8%
70,000 - 74,999	3,449	3.7%	844	6.7%
75,000 - 79,999	2,438	2.6%	693	5.5%
80,000 - 84,999	1,998	2.2%	669	5.3%
85,000 - 89,999	1,595	1.7%	837	6.6%
90,000 - 94,999	1,145	1.2%	750	5.9%
95,000 - 99,999	860	0.9%	597	4.7%
100,000 - 104,999	577	0.6%	372	2.9%
105,000 - 109,999	428	0.5%	261	2.1%
110,000 - 114,999	290	0.3%	227	1.8%
115,000 - 119,999	257	0.3%	175	1.4%
120,000 - 124,999	186	0.2%	109	0.9%
125,000 - 129,999	97	0.1%	105	0.8%
130,000 - 134,999	96	0.1%	73	0.6%
135,000 - 139,999	83	0.1%	57	0.5%
140,000 - 144,999	47	0.1%	44	0.4%
145,000 - 149,999	37	0.0%	31	0.3%
150,000 - 154,999	65	0.1%	29	0.2%
155,000 - 159,999	59	0.1%	24	0.2%
160,000 & Over	246	0.3%	54	0.4%

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

Table 6

Salary Increase Rates by Service

Active Employees in Both 2009 and 2008 Actuarial Valuations			
		Percent Increase in Average Salary	
Service	Number	Actual	Expected
Regular Employees			
Under 5	33,230	7.4%	7.8%
5 - 10	20,073	6.3%	6.3%
10 - 15	14,982	5.3%	4.7%
15 - 20	9,386	4.4%	4.5%
20 & Over	<u>7,995</u>	<u>4.0%</u>	<u>4.5%</u>
Total	85,666	5.6%	6.3%
Police/Fire Employees			
Under 5	3,641	8.8%	10.2%
5 - 10	2,900	6.4%	7.7%
10 - 15	2,365	4.2%	6.5%
15 - 20	1,549	3.8%	6.5%
20 & Over	<u>1,405</u>	<u>2.3%</u>	<u>6.5%</u>
Total	11,860	5.9%	7.9%

Table 7-A**Pensions in Force
by Type and Monthly Amount****June 30, 2009****Regular Members**

Monthly Amount	Total	Service	Beneficiary	Disability	Survivor
Total	36,705	30,545	2,562	2,033	1,565
Less than \$250	612	543	58	7	4
\$250 - \$499	2,887	1,922	268	196	501
500 - 749	3,298	2,272	344	261	421
750 - 999	3,071	2,379	309	260	123
1,000 - 1,249	2,832	2,300	270	189	73
1,250 - 1,499	2,575	2,125	222	165	63
1,500 - 1,749	2,143	1,739	182	157	65
1,750 - 1,999	1,991	1,632	165	139	55
2,000 - 2,249	1,751	1,427	142	141	41
2,250 - 2,499	1,558	1,325	98	97	38
2,500 - 2,749	1,373	1,157	86	94	36
2,750 - 2,999	1,304	1,116	76	86	26
3,000 - 3,249	1,256	1,101	75	51	29
3,250 - 3,499	1,163	1,044	43	52	24
3,500 - 3,749	1,207	1,117	43	30	17
3,750 - 3,999	1,197	1,102	50	31	14
4,000 - 4,249	1,343	1,285	29	20	9
4,250 - 4,499	1,045	1,007	23	9	6
4,500 - 4,749	826	784	24	14	4
4,750 - 4,999	648	617	14	12	5
5,000 - 5,249	461	441	9	9	2
5,250 - 5,499	355	344	7	2	2
5,500 - 5,749	319	308	4	4	3
5,750 - 5,999	275	267	5	3	0
6,000 & Over	1,215	1,191	16	4	4

Table 7-B**Pensions in Force
by Type and Monthly Amount****June 30, 2009****Police/Fire Members**

Monthly Amount	Total	Service	Beneficiary	Disability	Survivor
Total	5,200	4,147	498	370	185
Less than \$250	12	9	3	0	0
\$250 - \$499	138	48	31	5	54
500 - 749	231	108	57	23	43
750 - 999	237	153	39	29	16
1,000 - 1,249	225	136	43	32	14
1,250 - 1,499	239	149	53	32	5
1,500 - 1,749	227	141	49	32	5
1,750 - 1,999	203	138	41	24	0
2,000 - 2,249	209	144	27	32	6
2,250 - 2,499	219	161	33	22	3
2,500 - 2,749	222	166	19	33	4
2,750 - 2,999	207	170	21	11	5
3,000 - 3,249	198	159	16	15	8
3,250 - 3,499	210	177	11	14	8
3,500 - 3,749	200	170	13	15	2
3,750 - 3,999	194	172	10	10	2
4,000 - 4,249	196	176	7	12	1
4,250 - 4,499	179	167	2	7	3
4,500 - 4,749	169	154	7	6	2
4,750 - 4,999	132	125	3	4	0
5,000 - 5,249	160	153	2	3	2
5,250 - 5,499	156	150	1	3	2
5,500 - 5,749	115	114	1	0	0
5,750 - 5,999	110	107	0	3	0
6,000 & Over	812	800	9	3	0

Table 8-A

**Pensions in Force
by Type and Age**

June 30, 2009

Regular Members

Age	Total	Service	Beneficiary	Disability	Survivor
Total	36,705	30,545	2,562	2,033	1,565
Under 50	1,420	373	224	277	546
50 - 54	2,120	1,533	94	356	137
55 - 59	4,492	3,623	151	543	175
60 - 64	7,771	6,865	252	453	201
65 - 69	7,736	7,005	335	228	168
70 - 74	5,437	4,839	375	104	119
75 - 79	3,638	3,106	388	37	107
80 - 84	2,309	1,830	389	19	71
85 - 89	1,247	963	241	13	30
90 & Over	535	408	113	3	11

Table 8-B

**Pensions in Force
by Type and Age**

June 30, 2009

Police/Fire Members

Age	Total	Service	Beneficiary	Disability	Survivor
Total	5,200	4,147	498	370	185
Under 50	485	251	38	104	92
50 - 54	661	551	28	65	17
55 - 59	890	723	50	92	25
60 - 64	1,072	931	74	52	15
65 - 69	871	740	76	38	17
70 - 74	649	533	94	15	7
75 - 79	320	254	59	2	5
80 - 84	167	115	46	1	5
85 - 89	66	42	22	0	2
90 & Over	19	7	11	1	0

Table 9-A
Pensions Awarded
by Type and Monthly Amount
Year Ended June 30, 2009
Retired Regular Members

Monthly Amount	Total	Service	Disability
Total	3,996	3,767	229
Less than \$250	68	66	2
\$250 - \$499	225	218	7
500 - 749	223	205	18
750 - 999	221	195	26
1,000 - 1,249	220	200	20
1,250 - 1,499	246	222	24
1,500 - 1,749	209	192	17
1,750 - 1,999	216	204	12
2,000 - 2,249	216	200	16
2,250 - 2,499	181	167	14
2,500 - 2,749	160	145	15
2,750 - 2,999	198	185	13
3,000 - 3,249	172	163	9
3,250 - 3,499	175	164	11
3,500 - 3,749	127	120	7
3,750 - 3,999	113	107	6
4,000 - 4,249	175	174	1
4,250 - 4,499	163	161	2
4,500 - 4,749	134	130	4
4,750 - 4,999	100	100	0
5,000 - 5,249	106	104	2
5,250 - 5,499	55	55	0
5,500 - 5,749	46	44	2
5,750 - 5,999	34	34	0
6,000 & Over	213	212	1

Table 9-B**Pensions Awarded
by Type and Monthly Amount****Year Ended June 30, 2009****Retired Police/Fire Members**

Monthly Amount	Total	Service	Disability
Total	379	341	38
Less than \$250	0	0	0
\$250 - \$499	8	8	0
500 - 749	8	8	0
750 - 999	7	6	1
1,000 - 1,249	11	10	1
1,250 - 1,499	8	6	2
1,500 - 1,749	16	11	5
1,750 - 1,999	12	9	3
2,000 - 2,249	6	3	3
2,250 - 2,499	7	4	3
2,500 - 2,749	14	11	3
2,750 - 2,999	7	6	1
3,000 - 3,249	13	13	0
3,250 - 3,499	13	13	0
3,500 - 3,749	16	14	2
3,750 - 3,999	14	14	0
4,000 - 4,249	10	5	5
4,250 - 4,499	18	14	4
4,500 - 4,749	15	14	1
4,750 - 4,999	12	11	1
5,000 - 5,249	13	12	1
5,250 - 5,499	13	12	1
5,500 - 5,749	10	10	0
5,750 - 5,999	11	11	0
6,000 & Over	117	116	1

Table 10-A

**Pensions Awarded
by Type and Age**

Year Ended June 30, 2009

Retired Regular Members

Age	Total	Service	Disability
Total	3,996	3,767	229
Under 50	198	138	60
50 - 54	549	484	65
55 - 59	1,044	959	85
60 - 64	1,394	1,376	18
65 - 69	607	606	1
70 - 74	147	147	0
75 - 79	44	44	0
80 - 84	10	10	0
85 - 89	3	3	0
90 & Over	0	0	0

Table 10-B

**Pensions Awarded
by Type and Age**

Year Ended June 30, 2009

Retired Police/Fire Members

Age	Total	Service	Disability
Total	379	341	38
Under 50	106	79	27
50 - 54	124	116	8
55 - 59	89	87	2
60 - 64	41	40	1
65 - 69	13	13	0
70 - 74	5	5	0
75 - 79	1	1	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, 2009	June 30, 2008
ASSETS:		
Cash & Short-Term Investments	\$422,475,446	\$377,383,482
Contributions Receivable	102,154,980	98,981,950
Trades Pending	141,678,033	197,657,567
Accrued Investment Income	86,899,749	88,430,550
Investments	18,540,091,760	22,009,876,310
Collateral on Loaned Securities	1,760,287,271	2,872,321,923
Property & Equipment	4,896,423	4,600,228
Other Assets	<u>1,962,283</u>	<u>1,676,282</u>
Total Assets	<u>\$21,060,445,945</u>	<u>\$25,650,928,292</u>
LIABILITIES:		
Accounts Payable	\$13,385,742	\$11,410,243
Trades Pending	429,255,245	569,187,593
Obligations under Securities Lending	<u>1,847,667,862</u>	<u>2,872,321,923</u>
Total Liabilities	<u>\$2,290,308,849</u>	<u>\$3,452,919,759</u>
NET ASSETS	<u>\$18,770,137,096</u>	<u>\$22,198,008,533</u>

Table 12
Statement of Revenue and Expenses

Market Value Reconciliation For Year Ended June 30, 2009

	Regular Employees	Police/Fire Employees	Total
Operating Revenues			
Contributions:			
Employer*	\$919,447,120	\$293,620,414	\$1,213,067,534
Members	77,740,604	15,907,400	93,648,004
Repayment and Purchase of Service	<u>23,318,751</u>	<u>4,797,771</u>	<u>28,116,522</u>
Total Contributions	\$1,020,506,475	\$314,325,585	\$1,334,832,060
Investment Income:			
Interest	\$282,150,111	\$0	\$282,150,111
Dividends	300,020,380	0	300,020,380
Net Appreciation	(4,087,706,785)	0	(4,087,706,785)
Other	54,285,040	0	54,285,040
Transfer of Annual Investment Income	706,913,481	(706,913,481)	0
Securities Lending Income	43,677,181	0	43,677,181
Net Change in FV of Securities Lending	<u>(87,380,591)</u>	<u>0</u>	<u>(87,380,591)</u>
Total Investment Income	(\$2,788,041,183)	(\$706,913,481)	(\$3,494,954,664)
Investment Expenses	<u>(\$48,471,309)</u>	<u>\$0</u>	<u>(\$48,471,309)</u>
Net Investment Income	(\$2,836,512,492)	(\$706,913,481)	(\$3,543,425,973)
Other Income	\$2,054,669	\$375,732	\$2,430,401
Total Operating Revenues	(\$1,813,951,348)	(\$392,212,164)	(\$2,206,163,512)
Operating Expenses			
Benefit Payments:			
Retirement and Survivor Benefits	\$924,718,463	\$204,867,118	\$1,129,585,581
Disability Benefits	48,849,013	11,157,972	60,006,985
Post-Retirement Increases	25,679	1,828	27,507
Refunds to Members	14,539,878	4,041,679	18,581,557
Administrative Expenses	8,718,301	996,162	9,714,463
Transfer to JRS	<u>3,791,831</u>	<u>0</u>	<u>3,791,831</u>
Total Operating Expenses	\$1,000,643,165	\$221,064,759	\$1,221,707,924
Excess of Revenues over Expenses	(\$2,814,594,513)	(\$613,276,923)	(\$3,427,871,436)
Interfund Transfers	<u>\$2,643,361</u>	<u>(\$2,643,361)</u>	<u>\$0</u>
Total Change During the Year	(\$2,811,951,152)	(\$615,920,284)	(\$3,427,871,436)
Fund Balance, July 1, 2008	\$17,804,526,929	\$4,393,481,603	\$22,198,008,532
Fund Balance, June 30, 2009	\$14,992,575,777	\$3,777,561,319	\$18,770,137,096

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, 2009

1.	Actuarial Value of Assets as of the beginning of the year.....	\$18,638,027,923
2.	Contributions during the year	1,020,506,475
3.	Benefit payments during the year	988,133,033
4.	Expenses paid from the trust during the year.....	8,718,301
5.	Net transfers	(1,148,470)
6.	Expected Return at 8.0%.....	1,485,288,736
7.	Write up (down)	

<u>Year Ended</u> <u>June 30</u>	<u>Original Amount</u>	<u>Write Up/(Down)</u> <u>20% of</u> <u>Original Amount</u>	<u>Percent Not Yet</u> <u>Recognized</u>	<u>Unrecognized</u> <u>Return</u>
2005	\$116,477,696	\$23,295,539	0%	\$0
2006	110,418,729	22,083,746	20%	22,083,746
2007	1,125,400,748	225,080,150	40%	450,160,299
2008	(1,970,255,593)	(394,051,119)	60%	(1,182,153,356)
2009	<u>(4,319,746,558)</u>	<u>(863,949,312)</u>	80%	<u>(3,445,797,246)</u>
Total	(\$4,937,704,978)	(\$987,540,996)		(\$4,165,706,557)

8.	Preliminary Actuarial Value of Assets as of the end of the year (1) + (2) - (3) - (4) + (5) + (6) + (7)	\$19,158,282,334
9.	Market Value of Assets as of the end of the year	\$14,992,575,777
10.	Additional write up/(down) due to 70%/130% corridor	\$0
11.	Actuarial Value of Assets as of the end of the year.....	\$19,158,282,334
12.	Actuarial Value of Assets as a percentage of Market Value of Assets.....	127.79%

Table 14

Determination of the Actuarial Value of Assets

Police/Fire Employees

June 30, 2009

1.	Actuarial Value of Assets as of the beginning of the year.....	\$4,599,623,681
2.	Contributions during the year	314,325,585
3.	Benefit payments during the year	220,068,597
4.	Expenses paid from the trust during the year.....	996,162
5.	Net transfers	(2,643,361)
6.	Expected Return at 8.0%.....	369,816,600
7.	Write up (down)	

<u>Year Ended</u> <u>June 30</u>	<u>Original Amount</u>	<u>Write Up/(Down)</u> <u>20% of</u> <u>Original Amount</u>	<u>Percent Not Yet</u> <u>Recognized</u>	<u>Unrecognized</u> <u>Return</u>
2005	\$27,771,856	\$5,554,371	0%	\$0
2006	26,405,168	5,281,034	20%	5,281,034
2007	270,717,295	54,143,459	40%	108,286,918
2008	(480,861,117)	(96,172,223)	60%	(288,516,672)
2009	<u>(1,076,354,349)</u>	<u>(215,270,870)</u>	80%	<u>(861,083,480)</u>
Total	(\$1,232,321,147)	(\$246,464,229)		(\$1,036,032,198)

8.	Preliminary Actuarial Value of Assets as of the end of the year (1) + (2) - (3) - (4) + (5) + (6) + (7)	\$4,813,593,517
9.	Market Value of Assets as of the end of the year	\$3,777,561,319
10.	Additional write up/(down) due to 70%/130% corridor	\$0
11.	Actuarial Value of Assets as of the end of the year.....	\$4,813,593,517
12.	Actuarial Value of Assets as a percentage of Market Value of Assets.....	127.43%

Table 15
Determination of Normal Cost
June 30, 2009

	Regular Employees	Police/Fire Employees	Total
Normal Cost Components:			
Retirement Benefits	\$693,646,983	\$255,972,578	\$949,619,561
Termination Benefits	31,419,204	4,038,382	35,457,586
Return of Contributions	6,865,888	789,530	7,655,418
Death Benefits	41,602,445	8,771,210	50,373,655
Disability Benefits	<u>40,217,425</u>	<u>16,870,685</u>	<u>57,088,110</u>
Total Normal Cost	\$813,751,945	\$286,442,385	\$1,100,194,330

Table 16
Determination of the Unfunded Actuarial Accrued Liability
June 30, 2009

	Regular Employees	Police/Fire Employees	Total
Actuarial Accrued Liability Components:			
Active Members:			
Retirement Benefits	\$11,893,535,054	\$3,742,576,254	\$15,636,111,308
Termination Benefits	48,462,436	(5,526,172)	42,936,264
Return of Contributions	(28,324,777)	(2,822,105)	(31,146,882)
Death Benefits	417,526,315	86,539,434	504,065,749
Disability Benefits	<u>396,393,770</u>	<u>159,783,131</u>	<u>556,176,901</u>
Total for Active Members	<u>\$12,727,592,798</u>	<u>\$3,980,550,542</u>	<u>\$16,708,143,340</u>
Inactive Vested Members	<u>\$593,130,817</u>	<u>\$41,530,864</u>	<u>\$634,661,681</u>
Pay Status Members:			
Service Retirees	\$11,508,352,380	\$2,657,571,244	\$14,165,923,624
Beneficiaries	490,267,494	130,018,324	620,285,818
Disability Retirees	503,729,884	134,132,266	637,862,150
Survivors	<u>264,547,169</u>	<u>43,734,183</u>	<u>308,281,352</u>
Total for Pay Status Members	<u>\$12,766,896,927</u>	<u>\$2,965,456,017</u>	<u>\$15,732,352,944</u>
Total Actuarial Accrued Liability	\$26,087,620,542	\$6,987,537,423	\$33,075,157,965
Actuarial Value of Assets	<u>19,158,282,334</u>	<u>4,813,593,517</u>	<u>23,971,875,851</u>
Total Unfunded Actuarial Accrued Liability	\$6,929,338,208	\$2,173,943,906	\$9,103,282,114

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

June 30,	Regular Employees	Police/Fire Employees	Total
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
2009	6,929.3	2,173.9	9,103.2*

* Increase between 2009 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
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%
2009	73.4%	68.9%	72.5%

Table 19-A
Actuarially Determined Contribution Rates
Regular Employees

	Year					
	2004	2005	2006	2007	2008	2009
Employer-Pay*						
Normal cost	15.77%	15.70%	15.48%	16.16%	16.38%	16.16%
Amortization payment	3.78%	4.59%	4.81%	4.51%	5.01%	6.26%
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	19.70%	20.44%	20.44%	20.82%	21.54%	22.57%
Employee/Employer*						
Normal cost	16.68%	16.61%	16.37%	17.00%	17.26%	17.06%
Amortization payment	3.78%	4.59%	4.81%	4.51%	5.01%	6.26%
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	20.61%	21.35%	21.33%	21.66%	22.42%	23.47%
Matching Employee/Employer contribution rate	10.31%	10.68%	10.67%	10.83%	11.21%	11.74%

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

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

	Year					
	2004	2005	2006	2007	2008	2009
Employer-Pay*						
Normal cost	25.76%	26.13%	25.89%	29.43%	29.20%	29.53%
Amortization payment	6.21%	6.96%	7.51%	7.39%	7.71%	8.71%
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	32.12%	33.24%	33.55%	36.97%	37.06%	38.39%
Employee/Employer*						
Normal cost	26.52%	27.04%	26.77%	30.18%	29.97%	30.35%
Amortization payment	6.21%	6.96%	7.51%	7.39%	7.71%	8.71%
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	32.88%	34.15%	34.43%	37.72%	37.83%	39.21%
Matching Employee/Employer contribution rate	16.44%	17.08%	17.22%	18.86%	18.92%	19.61%

* 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, 2009
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.	(\$266.0)	(1.02%)	\$16.3	0.23%
Disability Retirements. If disability claims are less than assumed, there is a gain. If there are more claims, there is a loss.	(16.4)	(0.06%)	1.7	0.03%
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.	27.0	0.10%	(0.5)	(0.01%)
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.	(11.6)	(0.04%)	(7.5)	(0.10%)
Pay Increases. If there are smaller pay increases than assumed, there is a gain. If there are greater increases, there is a loss.	15.5	0.06%	86.7	1.24%
Active New Entrants. Cost due to new hires.	(64.3)	(0.24%)	(4.7)	(0.07%)
Active Rehires. Some new active members have past service credits reinstated, thereby increasing costs due to the unanticipated liabilities.	(58.4)	(0.22%)	(3.6)	(0.05%)

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.	(15.0)	(0.06%)	(1.1)	(0.02%)
Other. Miscellaneous gains and losses result from data changes and adjustments, timing of financial transactions, and other miscellaneous impacts on the valuation results.	40.2	0.15%	0.4	0.01%
Total Liability Experience Gain (Loss) During Year.	(349.0)	(1.33%)	87.7	1.26%
Investment Income. If there is a greater investment income than assumed, there is a gain. If there is less income, there is a loss	(987.5)*	(3.79%)	(246.5)*	(3.53%)
Total Experience Gain (Loss) During the Year	(1,336.5)	(5.12%)	(158.8)	(2.27%)

* Includes the effect of the change in asset valuation method.

III. SUMMARY OF PRINCIPAL PLAN PROVISIONS

Our 2009 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

For members with an effective date of membership before January 1, 2010:

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 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.

For members with an effective date of membership on or after January 1, 2010:

Requirements for regular members - age 65 with five years of service, or age 62 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 60 with ten years of police/fire service, or age 50 with 20 years of police/fire service.

Benefit - 2.50% of final average compensation (average of 36 highest consecutive months with limitations on annual increases) per year of service. Maximum benefits are 75% of average compensation.

Early Retirement

Requirements - any age with five years of service.

For members with an effective date of membership before January 1, 2010:

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

For members with an effective date of membership on or after January 1, 2010:

Benefit - accrued service retirement benefit reduced 6% 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

For members with an effective date of membership before January 1, 2010:

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.

For members with an effective date of membership on or after January 1, 2010:

Same as above, except the increases do not exceed 4% per year.

Contribution Rates

For the fiscal years July 1, 2009 through June 30, 2011, statutory contribution rates as a percentage of compensation are as follows:

	<u>Regular Employees</u>	<u>Police/Fire Employees</u>
Employer-Pay	21.50%	37.00%
Employee/Employer	11.25%/11.25%	19.00%/19.00%

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. Rates are only adjusted upward if the new rates are more than 0.50% higher than the existing rate for Employer-Pay and more than 0.25% higher for Employee/Employer. Rates are only adjusted downward if the new rates are more than 2.00% lower than the existing rate for Employer-Pay (and adjusted only by the amount in excess of 2.00%) and more than 1.00% lower than the existing rate for Employee/Employer (and adjusted only by the amount in excess of 1.00%). Rates are rounded to the nearest 0.25% of 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

In June 2009, substantial changes were made to retirement benefits, but the following changes only affect members who become members on or after January 1, 2010:

- **Call-back pay:** The type of call-back pay that may be considered compensation has been revised for future members.
- **Benefit multiplier:** Current members earn a benefit equal to 2.67% of average compensation for each year of service with a maximum benefit of 75% of average

compensation. This has been reduced to 2.50% of average compensation for each year of service for future members.

- **Early retirement:** Members with at least five years of service can elect to retire with a reduced pension. The amount of the reduction for current members is 4% per year for each year the retirement precedes the date the member is from eligibility for an unreduced service pension. The reduction will be 6% per year for future members.
- **Compensation increase limits:** The amount of an increase in compensation that can be considered when determining a retirement allowance will be limited to 10 percent per year for future members.
- **Service retirement eligibility (Regular members):** Current Regular members are eligible to begin receiving an unreduced service pension at age 65 with at least 5 years of service, at age 60 with at least 10 years of service, and at any age with at least 30 years of service. For future members, the age at which a Regular member with at least 10 years but less than 30 years of service could retire with an unreduced benefit will increase from age 60 to age 62.
- **Service retirement eligibility (Police/Fire members):** Current Police/Fire members are eligible to begin receiving an unreduced service pension at age 65 with at least 5 years of service, at age 55 with at least 10 years of service, at age 50 with at least 20 years of service, and at any age with at least 25 years of service. For future members, a Police/Fire member would be eligible for an unreduced service pension at age 65 with at least 5 years of service, at age 60 with at least 10 years of service, or at age 50 with at least 20 years of service. Eligibility for an unreduced service pension at any age with 25 years of service is not available for future members.
- **Post Retirement Benefit Increases:** Current retirees receive annual increases which can be as much as 5% per year after the fourteenth anniversary of retirement. Future members will have the same schedule of increases until it is capped at 4% per year after the twelfth anniversary of retirement.

In addition to the changes above, which only affect future members, the following changes were also made:

- The Critical Labor Shortage (CLS) program has been extended through June 30, 2015, but restrictions on eligible positions have been added. This program allows PERS retirees to return to work without facing the usual suspension of retirement benefits. Since the program is more restrictive than it has been in the past, and it is still temporary in nature, we believe the cost will be minimal. An experience study will be performed prior to the program being extended or made permanent to determine if the actuarially determined cost rate is affected, and if so, how to estimate its cost.
- Any PERS retiree who is hired as a volunteer firefighter is also exempt from the benefit suspension rules. Based on experience thus far, volunteer firefighters typically do not work enough hours to earn enough salary for the suspension rules to take effect. We believe the cost of this provision is negligible

IV. ACTUARIAL ASSUMPTIONS AND METHODS

The actuarial assumptions and methods as approved by the Board 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, 2009, the total rate of return on an actuarial (smoothed) value basis was approximately 2.7%. 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 Ended June 30</u>	<u>Actuarial Value of Assets Total Rate of Return</u>
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%
2009	2.7%

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 48 (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. The assumed probability of marriage for future “employer-pay” police/fire retirees are shown below for selected ages:

Age	Regular Employees	Police/Fire Employees
22	33.0%	37.1%
27	58.9%	65.2%
32	65.3%	61.8%
37	71.3%	63.6%
42	71.4%	63.1%
47	73.3%	61.0%
52	75.7%	64.0%
57	77.0%	57.6%
62	74.0%	49.5%

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 70% or greater than 130% 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

The asset valuation method has been changed since the prior valuation. The smoothing method is the same with the exception that the actuarial value of assets was previously limited to not less than 80% or greater than 120% of market value.

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, 2009.

Actuarial calculations were made with respect to 105,417 covered active members, 11,574 inactive members with vested benefit rights, 37,095 service and disabled pensioners, 3,060 beneficiaries, and 1,750 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>
Total Normal Cost	\$813,751,945	\$286,442,385	\$1,100,194,330
Actuarial Accrued Liability			
Active members	\$12,727,592,798	\$3,980,550,542	\$16,708,143,340
Inactive members	593,130,817	41,530,864	634,661,681
Pensioners, beneficiaries and disabled	12,502,349,758	2,921,721,834	15,424,071,592
Survivors	<u>264,547,169</u>	<u>43,734,183</u>	<u>308,281,352</u>
Total Actuarial Accrued Liability	\$26,087,620,542	\$6,987,537,423	\$33,075,157,965
Assets at Actuarial Value	<u>\$19,158,282,334</u>	<u>\$4,813,593,517</u>	<u>\$23,971,875,851</u>
Total Unfunded Actuarial Accrued Liability	\$6,929,338,208	\$2,173,943,906	\$9,103,282,114
Payment to amortize unfunded actuarial accrued liability	\$312,504,381	\$84,297,119	\$396,801,500
Employer-Pay Rate Payroll	\$4,229,062,007	\$870,443,776	\$5,099,505,783
Employee/Employer Rate Payroll	762,598,306	96,827,653	859,425,959
Total Rate Payroll	\$4,991,660,313	\$967,271,429	\$5,958,931,742

Calculated Contribution Rates (as percentage of rate payroll):	<u>Regular Employees</u>	<u>Police/Fire Employees</u>
Employer-Pay, current statutory rate *	21.50%	37.00%
Normal cost	16.16%	29.53%
Amortization percentage	6.26%	8.71%
Administrative expenses	<u>0.15%</u>	<u>0.15%</u>
Employer-Pay, total rate *	22.57%	38.39%
<i>* See cost-sharing mechanism in NRS 286.421</i>		
Employee/Employer, current statutory rate **	22.50%	38.00%
Normal cost	17.06%	30.35%
Amortization percentage	6.26%	8.71%
Administrative expenses	<u>0.15%</u>	<u>0.15%</u>
Employee/Employer, total rate **	23.47%	39.21%
<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, 2009 actuarial valuation are reasonably related to the past and anticipated future experience of the retirement system.

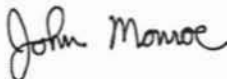
The Public Employees' Retirement System of the State of Nevada is funded on an actuarial reserve basis. Participating employers contribute to the Retirement System based on the results of actuarial valuations and the statutory funding provisions of the Public Employees' Retirement Act.



Brad Ramirez, FSA, MAAA, EA
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