

Date: January 25, 2026

To: Interim Retirement and Benefits Committee

From: Kent Ervin, Nevada Faculty Alliance

Subject: Nevada PERS (Agenda item IV)

The Nevada Faculty Alliance is the independent statewide association of professional employees at our public colleges and universities. About 15% of faculty at the Nevada System of Higher Education and all of our Classified colleagues are members of the Public Employees' Retirement System (PERS).

Nevada PERS had very strong investment performance again in FY2025, thanks to its disciplined and low-cost investment strategy. The investment return of 10.9% exceeded the target of 7.25%.

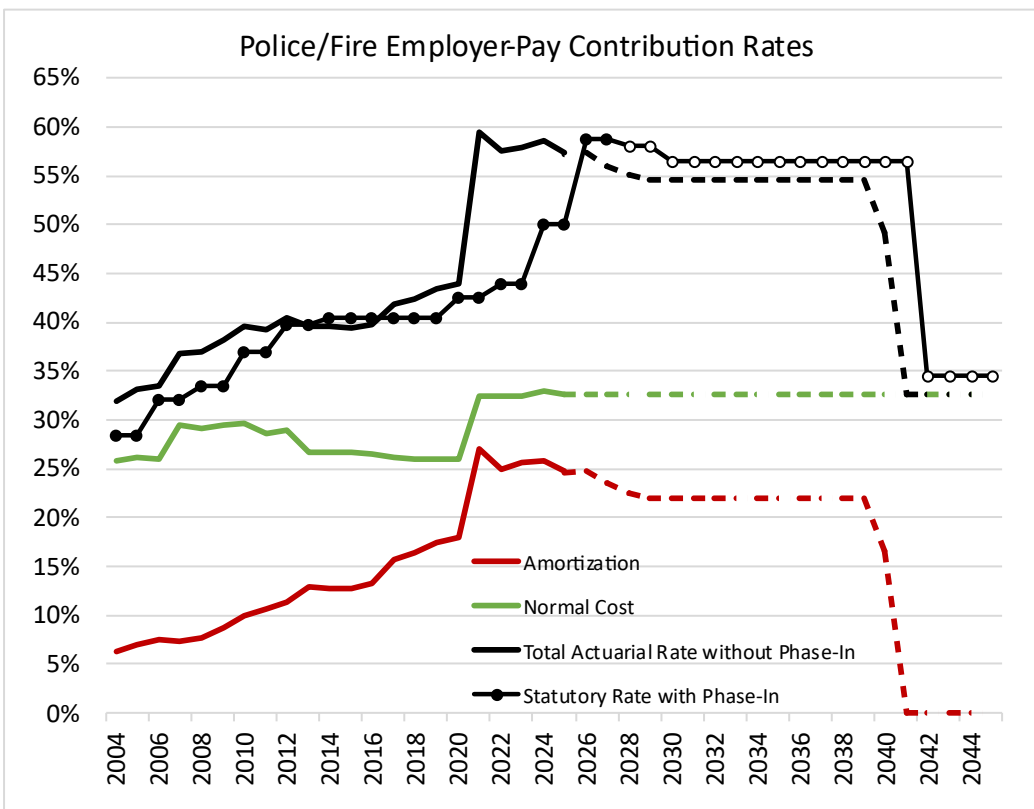
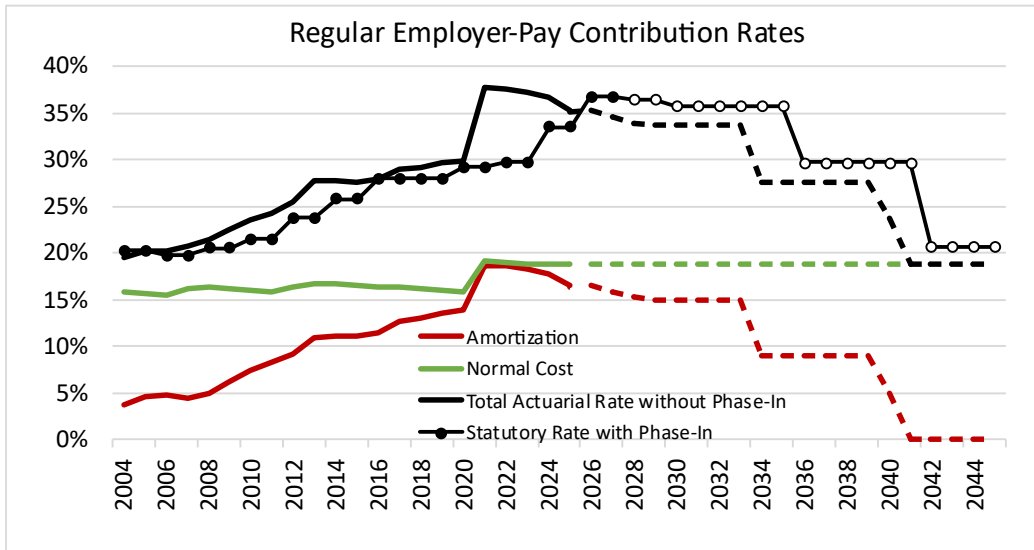
The FY2025 PERS actuarial valuation report is the best in years if not decades. More conservative actuarial assumptions at PERS since 2022, along with strong investment performance and robust payroll growth, are finally paying off. Nevada PERS's 86.4% funded ratio on a market-value basis is among the top 20 state pension plans according to [Equable](#).

The actuarially required contribution rate for Regular employees as of the end of FY2025 dropped to 18.62%+18.62% (Employee+Employer), lower by 0.63%+0.63% than the current statutory rate of 19.25%+19.25%. This is not a rate-setting year, so neither employees nor employers will see a benefit for FY2027. However, **even if these good results are maintained through 6/30/2026, no reduction in statutory contribution rates would occur next biennium because of a quirk in the PERS statute.** NRS 286.410 and 286.450 stipulate that contribution rates are rounded to the nearest one-quarter of one percent of the actuarial rate when they are rising, but **declining rates are adjusted only to the extent that the reduction exceeds 1%+1%.** The language of the statute means that in an environment of declining actuarial rates, **the statutory contribution rate can never go below 1%+1% above the actuarial rate, leading to long-term over-funding by two percentage points.** The charts on page 3 of past and projected contribution rates for Regular and Police/Fire employees illustrate that statutory rates will remain above the actuarial rates as the unfunded liabilities are paid down and beyond. **This is a mathematical flaw from SB427(2009) in NRS 286.410(2)(b) and 286.450(2)(b) that needs to be fixed legislatively.** Neither public employees nor public employers should permanently pay more than is actuarially required, especially when current employees are paying down the unfunded liabilities owed to already-retired members and themselves

have reduced pension benefits if hired after 2010. There are better possible mechanisms to avoid “over-shooting” rate changes in either direction for stability (for example, the magnitude of any change in either direction could be rounded down to the next-lower quarter percent rather than rounding the final statutory rate).

The Interim Retirement and Benefits Committee should propose legislation in 2027 to capture any decline in actuarial contribution rates for the benefit of public employees and public employers.

Thank you for your consideration.



Nevada PERS contribution rates for the Employer-Pay Plan. Historical rates from fiscal year 2004 to 2025 (solid lines and symbols) and projected rates from 2026 to 2045 (dashed lines and open symbols) using current assumptions as of the FY2025 Actuarial Valuation, for Regular employees (top) and Police/Fire employees (bottom), including future recognition of deferred gains and losses. Future results may vary. Source: PERS annual Actuarial Valuation reports FY2004 to FY2025. Charts and analysis by K. Ervin. Not copyrighted.