

Present: Smith, Branch, Mello, Wood, Dini, Bryan Hafen, Getto,
and Lingenfelter.

Absent: Hilbrecht

Chairman Smith opened the meeting and stated the first measure for consideration would be Assemblyman Homer's AB 9. Assemblyman Homer told the committee that he had no further comments to make but that Mr. James J. Noel from the Nevada Tax Commission had prepared some figures showing the effect of the bill on the state's retirement fund. He also had prepared some figures relating to a bill that is being introduced by Assemblyman Lingenfelter.

The figures prepared by Mr. Noel are reproduced and made a part of this record. The intent of this bill is to provide an incentive for the younger state employees to remain in state employment rather than to the service for private or another state's employment. Mr. Noel's presentation supported his view that the retirement fund would remain sound and would not be hampered by reducing the vesting period for benefits to ten years under the Public Employees' Retirement System.

The committee members questioned Mr. Noel about the percentage of people with less than ten years service who leave. He said that Mr. Buck's office could probably provide the figures. As a Tax Commission employee his experience only related to that agency. It was agreed that the State Personnel people would have to be contacted further with regard to the bill. Chairman Smith thanked Mr. Noel for his presentation and for the work he had done in preparing the statistical support he had presented to the committee. He was excused and assured the committee if they desired any further information from him he would be anxious to provide it.

The committee then considered AB 138 which permits certain library and school district purchases by informal bids. Mr. Bob Lloyd was introduced to the committee. Mr. Lloyd said that he was with the Department of Education and has worked as a member of the library council. He told the committee that the main intent of the bill would be to effect savings to smaller districts by allowing them to take advantage of discount rates on subscriptions to various periodicals. Assemblyman Getto said that the present \$1,000 restriction and the formal bid process provided for control that he was reluctant to see removed. The committee discussed the possibility that removal of these formal process might lead to persons placing business in the hands of friends rather than with the best service vendors. Mr. Lloyd admitted that the integrity of the public employee would have to be relied upon and suggested that any flagrant violations of ethical procedure would in due course condemn the offender. It was also developed that the bill could lead to business being channeled to the same vendors without regard to the best service vendor strictly upon large volume low bid offers. Some firms might become monopoly gainers to the actual disadvantage of the state. Mr. Lloyd said that the most saving the bill offered would be in time saved in the bid process. A \$13,000 bid in Clark County for example probably costs over \$1,000 in clerical time preparation. Chairman Smith relinquished his chair to Assemblyman Lingenfelter who thanked Mr. Lloyd and he was excused from the meeting.

Mr. Lingenfelter said that Chairman Smith wanted to address himself to SB 32.

Assemblyman Smith said that some urgency had presented itself with regard to SB 32 which establishes the interim regional planning agency for the Nevada portion of Lake Tahoe basin and extends the deadline for condemnation of property for a state park. The commission is due to meet on the 20th and if the bill has not been passed out in time the commission will not be able to act. He said that the bill has been amended and approved by the Senate as amended.

Getto moved Do Pass SB 32.

Dini seconded.

Motion unanimously passed.

Remainder Years.

Age 55 - expect. 20-21 yrs.
reach age 75-76

Age 60 - expect 17 years
reach age 77

Age 65 - expect 14¹/₂ years
reach age 79-80

AB9

104

Average monthly salary \$847 for a 10 year period
 Start \$654 per mo. - 5% per annum increase to \$1040

Contributions to the plan

Employee $\$847 \times .06 \times 120 = 6098$

Employer $\$847 \times .06 \times 120 = 6098$

Total Contributions 12196

avg. Semi Annual Contribution 609.80

Value of \$609.80 @ 4 1/2% (24.91152) Semi Annual 15191

Monthly Retirement Allowance for 3 years

1040

990

943

Average Rate 991.25

Monthly Allowance 247.75

Value would amortize in less than 6 years. about 5yr 9 mos.

10 year Contribution made between 30 + 40 years of age
 and funds remain in system until age 60.

Value at end of 10 years work \$15,191 left

in fund 20 years = $15,191 \times 2.435189 = 36993$

Value would amortize in about 18 years. 18+

10 year Contribution made between 40 + 50 year of age
 and funds remain in system until age 60.

Value at end of 10 years work \$15,191 left

in fund 10 years = $15,191 \times 1.560509 = 23705$

Value would amortize in about ~~10~~ 10 years. 10-

AB 9

Average Monthly Salary \$513 for a 10 year period 105
Start \$403 per mo - 5% per Annum increase to \$623 - 10 years.

Contributions to the plan -

Employee $513 \times .06 \times 120 = 3694$

Employer $513 \times .06 \times 120 = 3694$

Total Contributions 7388

Avg Semi-Annual Contribution 369.40

Value of 369.40 @ 4 1/2% (24.91152) Semi-Annual = 9202

Monthly retirement allowance last 3 years

623

594

565

Average 594.

Rate

.25

Monthly Allowance 148.50

Value would amortize in about 6 years

10 year Contribution made between 30 + 40 years of age
and funds remain in System until age 60.

Value at end of 10 years work 9202 left
in fund for 20 years = $9202 \times 2.435189 = 22468$

Value would amortize in about 18 years 18+

10 year Contribution made between 40 + 50 years of age
and funds remain in system until age 60.

Value at end of 10 years work 9202 left
in fund for 10 years = $9202 \times 1.560509 = 14360$

Value would amortize in about 10 years.

Current Retirement Benefit Status (example)

Average Monthly Salary \$ 1176 for 20 years service
 starting salary \$654 per month - 5% per annum
 increase to \$11698 per month.

Contributions to the plan

Employee	$1176 \times .06 \times 240$	16,934
Employer	$1176 \times .06 \times 240$	16,934
Total Contributions		33,868

Avg. Semi Annual Contribution	8,467.00
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Value of \$ 8,467.00 @ $4\frac{1}{2}\%$ Semi Annual (63.786176)	<u>540.08</u>
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Present Value of fund	<u>540.08</u>
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Monthly retirement allowance last 3 years

1698

1616

1538Average 1617

Rate .50

Monthly Allowance 808.50

Value would amortize between 6 and 7 years, about 6 yrs 6 mos.

Monthly Salary \$47 for 10 years of service
 Starting salary \$65 per month - 5% per annum increase to \$100
 Next 3 years salary

1040
 990
943

avg 991

Contributions to the plan

Employee $847 \times .06 \times 120 = 6098$
 Employer $847 \times .06 \times 120 = 6098$
 Total Contribution 12196

Avg Semi Annual Contribution 609.80

Value of 609.80 @ $4\frac{1}{2}\%$ Semi Annual (24.91152)
 Employee leaves retirement

15191
 < 6098 >

Balance remaining in fund

9013

Return to service after a 6 year lapse

Value of balance left in fund on reinstatement
 $9013 @ 4\frac{1}{2}\%$ 6 years (1.30605)

11876

Repay Withdrawn in lump sum 6098 (1.30605)

7964

Value of fund on reinstatement

19840

Retirement Allowance - 10 years of service

$991 \times .25 = 247.75$

Value would amortize at \$247.75 per month
 in about 8 years

Return to service after a 10 year lapse

Value of balance left in fund on reinstatement 9013
 Repay Withdrawn in lump sum 6,098

14190
 (1.30605) 9516

Value of fund on reinstatement

23706

Value would amortize at 247.75 per month
 in 9 to 10 years - About 9 years 6 mos.

Same salary as page 1 for 10 years before leaving service.
 Then five years after return and repay contributions
 on that on one five year period.

Return to service after a 6 year lapse

Value of balance left in fund on reinstatement (page 1) 811
 Repay withdrawn contribution over 5 years - Int 4 1/2 % to (113.13) 6823
 Repay opening in the fund 113.13 x 6 = 682.38 x 11.075708 7558
 Value of left in balance 5 years hence 11,876 (1254203) 14836

Salary on reinstatement 1040 - 5% per annum
 increase to 1264 - Avg 1149 per mo.

Contribution to the fund for 5 years

Employee	1149 x .06 x 60 =	4136
Employer	1149 x .06 x 60 =	4136
Total Contribution		8272

Average Semi Annual Contribution 827.20

Value of 827.20 @ 4 1/2 % (5 years - ~~11.075708~~) 9162

Value of the fund ~~38379~~ 38379

Monthly Retirement Allowance - last 3 years

1264
1204
1146

Average 1205

Rate (15 yrs) .375

Monthly Allowance 451.88

Value would amortize ^{between} 8 and 9 years about 8 1/2 yrs.
 at 451.88

Give me same salary as Page 1 for 10 years before leaving Service.
 Working 10 years after returning and repay contributions
 withdrawn over 8 year period (Maximum per proposal)
 Return to service after a 6 year lapse.

Value of balance left in fund on reinstatement (Page 1) 11,876

Value of balance left in fund 10 years after reinstatement
 $11,876 \times 1.560567 = 18533$

Repayment of Withdrawn Contribution over 8 years Interest $4\frac{1}{2}\%$
 $75.79 \times 96 = 7276$ (Sept 10 = 1.093085) 7953

Repayment in the fund $7579 \times 6 = 45474 \times 1.005398 = 8642 \times 1.093085 = 9446$
 Salary on reinstatement 1940 - 5% per annum
 increase to 1616 per mo. - Avg 1308 per month.

Contribution to the fund for 10 years

Employee	$1308 \times .06 \times 120 =$	<u>9418</u>
Employer	$1308 \times .06 \times 120 =$	<u>9418</u>
Total		<u>18836</u>

Semi Annual Charge 941.80

Value of 941.80 @ $4\frac{1}{2}\%$ - 10 yrs - 24,911.52

Value of the fund 59,394
 Monthly retirement allowance last 3 years

1616
 1538
1564

average 1539
 Ret (20 yrs) .50

Monthly Allowance 769.50

Value would amortize between 7 and 8 years about 7 $\frac{1}{2}$ yrs 9 mos.

Assume same salary as Page 1 for 10 years before leaving 110
 service. Working 10 years after returning and repay
 contribution withdrawn over 8 years.

Return to service after a 10 year lapse

Value of balance left in fund on reinstatement
 $9093.44 \times 10 \text{ yrs} = (1.560509)$

14,190

Value of balance left in fund 10 yrs after reinstatement
 $14,190 \times 1.560509$

22,143

Repayment of Withdrawn Contribution (page 3)

7953

Repay surplus in the fund Page 3

9446

Contributions to the fund: Value (page 3)

23,462

Value of the fund

63,004

Monthly allowance (page 3) 769.50

Value would amortize between 8 and 9 years. About 8 yrs 3 mos