Pension Plan for Certain Justices and Judges

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**STUDY OF THE PENSION PLAN
FOR CERTAIN JUSTICES AND JUDGES**

Assembly Bill 698 – 1999 Session

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I. Report to the 71st Session of the Nevada Legislature by the Interim Committee Studying the Pension Plan for Certain Justices and Judges

This report is submitted in compliance with Assembly Bill 698 of the 70th Session of the Nevada Legislature. AB 698 directed the Legislative Commission to appoint a subcommittee to analyze the actuarial soundness of the current method of funding the judicial pension plan, review an alternative method of funding judicial pensions based on the method utilized by the Public Employees' Retirement System (PERS), and review any other alternatives to funding judicial pensions the subcommittee determined to be actuarially sound. The members appointed to the subcommittee included Assemblyman Lynn Hettrick, Chairman, Senator William R. O'Donnell, Senator Joseph M. Neal, Jr., and Assemblyman Bob Price. The subcommittee met four times with the first meeting occurring on February 11, 2000 and the last meeting on August 25, 2000.

The current method of funding the benefits earned by retired Supreme Court Justices and District Court Judges can be described as a "pay-as-you-go" plan. Retirement benefits are based on service credit earned for each year a judge serves. However, unlike the Public Employees' Retirement System, no contributions are assessed so funds are not accumulated and invested to offset the cost of future retirement benefits. The judicial retirement system is financed from a direct General Fund appropriation each fiscal year.

Each year, existing judges earn additional service credit. These service credits represent future retirement benefits that judges are entitled to, but have not been funded. This "unfunded liability" is increasing each year. Currently, the judicial retirement system has accumulated an unfunded liability of approximately $24.4 million.

The subcommittee relied heavily on the Public Employees' Retirement System and the System's actuary, The Segal Company, during the interim study. At the subcommittee's request, The Segal Company projected the cost of a number of alternatives to the current method of funding judicial pensions. The subcommittee also received input from the District Judges' Association outlining issues relating to how a new retirement system should be structured and also provided information requested by the subcommittee.

Over the next 40 years, The Segal Company estimates that the current judicial retirement plan would cost the State of Nevada approximately $172.9 million. Under this "pay-as-you-go" plan, no funds would be accumulated over this 40-year period to help offset the cost of future retirement benefits. The subcommittee recommended a bill be drafted to actuarially fund the judicial retirement plan to be reviewed by the 2001 Legislature. While this action would have an initial upfront cost, the savings over time is very dramatic. If the judicial retirement system was actuarially funded, the cost over the next 40 years is estimated at $127.4 million, which represents a substantial savings compared to the current judicial retirement plan. In addition, a total of $127.6 million would be accumulated in a trust fund and invested to offset the cost of future retirement benefits.

The subcommittee also reviewed how to finance the cost of actuarially funding the judicial retirement system. Currently, whether a judge is a member of the Public Employees' Retirement System or the judicial retirement system, the state funds 100 percent of the cost of retirement benefits. This is not the case for other public employees who are responsible for 50 percent of the retirement contribution assessed by PERS. A number of options for financing the cost of the judicial retirement plan were reviewed by the subcommittee. The first option would utilize a portion of future salary increases to offset the cost of the retirement contribution required to finance the judicial retirement system. A second option was developed by the District Judges' Association and would increase various court fees that could be deposited to the General Fund to partially offset the cost of the new retirement system. The subcommittee recommended that the state continue to finance 100 percent of the cost of the judicial retirement plan and noted that this issue could be debated during the 2001 Legislative Session. If the Legislature decides to continue financing 100 percent of the cost of the judicial retirement system, I would recommend that any enhancements to retirement benefits requested in the future be financed by assessing the entire cost of these enhancements to the participants of the judicial retirement system.

I would like to thank the staff of the Public Employees' Retirement System and the Administrative Office of the Courts as well as Leslie Thompson of The Segal Company for their efforts in producing the information utilized by the subcommittee in reviewing alternatives to financing retirement benefits for certain judges and justices. Based on the information developed by these groups, the subcommittee was able to develop recommendations on financing judicial pensions that could result in the State of Nevada saving modest amounts in operating appropriations immediately and tremendous amounts over a 20-year or 40-year period.

Respectively submitted,

Assemblyman Lynn Hettrick
Chairman

II. Assembly Bill 698 of the 70th Session of the Legislature

Assembly Bill 698 of the 1999 Legislature directed the Legislative Commission to appoint a four member subcommittee to analyze the actuarial soundness of the current method of funding retirement benefits for certain judges and justices. The four members appointed to the subcommittee included Assemblyman Lynn Hettrick, Chairman, Senator William R. O'Donnell, Senator Joseph M. Neal, Jr., and Assemblyman Bob Price.

The Legislature has been reviewing the issue of actuarially funding judicial retirement benefits for some time. The 1997 Legislature passed Senate Bill 36 which required the Public Employees' Retirement System (PERS) to conduct a study of the judicial retirement system to determine the feasibility of funding the system on an actuarially sound basis. The Segal Company, the actuary utilized by PERS, completed this review and reported to the Interim Retirement Committee in December 1998 on the results of their analysis. A number of issues were identified by the Interim Retirement Committee that, due to time constraints, were not resolved to allow drafting of legislation for review by the 1999 Legislature. Assembly Bill 698 was passed by the 1999 Legislature which authorized an interim study to continue working on the issue of funding the judicial retirement system on an actuarial basis.

Assembly Bill 698 required the subcommittee to analyze the actuarial soundness of the current method of funding the judicial pension plan, review an alternative method of funding judicial pensions based on the method utilized by the Public Employees' Retirement System, and review any other alternatives to funding judicial pensions the subcommittee determined to be actuarially sound.

Assembly Bill No. 698–Committee on Ways and Means

CHAPTER 644

AN ACT relating to retirement; requiring the Legislative Commission to conduct an interim study of the pension plan for certain justices and judges; authorizing an expenditure by the Public Employees' Retirement System to assist in carrying out the study; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. 1. The Legislative Commission shall appoint a subcommittee of four legislators selected as follows:

(a) Two members of the Assembly, one of whom must be appointed as the chairman of the subcommittee; and

(b) Two members of the Senate, to conduct an interim study of the pension plan for justices of the supreme court and judges of the district courts of this state.

2. The study must include an analysis of:

(a) The actuarial soundness of the current method of funding the pension plan;

(b) An alternative to the current method of funding the pension plan modeled on the method of funding the Public Employees' Retirement System, and the actuarial soundness of such an alternative; and

(c) Any other alternatives to the current method of funding the pension plan that the subcommittee determines to be actuarially sound. If the subcommittee considers the addition of justices of the peace or judges of the municipal courts to the current pension plan, the study must include an additional, similar analysis relating to that inclusion.

3. The Public Employees' Retirement System shall provide such advice and assistance to the subcommittee as may be requested by the subcommittee to carry out the provisions of this act.

4. Any recommended legislation proposed by the subcommittee must be approved by an affirmative vote of not less than three members of the subcommittee. The subcommittee shall deliver a report of its findings and any recommended legislation to the Legislative Commission.

Sec. 2. The Public Employees' Retirement System may expend not more than $30,000 from the public employees' retirement fund to provide the advice and assistance requested by the subcommittee pursuant to subsection 3 of section 1 of this act.

Sec. 3. This act becomes effective upon passage and approval.

III. Overview of Current System

Currently, judges earn retirement benefits from one of two different retirement systems. If a judge is a member of the Public Employees' Retirement System (PERS) when they are elected to office, they can choose to remain in PERS or begin earning benefits under the judicial retirement system. For judges that are not members of PERS when they are elected, retirement benefits are provided through the judicial retirement system.

Benefits provided under PERS and the judicial retirement system vary. One of the major differences is the retirement credit earned for each year of service. In PERS, 2.5 percent of an employee's salary is earned for each year of service up to a maximum of 30 years resulting in a maximum benefit of 75 percent. The salary utilized for retirement purposes is based on the average compensation earned during the highest consecutive 36 months of employment. In the judicial retirement system, no service credit is earned until year five. Starting in year five and each year through year 22, a judge earns 4.1666 percent for each year of service. At the end of 22 years of service the maximum benefit of 75 percent is reached. The base salary for retirement purposes is the highest salary earned over a 12-month period. The other major difference is public employees are responsible for one-half of the cost of the retirement contribution assessed by PERS either by paying one-half of the cost of the retirement contribution or reducing their salary to offset the cost their employer incurs for paying 100 percent of the retirement contribution. Judges, whether in PERS or the judicial retirement system, do not contribute to the cost of their retirement plan nor do they take a reduction in salary to offset a portion of the cost of the retirement plan. The State of Nevada currently pays 100 percent of the cost of retirement benefits for judges.

The current retirement system for Supreme Court Justices and District Court judges can be best described as a "pay-as-you-go" plan. Retirement benefits are based on service credit earned for each year a judge serves. However, unlike the Public Employees' Retirement System, no contributions are assessed so funds are not accumulated and invested to offset future retirement costs. The judicial retirement system is financed by a direct General Fund appropriation each fiscal year.

Each year, existing judges earn additional service credit. These service credits represent future retirement benefits that judges are entitled to, but have not been funded. This "unfunded liability" is increasing each year. Currently, the judicial retirement system has accumulated an unfunded liability that totals approximately $24.4 million.

IV. Initial Actuarial Report from The Segal Company

Before the subcommittee's first meeting, The Segal Company was requested to update its actuarial analysis of the current judicial retirement system. The information developed by The Segal Company, dated January 2000, was reviewed for the subcommittee at its initial meeting and is included under Appendix A.

The report developed by The Segal Company was based on the judicial retirement system as of July 1, 1999. The Segal Company noted that there were no assets currently in the system since the benefits are funded on a "pay-as-you-go" basis. In a system that is based on actuarial reserve funding, monies are deposited periodically in a trust fund, and both contributions and investment earnings are used to pay retirement benefits. In Nevada's current pay-as-you-go system, no funding is set aside in a trust fund to offset the future cost of retirement benefits for judges.

The Segal Company utilized the following assumptions in developing estimates on the cost of actuarially funding the judges' retirement plan:

- There were 29 active members, 21 retired members and 14 survivors and beneficiaries as of August 1999;
- Participants would earn 4.1666 percent of final salary for each year of service over four years. The maximum benefit would be 75 percent of final salary. Participants would be eligible to receive retirement benefits at age 60 with five years of service;
- The benefit for a surviving spouse is $450 per month until the spouse reaches 60 years of age. At age 60, the benefit increases to $2,500 per month. Surviving children receive $400 per month until age 18 (23 if a full time student);
- Investment return would average 8 percent per year;
- Salary increases would average 3 percent per year, plus increases of 2 percent per year for longevity after the fourth year of service;
- Post retirement benefit increases would match the amounts provided by PERS; and
- Retirement benefits from the actuarially funded retirement plan would be paid beginning on July 1, 1999.

The Segal Company provided four funding scenarios for the subcommittee. The first scenario assumed that only active participants would be financed on an actuarial reserve basis. Retirement benefits for current retirees would continue to be paid on a pay-as-you-go basis. The unfunded liability for active members, projected to total $10,082,411, would be financed over a 38-year period. The second scenario assumed that both active and retired judges would be financed on an actuarial reserve basis. The unfunded liability for active and retired members, projected to total $23,166,782, would be financed over a 38-year period. Scenarios 3 and 4 mirror scenarios 1 and 2 except that the unfunded liability would be amortized over a 25-year period.

The cost of financing each of these scenarios is included on page 32 (Appendix A). The "normal cost" represents the cost of service earned to retirees in a particular year. The normal cost is the same for all four scenarios and totals 25.8 percent of salary costs. Expenses to administer the actuarially funded judges retirement plan are also the same for all four scenarios and represents 1.2 percent of salary costs. The difference in cost for the various scenarios is how the State of Nevada chooses to finance the unfunded liability that has accumulated in the current judicial retirement system.

Outlined below is a schedule that provides the cost of the four scenarios provided by The Segal Company.

	Normal Cost	Administrative Cost	COST TO FINANCE UNFUNDED LIABILITY IN YEAR 1: Actives Only over 38 Years	All Members over 38 Years	Actives Only over 25 Years	All Members over 25 Years	Total
Scenario 1							
Cost	$838,106	$39,000	$581,007				$1,458,113
% of Payroll	25.8%	1.2%	17.9%				44.9%
Scenario 2							
Cost	$838,106	$39,000		$1,335,004			$2,212,110
% of Payroll	25.8%	1.2%		$0			68.1%
Scenario 3							
Cost	$838,106	$39,000			$698,705		$1,575,811
% of Payroll	25.8%	1.2%			$0		48.5%
Scenario 4							
Cost	$838,106	$39,000				$1,605,443	$2,482,549
% of Payroll	25.8%	1.2%				$0	76.5%

The Segal Company also provided schedules that compared the projected cost of each of the four scenarios to the current pay-as-you-go plan in each of the next 40 years. These schedules are included under Appendix A, pages 34-41. Under the actuarial reserve plan (scenario 2), over a 20-year period there would be more cash paid out ($62,154,700) than under the pay-as-you-go plan ($50,939,500). However, under the actuarial reserve plan, at the end of this 20-year period, approximately $30.8 million dollars is projected to be accumulated and invested to offset the cost of future retirement benefits. Under the pay-as-you-go plan no trust fund would be accumulated to finance future benefits.

After 40 years, the actuarial reserve plan has a lower cash outlay ($153,353,200) than the pay-as-you-go plan ($160,022,600) and the trust fund is projected to total $121 million as opposed to the current judicial retirement system that would have no reserve balance.

Subcommittee members requested information on how the cost figures would change if a one-shot appropriation was approved to partially or fully finance the unfunded liability of the current judicial retirement plan. The actuary indicated that the normal (25.8 percent of salary) and administrative costs (1.2 percent of salary) of the retirement plan would not change. If the entire unfunded liability was financed through a one-shot appropriation, the normal and administrative costs would represent the entire cost of the actuarial reserve plan. If only a portion of the unfunded liability were financed, the remaining unfunded liability would need to be financed through increasing the contribution rate over 25 or 38 years.

The subcommittee requested The Segal Company to develop additional scenarios that would outline the cost of an actuarial reserve plan based on partially or fully financing the unfunded liability through a one-shot appropriation. The subcommittee also requested the actuary to change the assumption on when the actuarially funded judicial retirement plan would become effective from July 1, 1999 to January 1, 2003.

V. Input Received from the District Judges' Association

The subcommittee received input from the District Judges' Association throughout the course of the study. The President of the Association, District Judge Sally Loehrer, presented information comparing the benefits provided by the judicial retirement plan to the benefits provided under PERS which is included under Appendix B.

The most important issue identified by the District Judges' Association was placing the judicial retirement system on an actuarially sound basis. This would enable the judicial retirement plan to offer a survivor's benefit option which would allow a judge at the time of retirement to take a reduced benefit in order to allow retirement benefits to be provided over the life of both the retiring judge and the judge's spouse. The PERS plan provides this option but the judicial retirement plan does not since it is not actuarially funded. The benefit provided to a surviving spouse of a judge in the judicial retirement plan is set by statute at $2,500 per month once a surviving spouse reaches 60 years of age. Prior to age 60, a surviving spouse is entitled to the same benefit as a member of PERS with less than 10 years of service ($450 per month). Increasing the survivor's benefit to a more reasonable level was an issue that would be addressed if the judicial retirement plan was actuarially funded.

Other issues outlined by the District Judges' Association included not accruing service credit in the judicial retirement system until the fifth year of service. Starting in year five and each year through year 22, a judge earns 4.1666 percent for each year of service. At the end of 22 years of service the maximum benefit of 75 percent is reached. This compares to service credit of 2.5 percent earned for each year of service in PERS for a maximum of 30 years to reach the maximum benefit of 75 percent. The District Judges' Association recommended judges accrue service credit at the rate of 4.1666 percent per year beginning in the first year of service. This would allow the maximum retirement benefit of 75 percent to be earned upon the completion of 18 years of service, which represents three full elected terms of office.

A provision was also recommended that would allow PERS service credits to be transferred to the judicial retirement system and thereafter judges would accrue service credit at the higher judge's rate (4.1666 percent per year). Judges in PERS would also like to have their benefits computed based on the highest one year of compensation rather than the highest three years of compensation as provided under the PERS plan. Finally, the judges would like to have the option of purchasing additional service credit which is an option under the PERS plan but is not in the judicial retirement plan. Testimony indicated that the judges were open to all options available to the subcommittee and would provide additional information at the subcommittee's request.

There was discussion on how to finance an actuarially funded judicial retirement plan. Currently, whether a judge is in PERS or the judicial retirement system, the state funds 100 percent of the cost of retirement benefits. This is not the case for other public employee members of PERS who are responsible for 50 percent of the retirement contribution assessed by PERS by paying one-half of the cost of the retirement contribution or reducing their salary to offset the cost their employer incurs for paying 100 percent of the retirement contribution.

The subcommittee discussed whether judges should be responsible for partially financing the cost of an actuarially funded retirement plan. This option would utilize a portion of future salary increases authorized for judges to offset the cost of the retirement contribution required to finance the retirement system. Judges are usually provided a cost of living salary increase once every six years. The 2001 Legislature will consider a cost of living increase for judges elected on or after November 2002. A portion of this salary increase could be used to offset the cost of the retirement plan. Judges not running for election in November 2002 would not contribute to the retirement plan until after their term of office expires.

Judge Loehrer indicated the option of utilizing a portion of a future cost of living increase would result in a reduction in salary for judges and justices. While their actual salary may not be lowered, the result would be a judge's salary would be worth less than before due to the impact of inflation. Testimony indicated that the judges would not be in support of utilizing funds approved for a salary increase to finance a portion of the judicial retirement system's cost. Judge Loehrer was requested to discuss this issue with the members of the District Judges' Association and provide any recommendations that would be appropriate for the subcommittee's review concerning this issue.

At the subcommittee's next meeting, District Judge Michael Gibbons presented recommendations that were developed by the District Judges' Association at the subcommittee's request. Two retirement plans were presented. A copy of Retirement Plan A and Plan B presented by the District Judges' Association is provided under Appendix C. Since judges are equally split in participating in PERS and the judicial retirement system, the Association attempted to incorporate the best features from each plan and combine them into one judicial retirement plan. Plan A would accrue service credit at 3.75 percent per year resulting in a maximum benefit of 75 percent after 20 years of service. The current judicial retirement system accrues service credit of 4.1666 percent per year starting in year five resulting in a maximum 75 percent benefit after 22 years of service. If the judicial retirement system is funded on an actuarial basis, the District Judges' Association recommended Plan A.

If it is determined that the judicial retirement plan cannot be actuarially funded at this time, the District Judges' Association recommended Plan B. This plan would accrue service credit at 3.4091 percent per year resulting in a maximum benefit of 75 percent after 22 years of service. This would allow service credit to be earned starting in a judges first year of service, but would allow for the maximum benefit to be earned in the same timeframe of 22 years. Other features of Plan B include the ability of a judge to receive a reduced benefit in order to allow retirement benefits to be provided over the life of both the retiring judge and the judge's spouse. The plan would also allow retired judges covered by PERS who are called back to service by the Supreme Court to earn additional service credit without benefits being suspended. This is currently allowed under the judicial retirement plan but not under the PERS plan.

The District Judges' Association reviewed the issue of how to finance an actuarially sound retirement system. A number of different fees are assessed in civil cases that are designed to offset the cost of operating the court system. A schedule outlining increases in arbitration filing fees, preemptory challenges and filing fees that were estimated to generate up to $1.5 million per year was presented to the subcommittee as an option to finance the costs related to actuarially funding the judicial retirement plan. The schedule outlining these fee increases is provided under Appendix D.

The subcommittee accepted the information developed by the District Judges' Association. It was noted that while some of the recommendations would not result in additional costs, other recommendations would likely increase the cost of providing retirement benefits to judges and the financial impact would need to be carefully reviewed by the actuary.

VI. Updated Actuarial Report from The Segal Company

At the subcommittee's request, The Segal Company updated the actuarial analysis of the judicial retirement system. The updated information, dated April 5, 2000, included two major changes in the assumptions when compared to the original figures presented. Scenarios were developed assuming a one-shot appropriation was provided on July 1, 2001, to partially or fully finance the unfunded liability of the current judicial retirement system. The actuary also changed the effective date of the new retirement system to January 1, 2003. The updated financial projections developed by The Segal Company are provided under Appendix E.

The scenarios developed by The Segal Company were similar to the scenarios developed earlier. The schedule labeled scenario 1 and scenario 3 (refer to pages 77 and 78) would include only future retirees in the actuarially funded retirement system. Benefit payments would be made from the actuarially funded retirement system to judges that retire after January 1, 2003. Judges that retire before July 1, 2003 would be paid on a pay-as-you-go basis. This scenario assumes a $13,508,200 one-shot appropriation would be provided on July 1, 2001 to finance the unfunded liability for active judges (does not include the unfunded liability for current retirees). The one-shot appropriation would be deposited into the judicial retirement trust fund and invested on or before July 1, 2001. However, retirement benefits would not be paid from the trust fund until January 2003.

Scenario 2 (refer to pages 79 and 80) would include both current and future retirees in the actuarially funded retirement system. Retirement benefits would be paid on a pay-as-you-go basis until the effective date of the new actuarially funded retirement system on January 1, 2003. At that time, benefits for current and future retirees would be paid from the trust fund established for the new judicial retirement system. A one-shot appropriation of $13,508,200 would be provided on July 1, 2001 to finance the unfunded liability for active judges. The unfunded liability for retired judges would be financed by an increase in the retirement contribution rate over a 34-year period. Retirement contributions required to finance the normal cost of the retirement plan, the administrative expenses and the unfunded liability for retired judges would be paid into the trust fund beginning in January 2003. The total contribution rate for scenario 2 is projected to be 47.3 percent.

Scenario 4 (refer to pages 81 and 82) is identical to scenario 2 except the unfunded liability for retired judges would be financed through an increase in the retirement contribution rate over a 21-year period instead of a 34-year period.

The schedule labeled scenario 2 and scenario 4 (refer to pages 83 and 84) would include both current and future retirees. Retirement benefits would be paid from the trust fund established for the new judicial retirement system beginning January 1, 2003. This scenario assumes a one-shot appropriation of $24,394,100 would be provided on July 1, 2001. This amount would finance the unfunded liability of both active and retired judges. Therefore, the retirement contribution rate would include only the amount needed to finance the normal cost and administrative expenses of the retirement plan. The total contribution rate for this scenario is estimated to be 27 percent of salary costs.

The subcommittee concentrated its review on scenario 2 which would include both current and future retirees in the new judicial retirement system. The savings generated in both the short-term and long-term were outlined for the subcommittee.

In the short-term, the subcommittee noted if one-shot funding was available to finance all or a portion of the unfunded liability, there would be an immediate savings in the ongoing funding necessary to finance the actuarially funded plan compared to the pay-as-you-go retirement plan. One-shot funding represents surplus funds that have accumulated over a number of years and therefore will not be available on an annual basis. The construction of buildings or the purchase of equipment is an example of costs that do not reoccur on an annual basis and therefore are appropriate uses of one-shot funds. Ongoing funds represent expenses financed from revenues generated in a specific fiscal year and should be available to fund expenses that reoccur on an annual basis. Salary or operating costs are examples of costs that reoccur on an annual basis and represent an appropriate use of ongoing revenues.

Utilizing scenario 2 as an example and assuming no one-shot funding was approved, in the first year the actuarially funded plan is estimated to cost $2,212,100 compared to $1,525,100 for the pay-as-you-go plan. This results in the actuarially funded plan costing approximately $687,000 more in ongoing funds compared to the pay-as-you-go plan in year one. However, if a one-shot appropriation of $13,508,200 was approved on July 1, 2001, the estimated cost of scenario 2 for the actuarially funded plan in the first year of implementation (2003) is $1,680,300 compared to $1,830,400 for the pay-as-you-go plan. This results in the actuarially funded plan saving an estimated $150,100 in ongoing funds compared to the pay-as-you-go plan in the first year the plan is implemented. The projected savings increase the longer the actuarially funded plan is in operation. The actuarially funded plan is estimated to save $454,200 in ongoing funds in year 10 and $1,102,500 in year 20.

The long-term savings included in The Segal Company's analysis indicated the actuarially funded judicial retirement system would generate a substantial savings over time compared to the current pay-as-you-go retirement plan. Over the next 20 years, the current pay-as-you-go plan is estimated to cost the State of Nevada a total of $55.6 million. However, at the end of 20 years the current judicial retirement system would not have accumulated any funding to offset the cost of future retirement benefits. The cost of actuarially funding the judicial retirement system (scenario 2) over the next 20 years is projected to total $59.0 million. Under the actuarially funded plan, after 20 years approximately $47.4 million has been accumulated and is being invested to offset the future costs of retirement benefits.

Over a 40-year period, the financial comparison of the two plans is even more dramatic. Over the next 40 years, the current pay-as-you-go retirement plan is estimated to cost the State of Nevada approximately $172.9 million. No funding would have been accumulated over this 40-year period to help offset the cost of future retirement benefits. Under the actuarially funded plan, the cost over 40 years is estimated to total $127.4 million, which represents a substantial savings compared to the current pay-as-you-go plan. In addition, a total of $127.6 million is projected to be accumulated and invested in the trust fund to offset the cost of future retirement benefits.

A schedule that outlines the short-term and long-term costs in one-shot and ongoing funds from implementing an actuarially financed judicial retirement system is included under Appendix F.

It was suggested that Governor Guinn be approached to determine if he was willing to support a $13.5 million one-shot appropriation within The Executive Budget that is submitted to the 2001 Legislature to support an actuarially funded judicial retirement system. The subcommittee noted that while a large one-shot appropriation would be required, the lower ongoing costs of providing retirement benefits to judges on an annual basis was very appealing. In addition, retirement contributions would be accumulated and invested to offset future retirement costs which is not the case in the current pay-as-you-go plan. The Governor's support of a one-shot appropriation to finance a portion of the unfunded liability would increase the chances that an actuarially funded judicial retirement system would be approved by the 2001 Legislature.

VII. Development of Subcommittee Recommendations

The subcommittee's work session to develop recommendations for review by the 2001 Legislature was held on August 25, 2000. The subcommittee made the following recommendations concerning the establishment of an actuarially funded judicial retirement system:

1. Financing the Unfunded Accrued Liability.

The subcommittee recommended a bill draft request (BDR-208) to provide a one-shot appropriation of $13,508,200 to finance the unfunded liability for the active judges within the judicial retirement system.

The subcommittee indicated that Governor Guinn should be informed of the request for a one-shot appropriation so he could consider this request when developing the 2001-03 Executive Budget that will be submitted to the 2001 Legislature. The one-shot appropriation would be effective on or before July 1, 2001, and would be invested in the trust fund established for the new judicial retirement system.

2. Formation of a New Judicial Retirement System.

The subcommittee recommended a bill draft request (BDR-208) to establish an actuarially funded judicial retirement system based on scenario 2 as outlined in the updated actuarial analysis provided by The Segal Company, dated April 5, 2000. The recommended effective date for the actuarially funded judicial retirement system is January 1, 2003.

Under scenario 2, benefits to retired judges would be paid under the current pay-as-you-go plan until the effective date of the new actuarially funded retirement plan on January 1, 2003. At that time, benefits for current and future retirees would be paid from the trust fund established for the new judicial retirement system. Effective January 1, 2003, retirement contributions would be assessed against judges salaries to finance the normal costs and administrative costs of the judicial retirement plan. Retirement contributions would also be assessed over a 34-year period to finance the unfunded liability of judges that are currently retired. The total contribution rate is projected to be 47.3 percent of salary costs.

3. The State of Nevada should finance 100 percent of the cost of the judicial retirement system.

The subcommittee reviewed this issue and debated whether judges should be required to contribute to the cost of the retirement plan as other public employees are required to do. Two options were considered. The first option would utilize a portion of future salary increases to offset the cost of the retirement contribution required to finance the retirement plan.

The second option was developed by the District Judges' Association at the request of the subcommittee. This option would raise various court fees that could be deposited to the state General Fund to partially offset the cost of the new retirement system. The subcommittee identified a number of concerns with the projection of revenues that could be generated from the increase in court fees and concluded that a thorough review of this option would be required if it were recommended. In addition, some of the existing fees identified are currently a local revenue source. Therefore, local governments may not be in favor of raising the fees to offset state costs related to the judicial retirement plan.

The subcommittee recommended that the state finance 100 percent of the cost for the judicial retirement plan. The subcommittee noted that this recommendation could be debated when the bill was reviewed by the 2001 Legislature.

4. The Public Employees' Retirement System should administer the judicial retirement plan.

The judicial retirement plan is recommended to be administered in a separate trust fund in the same manner that PERS administers the Legislators' retirement plan. The subcommittee also recommended that the five-member judicial retirement advisory board recommended to be established by the District Judges' Association report to the Interim Retirement and Benefits Committee. This is the same committee the Public Employees' Retirement System reports to for direction on policy issues.

5. **Judges must decide by March 31 after their election to office whether to enroll in PERS or the judicial retirement system. Judges appointed to the bench would have 90 days to make this decision.**

Judges in PERS that are elected in November 2002 would have until March 31, 2003 to decide to continue in PERS or transfer to the actuarially funded judicial retirement system. Judges elected in November 2002 that are not in PERS at the time they are elected would be enrolled in the actuarially funded judicial retirement system at the beginning of their term of office. Judges that are currently in the PERS plan but not running for election in November 2002 would have until March 31, 2003 to decide on transferring into the judicial retirement plan.

A decision to transfer into the judicial retirement system would be a one-time election. If a decision is made to transfer into the judicial retirement system, a judge would not be allowed to transfer back into the Public Employees' Retirement System. The only exception that would be allowed is if a member of the judicial retirement system was no longer a judge and was later employed in the public sector, he could transfer service credit earned in the judicial retirement system to PERS.

Judges currently in PERS that elect to transfer into the new retirement system would move the service credit earned in PERS to the new judicial retirement system. After transferring, service credit would begin to accrue at the higher judges' rate. The current value of the benefit earned in PERS would be calculated and those funds would be transferred from PERS into the trust fund established for the judicial retirement system.

6. **The judicial retirement system should be based as closely as possible to the Public Employees' Retirement System.**

The differences in benefits provided under the current judicial retirement system and the Public Employees' Retirement System were discussed a number of times by the subcommittee. A schedule that outlines the differences in benefits provided by PERS, the current judicial retirement system, and Plan A and Plan B recommended by the District Judges' Association, was developed by the staff of the Public Employees' Retirement System and the Administrative Office of the Courts. The subcommittee requested Fiscal Analysis Division staff to recompile this schedule including only the differences where neither judges' plan matched up with the benefits provided under PERS. Both of these schedules are provided under Appendix G. The subcommittee concluded that wherever possible the actuarially funded judicial retirement system should match the provisions in the Public Employees' Retirement System.

An example of why the subcommittee recommended basing the judicial retirement system as close as possible to PERS is the provision allowing members to purchase service credit. In PERS, a member has the option of purchasing up to five years of service credit. The cost to purchase service credit is actuarially determined and deposited into the PERS trust fund to finance future retirement benefits for the appropriate individual. The District Judges' Association recommended that judges be allowed to purchase up to six years of service credit which would equal one term in office. Testimony provided by the Public Employees' Retirement System indicated that the Internal Revenue code includes restrictions on the amount of funding that can be used to purchase service credit which may prohibit an individual from purchasing up to six years of service. Due to this restriction, the subcommittee determined it would be appropriate to recommend the judicial retirement system match the provisions in PERS which provide for the purchase of only five years of service credit. Due to the various complications that could potentially arise in setting up a new actuarially funded retirement system, the subcommittee recommended that the new judicial retirement system be based as closely as possible to the Public Employees' Retirement System.

The subcommittee reviewed the differences in benefits between PERS and the proposed judicial retirement plans utilizing the schedule on pages 91 and 92 in Appendix G. The following recommendations were made by the subcommittee:

A. Eligibility

Eligibility for the judicial retirement system is recommended to match PERS. Judges would be eligible for retirement benefits at age 65 after five years of service, at age 60 with ten years of service and at any age with 30 years of service.

B. Service Credit

Service credit in the new judicial retirement system is recommended to be earned at a rate of 3.4091 percent for each year of service. Service credit would be earned from the first year of service. The maximum benefit of 75 percent would be earned after 22 years, which is the timeframe for earning the maximum retirement benefit in the current judicial retirement system.

C. Base Salary

The base salary utilized to determine retirement benefits is recommended to be based on the average compensation earned during the highest consecutive 36 months of employment which would match how retirement benefits are calculated for members of PERS. The salary utilized for retirement purposes in the current judicial retirement system is based on the salary during the last 12 months of employment.

D. Additional Active Service

When a retired individual in PERS returns to work for a public employer, their retirement benefits are suspended, they are re-enrolled in the PERS plan and can earn additional service credit up to the maximum 75 percent benefit. In the current judicial retirement system, retired individuals that return to work as a judge continue to receive their retirement benefits and earn additional service credit up to the 75 percent maximum benefit.

The subcommittee noted that the 1999 Legislature passed Assembly Bill 74 which requires the Public Employees' Retirement System to conduct a study on retiree reemployment. Testimony indicated that PERS will propose legislation during the 2001 Legislature that would allow certain occupational groups, based on a proclamation from a state entity such as the Board of Examiners that indicates a statewide labor shortage exists, to return to work for a public employer while continuing to receive retirement benefits from PERS. The subcommittee recommended incorporating the recommendations developed on reemployment by PERS into the judicial retirement system. The subcommittee noted that since there are a very limited number of experienced judges, they would probably qualify under the recommendations proposed by PERS.

The subcommittee noted the actuarial analysis should be updated based on the decisions made during the work session. However, it was recommended that the actuarial analysis not be updated until later in the year. At that time, more will be known concerning the state's financial condition going into the 2001 Legislative Session. The subcommittee will then be in a better position to assess whether Governor Guinn would consider supporting a one-shot appropriation to finance all or a portion of the unfunded liability the current judicial retirement system has accumulated. If it is determined that Governor Guinn might support a one-shot appropriation for this purpose, The Segal Company can be contacted to update its actuarial analysis of the judicial retirement system in order to provide Governor Guinn with the best information possible when funding decisions are made during the development of the 2001-03 Executive Budget.

If the actuarially funded judicial retirement plan is authorized by the 2001 Legislature, the subcommittee also requested the Public Employees' Retirement System to develop informational and support services to assist the judges and justices with decisions concerning the new judicial retirement system.

Appendix A

Actuarial Valuation Report on the
Judges' Retirement System
developed by
The Segal Company

January 2000

JUDGES' RETIREMENT SYSTEM OF THE STATE OF NEVADA

Actuarial Valuation Report
and Review as of
July 1, 1999

Submitted by
The Segal Company
January 2000

THE SEGAL COMPANY

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Suite 750
Englewood, Colorado
80111-6722
303-714-9900
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February 4, 2000

Mr. George Pyne
Executive Director
Public Employees' Retirement
System of Nevada
693 West Nye Lane
Carson City, NV 89703-1599

Dear George:

We are pleased to submit this actuarial valuation of the Judicial Retirement Statutes of the State of Nevada as of July 1, 1999.

The sections of the report are as follows:

These actuarial calculations were made by qualified actuaries in accordance with accepted actuarial procedures, based on the current Plan provisions under the Judicial Retirement Statute and on actuarial assumptions and methods that are believed to be best estimates of plan experience.

We will be pleased to answer any questions you may have regarding this actuarial valuation of the Judicial Retirement Statutes.

Sincerely,

Leslie L. Thompson, A.S.A., M.A.A.A., E.A.
Vice President and Consulting Actuary

LLT/cvm

I. INTRODUCTION AND HIGHLIGHTS

This actuarial valuation of the Judges' Retirement System is prepared as of July 1, 1999. This valuation illustrates the State contribution required to fund the System on an actuarial reserve basis. The actuarial valuation is based on the following major elements:

- The present Judicial Retirement Statutes (see Section II).
- The characteristics of the 29 active Judges and 35 retirees and beneficiaries covered by the Statutes as of July 1, 1999 (see Section III).
- The actuarial assumptions outlined in Section IV.
- The assets of the Judges' Retirement System. Because the Judges' benefits have historically been funded on a pay-as-you-go basis, the assets of the System as of July 1, 1999 are $0.

Supreme Court and District Court Judges

The valuation results presented in this report are based upon plan participation by the Supreme Court and District Court Judges who do not participate in the Public Employees' Retirement System of the State of Nevada. The demographics of the covered group affect the plan costs. The average compensation for this group is $111,957, their average age is 55.2 years, their average entry age is 46.5 years and their average past service is 8.7 years.

The actuarial valuation has been completed based on four different scenarios, as follows:

	Scenario			
	1	2	3	4
Pre-Fund Benefits:	Actives Only	Actives, Retirees and Beneficiaries	Actives Only	Actives, Retirees and Beneficiaries
Unfunded Actuarial Accrued Liability – Amortization Period:	38 years (GASB maximum allowable on closed basis)	38 years (GASB maximum allowable on closed basis)	25 years (PERS schedule)	25 years (PERS schedule)

The Governmental Accounting Standards Board (GASB) issued financial reporting guidelines for state and local governmental pension plans. According to these guidelines, the annual required contribution should include the employer's normal cost and a provision for amortizing the unfunded actuarial accrued liability. On a closed (declining) basis that conforms to GASB guidelines, the maximum amortization period for 1999 is 38 years. Scenarios 1 and 2 present the valuation results based on the maximum closed amortization period allowed by GASB, as a level percent of pay growing at 3% per year.

The unfunded actuarial accrued liability for the Public Employees' Retirement System (PERS) of the State of Nevada is amortized on a closed basis over a period of 25 years from July 1, 1999 as a level percent of pay. Scenarios 3 and 4 present the valuation results based on the PERS amortization period, as a level percent of pay. Thus, the dollar amount is assumed to grow each year at the 3% inflation assumption.

Scenarios 1 and 3, which pre-fund benefits for actives only, assume that all current retirees will continue on a "pay-as-you-go" basis.

The amortization of the unfunded actuarial accrued liability under these four scenarios as of July 1, 1999, is shown below:

Unfunded Actuarial Accrued Liability

	Scenario			
	1	2	3	4
	Actives Only 38 Year Amortization	**All Members 38 Year Amortization**	**Actives Only 25 Year Amortization**	**All Members 25 Year Amortization**
Actuarial accrued liability	$10,082,411	$23,166,782	$10,082,411	$23,166,782
Actuarial value of assets	0	0	0	0
Unfunded actuarial accrued liability	$10,082,411	$23,166,782	$10,082,411	$23,166,782
Amortization period	38 years	38 years	25 years	25 years
First year annual amortization amount - 1999/2000	$581,007	$1,335,004	$698,705	$1,605,443

"Actives" include Supreme Court and District Court Judges who do not participate in the Public Employees' Retirement System of the State of Nevada.

"All Members" include Actives, Retirees and Beneficiaries of the Supreme Court and District Court who do not participate in the Public Employees' Retirement System of the State of Nevada.

Summary of Costs

Section V illustrates the State Contribution Requirements, as a percent of the eligible payroll, of the four scenarios. Total costs, which include the State Contribution Requirement plus the annual benefit payments for current retirees and beneficiaries (when funding the System for actives only), are shown below:

Total 1999/2000 Cost as a Percent of Covered Payroll

	Scenario			
	1	2	3	4
	Actives Only* 38 Year Amortization	**All Members** 38 Year Amortization**	**Actives Only* 25 Year Amortization**	**All Members** 25 Year Amortization**
State Contribution Requirement***	44.9%	68.1%	48.5%	76.5%

To derive total costs as a percent of payroll under Scenarios 1 and 3, add 37.9%, which is the cost for benefit payments for current retirees and beneficiaries. This group of retirees and beneficiaries is a closed group – their expected benefit payments can be seen in Section VII – Cash Flow Exhibits - Scenario 1, Column 7 (page 14).

Scenarios 1 and 3 represent the cost of the System if benefits are pre-funded for active Judges only. Under these two scenarios, the total annual cost of the System will include the pay-as-you-go benefits for current pensioners.

Scenarios 2 and 4 represent the cost of the System if benefits are pre-funded for actives, current retirees and beneficiaries. Under these two scenarios, benefits for current pensioners will be paid from the trust fund.

The development of the "State Contribution Requirements" is shown on the exhibit in Section V.

* "Actives" include Supreme Court and District Court Judges who do not participate in the Public Employees' Retirement System of the State of Nevada.

** "All Members" include actives, current retirees and current beneficiaries of the Supreme Court and District Court Judges who do not participate in the Public Employees' Retirement System of the State of Nevada.

*** The State Contribution Requirement assumes the contribution is made mid-year.

II. BENEFITS AND CONTRIBUTIONS

The present benefit provisions of the Judicial Retirement Statutes are outlined below.

BENEFITS

Normal Retirement

Requirements	Age 60 with 5 years of service.
Benefit amount	4.1666% of final salary for each year of service over four years. Maximum benefits are 75% of final salary.

Early Retirement

Requirements	Five years of service.
Benefit amount	Accrued retirement benefit actuarially reduced for each year that benefit begins before age 60. Actuarial reduction is the same as the Public Employees' Retirement System (4% per year).

Disability

Requirements	Five years of service.
Benefit amount	Accrued retirement benefit payable immediately, without reduction for early commencement.

Death While Active

Requirements	No age or service requirement.

Benefit to surviving spouse

If deceased member had less than five years of service:

- $450 per month payable until death or remarriage.

If deceased member had five or more years of service:

- $450 per month payable until spouse's age 60, and $2,500 per month beginning at spouse's age 60. Benefits end upon death or remarriage.

Benefit to surviving children

$400 per month until adoption, death, marriage or age 18, unless extended due to certain specified conditions, including, but not limited to full-time student, financially dependent or physically or mentally incompetent.

Form of Payment for Retirement Benefits

Annuity, payable for the life of the retired member. Upon the member's death, a benefit to the surviving spouse equal to $450 per month until spouse's age 60 and $2,500 per month after spouse's age 60. Benefits to surviving spouse end upon death or remarriage.

Post-Retirement Benefit Increases

Same as those provided by the Public Employees' Retirement System. 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 of increase in the Consumer Price Index for the three preceding years. In any event, the benefit of a member must be increased by the percentages above if the benefit of the member has not increased at a rate greater than or equal to the CPI for the period between the date of his retirement and the date the increase is scheduled to be paid.

II. BENEFITS AND CONTRIBUTIONS (continued)

CONTRIBUTIONS

Judges' Contributions	None.
State Contributions	Calculated as the actuarially-determined amount based on the results of actuarial valuations of the Judges' Retirement System.

III. MEMBER CHARACTERISTICS

Supreme Court and District Court Judges

Data on members of the Judges' Retirement System as of August 1999, was provided to The Segal Company by the Administrative Office of the Courts of Nevada. Our actuarial valuation as of July 1, 1999, was based on the characteristics of all members of the Judges' Retirement System, which are distributed by type as follows:

Active members	29
Total Payroll	$3,246,756
Average Annual Salary	$111,957
Inactive vested members	0
Retired members	21
Annual Benefits	$881,490
Survivors and beneficiaries	14
Annual Benefits	$377,651

Table 1 shows the distribution of active Judges as of July 1, 1999, by age and by years of service. The average age of the 29 active Judges is 55.2 years and their average years of service is 8.7 years.

There are 21 retired Judges with average benefits of $3,498 per month, or $41,976 per year. As of July 1, 1999, the actuarial liability for lifetime benefit payments to the 21 retired Judges and 14 beneficiaries (including the liability for permanent post-retirement benefit increases and post-retirement death benefits) amounted to $13,084,371.

Table 1

Nevada Judges in Active Service as of July 1, 1999
by Age and by Years of Service

Age	Years of Service							
	Total	0 – 4	5 – 9	10 - 14	15 -19	20 - 24	25 - 29	30 - 34
Total	29	12	6	6	2	1	2	-
Under 20	-	-	-	-	-	-	-	-
20 - 24	-	-	-	-	-	-	-	-
25 - 29	-	-	-	-	-	-	-	-
30 - 34	-	-	-	-	-	-	-	-
35 - 39	2	2	-	-	-	-	-	-
40 - 44	1	1	-	-	-	-	-	-
45 - 49	5	3	1	1	-	-	-	-
50 - 54	7	2	4	1	-	-	-	-
55 - 59	8	3	1	2	-	1	1	-
60 - 64	2	1	-	-	1	-	-	-
65 - 69	2	-	-	-	1	-	1	-
70 & Over	2	-	-	2	-	-	-	-

IV. ACTUARIAL ASSUMPTIONS

The assumptions used in this actuarial valuation of the Judges' Retirement System as of July 1, 1999 are summarized below:

Assumed investment yield rate	--	8% per annum, compounded annually
Salary increases	--	Base increases of 3% per annum. Longevity increases of 2% per year after four years. Maximum longevity increase of 22%.
Assumed mortality rates	--	1983 Group Annuity Mortality Table
Retirement rates	--	Retirement rates after completion of five years of service and attainment of the following ages:

Age	Rate per Age
60-64	35%
65-67	50%
68-69	75%
70	100%

Post-retirement benefit increases	--	2% following the third anniversary of the commencement benefits, 3% following the sixth anniversary, 3½% following the ninth anniversary, 4% following the twelfth anniversary and 5% following the fourteenth anniversary.
Withdrawal rates	--	5% per year during each of the first four years of service; 0% after four years of service.
Disability rates	--	None
Remarriage rates	--	None
Percent married	--	100%
Spouse's age difference	--	Males are assumed to be four years older than females.
Expenses	--	$39,000

V. RESULTS OF ACTUARIAL VALUATION

Based on the present Judicial Retirement Statutes, the characteristics of System members as of July 1, 1999, and the actuarial assumptions outlined in the previous section, we have calculated the State contribution, in accordance with generally accepted actuarial principles, required to meet the normal cost and assumed expenses and to amortize the unfunded actuarial accrued liability under the four scenarios outlined in Section I.

The results of our actuarial valuation as of July 1, 1999, are provided in the exhibit on the following page.

	Scenario							
	1		2		3		4	
	Actives Only 38 Year Amortization	% of Payroll	All Members 38 Year Amortization	% of Payroll	Actives Only 25 Year Amortization	% of Payroll	All Members 25 Year Amortization	% of Payroll
Normal cost - middle of year	$838,106	25.8%	$838,106	25.8%	$838,106	25.8%	$838,106	25.8%
Expenses	39,000	1.2%	39,000	1.2%	39,000	1.2%	39,000	1.2%
Payment required to amortize unfunded actuarial accrued liability as a level % of payroll	581,007	17.9%	1,335,004	41.1%	698,705	21.5%	1,605,443	49.5%
Total State contribution requirement	**$1,458,113**	**44.9%***	**$2,212,110**	**68.1%**	**$1,575,811**	**48.5%***	**$2,482,549**	**76.5%**
Total covered payroll	$3,246,756		$3,246,756		$3,246,756		$3,246,756	

"Actives" include Supreme Court and District Court Judges who do not participate in the Public Employees' Retirement System of the State of Nevada.

"All Members" include Actives, Retirees and Beneficiaries of the Supreme Court and District Court Judges who do not participate in the Public Employees' Retirement System of the State of Nevada.

* Total costs for the State would also include 37.9% for current retirees and beneficiaries.

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VI. PARTICIPANT STATISTICS

(Based on Data Collected as of August 1999)

Judges Retirement System
July 1, 1999

Active Participant Statistics	**Males**	**Females**	**Total**
Number	27	2	29
Fully Vested	16	1	17
Non-Vested	11	1	12
Total Annual Compensation	$3,015,484	$231,272	$3,246,756
Average Compensation	$111,685	$115,636	$111,957
Average Age	55.2	55.0	55.2
Average Entry Age	46.5	46.0	46.5
Average Service	8.6	9.5	8.7

Retired Participant Statistics	
Number	21
Annual Benefits	$881,490
Average Monthly Benefit	$3,498
Average Age	68.3

Beneficiary Statistics	
Number	14
Annual Benefits	$377,651
Average Monthly Benefit	$2,248
Average Age	77.5

NEVADA JUDGES -- 40 YEAR CASH FLOW

Scenario 1

Prefunding Future Retirees -- Amortization Period -- 38 Years from July 1, 1999

Year	(1) Employer Normal Cost (3% growth)	(2) UAL Payment (Scenario 1)	(3) Administrative Expenses (3% growth)	(4) Investment Return (8%)	(5) Expected Benefit Payments Current Retirees	(6) Total Cash Income	(7) Expected Benefit Payments Current Retirees	(8) Expected Benefit Payments Future Retirees	(9) Administrative Expenses (3% growth)	(10) Total Expenses	(11) Net Cash Flow (6)-(10)
1999	$838,100	$581,000	$39,000	$45,600	$1,230,500	**$2,734,200**	$1,230,500	$255,600	$39,000	**$1,525,100**	**$1,209,100**
2000	863,200	596,400	40,200	139,200	1,220,900	**2,859,900**	1,220,900	378,400	40,200	**1,639,500**	**1,220,400**
2001	889,100	615,200	41,400	235,500	1,210,500	**2,991,700**	1,210,500	455,100	41,400	**1,707,000**	**1,284,700**
2002	915,800	634,200	42,600	338,100	1,199,500	**3,130,200**	1,199,500	507,100	42,600	**1,749,200**	**1,381,000**
2003	943,300	651,900	43,900	446,800	1,190,000	**3,275,900**	1,190,000	596,500	43,900	**1,830,400**	**1,445,500**
2004	971,600	668,700	45,200	561,600	1,179,000	**3,426,100**	1,179,000	661,800	45,200	**1,886,000**	**1,540,100**
2005	1,000,700	684,700	46,600	682,500	1,167,700	**3,582,200**	1,167,700	766,200	46,600	**1,980,500**	**1,601,700**
2006	1,030,800	699,600	48,000	808,000	1,155,300	**3,741,700**	1,155,300	879,800	48,000	**2,083,100**	**1,658,600**
2007	1,061,700	713,700	49,400	939,100	1,140,800	**3,904,700**	1,140,800	964,000	49,400	**2,154,200**	**1,750,500**
2008	1,093,500	728,700	50,900	1,076,400	1,122,800	**4,072,300**	1,122,800	1,080,600	50,900	**2,254,300**	**1,818,000**
2009	1,126,300	742,200	52,400	1,220,300	1,103,400	**4,244,600**	1,103,400	1,166,200	52,400	**2,322,000**	**1,922,600**
2010	1,160,100	757,100	54,000	1,369,700	1,078,600	**4,419,500**	1,078,600	1,328,300	54,000	**2,460,900**	**1,958,600**
2011	1,194,900	770,800	55,600	1,523,000	1,055,800	**4,600,100**	1,055,800	1,462,200	55,600	**2,573,600**	**2,026,500**
2012	1,230,800	785,500	57,300	1,683,400	1,030,400	**4,787,400**	1,030,400	1,557,100	57,300	**2,644,800**	**2,142,600**
2013	1,267,700	802,000	59,000	1,852,900	1,002,700	**4,984,300**	1,002,700	1,659,600	59,000	**2,721,300**	**2,263,000**
2014	1,305,700	818,800	60,800	2,033,000	972,800	**5,191,100**	972,800	1,738,000	60,800	**2,771,600**	**2,419,500**
2015	1,344,900	836,900	62,600	2,221,200	937,900	**5,403,500**	937,900	1,932,900	62,600	**2,933,400**	**2,470,100**
2016	1,385,300	856,000	64,500	2,409,400	904,800	**5,620,000**	904,800	2,231,800	64,500	**3,201,100**	**2,418,900**
2017	1,426,800	875,200	66,400	2,597,200	870,300	**5,835,900**	870,300	2,436,700	66,400	**3,373,400**	**2,462,500**
2018	1,469,600	895,500	68,400	2,791,900	834,800	**6,060,200**	834,800	2,559,800	68,400	**3,463,000**	**2,597,200**
2019	1,513,700	916,500	70,500	2,993,000	798,700	**6,292,400**	798,700	2,795,900	70,500	**3,665,100**	**2,627,300**
2020	1,559,100	937,400	72,600	3,197,000	762,500	**6,528,600**	762,500	3,018,300	72,600	**3,853,400**	**2,675,200**
2021	1,605,900	959,400	74,800	3,408,600	726,300	**6,775,000**	726,300	3,149,800	74,800	**3,950,900**	**2,824,100**
2022	1,654,100	982,000	77,000	3,627,300	690,300	**7,030,700**	690,300	3,404,400	77,000	**4,171,700**	**2,859,000**
2023	1,703,700	1,004,500	79,300	3,849,500	655,000	**7,292,000**	655,000	3,642,900	79,300	**4,377,200**	**2,914,800**
2024	1,754,800	1,028,100	81,700	4,080,100	620,400	**7,565,100**	620,400	3,783,000	81,700	**4,485,100**	**3,080,000**
2025	1,807,500	1,052,300	84,200	4,324,400	586,900	**7,855,300**	586,900	3,914,400	84,200	**4,585,500**	**3,269,800**
2026	1,861,700	1,077,100	86,700	4,584,000	554,200	**8,163,700**	554,200	4,043,500	86,700	**4,684,400**	**3,479,300**
2027	1,917,500	1,102,100	89,300	4,856,800	523,300	**8,489,000**	523,300	4,265,600	89,300	**4,878,200**	**3,610,800**
2028	1,975,100	1,126,800	92,000	5,144,100	493,600	**8,831,600**	493,600	4,386,600	92,000	**4,972,200**	**3,859,400**
2029	2,034,300	1,151,200	94,800	5,451,500	465,300	**9,197,100**	465,300	4,505,100	94,800	**5,065,200**	**4,131,900**
2030	2,095,300	1,174,800	97,600	5,780,600	438,200	**9,586,500**	438,200	4,626,200	97,600	**5,162,000**	**4,424,500**
2031	2,158,200	1,196,900	100,500	6,124,700	409,500	**9,989,800**	409,500	4,962,900	100,500	**5,472,900**	**4,516,900**
2032	2,222,900	1,216,800	103,500	6,475,900	385,700	**10,404,800**	385,700	5,306,900	103,500	**5,796,100**	**4,608,700**
2033	2,289,600	1,233,000	106,600	6,834,000	361,600	**10,824,800**	361,600	5,659,600	106,600	**6,127,800**	**4,697,000**
2034	2,358,300	1,242,400	109,800	7,207,700	339,100	**11,257,300**	339,100	5,792,200	109,800	**6,241,100**	**5,016,200**
2035	2,429,100	1,238,100	113,100	7,601,200	316,600	**11,698,100**	316,600	6,057,000	113,100	**6,486,700**	**5,211,400**
2036	2,501,900	1,192,300	116,500	8,003,200	294,100	**12,108,000**	294,100	6,463,300	116,500	**6,873,900**	**5,234,100**
2037	2,577,000	0	120,000	8,371,700	271,400	**11,340,100**	271,400	6,625,600	120,000	**7,017,000**	**4,323,100**
2038	2,654,300	0	123,600	8,708,600	232,000	**11,718,500**	232,000	6,931,900	123,600	**7,287,500**	**4,431,000**
2039	2,733,900	0	127,300	9,053,400	207,900	**12,122,500**	207,900	7,259,100	127,300	**7,594,300**	**4,528,200**

VII. CASH FLOW EXHIBITS

NEVADA JUDGES – 40 YEAR CASH FLOW
Scenario 1
Prefunding Future Retirees
Amortization Period – 38 Years From July 1, 1999

Year	Actuarial Funding (Including Current Retirees) (1)+(2)+(3)+(5)	Pay-As-You-Go Funding (7)+(8)+(9)
1999	$2,688,600	$1,525,100
2000	2,720,700	1,639,500
2001	2,756,200	1,707,000
2002	2,792,100	1,749,200
2003	2,829,100	1,830,400
2004	2,864,500	1,886,000
2005	2,899,700	1,980,500
2006	2,933,700	2,083,100
2007	2,965,600	2,154,200
2008	2,995,900	2,254,300
2009	3,024,300	2,322,000
2010	3,049,800	2,460,900
2011	3,077,100	2,573,600
2012	3,104,000	2,644,800
2013	3,131,400	2,721,300
2014	3,158,100	2,771,600
2015	3,182,300	2,933,400
2016	3,210,600	3,201,100
2017	3,238,700	3,373,400
2018	3,268,300	3,463,000
2019	3,299,400	3,665,100
2020	3,331,600	3,853,400
2021	3,366,400	3,950,900
2022	3,403,400	4,171,700
2023	3,442,500	4,377,200
2024	3,485,000	4,485,100
2025	3,530,900	4,585,500
2026	3,579,700	4,684,400
2027	3,632,200	4,878,200
2028	3,687,500	4,972,200
2029	3,745,600	5,065,200
2030	3,805,900	5,162,000
2031	3,865,100	5,472,900
2032	3,928,900	5,796,100
2033	3,990,800	6,127,800
2034	4,049,600	6,241,100
2035	4,096,900	6,486,700
2036	4,104,800	6,873,900
2037	2,968,400	7,017,000
2038	3,009,900	7,287,500
2039	3,069,100	7,594,300
Total - 20 Years	$63,190,100	$50,939,500
Fund Balance at End of 20 Years	**$40,218,600**	**$0**
Total - 40 Years	$135,284,300	$160,022,600
Fund Balance at End of 40 Years	**$119,914,200**	**$0**

VII. CASH FLOW EXHIBITS

NEVADA JUDGES -- 40 YEAR CASH FLOW

Scenario 2

Prefunding Current and Future Retirees -- Amortization Period -- 38 Years from July 1, 1999

Year	(1) Employer Normal Cost (3% growth)	(2) UAL Payment (Scenario 1)	(3) Administrative Expenses (3% growth)	(4) Investment Return (8%)	(5) Total Cash Income	(6) Expected Benefit Payments Current Retirees	(7) Expected Benefit Payments Future Retirees	(8) Administrative Expenses (3% growth)	(9) Total Expenses	(10) Net Cash Flow (5)-(9)
1999	$838,100	$1,335,000	$39,000	$27,000	**$2,239,100**	$1,230,500	$255,600	$39,000	**$1,525,100**	**$714,000**
2000	863,200	1,372,800	40,200	82,100	**2,358,300**	1,220,900	378,400	40,200	**1,639,500**	**718,800**
2001	889,100	1,414,600	41,400	139,700	**2,484,800**	1,210,500	455,100	41,400	**1,707,000**	**777,800**
2002	915,800	1,457,200	42,600	203,000	**2,618,600**	1,199,500	507,100	42,600	**1,749,200**	**869,400**
2003	943,300	1,499,100	43,900	272,100	**2,758,400**	1,190,000	596,500	43,900	**1,830,400**	**928,000**
2004	971,600	1,540,600	45,200	347,000	**2,904,400**	1,179,000	661,800	45,200	**1,886,000**	**1,018,400**
2005	1,000,700	1,582,200	46,600	427,500	**3,057,000**	1,167,700	766,200	46,600	**1,980,500**	**1,076,500**
2006	1,030,800	1,623,100	48,000	512,500	**3,214,400**	1,155,300	879,800	48,000	**2,083,100**	**1,131,300**
2007	1,061,700	1,664,000	49,400	603,100	**3,378,200**	1,140,800	964,000	49,400	**2,154,200**	**1,224,000**
2008	1,093,500	1,700,600	50,900	699,800	**3,544,800**	1,122,800	1,080,600	50,900	**2,254,300**	**1,290,500**
2009	1,126,300	1,748,300	52,400	803,600	**3,730,600**	1,103,400	1,166,200	52,400	**2,322,000**	**1,408,600**
2010	1,160,100	1,791,800	54,000	913,900	**3,919,800**	1,078,600	1,328,300	54,000	**2,460,900**	**1,458,900**
2011	1,194,900	1,834,900	55,600	1,029,400	**4,114,800**	1,055,800	1,462,200	55,600	**2,573,600**	**1,541,200**
2012	1,230,800	1,879,700	57,300	1,153,100	**4,320,900**	1,030,400	1,557,100	57,300	**2,644,800**	**1,676,100**
2013	1,267,700	1,926,900	59,000	1,287,500	**4,541,100**	1,002,700	1,659,600	59,000	**2,721,300**	**1,819,800**
2014	1,305,700	1,975,000	60,800	1,434,600	**4,776,100**	972,800	1,738,000	60,800	**2,771,600**	**2,004,500**
2015	1,344,900	2,025,300	62,600	1,592,200	**5,025,000**	937,900	1,932,900	62,600	**2,933,400**	**2,091,600**
2016	1,385,300	2,077,100	64,500	1,752,700	**5,279,600**	904,800	2,231,800	64,500	**3,201,100**	**2,078,500**
2017	1,426,800	2,129,800	66,400	1,916,000	**5,539,000**	870,300	2,436,700	66,400	**3,373,400**	**2,165,600**
2018	1,469,600	2,184,300	68,400	2,089,600	**5,811,900**	834,800	2,559,800	68,400	**3,463,000**	**2,348,900**
2019	1,513,700	2,240,100	70,500	2,273,600	**6,097,900**	798,700	2,795,900	70,500	**3,665,100**	**2,432,800**
2020	1,559,100	2,296,700	72,600	2,465,000	**6,393,400**	762,500	3,018,300	72,600	**3,853,400**	**2,540,000**
2021	1,605,900	2,355,000	74,800	2,668,500	**6,704,200**	726,300	3,149,800	74,800	**3,950,900**	**2,753,300**
2022	1,654,100	2,414,600	77,000	2,884,500	**7,030,200**	690,300	3,404,400	77,000	**4,171,700**	**2,858,500**
2023	1,703,700	2,475,000	79,300	3,109,500	**7,367,500**	655,000	3,642,900	79,300	**4,377,200**	**2,990,300**
2024	1,754,800	2,537,200	81,700	3,349,000	**7,722,700**	620,400	3,783,000	81,700	**4,485,100**	**3,237,600**
2025	1,807,500	2,600,700	84,200	3,608,700	**8,101,100**	586,900	3,914,400	84,200	**4,585,500**	**3,515,600**
2026	1,861,700	2,665,600	86,700	3,890,900	**8,504,900**	554,200	4,043,500	86,700	**4,684,400**	**3,820,500**
2027	1,917,500	2,731,400	89,300	4,193,800	**8,932,000**	523,300	4,265,600	89,300	**4,878,200**	**4,053,800**
2028	1,975,100	2,797,500	92,000	4,519,400	**9,384,000**	493,600	4,386,600	92,000	**4,972,200**	**4,411,800**
2029	2,034,300	2,864,000	94,800	4,873,700	**9,866,800**	465,300	4,505,100	94,800	**5,065,200**	**4,801,600**
2030	2,095,300	2,930,100	97,600	5,259,100	**10,382,100**	438,200	4,626,200	97,600	**5,162,000**	**5,220,100**
2031	2,158,200	2,994,800	100,500	5,669,700	**10,923,200**	409,500	4,962,900	100,500	**5,472,900**	**5,450,300**
2032	2,222,900	3,057,700	103,500	6,098,100	**11,482,200**	385,700	5,306,900	103,500	**5,796,100**	**5,686,100**
2033	2,289,600	3,115,800	106,600	6,545,000	**12,057,000**	361,600	5,659,600	106,600	**6,127,800**	**5,929,200**
2034	2,358,300	3,164,900	109,800	7,019,700	**12,652,700**	339,100	5,792,200	109,800	**6,241,100**	**6,411,600**
2035	2,429,100	3,193,600	113,100	7,527,000	**13,262,800**	316,600	6,057,000	113,100	**6,486,700**	**6,776,100**
2036	2,501,900	3,158,800	116,500	8,055,500	**13,832,700**	294,100	6,463,300	116,500	**6,873,900**	**6,958,800**
2037	2,577,000	0	120,000	8,485,800	**11,182,800**	271,400	6,625,600	120,000	**7,017,000**	**4,165,800**
2038	2,654,300	0	123,600	8,811,600	**11,589,500**	232,000	6,931,900	123,600	**7,287,500**	**4,302,000**
2039	2,733,900	0	127,300	9,147,000	**12,008,200**	207,900	7,259,100	127,300	**7,594,300**	**4,413,900**

VII. CASH FLOW EXHIBITS

NEVADA JUDGES -- 40 YEAR CASH FLOW
Scenario 2
Prefunding Current and Future Retirees
Amortization Period -- 38 Years From July 1, 1999

Year	Actuarial Funding (1)+(2)+(3)	Pay-As-You-Go Funding (6)+(7)+(8)
1999	$2,212,100	$1,525,100
2000	2,276,200	1,639,500
2001	2,345,100	1,707,000
2002	2,415,600	1,749,200
2003	2,486,300	1,830,400
2004	2,557,400	1,886,000
2005	2,629,500	1,980,500
2006	2,701,900	2,083,100
2007	2,775,100	2,154,200
2008	2,845,000	2,254,300
2009	2,927,000	2,322,000
2010	3,005,900	2,460,900
2011	3,085,400	2,573,600
2012	3,167,800	2,644,800
2013	3,253,600	2,721,300
2014	3,341,500	2,771,600
2015	3,432,800	2,933,400
2016	3,526,900	3,201,100
2017	3,623,000	3,373,400
2018	3,722,300	3,463,000
2019	3,824,300	3,665,100
2020	3,928,400	3,853,400
2021	4,035,700	3,950,900
2022	4,145,700	4,171,700
2023	4,258,000	4,377,200
2024	4,373,700	4,485,100
2025	4,492,400	4,585,500
2026	4,614,000	4,684,400
2027	4,738,200	4,878,200
2028	4,864,600	4,972,200
2029	4,993,100	5,065,200
2030	5,123,000	5,162,000
2031	5,253,500	5,472,900
2032	5,384,100	5,796,100
2033	5,512,000	6,127,800
2034	5,633,000	6,241,100
2035	5,735,800	6,486,700
2036	5,777,200	6,873,900
2037	2,697,000	7,017,000
2038	2,777,900	7,287,500
2039	2,861,200	7,594,300

Total - 20 Years	$62,154,700	$50,939,500
Fund Balance at End of 20 Years	**$30,775,200**	**$0**
Total - 40 Years	$153,353,200	$160,022,600
Fund Balance at End of 40 Years	**$121,072,300**	**$0**

NEVADA JUDGES -- 40 YEAR CASH FLOW
Scenario 3
Prefunding Future Retirees -- Amortization Period -- 25 Years from July 1, 1999

Year	(1) Employer Normal Cost (3% growth)	(2) UAL Payment (Scenario 1)	(3) Administrative Expenses (3% growth)	(4) Investment Return (8%)	(5) Expected Benefit Payments Current Retirees	(6) Total Cash Income	(7) Expected Benefit Payments Current Retirees	(8) Expected Benefit Payments Future Retirees	(9) Administrative Expenses (3% growth)	(10) Total Expenses	(11) Net Cash Flow (6)-(10)
1999	$838,100	$698,700	$39,000	$50,300	$1,230,500	**$2,856,600**	$1,230,500	$255,600	$39,000	**$1,525,100**	**$1,331,500**
2000	863,200	717,200	40,200	153,700	1,220,900	**2,995,200**	1,220,900	378,400	40,200	**1,639,500**	**1,355,700**
2001	889,100	739,800	41,400	261,000	1,210,500	**3,141,800**	1,210,500	455,100	41,400	**1,707,000**	**1,434,800**
2002	915,800	762,700	42,600	375,700	1,199,500	**3,296,300**	1,199,500	507,100	42,600	**1,749,200**	**1,547,100**
2003	943,300	783,900	43,900	497,900	1,190,000	**3,459,000**	1,190,000	596,500	43,900	**1,830,400**	**1,628,600**
2004	971,600	803,800	45,200	627,500	1,179,000	**3,627,100**	1,179,000	661,800	45,200	**1,886,000**	**1,741,100**
2005	1,000,700	822,700	46,600	764,600	1,167,700	**3,802,300**	1,167,700	766,200	46,600	**1,980,500**	**1,821,800**
2006	1,030,800	839,700	48,000	907,700	1,155,300	**3,981,500**	1,155,300	879,800	48,000	**2,083,100**	**1,898,400**
2007	1,061,700	855,500	49,400	1,058,100	1,140,800	**4,165,500**	1,140,800	964,000	49,400	**2,154,200**	**2,011,300**
2008	1,093,500	872,200	50,900	1,216,400	1,122,800	**4,355,800**	1,122,800	1,080,600	50,900	**2,254,300**	**2,101,500**
2009	1,126,300	886,200	52,400	1,382,900	1,103,400	**4,551,200**	1,103,400	1,166,200	52,400	**2,322,000**	**2,229,200**
2010	1,160,100	901,800	54,000	1,556,900	1,078,600	**4,751,400**	1,078,600	1,328,300	54,000	**2,460,900**	**2,290,500**
2011	1,194,900	915,000	55,600	1,736,700	1,055,800	**4,958,000**	1,055,800	1,462,200	55,600	**2,573,600**	**2,384,400**
2012	1,230,800	929,000	57,300	1,925,700	1,030,400	**5,173,200**	1,030,400	1,557,100	57,300	**2,644,800**	**2,528,400**
2013	1,267,700	945,100	59,000	2,126,100	1,002,700	**5,400,600**	1,002,700	1,659,600	59,000	**2,721,300**	**2,679,300**
2014	1,305,700	960,500	60,800	2,339,400	972,800	**5,639,200**	972,800	1,738,000	60,800	**2,771,600**	**2,867,600**
2015	1,344,900	977,500	62,600	2,563,400	937,900	**5,886,300**	937,900	1,932,900	62,600	**2,933,400**	**2,952,900**
2016	1,385,300	994,800	64,500	2,790,100	904,800	**6,139,500**	904,800	2,231,800	64,500	**3,201,100**	**2,938,400**
2017	1,426,800	1,010,500	66,400	3,019,400	870,300	**6,393,400**	870,300	2,436,700	66,400	**3,373,400**	**3,020,000**
2018	1,469,600	1,026,600	68,400	3,258,500	834,800	**6,657,900**	834,800	2,559,800	68,400	**3,463,000**	**3,194,900**
2019	1,513,700	1,041,400	70,500	3,507,100	798,700	**6,931,400**	798,700	2,795,900	70,500	**3,665,100**	**3,266,300**
2020	1,559,100	1,051,600	72,600	3,761,900	762,500	**7,207,700**	762,500	3,018,300	72,600	**3,853,400**	**3,354,300**
2021	1,605,900	1,058,500	74,800	4,027,200	726,300	**7,492,700**	726,300	3,149,800	74,800	**3,950,900**	**3,541,800**
2022	1,654,100	1,055,500	77,000	4,302,300	690,300	**7,779,200**	690,300	3,404,400	77,000	**4,171,700**	**3,607,500**
2023	1,703,700	1,014,500	79,300	4,581,900	655,000	**8,034,400**	655,000	3,642,900	79,300	**4,377,200**	**3,657,200**
2024	1,754,800	0	81,700	4,831,200	620,400	**7,288,100**	620,400	3,783,000	81,700	**4,485,100**	**2,803,000**
2025	1,807,500	0	84,200	5,052,300	586,900	**7,530,900**	586,900	3,914,400	84,200	**4,585,500**	**2,945,400**
2026	1,861,700	0	86,700	5,285,000	554,200	**7,787,600**	554,200	4,043,500	86,700	**4,684,400**	**3,103,200**
2027	1,917,500	0	89,300	5,526,800	523,300	**8,056,900**	523,300	4,265,600	89,300	**4,878,200**	**3,178,700**
2028	1,975,100	0	92,000	5,778,600	493,600	**8,339,300**	493,600	4,386,600	92,000	**4,972,200**	**3,367,100**
2029	2,034,300	0	94,800	6,045,600	465,300	**8,640,000**	465,300	4,505,100	94,800	**5,065,200**	**3,574,800**
2030	2,095,300	0	97,600	6,329,200	438,200	**8,960,300**	438,200	4,626,200	97,600	**5,162,000**	**3,798,300**
2031	2,158,200	0	100,500	6,622,400	409,500	**9,290,600**	409,500	4,962,900	100,500	**5,472,900**	**3,817,700**
2032	2,222,900	0	103,500	6,916,800	385,700	**9,628,900**	385,700	5,306,900	103,500	**5,796,100**	**3,832,800**
2033	2,289,600	0	106,600	7,212,200	361,600	**9,970,000**	361,600	5,659,600	106,600	**6,127,800**	**3,842,200**
2034	2,358,300	0	109,800	7,517,100	339,100	**10,324,300**	339,100	5,792,200	109,800	**6,241,100**	**4,083,200**
2035	2,429,100	0	113,100	7,836,100	316,600	**10,694,900**	316,600	6,057,000	113,100	**6,486,700**	**4,208,200**
2036	2,501,900	0	116,500	8,159,700	294,100	**11,072,200**	294,100	6,463,300	116,500	**6,873,900**	**4,198,300**
2037	2,577,000	0	120,000	8,492,200	271,400	**11,460,600**	271,400	6,625,600	120,000	**7,017,000**	**4,443,600**
2038	2,654,300	0	123,600	8,838,700	232,000	**11,848,600**	232,000	6,931,900	123,600	**7,287,500**	**4,561,100**
2039	2,733,900	0	127,300	9,193,800	207,900	**12,262,900**	207,900	7,259,100	127,300	**7,594,300**	**4,668,600**

NEVADA JUDGES -- 40 YEAR CASH FLOW
Scenario 3
Prefunding Future Retirees
Amortization Period -- 25 Years From July 1, 1999

Year	Actuarial Funding (Including Current Retirees) (1)+(2)+(3)+(5)	Pay-As-You-Go Funding (7)+(8)+(9)
1999	$2,806,300	$1,525,100
2000	2,841,500	1,639,500
2001	2,880,800	1,707,000
2002	2,920,600	1,749,200
2003	2,961,100	1,830,400
2004	2,999,600	1,886,000
2005	3,037,700	1,980,500
2006	3,073,800	2,083,100
2007	3,107,400	2,154,200
2008	3,139,400	2,254,300
2009	3,168,300	2,322,000
2010	3,194,500	2,460,900
2011	3,221,300	2,573,600
2012	3,247,500	2,644,800
2013	3,274,500	2,721,300
2014	3,299,800	2,771,600
2015	3,322,900	2,933,400
2016	3,349,400	3,201,100
2017	3,374,000	3,373,400
2018	3,399,400	3,463,000
2019	3,424,300	3,665,100
2020	3,445,800	3,853,400
2021	3,465,500	3,950,900
2022	3,476,900	4,171,700
2023	3,452,500	4,377,200
2024	2,456,900	4,485,100
2025	2,478,600	4,585,500
2026	2,502,600	4,684,400
2027	2,530,100	4,878,200
2028	2,560,700	4,972,200
2029	2,594,400	5,065,200
2030	2,631,100	5,162,000
2031	2,668,200	5,472,900
2032	2,712,100	5,796,100
2033	2,757,800	6,127,800
2034	2,807,200	6,241,100
2035	2,858,800	6,486,700
2036	2,912,500	6,873,900
2037	2,968,400	7,017,000
2038	3,009,900	7,287,500
2039	3,069,100	7,594,300

Total - 20 Years	$66,044,100	$50,939,500
Fund Balance at End of 20 Years	**$47,223,700**	**$0**
Total - 40 Years	$123,403,200	$160,022,600
Fund Balance at End of 40 Years	**$121,810,800**	**$0**

VII. CASH FLOW EXHIBITS

NEVADA JUDGES -- 40 YEAR CASH FLOW
Scenario 4
Prefunding Current and Future Retirees -- Amortization Period -- 25 Years from July 1, 1999

Year	(1) Employer Normal Cost (3% growth)	(2) UAL Payment (Scenario 1)	(3) Administrative Expenses (3% growth)	(4) Investment Return (8%)	(5) Total Cash Income	(6) Expected Benefit Payments Current Retirees	(7) Expected Benefit Payments Future Retirees	(8) Administrative Expenses (3% growth)	(9) Total Expenses	(10) Net Cash Flow (5)-(9)
1999	$838,100	$1,605,400	$39,000	$37,600	**$2,520,100**	$1,230,500	$255,600	$39,000	**$1,525,100**	**$995,000**
2000	863,200	1,650,900	40,200	115,500	**2,669,800**	1,220,900	378,400	40,200	**1,639,500**	**1,030,300**
2001	889,100	1,701,100	41,400	198,300	**2,829,900**	1,210,500	455,100	41,400	**1,707,000**	**1,122,900**
2002	915,800	1,752,300	42,600	289,600	**3,000,300**	1,199,500	507,100	42,600	**1,749,200**	**1,251,100**
2003	943,300	1,802,600	43,900	389,600	**3,179,400**	1,190,000	596,500	43,900	**1,830,400**	**1,349,000**
2004	971,600	1,852,300	45,200	498,400	**3,367,500**	1,179,000	661,800	45,200	**1,886,000**	**1,481,500**
2005	1,000,700	1,901,700	46,600	616,400	**3,565,400**	1,167,700	766,200	46,600	**1,980,500**	**1,584,900**
2006	1,030,800	1,950,000	48,000	742,300	**3,771,100**	1,155,300	879,800	48,000	**2,083,100**	**1,688,000**
2007	1,061,700	1,997,800	49,400	877,700	**3,986,600**	1,140,800	964,000	49,400	**2,154,200**	**1,832,400**
2008	1,093,500	2,039,000	50,900	1,023,200	**4,206,600**	1,122,800	1,080,600	50,900	**2,254,300**	**1,952,300**
2009	1,126,300	2,095,400	52,400	1,180,300	**4,454,400**	1,103,400	1,166,200	52,400	**2,322,000**	**2,132,400**
2010	1,160,100	2,145,000	54,000	1,348,800	**4,707,900**	1,078,600	1,328,300	54,000	**2,460,900**	**2,247,000**
2011	1,194,900	2,192,900	55,600	1,527,500	**4,970,900**	1,055,800	1,462,200	55,600	**2,573,600**	**2,397,300**
2012	1,230,800	2,242,300	57,300	1,719,900	**5,250,300**	1,030,400	1,557,100	57,300	**2,644,800**	**2,605,500**
2013	1,267,700	2,294,200	59,000	1,928,800	**5,549,700**	1,002,700	1,659,600	59,000	**2,721,300**	**2,828,400**
2014	1,305,700	2,346,000	60,800	2,156,700	**5,869,200**	972,800	1,738,000	60,800	**2,771,600**	**3,097,600**
2015	1,344,900	2,399,600	62,600	2,401,900	**6,209,000**	937,900	1,932,900	62,600	**2,933,400**	**3,275,600**
2016	1,385,300	2,453,800	64,500	2,657,200	**6,560,800**	904,800	2,231,800	64,500	**3,201,100**	**3,359,700**
2017	1,426,800	2,506,400	66,400	2,923,000	**6,922,600**	870,300	2,436,700	66,400	**3,373,400**	**3,549,200**
2018	1,469,600	2,559,000	68,400	3,207,300	**7,304,300**	834,800	2,559,800	68,400	**3,463,000**	**3,841,300**
2019	1,513,700	2,609,600	70,500	3,510,400	**7,704,200**	798,700	2,795,900	70,500	**3,665,100**	**4,039,100**
2020	1,559,100	2,653,700	72,600	3,829,800	**8,115,200**	762,500	3,018,300	72,600	**3,853,400**	**4,261,800**
2021	1,605,900	2,690,800	74,800	4,170,300	**8,541,800**	726,300	3,149,800	74,800	**3,950,900**	**4,590,900**
2022	1,654,100	2,709,900	77,000	4,531,600	**8,972,600**	690,300	3,404,400	77,000	**4,171,700**	**4,800,900**
2023	1,703,700	2,664,400	79,300	4,907,900	**9,355,300**	655,000	3,642,900	79,300	**4,377,200**	**4,978,100**
2024	1,754,800	0	81,700	5,199,400	**7,035,900**	620,400	3,783,000	81,700	**4,485,100**	**2,550,800**
2025	1,807,500	0	84,200	5,401,700	**7,293,400**	586,900	3,914,400	84,200	**4,585,500**	**2,707,900**
2026	1,861,700	0	86,700	5,616,700	**7,565,100**	554,200	4,043,500	86,700	**4,684,400**	**2,880,700**
2027	1,917,500	0	89,300	5,841,900	**7,848,700**	523,300	4,265,600	89,300	**4,878,200**	**2,970,500**
2028	1,975,100	0	92,000	6,078,200	**8,145,300**	493,600	4,386,600	92,000	**4,972,200**	**3,173,100**
2029	2,034,300	0	94,800	6,330,800	**8,459,900**	465,300	4,505,100	94,800	**5,065,200**	**3,394,700**
2030	2,095,300	0	97,600	6,601,100	**8,794,000**	438,200	4,626,200	97,600	**5,162,000**	**3,632,000**
2031	2,158,200	0	100,500	6,882,000	**9,140,700**	409,500	4,962,900	100,500	**5,472,900**	**3,667,800**
2032	2,222,900	0	103,500	7,165,400	**9,491,800**	385,700	5,306,900	103,500	**5,796,100**	**3,695,700**
2033	2,289,600	0	106,600	7,450,800	**9,847,000**	361,600	5,659,600	106,600	**6,127,800**	**3,719,200**
2034	2,358,300	0	109,800	7,746,700	**10,214,800**	339,100	5,792,200	109,800	**6,241,100**	**3,973,700**
2035	2,429,100	0	113,100	8,057,900	**10,600,100**	316,600	6,057,000	113,100	**6,486,700**	**4,113,400**
2036	2,501,900	0	116,500	8,374,800	**10,993,200**	294,100	6,463,300	116,500	**6,873,900**	**4,119,300**
2037	2,577,000	0	120,000	8,701,800	**11,398,800**	271,400	6,625,600	120,000	**7,017,000**	**4,381,800**
2038	2,654,300	0	123,600	9,044,900	**11,822,800**	232,000	6,931,900	123,600	**7,287,500**	**4,535,300**
2039	2,733,900	0	127,300	9,399,000	**12,260,200**	207,900	7,259,100	127,300	**7,594,300**	**4,665,900**

NEVADA JUDGES -- 40 YEAR CASH FLOW

Scenario 4

Prefunding Current and Future Retirees

Amortization Period -- 25 Years From July 1, 1999

Year	Actuarial Funding (1)+(2)+(3)	Pay-As-You-Go Funding (6)+(7)+(8)
1999	$2,482,500	$1,525,100
2000	2,554,300	1,639,500
2001	2,631,600	1,707,000
2002	2,710,700	1,749,200
2003	2,789,800	1,830,400
2004	2,869,100	1,886,000
2005	2,949,000	1,980,500
2006	3,028,800	2,083,100
2007	3,108,900	2,154,200
2008	3,183,400	2,254,300
2009	3,274,100	2,322,000
2010	3,359,100	2,460,900
2011	3,443,400	2,573,600
2012	3,530,400	2,644,800
2013	3,620,900	2,721,300
2014	3,712,500	2,771,600
2015	3,807,100	2,933,400
2016	3,903,600	3,201,100
2017	3,999,600	3,373,400
2018	4,097,000	3,463,000
2019	4,193,800	3,665,100
2020	4,285,400	3,853,400
2021	4,371,500	3,950,900
2022	4,441,000	4,171,700
2023	4,447,400	4,377,200
2024	1,836,500	4,485,100
2025	1,891,700	4,585,500
2026	1,948,400	4,684,400
2027	2,006,800	4,878,200
2028	2,067,100	4,972,200
2029	2,129,100	5,065,200
2030	2,192,900	5,162,000
2031	2,258,700	5,472,900
2032	2,326,400	5,796,100
2033	2,396,200	6,127,800
2034	2,468,100	6,241,100
2035	2,542,200	6,486,700
2036	2,618,400	6,873,900
2037	2,697,000	7,017,000
2038	2,777,900	7,287,500
2039	2,861,200	7,594,300

Total - 20 Years	$69,249,600	$50,939,500
Fund Balance at End of 20 Years	**$47,660,200**	**$0**
Total - 40 Years	$123,813,500	$160,022,600
Fund Balance at End of 40 Years	**$124,473,800**	**$0**

Appendix B

Nevada District Judges' Association
Report on Judicial Retirement

February 11, 2000

NEVADA DISTRICT JUDGES' ASSOCIATION REPORT ON JUDICIAL RETIREMENT

TO THE LEGISLATIVE COMMISSION TO STUDY THE PENSION PLAN FOR CERTAIN JUSTICES AND JUDGES
February 11, 2000

Judicial retirement is set forth by statute at NRS 2.060[1] and NRS 3.090.[2] Surviving spouse and child benefits are found at NRS 2.070[3], NRS 2.075[4], NRS 3.095[5] and 3.097.[6] Monies paid out pursuant to these statutes are paid from the Supreme Court's current operating budget as approved by the Nevada legislature every other year. There is no actuarial funding for payments described above.

At this moment in time, there are 51 District Court Judges and 7 Supreme Court Justices. Exactly one-half (29) of this total is in the PERS system and the other half is in Judicial Retirement. Judges coming to the bench from the public sector and who are a member of PERS must make an election whether to stay in PERS or to switch to Judicial Retirement. Those Judges coming to the bench from the private sector automatically go into Judicial Retirement.

Comparison of Judicial Retirement and PERS

Judicial retirement differs from PERS in several substantial areas. These include:

1. Until the tenth year of service in the judicial plan the retiree receives less than the PERS retiree.

2. After 22 years, the judicial retiree receives 75% of the then present judicial salary. In PERS, one must work 30 years to obtain a 75% retirement benefit and that benefit is calculated on the average of the three highest years of earnings.

3. In judicial retirement, there is no election to provide for spousal benefits following the death of the retiree as is available through PERS.

4. Surviving spouses of retired judicial officers are entitled to a monthly payment set by the legislature only if the spouse has obtained the age of 60 years and is not remarried. Prior to the age of 60, the spouse is entitled to the same benefit as a member of PERS with less than 10 years of service and under 60 years of age.

5. The retiree in Judicial Retirement has no ability to purchase years of service credits as is available in the PERS system.

6. To continue in Judicial Retirement, the judicial member must go through a public election process every six years and be re-elected. The vast majority of non-judicial PERS members have no such retention of employment process.

Modifications Requested by the Judiciary

Sound fiscal policy mandates that the unfunded actuarially accrued liability for Judicial retirement be funded either in a one time payment authorized by the legislature or over a defined number of years, and that those funds be placed under the PERS umbrella in a separate trust fund for investment and earnings. Among the judiciary, there is much desire to modify Judicial Retirement to add to it some of the features available under the PERS system. The one issue Judges would most like to see changed is to allow an election at retirement time to take a reduced benefit and have that benefit continue over the life of both the retiring Judge and the Judge's spouse (PERS option 2). There is no additional cost to provide this benefit option if Judicial Retirement is actuarially funded.

The second most important issue to the judiciary is to have statutory widow's benefit increased to a livable figure. Presently, a surviving spouse only receives $2,500 per month after obtaining 60 years of age and only if such widow does not remarry.

The third most important issue to the judiciary is the failure of the Judicial Retirement system to accrue any benefits whatsoever for the first four years of service and thereafter to lag behind the PERS benefits system up to the completion of 10 years of service. Attached hereto is a comparison chart of retirement benefits showing that not until the end of 10 full years of service does Judicial Retirement come close to approaching the benefits under the PERS system. Thereafter, in years 11 - 22, Judicial Retirement accrues at a faster rate than the PERS system. Most Judges prefer that Judicial Retirement accrue at the rate of 4.166% per year beginning in the first year which would allow a full retirement at the 75% rate upon the conclusion of 18 years of judicial service. This coincides with three full elected terms of office.

Those persons coming into judicial service from the public sector, where they have certain earned PERS credits, would like to see a provision for their PERS credits to be transferred into Judicial and thereafter accrue retirement benefits at the judicial annual accrual rate. Alternatively, the judicial members who have prior PERS credits would like to see their PERS credits increase or accrue at 4.166% for each year of judicial service.

Those Judges in the PERS system would also like to have their retirement benefits computed based upon the highest one year of compensation rather than the average of the highest three years as is true in the PERS system.

Members of the judiciary would also like to have the option of purchasing additional years of credit, as is available through PERS but not available under Judicial Retirement.

Why Judges Should Accrue Retirement Benefits at 4.166% Per Year

The average starting age for the 58 members of the Supreme Court and District Court in the State of Nevada is 44.7 years. If Judicial Retirement accrued at 2.5% per year, the accrual rate in the PERS system, it is easy to see that the average Judge would have to work to age 75 to obtain a full 75% retirement benefit. Under the present Judicial Retirement plan, this same average Judge must work to age 67 to obtain full retirement benefits, (full vesting at the end of 22 years). The reason the average starting age for a judicial officer is much older than the average starting age of a regular PERS member has to do with educational and licensing requirements (NRS 3.060), together with the amount of experience in the law usually accompanying a judicial member to the bench. Another reason Judicial Retirement should accrue at a faster rate is due to the uncertainty of the profession itself. As set forth by statute, each District Court Judge and Supreme Court Justice must run for re-election every six years. It is more and more common to see a number of contested elections for both District Court and Supreme Court, as well as significant numbers of judicial officers not being returned to office by the electorate. This significant insecurity of the job is another reason why Judicial Retirement should accrue at a more rapid rate.

In the PERS system, there are distinctions made for police and firefighters and their benefits are different than other PERS members. Police and firefighters may retire with 20 years service at age 50 and draw retirement benefits immediately with no reduction for early retirement. At his or her death the surviving spouse may receive a 50% benefit for life even though retired members suffered no reduction in benefits during his/her lifetime. Neither of these benefits are available to regular PERS members.

Schoolteacher retirement benefits are calculated on an annual basis as if the teacher were employed for a full 52 week year and not reduced in any way for the 39 week actual school year. Professional staff at the Community College and the University of Nevada system are also treated separately and distinct from other PERS members. Therefore, there is no equity reason why Judges should be lumped in with regular PERS members and not have a retirement system which is tailored to accommodate the special characteristics of the judiciary.

Comparison Chart for Retirement Benefits

# yrs	*PERS*	*Judicial*
1	2.5	0
2	5.0	0
3	7.5	0
4	10.0	0
5	12.5	4.166
6	15.0	8.332
7	17.5	12.498
8	20.0	16.664
9	22.5	20.83
10	25.0	25.0
11	27.5	29.162
12	30.0	33.328
13	32.5	37.494
14	35.0	41.66
15	37.5	45.826
16	40.0	49.992
17	42.5	54.158
18	45.0	58.324
19	47.5	62.49
20	50.0	66.656
21	52.5	70.822
22	55.0	74.988 (max 75%)
23	57.5	
24	60.0	
25	62.5	
26	65.0	
27	67.5	
28	70.0	
29	72.5	
30	75.0	

1. **NRS 2.060 Pensions.**

1. Any justice of the supreme court who has served as a justice or judge of a district court in any one or more of those courts for a period or periods aggregating 22 years and has ended such service is, after reaching *the* age of 60 years, entitled to receive annually from the State of Nevada, as a pension during the remainder of his life, a sum of money equal in amount to three-fourths the sum received as a salary for his judicial services during the last year thereof, payable every 2 weeks from money provided by direct legislative appropriation.

2. Any justice of the supreme court who has served as a justice or judge of a district court in any one or more of those courts for a period or periods aggregating 5 years and has ended such service is, after reaching the age of 60 years, entitled to receive annually from the State of Nevada, as a pension during the remainder of his life, a sum of money equal in amount to 4.1666 percent of the sum received as a salary for his judicial services during the last year thereof, payable every 2 weeks from money provided by direct legislative appropriation.

3. Any justice of the supreme court who qualifies for a pension under the provisions of subsection 2 is entitled to receive, for each year served beyond 5 years up to a maximum of 22 years, an additional 4.1666 percent of the sum received as a salary for his judicial services during the last year thereof, payable as provided in subsection 2.

4. Any justice who has retired pursuant to subsection 3 and is thereafter recalled to additional active service in the court system is entitled to receive credit toward accumulating 22 years' service for the maximum pension based upon the time he actually spends in the additional active service.

5. Any justice who has the years of service necessary to retire but has not attained the required age may retire at any age with a benefit actuarially reduced to the required retirement age. A benefit under this subsection must be reduced in the same manner as benefits are reduced for persons retired under the public employees' retirement system.

6. Any person receiving a pension pursuant to the provisions of this section is entitled to receive post-retirement increases equal to those provided for persons retired under the public employees' retirement system.

7. Any justice who desires to receive the benefits of this section must file with the state controller and the state treasurer an affidavit setting forth the fact that he is ending his service, the date and place of his birth, and the years he has served in any district court or the supreme court.

8. Upon such notice and filing of the affidavit, the state controller shall draw his warrant, payable to the justice who has thus ended his service, upon the state treasurer for the sum due to him, and the state treasurer shall pay the sum out of money provided by direct legislative appropriation.

9. The faith of the State of Nevada is hereby pledged that this section shall not be repealed or amended so as to affect any justice who may have ended his service pursuant to it.

2. **NRS 3.090 Pensions.**

1. Any judge of the district court who has served as a justice of the supreme court or judge of a district court in any one or more of those courts for a period or periods aggregating 22 years and has ended such service is, after reaching the age of 60 years, entitled to receive annually from the State of Nevada, as a pension during the remainder of his life, a sum of money equal in amount to three-fourths the sum received as a salary for his judicial services during the last year thereof, payable every 2 weeks from money provided by direct legislative appropriation.

2. Any judge of the district court who has served as a justice of the supreme court or judge of a district court in any one or more of those courts for a period or periods aggregating 5 years and has ended such service is, after reaching the age of 60 years, entitled to receive annually from the State of Nevada, as a pension during the remainder of his life, a sum of money equal in amount to 4.1666 percent of the sum received as a salary for his judicial services during the last year thereof, payable every 2 weeks from money provided by direct legislative appropriation.

3. Any judge of the district court who qualifies for a pension under the provisions of subsection 2 is entitled to receive, for each year served beyond 5 years up to a maximum of 22 years, an additional 4.1666 percent of the sum received as a salary for his judicial services during the last year thereof, payable as provided in subsection 2.

4. Any judge who has retired pursuant to subsection 3 and is thereafter recalled to additional active service in the court system is entitled to receive credit toward accumulating 22 years' service for the maximum pension based upon the time he actually spends in the additional active service.

5. Any district judge who has the years of service necessary to retire but has not attained the required age may retire at any age with a benefit actuarially reduced to the required retirement age. A retirement benefit under this subsection must be reduced in the same manner as benefits are reduced for persons retired under the public employees' retirement system.

6. Any person receiving a pension pursuant to the provisions of this section is entitled to receive post-retirement increases equal to those provided for persons retired in the public employees' retirement system.

7. Any judge of the district court who desires to receive the benefits of this section must file with the state controller and the state treasurer an affidavit setting forth the fact that he is ending his service, the date and place of his birth, and the years he has served in any district court or the supreme court.

8. Upon such notice and filing of the affidavit, the state controller shall draw his warrant, payable to the judge who has thus ended his service, upon the state treasurer for the sum due to him, and the state treasurer shall pay the sum out of money provided by direct legislative appropriation.

9. The faith of the State of Nevada is hereby pledged that this section shall not be repealed or amended so as to affect any judge of the district court who may have ended his service pursuant to it.

3. **NRS 2.070 Benefits for surviving spouse.**

1. If a justice of the supreme court at the time of his death had retired and was then receiving a pension under the provisions of NRS 2.060, or if at the time of his death the justice had not retired but had performed sufficient service for retirement under the provisions of NRS 2.060, the surviving spouse, if the spouse has attained the age of 60 years, is entitled, until his death or remarriage, to receive monthly payments of $2,500 per month.

2. If a surviving spouse of a justice is not eligible to receive benefits pursuant to subsection 1, he is entitled, until his death or remarriage or until he becomes eligible to receive those benefits, to receive payments equal in amount to the payment provided in subsection 1 of NRS 286.674 for the spouse of a deceased member of the public employees' retirement system.

3. To obtain these benefits, the surviving spouse must make application to the board, commission or authority entrusted with the administration of the judges' pensions and furnish such information as may be required pursuant to reasonable regulations adopted for the purpose of carrying out the intent of this section.

4. Any person receiving a benefit pursuant to the provisions of this section is entitled to receive post-retirement increases equal to those provided for persons retired under the public employees' retirement system.

5. It is the intent of this section that no special fund be created for the purpose of paying these benefits, and all payments made under the provisions of this section are to be made out of and charged to any fund created for the purpose of paying pension benefits to justices of the supreme court.

4. **<u>NRS 2.075 Benefits for surviving child</u>**

1. Each child of a deceased justice of the supreme court is entitled to receive payments equal in amount to the payments provided in NRS 286.673 for the child of a deceased member of the public employees' retirement system.

2. In determining whether a child is a full-time student or financially dependent and physically or mentally incompetent, as provided in NRS 286.673 , the court administrator shall use any applicable standards and procedures established by the public employees' retirement board.

3. It is the intent of this section that no special fund be created for the payment of benefits, and all payments made under the provisions of this section are to be made out of and charged to any fund created for the purpose of paying pension benefits to justices of the supreme court.

5. **<u>NRS 3.095 Benefits for surviving spouse.</u>**

1. If a district judge at the time of his death had retired and was then receiving a pension under the provisions of NRS 3.090, or if at the time of his death the judge had not retired but had performed sufficient service for retirement under the provisions of NRS 3.090, the surviving spouse, if the spouse has attained the age of 60 years, is entitled, until his death or remarriage, to receive monthly payments of $2,500 per month.

2. If a surviving spouse of a judge is not eligible to receive benefits pursuant to subsection 1, he is entitled, until his death or remarriage or until he becomes eligible to receive those benefits, to receive payments equal in amount to the payment provided in subsection 1 of NRS 286.674 for the spouse of a deceased member of the public employees retirement system.

3. To obtain these benefits, the surviving spouse must make application to the board, commission or authority entrusted with the administration of the judges' pensions and furnish such information as may be required pursuant to reasonable regulations adopted for the purpose of carrying out the intent of this section.

4. Any person receiving a benefit pursuant to the provisions of this section is entitled to receive post-retirement increases equal to those provided for persons retired under the public employees' retirement system.

5. It is the intent of this section that no special fund be created for the purpose of paying these benefits, and all payments made under the provisions of this section are to be made out of and charged to any fund created for the purpose of paying pension benefits to district judges.

6. **NRS 3.097 Benefits for surviving child.**

1. Each child of a deceased district judge is entitled to receive payments equal in amount to the payments provided in NRS 286.673 for the child of a deceased member of the public employees' retirement system.

2. In determining whether a child is a full-time student or financially dependent and physically or mentally incompetent, as provided in NRS 286.673 , the court administrator shall use any applicable standards and procedures established by the public employees' retirement board.

3. It is the intent of this section that no special fund be created for the payment of benefits, and all payments made under the provisions of this section are to be made out of and charged to any fund created for the purpose of paying pension benefits to district judges.

Appendix C

District Judges' Association
Judicial Retirement Plan A and B

JUDICIAL RETIREMENT - PLAN 'A'

(Revised 05/22/00)

JUDICIAL RETIREMENT SYSTEM

The people of the State of Nevada do hereby create a *Judicial Retirement System.*

1. The advisory board will consist of five members: two Supreme Court Justices and three District Court Judges. The District Court Judges will be elected by the Nevada District Court Judges' Association to serve staggered five year terms and the Supreme Court will select its members in accordance with whatever process they choose.

2. The funds in the *Judicial Retirement System* will be administered by the Public Employees Retirement System.

3. Persons eligible for enrollment in the *Judicial Retirement System* are Judges of the District Court and Justices of the Supreme Court. All persons first becoming eligible for enrollment in the *Judicial Retirement System* on or after October 31, 2001 will automatically be enrolled in the *Judicial Retirement System.* Persons who qualify for enrollment in the *Judicial Retirement System* who are presently in the PERS system will have the option of remaining in PERS or moving into the *Judicial Retirement System.* Likewise, persons presently covered by the pensions set forth in Chapters 2 and 3 of Nevada Revised Statutes will also have the option of remaining in Chapter 2 or 3 pension programs or moving into the *Judicial Retirement System.*

4. All Judges, Justices first becoming eligible for *Judicial Retirement System* on or after October 31, 2001 will accrue retirement benefits on an equal annual basis at the rate of 3.75% per year which results in a full 75% retirement benefit payable at the end of 20 years, at the appropriate age, i.e. 60 years. Retirement at an earlier age will result in decreased benefits the same as in the PERS system.

5. A Judge shall be vested in the *Judicial Retirement System* upon the completion of five years of judicial service or a combination of five years of judicial service and PERS service which was rolled into the *Judicial Retirement System.*

6. Retirement benefits will be computed based upon the highest year of income defined as the highest consecutive 12 months of judicial salary. Judicial salary includes annual salary plus longevity plus cost of living increases, if any.

7. Those Judges/Justices presently in PERS and/or Chapter 2 or 3 pension plans shall make an election to remain in their present retirement program or to convert to the *Judicial Retirement System* not later than 45 days following the effective date of this legislation.

Those Judges/Justices who opt to convert to *Judicial Retirement System,* from the PERS system will have their PERS service credits totaled as of that date and those total credits will then be rolled into the *Judicial Retirement System* as existing credits and thereafter each such Judge will accrue retirement benefits at the rate of 3.75% per year. Likewise, those Judges opting into the *Judicial Retirement System* from Chapter 2 and 3 pensions will receive retirement benefits based on accrual at 3.75% per year of judicial service.

8. Those Judges opting into *Judicial Retirement* from the PERS system shall further have their accrued retirement account totaled and then transferred to or rolled into the *Judicial Retirement System* trust account for further investment and administration.

9. The unfunded liability for pension benefits for those Judges coming into *Judicial Retirement System* from Chapter 2 and 3 pensions must be funded by the legislature.

10. Incoming Judges first becoming eligible for *Judicial Retirement System* on or after October 31, 2001, who have accrued PERS benefits shall have those PERS service credits totaled as of the date such Judges first take judicial office in the District Court or Supreme Court and have them transferred into the *Judicial Retirement System*. Likewise, accrued monetary benefits associated with such Judge will be totaled and rolled from the PERS trust fund into the *Judicial Retirement System* for administration within that system thereafter.

11. The *Judicial Retirement System* shall provide beneficiary and survivor benefits as set forth in the PERS system and there shall also be increases in post-retirement benefits which will be calculated the same as under the PERS system.

12. The *Judicial Retirement System* shall allow a retiring Judge/Justice to purchase up to six years of retirement credits.

JUDICIAL RETIREMENT - PLAN 'B'

(<u>Highlights</u>)

1. *Provides for credits for all 22 years of service instead of allowing no credit for the first four years under current plan.*

2. *Provides for PERS option 2 upon retirement allowing surviving spouse higher benefits than currently allowed under widow's allowance.*

3. *Allows judges retired under PERS to receive the same post retirement increases for additional senior service as allowed judicial retirees.*

Minimal fiscal impact

Section 1. NRS 2.060 is hereby amended to read as follows:

2.060 1. Any justice of the supreme court who has served as a justice or judge of a district court in any one or more of those courts for a period or periods aggregating 22 years and has ended such service is, after reaching the age of 60 years, entitled to receive annually from the State of Nevada, as a pension during the remainder of his life, a sum of money equal in amount to three-fourths the sum received as a salary for his judicial services during the last year thereof, payable every 2 weeks from money provided by direct legislative appropriation.

2. Any justice of the supreme court who has served as a justice or judge of a district court in any one or more of those courts for a period or periods aggregating 5 years and has ended such service is, after reaching the age of 60 years, entitled to receive annually from the State of Nevada, as a pension during the remainder of his life, a sum of money equal in amount to ~~[4.1666]~~ ***3.4091*** percent of the sum received as a salary for his judicial services during the last year thereof, payable every 2 weeks from money provided by direct legislative appropriation.

3. Any justice of the supreme court who qualifies for a pension under the provisions of subsection 2 is entitled to receive, for each year served of ~~[5 years]~~ ***1 year*** up to a maximum of 22 years, an additional ~~[4.1666]~~ ***3.4091*** percent of the sum received as a salary for his judicial services during the last year thereof, payable as provided in subsection 2.

4. In lieu of receiving a pension pursuant to subsection 1, 2 or 3, a justice of the supreme court may elect to receive as a pension reduced payments that:

(a) Are payable ~~[every 2 weeks]~~ monthly during the remainder of his life from money provided by direct legislative appropriation; and

(b) Continue after his death for the life of the beneficiary whom he nominates by written designation acknowledged and filed at the time of retirement with the court administrator if the beneficiary survives him, based on the formula under the public employees' retirement system as set out in NRS 286.590(1) and NRS 286.590 (1 thru 5).

5. Any justice of the supreme court who has retired pursuant to this section ***or NRS Chap. 286*** and is thereafter recalled to additional active service in the court system is entitled to receive credit toward accumulating 22 years for the maximum pension based on the time he actually spends in the additional active service. ***The retirement benefit for the NRS 286 retirees will be calculated as if the judge had retired under this chapter utilizing only the time actually served as justice or judge of the district court to determine any entitlement for the additional service and would be payable as provided in subsection 2.***

6. Any justice who has the years of service necessary to retire but has not attained the required age may retire at any age with a benefit actuarially reduced to the required retirement age. A benefit under this subsection must be reduced in the same manner

as benefits are reduced for persons retired under the public employees' retirement system.

7. Any person receiving a pension pursuant to the provisions of this section is entitled to receive post-retirement increases equal to those provided for persons retired under the public employees' retirement system.

8. Any justice who desires to receive the benefits of this section must file with the state controller and the state treasurer an affidavit setting forth the fact that he is ending his service, the date and place of his birth, and the years he has served in any district court or the supreme court.

9. Upon such notice and filing of the affidavit, the state controller shall draw his warrant , payable to the justice who has thus ended his service, upon the state treasurer for the sum due to him, and the state treasurer shall pay the sum out of money provided by direct legislative appropriation.

10. The faith of the State of Nevada is hereby pledged that this section shall not be repealed or amended so as to affect any justice who may have ended his service pursuant to it.

Section 1. NRS 3.090 is hereby amended to read as follows:

3.090 1. Any judge of the district court who has served as a justice of the supreme court or judge of a district court in any one or more of those courts for a period or periods aggregating 22 years and has ended such service is, after reaching the age of 60 years, entitled to receive annually from the State of Nevada, as a pension during the remainder of his life, a sum of money equal in amount to three-fourths the sum received as a salary for his judicial services during the last year thereof, payable every 2 weeks from money provided by direct legislative appropriation.

2. Any judge of the district court who has served as a justice of the supreme court or judge of a district court in any one or more of those courts for a period or periods aggregating 5 years and has ended such service is, after reaching the age of 60 years, entitled to receive annually from the State of Nevada, as a pension during the remainder of his life, a sum of money equal in amount to ~~[4.1666]~~ ***3.4091*** percent of the sum received as a salary for his judicial services during the last year thereof, payable every 2 weeks from money provided by direct legislative appropriation.

3. Any judge of the district court who qualifies for a pension under the provisions of subsection 2 is entitled to receive, for each year served of ~~[5 years]~~ ***1 year*** up to a maximum of 22 years, an additional ~~[4.1666]~~ ***3.4091*** percent of the sum received as a salary for his judicial services during the last year thereof, payable as provided in subsection 2.

4. In lieu of receiving a pension pursuant to subsection 1, 2 or 3, a judge of the district court may elect to receive as a pension reduced payments that:

(a) Are payable ~~[every 2 weeks]~~ monthly during the remainder of his life from money provided by direct legislative appropriation; and

(b) Continue after his death for the life of the beneficiary whom he nominates by written designation acknowledged and filed at the time of retirement with the court administrator if the beneficiary survives him, based on the formula under the public employees' retirement system as set out in NRS 286.590(1) and NRS 286.590 (1 thru 5).

5. Any judge of the district court who has retired pursuant to this section ***or NRS Chap. 286*** and is thereafter recalled to additional active service in the court system is entitled to receive credit toward accumulating 22 years for the maximum pension based on the time he actually spends in the additional active service. ***The retirement benefit for the NRS 286 retirees will be calculated as if the judge had retired under this chapter utilizing only the time actually served as justice of the supreme court or judge of the district court to determine any entitlement for the additional service and would be payable as provided in subsection 2.***

6. Any judge of the district court who has the years of service necessary to retire but has not attained the required age may retire at any age with a benefit actuarially reduced to the required retirement age. A benefit under this subsection must be

reduced in the same manner as benefits are reduced for persons retired under the public employees' retirement system.

7. Any person receiving a pension pursuant to the provisions of this section is entitled to receive post-retirement increases equal to those provided for persons retired under the public employees' retirement system.

8. Any judge of the district court who desires to receive the benefits of this section must file with the state controller and the state treasurer an affidavit setting forth the fact that he is ending his service, the date and place of his birth, and the years he has served in any district court or the supreme court.

9. Upon such notice and filing of the affidavit, the state controller shall draw his warrant , payable to the judge who has thus ended his service, upon the state treasurer for the sum due to him, and the state treasurer shall pay the sum out of money provided by direct legislative appropriation.

10. The faith of the State of Nevada is hereby pledged that this section shall not be repealed or amended so as to affect any judge who may have ended his service pursuant to it.

Appendix D

Schedule outlining potential increases in
arbitration filing fees,
preemptory challenges
and filing fees

ghth Judicial District Court
bitration fee filings - Clark County Only

FEE CODE	DESCRIPTION	For the Ten Months Ended 4/30/99 ———Amount——— FAMILY COURT	DISTRICT COURT	TOTAL	Annualized Total	Filing Fee	Number Of Units 98/99	Annual Growth Rate (1)	Projected Units 99/00	Projected Units 00/01	Projected Units 01/02	———Total Revenue——— Current $5 Filing Fee	If $10 Increase	If $15 Increase	If $20 Increase
01	Complaint Filed	179,584	1,288,832	1,468,416	1,762,099	$128	13,766	3.6%	14,262	14,775	15,307	76,535	153,070	229,605	306,140
01A	Adoption	36,768		36,768	44,122	$96	460	2.6%	472	484	496	2,480	4,960	7,440	9,920
01B	Divorce	1,145,457		1,145,457	1,374,548	$137	10,033	2.6%	10,294	10,562	10,836	54,180	108,360	162,540	216,720
02A	Probate Will		176,814	176,814	212,177	$141	1,505	5.5%	1,588	1,675	1,767	8,835	17,670	26,505	35,340
02B	Appointment of Guardian	33,417		33,417	40,100	$141	284	2.6%	292	299	307	1,535	3,070	4,606	6,140
04A	Appeals Just/Muni Court		8,232	8,232	9,878	$84	118	3.6%	122	126	131	655	1,310	1,965	2,620
05	Answer or Appearance	223,875		223,875	268,650	$75	3,582	3.6%	3,711	3,845	3,983	19,915	39,830	59,745	79,660
05A	Civil Answer/Appearance	21,060	672,300	693,360	832,032	$81	10,272	3.6%	10,642	11,025	11,422	57,110	114,220	171,330	228,440
07A	Transfer from Dist Court	192	576	768	922	$96	10	3.6%	10	10	11	55	110	165	220
07B	Trans from Just/Muni Court		1,312	1,312	1,574	$82	19	3.6%	20	21	21	105	210	315	420
	Total	1,640,353	2,148,066	3,788,419	4,546,103		40,049		41,411	42,822	44,281	221,405	442,810	664,215	885,620

(1) This is the actual increase in filings for the period 1993 thru 1999

nalysis - State of Nevada

FEE CODE	DESCRIPTION	Number Of Units 98/99 (2)	Annual Growth Rate	Projected Units 99/00	Projected Units 00/01	Projected Units 01/02	———Total Revenue——— Current $5 Filing Fee	If $10 Increase	If $15 Increase	If $20 Increase
	District Court - Arbitration filing fees									
01	Complaint Filed	20,845	3.6%	21,595	22,373	23,178	115,891	231,783	347,674	463,566
01A	Adoption	775	2.6%	795	816	837	4,185	8,370	12,556	16,741
01B	Divorce	15,104	2.6%	15,497	15,900	16,313	81,565	163,130	244,696	326,260
02A	Probate Will	2,993	5.5%	3,158	3,331	3,515	17,573	35,145	52,718	70,290
02B	Appointment of Guardian	525	2.6%	538	552	567	2,833	5,667	8,500	11,333
04A	Appeals Just/Muni Court	200	3.6%	207	215	222	1,112	2,224	3,336	4,448
05	Answer or Appearance	5,390	3.6%	5,584	5,785	5,993	29,964	59,928	89,892	119,856
05A	Civil Answer/Appearance	15,455	3.6%	16,012	16,588	17,185	85,927	171,855	257,782	343,709
07A	Transfer from Dist Court	16	3.6%	17	17	18	89	178	267	356
07B	Trans from Just/Muni Court	30	3.6%	31	32	33	167	334	500	667
	Subtotal District Ct	61,333		63,433	65,609	67,861	339,307	678,613	1,017,920	1,357,226
							Current $200 Filing Fee	If Preemptory Challenges Increases $60 and if the filing fee increases $100		
	Supreme Court									
	Preemptory Challenges	880	3.6%	912	945	979	195,700	48,925	48,925	48,925
	Filing Fees	789	3.6%	817	847	877	175,463	87,732	87,732	87,732
	Subtotal Supreme Ct	1,669	0	1,729	1,791	1,856	371,164	136,657	136,657	136,657
	Grand Total						710,470	815,270	1,154,578	1,493,883

(2) Assumed that fee codes 05 and 05A were equal to fee code 01.

5/2/00 10:06 AM

Appendix E

Updated financial projections
on the Judges' Retirement System
developed by
The Segal Company

April 5, 2000

THE SEGAL COMPANY

6300 S. Syracuse Way
Suite 750
Englewood, Colorado
80111-6722
303-714-9936
FAX: 303-714-9990

April 5, 2000

Leslie L. Thompson, A.S.A., M.A.A.A., E.A.
Vice President

Mr. George Pyne
Executive Director
Nevada Public Employees
Retirement System
693 W. Nye Lane
Carson City, NV 89703-1599

Re: **Cash Flow Exhibits - Nevada Judges**

Dear George:

Enclosed are cash flow exhibits assuming (i) a lump sum payment is made on July 1, 2001 equal to the system's projected actuarial accrued liability on that date and (ii) the annual funding of the system begins on January 1, 2003.

Since the proposed effective date for funding the system is January 1, 2003, the enclosed exhibits are based on contributions determined on a calendar year basis; our previous exhibits were based on funding the system on a July 1 – June 30 plan year basis.

Some of the differences that you may notice from the previous study, due to the proposed funding changes, are:

- An employer normal cost will be $0 for 2001 and 2002; the employer normal cost begins in 2003 and represents a full year's normal cost;
- Expected benefit payments for all retirees will continue to be made on a pay-as-you go basis until 2003, at which time all or a portion of the payments will be made from the trust, depending on the scenario;
- Administrative expenses will be paid from the trust beginning in 2003; until then the expenses are paid in a manner similar to the current retirees;
- The normal costs on the enclosed exhibits reflect *mid-calendar year* amounts (*i.e.*, as of July 1). The normal costs on the previous exhibits reflected *mid-plan year* amounts (*i.e.*, as of December 31). For this reason, there will be slight differences in the normal costs shown on exhibits. For example, the 2003 normal cost on the enclosed exhibits is $907,700; the 2003 normal cost on the previous exhibits was $943,300.

"Scenarios 1 and 3" – Prefunding Future Retirees Only

The first set of exhibits (labeled "Scenario 1 and Scenario 3") assume a lump sum payment of the *active* accrued liability on July 1, 2001. This contribution would remain in the trust, earning interest until the effective date of the system on January 1, 2003.

Benefit payments to pensioners (including administrative expenses) would continue to be made on a pay-as-you-go basis until 2003.

On the system's effective date, annual contributions equal to normal cost plus administrative expenses would be made to the trust, and benefit payments to *future* retirees would be made from the trust. Benefit payments to retirees on January 1, 2003 would continue to be made on a pay-as-you-go basis.

Scenarios 1 and 3 are identical since the only difference between these two scenarios was the period for amortizing the unfunded accrued liability. Under the proposed funding method, the system's initial contribution on July 1, 2001 is expected to result in no projected unfunded accrued liability.

"Scenario 2" – Prefunding Current and Future Retirees

This scenario pre-funds both current and future retirees.

Benefit payments to pensioners in 2001 and 2002 (including administrative expenses) will continue to be made on a pay-as-you-go basis until January 1, 2003. After this date, all benefits and administrative expenses will be paid from the trust.

Annual contributions beginning in 2003 will equal the sum of normal cost, administrative expenses and the amortization payment toward the unfunded accrued liability (if any). If the system's initial contribution is a lump sum payment of the *active* accrued liability only, the remaining unfunded accrued liability will be amortized over 34 years beginning on January 1, 2003 (the exhibit labeled Scenario 2). If the system's initial contribution is a lump sum payment of the *active and inactive* accrued liability, the unfunded accrued liability is expected to be $0 and no amortization payment is required (the exhibit labeled "Scenario 2 and Scenario 4").

"Scenario 4" – Prefunding Current and Future Retirees

This scenario is identical to Scenario 2 above except the amortization of the unfunded accrued liability. If the system's initial contribution is a lump sum payment of the *active* accrued liability only, the remaining unfunded accrued liability will be amortized over 21 years beginning on January 1, 2003 (the exhibit labeled Scenario 4).

If you have any questions concerning these exhibits, or if we can be of further assistance, please let us know.

Sincerely

Leslie L. Thompson, A.S.A., M.A.A.A., E.A.
Vice President and Consulting Actuary

LLT:cvm

Enclosures

109381/01068.001

NEVADA JUDGES -- 40 YEAR CASH FLOW

Scenario 1 and Scenario 3 (assuming $13,508,200 lump sum payment on July 1, 2001)

Prefunding Future Retirees -- No Unfunded Liability

Year	(1) Employer Normal Cost (3% growth)	(2) UAL Payment (Scenario 1)	(3) Administrative Expenses (3% growth)	(4) Investment Return (8%)	(5) Expected Benefit Payments Current Retirees*	(6) Total Cash Income	(7) Expected Benefit Payments Current Retirees*	(8) Expected Benefit Payments Future Retirees	(9) Administrative Expenses (3% growth)	(10) Total Expenses	(11) Net Cash Flow (6)-(10)
2001	$0	$13,508,200	$0	$529,900	$1,707,000	$15,745,100	$1,707,000	$0	$0	$1,707,000	$14,038,100
2002	0	0	0	1,123,100	1,749,200	2,872,300	1,749,200	$0	0	1,749,200	1,123,100
2003	907,700	0	43,900	1,244,800	1,693,100	3,889,500	1,693,100	$93,400	43,900	1,830,400	2,059,100
2004	934,900	0	45,200	1,407,900	1,677,500	4,065,500	1,677,500	$163,400	45,200	1,886,100	2,179,400
2005	963,000	0	46,600	1,579,100	1,661,400	4,250,100	1,661,400	$272,500	46,600	1,980,500	2,269,600
2006	991,900	0	48,000	1,757,100	1,643,700	4,440,700	1,643,700	$391,300	48,000	2,083,000	2,357,700
2007	1,021,600	0	49,400	1,943,300	1,623,100	4,637,400	1,623,100	$481,600	49,400	2,154,100	2,483,300
2008	1,052,300	0	50,900	2,138,300	1,597,500	4,839,000	1,597,500	$605,900	50,900	2,254,300	2,584,700
2009	1,083,800	0	52,400	2,342,700	1,569,900	5,048,800	1,569,900	$699,700	52,400	2,322,000	2,726,800
2010	1,116,300	0	54,000	2,555,300	1,534,600	5,260,200	1,534,600	$872,300	54,000	2,460,900	2,799,300
2011	1,149,800	0	55,600	2,774,900	1,502,100	5,482,400	1,502,100	$1,015,900	55,600	2,573,600	2,908,800
2012	1,184,300	0	57,300	3,004,900	1,466,000	5,712,500	1,466,000	$1,121,500	57,300	2,644,800	3,067,700
2013	1,219,900	0	59,000	3,247,200	1,426,600	5,952,700	1,426,600	$1,235,700	59,000	2,721,300	3,231,400
2014	1,256,500	0	60,800	3,503,600	1,384,100	6,205,000	1,384,100	$1,326,700	60,800	2,771,600	3,433,400
2015	1,294,100	0	62,600	3,771,500	1,334,400	6,462,600	1,334,400	$1,536,400	62,600	2,933,400	3,529,200
2016	1,333,000	0	64,500	4,043,100	1,287,300	6,727,900	1,287,300	$1,849,300	64,500	3,201,100	3,526,800
2017	1,373,000	0	66,400	4,318,200	1,238,200	6,995,800	1,238,200	$2,068,700	66,400	3,373,300	3,622,500
2018	1,414,100	0	68,400	4,604,100	1,187,700	7,274,300	1,187,700	$2,206,900	68,400	3,463,000	3,811,300
2019	1,456,600	0	70,500	4,900,900	1,136,400	7,564,400	1,136,400	$2,458,200	70,500	3,665,100	3,899,300
2020	1,500,300	0	72,600	5,205,200	1,084,900	7,863,000	1,084,900	$2,695,900	72,600	3,853,400	4,009,600
2021	1,545,300	0	74,800	5,522,000	1,033,300	8,175,400	1,033,300	$2,842,800	74,800	3,950,900	4,224,500
2022	1,591,600	0	77,000	5,851,100	982,200	8,501,900	982,200	$3,112,600	77,000	4,171,800	4,330,100
2023	1,639,400	0	79,300	6,189,500	931,900	8,840,100	931,900	$3,366,000	79,300	4,377,200	4,462,900
2024	1,688,600	0	81,700	6,542,400	882,700	9,195,400	882,700	$3,520,700	81,700	4,485,100	4,710,300
2025	1,739,200	0	84,200	6,915,500	835,000	9,573,900	835,000	$3,666,200	84,200	4,585,400	4,988,500
2026	1,791,400	0	86,700	7,311,000	788,500	9,977,600	788,500	$3,809,200	86,700	4,684,400	5,293,200
2027	1,845,100	0	89,300	7,727,300	744,500	10,406,200	744,500	$4,044,400	89,300	4,878,200	5,528,000
2028	1,900,500	0	92,000	8,166,500	702,300	10,861,300	702,300	$4,177,900	92,000	4,972,200	5,889,100
2029	1,957,500	0	94,800	8,634,800	662,000	11,349,100	662,000	$4,308,400	94,800	5,065,200	6,283,900
2030	2,016,200	0	97,600	9,134,600	623,500	11,871,900	623,500	$4,440,900	97,600	5,162,000	6,709,900
2031	2,076,700	0	100,500	9,660,000	582,600	12,419,800	582,600	$4,789,800	100,500	5,472,900	6,946,900
2032	2,139,000	0	103,500	10,204,400	548,800	12,995,700	548,800	$5,143,800	103,500	5,796,100	7,199,600
2033	2,203,200	0	106,600	10,768,600	514,500	13,592,900	514,500	$5,506,700	106,600	6,127,800	7,465,100
2034	2,269,300	0	109,800	11,362,800	482,500	14,224,400	482,500	$5,648,800	109,800	6,241,100	7,983,300
2035	2,337,400	0	113,100	11,993,400	450,500	14,894,400	450,500	$5,923,200	113,100	6,486,800	8,407,600
2036	2,407,500	0	116,500	12,652,500	418,400	15,594,900	418,400	$6,339,000	116,500	6,873,900	8,721,000
2037	2,479,700	0	120,000	13,346,200	386,100	16,332,000	386,100	$6,510,800	120,000	7,016,900	9,315,100
2038	2,554,100	0	123,600	14,081,700	330,100	17,089,500	330,100	$6,833,800	123,600	7,287,500	9,802,000
2039	2,630,700	0	127,300	14,855,600	295,800	17,909,400	295,800	$7,171,200	127,300	7,594,300	10,315,100
2040	2,709,700	0	131,100	15,670,200	269,800	18,780,800	269,800	$7,520,700	131,100	7,921,600	10,859,200
2041	2,790,900	0	135,000	16,533,300	243,400	19,702,600	243,400	$7,745,300	135,000	8,123,700	11,578,900

* 2001 and 2002 Benefit Payments include expenses

VII. CASH FLOW EXHIBITS

NEVADA JUDGES – 40 YEAR CASH FLOW

Scenario 1 and Scenario 3 (assuming $13,508,200 lump sum payment 7/1/2001)

Prefunding Future Retirees – No Unfunded Liability

Year	Actuarial Funding (Including Current Retirees) (1)+(2)+(3)+(5)	Pay-As-You-Go Funding (7)+(8)+(9)
2001	$15,215,200	$1,707,000
2002	1,749,200	1,749,200
2003	2,644,700	1,830,400
2004	2,657,600	1,886,100
2005	2,671,000	1,980,500
2006	2,683,600	2,083,000
2007	2,694,100	2,154,100
2008	2,700,700	2,254,300
2009	2,706,100	2,322,000
2010	2,704,900	2,460,900
2011	2,707,500	2,573,600
2012	2,707,600	2,644,800
2013	2,705,500	2,721,300
2014	2,701,400	2,771,600
2015	2,691,100	2,933,400
2016	2,684,800	3,201,100
2017	2,677,600	3,373,300
2018	2,670,200	3,463,000
2019	2,663,500	3,665,100
2020	2,657,800	3,853,400
2021	2,653,400	3,950,900
2022	2,650,800	4,171,800
2023	2,650,600	4,377,200
2024	2,653,000	4,485,100
2025	2,658,400	4,585,400
2026	2,666,600	4,684,400
2027	2,678,900	4,878,200
2028	2,694,800	4,972,200
2029	2,714,300	5,065,200
2030	2,737,300	5,162,000
2031	2,759,800	5,472,900
2032	2,791,300	5,796,100
2033	2,824,300	6,127,800
2034	2,861,600	6,241,100
2035	2,901,000	6,486,800
2036	2,942,400	6,873,900
2037	2,985,800	7,016,900
2038	3,007,800	7,287,500
2039	3,053,800	7,594,300
2040	3,110,600	7,921,600
2041	3,169,300	8,123,700

Total - 20 Years	$67,947,500	$55,579,000
Fund Balance at End of 20 Years	**$73,885,100**	**$0**
Total - 40 Years	$124,459,900	$172,903,100
Fund Balance at End of 40 Years	**$220,674,800**	**$0**

VII. CASH FLOW EXHIBITS

NEVADA JUDGES -- 40 YEAR CASH FLOW

Scenario 2 (assuming $13.508.200 lump sum payment on July 1. 2001)
Prefunding Current and Future Retirees -- Amortization Period -- 34 Years from January 1, 2003

Year	Actuarial Funding (1)+(2)+(3)+(5)	Pay-As-You-Go Funding (7)+(8)+(9)
2001	15.215.200	1.707.000
2002	1.749.200	1.749.200
2003	1.680.300	1.830.400
2004	1.723.200	1.886.100
2005	1.775.000	1.980.500
2006	1.828.200	2.083.000
2007	1.883.000	2.154.100
2008	1,939.500	2,254.300
2009	1.997.700	2.322.000
2010	2.057.700	2.460.900
2011	2.119.400	2.573.600
2012	2.183.000	2.644.800
2013	2.248.500	2.721.300
2014	2.315.900	2.771.600
2015	2.385.400	2.933.400
2016	2.457.000	3.201.200
2017	2.530.700	3.373.400
2018	2.606.600	3.462.900
2019	2.684.800	3.665.100
2020	2.765.400	3.853.400
2021	2.848.300	3.950.800
2022	2.933.700	4.171.800
2023	3.021.700	4.377.100
2024	3.112.400	4.485.200
2025	3.205.800	4.585.400
2026	3.302.000	4.684.400
2027	3.401.000	4.878.200
2028	3.503.100	4.972.200
2029	3.608.200	5.065.200
2030	3.716.400	5.162.000
2031	3.827.900	5.472.900
2032	3.942.700	5.796.200
2033	4.061.000	6.127.800
2034	4.182.800	6.241.100
2035	4.308.300	6.486.800
2036	4.437.600	6.873.900
2037	2.599.700	7.016.900
2038	2.677.700	7.287.500
2039	2.758.000	7.594.400
2040	2.840.800	7.921.600
2041	2.925.900	8.123.700

Total - 20 Years	$58.994.000	$55.579.000
Fund Balance at End of 20 Years	**$47,459.800**	**$0**
Total - 40 Years	$127.360.700	$172.903.300
Fund Balance at End of 40 Years	**$127.560.800**	**$0**

VII. CASH FLOW EXHIBITS

NEVADA JUDGES -- 40 YEAR CASH FLOW

Scenario 2 (assuming $13,508,200 lump sum payment on July 1, 2001)

Prefunding Current and Future Retirees -- Amortization Period -- 34 Years from January 1, 2003

Year	(1) Employer Normal Cost (3% growth)	(2) UAL Payment (Scenario 1)	(3) Administrative Expenses (3% growth)	(4) Investment Return (8%)	(5) Expected Benefit Payments Current Retirees*	(6) Total Cash Income	(7) Expected Benefit Payments Current Retirees*	(8) Expected Benefit Payments Future Retirees	(9) Administrative Expenses (3% growth)	(10) Total Expenses	(11) Net Cash Flow (6)-(10)
2001	0	13,508,200	0	529,900	1,707,000	15,745,100	1,707,000	0	0	1,707,000	14,038,100
2002	0	0	0	1,123,100	1,749,200	2,872,300	1,749,200	0	0	1,749,200	1,123,100
2003	907,700	728,700	43,900	1,207,000	0	2,887,300	1,693,100	93,400	43,900	1,830,400	1,056,900
2004	934,900	743,100	45,200	1,291,100	0	3,014,300	1,677,500	163,400	45,200	1,886,100	1,128,200
2005	963,000	765,400	46,600	1,379,600	0	3,154,600	1,661,400	272,500	46,600	1,980,500	1,174,100
2006	991,900	788,300	48,000	1,471,600	0	3,299,800	1,643,700	391,300	48,000	2,083,000	1,216,800
2007	1,021,600	812,000	49,400	1,568,400	0	3,451,400	1,623,100	481,600	49,400	2,154,100	1,297,300
2008	1,052,300	836,300	50,900	1,670,400	0	3,609,900	1,597,500	605,900	50,900	2,254,300	1,355,600
2009	1,083,800	861,500	52,400	1,778,500	0	3,776,200	1,569,900	699,700	52,400	2,322,000	1,454,200
2010	1,116,300	887,400	54,000	1,891,700	0	3,949,400	1,534,600	872,300	54,000	2,460,900	1,488,500
2011	1,149,800	914,000	55,600	2,008,800	0	4,128,200	1,502,100	1,015,900	55,600	2,573,600	1,554,600
2012	1,184,300	941,400	57,300	2,132,900	0	4,315,900	1,466,000	1,121,500	57,300	2,644,800	1,671,100
2013	1,219,900	969,600	59,000	2,266,100	0	4,514,600	1,426,600	1,235,700	59,000	2,721,300	1,793,300
2014	1,256,500	998,600	60,800	2,410,300	0	4,726,200	1,384,100	1,326,700	60,800	2,771,600	1,954,600
2015	1,294,100	1,028,700	62,600	2,563,000	0	4,948,400	1,334,400	1,536,400	62,600	2,933,400	2,015,000
2016	1,333,000	1,059,500	64,500	2,716,500	0	5,173,500	1,287,300	1,849,400	64,500	3,201,200	1,972,300
2017	1,373,000	1,091,300	66,400	2,870,400	0	5,401,100	1,238,200	2,068,800	66,400	3,373,400	2,027,700
2018	1,414,100	1,124,100	68,400	3,032,100	0	5,638,700	1,187,700	2,206,800	68,400	3,462,900	2,175,800
2019	1,456,600	1,157,700	70,500	3,201,300	0	5,886,100	1,136,400	2,458,200	70,500	3,665,100	2,221,000
2020	1,500,300	1,192,500	72,600	3,374,800	0	6,140,200	1,084,900	2,695,900	72,600	3,853,400	2,286,800
2021	1,545,300	1,228,200	74,800	3,557,200	0	6,405,500	1,033,300	2,842,700	74,800	3,950,800	2,454,700
2022	1,591,600	1,265,100	77,000	3,748,200	0	6,681,900	982,200	3,112,600	77,000	4,171,800	2,510,100
2023	1,639,400	1,303,000	79,300	3,944,400	0	6,966,100	931,900	3,365,900	79,300	4,377,100	2,589,000
2024	1,688,600	1,342,100	81,700	4,150,900	0	7,263,300	882,700	3,520,800	81,700	4,485,200	2,778,100
2025	1,739,200	1,382,400	84,200	4,372,900	0	7,578,700	835,000	3,666,200	84,200	4,585,400	2,993,300
2026	1,791,400	1,423,900	86,700	4,612,200	0	7,914,200	788,500	3,809,200	86,700	4,684,400	3,229,800
2027	1,845,100	1,466,600	89,300	4,866,900	0	8,267,900	744,500	4,044,400	89,300	4,878,200	3,389,700
2028	1,900,500	1,510,600	92,000	5,138,400	0	8,641,500	702,300	4,177,900	92,000	4,972,200	3,669,300
2029	1,957,500	1,555,900	94,800	5,432,400	0	9,040,600	662,000	4,308,400	94,800	5,065,200	3,975,400
2030	2,016,200	1,602,600	97,600	5,750,900	0	9,467,300	623,500	4,440,900	97,600	5,162,000	4,305,300
2031	2,076,700	1,650,700	100,500	6,087,500	0	9,915,400	582,600	4,789,800	100,500	5,472,900	4,442,500
2032	2,139,000	1,700,200	103,500	6,434,700	0	10,377,400	548,800	5,143,900	103,500	5,796,200	4,581,200
2033	2,203,200	1,751,200	106,600	6,792,800	0	10,853,800	514,500	5,506,700	106,600	6,127,800	4,726,000
2034	2,269,300	1,803,700	109,800	7,171,200	0	11,354,000	482,500	5,648,800	109,800	6,241,100	5,112,900
2035	2,337,400	1,857,800	113,100	7,575,600	0	11,883,900	450,500	5,923,200	113,100	6,486,800	5,397,100
2036	2,407,500	1,913,600	116,500	7,997,200	0	12,434,800	418,400	6,339,000	116,500	6,873,900	5,560,900
2037	2,479,700	0	120,000	8,364,400	0	10,964,100	386,100	6,510,800	120,000	7,016,900	3,947,200
2038	2,554,100	0	123,600	8,672,600	0	11,350,300	330,100	6,833,800	123,600	7,287,500	4,062,800
2039	2,630,700	0	127,300	8,988,700	0	11,746,700	295,800	7,171,300	127,300	7,594,400	4,152,300
2040	2,709,700	0	131,100	9,311,300	0	12,152,100	269,800	7,520,700	131,100	7,921,600	4,230,500
2041	2,790,900	0	135,000	9,645,200	0	12,571,100	243,400	7,745,300	135,000	8,123,700	4,447,400

* 2001 and 2002 Benefit Payments include expenses

VII. CASH FLOW EXHIBITS

NEVADA JUDGES -- 40 YEAR CASH FLOW
Scenario 4 (assuming $13,508,200 lump sum payment on July 1, 2001)
Prefunding Current and Future Retirees -- Amortization Period -- 21 Years from January 1, 2003

Year	(1) Employer Normal Cost (3% growth)	(2) UAL Payment (Scenario 1)	(3) Administrative Expenses (3% growth)	(4) Investment Return (8%)	(5) Expected Benefit Payments Current Retirees*	(6) Total Cash Income	(7) Expected Benefit Payments Current Retirees*	(8) Expected Benefit Payments Future Retirees	(9) Administrative Expenses (3% growth)	(10) Total Expenses	(11) Net Cash Flow (6)-(10)
2001	0	13,508,200	0	529,900	1,707,000	**15,745,100**	1,707,000	0	0	**1,707,000**	**14,038,100**
2002	0	0	0	1,123,100	1,749,200	**2,872,300**	1,749,200	0	0	**1,749,200**	**1,123,100**
2003	907,700	925,200	43,900	1,214,700	0	**3,091,500**	1,693,100	93,400	43,900	**1,830,400**	**1,261,100**
2004	934,900	953,000	45,200	1,315,600	0	**3,248,700**	1,677,500	163,400	45,200	**1,886,100**	**1,362,600**
2005	963,000	981,600	46,600	1,423,200	0	**3,414,400**	1,661,400	272,500	46,600	**1,980,500**	**1,433,900**
2006	991,900	1,011,000	48,000	1,536,300	0	**3,587,200**	1,643,700	391,300	48,000	**2,083,000**	**1,504,200**
2007	1,021,600	1,041,400	49,400	1,656,200	0	**3,768,600**	1,623,100	481,600	49,400	**2,154,100**	**1,614,500**
2008	1,052,300	1,072,600	50,900	1,783,900	0	**3,959,700**	1,597,500	605,900	50,900	**2,254,300**	**1,705,400**
2009	1,083,800	1,104,800	52,400	1,920,300	0	**4,161,300**	1,569,900	699,700	52,400	**2,322,000**	**1,839,300**
2010	1,116,300	1,138,000	54,000	2,064,600	0	**4,372,900**	1,534,600	872,300	54,000	**2,460,900**	**1,912,000**
2011	1,149,800	1,172,100	55,600	2,215,800	0	**4,593,300**	1,502,100	1,015,900	55,600	**2,573,600**	**2,019,700**
2012	1,184,300	1,207,300	57,300	2,377,400	0	**4,826,300**	1,466,000	1,121,500	57,300	**2,644,800**	**2,181,500**
2013	1,219,900	1,243,400	59,000	2,551,800	0	**5,074,100**	1,426,600	1,235,700	59,000	**2,721,300**	**2,352,800**
2014	1,256,500	1,280,700	60,800	2,741,100	0	**5,339,100**	1,384,100	1,326,700	60,800	**2,771,600**	**2,567,500**
2015	1,294,100	1,319,200	62,600	2,943,200	0	**5,619,100**	1,334,400	1,536,400	62,600	**2,933,400**	**2,685,700**
2016	1,333,000	1,358,700	64,500	3,150,700	0	**5,906,900**	1,287,300	1,849,400	64,500	**3,201,200**	**2,705,700**
2017	1,373,000	1,399,500	66,400	3,363,600	0	**6,202,500**	1,238,200	2,068,800	66,400	**3,373,400**	**2,829,100**
2018	1,414,100	1,441,600	68,400	3,589,800	0	**6,513,900**	1,187,700	2,206,800	68,400	**3,462,900**	**3,051,000**
2019	1,456,600	1,484,700	70,500	3,829,400	0	**6,841,200**	1,136,400	2,458,200	70,500	**3,665,100**	**3,176,100**
2020	1,500,300	1,529,300	72,600	4,079,600	0	**7,181,800**	1,084,900	2,695,900	72,600	**3,853,400**	**3,328,400**
2021	1,545,300	1,575,200	74,800	4,345,700	0	**7,541,000**	1,033,300	2,842,700	74,800	**3,950,800**	**3,590,200**
2022	1,591,600	1,622,500	77,000	4,628,000	0	**7,919,100**	982,200	3,112,600	77,000	**4,171,800**	**3,747,300**
2023	1,639,400	1,671,100	79,300	4,923,600	0	**8,313,400**	931,900	3,365,900	79,300	**4,377,100**	**3,936,300**
2024	1,688,600	0	81,700	5,170,700	0	**6,941,000**	882,700	3,520,800	81,700	**4,485,200**	**2,455,800**
2025	1,739,200	0	84,200	5,365,400	0	**7,188,800**	835,000	3,666,200	84,200	**4,585,400**	**2,603,400**
2026	1,791,400	0	86,700	5,571,900	0	**7,450,000**	788,500	3,809,200	86,700	**4,684,400**	**2,765,600**
2027	1,845,100	0	89,300	5,787,700	0	**7,722,100**	744,500	4,044,400	89,300	**4,878,200**	**2,843,900**
2028	1,900,500	0	92,000	6,013,800	0	**8,006,300**	702,300	4,177,900	92,000	**4,972,200**	**3,034,100**
2029	1,957,500	0	94,800	6,255,300	0	**8,307,600**	662,000	4,308,400	94,800	**5,065,200**	**3,242,400**
2030	2,016,200	0	97,600	6,513,300	0	**8,627,100**	623,500	4,440,900	97,600	**5,162,000**	**3,465,100**
2031	2,076,700	0	100,500	6,780,800	0	**8,958,000**	582,600	4,789,800	100,500	**5,472,900**	**3,485,100**
2032	2,139,000	0	103,500	7,049,500	0	**9,292,000**	548,800	5,143,900	103,500	**5,796,200**	**3,495,800**
2033	2,203,200	0	106,600	7,318,800	0	**9,628,600**	514,500	5,506,700	106,600	**6,127,800**	**3,500,800**
2034	2,269,300	0	109,800	7,597,100	0	**9,976,200**	482,500	5,648,800	109,800	**6,241,100**	**3,735,100**
2035	2,337,400	0	113,100	7,889,100	0	**10,339,600**	450,500	5,923,200	113,100	**6,486,800**	**3,852,800**
2036	2,407,500	0	116,500	8,185,000	0	**10,709,000**	418,400	6,339,000	116,500	**6,873,900**	**3,835,100**
2037	2,479,700	0	120,000	8,489,200	0	**11,088,900**	386,100	6,510,800	120,000	**7,016,900**	**4,072,000**
2038	2,554,100	0	123,600	8,807,300	0	**11,485,000**	330,100	6,833,800	123,600	**7,287,500**	**4,197,500**
2039	2,630,700	0	127,300	9,134,300	0	**11,892,300**	295,800	7,171,300	127,300	**7,594,400**	**4,297,900**
2040	2,709,700	0	131,100	9,468,500	0	**12,309,300**	269,800	7,520,700	131,100	**7,921,600**	**4,387,700**
2041	2,790,900	0	135,000	9,814,900	0	**12,740,800**	243,400	7,745,300	135,000	**8,123,700**	**4,617,100**

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NEVADA JUDGES – 40 YEAR CASH FLOW

Scenario 4 (assuming $13,508,200 lump sum payment on July 1, 2001)

Prefunding Current and Future Retirees – Amortization Period – 21 Years from January 1, 2003

Year	Actuarial Funding (1)+(2)+(3)+(5)	Pay-As-You-Go Funding (7)+(8)+(9)
2001	15,215,200	1,707,000
2002	1,749,200	1,749,200
2003	1,876,800	1,830,400
2004	1,933,100	1,886,100
2005	1,991,200	1,980,500
2006	2,050,900	2,083,000
2007	2,112,400	2,154,100
2008	2,175,800	2,254,300
2009	2,241,000	2,322,000
2010	2,308,300	2,460,900
2011	2,377,500	2,573,600
2012	2,448,900	2,644,800
2013	2,522,300	2,721,300
2014	2,598,000	2,771,600
2015	2,675,900	2,933,400
2016	2,756,200	3,201,200
2017	2,838,900	3,373,400
2018	2,924,100	3,462,900
2019	3,011,800	3,665,100
2020	3,102,200	3,853,400
2021	3,195,300	3,950,800
2022	3,291,100	4,171,800
2023	3,389,800	4,377,100
2024	1,770,300	4,485,200
2025	1,823,400	4,585,400
2026	1,878,100	4,684,400
2027	1,934,400	4,878,200
2028	1,992,500	4,972,200
2029	2,052,300	5,065,200
2030	2,113,800	5,162,000
2031	2,177,200	5,472,900
2032	2,242,500	5,796,200
2033	2,309,800	6,127,800
2034	2,379,100	6,241,100
2035	2,450,500	6,486,800
2036	2,524,000	6,873,900
2037	2,599,700	7,016,900
2038	2,677,700	7,287,500
2039	2,758,000	7,594,400
2040	2,840,800	7,921,600
2041	2,925,900	8,123,700

Total - 20 Years	$64,105,000	$55,579,000
Fund Balance at End of 20 Years	**$58,281,900**	**$0**
Total - 40 Years	$112,235,900	$172,903,300
Fund Balance at End of 40 Years	**$129,852,700**	**$0**

NEVADA JUDGES -- 40 YEAR CASH FLOW

Scenario 2 and Scenario 4 (assuming $24,394,100 lump sum payment on July 1, 2001)
Prefunding Current and Future Retirees -- No Unfunded Liability

Year	(1) Employer Normal Cost (3% growth)	(2) UAL Payment (Scenario 1)	(3) Administrative Expenses (3% growth)	(4) Investment Return (8%)	(5) Expected Benefit Payments Current Retirees*	(6) Total Cash Income	(7) Expected Benefit Payments Current Retirees*	(8) Expected Benefit Payments Future Retirees	(9) Administrative Expenses (3% growth)	(10) Total Expenses	(11) Net Cash Flow (6)-(10)
2001	0	24,394,100	0	957,000	1,707,000	**27,058,100**	1,707,000	0	0	**1,707,000**	**25,351,100**
2002	0	0	0	2,028,100	1,749,200	**3,777,300**	1,749,200	0	0	**1,749,200**	**2,028,100**
2003	907,700	0	43,900	2,155,900	0	**3,107,500**	1,693,100	93,400	43,900	**1,830,400**	**1,277,100**
2004	934,900	0	45,200	2,257,000	0	**3,237,100**	1,677,500	163,400	45,200	**1,886,100**	**1,351,000**
2005	963,000	0	46,600	2,362,500	0	**3,372,100**	1,661,400	272,500	46,600	**1,980,500**	**1,391,600**
2006	991,900	0	48,000	2,471,000	0	**3,510,900**	1,643,700	391,300	48,000	**2,083,000**	**1,427,900**
2007	1,021,600	0	49,400	2,583,600	0	**3,654,600**	1,623,100	481,600	49,400	**2,154,100**	**1,500,500**
2008	1,052,300	0	50,900	2,701,000	0	**3,804,200**	1,597,500	605,900	50,900	**2,254,300**	**1,549,900**
2009	1,083,800	0	52,400	2,823,600	0	**3,959,800**	1,569,900	699,700	52,400	**2,322,000**	**1,637,800**
2010	1,116,300	0	54,000	2,950,600	0	**4,120,900**	1,534,600	872,300	54,000	**2,460,900**	**1,660,000**
2011	1,149,800	0	55,600	3,080,300	0	**4,285,700**	1,502,100	1,015,900	55,600	**2,573,600**	**1,712,100**
2012	1,184,300	0	57,300	3,215,900	0	**4,457,500**	1,466,000	1,121,500	57,300	**2,644,800**	**1,812,700**
2013	1,219,900	0	59,000	3,359,400	0	**4,638,300**	1,426,600	1,235,700	59,000	**2,721,300**	**1,917,000**
2014	1,256,500	0	60,800	3,512,300	0	**4,829,600**	1,384,100	1,326,700	60,800	**2,771,600**	**2,058,000**
2015	1,294,100	0	62,600	3,672,100	0	**5,028,800**	1,334,400	1,536,400	62,600	**2,933,400**	**2,095,400**
2016	1,333,000	0	64,500	3,830,800	0	**5,228,300**	1,287,300	1,849,400	64,500	**3,201,200**	**2,027,100**
2017	1,373,000	0	66,400	3,987,900	0	**5,427,300**	1,238,200	2,068,800	66,400	**3,373,400**	**2,053,900**
2018	1,414,100	0	68,400	4,150,400	0	**5,632,900**	1,187,700	2,206,800	68,400	**3,462,900**	**2,170,000**
2019	1,456,600	0	70,500	4,317,800	0	**5,844,900**	1,136,400	2,458,200	70,500	**3,665,100**	**2,179,800**
2020	1,500,300	0	72,600	4,486,600	0	**6,059,500**	1,084,900	2,695,900	72,600	**3,853,400**	**2,206,100**
2021	1,545,300	0	74,800	4,661,100	0	**6,281,200**	1,033,300	2,842,700	74,800	**3,950,800**	**2,330,400**
2022	1,591,600	0	77,000	4,840,800	0	**6,509,400**	982,200	3,112,600	77,000	**4,171,800**	**2,337,600**
2023	1,639,400	0	79,300	5,021,700	0	**6,740,400**	931,900	3,365,900	79,300	**4,377,100**	**2,363,300**
2024	1,688,600	0	81,700	5,208,600	0	**6,978,900**	882,700	3,520,800	81,700	**4,485,200**	**2,493,700**
2025	1,739,200	0	84,200	5,406,200	0	**7,229,600**	835,000	3,666,200	84,200	**4,585,400**	**2,644,200**
2026	1,791,400	0	86,700	5,616,000	0	**7,494,100**	788,500	3,809,200	86,700	**4,684,400**	**2,809,700**
2027	1,845,100	0	89,300	5,835,400	0	**7,769,800**	744,500	4,044,400	89,300	**4,878,200**	**2,891,600**
2028	1,900,500	0	92,000	6,065,300	0	**8,057,800**	702,300	4,177,900	92,000	**4,972,200**	**3,085,600**
2029	1,957,500	0	94,800	6,310,900	0	**8,363,200**	662,000	4,308,400	94,800	**5,065,200**	**3,298,000**
2030	2,016,200	0	97,600	6,573,300	0	**8,687,100**	623,500	4,440,900	97,600	**5,162,000**	**3,525,100**
2031	2,076,700	0	100,500	6,845,600	0	**9,022,800**	582,600	4,789,800	100,500	**5,472,900**	**3,549,900**
2032	2,139,000	0	103,500	7,119,500	0	**9,362,000**	548,800	5,143,900	103,500	**5,796,200**	**3,565,800**
2033	2,203,200	0	106,600	7,394,400	0	**9,704,200**	514,500	5,506,700	106,600	**6,127,800**	**3,576,400**
2034	2,269,300	0	109,800	7,678,800	0	**10,057,900**	482,500	5,648,800	109,800	**6,241,100**	**3,816,800**
2035	2,337,400	0	113,100	7,977,300	0	**10,427,800**	450,500	5,923,200	113,100	**6,486,800**	**3,941,000**
2036	2,407,500	0	116,500	8,280,300	0	**10,804,300**	418,400	6,339,000	116,500	**6,873,900**	**3,930,400**
2037	2,479,700	0	120,000	8,592,000	0	**11,191,700**	386,100	6,510,800	120,000	**7,016,900**	**4,174,800**
2038	2,554,100	0	123,600	8,918,500	0	**11,596,200**	330,100	6,833,800	123,600	**7,287,500**	**4,308,700**
2039	2,630,700	0	127,300	9,254,300	0	**12,012,300**	295,800	7,171,300	127,300	**7,594,400**	**4,417,900**
2040	2,709,700	0	131,100	9,598,100	0	**12,438,900**	269,800	7,520,700	131,100	**7,921,600**	**4,517,300**
2041	2,790,900	0	135,000	9,954,900	0	**12,880,800**	243,400	7,745,300	135,000	**8,123,700**	**4,757,100**

* 2001 and 2002 Benefit Payments include expenses.

NEVADA JUDGES -- 40 YEAR CASH FLOW

Scenario 2 and Scenario 4 (assuming $24,394,100 lump sum payment on July 1, 2001)

Prefunding Current and Future Retirees -- No Unfunded Liability

Year	Actuarial Funding (1)+(2)+(3)+(5)	Pay-As-You-Go Funding (7)+(8)+(9)
2001	26,101,100	1,707,000
2002	1,749,200	1,749,200
2003	951,600	1,830,400
2004	980,100	1,886,100
2005	1,009,600	1,980,500
2006	1,039,900	2,083,000
2007	1,071,000	2,154,100
2008	1,103,200	2,254,300
2009	1,136,200	2,322,000
2010	1,170,300	2,460,900
2011	1,205,400	2,573,600
2012	1,241,600	2,644,800
2013	1,278,900	2,721,300
2014	1,317,300	2,771,600
2015	1,356,700	2,933,400
2016	1,397,500	3,201,200
2017	1,439,400	3,373,400
2018	1,482,500	3,462,900
2019	1,527,100	3,665,100
2020	1,572,900	3,853,400
2021	1,620,100	3,950,800
2022	1,668,600	4,171,800
2023	1,718,700	4,377,100
2024	1,770,300	4,485,200
2025	1,823,400	4,585,400
2026	1,878,100	4,684,400
2027	1,934,400	4,878,200
2028	1,992,500	4,972,200
2029	2,052,300	5,065,200
2030	2,113,800	5,162,000
2031	2,177,200	5,472,900
2032	2,242,500	5,796,200
2033	2,309,800	6,127,800
2034	2,379,100	6,241,100
2035	2,450,500	6,486,800
2036	2,524,000	6,873,900
2037	2,599,700	7,016,900
2038	2,677,700	7,287,500
2039	2,758,000	7,594,400
2040	2,840,800	7,921,600
2041	2,925,900	8,123,700

Total - 20 Years	$51,751,600	$55,579,000
Fund Balance at End of 20 Years	**$61,737,400**	**$0**
Total - 40 Years	$96,588,900	$156,858,000
Fund Balance at End of 40 Years	**$131,742,300**	**$0**

Appendix F

Comparison of Projected Cost of Current Judicial Retirement Plan to Actuarial Plan

AB 698 - Judicial Retirement System
Comparison of Projected Cost of Current Judicial Retirement Plan to Actuarial Plan

Year	Estimated Costs - Actuarial Plan (Scenario 2)	Existing Costs "Pay-As-You-Go" Plan	Projected General Fund Savings Based on Implementation of Actuarial Plan
Year 1, 2001	$13,508,200 -"one-shot," finance unfunded liability-actives only	$0	($13,508,200)
	$1,707,000 - current benefit payment	$1,707,000	$0
	$15,215,200	$1,707,000	($13,508,200)
Year 2, 2002	$1,749,200	$1,749,200	$0
Year 3, 2003	$1,680,300	$1,830,400	$150,100
Year 4, 2004	$1,723,200	$1,886,100	$162,900
Year 5, 2005	$1,775,000	$1,980,500	$205,500
Year 20, 2021	$2,848,300	$3,950,800	$1,102,500
Year 40, 2041	$2,925,900	$8,123,700	$5,197,800

At 20 Years	Actuarial Plan (Scenario 2)	"Pay-As-You-Go"	Cumulative GF Savings
One-Shot Costs	$13,508,200	$0	($13,508,200)
Ongoing Costs	$45,485,800	$55,579,000	$10,093,200
Total Costs	$58,994,000	$55,579,000	($3,415,000)
Trust Fund Balance	$47,459,800	$0	—

At 40 Years	Actuarial Plan (Scenario 2)	"Pay-As-You-Go"	Cumulative GF Savings
One-Shot Costs	$13,508,200	$0	($13,508,200)
Ongoing Costs	$113,852,500	$172,903,300	$59,050,800
Total Costs	$127,360,700	$172,903,300	$45,542,600
Trust Fund Balance	$127,560,800	$0	—

Appendix G

(1) Comparison of PERS benefits to benefits from the Judges' Plan where PERS benefits do not match benefits in Judges' Plan A and/or Plan B

(2) Comparison of PERS benefits to benefits from the Judges' Plan

Comparison of PERS Benefits to Benefits from the Judges' Plan
PERS Benefits do not Match Benefits in Judges' Plan A and/or Plan B

Benefit	PERS	Current Judges' Plan	Judges' Plan A	Judges' Plan B
Regular Retirement				
Eligibility	5 years at age 65; 10 years at age 60; 30 years at any age	5 years of service, as a district judge of supreme court justice, at age 60	5 years of service, at age 60, may be combined with PERS service credit	5 years of service, as a district judge or supreme court justice, at age 60. Same as Judges' Plan
Formula	2.5% X Service Credit X Average Compensation (highest consecutive 36 months)	4.166% for first 5 years and 4.166% for each year after up to 22 years X salary for last year of service	3.75% per year X the highest year of income, defined as the highest consecutive 12 months of judicial salary	3.4091% X Service Credit X salary of last year of service
Maximum Benefit	Maximum benefit of 75% with 30 years of service	Maximum benefit of 75% with 22 years of service	Maximum benefit of 75% with 20 years of service	Maximum benefit of 75% with 22 years of service Same as Judges' Plan
Additional Active Service	Pension canceled for duration of eligible active service. Retiree has option to re-enroll and accrue additional credit to allowable maximum	Entitled to receive credit toward accumulating 22 years service for the maximum pension based upon the time actually spent in additional active service. Pension is not canceled during additional active service	Not Stated	Same as Judges' Plan

Comparison of PERS Benefits to Benefits from the Judges' Plan
PERS Benefits do not Match Benefits in Judges' Plan A and/or Plan B

Benefit	PERS	Current Judges' Plan	Judges' Plan A	Judges' Plan B
Disability Retirement				
Formula	2.5% X Service Credit X Average Compensation (highest consecutive 36 months)	4.166% for first 5 years and 4.166% for each year after up to 22 years X salary for last year of service	3.75% per year X the highest year of income, defined as the highest consecutive 12 months of judicial salary	3.4091% X Service Credit X salary of last year of service
Purchase of Service	Member must have 5 years of creditable service to purchase up to 5 years of service credit	None	Member may purchase up to 6 years of service	None

Comparison of PERS Benefits to Benefits from the Judges' Plan

Benefit	PERS	Current Judges' Plan	Judges' Plan A	Judges' Plan B
Regular Retirement				
Eligibility	5 years at age 65; 10 years at age 60; 30 years at any age	5 years of service, as a district judge or supreme court justice, at age 60	5 years of service, at age 60, may be combined with PERS service credit	5 years of service, as a district judge or supreme court justice, at age 60, same as Judges' Plan
Formula	2.5% X Service Credit X Average Compensation (highest consecutive 36 months)	4.1666% for first 5 years and 4.1666% for each year after up to 22 years X salary for last year of service	3.75% per year X the highest year of income, defined as the highest consecutive 12 months of judicial salary	3.4091% X Service Credit X salary of last year of service
Early Retirement	4% penalty per year under appropriate age (.33% per month)	Same as PERS	Same as PERS	Same as PERS
Options	Unmodified benefit plus 6 optional plans	None	Not Stated	Same as PERS
Beneficiary Coverage	Dependent upon option selected	$2,500 per month to spouse at age 60; Under age 60, $450 per month, same as PERS	Same as PERS	Same as PERS
Maximum Benefit	Maximum benefit of 75% with 30 years of service	Maximum benefit of 75% with 22 years of service	Maximum benefit of 75% with 20 years of service	Maximum benefit of 75% with 22 years of service. Same as Judges' Plan
Additional Active Service	Pension cancelled for duration of eligible active service. Retiree has option to re-enroll and accrue additional credit to allowable maximum	Entitled to receive credit toward accumulating 22 years service for the maximum pension based upon the time actually spent in additional active service. Pension is not cancelled during additional active service	Not Stated	Same as Judges' Plan
Post Retirement Increases	3 years 2%, 6 years 3%, 9 years 3.5%, 12 years 4%, 14 years 5%	Same as PERS	Same as PERS	Same as PERS

Comparison of PERS Benefits to Benefits from the Judges' Plan

Benefit	PERS	Current Judges' Plan	Judges' Plan A	Judges' Plan B
Disability Retirement				
Eligibility	Minimum of 5 years of service credit	Same as PERS	Same as PERS	Same as PERS
Formula	2.5% X Service Credit X Average Compensation (highest consecutive 36 months)	4.1666% for first 5 years and 4.1666% for each year after up to 22 years X salary for last year of service	3.75% per year X the highest year of income, defined as the highest consecutive 12 months of judicial salary	3.4091% X Service Credit X salary of last year of service
Early Retirement	No reduction for age	No reduction for age	No reduction for age	No reduction for age
Options	Same as regular retirement options	None	Not Stated	Same as PERS
Beneficiary Coverage	Dependent upon option selected	$2,500 per month to spouse at age 60; Under age 60, $450 per month, same as PERS. If less than 5 years of service then $450 per month until death or remarriage	Same as PERS	Same as PERS
Purchase of Service	Member must have 5 years of creditable service to purchase up to 5 years of service credit	None	Member may purchase up to 6 years of service	None
Post Retirement Increases	3 years 2%, 6 years 3%, 9 years 3.5%, 12 years 4%, 14 years 5%	Same as PERS	Same as PERS	Same as PERS

Comparison of PERS Benefits to Benefits from the Judges' Plan

Benefit	PERS	Current Judges' Plan	Judges' Plan A	Judges' Plan B
Survivor Benefits				
Eligibility	1. If 2 years of service in the 2-1/2 years immediately preceding death; or 2. If 10 or more years of service; or 3. If death occurs in the line of duty, eligible from the first day of employment	5 years of service, as a district judge or supreme court justice	Same as PERS	Same as Judges' Plan
Benefit for Surviving Spouse	If deceased member had 2 to 9.99 years, $450.00 per month; if between 10 and 14.99 years, Option 3; if 15 or more years of service and fully eligible to retire, Option 2	$2,500 per month to spouse at age 60; Under age 60 $450.00 per month, same as PERS. If less then 5 years of service then $450.00 per month until death or remarriage	Same as PERS	Same as Judges' Plan
Benefit for Other Survivors	$400 per month for surviving children; if no other eligible survivors, $400 for each dependent parent	For surviving child, the same benefit as PERS. No benefit for dependent parents	Same as PERS	Same as Judges' Plan
Post Retirement Increases	3 years 2%, 6 years 3%, 9 years 3.5%, 12 years 4%, 14 years 5%	Same as PERS	Same as PERS	Same as PERS