

Retirement Board

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**Message from the Executive Officer Regarding
the Las Vegas Review Journal Editorial from April 7, 2014 – “The cost of being
No. 1 in pension generosity”**

In the interest of ensuring that the public is provided all of the facts on Nevada PERS, I would like to respond to the April 7, 2014 editorial titled, “The Cost of Being No. 1 in Pension Generosity”. The editorial concludes that Nevada PERS’ retirement benefits are overly generous by selectively referencing data from a report authored by Andrew Biggs, a resident scholar at the American Enterprise Institute.

Pension dollars paid by Nevada PERS will typically be higher than most states because Nevada public employees do not participate in Social Security. In the majority of states, public retiree benefits come from two sources, a public pension and a Social Security benefit. In Nevada, career public retirees only receive a benefit from PERS, as they do not pay into Social Security and receive no benefit from that program. As a result, a state by state comparison of pension programs based on only dollars paid out by the pension fund (and excluding benefits paid by Social Security) is misleading.

A more accurate comparison is included on page 8 of Mr. Biggs’ report in Figure 4. When comparing the Total Retirement Income Replacement Rates for Full-Career State Government Employees (which includes the impact of Social Security), Mr. Biggs found Nevada PERS’ retirement income replacement rate to be in the bottom 16% in the country (42 states provide a higher total income replacement rate than Nevada PERS does). So using the proper comparison from Mr. Biggs’ own analysis, Nevada career public employees are not the highest in the nation.