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AGENDA ITEM

Action Item

Information Only

Date: January 28, 2021

Item Number: X

Title: Retirement Benefits Investment Fund

SUMMARY

This report addresses the possible opportunity for PEBP to withdraw funds from the Retirement Board Investment Fund

BACKGROUND

Senate Bill 457 of the 2007 Legislative Session created the Retirement Benefits Investment Fund (RBIF) and set the Board of Trustees as the members of the PERS Board. The fund is a voluntary investment opportunity for the state and local governments to have assets in their OPEB trusts managed in like fashion to the Public Employees' Retirement Fund.

NRS 355.220 authorizes RBIF to invest the money for trust funds established by government agencies for authorized purposes. It is the responsibility of each participating government agency to contribute, withdraw and use the funds for authorized purposes. The funds in the RBIF may be transferred to the State Retirees' Health and Welfare Fund created by NRS 287.0436 for the purposes specified in NRS 287.0436.

The only instance when PEBP has used these funds was during the 2010 special session. Section 79 of AB 3 directed the State Controller to transfer the sum of \$24.7M to the fund created by NRS 287.0436. By the time the withdrawal occurred, the market value of the fund had increased which resulted in remaining funds. Although no additional contributions have been made by PEBP, these funds have since been gaining interest and the market value of the fund has grown to approximately \$2.1M.

REPORT

NRS 287.0436 establishes the State Retirees' Health and Welfare Benefits Fund as an irrevocable trust fund. The purpose of the fund is to account for the financial assets designated to offset the portion of the current and future costs of health and welfare benefits paid pursuant to subsection 2 of NRS 287.046. The Board has the exclusive control of the fund; however, the funds must be used to offset the costs of the health and welfare benefits for current and future state retirees.

PEBP is projecting a shortfall in the Retiree (REGI) budget account of approximately \$12M at the end of FY21 and anticipates the shortfall to grow due to factors such as a decrease in payroll as many positions remain vacant. A withdrawal of the available remaining funds from the RBIF would provide some relief to this account and be an appropriate use of funds as specified in NRS 287.0436. To accomplish this, PEBP, on behalf of the Board, must submit a letter to the Retirement Investment Fund Board requesting the transfer.

RECOMMENDATION:

Approve the transfer of all available funds in the Retirement Benefits Investment Fund to the State Retirees' Health and Welfare Fund.