



# Review of UI Trust Fund and Bond Status

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Small Business Workshop

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Department of Employment, Training, & Rehabilitation

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*Prepared by the Research and Analysis Bureau*

# UI Trust Fund Bond Retired in December 2017

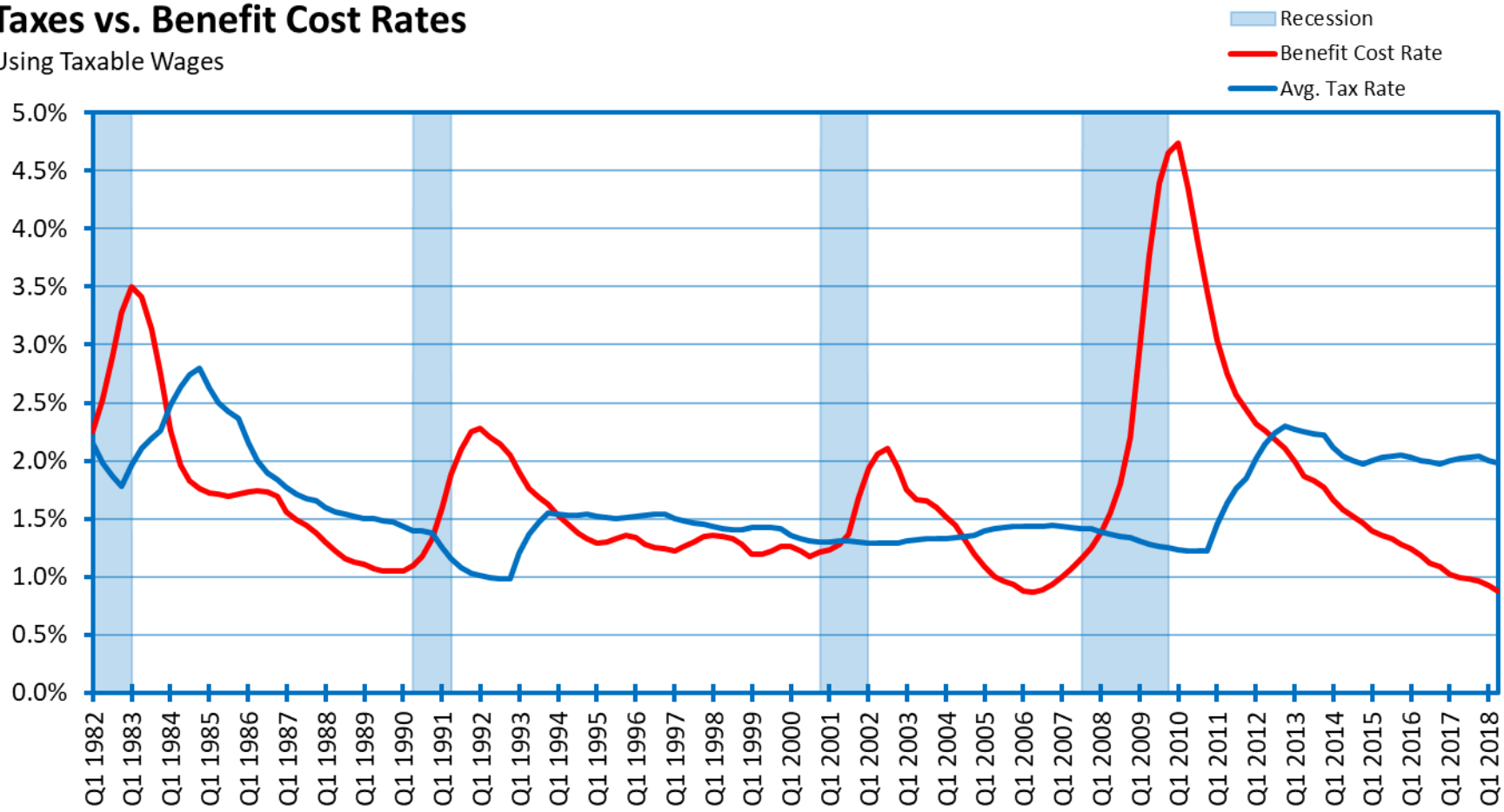
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- Issued in November 2013
- Final payment called in December of last year
- Average rate ranged from 0.56% to 0.63% over the life of the bond
- Provided employers with rate predictability and allowed the Trust Fund to build towards solvency

# 2019 Forecast: Contribution Rates and Benefit Cost Rates

## Taxes vs. Benefit Cost Rates

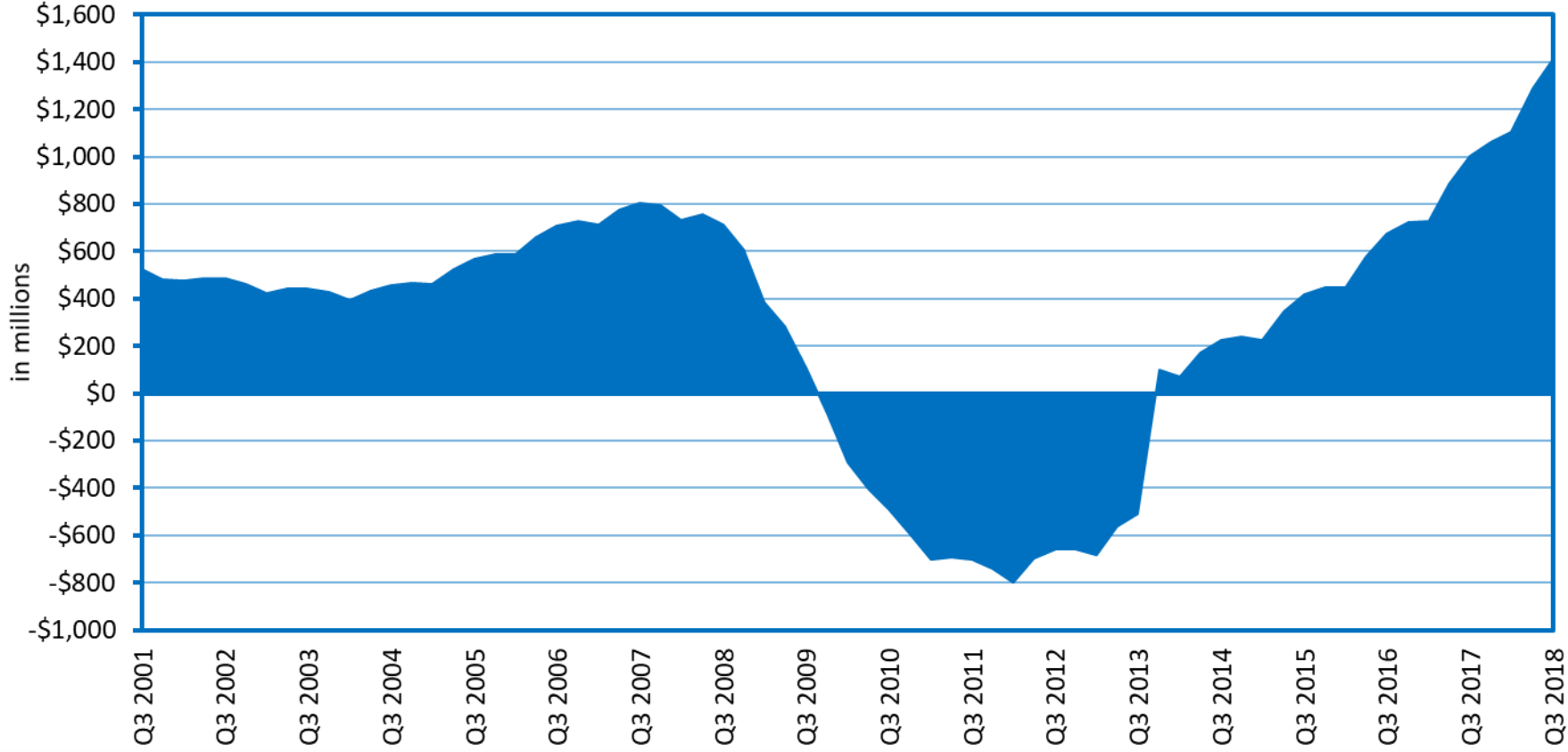
Using Taxable Wages



# Nevada's Trust Fund: Growing and Growing

## Nevada Trust Fund Balance

By Quarter



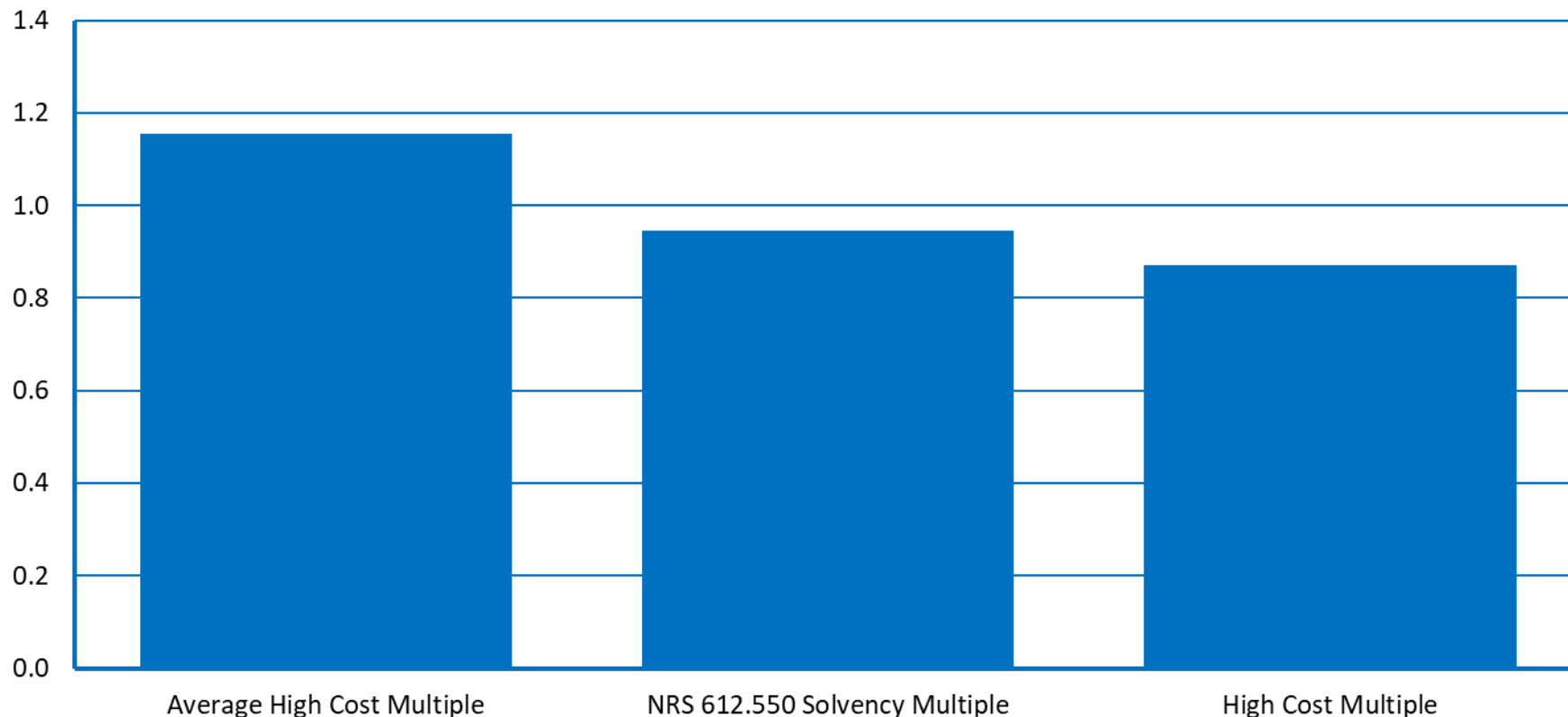
NevadaWorkforce.com  
@NVLaborMarket



# Nevada's Trust Fund: Current Solvency Multiples

## Trust Fund Solvency Multiples

\*1.0 represents 1 year of benefit payments



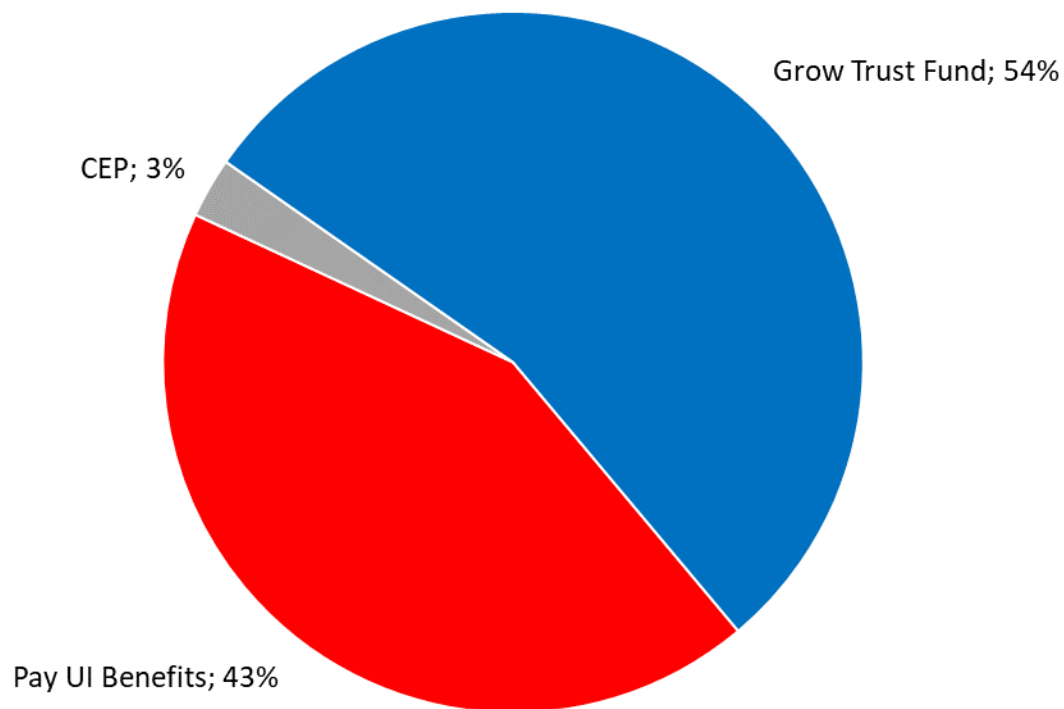
# 2019 Forecast:

## Potential 2019 Tax Rates

	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>
<b>Nevada Solvency Calculation</b>						
Covered Employment	1,216,824	1,216,824	1,216,824	1,216,824	1,216,824	1,216,824
Highest Risk Ratio - 3/2010	17.30%	17.30%	17.30%	17.30%	17.30%	17.30%
Highest Weeks Duration - 09/2010	18.45	18.45	18.45	18.45	18.45	18.45
Average Weekly Payment	\$358.15	\$358.15	\$358.15	\$358.15	\$358.15	\$358.15
<b>Solvency Target (Millions)</b>	<b>\$1,391.5</b>	<b>\$1,391.5</b>	<b>\$1,391.5</b>	<b>\$1,391.5</b>	<b>\$1,391.5</b>	<b>\$1,391.5</b>
<b>UI Trust Fund Level</b>						
<b>Fund Balance (Millions)</b>	<b>\$1,411.4</b>	<b>\$1,411.4</b>	<b>\$1,411.4</b>	<b>\$1,411.4</b>	<b>\$1,411.4</b>	<b>\$1,411.4</b>
Intake to Fund	625.3	648.7	672.1	683.8	695.5	718.9
Taxes	590.3	613.5	636.7	648.3	659.9	683.1
Interest	35.0	35.2	35.4	35.5	35.6	35.8
Payout From Fund	281.8	281.8	281.8	281.8	281.8	281.8
Regular Benefits	281.8	281.8	281.8	281.8	281.8	281.8
Net Change in Fund	343.5	366.9	390.3	402.0	413.7	437.1
<b>Fund Balance (Millions)</b>	<b>\$1,754.9</b>	<b>\$1,778.3</b>	<b>\$1,801.7</b>	<b>\$1,813.4</b>	<b>\$1,825.1</b>	<b>\$1,848.5</b>
State Solvency Excess (Millions)	363.4	386.8	410.2	421.9	433.6	457.0
State Solvency Multiple	1.26	1.28	1.29	1.30	1.31	1.33
AHCM Solvency Excess (Millions)	498.2	521.6	545.0	556.7	568.4	591.8
Average High Cost Multiple	1.36	1.37	1.39	1.40	1.41	1.43
<b>Average Tax Rate</b>	<b>1.55%</b>	<b>1.65%</b>	<b>1.75%</b>	<b>1.80%</b>	<b>1.85%</b>	<b>1.95%</b>
CEP Assessment	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
<b>Total Cost to Employers</b>	<b>1.60%</b>	<b>1.70%</b>	<b>1.80%</b>	<b>1.85%</b>	<b>1.90%</b>	<b>2.00%</b>
<b>Average Cost Per Employee at Taxable Wage Base</b>	<b>\$499.20</b>	<b>\$530.40</b>	<b>\$561.60</b>	<b>\$577.20</b>	<b>\$592.80</b>	<b>\$624.00</b>

# 2019 Forecast: Where do UI Contributions Go?

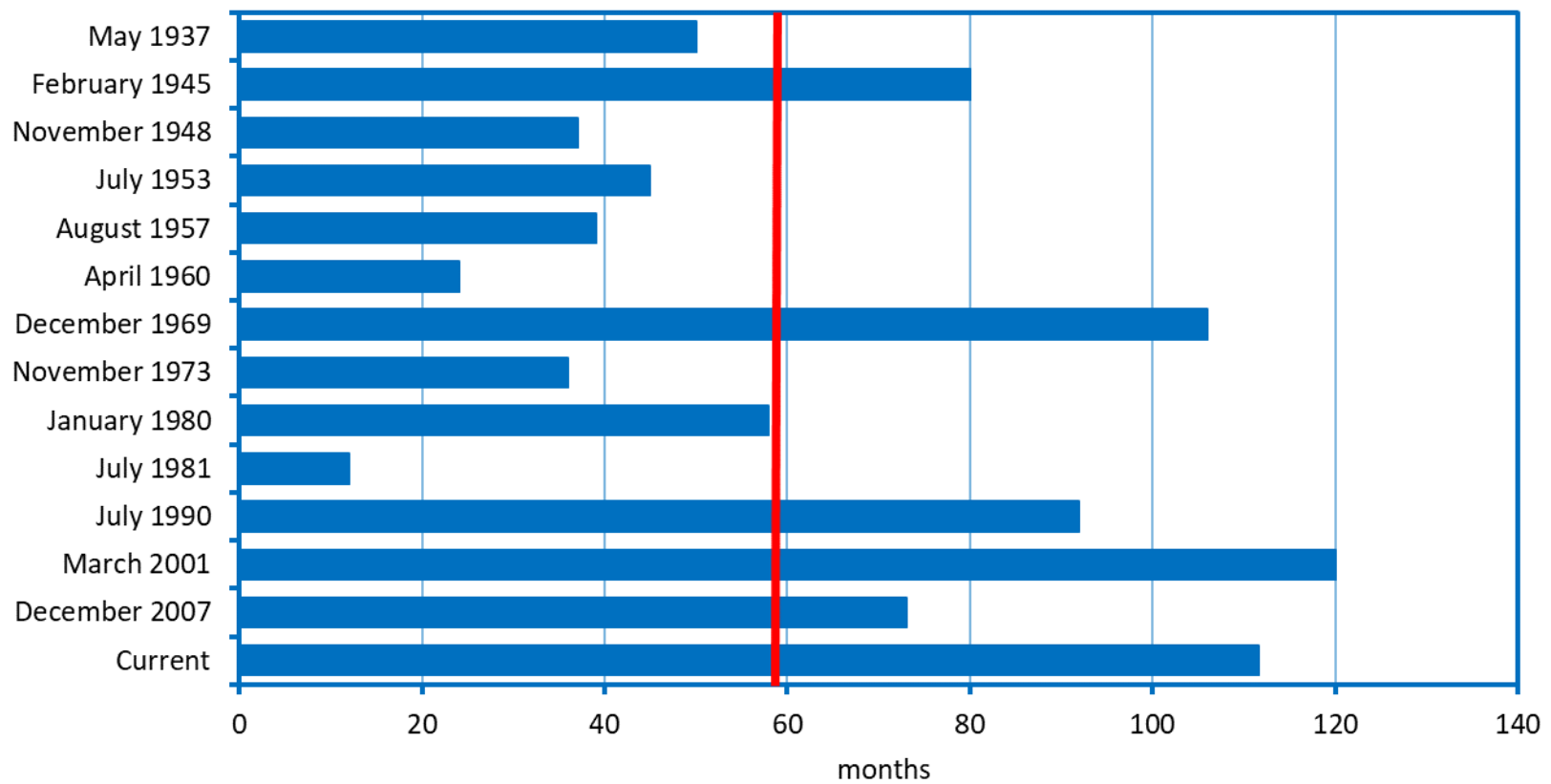
## Distribution of UI Contributions



# National Perspective: Long Economic Expansion Continues

## Economic Expansion History

Red Line Shows 1937-2007 Average

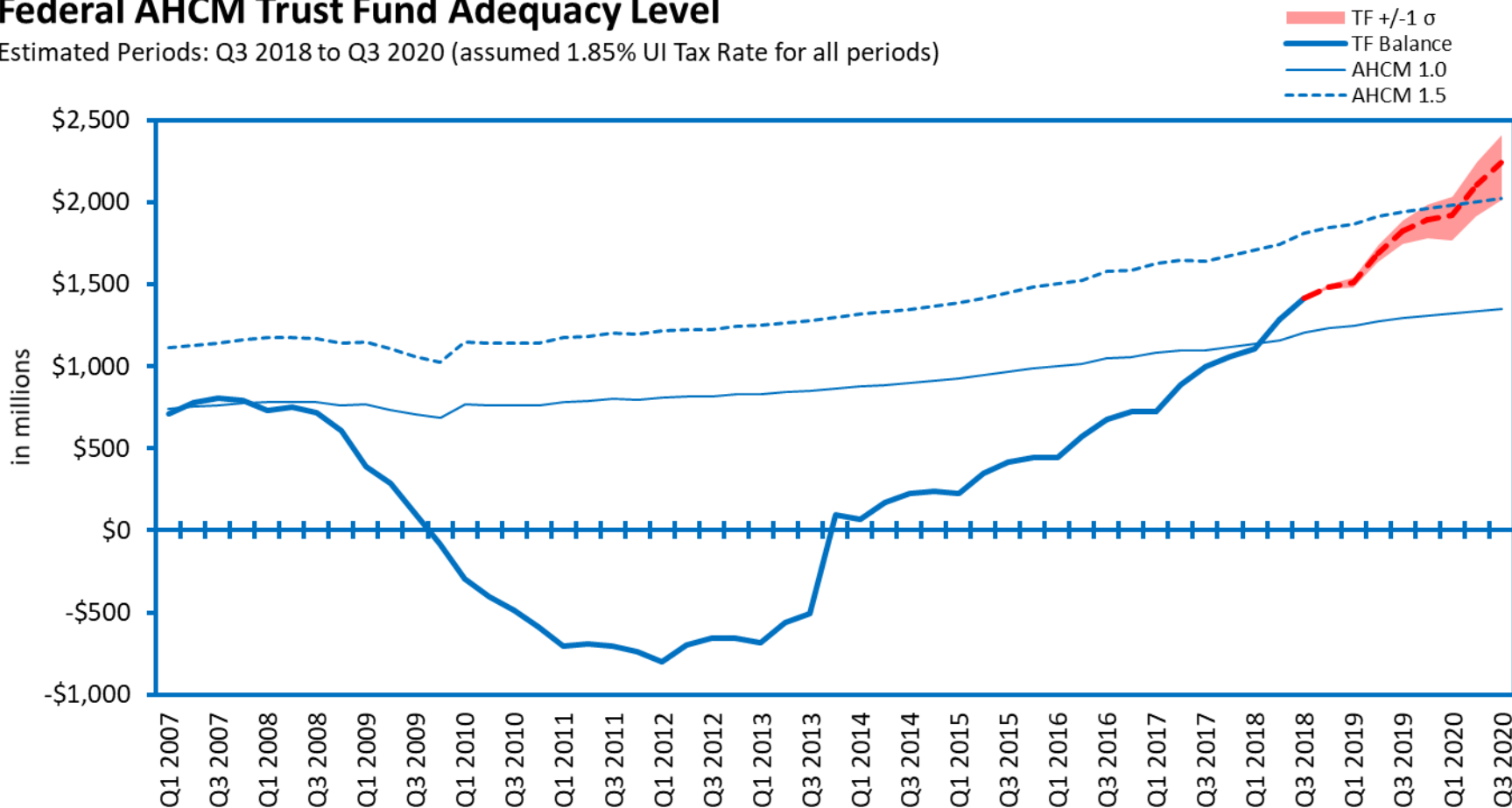




# 2019 Forecast: AHCM Solvency Measure

## Federal AHCM Trust Fund Adequacy Level

Estimated Periods: Q3 2018 to Q3 2020 (assumed 1.85% UI Tax Rate for all periods)



# 2019 Forecast: Long Term Effect of Different Rates

AHCM on 9/30 of Each Year					
Tax Rate	2018 AHCM	2019 AHCM	2020 AHCM	2021 AHCM	2022 AHCM
1.55%	1.16	1.36	1.53	1.72	1.91
1.65%	1.16	1.37	1.58	1.79	2.01
1.75%	1.16	1.39	1.62	1.86	2.11
1.80%	1.16	1.40	1.64	1.90	2.16
<b>1.85%</b>	<b>1.16</b>	<b>1.41</b>	<b>1.67</b>	<b>1.93</b>	<b>2.21</b>
1.95%	1.16	1.43	1.71	2.01	2.31

- Estimates reflect constant tax rate for all years

# For Additional Information, Please Contact:

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