

SENATE BILL NO. 29—SENATOR AMODEI

PREFILED JANUARY 25, 1999

Referred to Committee on Finance

SUMMARY—Revises provisions governing public employees' retirement. (BDR 23-1104)

FISCAL NOTE: Effect on Local Government: No.
 Effect on the State or on Industrial Insurance: No.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to public employees' retirement; authorizing certain employees to elect to be covered by the public employees' retirement fund rather than the police and firemen's retirement fund; authorizing the deduction of a member's contributions under certain circumstances in a manner that reduces the taxable compensation of the member; authorizing an employee who elects to have his contribution paid by his employer to change that election during his first year of employment; and providing other matters properly relating thereto.

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

- 1 **Section 1.** Chapter 286 of NRS is hereby amended by adding thereto a
- 2 new section to read as follows:
- 3 ***An employee who transfers, is promoted or otherwise moves from a***
- 4 ***position covered by the public employees' retirement fund to a position***
- 5 ***covered by the police and firemen's retirement fund may elect to remain***
- 6 ***covered by the public employees' retirement fund in lieu of transferring to***
- 7 ***the police and firemen's retirement fund. Notwithstanding any specific***
- 8 ***statute to the contrary, if an employee makes such an election, the***
- 9 ***employee shall be deemed not to be a police officer or fireman for all***
- 10 ***purposes relating to retirement during the period that the election***
- 11 ***remains effective.***
- 12 **Sec. 2.** NRS 286.410 is hereby amended to read as follows:
- 13 286.410 1. The employee contribution rate must be:
- 14 (a) The matching contribution rate for employees and employers that is
- 15 actuarially determined for police officers and firemen and for regular

1 members, depending upon the retirement fund in which the member is
2 participating.

3 (b) Adjusted on the first monthly retirement reporting period
4 commencing on or after July 1 of each odd-numbered year based on the
5 actuarially determined contribution rate indicated in the biennial actuarial
6 valuation and report of the immediately preceding year. The adjusted rate
7 must be rounded to the nearest one-quarter of 1 percent.

8 2. The employee's portion of the matching contribution rate for
9 employees and employers must not be adjusted in accordance with the
10 provisions of paragraph (b) of subsection 1 if the existing rate is within one-
11 quarter of 1 percent of the actuarially determined rate.

12 3. From each payroll during the period of his membership, the employer
13 shall deduct the amount of the member's contributions and transmit the
14 deduction to the board at intervals designated and upon forms prescribed by
15 the board. ***The deduction must be made, to the extent authorized by***
16 ***federal law and the consent of the member, in a manner that reduces the***
17 ***taxable compensation of the member.*** The contributions must be paid on
18 compensation earned by a member from his first day of service.

19 4. ~~Any~~ ***Except as otherwise provided by section 1 of this act, an***
20 employee whose position is determined after July 1, 1971, to be eligible
21 under the early retirement provisions for police officers and firemen shall
22 contribute the additional contributions required of police officers and
23 firemen from July 1, 1971, to the date of his enrollment under the police and
24 firemen's retirement fund, if employment in this position occurred before
25 July 1, 1971, or from date of employment in this position to the date of his
26 enrollment under the police and firemen's retirement fund, if employment
27 occurs later.

28 5. Except as otherwise provided in NRS 286.430, the system shall
29 guarantee to each member the return of at least the total employee
30 contributions which the member has made and which were credited to his
31 individual account. These contributions may be returned to the member, his
32 estate or beneficiary or a combination thereof in monthly benefits, a lump
33 sum refund or both.

34 6. Disabled members who are injured on the job and receive industrial
35 insurance benefits for temporary total disability remain contributing
36 members of the system for the duration of the benefits if and while the
37 public employer continues to pay the difference between these benefits and
38 his regular compensation. The public employer shall pay the employer
39 contributions on these benefits.

40 **Sec. 3.** NRS 286.421 is hereby amended to read as follows:

41 286.421 1. A public employer that elected to pay on behalf of its
42 employees the contributions required by subsection 1 of NRS 286.410
43 before July 1, 1983, shall continue to do so, but a public employer may not

1 elect to pay those contributions on behalf of its employees on or after July 1,
2 1983.

3 2. An employee of a public employer that did not elect to pay on behalf
4 of its employees the contributions required by subsection 1 of NRS 286.410
5 before July 1, 1983, may elect to:

6 (a) Pay the contribution required by subsection 1 of NRS 286.410 on his
7 own behalf; or

8 (b) Have his portion of the contribution paid by his employer pursuant to
9 the provisions of NRS 286.425.

10 ***If an employee elects to pay the contribution on his own behalf in***
11 ***accordance with paragraph (a), the employee may, to the extent***
12 ***authorized by federal law, consent to have the contribution paid in a***
13 ***manner that reduces his taxable compensation.***

14 3. Except for any person chosen by election or appointment to serve in
15 an elective office of a political subdivision or as a district judge of this state:

16 (a) Payment of the employee's portion of the contributions pursuant to
17 subsection 1 must be:

18 (1) Made in lieu of equivalent basic salary increases or cost-of-living
19 increases, or both; or

20 (2) Counterbalanced by equivalent reductions in employees' salaries.

21 (b) The average compensation from which the amount of benefits
22 payable pursuant to this chapter is determined must be increased with
23 respect to each month beginning after June 30, 1975, by 50 percent of the
24 contribution made by the public employer, and must not be less than it
25 would have been if contributions had been made by the member and the
26 public employer separately. In the case of any officer or judge described in
27 this subsection, any contribution made by the public employer on his behalf
28 does not affect his compensation but is an added special payment.

29 4. Employee contributions made by a public employer must be
30 deposited in either the public employees' retirement fund or the police and
31 firemen's retirement fund as is appropriate. These contributions must not be
32 credited to the individual account of the member and may not be withdrawn
33 by the member upon his termination.

34 5. The membership of an employee who became a member on or after
35 July 1, 1975, and all contributions on whose behalf were made by his public
36 employer must not be canceled upon the termination of his service.

37 6. If an employer is paying the basic contribution on behalf of an
38 employee the total contribution rate, in lieu of the amounts required by
39 subsection 1 of NRS 286.410 and NRS 286.450, must be:

40 (a) The total contribution rate for employers that is actuarially
41 determined for police officers and firemen and for regular members,
42 depending upon the retirement fund in which the member is participating.

1 (b) Adjusted on the first monthly retirement reporting period
2 commencing on or after July 1 of each odd-numbered year based on the
3 actuarially determined contribution rate indicated in the biennial actuarial
4 valuation and report of the immediately preceding year. The adjusted rate
5 must be rounded to the nearest one-quarter of 1 percent.

6 7. The total contribution rate for employers must not be adjusted in
7 accordance with the provisions of paragraph (b) of subsection 6 if the
8 existing rate is within one-half of 1 percent of the actuarially determined
9 rate.

10 8. For the purposes of adjusting salary increases and cost-of-living
11 increases or of salary reduction, the total contribution must be equally
12 divided between employer and employee.

13 9. Public employers other than the State of Nevada shall pay the entire
14 employee contribution for those employees who contribute to the police and
15 firemen's retirement fund on and after July 1, 1981.

16 **Sec. 4.** NRS 286.425 is hereby amended to read as follows:

17 286.425 At any time after January 1, 1984, an employee who is paying
18 the employee's contribution on his own behalf may elect to have his portion
19 of the contribution paid by his employer in the manner provided in NRS
20 286.421. An employee who makes such an election may not thereafter
21 convert to paying his own contributions ~~[-]~~, ***except that a new employee***
22 ***may change his election at any time during his first year of employment.***

23 **Sec. 5.** This act becomes effective on July 1, 1999.