

ASSEMBLY BILL NO. 356—ASSEMBLYMEN OCEGUERA, ANDERSON, BACHE,
DE BRAGA, PARKS, ARBERRY, BUCKLEY, CLABORN, COLLINS,
DINI, GIBBONS, GIUNCHIGLIANI, GOLDWATER, KOIVISTO, LEE,
LESLIE, MANENDO, MCCLAIN, MORTENSON, NOLAN, PERKINS,
SMITH AND WILLIAMS

MARCH 14, 2001

Referred to Concurrent Committees on Government Affairs
and Ways and Means

SUMMARY—Makes various changes regarding public employees' retirement system.
(BDR 23-1249)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State: Yes.

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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 the public employees' retirement system; decreasing the number of years
of service required for vesting; revising the formula for calculating retirement
allowances; providing for benefits for a survivor beneficiary in certain
circumstances; 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 unmarried member may designate, in writing, a survivor*
4 *beneficiary to receive the payments provided pursuant to NRS 286.674,*
5 *286.676 or 286.6765 if the member is unmarried at the time of his death.*
6 *A designation pursuant to this section must be made on a form approved*
7 *by the executive officer.*

8 **Sec. 2.** NRS 286.510 is hereby amended to read as follows:

9 286.510 1. Except as otherwise provided in subsections 2 and 3, a
10 member of the system is eligible to retire at age 65 if he has at least ~~15~~ 3
11 years of service, at age 60 if he has at least 10 years of service ~~15~~ and at
12 any age if he has at least 30 years of service.

13 2. A police officer or fireman is eligible to retire at age 65 if he has at
14 least ~~15~~ 3 years of service, at age 55 if he has at least 10 years of service,
15 at age 50 if he has at least 20 years of service ~~15~~ and at any age if he has ~~15~~
16 ~~least 30 years of service.~~ *attained sufficient service credit to qualify for a*



1 *benefit of at least 75 percent of his average compensation.* Only service
2 performed in a position as a police officer or fireman, established as such
3 by statute or regulation, service performed pursuant to subsection 3 and
4 credit for military service, may be counted toward eligibility for retirement
5 pursuant to this subsection.

6 3. Except as otherwise provided in subsection 4, a police officer or
7 fireman who has at least ~~15~~ 3 years of service as a police officer or fireman
8 and is otherwise eligible to apply for disability retirement pursuant to NRS
9 286.620 because of an injury arising out of and in the course of his
10 employment remains eligible for retirement pursuant to subsection 2 if:

11 (a) He applies to the board for disability retirement and the board
12 approves his application;

13 (b) In lieu of a disability retirement allowance, he accepts another
14 position with the public employer with which he was employed when he
15 became disabled as soon as practicable but not later than 90 days after the
16 board approves his application for disability retirement;

17 (c) He remains continuously employed by that public employer until he
18 becomes eligible for retirement pursuant to subsection 2; and

19 (d) After he accepts a position pursuant to paragraph (b), his
20 contributions are paid at the rate that is actuarially determined for police
21 officers and firemen until he becomes eligible for retirement pursuant to
22 subsection 2.

23 4. If a police officer or fireman who accepted another position with the
24 public employer with which he was employed when he became disabled
25 pursuant to subsection 3 ceases to work for that public employer before
26 becoming eligible to retire pursuant to subsection 2, he may begin to
27 receive a disability retirement allowance without further approval by the
28 board by notifying the board on a form prescribed by the board.

29 5. Eligibility for retirement, as provided in this section, does not
30 require the member to have been a participant in the system at the
31 beginning of his credited service.

32 6. Any member who has the years of creditable service necessary to
33 retire but has not attained the required age, if any, may retire at any age
34 with a benefit actuarially reduced to the required retirement age. Except as
35 otherwise required as a result of NRS 286.537, a retirement benefit under
36 this subsection must be reduced by 4 percent of the unmodified benefit for
37 each full year that the member is under the appropriate retirement age, and
38 an additional 0.33 percent for each additional month that the member is
39 under the appropriate retirement age. Any option selected under this
40 subsection must be reduced by an amount proportionate to the reduction
41 provided in this subsection for the unmodified benefit. The board may
42 adjust the actuarial reduction based upon an experience study of the system
43 and recommendation by the actuary.

44 **Sec. 3.** NRS 286.551 is hereby amended to read as follows:

45 286.551 Except as otherwise required as a result of NRS 286.535 or
46 286.537:

47 1. Except as otherwise provided in this ~~{subsection,}~~ *section*, a
48 monthly service retirement allowance must be determined by multiplying a



1 member's average compensation by 2.5 percent for each year of service ~~+~~
2 ~~except that a)~~ earned before July 1, 2001 and:

3 (a) *If the member is not a police officer or fireman, 2.6 percent for*
4 *each year of service earned on or after July 1, 2001; or*

5 (b) *If the member is a police officer or fireman, 2.75 percent for each*
6 *year of service earned on or after July 1, 2001.*

7 2. A member:

8 (a) Who has an effective date of membership on or after July 1, 1985, is
9 entitled to a benefit of not more than 75 percent of his average
10 compensation with his eligibility for service credit ceasing at 30 years of
11 service.

12 (b) Who has an effective date of membership before July 1, 1985, and
13 retires on or after July 1, 1977, is entitled to a benefit of not more than 90
14 percent of his average compensation with his eligibility for service credit
15 ceasing at 36 years of service.

16 In no case may the service retirement allowance determined pursuant to
17 this section be less than the allowance to which the retired employee would
18 have been entitled under the provisions of this section which were in effect
19 on the day before July 3, 1991.

20 ~~12-1~~ 3. For the purposes of this section, except as otherwise provided
21 in subsection ~~13-1~~ 4, "average compensation" means the average of a
22 member's 36 consecutive months of highest compensation as certified by
23 the public employer.

24 ~~13-1~~ 4. The average compensation of a member who has a break in
25 service or partial months of compensation, or both, as a result of service as
26 a legislator during a regular or special session of the Nevada legislature
27 must be calculated on the basis of the average of his 36 consecutive months
28 of highest compensation as certified by his public employer excluding each
29 month during any part of which the legislature was in session. This
30 subsection does not affect the computation of years of service.

31 ~~14-1~~ 5. The retirement allowance for a regular part-time employee
32 must be computed from the salary which he would have received as a full-
33 time employee if it results in greater benefits for the employee. A regular
34 part-time employee is a person who works half time or more, but less than
35 full time:

36 (a) According to the regular schedule established by the employer for
37 his position; and

38 (b) Pursuant to an established agreement between the employer and the
39 employee.

40 6. *The monthly service retirement allowance calculated pursuant to*
41 *this section of a member who was not employed by a participating public*
42 *employer during the period immediately preceding his retirement must be*
43 *increased by an amount that is equal to the amount calculated by*
44 *multiplying the unmodified benefit of the member by 1 percent*
45 *compounded annually for each year, prorated for fractions of a year,*
46 *between the date on which the member ceased his last employment with a*
47 *participating public employer and the date of his retirement.*



1 **Sec. 4.** NRS 286.620 is hereby amended to read as follows:

2 286.620 1. A member of the system who has ~~15~~ 3 years or more of
3 service credit and who becomes totally unable to perform his current job or
4 any comparable job for which he is qualified by his training and
5 experience, because of injury or mental or physical illness of a permanent
6 nature is eligible to apply for disability retirement if:

7 (a) Except as otherwise provided in subsection 5, his employment will
8 be terminated because of the disability;

9 (b) He is in the employ of a participating public employer at the time of
10 application for disability retirement;

11 (c) He proves that his disability renders him unable to perform the
12 duties of his present position and of any other position he has held within
13 the past year;

14 (d) He files a notarized application for disability retirement with the
15 system which indicates a selection of option and to which is attached a
16 personal statement by the member, describing the disability, the duties
17 which he can and cannot perform, and any benefits he is entitled to receive
18 for disability from any other public source;

19 (e) The public employer files an official statement certifying the
20 member's employment record, job description, work evaluations, record of
21 disability and absences that have occurred because of the disability; and

22 (f) The immediate supervisor of the member files an official statement
23 regarding the effect upon the work of the member after the disability, job
24 functions that can and cannot be performed because of the disability, and
25 whether or not there are alternative jobs that can be performed by the
26 member.

27 2. Except as otherwise required as a result of NRS 286.537, the
28 amount of the disability retirement allowance must be calculated in the
29 same manner as provided for service retirement calculations in NRS
30 286.551, except that no reduction for the member's age may be made and
31 that the allowance must be reduced by the amount of any other benefit
32 received from any source on account of the same disability:

33 (a) If the benefit is provided or was purchased by the expenditure of
34 money by a Nevada public employer; and

35 (b) To the extent that the total of the unmodified benefit and the other
36 benefit would otherwise exceed his average compensation.

37 3. A member may apply for disability retirement even if he is eligible
38 for service retirement.

39 4. Each child of a deceased recipient of a disability retirement
40 allowance is entitled to receive the benefits provided by NRS 286.673 only
41 if the decedent had not reached the age and completed the service required
42 to be eligible for a service retirement allowance, except that these benefits
43 must not be paid to anyone who is named as a beneficiary under one of the
44 options to an unmodified allowance.

45 5. If a member whose application for disability retirement has been:

46 (a) Approved, dies before his employment is terminated, but within 60
47 days after his application was approved; or

48 (b) Mailed before his death as indicated by the date of the postmark
49 dated by the post office on the envelope in which it was mailed, dies before



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1 the board has acted upon his application and the board approves thereafter
2 his application,
3 his beneficiary is entitled to receive an allowance under the option selected
4 rather than the benefit otherwise provided for a survivor.

5 6. The termination or adjustment of a disability retirement allowance
6 resulting from the death of a recipient of an allowance pursuant to this
7 section must not become effective until the first day of the month
8 immediately following the death of the recipient.

9 **Sec. 5.** NRS 286.671 is hereby amended to read as follows:

10 286.671 As used in NRS 286.671 to 286.679, inclusive ~~H~~ , and
11 *section 1 of this act:*

12 1. "Child" means an unmarried person under 18 years of age who is
13 the issue or legally adopted child of a deceased member. As used in this
14 subsection, "issue" means the progeny or biological offspring of the
15 deceased member.

16 2. "Dependent parent" means the surviving parent of a deceased
17 member who was dependent upon the deceased member for at least 50
18 percent of his support for at least 6 months immediately preceding the
19 death of the deceased member.

20 3. "Spouse" means the surviving husband or wife of a deceased
21 member.

22 4. *"Survivor beneficiary" means a person designated pursuant to*
23 *section 1 of this act.*

24 **Sec. 6.** NRS 286.672 is hereby amended to read as follows:

25 286.672 1. Except as otherwise provided in subsection 3, if a
26 deceased member had 2 years of accredited contributing service in the 2
27 1/2 years immediately preceding his death or was a regular, part-time
28 employee who had 2 or more years of creditable contributing service
29 before and at least 1 day of contributing service within 6 months
30 immediately preceding his death, or if the employee had 10 or more years
31 of accredited contributing service, certain of his dependents , *including,*
32 *without limitation, his survivor beneficiary,* are eligible for payments as
33 provided in NRS 286.671 to 286.679, inclusive ~~H~~ and *section 1 of this*
34 *act.* If the death of the member resulted from a mental or physical
35 condition which required him to leave the employ of a participating public
36 employer or go on leave without pay, eligibility pursuant to the provisions
37 of this section extends for 18 months after his termination or
38 commencement of leave without pay.

39 2. If the death of a member occurs while he is on leave of absence
40 granted by his employer for further training and if he met the requirements
41 of subsection 1 at the time his leave began, certain of his dependents ,
42 *including without limitation, his survivor beneficiary,* are eligible for
43 payments as provided in subsection 1.

44 3. If the death of a member is caused by an occupational disease or an
45 accident arising out of and in the course of his employment, no prior
46 contributing service is required to make his dependents , *including,*
47 *without limitation, his survivor beneficiary,* eligible for payments under
48 NRS 286.671 to 286.679, inclusive, and *section 1 of this act,* except that
49 this subsection does not apply to an accident occurring while the member is



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1 traveling between his home and his principal place of employment or to an
2 accident or occupational disease arising out of employment for which no
3 contribution is made.

4 **Sec. 7.** NRS 286.674 is hereby amended to read as follows:

5 286.674 1. The spouse *or survivor beneficiary* of a deceased
6 member is entitled to receive a cumulative benefit of at least \$450 per
7 month. The payments must begin on the first day of the month immediately
8 following the death of the member and must cease on the last day of the
9 month in which the spouse *or survivor beneficiary* dies. If payments cease
10 before the total amount of contributions made by the deceased member
11 have been received by the spouse ~~+~~ *or survivor beneficiary*, the surplus of
12 contributions over payments received must be paid to the spouse ~~+~~ *or*
13 *survivor beneficiary*.

14 2. The benefits paid pursuant to this section are in addition to any
15 benefits paid pursuant to NRS 286.673.

16 **Sec. 8.** NRS 286.676 is hereby amended to read as follows:

17 286.676 1. Except as limited by subsections 3 and 4, the spouse *or*
18 *survivor beneficiary* of a deceased member who had 10 or more years of
19 accredited contributing service is entitled to receive a monthly allowance
20 equivalent to that provided by:

21 (a) Option 3 in NRS 286.590, if the deceased member had less than 15
22 years of service on the date of his death; or

23 (b) Option 2 in NRS 286.590, if the deceased member had more than 15
24 years of service on the date of his death.

25 To apply the provisions of Options 2 and 3, the deceased member shall be
26 deemed to have retired on the date of his death immediately after having
27 named the spouse *or survivor beneficiary* as beneficiary under the
28 applicable option. This benefit must be computed without any reduction for
29 age for the deceased member. The benefits provided by this subsection
30 must be paid to the spouse *or survivor beneficiary* for the remainder of the
31 ~~spouse's life.~~ *life of the spouse or survivor beneficiary*.

32 2. The spouse *or survivor beneficiary* may elect to receive the benefits
33 provided by any one of the following only:

34 (a) This section;

35 (b) NRS 286.674; or

36 (c) NRS 286.678.

37 3. The benefit payable to the spouse of a member who died before
38 May 19, 1975, is limited to a spouse who received at least 50 percent of his
39 support from the member during the 6 months immediately preceding the
40 member's death and to the amounts provided in this subsection. If, at the
41 time of his death, the member had 15 or more years of service and did not
42 elect an optional retirement plan as offered in this chapter, his spouse, upon
43 attaining the age of 60 years, may receive a cumulative benefit of at least
44 \$450 per month or 50 percent of the average salary received by the
45 member for the 3 consecutive highest salaried years of his last 10 years of
46 service, whichever is less. Payments, or the right to receive payments, must
47 cease upon the death of the spouse. Benefits under this section are not
48 renewable following termination.



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1 4. The benefits provided by paragraph (a) of subsection 1 may only be
2 paid to ~~the spouses of members~~ :

3 (a) *The spouse of a member* who died on or after May 19, 1975.

4 (b) *The survivor beneficiary of a member who died on or after*
5 *January 1, 2002.*

6 **Sec. 9.** NRS 286.6765 is hereby amended to read as follows:

7 286.6765 1. Except as limited by subsection 2, the spouse *or*
8 *survivor beneficiary* of a deceased member who was fully eligible to retire,
9 both as to service and age, is entitled to receive a monthly allowance
10 equivalent to that provided by option 2 in NRS 286.590. This section does
11 not apply to the spouse *or a survivor beneficiary* of a member who was
12 eligible to retire only under subsection 6 of NRS 286.510. For the purposes
13 of applying the provisions of option 2, the deceased member shall be
14 deemed to have retired on the date of his death immediately after having
15 named the spouse *or survivor beneficiary* as beneficiary under option 2.
16 The benefits provided by this section must be paid to the spouse *or*
17 *survivor beneficiary* for the remainder of the ~~spouse's life.~~ *life of the*
18 *spouse or survivor beneficiary*. The spouse *or survivor beneficiary* may
19 elect to receive the benefits provided by any one of the following only:

20 (a) This section;

21 (b) NRS 286.674;

22 (c) NRS 286.676; or

23 (d) NRS 286.678.

24 2. The benefits provided by this section may only be paid to ~~the~~
25 ~~spouses of members~~ :

26 (a) *The spouse of a member* who died on or after May 19, 1975.

27 (b) *The survivor beneficiary of a member who died on or after*
28 *January 1, 2002.*

29 **Sec. 10.** NRS 286.678 is hereby amended to read as follows:

30 286.678 Any spouse *or survivor beneficiary* eligible for payments
31 under the provisions of NRS 286.674 or 286.676 may elect to waive
32 payment of a monthly allowance and to receive instead in a lump sum a
33 refund of all contributions to the public employees' retirement fund or the
34 police and firemen's retirement fund made by a deceased member plus any
35 contributions made by a public employer in lieu of the employee's
36 contributions, but if more than one person is eligible for benefits on
37 account of the contributions of any one deceased member, no such lump-
38 sum payment may be made.

39 **Sec. 11.** NRS 286.6793 is hereby amended to read as follows:

40 286.6793 1. ~~Retirement allowances for members who are~~ *The*
41 *retirement allowance for a member who:*

42 (a) *Ceased being an active member before July 1, 1989, vested on the*
43 *date that the employee completed 10 or more years of accredited*
44 *contributing service;*

45 (b) *Was an active member on or after July 1, 1989, but ceased being*
46 *an active member before July 1, 2001, vested on the date that the*
47 *employee completed 5 or more years of accredited contributing service;*
48 *and*



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1 (c) *Is* active on or after July 1, ~~1989, become~~ 2001, *becomes* vested on
2 the date that the employee completes ~~15~~ 3 years of accredited contributing
3 service.

4 2. Benefits for survivors offered pursuant to this chapter become
5 vested on the date that the employee completes 10 years of accredited
6 contributing service or becomes entitled to begin receiving benefits or on
7 the date of his death, whichever event occurs first.

8 3. Unless otherwise specifically provided by the amendatory act, any
9 change in the provisions of this chapter is retroactive for all service of any
10 member before the date of vesting, but no change may impair any vested
11 allowance or benefit.

12 4. ~~Any person employed by the state or its political subdivisions who~~
13 ~~is a participating member of the system on or after July 1, 1989, who has~~
14 ~~been employed for a period of 5 or more years, who leaves the employ of~~
15 ~~the state or its political subdivisions before the attainment of the minimum~~
16 ~~service retirement age and who has not received a refund of his employee~~
17 ~~contributions, upon reaching the minimum service retirement age~~
18 ~~applicable to his years of service credit, may receive the same benefits to~~
19 ~~which he would otherwise have been entitled had he continued~~
20 ~~membership in the system.~~

21 ~~5-1~~ Upon the termination or partial termination of the system:

22 (a) Except as otherwise provided in paragraph (b), all accrued benefits
23 that are funded become 100 percent vested and nonforfeitable.

24 (b) A member who receives his vested accrued benefits in a complete
25 cash distribution before the termination is not entitled to the vesting of any
26 benefits which have been forfeited.

27 **Sec. 12.** NRS 2.070 is hereby amended to read as follows:

28 2.070 1. If a justice of the supreme court at the time of his death had
29 retired and was then receiving a pension under the provisions of NRS
30 2.060, or if at the time of his death the justice had not retired but had
31 performed sufficient service for retirement under the provisions of NRS
32 2.060, the surviving spouse, if the spouse has attained the age of 60 years,
33 is entitled, until his death or remarriage, to receive monthly payments of
34 \$2,500 per month.

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

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

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



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

6 **Sec. 13.** NRS 3.095 is hereby amended to read as follows:

7 3.095 1. If a district judge at the time of his death had retired and
8 was then receiving a pension under the provisions of NRS 3.090, or if at
9 the time of his death the judge had not retired but had performed sufficient
10 service for retirement under the provisions of NRS 3.090, the surviving
11 spouse, if the spouse has attained the age of 60 years, is entitled, until his
12 death or remarriage, to receive monthly payments of \$2,500 per month.

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

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

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

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

32 **Sec. 14.** 1. This section and sections 2, 4 and 11 of this act become
33 effective on July 1, 2001.

34 2. Sections 1, 3, 5 to 10, inclusive, 12 and 13 of this act become
35 effective on January 1, 2002.

