

SENATE BILL NO. 349—COMMITTEE ON FINANCE

(ON BEHALF OF PUBLIC EMPLOYEES' RETIREMENT SYSTEM)

MARCH 14, 2001

Referred to Committee on Finance

SUMMARY—Makes various changes regarding public employees' retirement system.
(BDR 23-752)

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

~

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 on the date 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 ~~10~~ 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 ~~10~~ and at any age if he has at
16 least ~~15~~ 25 years of service. Only service performed in a position as a
17 police officer or fireman, established as such by statute or regulation,
18 service performed pursuant to subsection 3 and credit for military service,



* S B 3 4 9 *

1 may be counted toward eligibility for retirement pursuant to this
2 subsection.

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

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

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

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

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

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

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

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

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

42 286.551 Except as otherwise required as a result of NRS 286.535 or
43 286.537:

44 1. Except as otherwise provided in this subsection ~~4~~ and subsection
45 5, a monthly service retirement allowance must be determined by
46 multiplying a member's average compensation by 2.5 percent for each year
47 of service ~~4~~ earned before July 1, 2001, and 2.6 percent for each year of
48 service earned on or after July 1, 2001, except that a member:



* S B 3 4 9 *

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

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

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

13 2. For the purposes of this section, except as otherwise provided in
14 subsection 3, "average compensation" means the average of a member's 36
15 consecutive months of highest compensation as certified by the public
16 employer.

17 3. The average compensation of a member who has a break in service
18 or partial months of compensation, or both, as a result of service as a
19 legislator during a regular or special session of the Nevada legislature must
20 be calculated on the basis of the average of his 36 consecutive months of
21 highest compensation as certified by his public employer excluding each
22 month during any part of which the legislature was in session. This
23 subsection does not affect the computation of years of service.

24 4. The retirement allowance for a regular part-time employee must be
25 computed from the salary which he would have received as a full-time
26 employee if it results in greater benefits for the employee. A regular part-
27 time employee is a person who works half time or more, but less than full
28 time.

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

31 (b) Pursuant to an established agreement between the employer and the
32 employee.

33 *5. The monthly service retirement allowance calculated pursuant to*
34 *this section of a member who was not employed by a participating public*
35 *employer during the period immediately preceding his retirement must be*
36 *increased by an amount that is equal to the amount calculated by*
37 *multiplying the unmodified benefit of the member by 1 percent*
38 *compounded annually for each year, prorated for fractions of a year,*
39 *between the date on which the member ceased his last employment with a*
40 *participating public employer and the date of his retirement.*

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

42 286.620 1. A member of the system who has ~~15~~ 3 years or more of
43 service credit and who becomes totally unable to perform his current job or
44 any comparable job for which he is qualified by his training and
45 experience, because of injury or mental or physical illness of a permanent
46 nature is eligible to apply for disability retirement if:

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



- 1 (b) He is in the employ of a participating public employer at the time of
2 application for disability retirement;
- 3 (c) He proves that his disability renders him unable to perform the
4 duties of his present position and of any other position he has held within
5 the past year;
- 6 (d) He files a notarized application for disability retirement with the
7 system which indicates a selection of option and to which is attached a
8 personal statement by the member, describing the disability, the duties
9 which he can and cannot perform, and any benefits he is entitled to receive
10 for disability from any other public source;
- 11 (e) The public employer files an official statement certifying the
12 member's employment record, job description, work evaluations, record of
13 disability and absences that have occurred because of the disability; and
- 14 (f) The immediate supervisor of the member files an official statement
15 regarding the effect upon the work of the member after the disability, job
16 functions that can and cannot be performed because of the disability, and
17 whether or not there are alternative jobs that can be performed by the
18 member.
- 19 2. Except as otherwise required as a result of NRS 286.537, the
20 amount of the disability retirement allowance must be calculated in the
21 same manner as provided for service retirement calculations in NRS
22 286.551, except that no reduction for the member's age may be made and
23 that the allowance must be reduced by the amount of any other benefit
24 received from any source on account of the same disability:
- 25 (a) If the benefit is provided or was purchased by the expenditure of
26 money by a Nevada public employer; and
- 27 (b) To the extent that the total of the unmodified benefit and the other
28 benefit would otherwise exceed his average compensation.
- 29 3. A member may apply for disability retirement even if he is eligible
30 for service retirement.
- 31 4. Each child of a deceased recipient of a disability retirement
32 allowance is entitled to receive the benefits provided by NRS 286.673 only
33 if the decedent had not reached the age and completed the service required
34 to be eligible for a service retirement allowance, except that these benefits
35 must not be paid to anyone who is named as a beneficiary under one of the
36 options to an unmodified allowance.
- 37 5. If a member whose application for disability retirement has been:
38 (a) Approved, dies before his employment is terminated, but within 60
39 days after his application was approved; or
- 40 (b) Mailed before his death as indicated by the date of the postmark
41 dated by the post office on the envelope in which it was mailed, dies before
42 the board has acted upon his application and the board approves thereafter
43 his application,
44 his beneficiary is entitled to receive an allowance under the option selected
45 rather than the benefit otherwise provided for a survivor.
- 46 6. The termination or adjustment of a disability retirement allowance
47 resulting from the death of a recipient of an allowance pursuant to this
48 section must not become effective until the first day of the month
49 immediately following the death of the recipient.



1 **Sec. 5.** NRS 286.671 is hereby amended to read as follows:
2 286.671 As used in NRS 286.671 to 286.679, inclusive ~~§~~ *and section*
3 *1 of this act:*

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

8 2. "Dependent parent" means the surviving parent of a deceased
9 member who was dependent upon the deceased member for at least 50
10 percent of his support for at least 6 months immediately preceding the
11 death of the deceased member.

12 3. "Spouse" means the surviving husband or wife of a deceased
13 member.

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

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

17 286.672 1. Except as otherwise provided in subsection 3, if a
18 deceased member had 2 years of accredited contributing service in the
19 2 1/2 years immediately preceding his death or was a regular, part-time
20 employee who had 2 or more years of creditable contributing service
21 before and at least 1 day of contributing service within 6 months
22 immediately preceding his death, or if the employee had 10 or more years
23 of accredited contributing service, certain of his dependents , *including,*
24 *without limitation, his survivor beneficiary,* are eligible for payments as
25 provided in NRS 286.671 to 286.679, inclusive ~~§~~ *, and section 1 of this*
26 *act.* If the death of the member resulted from a mental or physical
27 condition which required him to leave the employ of a participating public
28 employer or go on leave without pay, eligibility pursuant to the provisions
29 of this section extends for 18 months after his termination or
30 commencement of leave without pay.

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

36 3. If the death of a member is caused by an occupational disease or an
37 accident arising out of and in the course of his employment, no prior
38 contributing service is required to make his dependents , *including,*
39 *without limitation, his survivor beneficiary,* eligible for payments under
40 NRS 286.671 to 286.679, inclusive, *and section 1 of this act,* except that
41 this subsection does not apply to an accident occurring while the member is
42 traveling between his home and his principal place of employment or to an
43 accident or occupational disease arising out of employment for which no
44 contribution is made.

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

46 286.674 1. The spouse *or survivor beneficiary* of a deceased
47 member is entitled to receive a cumulative benefit of at least \$450 per
48 month. The payments must begin on the first day of the month immediately
49 following the death of the member and must cease on the last day of the



* S B 3 4 9 *

1 month in which the spouse *or survivor beneficiary* dies. If payments cease
2 before the total amount of contributions made by the deceased member
3 have been received by the spouse ~~H~~ *or survivor beneficiary*, the surplus of
4 contributions over payments received must be paid to the spouse ~~H~~ *or*
5 *survivor beneficiary*.

6 2. The benefits paid pursuant to this section are in addition to any
7 benefits paid pursuant to NRS 286.673.

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

9 286.676 1. Except as limited by subsections 3 and 4, the spouse *or*
10 *survivor beneficiary* of a deceased member who had 10 or more years of
11 accredited contributing service is entitled to receive a monthly allowance
12 equivalent to that provided by:

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

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

17 To apply the provisions of Options 2 and 3, the deceased member shall be
18 deemed to have retired on the date of his death immediately after having
19 named the spouse *or survivor beneficiary* as beneficiary under the
20 applicable option. This benefit must be computed without any reduction for
21 age for the deceased member. The benefits provided by this subsection
22 must be paid to the spouse *or survivor beneficiary* for the remainder of the
23 ~~{spouse's life.}~~ *life of the spouse or survivor beneficiary*.

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

26 (a) This section;

27 (b) NRS 286.674; or

28 (c) NRS 286.678.

29 3. The benefit payable to the spouse of a member who died before
30 May 19, 1975, is limited to a spouse who received at least 50 percent of his
31 support from the member during the 6 months immediately preceding the
32 member's death and to the amounts provided in this subsection. If, at the
33 time of his death, the member had 15 or more years of service and did not
34 elect an optional retirement plan as offered in this chapter, his spouse, upon
35 attaining the age of 60 years, may receive a cumulative benefit of at least
36 \$450 per month or 50 percent of the average salary received by the
37 member for the 3 consecutive highest salaried years of his last 10 years of
38 service, whichever is less. Payments, or the right to receive payments, must
39 cease upon the death of the spouse. Benefits under this section are not
40 renewable following termination.

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

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

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

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

47 286.6765 1. Except as limited by subsection 2, the spouse *or*
48 *survivor beneficiary* of a deceased member who was fully eligible to retire,
49 both as to service and age, is entitled to receive a monthly allowance



1 equivalent to that provided by option 2 in NRS 286.590. This section does
2 not apply to the spouse *or survivor beneficiary* of a member who was
3 eligible to retire only under subsection 6 of NRS 286.510. For the purposes
4 of applying the provisions of option 2, the deceased member shall be
5 deemed to have retired on the date of his death immediately after having
6 named the spouse *or survivor beneficiary* as beneficiary under option 2.
7 The benefits provided by this section must be paid to the spouse *or*
8 *survivor beneficiary* for the remainder of the ~~[spouse's life.]~~ *life of the*
9 *spouse or survivor beneficiary*. The spouse *or survivor beneficiary* may
10 elect to receive the benefits provided by any one of the following only:

- 11 (a) This section;
- 12 (b) NRS 286.674;
- 13 (c) NRS 286.676; or
- 14 (d) NRS 286.678.

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

- 17 (a) *The spouse of a member* who died on or after May 19, 1975.
- 18 (b) *The survivor beneficiary of a member who died on or after*
19 *January 1, 2002.*

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

21 286.678 Any spouse *or survivor beneficiary* eligible for payments
22 under the provisions of NRS 286.674 or 286.676 may elect to waive
23 payment of a monthly allowance and to receive instead in a lump sum a
24 refund of all contributions to the public employees' retirement fund or the
25 police and firemen's retirement fund made by a deceased member plus any
26 contributions made by a public employer in lieu of the employee's
27 contributions, but if more than one person is eligible for benefits on
28 account of the contributions of any one deceased member, no such lump-
29 sum payment may be made.

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

31 286.6793 1. ~~[Retirement allowances for members who are]~~ *The*
32 *retirement allowance for a member who:*

33 (a) *Ceased being an active member before July 1, 1989, vested on the*
34 *date that the employee completed 10 years of accredited contributing*
35 *service;*

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

39 (c) *Is active on or after July 1, ~~[1989, become]~~ 2001, becomes* vested on
40 the date that the employee completes ~~[5]~~ 3 years of accredited contributing
41 service.

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

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



- 1 4. ~~[Any person employed by the state or its political subdivisions who~~
2 ~~is a participating member of the system on or after July 1, 1989, who has~~
3 ~~been employed for a period of 5 or more years, who leaves the employ of~~
4 ~~the state or its political subdivisions before the attainment of the minimum~~
5 ~~service retirement age and who has not received a refund of his employee~~
6 ~~contributions, upon reaching the minimum service retirement age~~
7 ~~applicable to his years of service credit, may receive the same benefits to~~
8 ~~which he would otherwise have been entitled had he continued~~
9 ~~membership in the system.~~
10 ~~5.1~~ Upon the termination or partial termination of the system:
11 (a) Except as otherwise provided in paragraph (b), all accrued benefits
12 that are funded become 100 percent vested and nonforfeitable.
13 (b) A member who receives his vested accrued benefits in a complete
14 cash distribution before the termination is not entitled to the vesting of any
15 benefits which have been forfeited.
16 **Sec. 12.** NRS 2.070 is hereby amended to read as follows:
17 2.070 1. If a justice of the supreme court at the time of his death had
18 retired and was then receiving a pension under the provisions of NRS
19 2.060, or if at the time of his death the justice had not retired but had
20 performed sufficient service for retirement under the provisions of NRS
21 2.060, the surviving spouse, if the spouse has attained the age of 60 years,
22 is entitled, until his death or remarriage, to receive monthly payments of
23 \$2,500 per month.
24 2. If a surviving spouse of a justice is not eligible to receive benefits
25 pursuant to subsection 1, he is entitled, until his death or remarriage or
26 until he becomes eligible to receive those benefits, to receive payments
27 equal in amount to the payment provided in subsection 1 of NRS 286.674
28 for the spouse *or survivor beneficiary* of a deceased member of the public
29 employees' retirement system.
30 3. To obtain these benefits, the surviving spouse must make
31 application to the board, commission or authority entrusted with the
32 administration of the judges' pensions and furnish such information as may
33 be required pursuant to reasonable regulations adopted for the purpose of
34 carrying out the intent of this section.
35 4. Any person receiving a benefit pursuant to the provisions of this
36 section is entitled to receive post-retirement increases equal to those
37 provided for persons retired under the public employees' retirement
38 system.
39 5. It is the intent of this section that no special fund be created for the
40 purpose of paying these benefits, and all payments made under the
41 provisions of this section are to be made out of and charged to any fund
42 created for the purpose of paying pension benefits to justices of the
43 supreme court.
44 **Sec. 13.** NRS 3.095 is hereby amended to read as follows:
45 3.095 1. If a district judge at the time of his death had retired and
46 was then receiving a pension under the provisions of NRS 3.090, or if at
47 the time of his death the judge had not retired but had performed sufficient
48 service for retirement under the provisions of NRS 3.090, the surviving



1 spouse, if the spouse has attained the age of 60 years, is entitled, until his
2 death or remarriage, to receive monthly payments of \$2,500 per month.

3 2. If a surviving spouse of a judge is not eligible to receive benefits
4 pursuant to subsection 1, he is entitled, until his death or remarriage or
5 until he becomes eligible to receive those benefits, to receive payments
6 equal in amount to the payment provided in subsection 1 of NRS 286.674
7 for the spouse *or survivor beneficiary* of a deceased member of the public
8 employees' retirement system.

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

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

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

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

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

