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FIRST REPRINT

EXEMPT

S.B. 349

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.

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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; providing for benefits for a survivor beneficiary in certain circumstances; decreasing the number of years of service at which a police officer or fireman is eligible to retire regardless of age; revising the formula for calculating retirement allowances; 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
2 the provisions set forth as sections 2 to 6, inclusive, of this act.

3 **Sec. 2.** *An unmarried member may designate, in writing, a survivor*
4 *beneficiary to receive the payments provided pursuant to section 3, 4 or 5*
5 *of this act if the member is unmarried on the date of his death. A*
6 *designation pursuant to this section must be made on a form approved by*
7 *the executive officer.*

8 **Sec. 3.** *1. The survivor beneficiary of a deceased member is*
9 *entitled to receive a cumulative benefit of at least \$450 per month. The*
10 *payments must begin on the first day of the month immediately following*
11 *the death of the member and must cease on the last day of the month in*
12 *which the survivor beneficiary dies. If payments cease before the total*
13 *amount of contributions made by the deceased member have been*
14 *received by the survivor beneficiary, the surplus of contributions over*
15 *payments received must be paid to the survivor beneficiary.*

16 *2. The benefits paid pursuant to this section are in addition to any*
17 *benefits paid pursuant to NRS 286.673.*

18 *3. As used in this section, "survivor beneficiary" means a person*
19 *designated pursuant to section 2 of this act.*



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1 **Sec. 4.** *1. Except as limited by subsection 3, the survivor*
2 *beneficiary of a deceased member who had 10 or more years of*
3 *accredited contributing service is entitled to receive a monthly allowance*
4 *equivalent to that provided by:*
5 *(a) Option 3 in NRS 286.590, if the deceased member had less than 15*
6 *years of service on the date of his death; or*
7 *(b) Option 2 in NRS 286.590, if the deceased member had more than*
8 *15 years of service on the date of his death.*
9 *To apply the provisions of Options 2 and 3, the deceased member shall be*
10 *deemed to have retired on the date of his death immediately after having*
11 *named the survivor beneficiary as beneficiary pursuant to the applicable*
12 *option. This benefit must be computed without any reduction for age for*
13 *the deceased member. The benefits provided by this subsection must be*
14 *paid to the survivor beneficiary for the remainder of the life of the*
15 *survivor beneficiary.*
16 *2. The survivor beneficiary may elect to receive the benefits provided*
17 *by any one of the following only:*
18 *(a) This section;*
19 *(b) Section 3 of this act; or*
20 *(c) Section 6 of this act.*
21 *3. The benefits provided by paragraph (a) of subsection 1 may only*
22 *be paid to the survivor beneficiary of a member who died on or after*
23 *January 1, 2002.*
24 *4. As used in this section, "survivor beneficiary" means a person*
25 *designated pursuant to section 2 of this act.*
26 **Sec. 5.** *1. Except as limited by subsection 2, the survivor*
27 *beneficiary of a deceased member who was fully eligible to retire, both as*
28 *to service and age, is entitled to receive a monthly allowance equivalent*
29 *to that provided by option 2 in NRS 286.590. This section does not apply*
30 *to the survivor beneficiary of a member who was eligible to retire only*
31 *pursuant to subsection 6 of NRS 286.510. For the purposes of applying*
32 *the provisions of option 2, the deceased member shall be deemed to have*
33 *retired on the date of his death immediately after having named the*
34 *survivor beneficiary as beneficiary pursuant to option 2. The benefits*
35 *provided by this section must be paid to the survivor beneficiary for the*
36 *remainder of the life of the survivor beneficiary. The survivor beneficiary*
37 *may elect to receive the benefits provided by any one of the following*
38 *only:*
39 *(a) This section;*
40 *(b) Section 3 of this act;*
41 *(c) Section 4 of this act; or*
42 *(d) Section 6 of this act.*
43 *2. The benefits provided by this section may only be paid to the*
44 *survivor beneficiary of a member who died on or after January 1, 2002.*
45 *3. As used in this section, "survivor beneficiary" means a person*
46 *designated pursuant to section 2 of this act.*
47 **Sec. 6.** *1. Any survivor beneficiary eligible for payments pursuant*
48 *to the provisions of section 3 or 4 of this act may elect to waive payment*
49 *of a monthly allowance and to receive instead in a lump sum a refund of*



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1 *all contributions to the public employees' retirement fund or the police*
2 *and firemen's retirement fund made by a deceased member plus any*
3 *contributions made by a public employer in lieu of the employee's*
4 *contributions, but if more than one person is eligible for benefits on*
5 *account of the contributions of any one deceased member, no such lump*
6 *sum payment may be made.*

7 2. *As used in this section, "survivor beneficiary" means a person*
8 *designated pursuant to section 2 of this act.*

9 **Sec. 7.** NRS 286.510 is hereby amended to read as follows:

10 286.510 1. Except as otherwise provided in subsections 2 and 3, a
11 member of the system is eligible to retire at age 65 if he has at least 5 years
12 of service, at age 60 if he has at least 10 years of service ~~+~~ and at any age
13 if he has at least 30 years of service.

14 2. A police officer or fireman is eligible to retire at age 65 if he has at
15 least 5 years of service, at age 55 if he has at least 10 years of service, at
16 age 50 if he has at least 20 years of service ~~+~~ and at any age if he has at
17 least ~~30~~ 25 years of service. Only service performed in a position as a
18 police officer or fireman, established as such by statute or regulation,
19 service performed pursuant to subsection 3 and credit for military service,
20 may be counted toward eligibility for retirement pursuant to this
21 subsection.

22 3. Except as otherwise provided in subsection 4, a police officer or
23 fireman who has at least 5 years of service as a police officer or fireman
24 and is otherwise eligible to apply for disability retirement pursuant to NRS
25 286.620 because of an injury arising out of and in the course of his
26 employment remains eligible for retirement pursuant to subsection 2 if:

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

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

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

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

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

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

48 6. Any member who has the years of creditable service necessary to
49 retire but has not attained the required age, if any, may retire at any age



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1 with a benefit actuarially reduced to the required retirement age. Except as
2 otherwise required as a result of NRS 286.537, a retirement benefit ~~under~~
3 *pursuant to* this subsection must be reduced by 4 percent of the
4 unmodified benefit for each full year that the member is under the
5 appropriate retirement age, and an additional 0.33 percent for each
6 additional month that the member is under the appropriate retirement age.
7 Any option selected ~~under~~ *pursuant to* this subsection must be reduced
8 by an amount proportionate to the reduction provided in this subsection for
9 the unmodified benefit. The board may adjust the actuarial reduction based
10 upon an experience study of the system and recommendation by the
11 actuary.

12 **Sec. 8.** NRS 286.551 is hereby amended to read as follows:

13 286.551 Except as otherwise required as a result of NRS 286.535 or
14 286.537:

15 1. Except as otherwise provided in this subsection, a monthly service
16 retirement allowance must be determined by multiplying a member's
17 average compensation by 2.5 percent for each year of service ~~+~~ *earned*
18 *before July 1, 2001, and 2.67 percent for each year of service earned on*
19 *or after July 1, 2001*, except that a member:

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

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

28 In no case may the service retirement allowance determined pursuant to
29 this section be less than the allowance to which the retired employee would
30 have been entitled ~~under~~ *pursuant to* the provisions of this section which
31 were in effect on the day before July 3, 1991.

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

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

43 4. The retirement allowance for a regular part-time employee must be
44 computed from the salary which he would have received as a full-time
45 employee if it results in greater benefits for the employee. A regular part-
46 time employee is a person who works half time or more, but less than full
47 time:

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



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1 (b) Pursuant to an established agreement between the employer and the
2 employee.

3 **Sec. 9.** NRS 286.672 is hereby amended to read as follows:

4 286.672 1. Except as otherwise provided in subsection 3, if a
5 deceased member had 2 years of accredited contributing service in the
6 2 1/2 years immediately preceding his death or was a regular, part-time
7 employee who had 2 or more years of creditable contributing service
8 before and at least 1 day of contributing service within 6 months
9 immediately preceding his death, or if the employee had 10 or more years
10 of accredited contributing service, certain of his dependents are eligible for
11 payments as provided in NRS 286.671 to 286.679, inclusive ~~†~~, and
12 *sections 2 to 6, inclusive, of this act.* If the death of the member resulted
13 from a mental or physical condition which required him to leave the
14 employ of a participating public employer or go on leave without pay,
15 eligibility pursuant to the provisions of this section extends for 18 months
16 after his termination or commencement of leave without pay.

17 2. If the death of a member occurs while he is on leave of absence
18 granted by his employer for further training and if he met the requirements
19 of subsection 1 at the time his leave began, certain of his dependents are
20 eligible for payments as provided in subsection 1.

21 3. If the death of a member is caused by an occupational disease or an
22 accident arising out of and in the course of his employment, no prior
23 contributing service is required to make his dependents eligible for
24 payments ~~†under†~~ pursuant to NRS 286.671 to 286.679, inclusive, and
25 *sections 2 to 6, inclusive, of this act*, except that this subsection does not
26 apply to an accident occurring while the member is traveling between his
27 home and his principal place of employment or to an accident or
28 occupational disease arising out of employment for which no contribution
29 is made.

30 4. *As used in this section, "dependent" includes a survivor*
31 *beneficiary designated pursuant to section 2 of this act.*

32 **Sec. 10.** NRS 286.677 is hereby amended to read as follows:

33 286.677 If payments or refunds are not made ~~†under†~~ pursuant to the
34 provisions of NRS 286.673, 286.674, ~~†or†~~ 286.676, *or section 3 or 4 of*
35 *this act*, the dependent parent of a deceased member is entitled to receive a
36 cumulative benefit of at least \$400 per month, and if there are two
37 dependent parents, each is entitled to receive a cumulative benefit of at
38 least \$400 per month. Payments to any parent ~~†under†~~ pursuant to this
39 section must cease upon the death of that parent.

40 **Sec. 11.** NRS 286.6775 is hereby amended to read as follows:

41 286.6775 The amount of each monthly allowance paid since May 19,
42 1977, as specified in NRS 286.673 to 286.677, inclusive, *and sections 3, 4*
43 *and 5 of this act* shall not exceed the deceased member's average
44 compensation and shall be reduced by the amount of any other benefit
45 received from any source:

46 1. If that benefit was provided or purchased by the expenditure of
47 money by a public employer in this state, except for lump sum payments
48 under a group insurance program; and



1 2. To the extent that the total of the allowance and the other benefit
2 would otherwise exceed the deceased member's average compensation.
3 **Sec. 12.** NRS 286.679 is hereby amended to read as follows:
4 286.679 1. If payments to a beneficiary ~~under~~ *pursuant to* NRS
5 286.671 to 286.679, inclusive, *and sections 2 to 6, inclusive, of this act,*
6 cease before the total contributions of a deceased member have been paid
7 in benefits, and there is no person entitled to receive such benefits ~~under~~
8 *pursuant to* any provision of this chapter, the surplus of such contributions
9 over the benefits actually received may be paid in a lump sum to:
10 (a) The beneficiary whom the deceased member designated for this
11 purpose in writing on a form approved by the system.
12 (b) If no such designation was made or the person designated is
13 deceased, the beneficiary who previously received the payments.
14 (c) If no payment may be made pursuant to paragraphs (a) and (b), the
15 persons entitled as heirs or residuary legatees to the estate of the deceased
16 member.
17 2. A lump-sum payment made pursuant to this section fully discharges
18 the obligations of the system.
19 **Sec. 13.** NRS 286.6793 is hereby amended to read as follows:
20 286.6793 1. ~~{Retirement allowances for members who are}~~ *The*
21 *retirement allowance for a member who:*
22 (a) *Ceased being an active member before July 1, 1989, vested on the*
23 *date that the employee completed 10 years of accredited contributing*
24 *service; and*
25 (b) *Is* active on or after July 1, 1989, ~~become~~ *becomes* vested on the
26 date that the employee completes 5 years of accredited contributing
27 service.
28 2. Benefits for survivors offered pursuant to this chapter become
29 vested on the date that the employee completes 10 years of accredited
30 contributing service or becomes entitled to begin receiving benefits or on
31 the date of his death, whichever event occurs first.
32 3. Unless otherwise specifically provided by the amendatory act, any
33 change in the provisions of this chapter is retroactive for all service of any
34 member before the date of vesting, but no change may impair any vested
35 allowance or benefit.
36 4. ~~{Any person employed by the state or its political subdivisions who~~
37 ~~is a participating member of the system on or after July 1, 1989, who has~~
38 ~~been employed for a period of 5 or more years, who leaves the employ of~~
39 ~~the state or its political subdivisions before the attainment of the minimum~~
40 ~~service retirement age and who has not received a refund of his employee~~
41 ~~contributions, upon reaching the minimum service retirement age~~
42 ~~applicable to his years of service credit, may receive the same benefits to~~
43 ~~which he would otherwise have been entitled had he continued~~
44 ~~membership in the system.~~
45 ~~—5.†~~ Upon the termination or partial termination of the system:
46 (a) Except as otherwise provided in paragraph (b), all accrued benefits
47 that are funded become 100 percent vested and nonforfeitable.



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

4 **Sec. 14.** NRS 1.365 is hereby amended to read as follows:

5 1.365 All of the following claims must be submitted to the court
6 administrator, who shall act as administrative officer in processing the
7 claims:

8 1. Claims of justices of the supreme court ~~under~~ *pursuant to*
9 NRS 2.050 and 2.060.

10 2. Claims ~~of surviving spouses of justices of the supreme court under~~
11 *pursuant to* NRS 2.070 ~~and section 15 of this act.~~

12 3. Claims of judges of the district courts ~~under~~ *pursuant to*
13 NRS 3.030 and 3.090.

14 4. Claims ~~of surviving spouses of judges of the district courts under~~
15 *pursuant to* NRS 3.095 ~~and section 16 of this act.~~

16 **Sec. 15.** Chapter 2 of NRS is hereby amended by adding thereto a new
17 section to read as follows:

18 *1. If a justice of the supreme court at the time of his death had*
19 *retired and was then receiving a pension pursuant to the provisions of*
20 *NRS 2.060, or if at the time of his death the justice had not retired but*
21 *had performed sufficient service for retirement pursuant to the*
22 *provisions of NRS 2.060, the survivor beneficiary, if the survivor*
23 *beneficiary has attained the age of 60 years, is entitled, until his death, to*
24 *receive monthly payments of \$2,500 per month.*

25 *2. If a survivor beneficiary of a justice is not eligible to receive*
26 *benefits pursuant to subsection 1, he is entitled, until his death or until*
27 *he becomes eligible to receive those benefits, to receive payments equal in*
28 *amount to the payment provided in subsection 1 of section 3 of this act*
29 *for the survivor beneficiary of a deceased member of the public*
30 *employees' retirement system.*

31 *3. To obtain these benefits, the survivor beneficiary must make*
32 *application to the board, commission or authority entrusted with the*
33 *administration of the judges' pensions and furnish such information as*
34 *may be required pursuant to reasonable regulations adopted for the*
35 *purpose of carrying out the intent of this section.*

36 *4. Any person receiving a benefit pursuant to the provisions of this*
37 *section is entitled to receive post-retirement increases equal to those*
38 *provided for persons retired pursuant to the public employees' retirement*
39 *system.*

40 *5. It is the intent of this section that no special fund be created for*
41 *the purpose of paying these benefits, and all payments made pursuant to*
42 *the provisions of this section are to be made out of and charged to any*
43 *fund created for the purpose of paying pension benefits to justices of the*
44 *supreme court.*

45 *6. As used in this section, "survivor beneficiary" means a person*
46 *designated pursuant to section 2 of this act.*



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1 **Sec. 16.** Chapter 3 of NRS is hereby amended by adding thereto a new
2 section to read as follows:

3 1. *If a district judge at the time of his death had retired and was then*
4 *receiving a pension pursuant to the provisions of NRS 3.090, or if at the*
5 *time of his death the judge had not retired but had performed sufficient*
6 *service for retirement pursuant to the provisions of NRS 3.090, the*
7 *survivor beneficiary, if the survivor beneficiary has attained the age of 60*
8 *years, is entitled, until his death, to receive monthly payments of \$2,500*
9 *per month.*

10 2. *If a survivor beneficiary of a judge is not eligible to receive*
11 *benefits pursuant to subsection 1, he is entitled, until his death or until*
12 *he becomes eligible to receive those benefits, to receive payments equal in*
13 *amount to the payment provided in subsection 1 of section 3 of this act*
14 *for the survivor beneficiary of a deceased member of the public*
15 *employees' retirement system.*

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

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

25 5. *It is the intent of this section that no special fund be created for*
26 *the purpose of paying these benefits, and all payments made pursuant to*
27 *the provisions of this section are to be made out of and charged to any*
28 *fund created for the purpose of paying pension benefits to district judges.*

29 6. *As used in this section, "survivor beneficiary" means a person*
30 *designated pursuant to section 2 of this act.*

31 **Sec. 17.** NRS 218.2392 is hereby amended to read as follows:

32 218.2392 1. The provisions of NRS 286.671 to 286.679, inclusive,
33 *and sections 2 to 6, inclusive, of this act*, except NRS 286.6775, relating to
34 benefits for survivors ~~under~~ *pursuant to* the public employees' retirement
35 system, are applicable to a legislator's dependents, and such benefits for
36 survivors shall be paid by the board following the death of a legislator to
37 the persons entitled thereto from the legislators' retirement fund.

38 2. It is declared that of the contributions required by subsections 1 and
39 2 of NRS 218.2387 , one-half of 1 percent shall be regarded as costs
40 incurred in benefits for survivors.

41 **Sec. 18.** 1. This section and sections 7, 8 and 13 of this act become
42 effective on July 1, 2001.

43 2. Sections 1 to 6, inclusive, 9 to 12, inclusive, and 14 to 17, inclusive,
44 of this act become effective on January 1, 2002.

