

ASSEMBLY BILL NO. 312—ASSEMBLYMEN TROWBRIDGE, MOORE;
DICKMAN, DOOLING, JONES, O’NEILL, SEAMAN AND
SHELTON

MARCH 16, 2015

Referred to Committee on Government Affairs

SUMMARY—Revises provisions governing the Public Employees’
Retirement System. (BDR 23-975)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

~

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;
revising provisions governing the minimum age at which
a person who becomes a member of the System on or
after July 1, 2016, may retire and receive an unreduced
benefit; revising provisions governing the calculation of
the average compensation of a person who becomes a
member of the System on or after July 1, 2016; and
providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law provides that a person who becomes a member of the Public
Employees’ Retirement System, other than a police officer or firefighter, on or after
January 1, 2010, is eligible to retire at age 65 if the member has at least 5 years of
service, at age 60 if the member has at least 10 years of service and at any age if the
member has at least 30 years of service. Existing law further provides that a police
officer or firefighter who becomes a member of the System on or after January 1,
2010, is eligible to retire at age 65 if the police officer or firefighter has at least 5
years of service, at age 60 if the police officer or firefighter has at least 10 years of
service, at age 50 if the police officer or firefighter has at least 20 years of service
and at any age if the police officer or firefighter has at least 25 years of service.
(NRS 286.510) **Section 1** of this bill requires the Public Employees’ Retirement
Board to establish, by regulation, the age at which a person who becomes a member
of the System, other than a police officer or firefighter, on or after July 1, 2016, is
eligible to retire and receive an unreduced benefit. The age must be equal to the full
retirement age of the member under the Social Security Act. **Section 1** also requires
the Board to establish the age at which a police officer or firefighter who becomes a
member of the System on or after July 1, 2016, is eligible to retire and receive an



unreduced benefit. The age must be 10 years less than the full retirement age of the police officer or firefighter under the Social Security Act.

Existing law provides that for a person who becomes a member of the System on or after January 1, 2010, the member's monthly service retirement allowance must be determined by multiplying the member's average compensation by 2.5 percent for each year of service earned. With certain limitations, the determination of the member's average compensation is based on an average of the member's 36 consecutive months of highest compensation. (NRS 286.551) **Section 2** of this bill provides that for a person who becomes a member of the System on or after July 1, 2016, the determination of the member's average compensation must be based on an average of the member's 60 consecutive months of highest compensation.

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

Section 1. NRS 286.510 is hereby amended to read as follows:

286.510 1. Except as otherwise provided in subsections 2 and 3, a member of the System:

(a) Who has an effective date of membership before January 1, 2010, is eligible to retire at age 65 if the member has at least 5 years of service, at age 60 if the member has at least 10 years of service and at any age if the member has at least 30 years of service.

(b) Who has an effective date of membership on or after January 1, 2010, *but before July 1, 2016*, is eligible to retire at age 65 if the member has at least 5 years of service, at age 62 if the member has at least 10 years of service and at any age if the member has at least 30 years of service.

(c) Who has an effective date of membership on or after July 1, 2016, is eligible to retire at the age established by the Board pursuant to paragraph (a) of subsection 7 if the member has at least 5 years of service and at any age if the member has at least 30 years of service.

2. A police officer or firefighter:

(a) Who has an effective date of membership before January 1, 2010, is eligible to retire at age 65 if the police officer or firefighter has at least 5 years of service, at age 55 if the police officer or firefighter has at least 10 years of service, at age 50 if the police officer or firefighter has at least 20 years of service and at any age if the police officer or firefighter has at least 25 years of service.

(b) Who has an effective date of membership on or after January 1, 2010, *but before July 1, 2016*, is eligible to retire at age 65 if the police officer or firefighter has at least 5 years of service, at age 60 if the police officer or firefighter has at least 10 years of service and at age 50 if the police officer or firefighter has at least 20 years of service.



(c) Who has an effective date of membership on or after July 1, 2016, is eligible to retire at the age established by the Board pursuant to paragraph (b) of subsection 7 if the police officer or firefighter has at least 5 years of service.

↳ Only service performed in a position as a police officer or firefighter, established as such by statute or regulation, service performed pursuant to subsection 3 and credit for military service, may be counted toward eligibility for retirement pursuant to this subsection.

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

(a) The police officer or firefighter applies to the Board for disability retirement and the Board approves the police officer's or firefighter's application;

(b) In lieu of a disability retirement allowance, the police officer or firefighter accepts another position with the public employer with which the police officer or firefighter was employed when the police officer or firefighter became disabled as soon as practicable but not later than 90 days after the Board approves the police officer's or firefighter's application for disability retirement;

(c) The police officer or firefighter remains continuously employed by that public employer until the police officer or firefighter becomes eligible for retirement pursuant to subsection 2; and

(d) After the police officer or firefighter accepts a position pursuant to paragraph (b), the police officer's or firefighter's contributions are paid at the rate that is actuarially determined for police officers and firefighters until the police officer or firefighter becomes eligible for retirement pursuant to subsection 2.

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

5. Eligibility for retirement, as provided in this section, does not require the member to have been a participant in the System at the beginning of the police officer's or firefighter's credited service.



6. Any member who has the years of creditable service necessary to retire but has not attained the required age, if any, may retire at any age with a benefit actuarially reduced to the required retirement age. Except as otherwise required as a result of NRS 286.537, a retirement benefit pursuant to this subsection must be reduced:

(a) If the member has an effective date of membership before January 1, 2010, by 4 percent of the unmodified benefit for each full year that the member is under the appropriate retirement age, and an additional 0.33 percent for each additional month that the member is under the appropriate retirement age.

(b) If the member has an effective date of membership on or after January 1, 2010, by 6 percent of the unmodified benefit for each full year that the member is under the appropriate retirement age, and an additional 0.5 percent for each additional month that the member is under the appropriate retirement age.

➤ Any option selected pursuant to this subsection must be reduced by an amount proportionate to the reduction provided in this subsection for the unmodified benefit. The Board may adjust the actuarial reduction based upon an experience study of the System and recommendation by the actuary.

7. *The Board shall, by regulation, establish:*

(a) For a member who has an effective date of membership on or after July 1, 2016, and at least 5 years of eligible service, the minimum age at which the member is eligible to retire and receive an unreduced benefit, which must be equal to the full retirement age of the member under the Social Security Act.

(b) For a police officer or firefighter who has an effective date of membership on or after July 1, 2016, and at least 5 years of eligible service, the minimum age at which the police officer or firefighter is eligible to retire and receive an unreduced benefit, which must be 10 years less than the full retirement age of a police officer or firefighter under the Social Security Act.

Sec. 2. NRS 286.551 is hereby amended to read as follows:

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

1. Except as otherwise provided in subsection 2:

(a) For a member who has an effective date of membership before January 1, 2010, a monthly service retirement allowance must be determined by multiplying a member's average compensation by 2.5 percent for each year of service earned before July 1, 2001, and 2.67 percent for each year of service earned on or after July 1, 2001.

(b) For a member who has an effective date of membership on or after January 1, 2010, a monthly service retirement allowance



1 must be determined by multiplying a member's average
2 compensation by 2.5 percent for each year of service earned.

3 2. A member:

4 (a) Who has an effective date of membership on or after July 1,
5 1985, is entitled to a benefit of not more than 75 percent of the
6 member's average compensation with the member's eligibility for
7 service credit ceasing at 30 years of service.

8 (b) Who has an effective date of membership before July 1,
9 1985, and retires on or after July 1, 1977, is entitled to a benefit of
10 not more than 90 percent of the member's average compensation
11 with the member's eligibility for service credit ceasing at 36 years
12 of service.

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

18 3. For the purposes of this section, except as otherwise
19 provided in subsections 4, 5 and 6, "average compensation" means :

20 (a) *For a member who has an effective date of membership*
21 *before July 1, 2016, the average of ~~the~~ the member's 36 consecutive*
22 *months of highest compensation as certified by the public employer.*

23 (b) *For a member who has an effective date of membership on*
24 *or after July 1, 2016, the average of the member's 60 consecutive*
25 *months of highest compensation as certified by the public*
26 *employer.*

27 4. Except as otherwise provided in subsection 5, for an
28 employee who becomes a member of the System on or after
29 January 1, 2010, the following limits must be observed when
30 calculating the member's average compensation based on a 60-
31 month period that commences 24 months immediately preceding the
32 36 consecutive months of highest compensation:

33 (a) The compensation for the 13th through the 24th months may
34 not exceed the actual compensation amount for the 1st through the
35 12th months by more than 10 percent;

36 (b) The compensation for the 25th through the 36th months may
37 not exceed by more than 10 percent the lesser of:

38 (1) The maximum compensation amount allowed pursuant to
39 paragraph (a); or

40 (2) The actual compensation amount for the 13th through the
41 24th months;

42 (c) The compensation for the 37th through the 48th months may
43 not exceed by more than 10 percent the lesser of:

44 (1) The maximum compensation amount allowed pursuant to
45 paragraph (b); or



(2) The actual compensation amount for the 25th through the 36th months; and

(d) The compensation for the 49th through the 60th months may not exceed by more than 10 percent the lesser of:

(1) The maximum average compensation amount allowed pursuant to paragraph (c); or

(2) The actual compensation amount for the 37th through the 48th months.

5. Compensation attributable to a promotion and assignment-related compensation must be excluded when calculating the limits pursuant to subsection 4.

6. The average compensation of a member who has a break in service or partial months of compensation, or both, as a result of service as a Legislator during a regular or special session of the Nevada Legislature must be calculated on the basis of the average of the member's 36 consecutive months of highest compensation as certified by the member's public employer excluding each month during any part of which the Legislature was in session. This subsection does not affect the computation of years of service.

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

(a) According to the regular schedule established by the employer for the employee's position; and

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

Sec. 3. This act becomes effective:

1. Upon passage and approval for the purpose of adopting any regulations and performing any other preparatory administrative tasks necessary to carry out the provisions of this act; and

2. On July 1, 2016, for all other purposes.

