

**NON-EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: March 29, 2015

Agency Submitting: Public Employees' Retirement System

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
Contribution expense to public employers and employees (Expense)				\$170,082
Total	0	0	0	\$170,082

Explanation

(Use Additional Sheets of Attachments, if required)

This bill may increase survivor benefits paid to spouses of police officers or firefighters killed in the line of duty. The cost associated with increased benefits is estimated by the System's independent actuary as 0.02% of police/fire payroll, as set forth in the attached letter. Pursuant to NRS 286.410, 286.421, and 286.450, this would not increase the contribution rate in the next biennium. The cost in future biennia is estimated above based on 0.02% of current payroll in the Police and Firefighters' Retirement Fund. This cost for future biennia would be paid in the contribution rate paid by all public employers and employees participating in the police/fire fund. This estimate is based on the increased benefit only applying to spouses of members killed in the line of duty after the effective date of the legislation and not impacting the past, current, or future benefits paid to spouses of members killed in the line of duty prior to the effective date of the legislation.

Name Tina Leiss

Title Executive Officer



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March 24, 2015

Ms. Tina Leiss
Executive Officer
Public Employees Retirement System of the State of Nevada
693 West Nye Lane
Carson City, NV 89703

Re: Analysis of Assembly Bill No. 363

Dear Tina:

Per your request, we have analyzed the changes to the Public Employees' Retirement System (PERS or System) proposed in Assembly Bill No. 363 (AB 363) as described in BDR 23-1056.

The bill would affect the Police/Fire portion of the PERS System as described below:

- The spouse of a member who was a police officer or firefighter killed in the line of duty would be entitled to a benefit, payable for life, equal to the greater of
 - 50% of the salary of the member on the date of the member's death, or
 - 50% of the member's accrued retirement benefit, with no reduction for the age of the deceased member.

Background

Existing law sets forth several benefit options for the surviving spouse of deceased PERS members. The bill would provide an additional benefit option for the surviving spouse of a police officer or firefighter killed in the line of duty.

Cost Analysis

Because the bill would provide additional benefits to the spouses of plan participants, there would be an actuarial cost to the System. However, since the deaths of members in the line of duty are relatively rare, the cost would be expected to be minimal. Analysis of the last ten years of mortality data has indicated an average of approximately 1 death in the line of duty per year.

The cost increase to the Police/Fire portion of the plan as a result of the bill would be approximately .02% of covered payroll per year.

For the purposes of the analysis, we assumed that the benefits provided under this bill would provide an option that would be no less than the current spousal death benefits.

These cost estimates were made using generally accepted actuarial practices and are based on the June 30, 2014 actuarial valuation results, including the participant data and, unless otherwise noted, actuarial assumptions on which that valuation was based. Calculations were completed under the supervision of Mark Hamwee, FSA, MAAA, Enrolled Actuary.

Other Considerations

In addition to the above, the bill would require that the System Board define when the term “killed in the line of duty” would apply. This Board action would be required as soon as possible after the passage of the bill.

Please note that we have not reviewed this legislation for compliance with applicable State of Nevada law. We recommend that you address all law issues with the System’s legal counsel.

I look forward to discussing this with you further.

Sincerely,



Brad Ramirez, FSA, MAAA, FCA, EA
Vice President & Consulting Actuary

/cz

cc: Cheryl Price

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