

ASSEMBLY BILL NO. 415—COMMITTEE ON WAYS AND MEANS

MARCH 25, 2019

Referred to Committee on Ways and Means

**SUMMARY**—Revises provisions relating to the Public Employees' Retirement System. (BDR 23-1110)

**FISCAL NOTE:** Effect on Local Government: May have Fiscal Impact.  
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; revising provisions governing the adjustment of contribution rates; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

1 Existing law requires that the contribution rates of employees and employers to  
2 the Public Employees' Retirement System be adjusted on the first monthly  
3 retirement reporting period commencing on or after July 1 of each odd-numbered  
4 year based on the actuarially determined contribution rate indicated in the biennial  
5 actuarial valuation and report of the immediately preceding year unless the existing  
6 rate is higher or lower than the actuarially determined rate by a specified  
7 percentage. (NRS 286.410, 286.421, 286.450) This bill decreases the frequency of  
8 the required determination of whether to adjust the contribution rates from every 2  
9 years to every 6 years. Thus, the next determination of contribution rates will be for  
10 the first monthly retirement reporting period commencing on or after July 1, 2025,  
11 and then every 6 years thereafter.

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

1 **Section 1.** NRS 286.410 is hereby amended to read as follows:  
2 286.410 1. The employee contribution rate must be:  
3 (a) The matching contribution rate for employees and employers  
4 that is actuarially determined for police officers and firefighters and  
5 for regular members, depending upon the retirement fund in which  
6 the member is participating.



(b) Except as otherwise provided in subsection 2, adjusted on the first monthly retirement reporting period commencing on or after July 1 ~~[of each odd-numbered year]~~, *2025, and every 6 years thereafter*, based on the actuarially determined contribution rate indicated in the biennial actuarial valuation and report of the immediately preceding year. The adjusted rate must be rounded to the nearest one-quarter of 1 percent.

2. The employee's portion of the matching contribution rate for employees and employers must not be adjusted in accordance with the provisions of paragraph (b) of subsection 1 if:

(a) The existing rate is lower than the actuarially determined rate but within one-quarter of 1 percent of the actuarially determined rate.

(b) The existing rate is higher than the actuarially determined rate but is within 1 percent of the actuarially determined rate. If the existing rate is more than 1 percent higher than the actuarially determined rate, the existing rate must be reduced by the amount by which it exceeds 1 percent above the actuarially determined rate.

3. From each payroll during the period of the employee's membership, the employer shall deduct the amount of the member's contributions and transmit the deduction to the Board at intervals designated and upon forms prescribed by the Board. The contributions must be paid on compensation earned by a member from the member's first day of service.

4. Any employee whose position is determined after July 1, 1971, to be eligible under the early retirement provisions for police officers and firefighters shall contribute the additional contributions required of police officers and firefighters from July 1, 1971, to the date of the employee's enrollment under the Police and Firefighters' Retirement Fund, if employment in this position occurred before July 1, 1971, or from date of employment in this position to the date of the employee's enrollment under the Police and Firefighters' Retirement Fund, if employment occurs later.

5. Except as otherwise provided in NRS 286.430, the System shall guarantee to each member the return of at least the total employee contributions which the member has made and which were credited to the member's individual account. These contributions may be returned to the member, the member's estate or beneficiary or a combination thereof in monthly benefits, a lump-sum refund or both.

6. Members with disabilities who are injured on the job and receive industrial insurance benefits for temporary total disability remain contributing members of the System for the duration of the benefits if and while the public employer continues to pay the difference between these benefits and the member's regular



1 compensation. The public employer shall pay the employer  
2 contributions on these benefits.

3 **Sec. 2.** NRS 286.421 is hereby amended to read as follows:

4 286.421 1. A public employer that elected to pay on behalf of  
5 its employees the contributions required by subsection 1 of NRS  
6 286.410 before July 1, 1983, shall continue to do so, but a public  
7 employer may not elect to pay those contributions on behalf of its  
8 employees on or after July 1, 1983.

9 2. An employee of a public employer that did not elect to pay  
10 on behalf of its employees the contributions required by subsection  
11 1 of NRS 286.410 before July 1, 1983, may elect to:

12 (a) Pay the contribution required by subsection 1 of NRS  
13 286.410 on the employee's own behalf; or

14 (b) Have the employee's portion of the contribution paid by the  
15 employee's employer pursuant to the provisions of NRS 286.425.

16 3. Except for any person chosen by election or appointment to  
17 serve in an elective office of a political subdivision or as a district  
18 judge, a judge of the Court of Appeals or a justice of the Supreme  
19 Court of this State:

20 (a) Payment of the employee's portion of the contributions  
21 pursuant to subsection 1 must be:

22 (1) Made in lieu of equivalent basic salary increases or cost-  
23 of-living increases, or both; or

24 (2) Counterbalanced by equivalent reductions in employees'  
25 salaries.

26 (b) The average compensation from which the amount of  
27 benefits payable pursuant to this chapter is determined must be  
28 increased with respect to each month beginning after June 30, 1975,  
29 by 50 percent of the contribution made by the public employer, and  
30 must not be less than it would have been if contributions had been  
31 made by the member and the public employer separately. In the case  
32 of any officer or judge described in this subsection, any contribution  
33 made by the public employer on the officer's or judge's behalf does  
34 not affect the officer's or judge's compensation but is an added  
35 special payment.

36 4. Employee contributions made by a public employer must be  
37 deposited in either the Public Employees' Retirement Fund or the  
38 Police and Firefighters' Retirement Fund as is appropriate. These  
39 contributions must not be credited to the individual account of the  
40 member and may not be withdrawn by the member upon the  
41 member's termination.

42 5. The membership of an employee who became a member on  
43 or after July 1, 1975, and all contributions on whose behalf were  
44 made by the member's public employer must not be cancelled upon  
45 the termination of the member's service.



6. If an employer is paying the basic contribution on behalf of an employee, the total contribution rate, in lieu of the amounts required by subsection 1 of NRS 286.410 and NRS 286.450, must be:

(a) The total contribution rate for employers that is actuarially determined for police officers and firefighters and for regular members, depending upon the retirement fund in which the member is participating.

(b) Except as otherwise provided in subsection 7, adjusted on the first monthly retirement reporting period commencing on or after July 1 ~~[of each odd-numbered year]~~, *2025, and every 6 years thereafter*, based on the actuarially determined contribution rate indicated in the biennial actuarial valuation and report of the immediately preceding year. The adjusted rate must be rounded to the nearest one-quarter of 1 percent.

7. The total contribution rate for employers must not be adjusted in accordance with the provisions of paragraph (b) of subsection 6 if:

(a) The existing rate is lower than the actuarially determined rate but is within one-half of 1 percent of the actuarially determined rate.

(b) The existing rate is higher than the actuarially determined rate but is within 2 percent of the actuarially determined rate. If the existing rate is more than 2 percent higher than the actuarially determined rate, the existing rate must be reduced by the amount by which it exceeds 2 percent above the actuarially determined rate.

8. For the purposes of adjusting salary increases and cost-of-living increases or of salary reduction, the total contribution must be equally divided between employer and employee.

9. Public employers other than the State of Nevada shall pay the entire employee contribution for those employees who contribute to the Police and Firefighters' Retirement Fund on and after July 1, 1981.

**Sec. 3.** NRS 286.450 is hereby amended to read as follows:

286.450 1. The employer contribution rate must be:

(a) The matching contribution rate for employees and employers that is actuarially determined for police officers and firefighters and for regular members, depending upon the retirement fund in which the member is participating.

(b) Except as otherwise provided in subsection 2, adjusted on the first monthly retirement reporting period commencing on or after July 1 ~~[of each odd-numbered year]~~, *2025, and every 6 years thereafter*, based on the actuarially determined contribution rate indicated in the biennial actuarial valuation and report of the immediately preceding year. The adjusted rate must be rounded to the nearest one-quarter of 1 percent.



1        2. The employer's portion of the matching contribution rate for  
2 employees and employers must not be adjusted in accordance with  
3 the provisions of paragraph (b) of subsection 1 if:

4        (a) The existing rate is lower than the actuarially determined rate  
5 but is within one-quarter of 1 percent of the actuarially determined  
6 rate.

7        (b) The existing rate is higher than the actuarially determined  
8 rate but is within 1 percent of the actuarially determined rate. If the  
9 existing rate is more than 1 percent higher than the actuarially  
10 determined rate, the existing rate must be reduced by the amount by  
11 which it exceeds 1 percent above the actuarially determined rate.

