

Committee Action:
Do Pass _____
Amend & Do Pass _____
Other _____

Assembly Committee on Government Affairs

This measure may be considered for action during today's work session.

May 15, 2015

SENATE BILL 406 (R1)

Revises provisions relating to public retirement systems. (BDR 23-1049)

Sponsored by: Senator Roberson

Date Heard: May 11, 2015

Fiscal Impact: Effect on Local Government: May Have Fiscal Impact.

Effect on the State: Yes.

Senate Bill 406 makes various changes to the Public Employees' Retirement System (PERS), the Judicial Retirement Plan, and the Legislators' Retirement System for persons who become members on or after July 1, 2015, unless otherwise noted. Among other things, the bill:

- Provides that if a member is convicted of or pleads guilty or nolo contendere to certain felonies arising directly out of his or her duties as an employee, the member forfeits, with limited exceptions, all rights and benefits under the relevant retirement system. Upon such a conviction, the relevant system must return to the member, without interest, all contributions which the member has made and which were credited to the member's individual account;
- Provides postretirement increases of 2 percent for the annual increase following the third, fourth, and fifth anniversaries and 2.5 percent following the sixth, seventh, and eighth anniversaries; and to the lesser of 3 percent or the increase, if any, in the Consumer Price Index (All Items) for the preceding calendar year starting with the ninth anniversary;
- Provides an additional benefit option for the spouse, or survivor beneficiary if the deceased member is unmarried on the date of the member's death, of a member who is killed in the line of duty, the course of employment, the course of judicial service, or the course of legislative service, as applicable (applies to existing and future members);
- Changes the age of eligibility to receive retirement benefits for members, other than police officers or firefighters, to 65 years of age if he or she has at least 5 years of service; to 62 years of age if he or she has at least 10 years of service; to 55 years of age if he or she has at least 30 years of service; and to any age if he or she has at least 33 1/3 years of service;
- Excludes any service credit purchased by the member or on behalf of the member from the calculation of the member's years of service for the purpose of determining the age at which the member may retire with an unreduced benefit, with limited exceptions related to a family medical emergency;

- Limits the amount of compensation used to determine a retirement benefit;
- Provides that the monthly retirement allowance for each member of PERS, other than a police officer or firefighter, will be determined by multiplying the member's average compensation by 2.25 percent for every year of service with the member's eligibility for service credit ceasing at 33 1/3 years of service;
- Requires members of the Judicial Retirement Plan to pay 50 percent of the required contributions to the Plan;
- Provides that the monthly retirement allowance for each member of the Judicial Retirement Plan will be determined by multiplying the member's average compensation by 3.1591 percent for every year of service;
- Clarifies that the term "spouse" includes a domestic partner for purposes of determining eligibility to receive survivor benefits from a public retirement system; and
- Repeals the June 30, 2015, expiration of certain provisions relating to retired PERS members who fill positions for which there are critical labor shortages.

Amendments:

Proposed by Speaker Hambrick):

The proposed amendment makes Section 4.1 of the bill effective on June 1, 2013.

Proposed by Lee-Ann Easton, Administrator, Nevada's Division of Human Resource Management (see attached conceptual amendment):

As discussed in the hearing, the amendment clarifies that service credit purchased pursuant to only subsections 1 and 2 of NRS 286.3007 cannot be used in the calculation of postretirement benefits. The remaining subsections of NRS 286.3007 pertain to service credit buyouts for the purpose of work force reductions, which can, therefore, be used in the calculation of postretirement benefits.



STATE OF NEVADA
DEPARTMENT OF ADMINISTRATION
Division of Human Resource Management
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May 12, 2015

The Honorable John Ellison, Chair
Assembly Committee on Government Affairs
State of Nevada Legislative Building
401 S. Carson Street
Carson City, Nevada 89701

RE: Proposed Amendment of SB406

Dear Assemblyman John Ellison:

The State of Nevada, Division of Human Resource Management, at the request of the American Federation of State, County and Municipal Employees (AFSCME), requests a friendly amendment to Senate Bill 406 as referenced below:

6 **Sec. 5.** NRS 286.510 is hereby amended to read as follows:

7 286.510 1. Except as otherwise provided in subsections 2 and
8 3, a member of the System:

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

13 (b) Who has an effective date of membership on or after
14 January 1, 2010, *and before July 1, 2015*, is eligible to retire at age
15 65 if the member has at least 5 years of service, at age 62 if the
16 member has at least 10 years of service and at any age if the
17 member has at least 30 years of service.

18 *(c) Who has an effective date of membership on or after*
19 *July 1, 2015, is eligible to retire at age 65 if the member has at*
20 *least 5 years of service, at age 62 if the member has at least 10*
21 *years of service, at age 55 if the member has at least 30 years of*
22 *service and at any age if the member has at least 33 1/3 years of*
23 *service. For the purposes of this paragraph, any year or part of a*

24 *year of service purchased by a member pursuant to subsection 2 or*
25 *3 of NRS 286.300 or purchased on behalf of the member pursuant*
26 *to subsection 4 of NRS 286.300 or as authorized by NRS 286.3005*
27 *and 286.3007 (1) and (2) must not be considered in determining the number*
28 *of years of service of a member unless the member has a family*
29 *medical emergency. For the purposes of this paragraph, the Board*
30 *shall define by regulation “family medical emergency” and set*
31 *forth by regulation the circumstances in which purchased service*
32 *credit may be considered in determining the number of years of*
33 *service of a member who has a family medical emergency.*

If you need additional information, please do not hesitate to contact me at (775) 684-0110 or leaston@admin.nv.gov or Deputy Administrator, Shelley Blotter at (775) 684-0105 or sblotter@admin.nv.gov.

Sincerely,

Lee-Ann Easton

Lee-Ann Easton, Administrator

cc: Michael Roberson, Senate Majority Leader
Jody Poley, Assistant to Senate Majority Leader Michael Roberson
Kevin Ranft, American Federation of State, County and Municipal Employees
Shelley Blotter, Deputy Administrator, Division of Human Resource Management
Peter Long, Deputy Administrator, Division of Human Resource Management