

CHAPTER.....

AN ACT relating to public employees' retirement; setting forth a legislative declaration; directing the Interim Retirement and Benefits Committee of the Legislature to conduct a study; setting forth the requirements for the study and directing the Committee to submit a report to the Legislative Commission; making an appropriation; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Section 1 of this bill sets forth the Legislature's findings and declaration concerning the nature of the Public Employees' Retirement System and its mission.

Section 2 of this bill: (1) directs the Interim Retirement and Benefits Committee of the Legislature to conduct a study of the retirement and disability benefits for public employees in this State; (2) sets forth the analyses which must be included within the study; (3) requires the Public Employees' Retirement Board to provide staff assistance to the Committee; and (4) directs the Committee to submit a report of the results of the study to the Legislative Commission.

Section 3 of this bill provides an appropriation of \$250,000 to pay the cost of the study required to be conducted by the Interim Retirement and Benefits Committee of the Legislature pursuant to **section 2**.

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

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

Section 1. The Legislature hereby finds and declares:

1. It is the mission of the Public Employees' Retirement System as declared in NRS 286.015 to provide:

(a) A reasonable base income to qualified employees who have been employed by a public employer and whose earning capacity has been removed or has been substantially reduced by age or disability.

(b) An orderly method of promoting and maintaining a high level of service to the public through an equitable separation procedure, which is available to employees at retirement or upon becoming disabled.

(c) A system which will make government employment attractive to qualified employees in various categories of service and which will encourage these employees to remain in government service for such periods of time as to give the public employer full benefit of the training and experience gained by these employees while employed by public employers.



2. The Public Employees' Retirement System is a defined benefit pension plan that covers all eligible public employees in this State in lieu of coverage under the federal Social Security Act.

3. The short-term volatility in the investment markets has caused an increase in the costs to public employers and public employees for contributions to the Public Employees' Retirement System to retire the unfunded liability of the System in compliance with the requirements prescribed by the Governmental Accounting Standards Board. Such increased costs could also result from losses in the System's holdings caused by fraud or misrepresentation in the investment markets.

4. Many different approaches to workforce incentives, including retirement and disability benefits, have evolved in the public and private sectors and warrant study to ensure that this State provides the most appropriate retirement benefits for its public workforce, as part of the overall human resources policy of this State.

5. Because of the long-term financial and policy impacts of any changes to retirement and disability benefits provided by the Public Employees' Retirement System, careful and thorough consideration of the alternatives is required.

6. Section 2 of Article 9 of the Nevada Constitution requires that any changes proposed to the retirement and disability benefits provided by the Public Employees' Retirement System be based upon actuarial assumptions recommended by the independent actuary employed by the Public Employees' Retirement Board to ensure the insulation of the retirement future of the public workforce of this State from any political pressures.

Sec. 2. 1. The Interim Retirement and Benefits Committee of the Legislature created by NRS 218E.420 shall conduct a study of the retirement and disability benefits for public employees in this State.

2. The study conducted pursuant to subsection 1 must include:

(a) An analysis of alternatives to the existing retirement plan, including, without limitation, consideration of other models of retirement plans, such as defined benefit plans, defined contribution plans, cash balance plans and hybrid retirement plans, and retirement and disability benefits under the federal Social Security Act. Such analysis must address the implications of implementing each alternative, including, without limitation:

(1) A comparison of the design, costs, portability and income security of each alternative; and



(2) The actuarial, financial, workforce and public policy impacts of each alternative on current and future public employers, current and future public employees and beneficiaries in the Public Employees' Retirement System.

(b) An analysis of the measures implemented by the Public Employees' Retirement Board to monitor losses caused by fraud or misrepresentation in the investment markets and to institute legal action to recover such losses.

3. The Public Employees' Retirement Board shall provide such assistance to the Interim Retirement and Benefits Committee of the Legislature as requested by the Committee, including, without limitation, the assistance of the independent actuary employed by the Board to make the necessary actuarial assumptions.

4. On or before October 1, 2012, the Interim Retirement and Benefits Committee of the Legislature shall submit a report of the results of the study conducted pursuant to subsection 1 to the Legislative Commission.

5. On or before December 31, 2012, the Legislative Commission shall submit the report of the results of the study and any recommendations for legislation to the 77th Session of the Nevada Legislature.

Sec. 3. 1. There is hereby appropriated from the State General Fund to the Legislative Fund the sum of \$250,000 to conduct the study required pursuant to section 2 of this act.

2. The money appropriated by subsection 1 may be used only if matching money is received in the Legislative Fund for the study from sources other than the appropriation made by subsection 1, including, without limitation, gifts, grants and donations.

3. The State Controller shall not distribute any money from the appropriation made pursuant to subsection 1 until the matching money required by subsection 2 has been committed for the study.

4. Any remaining balance of the appropriation made by subsection 1 to the Legislative Fund must not be committed for expenditure after June 30, 2013, by the entity to which the appropriation is made or any entity to which money from the appropriation is granted or otherwise transferred in any manner, and any portion of the appropriated money remaining must not be spent for any purpose after September 20, 2013, by either the entity to which the money was appropriated or the entity to which the money was subsequently granted or transferred, and must be reverted to the State General Fund on or before September 20, 2013.

Sec. 4. This act becomes effective upon passage and approval.

