

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.

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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 calculation of the
average compensation of a person who becomes a
member of the System on or after July 1, 2015; and
providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law provides that for a person who becomes a member of the Public
2 Employees’ Retirement System on or after January 1, 2010, the member’s monthly
3 service retirement allowance must be determined by multiplying the member’s
4 average compensation by 2.5 percent for each year of service earned. With certain
5 limitations, the determination of the member’s average compensation is based on
6 an average of the member’s 36 consecutive months of highest compensation. (NRS
7 286.551) **Section 2** of this bill provides that for a person who becomes a member of
8 the System on or after July 1, 2015, the determination of the member’s average
9 compensation must be based on an average of the member’s 60 consecutive months
10 of highest compensation.

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

1 **Section 1.** (Deleted by amendment.)
2 **Sec. 2.** NRS 286.551 is hereby amended to read as follows:
3 286.551 Except as otherwise required as a result of NRS
4 286.535 or 286.537:
5 1. Except as otherwise provided in subsection 2:



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

7 (b) For a member who has an effective date of membership on
8 or after January 1, 2010, a monthly service retirement allowance
9 must be determined by multiplying a member's average
10 compensation by 2.5 percent for each year of service earned.

11 2. A member:

12 (a) Who has an effective date of membership on or after July 1,
13 1985, is entitled to a benefit of not more than 75 percent of the
14 member's average compensation with the member's eligibility for
15 service credit ceasing at 30 years of service.

16 (b) Who has an effective date of membership before July 1,
17 1985, and retires on or after July 1, 1977, is entitled to a benefit of
18 not more than 90 percent of the member's average compensation
19 with the member's eligibility for service credit ceasing at 36 years
20 of service.

21 ➔ In no case may the service retirement allowance determined
22 pursuant to this section be less than the allowance to which the
23 retired employee would have been entitled pursuant to the
24 provisions of this section which were in effect on the day before
25 July 3, 1991.

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

28 *(a) For a member who has an effective date of membership*
29 *before July 1, 2015, the average of ~~the~~ the member's 36 consecutive*
30 *months of highest compensation as certified by the public employer.*

31 *(b) For a member who has an effective date of membership on*
32 *or after July 1, 2015, the average of the member's 60 consecutive*
33 *months of highest compensation as certified by the public*
34 *employer.*

35 4. Except as otherwise provided in subsection 5, for an
36 employee who becomes a member of the System on or after
37 January 1, 2010, the following limits must be observed when
38 calculating the member's average compensation based on a 60-
39 month period that commences 24 months immediately preceding the
40 36 consecutive months of highest compensation:

41 (a) The compensation for the 13th through the 24th months may
42 not exceed the actual compensation amount for the 1st through the
43 12th months by more than 10 percent;

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



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- 1 (1) The maximum compensation amount allowed pursuant to
2 paragraph (a); or
3 (2) The actual compensation amount for the 13th through the
4 24th months;
5 (c) The compensation for the 37th through the 48th months may
6 not exceed by more than 10 percent the lesser of:
7 (1) The maximum compensation amount allowed pursuant to
8 paragraph (b); or
9 (2) The actual compensation amount for the 25th through the
10 36th months; and
11 (d) The compensation for the 49th through the 60th months may
12 not exceed by more than 10 percent the lesser of:
13 (1) The maximum average compensation amount allowed
14 pursuant to paragraph (c); or
15 (2) The actual compensation amount for the 37th through the
16 48th months.
17 5. Compensation attributable to a promotion and assignment-
18 related compensation must be excluded when calculating the limits
19 pursuant to subsection 4.
20 6. The average compensation of a member who has a break in
21 service or partial months of compensation, or both, as a result of
22 service as a Legislator during a regular or special session of the
23 Nevada Legislature must be calculated on the basis of the average of
24 the member's 36 consecutive months of highest compensation as
25 certified by the member's public employer excluding each month
26 during any part of which the Legislature was in session. This
27 subsection does not affect the computation of years of service.
28 7. The retirement allowance for a regular part-time employee
29 must be computed from the salary which the employee would have
30 received as a full-time employee if it results in greater benefits for
31 the employee. A regular part-time employee is a person who works
32 half-time or more, but less than full-time:
33 (a) According to the regular schedule established by the
34 employer for the employee's position; and
35 (b) Pursuant to an established agreement between the employer
36 and the employee.
37 **Sec. 3.** This act becomes effective on July 1, 2015.



