
ASSEMBLY BILL NO. 498—COMMITTEE ON WAYS AND MEANS

MAY 11, 2023

Referred to Committee on Ways and Means

SUMMARY—Revises provisions relating to the Public Employees’ Retirement System. (BDR 23-1200)

FISCAL NOTE: Effect on Local Government: No.
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 the calculation of contribution rates to the Public Employees’ Retirement System from state employees and employers; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Retired public employees receive retirement allowances through membership in
2 and contributions to the Public Employees’ Retirement System. (Chapter 286 of
3 NRS) Existing law requires that: (1) the contribution rates of employees and
4 employers to the System be adjusted every 2 years based on the actuarially
5 determined contribution rate indicated in the biennial actuarial valuation and report
6 of the immediately preceding year, unless the existing rate is higher or lower than
7 the actuarially determined rate by a specified percentage; and (2) the employee and
8 employer are responsible for an equal portion of any increase or decrease in the
9 contribution rate. (NRS 286.410, 286.421, 286.450) **Section 5** of this bill revises
10 the contribution rate for an employee of a participating state agency from a rate
11 equal to that paid by the employer to one-half of the normal cost that is actuarially
12 determined for police officers and firefighters and for regular members, depending
13 on the retirement fund in which the member is participating. **Section 7** of this bill
14 revises the employer contribution rate for a participating state agency to be the total
15 contribution rate actuarially determined for police officers and firefighters and for
16 regular members, depending on the retirement fund in which the member is
17 participating, less the employee contribution rate of one-half of the normal costs
18 determined pursuant to **section 5**. **Sections 5 and 7** also provide for the rounding of
19 any adjusted contribution rate to the nearest one-quarter of 1 percent.

20 **Section 6** of this bill makes conforming changes to require, for purposes of the
21 adjustment of salary increases and cost-of-living increases or of salary reductions,
22 that the division of total contributions be determined in the same manner as
23 provided for determining the employee and employer contribution rates.



24 **Section 3** of this bill defines the term “normal costs” as that portion of the
25 present value of projected benefits that is attributable to the current year of service,
26 as determined by an actuary of the System. **Section 4** of this bill defines the term
27 “participating state agency” to mean the following public employers that participate
28 in the System: (1) an agency, bureau, board, commission, department, division,
29 officer or other unit of the Executive Branch of the State Government, the Nevada
30 System of Higher Education and the Public Employees’ Retirement System; (2) the
31 Legislative Branch of the State Government; and (3) the Judicial Branch of the
32 State Government.

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

1 **Section 1.** Chapter 286 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2, 3 and 4 of this act.

3 **Sec. 2.** *As used in NRS 286.410 to 286.462, inclusive, and*
4 *sections 2, 3 and 4 of this act, unless the context otherwise*
5 *requires, the words and terms defined in sections 3 and 4 of this*
6 *act have the meanings ascribed to them in those sections.*

7 **Sec. 3.** *“Normal cost” means that portion of the present*
8 *value of projected benefits that is attributable to the current year*
9 *of service, as determined by an actuary of the System.*

10 **Sec. 4.** *“Participating state agency” means the following*
11 *public employers that participate in the System:*

12 1. *An agency, bureau, board, commission, department,*
13 *division, officer or other unit of the Executive Branch of the State*
14 *Government. The term includes the Nevada System of Higher*
15 *Education and the Public Employees’ Retirement System.*

16 2. *The Legislative Branch of the State Government.*

17 3. *The Judicial Branch of the State Government.*

18 **Sec. 5.** NRS 286.410 is hereby amended to read as follows:

19 286.410 1. ~~[The]~~ *Except as otherwise provided in subsection*
20 *3, the* employee contribution rate must be:

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

25 (b) Except as otherwise provided in subsection 2, adjusted on
26 the first monthly retirement reporting period commencing on or
27 after July 1 of each odd-numbered year based on the actuarially
28 determined contribution rate indicated in the biennial actuarial
29 valuation and report of the immediately preceding year. The
30 adjusted rate must be rounded to the nearest one-quarter of 1
31 percent.

32 2. ~~[The]~~ *Except as provided in subsection 4, the* employee’s
33 portion of the matching contribution rate for employees and



1 employers must not be adjusted in accordance with the provisions of
2 paragraph (b) of subsection 1 if:

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

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

11 3. *The employee contribution rate for a member who is an*
12 *employee of a participating state agency must be:*

13 (a) *One-half of the normal cost that is actuarially determined*
14 *for police officers and firefighters and for regular members,*
15 *depending on the retirement fund in which the member is*
16 *participating.*

17 (b) *Except as otherwise provided in subsection 4, adjusted on*
18 *the first monthly retirement reporting period commencing on or*
19 *after July 1 of each odd-numbered year based on the actuarially*
20 *determined contribution rate of one-half the normal cost as*
21 *indicated in the biennial actuarial valuation and report of the*
22 *immediately preceding year. The adjusted rate must be rounded to*
23 *the nearest one-quarter of 1 percent.*

24 4. *The employee's portion of the contribution rate for*
25 *employees of a participating state agency and employers must not*
26 *be adjusted in accordance with the provisions of paragraph (b) of*
27 *subsection 3 if:*

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

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

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

43 [4.] 6. Any employee whose position is determined after
44 July 1, 1971, to be eligible under the early retirement provisions for
45 police officers and firefighters shall contribute the additional



1 contributions required of police officers and firefighters from July 1,
2 1971, to the date of the employee's enrollment under the Police and
3 Firefighters' Retirement Fund, if employment in this position
4 occurred before July 1, 1971, or from date of employment in this
5 position to the date of the employee's enrollment under the Police
6 and Firefighters' Retirement Fund, if employment occurs later.

7 ~~15.1~~ 7. Except as otherwise provided in NRS 286.430, the
8 System shall guarantee to each member the return of at least the
9 total employee contributions which the member has made and which
10 were credited to the member's individual account. These
11 contributions may be returned to the member, the member's estate
12 or beneficiary or a combination thereof in monthly benefits, a lump-
13 sum refund or both.

14 ~~16.1~~ 8. Members with disabilities who are injured on the job
15 and receive industrial insurance benefits for temporary total
16 disability remain contributing members of the System for the
17 duration of the benefits if and while the public employer continues
18 to pay the difference between these benefits and the member's
19 regular compensation. The public employer shall pay the employer
20 contributions on these benefits.

21 **Sec. 6.** NRS 286.421 is hereby amended to read as follows:

22 286.421 1. A public employer that elected to pay on behalf of
23 its employees the contributions required by subsection 1 of NRS
24 286.410 before July 1, 1983, shall continue to do so, but a public
25 employer may not elect to pay those contributions on behalf of its
26 employees on or after July 1, 1983.

27 2. An employee of a public employer that did not elect to pay
28 on behalf of its employees the contributions required by subsection
29 1 of NRS 286.410 before July 1, 1983, may elect to:

30 (a) Pay the contribution required by subsection 1 *or 3* of NRS
31 286.410, *as applicable*, on the employee's own behalf; or

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

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

38 (a) Payment of the employee's portion of the contributions
39 pursuant to subsection 1 *or paragraph (b) of subsection 2* must be:

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

42 (2) Counterbalanced by equivalent reductions in employees'
43 salaries.

44 (b) The average compensation from which the amount of
45 benefits payable pursuant to this chapter is determined must be



1 increased with respect to each month beginning after June 30, 1975,
2 by 50 percent of the contribution made by the public employer, and
3 must not be less than it would have been if contributions had been
4 made by the member and the public employer separately. In the case
5 of any officer or judge described in this subsection, any contribution
6 made by the public employer on the officer's or judge's behalf does
7 not affect the officer's or judge's compensation but is an added
8 special payment.

9 4. Employee contributions made by a public employer must be
10 deposited in either the Public Employees' Retirement Fund or the
11 Police and Firefighters' Retirement Fund as is appropriate. These
12 contributions must not be credited to the individual account of the
13 member and may not be withdrawn by the member upon the
14 member's termination.

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

19 6. If an employer is paying the basic contribution on behalf of
20 an employee, the total contribution rate, in lieu of the amounts
21 required by subsection 1 *or* 3 of NRS 286.410 , *as applicable*, and
22 NRS 286.450, must be:


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

27 (b) Except as otherwise provided in subsection 7, adjusted on
28 the first monthly retirement reporting period commencing on or
29 after July 1 of each odd-numbered year based on the actuarially
30 determined contribution rate indicated in the biennial actuarial
31 valuation and report of the immediately preceding year. The
32 adjusted rate must be rounded to the nearest one-quarter of 1
33 percent.

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

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

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

44 8. For the purposes of adjusting salary increases and cost-of-
45 living increases or of salary reduction :



1 (a) For a member who is employed by a public employer that is
2 not a participating state agency, the total contribution must be
3 equally divided between employer and employee.

4 (b) For a member who is employed by a public employer that is
5 a participating state agency, the total contribution must be divided
6 between the participating state agency and employee in the same
7 manner as the employee contribution rate is determined pursuant
8 to subsection 3 of NRS 286.410 and the employer contribution rate
9 is determined pursuant to section 2 of NRS 286.450.

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

14 **Sec. 7.** NRS 286.450 is hereby amended to read as follows:

15 286.450 1. ~~{The}~~ Except as otherwise provided in subsection
16 3, the employer contribution rate must be:

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

21 (b) Except as otherwise provided in subsection 2, adjusted on
22 the first monthly retirement reporting period commencing on or
23 after July 1 of each odd-numbered year based on the actuarially
24 determined contribution rate indicated in the biennial actuarial
25 valuation and report of the immediately preceding year. The
26 adjusted rate must be rounded to the nearest one-quarter of 1
27 percent.

28 2. ~~{The}~~ Except as otherwise provided in subsection 4, the
29 employer's portion of the matching contribution rate for employees
30 and employers must not be adjusted in accordance with the
31 provisions of paragraph (b) of subsection 1 if:

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

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

40 3. The employer contribution rate for a participating state
41 agency must be:

42 (a) The total contribution rate that is actuarially determined
43 for police officers and firefighters and for regular members,
44 depending on the retirement fund in which the member is



1 *participating, less the employee contribution rate as determined by*
2 *paragraph (a) of subsection 3 of NRS 286.410.*

3 *(b) Except as otherwise provided in subsection 4, adjusted on*
4 *the first monthly retirement reporting period commencing on or*
5 *after July 1 of each odd-numbered year based on the actuarially*
6 *determined normal cost as indicated in the biennial actuarial*
7 *valuation and report of the immediately preceding year. The*
8 *adjusted rate must be rounded to the nearest one-quarter of 1*
9 *percent.*

10 *4. The employer's portion of the contribution rate for*
11 *employees of a participating state agency and employers who are*
12 *participating state agencies must not be adjusted in accordance*
13 *with the provisions of paragraph (b) of subsection 3 if:*

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

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

23 **Sec. 8.** This act becomes effective on July 1, 2023.

