



Employer News

Summer 2009

Retirement Board

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2009 Legislature Final Report

The legislative program for Nevada PERS is traditionally very conservative by focusing on funding the long-term stability of the System. The Retirement Board's duty is to act in the best interests of the members and beneficiaries of the System while maintaining the integrity of the benefit structure. The 2009 Legislature bills affecting PERS are summarized below.

Assembly Bill 92 revises the provisions governing benefits of a retired justice or judge.

Assembly Bill 488 revises provisions governing the allowances that may be paid to a retired public employee who accepts employment or an independent contract with the Board of Trustees of a school district or the governing body of a charter school in a position for which there is a critical labor shortage.

Assembly Bill 493 requires the Public Employees' Retirement Board to identify and report concerning investments of money from the Public Employees' Retirement System in certain scrutinized companies with certain business activities or connections to Iran's petroleum sector.

Senate Bill 41 revises certain administrative provisions and provides clarification of choices within the Judicial Retirement System. This bill contains technical language changes for PERS and the JRS requested by the Retirement Board.

Senate Bill 174 exempts certain retired public employees who are servicing as volunteer firefighters from certain consequences of reemployment with a public employer. This bill is effective as of July 1, 2009.

Senate Bill 427 - This bill makes various changes to the system which mostly affect new members who will be enrolled in the PERS system on or after January 1, 2010. The bill makes no changes to the benefits of current members and retirees. On page 2 we have provided the benefit provisions in effect for current members and the changes from SB 427 that will be applied to new members enrolled on or after January 1, 2010. On page 3 we have provided information on employer responsibilities to employees, contribution rate rounding mechanism, and Police and Firefighters' Advisory Fund Committee member terms.

2009 Legislative Final Report - continued

Benefit Eligibility Requirements

<u>Current Regular Members</u>	<u>Newly Hired Reg. Members</u>	<u>Current P/F Members</u>	<u>Newly Hired P/F Members</u>
5 years at age 65	5 years at age 65	5 years at age 65	5 years at age 65
10 years at age 60	10 years at age 62	10 years at age 55	10 years at age 60
30 years any age	30 years any age	20 years at age 50	20 years at age 50
		25 years at any age	30 years at any age

Benefit Multiplier

Current Regular and P/F Members

Years of service earned or purchased prior to July 1, 2001 multiplied by 2.5%

Years of service earned or purchased on or after July 1, 2001 multiplied by 2.67%

Newly Hired Regular and P/F Members

All years of service earned or purchased multiplied by 2.5%

Average Compensation

Current Regular and P/F Members

The average of a member's 36 consecutive months of highest compensation

Newly Hired Regular and P/F Members

The average of a member's 36 consecutive months of highest compensation, with a provision that each 12 month period of salary may not increase greater than 10% of the prior 12 months of salary reported. Salary increases due to promotion and assignment related compensation are excluded from the salary cap calculation.

Early Retirement Reduction

Current Regular and P/F Members

4% reduction in the benefit for each year the member is under the full retirement age

Newly Hired Regular and P/F Members

6% reduction in the benefit for each year the member is under the full retirement age

Post Retirement Increases

Current Regular and P/F Members

2% in the 4th, 5th and 6th years, 3% in the 7th, 8th and 9th years, 3.5% in the 10th, 11th and 12th years, 4% in the 13th and 14th years, and 5% in 15th year and every year thereafter

Newly Hired Regular and P/F Members

2% in the 4th, 5th and 6th years, 3% in the 7th, 8th and 9th years, 3.5% in the 10th, 11th and 12th years, and 4% in the 13th year and every year thereafter

SB 427 continued

Senate Bill 427 makes various changes to the Public Employees' Retirement System (System) and relations between local government employers and employee organizations including:

- **Employer responsibilities to employees**
- **Contribution rate rounding mechanism**
- **Police and Firefighters' Advisory Fund Committee member terms**

Employer Responsibilities to Employees

It is the responsibility of the employer to report eligible wages to PERS. Correct reporting of wages to PERS is imperative for calculating the retirement benefit. In the event ineligible wages are reported to PERS, the employer is responsible to the employee for the impact to the member's benefit, if any.

Contribution Rate Rounding Mechanism

The statutory contribution rate will not be adjusted if the actuarially determined rate is below the existing statutory contribution rate but within 2 percent of the existing rate (employer pay plan) or within 1 percent of the existing matching rate for employers and employees (employer/employee pay plan). If the actuarially determined rate is more than 2 percent lower than the existing rate (employer pay plan) or the actuarially determined matching rate is more than 1 percent lower (employer/employee pay plan), the existing rate will be reduced by the amount it exceeds the 2 or 1 percent threshold.

The System is required to post on its website any document that a public employer is required to submit relating to the contribution rate mechanism used by the employer to implement changes in the contribution rate.

Police and Firefighters' Advisory Fund Committee member terms

Effective January 1, 2010, SB 427 provides 4-year terms for members of the Police and Firefighters' Advisory Fund Committee.

For more information regarding each legislative bill, please refer to the PERS website at www.nvpers.org or the State of Nevada Legislature website at www.leg.state.nv.us.

FURLOUGH PARTICIPATION

When an employee takes a furlough, the employee does not receive pay for that day off. Normally, leave without pay would result in a reduction of PERS service credit. Senate Bill 433 was passed by the 2009 Legislature, which makes furlough days mandatory for employees of state agencies. The bill includes language which ensures that the retirement benefit for state employees who furlough would not be affected. As a result, a furlough program was created which requires state agencies to report a participating employee's full-time salary/work hours and pay full-time contributions for one furlough day per month for a period not to exceed two years. This program allows the agency to reduce their payroll costs without detrimentally affecting an employee's PERS service credit.

Non-state agencies may also create and participate in a furlough program with PERS for their employees. Agencies considering participating in a furlough program should review Senate Bill 433 to determine if they are eligible.

All public employers participating in the furlough program are required to certify furlough information to PERS. The public employer must complete and submit a Employer Furlough Certification Form to the PERS office.

Participating employers will also be required to submit a monthly report which includes information regarding the employees who will be on furlough leave. The Employer Furlough Certification Form and instructions for the monthly reporting format are located under Employer Notices on our website: www.nvpers.org.

Contact the PERS office for more information and/or assistance.



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PERS' 6th Annual Liaison Officer Conference

Mark your calendars! The 6th Annual PERS' Liaison Officer Conference will be held Thursday, November 19, 2009 at the Excalibur Hotel and Casino in Las Vegas, Nevada. This one day conference promises to be very informative with new topics of discussion which will include information on the bills passed through the Legislature that affect PERS.

Comments and suggestions from past conferences have given us positive feedback and some new ideas with regards to agenda items, resource materials, and format. Take advantage of another great opportunity to network, learn more about PERS, and receive employer specific information.

Watch for more information and registration materials in future mailings and on our website. We look forward to seeing you there!

This publication is intended to provide general information. If there is any conflict between this information and Nevada laws or PERS policies, the laws and policies will supersede this information. *Member News* is a quarterly newsletter for members of the Public Employees' Retirement System of Nevada. Comments or suggestions may be directed to: PERS, Newsletter, 693 W. Nye Lane, Carson City, Nevada 89703