

Retirement Board

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Memorandum

To: Retirement Liaison Officers
From: Cheryl Price, Operations Officer
Date: June 2, 2015
Re: Proposed Revisions to Public Employees' Retirement System Official Policies

The Public Employees' Retirement Board has approved for notice the adoption of new policies and the re-adoption of all previously adopted policies of the Board in accordance with NRS 286.200(2)(b), which states:

As soon as a public employer receives a copy of the proposed rule, the public employer immediately shall cause the copy to be posted on a bulletin board or in some conspicuous place in or near its headquarters.

Please comply with this statute.

The public hearing on the revised policies will take place no earlier than 1:00 p.m. on June 17, 2015. The June meeting will be held in the PERS' Board Room, 693 West Nye Lane, Carson City. Any person wishing to testify should be in attendance at the meeting. The revised policies may be adopted at the June 17, 2015, meeting and become effective July 1, 2015, if Senate Bill 406 is signed by the Governor.

The following pages include the proposed changes to the policies; additions are underlined and deletions have a strikethrough line.

DEFINITIONS

- 286.017 1.1 ACTUARIAL COMPUTATION - The computation based on benefits earned and life expectancy of member and beneficiary to determine necessary reduction of benefits under retirement options or to determine cost of purchasing additional benefits.
- 286.6703 1.2 ALTERNATE PAYEE - The spouse, former spouse, registered domestic partner, former registered domestic partner, child, or other dependent of a member or retired employee who, pursuant to a judgment, decree, or order relating to child support, alimony, or the disposition of community property, is entitled to receive all or a portion of the allowance or benefit of a member or retired member from the System.
- 286.551(5) 1.3 ASSIGNMENT-RELATED COMPENSATION – Compensation paid to the member for shift differential, hazardous duty, standby pay, or extra duty assignments.
- 286.551(3) 1.4 AVERAGE COMPENSATION –The average of a member's 36 consecutive months of highest compensation as certified by the public employer except that the average compensation of an employee who becomes a member on or after January 1, 2010 is limited by the provisions of NRS 286.551(4) and (5).
- 286.551 1.5 BASE BENEFIT - The original monthly benefit from a member or retired employee.
- 286.590
286.667
286.671-
286.677 1.6 BENEFICIARY - A person eligible for a survivor benefit or as a result of an option selection by a retired employee.
- 286.200 1.7 BENEFIT CANCELLATION - Discontinuance of a benefit with no possible reinstatement.
- 286.200 1.8 BENEFIT SUSPENSION - Temporary withdrawal of benefit with possible reinstatement when certain conditions are met.
- 286.020 1.9 BOARD - The Public Employees' Retirement Board.
- 286.297 1.10 BOARD OR COMMISSION - Members of boards or commissions of the State of Nevada or of its political subdivisions when such boards or commissions are advisory or directive and when membership thereon is not compensated except for fees for attendance at meetings and expenses incurred.

286.025(2) 1.11 CALL-BACK PAY –

- a. Except as it may conflict with the Nevada Administrative Code at 284.214, call-back pay is defined as compensation earned for returning to duty after a member has completed his regular shift, is off duty for any period of time, and is requested to return to duty with less than 12 hours' notice.
- b. Scheduling the 12-hour rule set forth in subsection (a) will be activated by the electronic call-out required for the shift scheduling from the public employer. Any electronic response system must comply with the 12-hour rule and not allow the employee call-in response to govern notification for purposes of the 12-hour rule.
- c. An employer may not convert what would otherwise be an overtime shift to a call-back shift by waiting until there is less than 12 hours' notice to request a return to duty, if the employer has knowledge more than 12-hours before the start of the shift to be staffed, either through notification or through normal staffing policies, of the staffing need.
- d. This policy applies to all members with an effective date of membership on or before June 30, 2008.

286.025(2) 1.11 CALL-BACK PAY –

- a. Except as it may conflict with the Nevada Administrative Code at 284.214, call-back pay is defined as compensation earned for returning to duty after a member has completed his regular shift and is requested to return to duty with less than 12 hours' notice to respond to an emergency, except for any member who is (1) called into work while on standby status, (2) not required to leave the premises where he is residing or located at the time of notification in order to respond, or (3) called back to work if the work begins 1 hour or less before or after his scheduled work shift.
- b. For the purposes of this Policy 1.11, "emergency" means a sudden, unexpected occurrence that involves clear and imminent danger and requires immediate action to prevent or mitigate the endangerment of lives, health, or property. Such an emergency must be declared by the governing body or chief administrative officer of the public employer.
- c. Scheduling the 12-hour rule set forth in subsection (a) will be activated by the electronic call-out required for the shift scheduling from the public employer. Any electronic response system must comply with the 12-hour rule and not allow the employee call-in response to govern notification for purposes of the 12-hour rule.
- d. An employer may not convert what would otherwise be an overtime shift to a call-back shift by waiting until there is less than 12 hours' notice to request a return to duty, if the employer has knowledge more than 12-hours before the start of the shift to be staffed, either through notification or through normal staffing policies, of the staffing need.

- e. This policy applies to all members with an effective date of membership on or after July 1, 2008.

286.025 1.11 CALL-BACK PAY –

- a. Returning to duty within 12 hours after one’s regular working hours to respond to an emergency.
- b. As used in this Policy 1.11(a), “emergency” means a sudden, unexpected occurrence that is declared by the governing body or chief administrative officer of the public employer to involve clear and imminent danger and require immediate action to prevent and mitigate the endangerment of lives, health or property.
- c. This policy applies to all members with an effective date of membership on or after January 1, 2010.

286.671(1) 1.12 CHILD - An unmarried person under 18 years of age who is the issue or legally adopted child of a deceased member. As used in this policy, "issue" means the progeny or biological offspring of the deceased member.

286.025(1) 1.13 COMPENSATION - The salary paid to a member by the member's public employer which is subject to contribution.

286.551 1.14 CONSECUTIVE MONTHS - The months, one following the other, in which some compensation is reported or service credit received, whether any actual work was performed or not. For the calculation of average compensation, compensation reported shall not be prorated to reflect the portion of the month that the reported compensation represents. Months for which a member does not receive service credit shall be spanned and not included in determining average compensation.

1.15 CONTRIBUTION PLANS –

286.450 a. **Employee/Employer:** The employee and employer pay equivalent contributions.

286.421 b. **Employer Pay:** The employer pays the entire contribution on behalf of the employee. The employees' portion must be in lieu of an equivalent salary increase or by salary reduction, except when the employee is a local elected official or district judge or a justice of the Supreme Court.

1.16 CONTRIBUTIONS –

286.410 a. **Employee:** Deductions made from the employee's salary, paid to the System and credited to the employee's member account. Employees do not earn interest on any employee contributions credited to their member accounts.

286.450 b. **Employer:** Payments made by employers to this System under the employee/employer contribution plan.

286.421 c. **Employer Pay:** Payments made by employers on behalf of those employees under the employer-pay contribution plan.

286.523 1.17 **CRITICAL LABOR SHORTAGE POSITION** - A position determined by a participating public employer's governing body to be experiencing a critical labor shortage after taking into account the following criteria:

- (a) The history of the rate of turnover for the position;
- (b) The number of openings for the position and the number of qualified candidates for those openings;
- (c) The length of time the position has been vacant; and
- (d) The success of recruiting persons in other states to fill the position.

This Policy 1.17 applies to those positions designated as a critical labor shortage position on or before June 30, 2009.

286.523 1.17 **CRITICAL LABOR SHORTAGE POSITION** – A position determined by a participating public employer's designating authority in an open public meeting as a position for which a critical labor shortage exists after making findings based upon the following criteria:

- (a) The history of the rate of turnover for the position;
- (b) The number of openings for the position and the number of qualified candidates for those openings after all other efforts of recruitment have been exhausted;
- (c) The length of time the position has been vacant;
- (d) The difficulty in filling the position due to special circumstances, including, without limitation, special educational or experience requirements for the position; and
- (e) The history and success of the efforts to recruit for the position, including, without limitation, advertising, recruitment outside of this State and all other efforts made.

This Policy 1.17 applies to those positions designated as a critical labor shortage position on or after July 1, 2009.

286.671 1.18 **DEPENDENT PARENT** - The surviving parent of a deceased member who was dependent upon the deceased member for at least 50% of the parent's support for at least 6 months immediately preceding the death of the member.

286.620 1.19 **DISABILITY RETIREMENT** - Benefit provided to an eligible member who becomes totally unable to perform his current or any comparable job for which he is qualified by his training and experience because of injury or physical or mental illness of a permanent nature.

286.200 1.20 **DISTRIBUTION** –

- a. **Initial:** A distribution to the member of the portion of mandatory employer-pay contributions submitted on his behalf by his public employer as of the date of termination of employment.
- b. **Final:** A distribution to the member of the portion of mandatory

employer-pay contributions submitted on his behalf by his public employer which are credited after termination of employment.

- 286.671(1-3) 1.21 ELIGIBLE SURVIVORS - Child, spouse, registered domestic partner, 286.6767 survivor beneficiary of an unmarried member, or dependent parent eligible to receive survivor benefits if the eligible member should die.
- 286.040 1.22 EMPLOYEE – a. A public officer of the State of Nevada or its political subdivisions.
b. Any person employed in a position which is normally considered half time or more according to the full-time work schedule of the public employer and is under the direction and control of officers of the public employer.
- 286.025 1.23 EMPLOYMENT – 286.293
a. **Primary:** Public employment which is half time or more upon which retirement contributions must be paid. In the event of employment in two or more eligible positions, the position paying the greatest salary shall be primary.
b. **Secondary:** In the event of concurrent public employment, the lesser salaried position.
- 286.160 1.24 EXECUTIVE OFFICER - Administrator of the Public Employees' Retirement System appointed by the Board.
- 286.042 1.25 FIREFIGHTER – See Policy 11.6.
- 286.293 1.26 HALF-TIME POSITION - A position which requires an employee to work half time according to the full-time work schedule of the public employer, for a duration exceeding six months.
- 286.025 1.27 HAZARDOUS-DUTY PAY - Regular additional compensation paid to all eligible employees of a public employer for performing dangerous duty.
- 286.025 1.28 HOLIDAY PAY - Compensation for work actually performed during an official holiday as defined by NRS 236.015 which is in addition to the compensation paid to all employees who do not work, providing the total working hours do not exceed the working hours of a normal workweek or pay period as certified by the public employer.
- 286.045 1.29 INDEPENDENT CONTRACTOR - Any person who renders specified services for a stipulated fee who is not under the control of a public employer, except as regards the result of the work, and who does not receive customary employee benefits provided by the public employer.
- 286.293 1.30 INTERMITTENT POSITION - A position for which no regular work 286.297 schedule exists.
- 1.31 [KILLED IN THE COURSE OF EMPLOYMENT – For regular members, death that occurs as a direct or proximate result of the](#)

performance of the duty. In the event of heart attack or stroke, the member shall be presumed to have died as a direct or proximate result of the personal injury sustained in the line of duty if:

1. While on duty –
 - a. Engaged in a situation, and such engagement involved non-routine stressful or strenuous physical activity, or,
 - b. Participated in a training exercise, and such participation involved non-routine stressful or strenuous physical activity,
2. Member died as a result of a heart attack or stroke suffered –
 - a. Engaged in a situation, and such engagement involved non-routine stressful or strenuous physical activity, or,
 - b. While still on that duty after so engaging or participating in such an activity, or
 - c. Not later than 24 hours after so engaging or participating in such an activity; and
3. Such presumption is not overcome by competent medical evidence to the contrary.

1.32 KILLED IN THE LINE OF DUTY – For police and firefighter members, death that occurs as a direct or proximate result of the performance of the duty. In the event of heart attack or stroke, the member shall be presumed to have died as a direct or proximate result of the personal injury sustained in the line of duty if:

1. While on duty –
 - a. Engaged in a situation, and such engagement involved non-routine stressful or strenuous physical law enforcement, fire suppression, rescue, hazardous material response, emergency medical services, prison security, disaster relief, or other emergency response activity, or,
 - b. Participated in a training exercise, and such participation involved non-routine stressful or strenuous physical activity,
2. Member died as a result of a heart attack or stroke suffered –
 - a. While engaging or participating in such activity as described above,
 - b. While still on that duty after so engaging or participating in such an activity, or
 - c. Not later than 24 hours after so engaging or participating in such an activity; and
3. Such presumption is not overcome by competent medical evidence to the contrary.

286.288

1.313 LIAISON OFFICER - An employee selected by a public employer or group of such employers to certify records and coordinate retirement matters between the System and members of participating public employers. The employee selected must be a member of the System through his employment with the public employer.

1.34 LINE OF DUTY – Any action the member was obligated or authorized to perform by rule, regulation, condition of employment or service, or law.

- 286.025 1.325 LONGEVITY PAY - Additional compensation provided to all eligible employees by a public employer based on years of service not including any payment based, in whole or in part, upon any pay type that does not meet the definition of compensation in NRS 286.025.
- 286.200 1.336 MANDATORY EMPLOYER-PAY CONTRIBUTION PLAN - Required public employers who did not elect participation under the employer-pay contribution plan for certain employees prior to July 1, 1983, to pay the entire retirement contribution on behalf of their employees:
- a. For all police/fire employees with the Nevada Highway Patrol, Motor Carrier Division, and Division of Forestry employed on or after July 1, 1983.
 - b. As of July 1, 1985, if the employee had ten or more years of accredited, contributing service;
 - c. On the date after July 1, 1985, that the employee had ten years of accredited, contributing service; or
 - d. As of the hire date for individuals employed on or after July 1, 1985, who did not already have active or inactive membership in the System.
- 286.050 1.347 MEMBER –
- a. **Active:** A member who is in the employ of a participating public employer and whose employee contributions are currently being paid to the System or is in a leave without pay status.
 - b. **Inactive:** A member who has been reported as terminated from public employment and who has not withdrawn his employee contributions and/or the portion of mandatory employer-pay contributions submitted on his behalf.
- 286.260 1.358 MEMBER ACCOUNT - The individual account maintained for each member of the System.
- 286.025 1.369 OVERTIME PAY - Except as it may conflict with the Nevada Revised Statutes at 284.180 and the Nevada Administrative Code at 284.250, overtime pay is defined as additional pay earned by a member who is held over on his regular shift or is requested to return to duty under conditions that do not meet the definition of call-back pay applicable to that member.
- 286.225 1.3740 POLICE AND FIREFIGHTERS' RETIREMENT FUND - Accumulation of all contributions, return on investments, and interest received from or on behalf of police and fire members of the System.
- 286.227 1.3841 POLICE AND FIREFIGHTERS' RETIREMENT FUND ADVISORY COMMITTEE - Committee appointed by the Board to make recommendations concerning the administration of and benefits payable from the Police and Firefighters' Retirement Fund.
- 286.061 1.3942 POLICE OFFICER – See Policy 11.5.

286.200	1.403	POSITION - An employment berth with a public employer.
286.065	1.414	POST-RETIREMENT INCREASE - The increase paid monthly to eligible benefit recipients.
286.551(5)	1.425	PROMOTION – The advancement of the member, including advancement between two public employers, to a position which has a higher level of base pay than the position held by the member immediately prior to the advancement.
286.070	1.436	PUBLIC EMPLOYER - State agency, political subdivision, or other public or quasi-public entity which has met the requirements for membership and is participating in the System.
286.050	1.447	REGULAR MEMBER - A member of the System who is not a police officer or a firefighter.
286.430	1.458	REFUND – <ul style="list-style-type: none"> a. Initial: The return to a member of all employee contributions credited to the member's account as of the date of termination of employment. b. Final: The return to a member of all employee contributions which are credited after termination of employment.
286.200	1.469	REGISTERED DOMESTIC PARTNERS – Persons who have a valid domestic partnership pursuant to Section 6 of Senate Bill 283 (2009) and who have not terminated that domestic partnership pursuant to Section 9 of Senate Bill 283 (2009).
286.460	1.4750	REPORTING PERIOD - The calendar month for which member's compensation and service credit are reported and certified by the participating public employer.
286.541 286.620	1.4851	RETIRED EMPLOYEE - Person who is receiving a retirement benefit on his own behalf from the System.
<u>286.025(2)(a)</u>	<u>1.52</u>	<u>SALARY – As used in section 4 [16] [27] of SB 406, “salary” is the compensation reported for the member by the member’s public employer in the last full month of employment preceding the member’s death, except that if the member was not paid on a monthly or semi-monthly schedule, the compensation shall be converted to a monthly schedule.</u>
286.078	1.4953	SERVICE - The total years, months, and days of credit which an employee has earned in the System.
286.025	1.504	SHIFT DIFFERENTIAL PAY - Additional compensation paid to all eligible employees by a public employer for employment in a shift other than the regular shift.

- 286.671 1.5~~4~~5 SPOUSE - The husband or wife of a member.
- 286.025(2) 1.5~~2~~6 STANDBY PAY - Compensation earned for holding oneself ready for duty while off duty.
- 286.297(5) 1.5~~3~~7 SUBSTITUTE TEACHER – A person employed by a school district to fill the position of a licensed teacher under contract on a limited basis and who is performing work for which licensure as a substitute teacher is required.
- 286.6767 1.5~~4~~8 SURVIVOR BENEFICIARY - Beneficiary of a member who was unmarried at the time of his death, had met the minimum eligibility requirements, and had designated a beneficiary to receive payments.
- 286.6767 1.5~~5~~9 SURVIVOR BENEFICIARY ADDITIONAL PAYEE(S) – Person(s) designated to receive direct payment of a portion of the survivor beneficiary benefit.
- 286.673-7 1.5~~6~~60 SURVIVOR BENEFIT - Monthly allowance paid to eligible survivor(s) of a deceased member.
- 286.100 1.5~~7~~61 SYSTEM - The Public Employees' Retirement System.
- 286.297(9) 1.5~~8~~62 TEMPORARY POSITION - A position that will be staffed for six months or less.
- 286.200 1.5~~9~~63 TERMINAL LEAVE - All accumulated leave or bonus payments that are made upon the termination of employment for any cause including death.
- 286.200 1.6~~0~~4 TWELVE-MONTH SCHOOL DISTRICT EMPLOYEE - A member who is employed by a school district in a position requiring that the member work a full 12-month period.
- 286.6793 1.6~~1~~5 VESTING - The attainment of creditable service which guarantees to a member those benefits accrued as of that date.
- 286.367(1) 1.6~~2~~6 VOLUNTEER FIREFIGHTER - A volunteer member of a regularly organized and recognized fire department that is participating in the System.
- 286.293 1.6~~3~~7 WORKDAY - Official, regular, full-time workday certified by a public employer.
- 286.293 1.6~~4~~8 WORKWEEK - Official, regular, full-time workweek certified by a public employer.

SB 173
(1973)
286.200

9.4 A surviving spouse or survivor beneficiary of an unmarried member whose benefits were canceled before July 1, 1977, because of restrictions on the amount of permissible earnings, which were removed in 1975, is entitled to the reinstatement of monthly benefits as of the date of application if the refund of unused employee contributions is repaid to the System including interest at the rate of 8% per annum from the date of the refund.

KILLED IN THE LINE OF DUTY

9.5 The spouse, registered domestic partner, or survivor beneficiary of an unmarried member of a deceased person whose death occurred on or after July 1, 2013, while in the line of duty as the direct or proximate result of the performance out of their duty shall be entitled effective July 1, 2015 to receive: (1) fifty percent of the salary of the member on the date of the member's death; or (2) one hundred percent of the retirement allowance that the member was eligible to receive based on the member's years of service obtained before the member's death without any reduction for age for the deceased member.

CHILD

286.673(1) 9.56 Each child of an eligible deceased member is entitled to receive a cumulative monthly benefit of \$400 per month.

286.673(2) 9.67 Survivor benefits paid to a child pursuant to NRS 286.673 shall be canceled as of the end of the month in which any one of the following occurs:

- a. The child is adopted.
- b. The child dies.
- c. The child marries.
- d. Except as otherwise provided in Policy 9.78, 9.112 or 9.123, the child attains the age of 18 years.

286.673(3) 9.78 Except as otherwise provided in Policy 9.89, survivor benefits may be paid until the last day of the month of his 23rd birthday if, at the time that he attains 18 years, he is, and continues thereafter to be, a full-time student in any accredited high school, vocational or technical school, college, or university. Certification must be received that indicates that he was a full-time student as of:

- a. His 18th birthday; or
- b. The last day of the previous semester if his birthday falls during the summer and he certifies that he intends to return to school full-time for the fall semester.

286.673 9.89 A school certification shall be required at least two times each year, and a letter signed by the student declaring his intent to return to school as of the next regular enrollment period shall be required once each year to ensure that the child has been and will continue to be a full-time

student. Failure to comply with this requirement, or failure to remain a full-time student for the period of certification, shall cause the benefit to be suspended as of the end of the month in which full-time enrollment was last certified and completed.

- 286.673 9.9~~10~~ The determination of what constitutes full-time student status shall be according to the policy of the particular school.
- 286.673 9.10~~1~~ A child who provides certification of his intent to enroll the following semester and then fails to enroll must reimburse the System for benefits paid retroactively to the end of the month in which he turned 18 or in which he ceased to be a full-time student.
- 286.673(4) 9.11~~2~~ If the payment of benefits are ceased to a child of a deceased member who received benefits pursuant to Policy 9.78 because the child ceased being a full-time student, payments may be resumed until the last day of the month of the child's 23rd birthday if the child returns to full-time status at an accredited high school, vocational or technical school, college or university.
- 286.673(5) 9.12~~3~~ Survivor benefits paid to a child may be commenced or extended indefinitely beyond the child's 18th birthday if, and as long as, the child is determined by the Board to be:
- a. Financially dependent; and
 - b. Physically or mentally incompetent.

DEPENDENT PARENT

- 286.677 9.13~~4~~ If there are no other eligible survivors at the time of the member's death, each dependent parent is entitled to receive \$400 per month.
- 286.677 9.14~~5~~ Survivor benefits paid to a dependent parent shall be canceled at the end of the month in which that dependent parent marries or dies.
- 286.200 9.15~~6~~ Cancellation of benefits to any one survivor will not affect benefits to other eligible survivors.

GENERAL

- 286.6775
(1 & 2) 9.16~~7~~ The total amount of the base allowance of survivor benefits, including any other survivor benefits received from any other source purchased by the expenditure of money of a public employer in this state, except for lump-sum payments under a group insurance or similar program, shall not exceed average compensation. Benefit payments made to eligible survivors that are capped by average compensation, must be adjusted based on the benefits provided by statute, should any other recipient become ineligible for benefits.

286.575 9.1~~7~~8 Survivor benefit recipients shall receive post-retirement increases in the
286.5756 same manner as provided to retired employees.
286.577 -
286.579

PROCEDURES

286.200 9.1~~8~~9 An application for survivor benefits form must be completed and submitted by the eligible survivor or guardian, together with required documents, including but not limited to, as applicable, marriage certificate, registration of domestic partnership, and birth certificate(s). If a member had designated one or more payees in addition to the survivor beneficiary, required forms and documents must be received from the survivor beneficiary prior to payment to any additional payee.

286.674(1) 9.1~~9~~20 Monthly survivor benefit payments shall begin on the first day of the
286.676 month following the death of the member, except for Option 2 or Option 3 payments, which begin on the day after the member's death unless service credit is extended beyond date of death.

286.673 9.2~~0~~1 The payment of survivor benefits to a minor child shall be paid on behalf of the minor child to the surviving parent or legally appointed guardian. If the payment of survivor benefits to a child is extended beyond the date the child attains age 18 in accordance with NRS 286.673(3) or resumed after the date the child attains age 18 in accordance with NRS 286.673(4), the payment of survivor benefits may be made directly to the child.

286.679(1) 9.2~~1~~2 If payments to a survivor cease before the total contributions of a deceased member have been paid in benefits and there is no person entitled to receive benefits under any provision of this Chapter, the surplus of employee contributions and/or the portion of mandatory employer-pay contributions submitted on his behalf over the benefits actually received may be paid in a lump sum to:

- a. The beneficiary whom the deceased member designated for this purpose in writing on a form approved by the System.
- b. If no such designation was made or the person designated is deceased, the beneficiary who previously received the payments.
- c. If no payment may be made pursuant to paragraphs (a) and (b), the person entitled as heirs or residuary legatees to the estate of the deceased member.

286.679(2) 9.2~~2~~3 A lump-sum payment made pursuant to Policy 9.2~~1~~2 fully discharges the obligations of the System.