

AMENDMENTS TO LB 596

Introduced by Kopplin, 3

1 1. Insert the following new sections:

2 Sec. 2. Section 79-958, Revised Statutes Cumulative
3 Supplement, 2006, is amended to read:

4 79-958 (1) ~~Prior to September 1, 2005, and after August~~
5 ~~31, 2007, for the purpose of providing the funds to pay for formula~~
6 ~~annuities, every employee shall be required to deposit in the~~
7 ~~School Retirement Fund seven and twenty-five hundredths percent of~~
8 ~~compensation. Beginning on September 1, 2005, and ending August 31,~~
9 ~~2006, for the purpose of providing the funds to pay for formula~~
10 ~~annuities, every employee shall be required to deposit in the~~
11 ~~School Retirement Fund seven and ninety-eight hundredths percent of~~
12 ~~compensation. Beginning on September 1, 2006, and ending August 31,~~
13 ~~2007, for the purpose of providing the funds to pay for formula~~
14 ~~annuities, every employee shall be required to deposit in the~~
15 ~~School Retirement Fund seven and eighty-three hundredths percent of~~
16 ~~compensation. Beginning on September 1, 2007, for the purpose of~~
17 ~~providing the funds to pay for formula annuities, every employee~~
18 ~~shall be required to deposit in the School Retirement Fund seven~~
19 ~~and twenty-eight hundredths percent of compensation. Such deposits~~
20 ~~shall be transmitted at the same time and in the same manner as~~
21 ~~required employer contributions.~~

22 (2) For the purpose of providing the funds to pay for
23 formula annuities, every employer shall be required to deposit

1 in the School Retirement Fund one hundred one percent of the
2 required contributions of the school employees of each employer.
3 Such deposits shall be transmitted to the retirement board at
4 the same time and in the same manner as such required employee
5 contributions.

6 (3) The employer shall pick up the member contributions
7 required by this section for all compensation paid on or after
8 January 1, 1986, and the contributions so picked up shall
9 be treated as employer contributions in determining federal tax
10 treatment under the Internal Revenue Code as defined in section
11 49-801.01, except that the employer shall continue to withhold
12 federal income taxes based upon these contributions until the
13 Internal Revenue Service or the federal courts rule that, pursuant
14 to section 414(h) of the code, these contributions shall not be
15 included as gross income of the member until such time as they
16 are distributed or made available. The employer shall pay these
17 member contributions from the same source of funds which is used
18 in paying earnings to the member. The employer shall pick up these
19 contributions by a compensation deduction through a reduction in
20 the cash compensation of the member. Member contributions picked
21 up shall be treated for all purposes of the School Employees
22 Retirement Act in the same manner and to the same extent as member
23 contributions made prior to the date picked up.

24 (4) The employer shall pick up the member contributions
25 made through irrevocable payroll deduction authorizations pursuant
26 to sections 79-921, 79-933.03 to 79-933.06, and 79-933.08, and
27 the contributions so picked up shall be treated as employer

1 contributions in the same manner as contributions picked up under
2 subsection (3) of this section.

3 Sec. 4. Section 79-9,113, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 79-9,113 (1) If, at any future time, a majority of the
6 eligible members of the retirement system votes to be included
7 under an agreement providing old age and survivors insurance under
8 the Social Security Act of the United States, the contributions
9 to be made by the member and the school district for membership
10 service, from and after the effective date of the agreement with
11 respect to services performed subsequent to December 31, 1954,
12 shall each be reduced from five to three percent but not less than
13 three percent of the member's salary per annum, and the credits
14 for membership service under this system, as provided in section
15 79-999, shall thereafter be reduced from one and one-half percent
16 to nine-tenths of one percent and not less than nine-tenths of
17 one percent of salary or wage earned by the member during each
18 fiscal year, and from one and sixty-five hundredths percent to one
19 percent and not less than one percent of salary or wage earned
20 by the member during each fiscal year and from two percent to
21 one and two-tenths percent of salary or wage earned by the member
22 during each fiscal year, and from two and four-tenths percent to
23 one and forty-four hundredths percent of salary or wage earned by
24 the member during each fiscal year, except that after September
25 1, 1963, and prior to September 1, 1969, all employees of the
26 school district shall contribute an amount equal to the membership
27 contribution which shall be two and three-fourths percent of salary

1 covered by old age and survivors insurance, and five percent above
2 that amount. Commencing September 1, 1969, all employees of the
3 school district shall contribute an amount equal to the membership
4 contribution which shall be two and three-fourths percent of the
5 first seven thousand eight hundred dollars of salary or wages
6 earned each fiscal year and five percent of salary or wages earned
7 above that amount in the same fiscal year. Commencing September
8 1, 1976, all employees of the school district shall contribute
9 an amount equal to the membership contribution which shall be
10 two and nine-tenths percent of the first seven thousand eight
11 hundred dollars of salary or wages earned each fiscal year and
12 five and twenty-five hundredths percent of salary or wages earned
13 above that amount in the same fiscal year. Commencing on September
14 1, 1982, all employees of the school district shall contribute
15 an amount equal to the membership contribution which shall be
16 four and nine-tenths percent of the compensation earned in each
17 fiscal year. Commencing September 1, 1989, all employees of the
18 school district shall contribute an amount equal to the membership
19 contribution which shall be five and eight-tenths percent of the
20 compensation earned in each fiscal year. Commencing September
21 1, 1995, all employees of the school district shall contribute
22 an amount equal to the membership contribution which shall be
23 six and three-tenths percent of the compensation earned in each
24 fiscal year. Commencing September 1, 2007, all employees of the
25 school district shall contribute an amount equal to the membership
26 contribution which shall be seven and three-tenths percent of the
27 compensation paid in each fiscal year. The contributions by the

1 school district in any fiscal year beginning on or after September
2 1, 1999, shall be the greater of (a) one hundred percent of
3 the contributions by the employees for such fiscal year or (b)
4 such amount as may be necessary to maintain the solvency of the
5 system, as determined annually by the board upon recommendation
6 of the actuary and the trustees. The contributions by the school
7 district in any fiscal year beginning on or after September 1,
8 2007, shall be the greater of (i) one hundred and one percent of
9 the contributions by the employees for such fiscal year or (ii)
10 such amount as may be necessary to maintain the solvency of the
11 system, as determined annually by the board upon recommendation
12 of the actuary and the trustees. The employee's contribution shall
13 be made in the form of a monthly deduction from compensation as
14 provided in subsection (2) of this section. Every employee who
15 is a member of the system shall be deemed to consent and agree
16 to such deductions and shall receipt in full for compensation,
17 and payment to such employee of compensation less such deduction
18 shall constitute a full and complete discharge of all claims and
19 demands whatsoever for services rendered by such employee during
20 the period covered by such payment except as to benefits provided
21 under the Class V School Employees Retirement Act. After September
22 1, 1963, and prior to September 1, 1969, all employees shall
23 be credited with a membership service annuity which shall be
24 nine-tenths of one percent of salary or wage covered by old age
25 and survivors insurance and one and one-half percent of salary or
26 wages above that amount, except that those employees who retire
27 on or after August 31, 1969, shall be credited with a membership

1 service annuity which shall be one percent of salary or wages
2 covered by old age and survivors insurance and one and sixty-five
3 hundredths percent of salary or wages above that amount for service
4 performed after September 1, 1963, and prior to September 1, 1969.
5 Commencing September 1, 1969, all employees shall be credited
6 with a membership service annuity which shall be one percent
7 of the first seven thousand eight hundred dollars of salary or
8 wages earned by the employee during each fiscal year and one and
9 sixty-five hundredths percent of salary or wages earned above that
10 amount in the same fiscal year, except that all employees retiring
11 on or after August 31, 1976, shall be credited with a membership
12 service annuity which shall be one and forty-four hundredths
13 percent of the first seven thousand eight hundred dollars of salary
14 or wages earned by the employee during such fiscal year and two
15 and four-tenths percent of salary or wages earned above that amount
16 in the same fiscal year and the retirement annuities of employees
17 who have not retired prior to September 1, 1963, and who elected
18 under the provisions of section 79-988 as such section existed
19 immediately prior to February 20, 1982, not to become members
20 of the system shall not be less than they would have been had
21 they remained under any preexisting system to date of retirement.
22 Members of this system having the service qualifications of members
23 of the School Retirement System of the State of Nebraska, as
24 provided by section 79-926, shall receive the state service annuity
25 provided by sections 79-933 to 79-935 and 79-951.

26 (2) The school district shall pick up the employee
27 contributions required by this section for all compensation paid

1 on or after January 1, 1985, and the contributions so picked up
2 shall be treated as employer contributions in determining federal
3 tax treatment under the Internal Revenue Code, except that the
4 school district shall continue to withhold federal income taxes
5 based upon these contributions until the Internal Revenue Service
6 or the federal courts rule that, pursuant to section 414(h)
7 of the Internal Revenue Code, these contributions shall not be
8 included as gross income of the employee until such time as
9 they are distributed or made available. The school district shall
10 pay these employee contributions from the same source of funds
11 which is used in paying earnings to the employee. The school
12 district shall pick up these contributions by a salary deduction
13 either through a reduction in the cash salary of the employee
14 or a combination of a reduction in salary and offset against a
15 future salary increase. Beginning September 1, 1995, the school
16 district shall also pick up any contributions required by sections
17 79-990, 79-991, and 79-992 which are made under an irrevocable
18 payroll deduction authorization between the member and the school
19 district, and the contributions so picked up shall be treated as
20 employer contributions in determining federal tax treatment under
21 the Internal Revenue Code, except that the school district shall
22 continue to withhold federal and state income taxes based upon
23 these contributions until the Internal Revenue Service rules that,
24 pursuant to section 414(h) of the Internal Revenue Code, these
25 contributions shall not be included as gross income of the employee
26 until such time as they are distributed from the system. Employee
27 contributions picked up shall be treated for all purposes of the

1 Class V School Employees Retirement Act in the same manner and to
2 the extent as employee contributions made prior to the date picked
3 up.

4 2. On page 12, line 19, strike "section" and insert
5 "sections" and before the second comma insert "and 79-9,113"; and
6 in line 20 strike "section" and insert "sections" and before the
7 second comma insert "and 79-958".

8 3. Renumber the remaining sections accordingly.