

AMENDMENTS TO LB 1147

Introduced by Synowiecki, 7.

1 1. Strike the original sections and all amendments
2 thereto and insert the following new sections:

3 Section 1. Section 23-2306, Revised Statutes Cumulative
4 Supplement, 2006, is amended to read:

5 23-2306 (1) The membership of the retirement system shall
6 be composed of all persons who are or were employed by member
7 counties and who maintain an account balance with the retirement
8 system.

9 (2) The following employees of member counties are
10 authorized to participate in the retirement system: (a) All
11 permanent full-time employees shall begin participation in the
12 retirement system upon employment and full-time elected officials
13 shall begin participation in the retirement system upon taking
14 office, (b) all permanent part-time employees who have attained
15 the age of twenty years may exercise the option to begin
16 participation in the retirement system, and (c) all part-time
17 elected officials may exercise the option to begin participation
18 in the retirement system. An employee who exercises the option to
19 begin participation in the retirement system shall remain in the
20 system until termination or retirement, regardless of any change of
21 status as a permanent or temporary employee.

22 (3) Within the first thirty days of employment, a
23 full-time employee may apply to the board for vesting credit

1 for years of participation in another Nebraska governmental plan,
2 as defined by section 414(d) of the Internal Revenue Code. During
3 the years of participation in the other Nebraska governmental plan,
4 the employee must have been a full-time employee, as defined in
5 the Nebraska governmental plan in which the credit was earned. The
6 board may adopt and promulgate rules and regulations governing the
7 assessment and granting of vesting credit.

8 (4) Any employee who qualifies for membership in the
9 retirement system pursuant to this section may not be disqualified
10 from membership in the retirement system solely because such
11 employee also maintains separate employment which qualifies the
12 employee for membership in another public retirement system,
13 nor may membership in this retirement system disqualify such an
14 employee from membership in another public retirement system solely
15 by reason of separate employment which qualifies such employee for
16 membership in this retirement system.

17 (5) A full-time or part-time employee of a city, village,
18 or township who becomes a county employee pursuant to a merger
19 of services shall receive vesting credit for his or her years
20 of participation in a Nebraska governmental plan, as defined by
21 section 414(d) of the Internal Revenue Code, of the city, village,
22 or township.

23 (6) A full-time or part-time employee of a city, village,
24 fire protection district, or township who becomes a municipal
25 county employee shall receive credit for his or her years of
26 employment with the city, village, fire protection district, or
27 township for purposes of the vesting provisions of this section.

1 (7) Counties shall ensure that employees authorized to
2 participate in the retirement system pursuant to this section
3 shall enroll and make required contributions to the retirement
4 system ~~within sixty days under rules and regulations adopted and~~
5 ~~promulgated by the board.~~ immediately upon becoming an employee.
6 Information necessary to determine membership in the retirement
7 system shall be provided by the employer.

8 Sec. 2. Section 23-2309.01, Revised Statutes Cumulative
9 Supplement, 2006, is amended to read:

10 23-2309.01 (1) Each member employed and participating in
11 the retirement system prior to January 1, 2003, who has elected
12 not to participate in the cash balance benefit, shall be allowed
13 to allocate all contributions to his or her employee account to
14 various investment options. The investment options shall include,
15 but not be limited to, the following:

16 (a) An investor select account which shall be invested
17 under the direction of the state investment officer with an asset
18 allocation and investment strategy substantially similar to the
19 investment allocations made by the state investment officer for
20 the defined benefit plans under the retirement systems described
21 in subdivision (1)(a) of section 84-1503. Investments shall most
22 likely include domestic and international equities, fixed income
23 investments, and real estate, as well as potentially additional
24 asset classes;

25 (b) A stable return account which shall be invested by or
26 under the direction of the state investment officer in one or more
27 guaranteed investment contracts;

1 (c) An equities account which shall be invested by or
2 under the direction of the state investment officer in equities;

3 (d) A balanced account which shall be invested by or
4 under the direction of the state investment officer in equities and
5 fixed income instruments;

6 (e) An index fund account which shall be invested by or
7 under the direction of the state investment officer in a portfolio
8 of common stocks designed to closely duplicate the total return of
9 the Standard and Poor's 500 Index;

10 (f) A fixed income account which shall be invested by or
11 under the direction of the state investment officer in fixed income
12 instruments;

13 (g) A money market account which shall be invested by or
14 under the direction of the state investment officer in short-term
15 fixed income securities; and

16 (h) Beginning July 1, 2006, an age-based account which
17 shall be invested under the direction of the state investment
18 officer with an asset allocation and investment strategy that
19 changes based upon the age of the member. The board shall
20 develop an account mechanism that changes the investments as
21 the employee nears retirement age. The asset allocation and asset
22 classes utilized in the investments shall move from aggressive, to
23 moderate, and then to conservative as retirement age approaches.

24 If a member fails to select an option or combination of
25 options, all of his or her funds shall be placed in the option
26 described in subdivision (b) of this subsection. Each member shall
27 be given a detailed current description of each investment option

1 prior to making or revising his or her allocation.

2 (2) Members of the retirement system may allocate their
3 contributions to the investment options in percentage increments as
4 set by the board in any proportion, including full allocation to
5 any one option. A member under subdivision (1) of section 23-2321
6 or his or her beneficiary may transfer any portion of his or her
7 funds among the options, except for restrictions on transfers to or
8 from the stable return account pursuant to rule or regulation. The
9 board shall adopt and promulgate rules and regulations for changes
10 of a member's allocation of contributions to his or her accounts
11 after his or her most recent allocation and for transfers from one
12 investment account to another.

13 (3) The board shall develop a schedule for the allocation
14 of administrative costs of maintaining the various investment
15 options and shall assess the costs so that each member pays a
16 reasonable fee as determined by the board. The money forfeited
17 pursuant to section 23-2319.01 shall not be used to pay the
18 administrative costs incurred pursuant to this section.

19 (4) In order to carry out this section, the board
20 may enter into administrative services agreements for accounting
21 or record-keeping services. No agreement shall be entered into
22 unless the board determines that it will result in administrative
23 economy and will be in the best interests of the county and its
24 participating employees.

25 (5) The state, the board, the state investment officer,
26 the members of the Nebraska Investment Council, or the county
27 shall not be liable for any investment results resulting from

1 the member's exercise of control over the assets in the employee
2 account.

3 Sec. 3. Section 23-2310.05, Revised Statutes Cumulative
4 Supplement, 2006, is amended to read:

5 23-2310.05 (1) Each member employed and participating in
6 the retirement system prior to January 1, 2003, who has elected
7 not to participate in the cash balance benefit, shall be allowed
8 to allocate all contributions to his or her employer account to
9 various investment options. Such investment options shall be the
10 same as the investment options of the employee account as provided
11 in subsection (1) of section 23-2309.01. If a member fails to
12 select an option or combination of options, all of his or her funds
13 in the employer account shall be placed in the balanced account
14 option described in subdivision (1)(d) of section 23-2309.01.
15 Each member shall be given a detailed current description of
16 each investment option prior to making or revising his or her
17 allocation.

18 (2) Each member of the retirement system may allocate
19 contributions to his or her employer account to the investment
20 options in percentage increments as set by the board in any
21 proportion, including full allocation to any one option. A member
22 under subdivision (1) of section 23-2321 or his or her beneficiary
23 may transfer any portion of his or her funds among the options. The
24 board shall adopt and promulgate rules and regulations for changes
25 of a member's allocation of contributions to his or her accounts
26 after his or her most recent allocation and for transfers from one
27 investment account to another.

1 (3) The board shall develop a schedule for the allocation
2 of administrative costs of maintaining the various investment
3 options and shall assess the costs so that each member pays a
4 reasonable fee as determined by the board. The money forfeited
5 pursuant to section 23-2319.01 shall not be used to pay the
6 administrative costs incurred pursuant to this section.

7 (4) In order to carry out the provisions of this section,
8 the board may enter into administrative services agreements for
9 accounting or record-keeping services. No agreement shall be
10 entered into unless the board determines that it will result
11 in administrative economy and will be in the best interests of the
12 state and participating employees.

13 (5) The state, the board, the state investment officer,
14 the members of the Nebraska Investment Council, or the county
15 shall not be liable for any investment results resulting from
16 the member's exercise of control over the assets in the employer
17 account.

18 Sec. 4. Section 23-2320, Revised Statutes Supplement,
19 2007, is amended to read:

20 23-2320 (1) Except as otherwise provided in this section,
21 a member of the retirement system who has a five-year break in
22 service shall upon reemployment be considered a new employee with
23 respect to the County Employees Retirement Act and shall not
24 receive credit for service prior to his or her reemployment date.

25 (2) (a) A member who ceases to be an employee before
26 becoming eligible for retirement under section 23-2315 and again
27 becomes a permanent full-time or permanent part-time county

1 employee prior to having a five-year break in service shall
2 immediately be reenrolled in the retirement system and resume
3 making contributions, ~~under rules and regulations adopted by the~~
4 ~~board~~. For purposes of vesting employer contributions made prior to
5 and after the reentry into the retirement system under subsection
6 (3) of section 23-2319, years of participation include years of
7 participation prior to such employee's original termination. For a
8 member who is not vested and has received a termination benefit
9 pursuant to section 23-2319, the years of participation prior
10 to such employee's original termination shall be limited in a
11 ratio equal to the amount that the member repays divided by the
12 termination benefit withdrawn pursuant to section 23-2319.

13 (b) The reemployed member may repay the value of, or
14 a portion of the value of, the termination benefit withdrawn
15 pursuant to section 23-2319. A reemployed member who elects to
16 repay all or a portion of the value of the termination benefit
17 withdrawn pursuant to section 23-2319 shall repay the actual
18 earnings on such value. Repayment of the termination benefit shall
19 commence within three years of reemployment and shall be completed
20 within five years of reemployment or prior to termination of
21 employment, whichever occurs first, through (i) direct payments to
22 the retirement system, (ii) installment payments made pursuant to
23 a binding irrevocable payroll deduction authorization made by the
24 member, (iii) an eligible rollover distribution as provided under
25 the Internal Revenue Code, or (iv) a direct rollover distribution
26 made in accordance with section 401(a)(31) of the Internal Revenue
27 Code.

1 (c) The value of the member's forfeited employer account
2 or employer cash balance account, as of the date of forfeiture,
3 shall be restored in a ratio equal to the amount of the benefit
4 that the member has repaid divided by the termination benefit
5 received. The employer account or employer cash balance account
6 shall be restored first out of the current forfeiture amounts and
7 then by additional employer contributions.

8 (3) For a member who retired pursuant to section 23-2315
9 and becomes a permanent full-time employee or permanent part-time
10 employee with a county under the County Employees Retirement Act
11 more than one hundred twenty days after his or her retirement
12 date, the member shall continue receiving retirement benefits. Such
13 a retired member or a retired member who received a lump-sum
14 distribution of his or her benefit shall be considered a new
15 employee as of the date of reemployment and shall not receive
16 credit for any service prior to the member's retirement for
17 purposes of the act.

18 (4) A member who is reinstated as an employee pursuant to
19 a grievance or appeal of his or her termination by the county shall
20 be a member upon reemployment and shall not be considered to have
21 a break in service for such period of time that the grievance or
22 appeal was pending.

23 Sec. 5. Section 24-708, Revised Statutes Cumulative
24 Supplement, 2006, is amended to read:

25 24-708 (1) Except as provided in section 24-721, a judge
26 may retire upon reaching the age of sixty-five years and upon
27 making application to the board. Upon retiring each such judge

1 shall receive retirement annuities as provided in section 24-710.

2 (2) Except as provided in section 24-721, a judge may
3 retire upon reaching the age of fifty-five years and elect
4 to receive a reduced monthly retirement income in lieu of a
5 deferred vested annuity. The judge may request that the reduced
6 monthly retirement income commence at any date, beginning on the
7 first day of the month following the actual retirement date and
8 ending on the normal retirement date. The amount of the reduced
9 monthly retirement income shall be calculated based on the length
10 of creditable service and average compensation at the actual
11 retirement date. When a judge has elected to receive a reduced
12 monthly retirement income to commence at the age of sixty-four
13 years, the monthly payments shall be reduced by three percent.
14 When a judge has elected to receive a reduced monthly retirement
15 income to commence at the age of sixty-three years, the monthly
16 payments shall be reduced by six percent. When a judge has elected
17 to receive a reduced monthly retirement income to commence at
18 the age of sixty-two years, the monthly payments shall be reduced
19 by nine percent. When a judge has elected to receive a reduced
20 monthly retirement income to commence prior to the age of sixty-two
21 years, the monthly payments shall be further reduced and shall be
22 reduced when the payments commence prior to the normal retirement
23 date to an amount that is actuarially equivalent to the deferred
24 vested annuity amount payable at the normal retirement date. age of
25 sixty-two years.

26 (3) Payment of any benefit provided under the Judges
27 Retirement Act may not be deferred later than April 1 of the year

1 following the year in which the judge has both attained at least
2 age seventy and one-half years and terminated his or her employment
3 as a judge.

4 (4) The effective date of retirement payments shall be
5 the first day of the month following (a) the date a member
6 qualifies for retirement as provided in this section or (b) the
7 date upon which a member's request for retirement is received on
8 an application form provided by the retirement system, whichever
9 is later. An application may be filed no more than ninety days in
10 advance of qualifying for retirement.

11 (5) The board shall make reasonable efforts to locate
12 the member or the member's beneficiary and distribute benefits by
13 the required beginning date as specified by section 401(a)(9) of
14 the Internal Revenue Code and the regulations issued thereunder. If
15 the board is unable to make such a distribution, the benefit shall
16 be distributed pursuant to the Uniform Disposition of Unclaimed
17 Property Act and no amounts may be applied to increase the benefits
18 any member would otherwise receive under the Judges Retirement Act.

19 Sec. 6. Section 24-710.07, Revised Statutes Cumulative
20 Supplement, 2006, is amended to read:

21 24-710.07 (1) Beginning July 1, 2000, and each July 1
22 thereafter, current benefits paid to a member or beneficiary shall
23 be adjusted so that the purchasing power of the benefit being
24 paid is not less than seventy-five percent of the purchasing power
25 of the initial benefit. ~~The amount of the adjustment shall be~~
26 ~~equal to the difference in the percentage change in the Consumer~~
27 ~~Price Index for Urban Wage Earners and Clerical Workers during the~~

1 ~~benefit payment period and one hundred thirty-three and one-third~~
2 ~~percent, such percentage times the initial benefit, less the total~~
3 ~~of all previous supplemental benefit and cost-of-living adjustments~~
4 ~~granted. The purchasing power of the initial benefit in any year~~
5 ~~following the year in which the initial benefit commenced shall~~
6 ~~be calculated by dividing the United States Department of Labor,~~
7 ~~Bureau of Labor Statistics, Consumer Price Index for Urban Wage~~
8 ~~Earners and Clerical Workers factor on June 30 of the current year~~
9 ~~by the Consumer Price Index for Urban Wage Earners and Clerical~~
10 ~~Workers factor on June 30 of the year in which the benefit~~
11 ~~commenced. The result shall be multiplied by the product that~~
12 ~~results when the amount of the initial benefit is multiplied by~~
13 ~~seventy-five percent. In any year in which applying the adjustment~~
14 ~~provided in subsection (2) of this section results in a benefit~~
15 ~~which would be less than seventy-five percent of the purchasing~~
16 ~~power of the initial benefit as calculated above, the adjustment~~
17 ~~shall instead be equal to the percentage change in the Consumer~~
18 ~~Price Index for Urban Wage Earners and Clerical Workers factor~~
19 ~~from the prior year to the current year. In all other years, the~~
20 ~~adjustment provided under subsection (2) of this section shall~~
21 ~~be provided. The adjustment pursuant to this subsection shall not~~
22 ~~cause a current benefit to be reduced.~~

23 ~~(2)(a)~~ (2) Except as provided in subsection (1) of this
24 section:

25 (a) Beginning July 1, 2000, and until July 1, 2001, the
26 current benefit of a member or the beneficiary of such a member
27 shall be increased annually by the lesser of (i) the percentage

1 change in the Consumer Price Index for Urban Wage Earners and
2 Clerical Workers factor published by the Bureau of Labor Statistics
3 of the United States Department of Labor for the prior year or (ii)
4 two percent; and-

5 (b) Beginning July 1, 2001, the current benefit of a
6 member or the beneficiary of such a member shall be increased
7 annually by the lesser of (i) the percentage change in the Consumer
8 Price Index for Urban Wage Earners and Clerical Workers factor
9 published by the Bureau of Labor Statistics of the United States
10 Department of Labor for the prior year or (ii) two and one-half
11 percent.

12 (3) The state shall contribute to the Nebraska Retirement
13 Fund for Judges an annual level dollar payment certified by the
14 board. For the 1996-97 fiscal year through the 2010-11 fiscal year,
15 the annual level dollar payment certified by the board shall equal
16 1.04778 percent of six million eight hundred ninety-five thousand
17 dollars.

18 (4) The board shall adjust the annual benefit adjustment
19 provided in this section so that the total amount of all
20 cost-of-living adjustments provided to the eligible retiree at
21 the time of the annual benefit adjustment does not exceed the
22 percentage change in the National Consumer Price Index for Urban
23 Wage Earners and Clerical Workers factor published by the Bureau
24 of Labor Statistics for the period between June 30 of the prior
25 year to June 30 of the present year. If the consumer price index
26 used in this section is discontinued or replaced, a substitute
27 index published by the United States Department of Labor shall be

1 selected by the board which shall be a reasonable representative
2 measurement of the cost of living for retired employees.

3 Sec. 7. Section 24-710.10, Revised Statutes Cumulative
4 Supplement, 2006, is amended to read:

5 24-710.10 The minimum accrual rate is thirty-five dollars
6 until adjusted pursuant to this section. Commencing June 30, 1999,
7 the retirement board shall annually adjust the minimum accrual
8 rate to reflect the cumulative percentage change in the National
9 Consumer Price Index for Urban Wage Earners and Clerical Workers
10 factor published by the Bureau of Labor Statistics of the United
11 States Department of Labor from the last adjustment of the minimum
12 accrual rate.

13 Sec. 8. Section 79-933, Reissue Revised Statutes of
14 Nebraska, is amended to read:

15 79-933 (1) Upon retirement under section 79-931, a member
16 or emeritus member shall receive a school retirement allowance
17 which shall consist of the sum of: ~~(1)~~ (a) A savings annuity which
18 shall be the actuarial equivalent, as determined by the retirement
19 board, of the member's accumulated contributions at the time of
20 his or her retirement or, in the case of an emeritus member, the
21 savings annuity fixed by the retirement board at the time of his or
22 her original retirement; and ~~(2)~~ (b) a service annuity to be paid
23 by the State of Nebraska.

24 (2) The amount of any individual service annuity for (a)
25 a full-time school employee hired on or before April 1, 1988, who
26 retires with thirty-five or more years of service or who retires
27 under the provisions of disability retirement, (b) a full-time

1 school employee who provided compensated service after April 1,
2 1988, but prior to July 19, 1996, if the service annuity commences
3 on or after the member's sixty-fifth birthday, who retires with
4 thirty-five or more years of service or who retires under the
5 provisions of disability retirement, or (c) an emeritus member
6 shall be three dollars and fifty cents per month for each year
7 of creditable service commencing with his or her retirement on or
8 after May 19, 1981. For employees not enumerated in subdivision (a)
9 or (b) of this subsection or for employees hired on or after July
10 19, 1996, ~~except that~~ if the service annuity commences prior to
11 the member's sixty-fifth birthday, it shall be on an actuarially
12 reduced basis. Each school employee or emeritus member who retired
13 before July 1, 1973, and who is receiving a service annuity as of
14 that date shall have such service annuity adjusted by the increase
15 in the cost of living as determined by the difference between the
16 Consumer Price Index for Urban Wage Earners and Clerical Workers
17 from the date the service annuity commenced and July 1, 1973,
18 except that such annuity shall not exceed three dollars and fifty
19 cents monthly per year of service based on the same number of years
20 of service that is currently being used to determine his or her
21 service annuity. Such increased service annuity shall commence on
22 July 1, 1973.

23 Sec. 9. Section 79-947.01, Revised Statutes Supplement,
24 2007, is amended to read:

25 79-947.01 (1) Beginning July 1, 2000, and each July 1
26 thereafter, current benefits paid to a member or beneficiary shall
27 be adjusted so that the purchasing power of the benefit being

1 paid is not less than seventy-five percent of the purchasing power
2 of the initial benefit. The amount of the adjustment shall be
3 equal to the difference in the percentage change in the Consumer
4 Price Index for Urban Wage Earners and Clerical Workers during the
5 benefit payment period and one hundred thirty-three and one-third
6 percent, such percentage times the initial benefit, less the total
7 of all previous supplemental benefit and cost-of-living adjustments
8 granted. The purchasing power of the initial benefit in any year
9 following the year in which the initial benefit commenced shall
10 be calculated by dividing the United States Department of Labor,
11 Bureau of Labor Statistics, Consumer Price Index for Urban Wage
12 Earners and Clerical Workers factor on June 30 of the current year
13 by the Consumer Price Index for Urban Wage Earners and Clerical
14 Workers factor on June 30 of the year in which the benefit
15 commenced. The result shall be multiplied by the product that
16 results when the amount of the initial benefit is multiplied by
17 seventy-five percent. In any year in which applying the adjustment
18 provided in subsection (2) of this section results in a benefit
19 which would be less than seventy-five percent of the purchasing
20 power of the initial benefit as calculated above, the adjustment
21 shall instead be equal to the percentage change in the Consumer
22 Price Index for Urban Wage Earners and Clerical Workers factor
23 from the prior year to the current year. In all other years, the
24 adjustment provided under subsection (2) of this section shall
25 be provided. The adjustment pursuant to this subsection shall not
26 cause a current benefit to be reduced.

27 ~~(2)(a)~~ (2) Except as provided in subsection (1) of this

1 section:

2 (a) Beginning July 1, 2000, and until July 1, 2001, the
3 current benefit of a member or the beneficiary of such a member
4 shall be increased annually by the lesser of (i) the percentage
5 change in the Consumer Price Index for Urban Wage Earners and
6 Clerical Workers factor published by the Bureau of Labor Statistics
7 of the United States Department of Labor for the prior year or (ii)
8 two percent; ~~and-~~

9 (b) Beginning July 1, 2001, the current benefit to a
10 member or the beneficiary of such a member shall be increased
11 annually by the lesser of (i) the percentage change in the Consumer
12 Price Index for Urban Wage Earners and Clerical Workers factor
13 published by the Bureau of Labor Statistics of the United States
14 Department of Labor for the prior year or (ii) two and one-half
15 percent.

16 (3) The state shall contribute to the Annuity Reserve
17 Fund an annual level dollar payment certified by the board. For
18 the 1996-97 fiscal year through the 2010-11 fiscal year, the annual
19 level dollar payment certified by the board shall equal 81.7873
20 percent of six million eight hundred ninety-five thousand dollars.

21 (4) The retirement board shall adjust the annual benefit
22 adjustment provided in this section so that the total amount of
23 all cost-of-living adjustments provided to the eligible retiree
24 at the time of the annual benefit adjustment does not exceed the
25 percentage change in the National Consumer Price Index for Urban
26 Wage Earners and Clerical Workers factor published by the Bureau
27 of Labor Statistics for the period between June 30 of the prior

1 year to June 30 of the present year. If the consumer price index
2 used in this section is discontinued or replaced, a substitute
3 index published by the United States Department of Labor shall be
4 selected by the board which shall be a reasonable representative
5 measurement of the cost of living for retired employees.

6 (5) In addition to the adjustments provided in
7 subsections (1), (2), and (4) of this section, the current benefit
8 to a member or beneficiary of such member, and for which the first
9 payment was dated on or before June 30, 2007, shall be subject to
10 adjustment of the greater of (a) the annuity payable to the member
11 or beneficiary as adjusted, if applicable, under the provisions
12 of subsection (1), (2), or (4) of this section or (b) eighty-five
13 percent of the annuity which results when the original annuity that
14 was paid to the member or beneficiary, before any cost-of-living
15 adjustments under this section, is adjusted by the increase in the
16 Consumer Price Index for Urban Wage Earners and Clerical Workers
17 for the period between the commencement date of the annuity and
18 June 30, 2007.

19 Sec. 10. Section 79-947.04, Reissue Revised Statutes of
20 Nebraska, is amended to read:

21 79-947.04 The minimum accrual rate is eighteen dollars
22 until adjusted pursuant to this section. Commencing June 30, 1999,
23 the retirement board shall annually adjust the minimum accrual
24 rate to reflect the cumulative percentage change in the National
25 Consumer Price Index for Urban Wage Earners and Clerical Workers
26 factor published by the Bureau of Labor Statistics of the United
27 States Department of Labor from the last adjustment of the minimum

1 accrual rate.

2 Sec. 11. Section 81-2027.03, Revised Statutes Cumulative
3 Supplement, 2006, is amended to read:

4 81-2027.03 (1) Beginning July 1, 2000, and each July
5 1 thereafter, current benefits paid to a member or beneficiary
6 shall be adjusted so that the purchasing power of the benefit
7 being paid is not less than sixty percent of the purchasing power
8 of the initial benefit. The amount of the adjustment shall be
9 equal to the difference in the percentage change in the Consumer
10 Price Index for Urban Wage Earners and Clerical Workers during the
11 benefit payment period and one hundred sixty-six and two-thirds
12 percent, such percentage times the initial benefit, less the total
13 of all previous supplemental benefit and cost-of-living adjustments
14 granted. The purchasing power of the initial benefit in any year
15 following the year in which the initial benefit commenced shall
16 be calculated by dividing the United States Department of Labor,
17 Bureau of Labor Statistics, Consumer Price Index for Urban Wage
18 Earners and Clerical Workers factor on June 30 of the current
19 year by the Consumer Price Index for Urban Wage Earners and
20 Clerical Workers factor on June 30 of the year in which the
21 benefit commenced. The result shall be multiplied by the product
22 that results when the amount of the initial benefit is multiplied
23 by sixty percent. In any year in which applying the adjustment
24 provided in subsection (2) of this section results in a benefit
25 which would be less than sixty percent of the purchasing power
26 of the initial benefit as calculated above, the adjustment shall
27 instead be equal to the percentage change in the Consumer Price

1 Index for Urban Wage Earners and Clerical Workers factor from the
2 prior year to the current year. In all other years, the adjustment
3 provided under subsection (2) of this section shall be provided.

4 The adjustment pursuant to this subsection shall not cause a
5 current benefit to be reduced.

6 ~~(2)(a)~~ (2) Except as provided in subsection (1) of this
7 section:

8 (a) Beginning July 1, 2000, and until July 1, 2001, the
9 current benefit of a member or the beneficiary of such a member
10 shall be increased annually by the lesser of (i) the percentage
11 change in the Consumer Price Index for Urban Wage Earners and
12 Clerical Workers factor published by the Bureau of Labor Statistics
13 of the United States Department of Labor for the prior year or (ii)
14 two percent; and-

15 (b) Beginning July 1, 2001, the current benefit of a
16 member or the beneficiary of such a member shall be increased
17 annually by the lesser of (i) the percentage change in the Consumer
18 Price Index for Urban Wage Earners and Clerical Workers factor
19 published by the Bureau of Labor Statistics of the United States
20 Department of Labor for the prior year or (ii) two and one-half
21 percent.

22 (3) The state shall contribute to the State Patrol
23 Retirement Fund an annual level dollar payment certified by the
24 board. For the 1996-97 fiscal year through the 2010-11 fiscal year,
25 the annual level dollar payment certified by the board shall equal
26 3.04888 percent of six million eight hundred ninety-five thousand
27 dollars.

1 (4) The board shall adjust the annual benefit adjustment
2 provided in this section so that the total amount of all
3 cost-of-living adjustments provided to the eligible retiree at
4 the time of the annual benefit adjustment does not exceed the
5 percentage change in the National Consumer Price Index for Urban
6 Wage Earners and Clerical Workers factor published by the Bureau
7 of Labor Statistics for the period between June 30 of the prior
8 year to June 30 of the present year. If the consumer price index
9 used in this section is discontinued or replaced, a substitute
10 index published by the United States Department of Labor shall be
11 selected by the board which shall be a reasonable representative
12 measurement of the cost of living for retired employees.

13 Sec. 12. Section 81-2027.06, Reissue Revised Statutes of
14 Nebraska, is amended to read:

15 81-2027.06 The minimum accrual rate is thirty dollars
16 until adjusted pursuant to this section. Commencing June 30, 1999,
17 the retirement board shall annually adjust the minimum accrual
18 rate to reflect the cumulative percentage change in the National
19 Consumer Price Index for Urban Wage Earners and Clerical Workers
20 factor published by the Bureau of Labor Statistics of the United
21 States Department of Labor from the last adjustment of the minimum
22 accrual rate.

23 Sec. 13. Section 84-1307, Revised Statutes Cumulative
24 Supplement, 2006, is amended to read:

25 84-1307 (1) The membership of the retirement system shall
26 be composed of all persons who are or were employed by the State
27 of Nebraska and who maintain an account balance with the retirement

1 system.

2 (2) The following employees of the State of Nebraska
3 are authorized to participate in the retirement system: (a) All
4 permanent full-time employees shall begin participation in the
5 retirement system upon employment; and (b) all permanent part-time
6 employees who have attained the age of twenty years may exercise
7 the option to begin participation in the retirement system. An
8 employee who exercises the option to begin participation in the
9 retirement system pursuant to this section shall remain in the
10 retirement system until his or her termination of employment or
11 retirement, regardless of any change of status as a permanent or
12 temporary employee.

13 (3) For purposes of this section, (a) permanent full-time
14 employees includes employees of the Legislature or Legislative
15 Council who work one-half or more of the regularly scheduled
16 hours during each pay period of the legislative session and (b)
17 permanent part-time employees includes employees of the Legislature
18 or Legislative Council who work less than one-half of the regularly
19 scheduled hours during each pay period of the legislative session.

20 (4) Within the first thirty days of employment, a
21 full-time employee may apply to the board for vesting credit
22 for years of participation in another Nebraska governmental plan,
23 as defined by section 414(d) of the Internal Revenue Code. During
24 the years of participation in the other Nebraska governmental plan,
25 the employee must have been a full-time employee, as defined in
26 the Nebraska governmental plan in which the credit was earned. The
27 board may adopt and promulgate rules and regulations governing the

1 assessment and granting of vesting credit.

2 (5) Any employee who qualifies for membership in the
3 retirement system pursuant to this section may not be disqualified
4 for membership in the retirement system solely because such
5 employee also maintains separate employment which qualifies the
6 employee for membership in another public retirement system,
7 nor may membership in this retirement system disqualify such an
8 employee from membership in another public employment system solely
9 by reason of separate employment which qualifies such employee for
10 membership in this retirement system.

11 (6) State agencies shall ensure that employees authorized
12 to participate in the retirement system pursuant to this section
13 shall enroll and make required contributions to the retirement
14 system ~~within sixty days under rules and regulations adopted and~~
15 ~~promulgated by the board.~~ immediately upon becoming an employee.
16 Information necessary to determine membership in the retirement
17 system shall be provided by the employer.

18 Sec. 14. Section 84-1310.01, Revised Statutes Cumulative
19 Supplement, 2006, is amended to read:

20 84-1310.01 (1) Each member employed and participating in
21 the retirement system prior to January 1, 2003, who has elected
22 not to participate in the cash balance benefit, shall be allowed
23 to allocate all contributions to his or her employee account to
24 various investment options. Such investment options shall include,
25 but not be limited to, the following:

26 (a) An investor select account which shall be invested
27 under the direction of the state investment officer with an asset

1 allocation and investment strategy substantially similar to the
2 investment allocations made by the state investment officer for
3 the defined benefit plans under the retirement systems described
4 in subdivision (1)(a) of section 84-1503. Investments shall most
5 likely include domestic and international equities, fixed income
6 investments, and real estate, as well as potentially additional
7 asset classes;

8 (b) A stable return account which shall be invested by or
9 under the direction of the state investment officer in one or more
10 guaranteed investment contracts;

11 (c) An equities account which shall be invested by or
12 under the direction of the state investment officer in equities;

13 (d) A balanced account which shall be invested by or
14 under the direction of the state investment officer in equities and
15 fixed income instruments;

16 (e) An index fund account which shall be invested by or
17 under the direction of the state investment officer in a portfolio
18 of common stocks designed to closely duplicate the total return of
19 the Standard and Poor's 500 Index;

20 (f) A fixed income account which shall be invested by or
21 under the direction of the state investment officer in fixed income
22 instruments;

23 (g) A money market account which shall be invested by or
24 under the direction of the state investment officer in short-term
25 fixed income securities; and

26 (h) Beginning on July 1, 2006, an age-based account which
27 shall be invested under the direction of the state investment

1 officer with an asset allocation and investment strategy that
2 changes based upon the age of the member. The board shall
3 develop an account mechanism that changes the investments as
4 the employee nears retirement age. The asset allocation and asset
5 classes utilized in the investments shall move from aggressive, to
6 moderate, and then to conservative as retirement age approaches.

7 If a member fails to select an option or combination of
8 options, all of his or her funds shall be placed in the option
9 described in subdivision (b) of this subsection. Each member shall
10 be given a detailed current description of each investment option
11 prior to making or revising his or her allocation.

12 (2) Members of the retirement system may allocate their
13 contributions to the investment options in percentage increments as
14 set by the board in any proportion, including full allocation to
15 any one option. A member under subdivision (1) of section 84-1323
16 or his or her beneficiary may transfer any portion of his or her
17 funds among the options, except for restrictions on transfers to or
18 from the stable return account pursuant to rule or regulation. The
19 board shall adopt and promulgate rules and regulations for changes
20 of a member's allocation of contributions to his or her accounts
21 after his or her most recent allocation and for transfers from one
22 investment account to another.

23 (3) The board shall develop a schedule for the allocation
24 of administrative costs of maintaining the various investment
25 options and shall assess the costs so that each member pays a
26 reasonable fee as determined by the board. The money forfeited
27 pursuant to section 84-1321.01 shall not be used to pay the

1 administrative costs incurred pursuant to this section.

2 (4) In order to carry out the provisions of this section,
3 the board may enter into administrative services agreements for
4 accounting or record-keeping services. No agreement shall be
5 entered into unless the board determines that it will result
6 in administrative economy and will be in the best interests of the
7 state and its participating employees.

8 (5) The state, the board, the state investment officer,
9 the members of the Nebraska Investment Council, or the agency
10 shall not be liable for any investment results resulting from
11 the member's exercise of control over the assets in the employee
12 account.

13 Sec. 15. Section 84-1311.03, Revised Statutes Cumulative
14 Supplement, 2006, is amended to read:

15 84-1311.03 (1) Each member employed and participating in
16 the retirement system prior to January 1, 2003, who has elected
17 not to participate in the cash balance benefit, shall be allowed
18 to allocate all contributions to his or her employer account to
19 various investment options. Such investment options shall be the
20 same as the investment options of the employee account as provided
21 in subsection (1) of section 84-1310.01. If a member fails to
22 select an option or combination of options, all of his or her funds
23 in the employer account shall be placed in the balanced account
24 option described in subdivision (1)(d) of section 84-1310.01.
25 Each member shall be given a detailed current description of
26 each investment option prior to making or revising his or her
27 allocation.

1 (2) Each member of the retirement system may allocate
2 contributions to his or her employer account to the investment
3 options in percentage increments as set by the board in any
4 proportion, including full allocation to any one option. A member
5 under subdivision (1) of section 84-1323 or his or her beneficiary
6 may transfer any portion of his or her funds among the options. The
7 board shall adopt and promulgate rules and regulations for changes
8 of a member's allocation of contributions to his or her accounts
9 after his or her most recent allocation and for transfers from one
10 investment account to another.

11 (3) The board shall develop a schedule for the allocation
12 of administrative costs of maintaining the various investment
13 options and shall assess the costs so that each member pays a
14 reasonable fee as determined by the board. The money forfeited
15 pursuant to section 84-1321.01 shall not be used to pay the
16 administrative costs incurred pursuant to this section.

17 (4) In order to carry out the provisions of this section,
18 the board may enter into administrative services agreements for
19 accounting or record-keeping services. No agreement shall be
20 entered into unless the board determines that it will result
21 in administrative economy and will be in the best interests of the
22 state and its participating employees.

23 (5) The state, the board, the state investment officer,
24 the members of the Nebraska Investment Council, or the agency
25 shall not be liable for any investment results resulting from
26 the member's exercise of control over the assets in the employer
27 account.

1 Sec. 16. Section 84-1322, Revised Statutes Supplement,
2 2007, is amended to read:

3 84-1322 (1) Except as otherwise provided in this section,
4 a member of the retirement system who has a five-year break in
5 service shall upon reemployment be considered a new employee with
6 respect to the State Employees Retirement Act and shall not receive
7 credit for service prior to his or her reemployment date.

8 (2) (a) A member who ceases to be an employee before
9 becoming eligible for retirement under section 84-1317 and again
10 becomes a permanent full-time or permanent part-time state employee
11 prior to having a five-year break in service shall immediately
12 be reenrolled in the retirement system and resume making
13 contributions ~~under rules and regulations established by the~~
14 ~~board~~. For purposes of vesting employer contributions made prior
15 to and after reentry into the retirement system under subsection
16 (3) of section 84-1321, years of participation include years of
17 participation prior to such employee's original termination. For a
18 member who is not vested and has received a termination benefit
19 pursuant to section 84-1321, the years of participation prior
20 to such employee's original termination shall be limited in a
21 ratio equal to the amount that the member repays divided by the
22 termination benefit withdrawn pursuant to section 84-1321. This
23 subsection shall apply whether or not the person was a state
24 employee on April 20, 1986, or July 17, 1986.

25 (b) The reemployed member may repay the value of, or a
26 portion of the value of, the termination benefit withdrawn pursuant
27 to section 84-1321. A reemployed member who elects to repay all

1 or a portion of the value of the termination benefit withdrawn
2 pursuant to section 84-1321 shall repay the actual earnings on
3 such value. Repayment of the termination benefit shall commence
4 within three years after reemployment and shall be completed
5 within five years after reemployment or prior to termination of
6 employment, whichever occurs first, through (i) direct payments to
7 the retirement system, (ii) installment payments made pursuant to
8 a binding irrevocable payroll deduction authorization made by the
9 member, (iii) an eligible rollover distribution as provided under
10 the Internal Revenue Code, or (iv) a direct rollover distribution
11 made in accordance with section 401(a)(31) of the Internal Revenue
12 Code.

13 (c) The value of the member's forfeited employer account
14 or employer cash balance account, as of the date of forfeiture,
15 shall be restored in a ratio equal to the amount of the benefit
16 that the member has repaid divided by the termination benefit
17 received. The employer account or employer cash balance account
18 shall be restored first out of the current forfeiture amounts and
19 then by additional employer contributions.

20 (3) For a member who retired pursuant to section 84-1317
21 and becomes a permanent full-time employee or permanent part-time
22 employee with the state more than one hundred twenty days after
23 his or her retirement date, the member shall continue receiving
24 retirement benefits. Such a retired member or a retired member who
25 received a lump-sum distribution of his or her benefit shall be
26 considered a new employee as of the date of reemployment and shall
27 not receive credit for any service prior to the member's retirement

1 for purposes of the act.

2 (4) A member who is reinstated as an employee pursuant to
3 a grievance or appeal of his or her termination by the state shall
4 be a member upon reemployment and shall not be considered to have
5 a break in service for such period of time that the grievance or
6 appeal was pending.

7 Sec. 17. The Legislature finds that:

8 (1) The Nebraska Investment Council was created by the
9 Legislature in Laws 1967, LB 335. Additional legislation was
10 passed in Laws 1969, LB 1345, which provided for centralization of
11 the investment of state funds and addressed types of authorized
12 investments and since then the statutory framework of the council
13 has been modified periodically by the Legislature;

14 (2) The laws of Nebraska provide that the appointed
15 members of the council and the state investment officer are deemed
16 fiduciaries with respect to investment of the assets (a) in the
17 retirement systems and the Nebraska educational savings plan trust
18 and as fiduciaries are required to discharge their duties with
19 respect to such assets solely in the best interest of the members
20 and beneficiaries of such plans and (b) of other state funds solely
21 in the best interest of the residents of Nebraska;

22 (3) As fiduciaries, the appointed members of the council
23 and the officer must act with the care, skill, prudence, and
24 diligence under the circumstances then prevailing that a prudent
25 person acting in like capacity and familiar with such matters would
26 use in the conduct of an enterprise of like character with like
27 aims by diversifying the investments of assets in the various plans

1 so as to minimize the risk of large losses;

2 (4) The council managed over fifteen billion three
3 hundred million dollars of assets as of September 30, 2007.
4 Those assets have quadrupled since 1995. The assets managed by the
5 council produced almost one billion five hundred million dollars
6 in investment earnings in 2006 and almost seven billion dollars of
7 investment earnings since December 31, 1995;

8 (5) The council has the responsibility of the management
9 of portfolios for over thirty state entities. The financial
10 markets and investment strategies that must be employed to
11 achieve satisfactory returns have become more complex and the
12 best practices of similar state government investment agencies have
13 evolved since the creation of the council; and

14 (6) Pursuant to section 72-1249.02, the operating costs
15 of the council are charged to the income of each fund managed
16 by the council, and such charges are transferred to the State
17 Investment Officer's Cash Fund. Management, custodial, and service
18 costs that are a direct expense of state funds are paid from the
19 income of such funds.

20 Sec. 18. The Nebraska Investment Council shall enter
21 into a contract with a qualified independent organization familiar
22 with similar state investment offices to complete a comprehensive
23 review of the current statutory, regulatory, and organizational
24 situation of the council, review best practices of similar state
25 investment offices, and make recommendations to the council, the
26 Governor, and the Legislature for changes needed to ensure that
27 the council has adequate authority to independently execute its

1 fiduciary responsibilities to the members and beneficiaries of the
2 retirement systems and the Nebraska educational savings plan trust
3 and the residents of Nebraska with regards to other state funds.

4 Sec. 19. Sections 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12,
5 13, 14, 15, 16, 17, 18, and 20 of this act become operative three
6 calendar months after the adjournment of this legislative session.
7 The other sections of this act become operative on their effective
8 date.

9 Sec. 20. Original sections 79-947.04 and 81-2027.06,
10 Reissue Revised Statutes of Nebraska, sections 23-2306, 23-2309.01,
11 23-2310.05, 24-708, 24-710.07, 24-710.10, 81-2027.03, 84-1307,
12 84-1310.01, and 84-1311.03, Revised Statutes Cumulative Supplement,
13 2006, and sections 23-2320, 79-947.01, and 84-1322, Revised
14 Statutes Supplement, 2007, are repealed.

15 Sec. 21. Original section 79-933, Reissue Revised
16 Statutes of Nebraska, is repealed.

17 Sec. 22. Since an emergency exists, this act takes effect
18 when passed and approved according to law.