



**Hundredth Legislature - First Session - 2007  
Committee Statement  
LB 596**

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**Hearing Date:** February 20, 2007  
**Committee On:** Nebraska Retirement Systems

**Introducer(s):** (Kopplin)  
**Title:** Change retirement benefits and annuity payments for school employees

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**Roll Call Vote – Final Committee Action:**

- Advanced to General File
  - X Advanced to General File with Amendments
  - Indefinitely Postponed
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**Vote Results:**

- 4 Yes                                      Senators Louden, Karpisek, Synowiecki, White
  - No
  - 2 Present, not voting      Senators Erdman, Heidemann,
  - Absent
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**Proponents:**  
Senator Gail Kopplin

**Representing:**  
Introducer

Robert Bussmann

Nebraska Association of Retired School Personnel – Lincoln Area

Bill Pfeiff

Nebraska Association of Retired School Personnel

Janet Hibbs

Nebraska Association of Retired School Personnel

Robert Kuhn

Nebraska Association of Retired School Personnel

Herb Schimek

Nebraska State Education Association

Roger Rea

Nebraska Association of Retired School Personnel

**Opponents:**

**Representing:**

**Neutral:**  
Michael Smith

**Representing:**  
Omaha School Employees Retirement System

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### **Summary of purpose and/or changes:**

LB 596 proposes to increase the amount of the monthly benefit for retired school personnel in the School Retirement System. The adjustment is equal to ninety percent of the original annuity benefit adjusted for inflation. The inflation rate is based the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers for the period between the commencement date of the annuity and June 30, 2007.

This legislation is a result of significant research with regard to Internal Revenue Service regulations, the Nebraska Constitution, and existing pension law for public school employees. This proposal would apply to all retired school personnel but would be of greatest benefit to the most elderly of retired school personnel.

### **Summary of Sections**

- Section 1 Provides for a one-time purchasing power adjustment to current benefits for School Employee Retirement plan members or their beneficiaries. After the adjustment, the member's purchasing power would be at least 90% of the original annuity benefit.
- Section 2 Provides for a one-time purchasing power adjustment to current benefits for Class V school district's retirement plan members or their beneficiaries. After the adjustment, the member's purchasing power would be at least 90% of the original annuity benefit.
- Section 3 Original sections are repealed.
- Section 4 Contains an emergency clause.

### **Explanation of amendments, if any:**

The committee amendment reduces the 90 percent purchasing power adjustment to an 85 percent purchasing power adjustment. This change will reduce the actuarially required additional state contribution from \$2,106,190 to \$658,184.

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**Senator John Synowiecki, Chairperson**