

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 499

Introduced by White, 8

Read first time January 17, 2007

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to schools; to amend section 79-9,113,
2 Reissue Revised Statutes of Nebraska, and section 79-966,
3 Revised Statutes Cumulative Supplement, 2006; to change
4 provisions relating to the School Retirement Fund and
5 required contributions as prescribed; to repeal the
6 original sections; and to declare an emergency.
7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-966, Revised Statutes Cumulative
2 Supplement, 2006, is amended to read:

3 79-966 (1) On the basis of all data in the possession
4 of the retirement board, including such mortality and other tables
5 as are recommended by the actuary engaged by the retirement board
6 and adopted by the retirement board, the retirement board shall
7 annually, on or before July 1, determine the state deposit to be
8 made by the state in the School Retirement Fund for that fiscal
9 year. The amount of such state deposit shall be determined pursuant
10 to section 79-966.01. The retirement board shall thereupon certify
11 the amount of such state deposit, and on the warrant of the
12 Director of Administrative Services, the State Treasurer shall, as
13 of July 1 of such year, transfer from funds appropriated by the
14 state for that purpose to the School Retirement Fund the amount of
15 such state deposit.

16 Beginning July 1, 2007, and each fiscal year thereafter,
17 the state deposit required by this subsection shall be calculated
18 as a percent of compensation of all members of the retirement
19 system. For any year in which a deposit is made to the School
20 Retirement Fund under this subsection, the State Treasurer shall
21 transfer to the funds of the Class V school district's retirement
22 system an amount determined by multiplying the compensation of all
23 members of such retirement system by the percent of compensation
24 deposited into the School Retirement Fund under this subsection.
25 The transfer amount will be added to the seven-tenths of one

1 percent deposit specified in subsection (2) of this section
2 for the amount required by subsection (2) of section 79-916 to
3 be transferred to the funds of the Class V school district's
4 retirement system.

5 (2) In addition to the state deposits required by
6 subsections (1) and (3) of this section, the state shall deposit in
7 the School Retirement Fund an amount equal to seven-tenths of one
8 percent of the compensation of all members of the retirement system
9 for each fiscal year on or after July 1, 1984.

10 (3) In addition to the state deposits required by
11 subsections (1) and (2) of this section, beginning on July 1,
12 2005, and each fiscal year thereafter, the state shall deposit
13 in the Service Annuity Fund such amounts as may be necessary to
14 pay the normal cost and amortize the unfunded actuarial accrued
15 liability of the service annuity benefit established pursuant to
16 sections 79-933 and 79-952 as accrued through the end of the
17 previous fiscal year of the school employees who are members of
18 the retirement system established pursuant to the Class V School
19 Employees Retirement Act.

20 Sec. 2. Section 79-9,113, Reissue Revised Statutes of
21 Nebraska, is amended to read:

22 79-9,113 (1) If, at any future time, a majority of the
23 eligible members of the retirement system votes to be included
24 under an agreement providing old age and survivors insurance under
25 the Social Security Act of the United States, the contributions

1 to be made by the member and the school district for membership
2 service, from and after the effective date of the agreement with
3 respect to services performed subsequent to December 31, 1954,
4 shall each be reduced from five to three percent but not less than
5 three percent of the member's salary per annum, and the credits
6 for membership service under this system, as provided in section
7 79-999, shall thereafter be reduced from one and one-half percent
8 to nine-tenths of one percent and not less than nine-tenths of
9 one percent of salary or wage earned by the member during each
10 fiscal year, and from one and sixty-five hundredths percent to one
11 percent and not less than one percent of salary or wage earned
12 by the member during each fiscal year and from two percent to
13 one and two-tenths percent of salary or wage earned by the member
14 during each fiscal year, and from two and four-tenths percent to
15 one and forty-four hundredths percent of salary or wage earned by
16 the member during each fiscal year, except that after September
17 1, 1963, and prior to September 1, 1969, all employees of the
18 school district shall contribute an amount equal to the membership
19 contribution which shall be two and three-fourths percent of salary
20 covered by old age and survivors insurance, and five percent above
21 that amount. Commencing September 1, 1969, all employees of the
22 school district shall contribute an amount equal to the membership
23 contribution which shall be two and three-fourths percent of the
24 first seven thousand eight hundred dollars of salary or wages
25 earned each fiscal year and five percent of salary or wages earned

1 above that amount in the same fiscal year. Commencing September
2 1, 1976, all employees of the school district shall contribute
3 an amount equal to the membership contribution which shall be
4 two and nine-tenths percent of the first seven thousand eight
5 hundred dollars of salary or wages earned each fiscal year and
6 five and twenty-five hundredths percent of salary or wages earned
7 above that amount in the same fiscal year. Commencing on September
8 1, 1982, all employees of the school district shall contribute
9 an amount equal to the membership contribution which shall be
10 four and nine-tenths percent of the compensation earned in each
11 fiscal year. Commencing September 1, 1989, all employees of the
12 school district shall contribute an amount equal to the membership
13 contribution which shall be five and eight-tenths percent of the
14 compensation earned in each fiscal year. Commencing September
15 1, 1995, all employees of the school district shall contribute
16 an amount equal to the membership contribution which shall be
17 six and three-tenths percent of the compensation earned in each
18 fiscal year. Commencing September 1, 2007, all employees of the
19 school district shall contribute an amount equal to the membership
20 contribution which shall be seven and three-tenths percent of the
21 compensation paid in each fiscal year. The contributions by the
22 school district in any fiscal year beginning on or after September
23 1, 1999, shall be the greater of (a) one hundred percent of
24 the contributions by the employees for such fiscal year or (b)
25 such amount as may be necessary to maintain the solvency of the

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

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

24 (2) The school district shall pick up the employee
25 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

1 until such time as they are distributed from the system. Employee
2 contributions picked up shall be treated for all purposes of the
3 Class V School Employees Retirement Act in the same manner and to
4 the extent as employee contributions made prior to the date picked
5 up.

6 Sec. 3. Original section 79-9,113, Reissue Revised
7 Statutes of Nebraska, and section 79-966, Revised Statutes
8 Cumulative Supplement, 2006, are repealed.

9 Sec. 4. Since an emergency exists, this act takes effect
10 when passed and approved according to law.