

AMENDMENTS TO LB 382

Introduced by Nebraska Retirement Systems

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

3 Section 1. Section 79-958, Revised Statutes Cumulative
4 Supplement, 2010, is amended to read:

5 79-958 (1) ~~Beginning on September 1, 2006, and ending~~
6 ~~August 31, 2007, for the purpose of providing the funds to pay~~
7 ~~for formula annuities, every employee shall be required to deposit~~
8 ~~in the School Retirement Fund seven and eighty-three hundredths~~
9 ~~percent of compensation. Beginning on September 1, 2007, and ending~~
10 ~~August 31, 2009, for the purpose of providing the funds to pay~~
11 ~~for formula annuities, every employee shall be required to deposit~~
12 ~~in the School Retirement Fund seven and twenty-eight hundredths~~
13 ~~percent of compensation. Beginning on September 1, 2009, and ending~~
14 ~~August 31, 2014, 2011, for the purpose of providing the funds~~
15 ~~to pay for formula annuities, every employee shall be required~~
16 ~~to deposit in the School Retirement Fund eight and twenty-eight~~
17 ~~hundredths percent of compensation. Beginning on September 1, 2011,~~
18 ~~and ending August 31, 2012, for the purpose of providing the funds~~
19 ~~to pay for formula annuities, every employee shall be required~~
20 ~~to deposit in the School Retirement Fund eight and eighty-eight~~
21 ~~hundredths percent of compensation. Beginning on September 1, 2012,~~
22 ~~and ending August 31, 2017, for the purpose of providing the funds~~
23 ~~to pay for formula annuities, every employee shall be required~~

1 to deposit in the School Retirement Fund nine and seventy-eight
2 hundredths percent of compensation. Beginning on September 1, ~~2014,~~
3 ~~2017,~~ for the purpose of providing the funds to pay for formula
4 annuities, every employee shall be required to deposit in the
5 School Retirement Fund seven and twenty-eight hundredths percent of
6 compensation. Such deposits shall be transmitted at the same time
7 and in the same manner as required employer contributions.

8 (2) For the purpose of providing the funds to pay for
9 formula annuities, every employer shall be required to deposit
10 in the School Retirement Fund one hundred one percent of the
11 required contributions of the school employees of each employer.
12 Such deposits shall be transmitted to the retirement board at
13 the same time and in the same manner as such required employee
14 contributions.

15 (3) The employer shall pick up the member contributions
16 required by this section for all compensation paid on or after
17 January 1, 1986, and the contributions so picked up shall
18 be treated as employer contributions in determining federal tax
19 treatment under the Internal Revenue Code as defined in section
20 49-801.01, except that the employer shall continue to withhold
21 federal income taxes based upon these contributions until the
22 Internal Revenue Service or the federal courts rule that, pursuant
23 to section 414(h) of the code, these contributions shall not be
24 included as gross income of the member until such time as they
25 are distributed or made available. The employer shall pay these
26 member contributions from the same source of funds which is used
27 in paying earnings to the member. The employer shall pick up these

1 contributions by a compensation deduction through a reduction in
2 the cash compensation of the member. Member contributions picked
3 up shall be treated for all purposes of the School Employees
4 Retirement Act in the same manner and to the same extent as member
5 contributions made prior to the date picked up.

6 (4) The employer shall pick up the member contributions
7 made through irrevocable payroll deduction authorizations pursuant
8 to sections 79-921, 79-933.03 to 79-933.06, and 79-933.08, and
9 the contributions so picked up shall be treated as employer
10 contributions in the same manner as contributions picked up under
11 subsection (3) of this section.

12 Sec. 2. Section 79-966, Revised Statutes Cumulative
13 Supplement, 2010, is amended to read:

14 79-966 (1) On the basis of all data in the possession
15 of the retirement board, including such mortality and other tables
16 as are recommended by the actuary engaged by the retirement board
17 and adopted by the retirement board, the retirement board shall
18 annually, on or before July 1, determine the state deposit to be
19 made by the state in the School Retirement Fund for that fiscal
20 year. The amount of such state deposit shall be determined pursuant
21 to section 79-966.01. The retirement board shall thereupon certify
22 the amount of such state deposit, and on the warrant of the
23 Director of Administrative Services, the State Treasurer shall, as
24 of July 1 of such year, transfer from funds appropriated by the
25 state for that purpose to the School Retirement Fund the amount of
26 such state deposit.

27 (2) In addition to the state deposits required by

1 subsections (1) and (3) of this section, the state shall deposit
2 in the School Retirement Fund an amount equal to seven-tenths of
3 one percent of the compensation of all members of the retirement
4 system for each fiscal year on or after July 1, 1984, until July
5 1, 2009. For each fiscal year beginning July 1, 2009, until July
6 1, ~~2014~~, 2017, in addition to the state deposits required by
7 subsections (1) and (3) of this section, the state shall deposit
8 in the School Retirement Fund an amount equal to one percent of
9 the compensation of all members of the retirement system. For each
10 fiscal year beginning July 1, ~~2014~~, 2017, in addition to the state
11 deposits required by subsections (1) and (3) of this section, the
12 state shall deposit in the School Retirement Fund an amount equal
13 to seven-tenths of one percent of the compensation of all members
14 of the retirement system.

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

25 Sec. 3. Section 79-988.01, Reissue Revised Statutes of
26 Nebraska, is amended to read:

27 79-988.01 ~~is~~ Through the 2013-14 fiscal year, in addition

1 to the transfers pursuant to section 79-916, the state shall
2 transfer to the funds of each retirement system provided for in the
3 Class V School Employees Retirement Act an amount equal to 14.11604
4 percent of six million eight hundred ninety-five thousand dollars.

5 Sec. 4. Section 79-9,113, Revised Statutes Cumulative
6 Supplement, 2010, is amended to read:

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

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

1 shall be seven and three-tenths percent of the compensation paid
2 in each fiscal year. Commencing September 1, 2009, all employees
3 of the school district shall contribute an amount equal to the
4 membership contribution which shall be eight and three-tenths
5 percent of the compensation paid in each fiscal year. Commencing
6 September 1, 2011, all employees of the school district shall
7 contribute an amount equal to the membership contribution which
8 shall be nine and three-tenths percent of the compensation paid in
9 each fiscal year.

10 (b) The contributions by the school district in any
11 fiscal year beginning on or after September 1, 1999, shall be
12 the greater of (i) one hundred percent of the contributions by
13 the employees for such fiscal year or (ii) such amount as may be
14 necessary to maintain the solvency of the system, as determined
15 annually by the board upon recommendation of the actuary and the
16 trustees.

17 (c) The contributions by the school district in any
18 fiscal year beginning on or after September 1, 2007, shall be the
19 greater of (i) one hundred and one percent of the contributions
20 by the employees for such fiscal year or (ii) such amount as may
21 be necessary to maintain the solvency of the system, as determined
22 annually by the board upon recommendation of the actuary and the
23 trustees.

24 (d) The employee's contribution shall be made in the
25 form of a monthly deduction from compensation as provided in
26 subsection (2) of this section. Every employee who is a member of
27 the system shall be deemed to consent and agree to such deductions

1 and shall receipt in full for compensation, and payment to such
2 employee of compensation less such deduction shall constitute a
3 full and complete discharge of all claims and demands whatsoever
4 for services rendered by such employee during the period covered
5 by such payment except as to benefits provided under the Class V
6 School Employees Retirement Act.

7 (e) After September 1, 1963, and prior to September 1,
8 1969, all employees shall be credited with a membership service
9 annuity which shall be nine-tenths of one percent of salary or wage
10 covered by old age and survivors insurance and one and one-half
11 percent of salary or wages above that amount, except that those
12 employees who retire on or after August 31, 1969, shall be credited
13 with a membership service annuity which shall be one percent of
14 salary or wages covered by old age and survivors insurance and
15 one and sixty-five hundredths percent of salary or wages above
16 that amount for service performed after September 1, 1963, and
17 prior to September 1, 1969. Commencing September 1, 1969, all
18 employees shall be credited with a membership service annuity which
19 shall be one percent of the first seven thousand eight hundred
20 dollars of salary or wages earned by the employee during each
21 fiscal year and one and sixty-five hundredths percent of salary
22 or wages earned above that amount in the same fiscal year, except
23 that all employees retiring on or after August 31, 1976, shall be
24 credited with a membership service annuity which shall be one and
25 forty-four hundredths percent of the first seven thousand eight
26 hundred dollars of salary or wages earned by the employee during
27 such fiscal year and two and four-tenths percent of salary or wages

1 earned above that amount in the same fiscal year and the retirement
2 annuities of employees who have not retired prior to September 1,
3 1963, and who elected under the provisions of section 79-988 as
4 such section existed immediately prior to February 20, 1982, not
5 to become members of the system shall not be less than they would
6 have been had they remained under any preexisting system to date of
7 retirement.

8 (f) Members of this system having the service
9 qualifications of members of the School Retirement System of the
10 State of Nebraska, as provided by section 79-926, shall receive
11 the state service annuity provided by sections 79-933 to 79-935
12 and 79-951.

13 (2) The school district shall pick up the employee
14 contributions required by this section for all compensation paid
15 on or after January 1, 1985, and the contributions so picked up
16 shall be treated as employer contributions in determining federal
17 tax treatment under the Internal Revenue Code, except that the
18 school district shall continue to withhold federal income taxes
19 based upon these contributions until the Internal Revenue Service
20 or the federal courts rule that, pursuant to section 414(h)
21 of the Internal Revenue Code, these contributions shall not be
22 included as gross income of the employee until such time as
23 they are distributed or made available. The school district shall
24 pay these employee contributions from the same source of funds
25 which is used in paying earnings to the employee. The school
26 district shall pick up these contributions by a salary deduction
27 either through a reduction in the cash salary of the employee

1 or a combination of a reduction in salary and offset against a
2 future salary increase. Beginning September 1, 1995, the school
3 district shall also pick up any contributions required by sections
4 79-990, 79-991, and 79-992 which are made under an irrevocable
5 payroll deduction authorization between the member and the school
6 district, and the contributions so picked up shall be treated as
7 employer contributions in determining federal tax treatment under
8 the Internal Revenue Code, except that the school district shall
9 continue to withhold federal and state income taxes based upon
10 these contributions until the Internal Revenue Service rules that,
11 pursuant to section 414(h) of the Internal Revenue Code, these
12 contributions shall not be included as gross income of the employee
13 until such time as they are distributed from the system. Employee
14 contributions picked up shall be treated for all purposes of the
15 Class V School Employees Retirement Act in the same manner and to
16 the extent as employee contributions made prior to the date picked
17 up.

18 Sec. 5. Section 81-2017, Revised Statutes Cumulative
19 Supplement, 2010, is amended to read:

20 ~~81-2017 (1) Commencing July 1, 2005, and until July 1,~~
21 ~~2009, each officer while in the service of the Nebraska State~~
22 ~~Patrol shall pay or have paid on his or her behalf a sum equal~~
23 ~~to thirteen percent of his or her monthly compensation. Commencing~~
24 ~~July 1, 2009, and until July 1, 2010, each officer while in the~~
25 ~~service of the Nebraska State Patrol shall pay or have paid on~~
26 ~~his or her behalf a sum equal to fifteen percent of his or her~~
27 ~~monthly compensation. Commencing July 1, 2010, and until July 1,~~

1 2011, each officer while in the service of the Nebraska State
2 Patrol shall pay or have paid on his or her behalf a sum equal
3 to sixteen percent of his or her monthly compensation. Commencing
4 July 1, 2011, and until July 1, 2013, each officer while in the
5 service of the Nebraska State Patrol shall pay or have paid on
6 his or her behalf a sum equal to nineteen percent of his or her
7 monthly compensation. Commencing July 1, 2013, each officer while
8 in the service of the Nebraska State Patrol shall pay or have
9 paid on his or her behalf a sum equal to sixteen percent of
10 his or her monthly compensation. Such amounts shall be deducted
11 monthly by the Director of Administrative Services who shall draw
12 a warrant monthly in the amount of the total deductions from the
13 compensation of members of the Nebraska State Patrol in accordance
14 with subsection (4) of this section, and the State Treasurer shall
15 credit the amount of such warrant to the State Patrol Retirement
16 Fund. The director shall cause a detailed report of all monthly
17 deductions to be made each month to the board.

18 (2) In addition, ~~commencing July 1, 2005, and until July~~
19 ~~1, 2010, there shall be assessed against the appropriation of the~~
20 ~~Nebraska State Patrol a sum equal to the amount of fifteen percent~~
21 ~~of each officer's monthly compensation which shall be credited to~~
22 ~~the State Patrol Retirement Fund. Commencing commencing July 1,~~
23 ~~2010, and until July 1, 2011, there shall be assessed against~~
24 ~~the appropriation of the Nebraska State Patrol a sum equal to the~~
25 ~~amount of sixteen percent of each officer's monthly compensation~~
26 ~~which shall be credited to the State Patrol Retirement Fund.~~
27 Commencing July 1, 2011, and until July 1, 2013, there shall be

1 assessed against the appropriation of the Nebraska State Patrol
2 a sum equal to the amount of nineteen percent of each officer's
3 monthly compensation which shall be credited to the State Patrol
4 Retirement Fund. Commencing July 1, 2013, there shall be assessed
5 against the appropriation of the Nebraska State Patrol a sum
6 equal to the amount of sixteen percent of each officer's monthly
7 compensation which shall be credited to the State Patrol Retirement
8 Fund.

9 (3) For the fiscal year beginning on July 1, 2002,
10 and each fiscal year thereafter, the actuary for the board shall
11 perform an actuarial valuation of the system using the entry
12 age actuarial cost method. Under this method, the actuarially
13 required funding rate is equal to the normal cost rate, plus
14 the contribution rate necessary to amortize the unfunded actuarial
15 accrued liability on a level payment basis. The normal cost under
16 this method shall be determined for each individual member on
17 a level percentage of salary basis. The normal cost amount is
18 then summed for all members. Beginning July 1, 2006, any existing
19 unfunded liabilities shall be reinitialized and amortized over a
20 thirty-year period, and during each subsequent actuarial valuation,
21 changes in the funded actuarial accrued liability due to changes
22 in benefits, actuarial assumptions, the asset valuation method, or
23 actuarial gains or losses shall be measured and amortized over
24 a thirty-year period beginning on the valuation date of such
25 change. If the unfunded actuarial accrued liability under the
26 entry age actuarial cost method is zero or less than zero on
27 an actuarial valuation date, then all prior unfunded actuarial

1 accrued liabilities shall be considered fully funded and the
2 unfunded actuarial accrued liability shall be reinitialized and
3 amortized over a thirty-year period as of the actuarial valuation
4 date. If the actuarially required contribution rate exceeds the
5 rate of all contributions required pursuant to the Nebraska State
6 Patrol Retirement Act, there shall be a supplemental appropriation
7 sufficient to pay for the differences between the actuarially
8 required contribution rate and the rate of all contributions
9 required pursuant to the Nebraska State Patrol Retirement Act.
10 Such valuation shall be on the basis of actuarial assumptions
11 recommended by the actuary, approved by the board, and kept on file
12 with the board.

13 (4) The state shall pick up the member contributions
14 required by this section for all compensation paid on or after
15 January 1, 1985, and the contributions so picked up shall
16 be treated as employer contributions in determining federal tax
17 treatment under the Internal Revenue Code as defined in section
18 49-801.01, except that the state shall continue to withhold federal
19 income taxes based upon these contributions until the Internal
20 Revenue Service or the federal courts rule that, pursuant to
21 section 414(h) of the code, these contributions shall not be
22 included as gross income of the member until such time as they
23 are distributed or made available. The state shall pay these
24 member contributions from the same source of funds which is used
25 in paying earnings to the member. The state shall pick up these
26 contributions by a compensation deduction through a reduction in
27 the cash compensation of the member. Member contributions picked

1 up shall be treated for all purposes of the Nebraska State Patrol
2 Retirement Act in the same manner and to the extent as member
3 contributions made prior to the date picked up.

4 Sec. 6. Original section 79-988.01, Reissue Revised
5 Statutes of Nebraska, and sections 79-958, 79-966, 79-9,113,
6 and 81-2017, Revised Statutes Cumulative Supplement, 2010, are
7 repealed.

8 Sec. 7. Since an emergency exists, this act takes effect
9 when passed and approved according to law.