

One Hundred Second Legislature - First Session - 2011

Introducer's Statement of Intent

LB680

Chairperson: Senator Jeremy Nordquist

Committee: Nebraska Retirement Systems

Date of Hearing: March 01, 2011

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 680 creates the School Employees Cash Balance Plan for new school employees hired after July 1, 2011. The provisions of the School Employees Cash Balance Plan are similar to the State Employees Cash Balance Plan. Member contribution rates are set at 4.8% of compensation, with an employer (school district) match of 156%. The contribution rates are identical to the employee and employer contribution rates under the State Employees Retirement Plan.

Under LB 680, School Employees Cash Balance Plan members are assured an interest credit rate of the greater of 5% or the applicable federal mid-term rate plus 1.5%, the same benefit provided to state employees in the State Employees Cash Balance Plan. The bill provides that school employee members would vest after 5 years of service, which is the same as the current vesting period under the School Employees Retirement Act.

Current members of the School Employees Retirement defined benefit plan would retain all rights and benefits and continue existing contribution rates as specified in the School Employees Retirement Act.

Principal Introducer: _____

Senator Lavon Heidemann