

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 468**

Introduced by Nordquist, 7.

Read first time January 20, 2015

Committee: Nebraska Retirement Systems

1 A BILL FOR AN ACT relating to the Judges Retirement Act; to amend  
2 sections 24-701, 24-701.01, 24-703, and 24-710.13, Revised Statutes  
3 Cumulative Supplement, 2014; to redefine a term; to change cost-of-  
4 living adjustments for judges as prescribed; to change provisions  
5 relating to contributions by judges; to harmonize provisions; to  
6 repeal the original sections; and to declare an emergency.

7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 24-701, Revised Statutes Cumulative Supplement,  
2 2014, is amended to read:

3 24-701 For purposes of the Judges Retirement Act, unless the context  
4 otherwise requires:

5 (1) Fund means the Nebraska Retirement Fund for Judges;

6 (2) Judge means and includes (a) all duly elected or appointed Chief  
7 Justices or judges of the Supreme Court and judges of the district courts  
8 of Nebraska who serve in such capacity on and after January 3, 1957, (b)  
9 (i) all duly appointed judges of the Nebraska Workmen's Compensation  
10 Court who served in such capacity on and after September 20, 1957, and  
11 prior to July 17, 1986, and (ii) judges of the Nebraska Workers'  
12 Compensation Court who serve in such capacity on and after July 17, 1986,  
13 (c) judges of separate juvenile courts, (d) judges of the county courts  
14 of the respective counties who serve in such capacity on and after  
15 January 5, 1961, (e) judges of the county court and clerk magistrates who  
16 were associate county judges and members of the fund at the time of their  
17 appointment as clerk magistrates, (f) judges of municipal courts  
18 established by Chapter 26, article 1, who served in such capacity on and  
19 after October 23, 1967, and prior to July 1, 1985, and (g) judges of the  
20 Court of Appeals;

21 (3) Prior service means all the periods of time any person has  
22 served as a (a) judge of the Supreme Court or judge of the district court  
23 prior to January 3, 1957, (b) judge of the county court prior to January  
24 5, 1961, (c) judge of the Nebraska Workmen's Compensation Court prior to  
25 September 20, 1957, (d) judge of the separate juvenile court, or (e)  
26 judge of the municipal court prior to October 23, 1967;

27 (4)(a) Current service means the period of service (i) any judge of  
28 the Supreme Court or judge of the district court serves in such capacity  
29 from and after January 3, 1957, (ii)(A) any judge of the Nebraska  
30 Workmen's Compensation Court served in such capacity from and after  
31 September 20, 1957, and prior to July 17, 1986, and (B) any judge of the

1 Nebraska Workers' Compensation Court serves in such capacity on and after  
2 July 17, 1986, (iii) any county judge serves in such capacity from and  
3 after January 5, 1961, (iv) any judge of a separate juvenile court serves  
4 in such capacity, (v) any judge of the municipal court served in such  
5 capacity subsequent to October 23, 1967, and prior to July 1, 1985, (vi)  
6 any judge of the county court or associate county judge serves in such  
7 capacity subsequent to January 4, 1973, (vii) any clerk magistrate, who  
8 was an associate county judge and a member of the fund at the time of  
9 appointment as a clerk magistrate, serves in such capacity from and after  
10 July 1, 1986, and (viii) any judge of the Court of Appeals serves in such  
11 capacity on or after September 6, 1991.

12 (b) Current service shall not be deemed to be interrupted by (i)  
13 temporary or seasonal suspension of service that does not terminate the  
14 employee's employment, (ii) leave of absence authorized by the employer  
15 for a period not exceeding twelve months, (iii) leave of absence because  
16 of disability, or (iv) military service, when properly authorized by the  
17 board. Current service does not include any period of disability for  
18 which disability retirement benefits are received under section 24-709;

19 (5) Military service means active service of (a) any judge of the  
20 Supreme Court or judge of the district court in any of the armed forces  
21 of the United States during a war or national emergency prior or  
22 subsequent to September 18, 1955, if such service commenced while such  
23 judge was holding the office of judge, (b) any judge of the Nebraska  
24 Workmen's Compensation Court or the Nebraska Workers' Compensation Court  
25 in any of the armed forces of the United States during a war or national  
26 emergency prior or subsequent to September 20, 1957, if such service  
27 commenced while such judge was holding the office of judge, (c) any judge  
28 of the municipal court in any of the armed forces of the United States  
29 during a war or national emergency prior or subsequent to October 23,  
30 1967, and prior to July 1, 1985, if such service commenced while such  
31 judge was holding the office of judge, (d) any judge of the county court

1 or associate county judge in any of the armed forces of the United States  
2 during a war or national emergency prior or subsequent to January 4,  
3 1973, if such service commenced while such judge was holding the office  
4 of judge, (e) any clerk magistrate, who was an associate county judge and  
5 a member of the fund at the time of appointment as a clerk magistrate, in  
6 any of the armed forces of the United States during a war or national  
7 emergency on or after July 1, 1986, if such service commenced while such  
8 clerk magistrate was holding the office of clerk magistrate, and (f) any  
9 judge of the Court of Appeals in any of the armed forces of the United  
10 States during a war or national emergency on or after September 6, 1991,  
11 if such service commenced while such judge was holding the office of  
12 judge. The board shall have the power to determine when a national  
13 emergency exists or has existed for the purpose of applying this  
14 definition and provision;

15 (6) Creditable service means the total number of years served as a  
16 judge, including prior service, military service, and current service,  
17 computed to the nearest one-twelfth year. For current service prior to  
18 the time that the member has contributed the required percentage of  
19 salary until the maximum benefit as limited by section 24-710 has been  
20 earned, creditable service does not include current service for which  
21 member contributions are not made or are withdrawn and not repaid;

22 (7)(a) Compensation means the statutory salary of a judge or the  
23 salary being received by such judge pursuant to law. Compensation does  
24 not include compensation for unused sick leave or unused vacation leave  
25 converted to cash payments, insurance premiums converted into cash  
26 payments, reimbursement for expenses incurred, fringe benefits, per  
27 diems, or bonuses for services not actually rendered, including, but not  
28 limited to, early retirement inducements, cash awards, and severance pay,  
29 except for retroactive salary payments paid pursuant to court order,  
30 arbitration, or litigation and grievance settlements. Compensation  
31 includes overtime pay, member retirement contributions, and amounts

1 contributed by the member to plans under sections 125 and 457 of the  
2 Internal Revenue Code as defined in section 49-801.01 or any other  
3 section of the code which defers or excludes such amounts from income.

4 (b) Compensation in excess of the limitations set forth in section  
5 401(a)(17) of the Internal Revenue Code as defined in section 49-801.01  
6 shall be disregarded. For an employee who was a member of the retirement  
7 system before the first plan year beginning after December 31, 1995, the  
8 limitation on compensation shall not be less than the amount which was  
9 allowed to be taken into account under the retirement system as in effect  
10 on July 1, 1993;

11 (8) Beneficiary means a person so designated by a judge in the last  
12 designation of beneficiary on file with the board or, if no designated  
13 person survives or if no designation is on file, the estate of such  
14 judge;

15 (9) Normal form annuity means a series of equal monthly payments  
16 payable at the end of each calendar month during the life of a retired  
17 judge as provided in sections 24-707 and 24-710, except as provided in  
18 section 42-1107. The first payment shall include all amounts accrued  
19 since the effective date of the award of the annuity. The last payment  
20 shall be at the end of the calendar month in which such judge dies. If at  
21 the time of death the amount of annuity payments such judge has received  
22 is less than contributions to the fund made by such judge, plus regular  
23 interest, the difference shall be paid to the beneficiary or estate;

24 (10) Board means the Public Employees Retirement Board;

25 (11) Member means a judge eligible to participate in the retirement  
26 system established under the Judges Retirement Act;

27 (12) Original member means a judge who first served as a judge prior  
28 to December 25, 1969, who does not elect to become a future member  
29 pursuant to subsection (8) of section 24-703 or section 24-710.01, and  
30 who was retired on or before December 31, 1992;

31 (13) Future member means a judge who first served as a judge on or

1 after December 25, 1969, or means a judge who first served as a judge  
2 prior to December 25, 1969, who elects to become a future member on or  
3 before June 30, 1970, as provided in subsection (8) of section 24-703 or  
4 section 24-710.01;

5 (14) Final average compensation for a judge who becomes a member  
6 prior to July 1, 2015, means the average monthly compensation for the  
7 three twelve-month periods of service as a judge in which compensation  
8 was the greatest or, in the event of a judge serving less than three  
9 twelve-month periods, the average monthly compensation for such judge's  
10 period of service. Final average compensation for a judge who becomes a  
11 member on and after July 1, 2015, means the average monthly compensation  
12 for the five twelve-month periods of service as a judge in which  
13 compensation was the greatest or, in the event of a judge serving less  
14 than five twelve-month periods, the average monthly compensation for such  
15 judge's period of service;

16 (15) Regular interest means interest fixed at a rate equal to the  
17 daily treasury yield curve for one-year treasury securities, as published  
18 by the Secretary of the Treasury of the United States, that applies on  
19 July 1 of each year, which may be credited monthly, quarterly,  
20 semiannually, or annually as the board may direct;

21 (16) Normal retirement date means the first day of the month  
22 following attainment of age sixty-five;

23 (17) Actuarial equivalence means the equality in value of the  
24 aggregate amounts expected to be received under different forms of  
25 payment. The determinations are to be based on the 1994 Group Annuity  
26 Mortality Table reflecting sex-distinct factors blended using seventy-  
27 five percent of the male table and twenty-five percent of the female  
28 table. An interest rate of eight percent per annum shall be reflected in  
29 making these determinations;

30 (18) Current benefit means the initial benefit increased by all  
31 adjustments made pursuant to the Judges Retirement Act;

1           (19) Initial benefit means the retirement benefit calculated at the  
2 time of retirement;

3           (20) Plan year means the twelve-month period beginning on July 1 and  
4 ending on June 30 of the following year;

5           (21) Retirement application means the form approved and provided by  
6 the retirement system for acceptance of a member's request for either  
7 regular or disability retirement;

8           (22) Retirement date means (a) the first day of the month following  
9 the date upon which a member's request for retirement is received on a  
10 retirement application if the member is eligible for retirement and has  
11 terminated employment or (b) the first day of the month following  
12 termination of employment if the member is eligible for retirement and  
13 has filed an application but has not yet terminated employment;

14           (23) Retirement system or system means the Nebraska Judges  
15 Retirement System as provided in the Judges Retirement Act;

16           (24) Surviving spouse means (a) the spouse married to the member on  
17 the date of the member's death or (b) the spouse or former spouse of the  
18 member if survivorship rights are provided under a qualified domestic  
19 relations order filed with the board pursuant to the Spousal Pension  
20 Rights Act. The spouse or former spouse shall supersede the spouse  
21 married to the member on the date of the member's death as provided under  
22 a qualified domestic relations order. If the benefits payable to the  
23 spouse or former spouse under the qualified domestic relations order are  
24 less than the value of benefits entitled to the surviving spouse, the  
25 spouse married to the member on the date of the member's death shall be  
26 the surviving spouse for the balance of the benefits; and

27           (25) Termination of employment occurs on the date on which the State  
28 Court Administrator's office determines that the judge's employer-  
29 employee relationship with the State of Nebraska is dissolved. The State  
30 Court Administrator's office shall notify the board of the date on which  
31 such a termination has occurred. Termination of employment does not

1 include ceasing employment as a judge if the judge returns to regular  
2 employment as a judge or is employed on a regular basis by another agency  
3 of the State of Nebraska and there are less than one hundred twenty days  
4 between the date when the judge's employer-employee relationship ceased  
5 and the date when the employer-employee relationship recommences. It is  
6 the responsibility of the employer that is involved in the termination of  
7 employment to notify the board of such change in employment and provide  
8 the board with such information as the board deems necessary. If the  
9 board determines that termination of employment has not occurred and a  
10 retirement benefit has been paid to a member of the retirement system  
11 pursuant to section 24-710, the board shall require the member who has  
12 received such benefit to repay the benefit to the retirement system.

13 Sec. 2. Section 24-701.01, Revised Statutes Cumulative Supplement,  
14 2014, is amended to read:

15 24-701.01 Sections 24-701 to 24-714 and section 5 of this act shall  
16 be known and may be cited as the Judges Retirement Act.

17 Sec. 3. Section 24-703, Revised Statutes Cumulative Supplement,  
18 2014, is amended to read:

19 24-703 (1) Each original member shall contribute monthly four  
20 percent of his or her monthly compensation to the fund until the maximum  
21 benefit as limited in subsection (1) of section 24-710 has been earned.  
22 It shall be the duty of the Director of Administrative Services in  
23 accordance with subsection (10) of this section to make a deduction of  
24 four percent on the monthly payroll of each original member who is a  
25 judge of the Supreme Court, a judge of the Court of Appeals, a judge of  
26 the district court, a judge of a separate juvenile court, a judge of the  
27 county court, a clerk magistrate of the county court who was an associate  
28 county judge and a member of the fund at the time of his or her  
29 appointment as a clerk magistrate, or a judge of the Nebraska Workers'  
30 Compensation Court showing the amount to be deducted and its credit to  
31 the fund. The Director of Administrative Services and the State Treasurer



1 shall credit the four percent as shown on the payroll and the amounts  
2 received from the various counties to the fund and remit the same to the  
3 director in charge of the judges retirement system who shall keep an  
4 accurate record of the contributions of each judge.

5 (2)(a) In addition to the contribution required under subdivision  
6 (c) of this subsection, beginning on July 1, 2004, each future member who  
7 became a member prior to July 1, 2015, and who has not elected to make  
8 contributions and receive benefits as provided in section 24-703.03 shall  
9 contribute monthly six percent of his or her monthly compensation to the  
10 fund until the maximum benefit as limited in subsection (2) of section  
11 24-710 has been earned. After the maximum benefit as limited in  
12 subsection (2) of section 24-710 has been earned, such future member  
13 shall make no further contributions to the fund, except that (i) any time  
14 the maximum benefit is changed, a future member who has previously earned  
15 the maximum benefit as it existed prior to the change shall contribute  
16 monthly six percent of his or her monthly compensation to the fund until  
17 the maximum benefit as changed and as limited in subsection (2) of  
18 section 24-710 has been earned and (ii) such future member shall continue  
19 to make the contribution required under subdivision (c) of this  
20 subsection.

21 (b) In addition to the contribution required under subdivision (c)  
22 of this subsection, beginning on July 1, 2004, a judge who first serves  
23 as a judge on or after such date or a future member who became a member  
24 prior to July 1, 2015, and who elects to make contributions and receive  
25 benefits as provided in section 24-703.03 shall contribute monthly eight  
26 percent of his or her monthly compensation to the fund until the maximum  
27 benefit as limited by subsection (2) of section 24-710 has been earned.  
28 In addition to the contribution required under subdivision (c) of this  
29 subsection, after the maximum benefit as limited in subsection (2) of  
30 section 24-710 has been earned, such judge or future member shall  
31 contribute monthly four percent of his or her monthly compensation to the

1 fund for the remainder of his or her active service.

2 (c) Beginning on July 1, 2009, a member or judge described in  
3 subdivisions (a) and (b) of this subsection shall contribute monthly an  
4 additional one percent of his or her monthly compensation to the fund.

5 (d) Beginning on July 1, 2015, (i) a future member who has not  
6 elected to make contributions and receive benefits as provided in section  
7 24-703.03 shall contribute monthly seven percent of his or her monthly  
8 compensation to the fund and (ii) a future member who elects to make  
9 contributions and receive benefits as provided in section 24-703.03 shall  
10 contribute monthly nine percent of his or her monthly compensation to the  
11 fund.

12 (e d) It shall be the duty of the Director of Administrative  
13 Services to make a deduction on the monthly payroll of each such future  
14 member who is a judge of the Supreme Court, a judge of the Court of  
15 Appeals, a judge of the district court, a judge of a separate juvenile  
16 court, a judge of the county court, a clerk magistrate of the county  
17 court who was an associate county judge and a member of the fund at the  
18 time of his or her appointment as a clerk magistrate, or a judge of the  
19 Nebraska Workers' Compensation Court showing the amount to be deducted  
20 and its credit to the fund. This shall be done each month. The Director  
21 of Administrative Services and the State Treasurer shall credit the  
22 amount as shown on the payroll and the amounts received from the various  
23 counties to the fund and remit the same to the director in charge of the  
24 judges retirement system who shall keep an accurate record of the  
25 contributions of each judge.

26 (3) Except as otherwise provided in this subsection, a Nebraska  
27 Retirement Fund for Judges fee of six dollars shall be taxed as costs in  
28 each (a) civil cause of action, criminal cause of action, traffic  
29 misdemeanor or infraction, and city or village ordinance violation filed  
30 in the district courts, the county courts, and the separate juvenile  
31 courts, (b) filing in the district court of an order, award, or judgment

1 of the Nebraska Workers' Compensation Court or any judge thereof pursuant  
2 to section 48-188, (c) appeal or other proceeding filed in the Court of  
3 Appeals, and (d) original action, appeal, or other proceeding filed in  
4 the Supreme Court. In county courts a sum shall be charged which is equal  
5 to ten percent of each fee provided by sections 33-125, 33-126.02,  
6 33-126.03, and 33-126.06, rounded to the nearest even dollar. No judges  
7 retirement fee shall be charged for filing a report pursuant to sections  
8 33-126.02 and 33-126.06. When collected by the clerk of the district or  
9 county court, such fees shall be paid and information submitted to the  
10 director in charge of the judges retirement system on forms prescribed by  
11 the board by the clerk within ten days after the close of each calendar  
12 quarter. The board may charge a late administrative processing fee not to  
13 exceed twenty-five dollars if the information is not timely received or  
14 the money is delinquent. In addition, the board may charge a late fee of  
15 thirty-eight thousandths of one percent of the amount required to be  
16 submitted pursuant to this section for each day such amount has not been  
17 received. Such director shall promptly thereafter remit the same to the  
18 State Treasurer for credit to the fund. No Nebraska Retirement Fund for  
19 Judges fee which is uncollectible for any reason shall be waived by a  
20 county judge as provided in section 29-2709.

21 (4) All expenditures from the fund shall be authorized by voucher in  
22 the manner prescribed in section 24-713. The fund shall be used for the  
23 payment of all annuities and other benefits and for the expenses of  
24 administration.

25 (5) The fund shall consist of the total fund as of December 25,  
26 1969, the contributions of members as provided in this section, all  
27 supplementary court fees as provided in subsection (3) of this section,  
28 and any required contributions of the state.

29 (6) Not later than January 1 of each year, the State Treasurer shall  
30 transfer to the fund the amount certified by the board as being necessary  
31 to pay the cost of any benefits accrued during the fiscal year ending the

1 previous June 30 in excess of member contributions for that fiscal year  
2 and court fees as provided in subsection (3) of this section and fees  
3 pursuant to sections 25-2804, 33-103, 33-103.01, 33-106, 33-106.02,  
4 33-123, 33-125, 33-126.02, 33-126.03, and 33-126.06 and directed to be  
5 remitted to the fund, if any, for that fiscal year plus any required  
6 contributions of the state as provided in subsection (9) of this section.

7 (7) Benefits under the retirement system to members or to their  
8 beneficiaries shall be paid from the fund.

9 (8) Any member who is making contributions to the fund on December  
10 25, 1969, may, on or before June 30, 1970, elect to become a future  
11 member by delivering written notice of such election to the board.

12 (9) Not later than January 1 of each year, the State Treasurer shall  
13 transfer to the fund an amount, determined on the basis of an actuarial  
14 valuation as of the previous June 30 and certified by the board, to fully  
15 fund the unfunded accrued liabilities of the retirement system as of June  
16 30, 1988, by level payments up to January 1, 2000. Such valuation shall  
17 be on the basis of actuarial assumptions recommended by the actuary,  
18 approved by the board, and kept on file with the board. For the fiscal  
19 year beginning July 1, 2013, and each fiscal year thereafter, the actuary  
20 for the board shall perform an actuarial valuation of the system using  
21 the entry age actuarial cost method. Under this method, the actuarially  
22 required funding rate is equal to the normal cost rate, plus the  
23 contribution rate necessary to amortize the unfunded actuarial accrued  
24 liability on a level percentage of salary basis. The normal cost under  
25 this method shall be determined for each individual member on a level  
26 percentage of salary basis. The normal cost amount is then summed for all  
27 members. Beginning July 1, 2006, any existing unfunded liabilities shall  
28 be reinitialized and amortized over a thirty-year period, and during each  
29 subsequent actuarial valuation, changes in the funded actuarial accrued  
30 liability due to changes in benefits, actuarial assumptions, the asset  
31 valuation method, or actuarial gains or losses shall be measured and

1 amortized over a thirty-year period beginning on the valuation date of  
2 such change. If the unfunded actuarial accrued liability under the entry  
3 age actuarial cost method is zero or less than zero on an actuarial  
4 valuation date, then all prior unfunded actuarial accrued liabilities  
5 shall be considered fully funded and the unfunded actuarial accrued  
6 liability shall be reinitialized and amortized over a thirty-year period  
7 as of the actuarial valuation date. If the actuarially required  
8 contribution rate exceeds the rate of all contributions required pursuant  
9 to the Judges Retirement Act, there shall be a supplemental appropriation  
10 sufficient to pay for the differences between the actuarially required  
11 contribution rate and the rate of all contributions required pursuant to  
12 the Judges Retirement Act.

13 (10) The state or county shall pick up the member contributions  
14 required by this section for all compensation paid on or after January 1,  
15 1985, and the contributions so picked up shall be treated as employer  
16 contributions pursuant to section 414(h)(2) of the Internal Revenue Code  
17 in determining federal tax treatment under the code and shall not be  
18 included as gross income of the member until such time as they are  
19 distributed or made available. The contributions, although designated as  
20 member contributions, shall be paid by the state or county in lieu of  
21 member contributions. The state or county shall pay these member  
22 contributions from the same source of funds which is used in paying  
23 earnings to the member. The state or county shall pick up these  
24 contributions by a compensation deduction through a reduction in the  
25 compensation of the member. Member contributions picked up shall be  
26 treated for all purposes of the Judges Retirement Act in the same manner  
27 and to the extent as member contributions made prior to the date picked  
28 up.

29 Sec. 4. Section 24-710.13, Revised Statutes Cumulative Supplement,  
30 2014, is amended to read:

31 24-710.13 On July 1 of each year, the judges who became members

1 prior to July 1, 2015:

2 (1) ~~The Beginning July 1, 2011, and each July 1 thereafter,~~ the  
3 board shall determine the number of retired members or beneficiaries  
4 described in subdivision (4)(b) of this section in the retirement system  
5 and an annual benefit adjustment shall be made by the board for each  
6 retired member or beneficiary under one of the cost-of-living adjustment  
7 calculation methods found in subdivision ~~subsection~~ (2), (3), or (4) of  
8 this section. Each retired member or beneficiary, if eligible, shall  
9 receive an annual benefit adjustment under the cost-of-living adjustment  
10 calculation method that provides the retired member or beneficiary the  
11 greatest annual benefit adjustment increase. No retired member or  
12 beneficiary shall receive an annual benefit adjustment under more than  
13 one of the cost-of-living adjustment calculation methods provided in this  
14 section; -

15 (2) The current benefit paid to a retired member or beneficiary  
16 under this subdivision ~~subsection~~ shall be adjusted so that the  
17 purchasing power of the benefit being paid is not less than seventy-five  
18 percent of the purchasing power of the initial benefit. The purchasing  
19 power of the initial benefit in any year following the year in which the  
20 initial benefit commenced shall be calculated by dividing the United  
21 States Department of Labor, Bureau of Labor Statistics, Consumer Price  
22 Index for Urban Wage Earners and Clerical Workers factor on June 30 of  
23 the current year by the Consumer Price Index for Urban Wage Earners and  
24 Clerical Workers factor on June 30 of the year in which the benefit  
25 commenced. The result shall be multiplied by the product that results  
26 when the amount of the initial benefit is multiplied by seventy-five  
27 percent. In any year in which applying the adjustment provided in  
28 subdivision ~~subsection~~ (3) of this section results in a benefit which  
29 would be less than seventy-five percent of the purchasing power of the  
30 initial benefit as calculated in this subdivision ~~subsection~~, the  
31 adjustment shall instead be equal to the percentage change in the

1 Consumer Price Index for Urban Wage Earners and Clerical Workers factor  
2 from the prior year to the current year; -

3 (3) The current benefit paid to a retired member or beneficiary  
4 under this subdivision ~~subsection~~ shall be increased annually by the  
5 lesser of (a) the percentage change in the Consumer Price Index for Urban  
6 Wage Earners and Clerical Workers for the period between June 30 of the  
7 prior year to June 30 of the present year or (b) two and one-half  
8 percent; -

9 (4)(a) The current benefit paid to a retired member or beneficiary  
10 under this subdivision ~~subsection~~ shall be calculated by multiplying the  
11 retired member's or beneficiary's total monthly benefit by the lesser of  
12 (i) the cumulative change in the Consumer Price Index for Urban Wage  
13 Earners and Clerical Workers from the last adjustment of the total  
14 monthly benefit of each retired member or beneficiary through June 30 of  
15 the year for which the annual benefit adjustment is being calculated or  
16 (ii) an amount equal to three percent per annum compounded for the period  
17 from the last adjustment of the total monthly benefit of each retired  
18 member or beneficiary through June 30 of the year for which the annual  
19 benefit adjustment is being calculated.

20 (b) In order for a retired member or beneficiary to receive the  
21 cost-of-living adjustment calculation method provided in this subdivision  
22 ~~subsection~~, the retired member or beneficiary shall be (i) a retired  
23 member or beneficiary who has been receiving a retirement benefit for at  
24 least five years if the member had at least twenty-five years of  
25 creditable service, (ii) a member who has been receiving a disability  
26 retirement benefit for at least five years pursuant to section 24-709, or  
27 (iii) a beneficiary who has been receiving a death benefit pursuant to  
28 section 24-707 or 24-707.01 for at least five years, if the member's or  
29 beneficiary's monthly accrual rate is less than or equal to the minimum  
30 accrual rate as determined by this subdivision ~~subsection~~.

31 (c) The monthly accrual rate under this subdivision ~~subsection~~ is

1 the retired member's or beneficiary's total monthly benefit divided by  
2 the number of years of creditable service earned by the retired or  
3 deceased member.

4 (d) The total monthly benefit under this subdivision ~~subsection~~ is  
5 the total benefit received by a retired member or beneficiary pursuant to  
6 the Judges Retirement Act and previous adjustments made pursuant to this  
7 section or any other provision of the act that grants a benefit or cost-  
8 of-living increase, but the total monthly benefit shall not include sums  
9 received by an eligible retired member or eligible beneficiary from  
10 federal sources.

11 (e) ~~The Beginning July 1, 2010, the minimum accrual rate under this~~  
12 ~~subsection was forty-six dollars and eighty-five cents. Beginning July 1,~~  
13 ~~2011, the minimum accrual rate under this subsection was forty-eight~~  
14 ~~dollars and seventy-five cents. Beginning July 1, 2012, the minimum~~  
15 ~~accrual rate under this subsection was forty-nine dollars and fifty-two~~  
16 ~~cents. Beginning July 1, 2013, the board shall annually adjust the~~  
17 minimum accrual rate to reflect the cumulative percentage change in the  
18 Consumer Price Index for Urban Wage Earners and Clerical Workers from the  
19 last adjustment of the minimum accrual rate; -

20 (5) ~~On July 1 each year Beginning July 1, 2011, and each July 1~~  
21 ~~thereafter~~, each retired member or beneficiary shall receive the sum of  
22 the annual benefit adjustment and such retiree's total monthly benefit  
23 less withholding, which sum shall be the retired member's or  
24 beneficiary's adjusted total monthly benefit. Each retired member or  
25 beneficiary shall receive the adjusted total monthly benefit until the  
26 expiration of the annuity option selected by the member or until the  
27 retired member or beneficiary again qualifies for the annual benefit  
28 adjustment, whichever occurs first; -

29 (6) The annual benefit adjustment pursuant to this section shall not  
30 cause a current benefit to be reduced, and a retired member or  
31 beneficiary shall never receive less than the adjusted total monthly



1 benefit until the annuity option selected by the member expires; and -

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

12 Sec. 5. On July 1 of each year, for judges who became members on or  
13 after July 1, 2015:

14 (1)(a) The board shall determine the number of retired members or  
15 beneficiaries in the retirement system and an annual benefit adjustment  
16 shall be made by the board for each retired member or beneficiary. Except  
17 as provided in subdivision (1)(b) of this section, the benefit paid to a  
18 retired member or beneficiary under this section shall be increased  
19 annually by the lesser of (i) the percentage change in the Consumer Price  
20 Index for Urban Wage Earners and Clerical Workers for the period between  
21 June 30 of the prior year to June 30 of the present year or (ii) one  
22 percent.

23 (b) If the unfunded accrued actuarial liability under the entry age  
24 actuarial cost method is less than zero on an actuarial valuation date,  
25 and on the basis of all data in the possession of the retirement board,  
26 including such mortality and other tables as are recommended by the  
27 actuary engaged by the retirement board and adopted by the retirement  
28 board, the retirement board may elect to increase the cost-of-living  
29 adjustment for all members to a maximum of two and one-half percent as  
30 long as it would not increase the actuarial contribution rate above  
31 ninety percent of the actual contribution rate;

1       (2) Each retired member or beneficiary shall receive the sum of the  
2 annual benefit adjustment and such retiree's total monthly benefit less  
3 withholding, which sum shall be the retired member's or beneficiary's  
4 adjusted total monthly benefit. Each retired member or beneficiary shall  
5 receive the adjusted total monthly benefit until the expiration of the  
6 annuity option selected by the member or until the retired member or  
7 beneficiary again qualifies for the annual benefit adjustment, whichever  
8 occurs first;

9       (3) The annual benefit adjustment pursuant to this section shall not  
10 cause a current benefit to be reduced, and a retired member or  
11 beneficiary shall never receive less than the adjusted total monthly  
12 benefit until the annuity option selected by the member expires; and

13       (4) The board shall adjust the annual benefit adjustment provided in  
14 this section so that the cost-of-living adjustment provided to the  
15 retired member or beneficiary at the time of the annual benefit  
16 adjustment does not exceed the change in the Consumer Price Index for  
17 Urban Wage Earners and Clerical Workers for the period between June 30 of  
18 the prior year to June 30 of the present year. If the consumer price  
19 index used in this section is discontinued or replaced, a substitute  
20 index published by the United States Department of Labor shall be  
21 selected by the board which shall be a reasonable representative  
22 measurement of the cost-of-living for retired employees.

23       Sec. 6. Original sections 24-701, 24-701.01, 24-703, and 24-710.13,  
24 Revised Statutes Cumulative Supplement, 2014, are repealed.

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