

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

[LB446 LB484]

The Committee on Nebraska Retirement Systems met at 12:00 p.m. on Thursday, January 29, 2015, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB446 and LB484. Senators present: Jeremy Nordquist, Chairperson; Mike Groene; Rick Kolowski; Mark Kolterman; and Heath Mello. Senators absent: Al Davis, Vice Chairperson.

SENATOR NORDQUIST: Good afternoon, everyone. I'm State Senator Jeremy Nordquist from District 7 in downtown and south Omaha and pleased to welcome you to the Retirement Systems Committee. Today we'll be hearing two bills, LB446 and LB484. Just a few housekeeping items. Please silence your cell phones. If you're going to testify, there are testifier sheets in the back by the doors. Please complete those and submit them to the committee clerk. When you're testifying, please state and spell your name for the record. Joining us, members of the committee today are Senator Groene, from District 42; Senator Kolowski, from District 31; Senator Davis probably will not be able to join us; Senator Mello, from District 5; Senator Kolterman I think will be on his way. To my left is our committee counsel, Kate Allen. And to my far right, committee clerk, Laurie Vollertsen. Both of the bills today will be mine, so I will turn it over. We have the privilege today to see a great committee chairman, Senator Mello, from the Appropriations Chairman will conduct our hearings today. So thank you.

SENATOR MELLO: Good afternoon, Senator Nordquist. [LB446]

SENATOR NORDQUIST: Thank you. Senator Mello and members of the Retirement Committee, I'm State Senator Jeremy Nordquist in District 7 in downtown and south Omaha. First bill today is LB446. LB446 changes the definition of compensation in the Class V School Employees Retirement plan so it is the same definition as that of compensation in the state School Employees Retirement plan. Just to remind you, Class V School Employees Retirement plan is specifically for Omaha Public Schools. It's often referred to as OSERS, the Omaha School Employees Retirement plan. It adds a new capping requirement to the Class V School Employees Retirement Act. Capping is a mechanism that has been in place in the school employee's plan since 2005. The capping measure is intended to address what is commonly referred to as salary spiking in anticipation of termination for purposes of retirement. For Class V school members whose retirement date is on or after July 1, 2016, the portion of a member's compensation in a plan year that exceeds the compensation by 8 percent in the preceding year is excluded for purposes of calculating the member's retirement benefit. If a member's compensation was reduced as a result of unpaid absence from work, the compensation used in the capping calculation will be the greater of the annualized compensation for the preceding year as if it had been fully received or the most recent preceding plan year in which the member had no unpaid absence from work. So just to clarify, an employee...a school employee can make more than 8 percent in their final

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

years of working...has seen an 8 percent salary growth, but for purposes of this plan that additional growth above 8 percent cannot be counted towards their retirement benefit. And again, it's the last five years that now we count for their final payment. Finally, it includes a cleanup provision in the School Employees Retirement Act which removes capping language from the definition of compensation to Section 79-934, which applies the capping language for purposes of the calculation of the final retirement benefit for the members. So essentially, we're just going to mirror it between...put the same language that we have in the state school plan into the Omaha plan with the capping language that we passed a few years ago. Thank you. [LB446]

SENATOR MELLO: Thank you, Senator Nordquist. Are there any questions from the committee? Senator Kolowski. [LB446]

SENATOR KOLOWSKI: Thank you, Mr. Chairman. Senator Nordquist, just for clarification, this applies to all members who are teaching, nonmembers who are teaching, and also administrators of the district. Is that correct? [LB446]

SENATOR NORDQUIST: Yeah, anyone that would be in the plan, yeah. [LB446]

SENATOR KOLOWSKI: In OPS? [LB446]

SENATOR NORDQUIST: Yep. [LB446]

SENATOR KOLOWSKI: Covered by their entire plan. [LB446]

SENATOR NORDQUIST: That's right. [LB446]

SENATOR KOLOWSKI: Thank you. [LB446]

SENATOR MELLO: Any other questions from the committee? Senator Kolterman. [LB446]

SENATOR KOLTERMAN: I just have a question, Senator Nordquist, and just for clarification for me. Are there any...is Class V just Omaha? [LB446]

SENATOR NORDQUIST: That's correct, yeah. [LB446]

SENATOR KOLTERMAN: So it's just Omaha Public...and we don't handle that plan, do we? We just set the rules? [LB446]

SENATOR NORDQUIST: Yeah, we set the parameters for it. It was established, I believe, in 1919. The state plan didn't come about until the '40s. So at that time, there just wasn't...there was never really a move to merge them. Over the past few years we

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

do set the parameters, we set contribution rates. The...right now, the structure is that the school board is ultimately responsible. They have a board of trustees over the...that manages the assets and administers...helps...has a system that administers the benefits. And they do all the investments for it so we don't handle any of the investments. But we do set the parameters for the plan and we have, over the past years, tried to work to align the plans as much as possible. [LB446]

SENATOR KOLTERMAN: But...and my...can I keep asking him? [LB446]

SENATOR MELLO: Go ahead. [LB446]

SENATOR KOLTERMAN: My other...this is one of the plans that's significantly underfunded, isn't it? [LB446]

SENATOR NORDQUIST: It's not too far off. And actually, we just got the most recent actuarial study and I don't remember what the funding status was. I'll have Kate get that to us after the hearing. But last year it was only a point or two below I think the state plan. They have, actually, their investment return has been .01 percent or .02 percent over the long term, better than the state's. They do have slightly more generous benefits. They have...the base benefit is the same, but they have a couple pieces called the "service annuity" and a "medical COLA" that would enhance their benefits a little bit more than the state plan. [LB446]

SENATOR KOLTERMAN: And, again, I'm new at all this so bear with me a little bit. So when we're talking about the Class V, we're talking about Omaha Public Schools. That doesn't entail Millard and Bellevue or those as well, does it? [LB446]

SENATOR NORDQUIST: That's right. Right. That's exactly right. [LB446]

SENATOR KOLTERMAN: Those are part of the state teacher retirement? [LB446]

SENATOR NORDQUIST: Right. Right. Every other school district in the state. [LB446]

SENATOR KOLTERMAN: Okay. [LB446]

SENATOR NORDQUIST: Yep. [LB446]

SENATOR KOLTERMAN: Thank you. [LB446]

SENATOR NORDQUIST: Yep. [LB446]

SENATOR MELLO: Any other questions from the committee? Senator Groene. [LB446]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

SENATOR GROENE: Thank you, Chairman. Could you just real quickly tell me what is the major difference from what is struck and what is added? Did you try to do that and I didn't understand you? [LB446]

SENATOR NORDQUIST: So, essentially, all we're doing is moving...changing the definition of compensation so it mirrors the definition that we have in the state plan. And I... [LB446]

SENATOR GROENE: Does something lose? Is there a winner or a loser by the change or... [LB446]

SENATOR NORDQUIST: You know, I don't think that those changes are that substantial. I think the capping language is probably...including the capping language is probably the most substantial change, that right now there is no capping language in the OSERS' plan. So if somebody did move in their final five years of work, say from a teacher position to an administrator, for the last four years and their salary jumped up 25 percent, 30 percent, or more, we're saying, you as a member, you haven't paid in your whole career at that high rate so you are taking out more than you're entitled to. [LB446]

SENATOR GROENE: But the Omaha one, the existing language had that in there. [LB446]

SENATOR NORDQUIST: No. There's nothing of that in the Omaha plan. [LB446]

SENATOR GROENE: Oh, all right. So now you're going to cap that. [LB446]

SENATOR NORDQUIST: So we are adding that to the Omaha plan, like we have in the school plan...in the state school plan. [LB446]

SENATOR GROENE: What happens...I've got to eat lunch, but I've got a question. I know what happens. A lot of them retire at 55 in Omaha and go to Elkhorn or North Platte and they double dip; they're getting paid. If they do another ten years in North Platte, can they get a retirement check from the state one too if they get vested? Can they get a double one? [LB446]

SENATOR NORDQUIST: If they go to another district inside the state plan? [LB446]

SENATOR GROENE: They leave Omaha and they go to North Platte. [LB446]

SENATOR NORDQUIST: Oh, yeah. Yeah. Yeah. So if they go...they're two separate retirement plans, so we will have a bill coming forward and I think it's a discussion starter about eventually merging. I introduced a bill, and it will be a late hearing,

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

eventually merging the Omaha plan into the state plan. There's...it's tough to do when they're not fully funded because... [LB446]

SENATOR GROENE: You leave Omaha... [LB446]

SENATOR NORDQUIST: ...you're taking on liability. But that would address that problem because that is happening. Yeah, there's no doubt about it. [LB446]

SENATOR GROENE: Yeah, tax dollars. [LB446]

SENATOR NORDQUIST: Right. [LB446]

SENATOR GROENE: And that isn't fair to...then the other one question is, here in Omaha, they're a teacher and they take their first...they're 45, 50 and they take their first administrative job outside of it. Does the years count on the 30 years getting 2 percent a year and then 2 percent if they're...do the years total together or... [LB446]

SENATOR NORDQUIST: You could do a...the plans have purchase of service provisions where you can...but if you take out your money out of...usually defined benefit plans usually you're only entitled to--I'm trying to remember--I think usually just your portion. But you could move that over and purchase years of service. [LB446]

SENATOR GROENE: So your years follow? [LB446]

SENATOR NORDQUIST: No. No, the years...you'd have to actually pull money out of the plan and buy years. And usually when you buy years in a defined benefit plan, they're based on the actuarial value of those years. So, you know, they're very costly to buy years of service, but... [LB446]

SENATOR GROENE: Yeah, but a guaranteed benefit is... [LB446]

SENATOR NORDQUIST: Right. [LB446]

SENATOR MELLO: Senator Kolowski. [LB446]

SENATOR KOLOWSKI: Thank you, Mr. Chairman. Senator Nordquist, how many members are there in the Omaha plan, please? Three thousand--I was trying to think, yeah--from memory. [LB446]

SENATOR NORDQUIST: I would be guessing at this point. I would have to...well, we can get that to you. [LB446]

SENATOR KOLOWSKI: That's all right. [LB446]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

SENATOR NORDQUIST: And then there might be someone...I don't know if there is someone from Omaha behind me that could... [LB446]

SENATOR KOLOWSKI: And if you could, from memory if possible or from counsel, last year the moves we made cut down on the possibilities of a Millard teacher graduating...retiring and taking their plan with the state and then moving immediately into a position in OPS. Did that not happen? [LB446]

SENATOR NORDQUIST: Right. Are you talking about the purchase of service change we made? [LB446]

SENATOR KOLOWSKI: Right. There was a number of years they could purchase, they could buy them out of OPS to get it bumped up. If they stayed five years at OPS, they could make it ten by buying five years. Didn't we... [LB446]

SENATOR NORDQUIST: Yeah, so we made...yeah, and Kate might remember... [LB446]

SENATOR KOLOWSKI: ...stop that, I believe? [LB446]

SENATOR NORDQUIST: ...better than me, but we did make it more costly to purchase years. But, Kate, if you would. [LB446]

KATE ALLEN: They also have to be there ten years before they can purchase. [LB446]

SENATOR NORDQUIST: Right. That's what it was. We extended the ten years, right. Okay. [LB446]

SENATOR KOLOWSKI: Right. It's now moved to ten before they're eligible for any retirement benefit. [LB446]

SENATOR GROENE: (Inaudible) when they retire. [LB446]

SENATOR NORDQUIST: Okay. Yeah. And we made sure that it was based on...we do it on an actuarial basis or an 8 percent? [LB446]

KATE ALLEN: Actuarial. [LB446]

SENATOR NORDQUIST: Yeah. [LB446]

SENATOR KOLOWSKI: But the people, they could be less than ten years if they went to OPS. But if they crossed the river to Iowa... [LB446]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

SENATOR NORDQUIST: Right. Right. [LB446]

SENATOR KOLOWSKI: ...that's a different situation. [LB446]

SENATOR NORDQUIST: That's right. [LB446]

SENATOR KOLOWSKI: Thank you. [LB446]

SENATOR MELLO: Senator Groene. [LB446]

SENATOR GROENE: I would have delayed it, but... [LB446]

SENATOR NORDQUIST: No, please. [LB446]

SENATOR GROENE: ...a question, it's a good time to ask it. There's been a practice out west, an administrator is about close to retiring, he goes in and says, I don't need your insurance, I'm on my wife's. She teaches here too. Give me 10 grand instead and boom, they've got \$8,000 added to their...would this cover that? [LB446]

SENATOR NORDQUIST: So that capping provision if it... [LB446]

SENATOR GROENE: Would help stop that? [LB446]

SENATOR NORDQUIST: Yeah. Yeah. We used to have a higher limit but then certain things were excluded, like if you've got a master's degree in your final few years and you got a raise because of that, that was not counted towards that limit. But we cleaned it all out and said, no, we're just going to set a hard limit of 8 percent. Your salary can't grow more than that and be counted towards your retirement benefit. But in a case like that, yeah, if there's excess compensation being granted towards the end of the career. [LB446]

SENATOR GROENE: Being traded? [LB446]

SENATOR NORDQUIST: Right. It would be limited. [LB446]

SENATOR GROENE: By the 8 percent? [LB446]

SENATOR NORDQUIST: Yep. [LB446]

SENATOR MELLO: Any further questions? Seeing none, thank you, Senator Nordquist. First, we'll take proponents for LB446. Proponents. [LB446]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

JOHN LINDSAY: Senator Mello, members of the committee, for the record my name is John Lindsay, L-i-n-d-s-a-y, appearing on behalf of Omaha Public Schools. Omaha Public Schools Board has taken a position in favor of LB446. We do support the efforts that Senator Nordquist and this committee have taken in trying to align the plans as far as a lot of the definitions that are in there. And that is, of course, what this bill does. Some of the other...just listening to some of the questions, as Senator Nordquist mentioned, there's a couple of other bills that I think will be...that are much more significant that you'll hear later in the year that I think will really get into what the differences between the plans would be, problems that might occur like some of those that Senator Groene identified. And I think at that time a lot of those items will come up for discussion. I did want to maybe pick up, Senator Kolterman, on your question. A Class V school district used to be a school district that was headquartered in a city of the metropolitan class. That had to change when, as Omaha grew outwards and the district didn't grow, we now have I believe four school districts headquartered in a city of the metropolitan class. So that definition no longer can work. So now a Class V district is a district which is headquartered in a city of the metropolitan class that has its own retirement plan. So the existence of OSERS is what separates it in the classification of schools from other districts that would be similarly situated within Omaha. So with that, OPS supports the bill. And I'd be happy to try to answer any questions, although I have to confess, Senator Norquist would be much better at answering technical questions than I would. [LB446]

SENATOR MELLO: Thank you for your testimony, Mr. Lindsay. Are there any questions from the committee? Seeing none, thank you. [LB446]

JOHN LINDSAY: Thank you. [LB446]

SENATOR MELLO: Any other proponents for LB446? Any opponents to LB446? Any opponents? Seeing none, is there anyone here to testify in the neutral capacity? [LB446]

ORRON HILL: (Exhibit 1) Greetings, Acting Chairman Mello, Senator Nordquist, and the other Senators of the Retirement Committee. My name is Orron Hill, spelled O-r-r-o-n H-i-l-l, I'm legal counsel for the Public Employees Retirement Board and the Nebraska Public Employees Retirement Systems. And I'm here to testify in a neutral capacity for LB446. The PERB is not opposed to LB446 as written. However, the PERB is concerned about the provision of Section 4 that creates an exemption to the capping rules for Class V school employees when their compensation is reduced due to unpaid absences. The PERB would be opposed to having this language added to the School Employees Retirement Act. A brief summary of the evolution of the capping rules is helpful in understanding the PERB's concerns. In an effort to avoid abuse of the School Employees Retirement System's formula for calculating retirement benefits or salary spiking, as referred to by Senator Nordquist, legislation was passed that limited or

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

capped what could be included as compensation when calculating a school employee's retirement benefit. Over time, exemptions were created to deal with what were suspected to be unusual circumstances. In 2010, at the request of Senator Loudon, NPERS gathered data on how many school retirees qualified for an exemption to the capping rules. The data show that both the raw number of and percentage of school retirees qualifying for exemptions increased each year for the period of 2006 through 2010. To illustrate, the percentage of school retirees qualifying for exemptions grew from approximately 6 percent in 2006, to 24 percent in 2007, 32 percent in 2008, 37 percent in 2009, and 46 percent in 2010. The exemptions were, in essence, swallowing the rule. The Legislature recognized that this was not the best policy or practice and passed legislation to eliminate those exemptions. As previously stated, LB446, Section 4 includes a provision that creates an exemption to the capping rules for Class V school employees for unpaid absences. The "unpaid absence" term is not defined by the statute. Thus, its meaning is open to interpretation by the courts. If broadly interpreted, the provision could create exemptions that again swallow the rule. An alternate course of action is to promulgate rules and regulations that implement the laws as written in a manner consistent with the Legislature's intent. This course of action is authorized under current Nebraska law and should not require a new legislation. To recap, the PERB is not opposed to LB446 as written. The PERB is also not opposed to the board of education or the Class V Retirement Systems Board adjusting their plan to better suit their desired end state. However, the PERB is concerned about, and opposed to, having such an exemption added to the School Employees Retirement plan. The PERB has not formally voted to testify in a neutral capacity on LB446 as written, because the last board meeting was held on the morning of the day this bill was introduced. However, LB446 was discussed with the chairman, Denis Blank, and Elaine Stuhr, the legislative chair. And I'm able to state that there's a general consensus that the PERB is neutral towards the legislation as written. I will take any questions the committee may have. [LB446]

SENATOR MELLO: Thank you for your testimony, Mr. Hill. Are there any questions from the committee? Senator Kolterman. [LB446]

SENATOR KOLTERMAN: Thank you for testifying today. I guess in a nutshell, correct me if I'm wrong, you're saying you're really not against the bill other than the fact that it's not doing exactly what it's intended to do to create equality between the plans. Would that be accurate? [LB446]

ORRON HILL: We are not opposed...you are correct, Senator. We are not opposed to the bill as written. As was mentioned by previous testimony, there is another bill that is talking about bringing the plans into alignment and, in fact, adjoining the Class V plans. And so we wanted to make sure the committee was aware of that potential concern that the PERB has at this time. [LB446]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

SENATOR KOLTERMAN: If we're going to do that, we're going to have to change that anyway. [LB446]

ORRON HILL: Correct. [LB446]

SENATOR KOLTERMAN: So rather than pass this bill, we'll just have to figure that out. [LB446]

ORRON HILL: You are correct, Senator. [LB446]

SENATOR KOLTERMAN: Thank you. [LB446]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you. Is there anyone else here to testify in the neutral capacity on LB446? Seeing none, Senator Nordquist, would you like to close? Senator Nordquist waives closing. That will end today's public hearing on LB446 and take us to our next bill, LB484, also by Senator Nordquist. [LB446 LB484]

SENATOR NORDQUIST: Thank you, Senator Mello. Members of the Retirement Committee, I'm State Senator Jeremy Nordquist from District 7 in downtown and south Omaha. LB484 was introduced at the request of Sarpy County. It increases the employee contribution rate in the County Employees Retirement Act from 4.5 percent to 6.75 percent for members in counties with populations over 100,000, which would affect only Sarpy County. The member contribution match would stay at 6.75 percent. So essentially, instead of the plan as it is right now where the employee puts in 4.5 percent and the employer puts in 6.75 percent--that is 150 percent match--it would go to 6.75 percent and 6.75 percent or a 100 percent match. The employee contribution rate would also result in an increase similar to their law enforcement in Sarpy County. In the county plan, there's a supplemental 2 percent contribution rate for law enforcement employees. So instead of 6.75 percent, it's 8.75 percent so, again, it would be a one-to-one match, 8.75 for both the employee and the employer. You know, I brought this bill forward again at the request of Sarpy County and have a couple of Sarpy County senators who cosponsored it with me. This gets back to kind of a bigger concern about making sure county employees are putting away enough in their retirement accounts. I think we need to have a discussion about this bill as a committee. This would be...we would be carving out in the County Employees Retirement Plan specific provisions for one county and I think that's I think a point for us to discuss. This is a cash balance plan that does guarantee a 5 percent rate of return. Should the...should we not be able to return that...have an investment return at that level, there would be a liability at some point and who that liability falls on. And we are increasing the pot of money that's coming in from the employees of just this one county, so that does raise some questions. So I certainly...I, again, brought this on behalf of Sarpy County. I certainly understand and appreciate their concern about making sure their employees are able to direct enough

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

money into their retirement accounts. But it's a precedent that we'll have to discuss as committee members. Thank you. [LB484]

SENATOR MELLO: Thank you, Senator Nordquist. Are there any questions from any of the committee members? Senator Kolterman. [LB484]

SENATOR KOLTERMAN: Thank you. Senator Nordquist, you indicate--and I followed this--the 5 percent that's guaranteed in the cash balance accounts, do we as a Legislature set that amount or is that done by Nebraska Retirement System? [LB446]

SENATOR NORDQUIST: That...on...so plans like this one, this is a statutorily defined, guaranteed rate of return. [LB446]

SENATOR KOLTERMAN: The 5 percent? [LB446]

SENATOR NORDQUIST: The 5 percent. Now we talk about the assumed rate of return, the 8 percent that is used for actuarial studies. That is an administrative decision. This 5 percent rate of return though increases liability because it actually determines what the benefit is, you know, the minimum floor of those benefits where the assumed rate of return, we can play around with that all day but that doesn't change what we actually are going to end up owing those people. Those benefits are defined in statute. The assumed rate of return just helps us project what we...where our plan is fundingwise. [LB446]

SENATOR KOLTERMAN: So...can I keep... [LB446]

SENATOR NORDQUIST: Yeah, please. [LB484]

SENATOR KOLTERMAN: So several weeks ago when we had the individual here from the Nebraska Retirement System that's investing the money... [LB484]

SENATOR NORDQUIST: The Investment Council. [LB484]

SENATOR KOLTERMAN: ...and we looked at those different investments and what he's trying to do and how...he had some concerns about whether or not--at least I thought he did--he could maintain that 5 percent level. And I know that's probably not for here today, but... [LB484]

SENATOR NORDQUIST: Well, I think his concern was with the 8 percent. He said...because their...right now their investment consultant is saying probably closer to 7.5 percent is the long-term marker. So that's... [LB484]

SENATOR KOLTERMAN: But again, that was on the actuarial side of things and...

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

[LB484]

SENATOR NORDQUIST: Right. [LB484]

SENATOR KOLTERMAN: ...I'm more worried about the realistic side of things because actuarially, that's just a study. [LB484]

SENATOR NORDQUIST: Right, right. [LB484]

SENATOR KOLTERMAN: And we're guaranteed 5 percent. [LB484]

SENATOR NORDQUIST: Right. [LB484]

SENATOR KOLTERMAN: So I just was curious if...and I understand what you're saying here, if we bring more money in and we still have to guarantee that 5 percent... [LB484]

SENATOR NORDQUIST: Right. [LB484]

SENATOR KOLTERMAN: ...it could be a challenge to us in the future. As I read this bill or your change here, it really only deals with the personnel or the employee "themselves." [LB484]

SENATOR NORDQUIST: Right. That's right. And unlike the Lancaster bill, where they have the ability to collectively bargain because that's a separate plan, this is a...we're defining in statute what they have to contribute, so. [LB484]

SENATOR KOLTERMAN: And they don't have any choice about that, do they? [LB484]

SENATOR NORDQUIST: That's right. [LB484]

SENATOR KOLTERMAN: Okay, thank you. [LB484]

SENATOR MELLO: Senator Groene. [LB484]

SENATOR GROENE: This is Sarpy County? [LB484]

SENATOR NORDQUIST: It's just Sarpy, yes. [LB484]

SENATOR GROENE: And they're in the state. What you're telling me--I'm a little dense--they're in the state with the state employees? [LB484]

SENATOR NORDQUIST: So we have a State Employees Plan and then a very similar plan for every county except Douglas and Lancaster, so. [LB484]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

SENATOR GROENE: So that money doesn't blend. It's the state employees and the counties? [LB484]

SENATOR NORDQUIST: No. They're separate, yeah. [LB484]

SENATOR GROENE: Oh, I thought they blended. I thought they were in the same plan. What you're telling me in Lincoln County (sic) and every other county it has a match rate. [LB484]

SENATOR NORDQUIST: Yep. Right. [LB484]

SENATOR GROENE: They want to be special but they want to be in the same pool of money with everybody else and therein lies the problem. [LB484]

SENATOR NORDQUIST: Right. They want to have their employees contribute an extra 1.25 percent or 2.25 percent on top of what they are right now, on top of what everyone else is. [LB484]

SENATOR GROENE: And their concern is if the market goes down, these employees are benefiting more by the guarantee of 5 percent than the other ones? [LB484]

SENATOR NORDQUIST: That would be...yeah, that's...yep. [LB484]

SENATOR GROENE: It's simple language. Thank you. [LB484]

SENATOR MELLO: Any other questions from the committee? Senator Kolowski. [LB484]

SENATOR KOLOWSKI: Thank you, Mr. Chairman. Senator Nordquist, all the other counties, are they the maximum, up to 8.75 percent? Are they in the same ballpark or... [LB484]

SENATOR NORDQUIST: So right now it is statutorily set so they have to contribute...the employee has to contribute 4.5 percent and the employer is 6.75 percent for nonlaw enforcement. Law enforcement, they have a extra 2 percent on top of that. So every county right now, outside of Douglas and Lancaster, those are the contribution rates. Sarpy wants to just take their employee contribution rate up to 6.75 percent from 4.5 percent. [LB484]

SENATOR KOLOWSKI: Because they're already...the cities or the counties are already at the 8.75 percent? [LB484]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

SENATOR NORDQUIST: 6.75 percent. [LB484]

SENATOR GROENE: 6.75 percent. [LB484]

SENATOR NORDQUIST: Yes. They want to go to one-to-one, yep. So the 8.75 percent is law enforcement, so county sheriffs. But they get an extra amount. But...so for just civilian, just every other county employees, whether they're maintaining roads or whatever, they're contributing 4.5 percent, the county is contributing 6.75 percent. Sarpy wants to take both the employee and the county to 6.75 percent, so. [LB484]

SENATOR KOLOWSKI: To 6.75 percent? [LB484]

SENATOR NORDQUIST: Yep, yep. [LB484]

SENATOR KOLOWSKI: Not the additional 2 percent? [LB484]

SENATOR NORDQUIST: No, that's just for law enforcement. [LB484]

SENATOR KOLOWSKI: That's just law enforcement (inaudible) make sure I understand (inaudible.) [LB484]

SENATOR NORDQUIST: So under this bill in Sarpy County if you're law enforcement, you're going to be at 8.75 percent and 8.75 percent. If you're nonlaw enforcement, 6.75 percent and 6.75 percent. [LB484]

SENATOR GROENE: And in Lincoln County (sic), they're...excuse me, I'm sorry. [LB484]

SENATOR KOLOWSKI: And all other counties are at that 6.75 percent? [LB484]

SENATOR NORDQUIST: Yeah, that's right. So the county contribution wouldn't change for Sarpy County. Every county would still be, as an employer, doing 6.75 percent for nonlaw enforcement. [LB484]

SENATOR KOLOWSKI: Are the county employees and the sheriff's office all contributing to as well? [LB484]

SENATOR NORDQUIST: Yeah, I believe county law enforcement does. [LB484]

SENATOR KOLOWSKI: Complete. [LB484]

SENATOR NORDQUIST: I think the only one in the state that...I think the only groups in the state that don't are the troopers and firefighters. I guess police, too, probably. I'd

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

have to double-check on local police, but I know firefighters and state troopers are the ones that don't. [LB484]

SENATOR KOLOWSKI: Do not...Social Security. [LB484]

SENATOR NORDQUIST: Yeah. Yeah. [LB484]

SENATOR KOLOWSKI: Thank you. [LB484]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Senator Nordquist. First, we'll take proponents of LB484. Proponents for LB484. [LB484]

FRED UHE: Good afternoon, Senator Mello and members of the Retirement Committee. My name is Fred Uhe, the last name is U-h-e, I'm director of community and government relations for Sarpy County. And I will attempt to address some of the previous questions. You know, we are mandatory...mandated to participate in the state plan, which we're very comfortable with. If you remember a couple of weeks ago in a hearing on LB41, we actually sought and this committee advanced an increase in the population threshold so we would not be basically forced out of the plan. So we are very, very comfortable with the plan, but we do have concerns. Every actuarial study both that we have done internally and other agencies that our rate of contribution to the employees to their retirement is very, very low. We do offer voluntary deferred comp plans, but unfortunately despite some best marketing efforts, participation is very, very low. Historically, I've had employees come and ask if they could contribute more to the state plan. But the way...through the IRS rules, the state plan is mandatory so there's not an option to contribute more that you would bring the plan design and plan status, I think, under the federal code at risk. So in this case, it's been talked internally. I will be followed by one of the head of our bargaining units. I think most of the employee groups are somewhat supportive of this to attempt to reach a higher threshold and increase the retirement savings for the employees. A couple of unique issues we run into as it is special legislation being treating Sarpy County a little bit different. But being the largest and fastest growing county in the state, as well as being the largest plan, largest county participating in the plan, we have some unique challenges. We are competing for employees with other government agencies in the metro areas. And to attempt to stay competitive and be an employer of choice, we need to kind of enhance some of our benefits. And this was identified as a way to increase some benefits to the employees without cost to the taxpayers. We do understand there is an actuarial study that would be required. The county is willing to pay for that study. And conversely, what works in Sarpy County may not work in Brown County or whatever, so we felt uncomfortable in coming with legislation that would increase the employee contribution for every employee statewide. So that's a little bit of the history. On the law enforcement, back in the early '80s--predating my public career--this Legislature passed a bill to allow the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

additional 2 percent both at the employee and the county level for law enforcement. A bill that I did not follow closely but I believe the other counties, the specific statute for Sarpy County on the 2 percent applies to counties over 85,000, which was our 1990 census count I think. I believe the other counties do have the option or are able to do an additional 1 percent. So there is, just due to the nature of the law enforcement career paths and some of the risks, that they change some additional efforts to retain those. And I think over the years this committee probably has heard a great deal of discussion of law enforcement retirement. I think a lot of smaller agencies run into the problems where you train an individual and then they leave for a larger agency. And even though we're considered larger, we run into that same problem, so. But I think the actuarial study will probably address some of the issues, questions that been raised previously. But again, our bargaining units have been notified on this. The county board is very, very supportive and would love to continue the discussion on enhancing our retirement plans. I do want to thank Phyllis Chambers and the NPERS for assisting us in the discussion, and legal counsel, Kate Allen. She's been very, very helpful in identifying some of the issues that we face under the federal rules and the reasons for the actuarial study and etcetera. So with that, I'd be willing to answer any questions. [LB484]

SENATOR MELLO: Thank you for your testimony, Fred. Are there any questions from the committee? Senator Kolterman. [LB484]

SENATOR KOLTERMAN: Yeah, my questions center around the...you do have...correct me if I'm wrong, but you indicated you do have a 457 Plan? [LB484]

FRED UHE: Correct. [LB484]

SENATOR KOLTERMAN: And is that utilized at all? [LB484]

FRED UHE: Participation is probably 20 percent or less. And we have found, being home of Offutt Air Force Base, we have a fair number of military retirees on our payroll. A lot of them tend to be active participants in deferred comp and deferring a fair amount of their salary because they do have a federal pension that they're relying on. So I think the thought for a lot of day-to-day employees that, you know, they're living paycheck to paycheck and it might be a nice idea but getting them to get around to it and...of course, we have to be very, very cautious because if we try to encourage investments too much, there's fiduciary responsibility on the county. So I mean we do offer the options, provide educational seminars and stuff where they can attend. But I think it's like a lot of things where, yeah, it's a good idea, but they never get around to it, so. [LB484]

SENATOR KOLTERMAN: Well...can I keep going? Thank you, Mr. Chair. Well, my...I guess my concern is, if we were to mandate--in essence, that's what we're doing--if they match...go equal to what the county is putting in under their retirement plan when they already have a vehicle, if they so choose, to increase their contributions, why does

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

Sarpy County think they have to mandate that an employee puts more away if they have that opportunity anyway? [LB484]

FRED UHE: Well, I think it goes back to some of my previous comments about the other agencies we're competing with, say Omaha Police, Omaha Fire, that have different retirement plans. I mean, you know, we understand the reality, that the world is moving away from defined benefit programs. But they are out there and with us being basically a cash balance plan, which is kind of a hybrid between a defined contribution and the defined benefit, so I think when they see that they can work X number of years...say the city of Omaha for the police department are going to leave at this age with this amount versus...kind of hoping that they're going to have some money when they leave Sarpy County. It gets extremely difficult to compete in the marketplace for some of the key employees that we wish to hire and sometimes retain. I mean, we do lose employees to other agencies as well. [LB484]

SENATOR KOLTERMAN: Okay. The other question that I have is--and again, I'm pretty new at this--I understand retirement plans somewhat but the 457 Plan, is that administered by the state or is that administered by Sarpy County? [LB484]

FRED UHE: We actually have contracts with four firms. There is a component that the state has such plans that they offer employees for counties that did not. We actually, I think, were offering those starting back in the '80s before I think the state looked at offering a plan. [LB484]

SENATOR KOLTERMAN: So that...in essence, that 457 Plan probably more mirrors a type of 401(k) type of plan? [LB484]

FRED UHE: Correct, 457 is just a federal section statute that deals with public and nonprofits. [LB484]

SENATOR KOLTERMAN: Right. So there's no 5 percent guarantee inside of that either, I don't assume. [LB484]

FRED UHE: No. [LB484]

SENATOR KOLTERMAN: So that's why the extra 2 percent makes sense. [LB446]

FRED UHE: Could be, potentially. [LB484]

SENATOR KOLTERMAN: Okay, well, no more questions. Thank you. [LB484]

SENATOR MELLO: Senator Groene. [LB484]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

SENATOR GROENE: Quick question. Do you match again then in that 401(k)? [LB484]

FRED UHE: No. No. It's just employee only. There's no participation by the county. [LB484]

SENATOR GROENE: I have...hard to believe that you're going to force people to put another 2 percent of their wages in there without you giving...replacing that with a wage increase. [LB484]

FRED UHE: That will be part of the negotiations process which enters in all the benefits. You know, we are cognizant and I mean even we have not...I know NPERS will have some role as this bill advances and completion of the actuarial study and implementation date will probably be of issue. Our employees are facing, chances are, some health insurance premium increases. The first quarter of this particular year seemed to be high usage for health insurance. I think for every dollar we sent to our insurance, they paid \$1.34 in claims. So over the years we've been forced to address plan management. So you know, we are cognizant of the fact that the impact on the employees of various decisions we do on a benefit package, so. [LB484]

SENATOR GROENE: And therefore, the impact on the taxpayer where those funds come from. [LB484]

FRED UHE: Correct. [LB484]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Mr. Uhe. [LB446]

FRED UHE: Okay. Thank you. [LB484]

SENATOR MELLO: Any other proponents for LB484? [LB484]

SEAN KELLEY: (Exhibit 1) Good afternoon, Senator Mello, members of the Nebraska Retirement Systems Committee, my name is Sean Kelley, S-e-a-n K-e-l-l-e-y, for the record, appearing today as a registered lobbyist for the Nebraska Fraternal Order of Police. The Nebraska Fraternal Order of Police represents over 2,800 law enforcement officers and correctional officers throughout the state of Nebraska. Appearing today in support of LB484. I'd like to thank Senator Nordquist, Sarpy County administration for bringing it forward. The Nebraska Fraternal Order of Police historically supports all enhanced retirement benefits for its members. And in this case, even though it is just on the employee side, we do stand in support of it. So if you have any questions, I'd be happy to try and answer them. [LB484]

SENATOR MELLO: Thank you for your testimony, Mr. Kelley. Are there any questions

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

from the committee? Seeing none, thank you. Next proponent for LB484? [LB446]

MATT BARRALL: Good afternoon, Senator Mello, fellow senators. My name is Matt Barrall, M-a-t-t B-a-r-r-a-l-l, I am a detective for the Sarpy County Sheriff's Office. I am also the president of the Sarpy County Sheriff's Office Fraternal Order of Police. I represent over 235 members, which roughly is one-third of all the employees of Sarpy County. I represent both sworn and nonsworn members. I have been trying, as president, for the last four years to increase retirement benefits, mostly based on the fact that we have become a bedroom community for the city of Omaha. We lose members constantly and we lose them because of our retirement benefits. Our pay, our workload, they're all roughly similar. You can put a guy in a patrol car in the city of Omaha and you can put a guy in a patrol car in Sarpy County and they'll do the same job. At times they may be a little bit busier; that has since started to change. One of the things that happens is, they look at our defined contribution plan compared to the defined benefit plan and see the drastic difference in the end result. In doing contract negotiations, Sarpy County is an entity unto itself. We have no other comparable in the state of Nebraska. We have to compare to counties outside the state of Nebraska. In our last contract negotiations, every one of those counties had a defined benefit program. We're not looking to get a defined benefit program, but what we are looking to do is better match our comparables. The best way in which we have found to do that is for the employees to start any conversation by raising their contribution rates. I sent out an e-mail asking every member to give me their input on this bill when I became aware of it. I received overwhelming support from both the sworn and nonsworn members. We are all willing to take that 2 percent or 2.25 percent of our pay and match what the county is doing because we are so concerned with our retirement benefits. The law enforcement side of it roughly sees over a \$800,000 difference over retirement compared to those in a defined benefit plan. This 2 percent can roughly fund someone's retirement benefits for possibly an extra three to four years. It's significant. What also needs to be known is that for the longest time, most members of Sarpy County--at least for the law enforcement side--didn't participate in a specific retirement plan like this cash balance plan. I've got captains that have roughly \$250,000 in their retirement plan; they've worked for 35 years. I'm open to any questions that anyone may have. [LB446]

SENATOR MELLO: Thank you for your testimony, Mr. Barrall. Are there any questions from the committee? Senator Kolterman. [LB446]

SENATOR KOLTERMAN: Thank you. Thanks for testifying. I appreciate that. My question again though is, if they...if you've polled all these people and they want more retirement and it's their own money anyway, why don't they use the tools they already have? [LB446]

MATT BARRALL: Many of them do. Many of them feel that they do not have either the savvy nor the time to properly manage their money. They're worried about fees being

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

used for changing investments. The NPERS retirement plan really represents a very safe retirement plan. It's that 5 percent guarantee is viewed very positively by our membership. The questions also come into play of, so I can contribute 2 more percent, let's say. So that may represent anywhere from \$1,500 to \$3,000 a year in my salary. My investment options can be extremely limited just based on the small amount of money that I have to invest versus whether I can put it into my other money. It's being matched by the county and my guaranteed rate of return is quite a bit different. That's probably the main reason over everything else in all of the responses that I received. [LB484]

SENATOR KOLTERMAN: Okay, thank you. [LB484]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you. [LB484]

MATT BARRALL: Thank you for the opportunity. [LB484]

SENATOR MELLO: Are there any other proponents for LB484? Any other proponents? Seeing none, are there any opponents to LB484? [LB484]

PHYLLIS CHAMBERS: (Exhibit 2) Good afternoon. Chairman Nordquist, Senator Mello, and members of the Retirement Committee, for the record, my name is Phyllis Chambers, P-h-y-l-l-i-s C-h-a-m-b-e-r-s, and I am the director of the Nebraska Public Employees Retirement Systems. I'm here to testify in opposition to LB484. Prior to 1965, some of the Nebraska counties had their own retirement systems and some did not. The types of plans and benefits varied by county. The County Employees Retirement Act was passed in 1965 to cover county employees that were not already covered by plans. In 1973, the Legislature created the Public Employees Retirement Board and brought all the plans under the administration. That included the Retirement Systems for Nebraska Counties--which I will refer to as the county plan--and also the schools, judges, patrol, and state employee plans. In 1987, all the counties were required to belong to the county plan except Douglas and Lancaster. Currently, there are 91 counties participating in the county plan. The Nebraska Public Employees Retirement Plan has two multiple-employer plans; they are the schools and the counties. Over the years, there's been a consistent effort to standardize the plans and make them the same, regardless of size or population. It is certainly more efficient as far as administration, employer reporting, paying benefits, managing investments, keeping fees lower. And there are fewer legal problems and IRS qualification issues if the employers are operating under similar laws and regulations. Sarpy County is the third largest county--we've already talked about--their population is over 165,000. They're 100,000 more than the next highest county of Hall County. And I've included a population chart on the back. I got the information from NACO, 2014. But you can see the population for the various counties and quite a few of them are very small. As you

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

know, Arthur has 486 people; McPherson, 509. So there's a wide disparity across the state. The county plan is a mandatory plan. It's a government plan with contribution rates set in the statutes. And I don't want to offend Sarpy County; I respect their position. But the PERB is concerned with changing the statute to allow one county employer to request higher contribution rates than the others. And you have talked about this in some of your questioning. Does this open the door to allow other counties to change their contribution rates? What if a county wants to raise their contributions by a different rate or lower their contribution rates or not participate in the county plan at all? So the current county contributions, you've discussed what they are so I won't go into that. But I do want to say that the change in the law enforcement, my research showed it started in 2001 so it may have been before that. But at the time it was changed the plan was a defined contribution plan. And so those contributions, the extra contributions went into the individual member accounts. Now we have the...as of 2003, we have the cash balance plan and some of the members are in either one of those plans. Those contributions are going into a cash balance plan that is pooled, where they pool the assets. The ones that DC are managing their own investment choices--there's 13 different ones--and they assume all the risk. The cash balance plan members get an automatic credited rate, they get pooled management investments. The actuarial valuations and calculations are conducted to see if there might be a dividend. And those assets are shared by all the counties. They're shared by the members and the county employers, not just Sarpy. So the proposal does make a difference and that is why we are asking for an actuarial study, because it's more complicated than just a simple increase in contribution rates. I think the main reason Sarpy wants to do this is to provide their employees with a better retirement benefit. Those increases would give their employees a higher benefit. I think it was noted, though, that the contributions are coming from the employees, not the employer, that would enhance their benefit. And I'm not sure that all employees would be willing to contribute more. There may be some that it would be a hardship for them to contribute an extra 2 percent of their salary. I do have some suggestions or alternatives. They have been mentioned before, but contributing to the deferred comp plan...Sarpy has several. All the counties have deferred comp plans. So...and the 2015 limit...contribution limit for deferred compensation plans is \$18,000 if you're under 50 years old and \$24,000 if you're over 50. So even if you are getting a second income, you can shelter quite a bit of income in those tax deferred accounts. So I think...I know it's difficult to encourage employees to put money away, but that is something...at least they do have a choice. And for those that can't afford it or their life...maybe their salaries improve over time, they can contribute to those. Also, I would say that the Legislature could exempt Sarpy County from the county plan altogether. That was something...I met with Sarpy County representatives back in 2008. They wanted to create their own defined benefit plan at that time. They're probably glad they don't have the liability of a defined benefit at this point. But I understand their position in wanting to be more competitive with Omaha and negotiate benefits. Sarpy does like having the cash balance plan, they like having NPERS administer it, the guaranteed credited rate, the ability for dividends, and the guaranteed lifetime annuity. We have a

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

great plan for the counties and the state. Having their own plan would, though, require them to administer it themselves. It would be more costly to them and it would not be guaranteed by the state. They could pay in a higher salary. That was discussed. If they paid a higher salary across the board, maybe that would help them to attract employees and retain employees. I would suggest it might be wise to perform a benefit adequacy study. NPERS has budgeted for a benefit adequacy study for 2016-17. Whether the county benefit is adequate should be a concern for all the counties, not just Sarpy. Also, the proposed contribution increases for Sarpy would be greater than the 12.28 percent total contribution for the state employees. So wouldn't state employees want to request a contribution increase? Back in, I believe it was 2003, the county contribution rates were increased at that time, not the time that the cash balance plan was created. And then about five years later, we increased the state contributions for state employees. But a decision to change the plan deserves careful consideration of the long-term effects. The integrity of the retirement plans is at stake when you allow one employer to change the rules for just their employees. This is the important policy decision. We have different size school districts across the state. Are we going to allow individual school districts to pay different contribution rates based on their unique circumstances? Today we're talking about contribution rates, but in the future we might be talking about differences in other benefit options. So where do you draw the line with exceptions? As fiduciaries of the plan, the PERB believes that maintaining a healthy, solid retirement plan with consistent statutes and regulations will serve us well now and in the future. The board hasn't taken a formal vote on this because of the timing of the bill's introduction. But I have discussed the legislation with Chairman Denis Blank, Vice Chairman Richard Wassinger, and the Legislative Chair, Elaine Stuhr. And there is a general consensus of the board to oppose this legislation. I'd be happy to answer any questions. [LB484]

SENATOR MELLO: And thank you for your testimony, Ms. Chambers. Are there any questions from the committee? Senator Groene. [LB484]

SENATOR GROENE: Just a historic question. You got...since 2003 you have the county members in a defined contribution? When did that change happen for the state? All in 2003? [LB484]

PHYLLIS CHAMBERS: Okay, the state and county both, that was when the cash balance plan started. [LB484]

SENATOR GROENE: Was that the same time they went to Rule of 55 on the defined benefits or was that prior to that? [LB484]

PHYLLIS CHAMBERS: I believe that would have been prior, but I don't know the answer to that. [LB484]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

SENATOR GROENE: Rule of 85, excuse me. (Inaudible.) [LB484]

SENATOR MELLO: Senator Kolterman. [LB484]

PHYLLIS CHAMBERS: Oh, Rule of 85 was back in the '80s, wasn't it? [LB484]

_____: Yeah. [LB484]

PHYLLIS CHAMBERS: It was a long time ago. [LB484]

SENATOR KOLTERMAN: Mrs. Chambers, thank you for coming. My question is, at the present time if we have a state retirement or a county retirement plan, are not all the fees paid for by the state or the county participating in the plan? So the employee makes a contribution but they don't pay for the administration or the fees, the investment fees, do they? [LB484]

PHYLLIS CHAMBERS: Yes, they do. [LB484]

SENATOR KOLTERMAN: They do? [LB484]

PHYLLIS CHAMBERS: Okay, so how it works is, all the money is in the plans, okay, in trust. And our operating budget comes from those trust monies. So we bill, for the state and county employees, we bill monthly and we take money out of those assets. Actually, there's recordkeeping done by Ameritas. Ameritas then takes money out of each account. And so their statement shows every quarter what fees they're paying. They pay an administrative fee and they pay an investment fee. Investment fees are very, very low. So are our administrative fees. [LB484]

SENATOR KOLTERMAN: Simply because you have so many dollars that you're working with and they've negotiated those prices down. [LB484]

PHYLLIS CHAMBERS: Yes. Yes. [LB484]

SENATOR KOLTERMAN: So...you've answered my question. Thank you. [LB484]

PHYLLIS CHAMBERS: Okay. All right. [LB484]

SENATOR MELLO: Any other questions from the committee? [LB484]

SENATOR KOLTERMAN: I just have one more general comment. Right now, counties are putting in 6.75 percent. [LB484]

PHYLLIS CHAMBERS: For their employer contribution, yes. [LB484]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
January 29, 2015

SENATOR KOLTERMAN: For the employer contribution. And you indicated that there could possibly...you might want to think about doing a study of whether or not they're retirement ready, so to speak. Would that be for all employees in the plans? [LB484]

PHYLLIS CHAMBERS: Yes, it would. And that's in our budget to do that in the next few years, yes. [LB484]

SENATOR KOLTERMAN: Okay. And I guess the point I would make is, I've done a lot of retirement work over the years. I don't know anybody in the private sector that contributes more than 6.75 percent other than the teachers. So I don't know if I'd think it would be a good utilization of money to do that study. Just a general comment. [LB484]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Ms. Chambers. [LB484]

PHYLLIS CHAMBERS: Thank you. [LB484]

SENATOR MELLO: Are there any other opponents to LB484? Is there anyone here to testify in the neutral capacity for LB484? Seeing none, Senator Nordquist waives closing. That will end today's public hearing on LB484 and close the Nebraska Retirement Systems Committee hearings for the day. (See also Exhibit 3.) [LB484]