

NEBRASKA RETIREMENT SYSTEMS COMMITTEE

2018 SUMMARY AND DISPOSITION OF BILLS

NEBRASKA LEGISLATURE
One Hundred Fifth Legislature, Second Session

Committee Members

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I. Numerical Bill Index

- LB 30 (*Kolterman*) Provide for a cash balance plan by cities of the metropolitan and primary classes for certain police officers or firefighters
- LB 412 (*Bolz*) Provide duties for the State Investment Officer relating to investment in energy-related companies or funds
- LB 414 (*Kolterman*) Provide an employer contribution and state contribution for judges' retirement and change provisions relating to distribution and remittance of court fees
- LB 532 (*Kolterman*) Change provisions relating to military service credit for certain retirement plans
- LB 548 (*Lindstrom*) Provide for the consolidation of the Class V school employees' retirement system and the School Employees Retirement System of the State of Nebraska
- AM1529 (*Lindstrom*) Authorize issuance of pension obligation bonds
- AM1758 (*Kolterman*) Adopt new actuarial assumptions; redefine terms; insert date for payment; require Department of Education to withhold state aid under specified conditions
- LB 698 (*Kolterman*) Change powers and duties of the Public Employees Retirement Board
- LB 699 (*Kolterman*) Redefine actuarial equivalent in certain retirement acts as prescribed
- LB 700 (*Kolterman*) Change provisions relating to the state investment officer and investment and management of the University Trust Fund
- LB 1005 (*Kolterman*) Change provisions relating to employer removal or withdrawal from the Retirement System for Nebraska Counties or the School Employees Retirement System

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II. Bills Listed by Retirement Plan, State Agency or Board

CLASS V (OMAHA) SCHOOL EMPLOYEES RETIREMENT ACT

- LB 548 *(Lindstrom)* Provide for the consolidation of the Class V school employees' retirement system and the School Employees Retirement System of the State of Nebraska
- AM1529 *(Lindstrom)* Authorize issuance of pension obligation bonds
- AM1758 *(Kolterman)* Adopt new actuarial assumptions; redefine terms; insert date for payment; require Department of Education to withhold state aid under specified conditions

COUNTY EMPLOYEES RETIREMENT ACT

- LB 532 *(Kolterman)* Change provisions relating to military service credit for certain retirement plans
- LB 698 *(Kolterman)* Change powers and duties of the Public Employees Retirement Board
- LB 1005 *(Kolterman)* Change provisions relating to employer removal or withdrawal from the Retirement System for Nebraska Counties or the School Employees Retirement System

JUDGES RETIREMENT SYSTEM

- LB 414 *(Kolterman)* Provide an employer contribution and state contribution for judges' retirement and change provisions relating to distribution and remittance of court fees
- LB 532 *(Kolterman)* Change provisions relating to military service credit for certain retirement plans
- LB 698 *(Kolterman)* Change powers and duties of the Public Employees Retirement Board

METROPOLITAN CLASS CITY POLICE OFFICERS AND FIREFIGHTERS

LB 30 (Kolterman) Provide for a cash balance plan by cities of the metropolitan and primary classes for certain police officers or firefighters

NEBRASKA INVESTMENT COUNCIL/STATE INVESTMENT OFFICER

LB 412 (Bolz) Provide duties for the State Investment Officer relating to investment in energy-related companies or funds

LB 700 (Kolterman) Change provisions relating to the state investment officer and investment and management of the University Trust Fund

NEBRASKA STATE PATROL RETIREMENT SYSTEM

LB 532 (Kolterman) Change provisions relating to military service credit for certain retirement plans

LB 698 (Kolterman) Change powers and duties of the Public Employees Retirement Board

LB 699 (Kolterman) Redefine actuarial equivalent in certain retirement acts as prescribed

PRIMARY CLASS CITY POLICE OFFICERS AND FIREFIGHTERS

LB 30 (Kolterman) Provide for a cash balance plan by cities of the metropolitan and primary classes for certain police officers or firefighters

PUBLIC EMPLOYEES RETIREMENT BOARD

LB 532 (Kolterman) Change provisions relating to military service credit for certain retirement plans

LB 698 (Kolterman) Change powers and duties of the Public Employees Retirement Board

SCHOOL EMPLOYEES RETIREMENT ACT

- LB 532 (*Kolterman*) Change provisions relating to military service credit for certain retirement plans
- LB 548 (*Lindstrom*) Provide for the consolidation of the Class V school employees' retirement system and the School Employees Retirement System of the State of Nebraska
- AMI529 (*Lindstrom*) Authorize issuance of pension obligation bonds
- AMI758 (*Kolterman*) Adopt new actuarial assumptions; redefine terms; insert date for payment; require Department of Education to withhold state aid under specified conditions
- LB 698 (*Kolterman*) Change powers and duties of the Public Employees Retirement Board
- LB 699 (*Kolterman*) Redefine actuarial equivalent in certain retirement acts as prescribed
- LB 1005 (*Kolterman*) Change provisions relating to employer removal or withdrawal from the Retirement System for Nebraska Counties or the School Employees Retirement System

STATE EMPLOYEES RETIREMENT ACT

- LB 532 (*Kolterman*) Change provisions relating to military service credit for certain retirement plans
- LB 698 (*Kolterman*) Change powers and duties of the Public Employees Retirement Board
- LB 699 (*Kolterman*) Redefine actuarial equivalent in certain retirement acts as prescribed

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III. Status of Retirement Bills

ENACTED

LB 1005 *(Kolterman)* Change provisions relating to employer removal or withdrawal from the Retirement System for Nebraska Counties or the School Employees Retirement System
[Incorporated LB 698, LB 699, LB 700, portion of AM1758 to LB 548]

AMENDED INTO OTHER BILLS AND ENACTED

LB 698 *(Kolterman)* Change powers and duties of the Public Employees Retirement Board
[Incorporated into LB 1005 and enacted]

LB 699 *(Kolterman)* Redefine actuarial equivalent in certain retirement acts as prescribed
[Incorporated into LB 1005 and enacted]

LB 700 *(Kolterman)* Change provisions relating to the state investment officer and investment and management of the University Trust Fund
[Incorporated into LB 1005 and enacted]

AM1758 to LB 548 *(Kolterman)* Change Class V School Retirement provisions relating to actuarial assumptions; redefine term and establish specific date for deposit of payments
[Incorporated portion of AM1758 into LB 1005 and enacted]

ADVANCED TO GENERAL FILE

AM2595 to LB 548 Change Class V School Retirement provisions relating to actuarial assumptions; redefine term and establish specific date for deposit of payments

DIED IN COMMITTEE AT THE END OF SESSION

- LB 30 (*Kolterman*) Provide for a cash balance plan by cities of the metropolitan and primary classes for certain police officers or firefighters
- LB 412 (*Bolz*) Provide duties for the State Investment Officer relating to investment in energy-related companies or funds
- LB 414 (*Kolterman*) Provide an employer contribution and state contribution for judges' retirement and change provisions relating to distribution and remittance of court fees
- LB 532 (*Kolterman*) Change provisions relating to military service credit for certain retirement plans
- LB 548 (*Lindstrom*) Provide for the consolidation of the Class V school employees' retirement system and the School Employees Retirement System of the State of Nebraska
- AM1529 (*Lindstrom*) Authorize issuance of pension obligation bonds

IV. Summary of Retirement Bills

ENACTED

1005 **Change retirement provisions and University Trust Fund investment provisions**

Status: Approved by the Governor – April 23, 2018

Operative Date: Varies; sections with e-clause April 24, 2018

Plan/Agency: County Employees
Judges
School Employees
Class V (Omaha) School Employees Retirement
Nebraska State Patrol
State Employees
Public Employees Retirement Board
Nebraska Investment Council

Repeals/Amends: 23-2302, 23-2305, 23-2305.01, 23-2306, 23-2306.02, 23-2306.03, 23-2309.01, 23-2310.05, 23-2323.02, 23-2323.03, 23-3527, 24-704, 24-704.01, 24-710.05, 24-710.06, 79-902, 79-904, 79-904.01, 79-905, 79-907, 79-915, 79-924, 79-926, 79-933.01, 79-933.02, 79-933.03, 79-933.04, 79-933.07, 79-978, 79-9,113, 79-1003, 79-1018.01, 81-2014, 81-2019, 81-2019.01, 81-2026, 81-2031.03, 81-2031.04, 84-1301, 84-1305, 84-1305.02, 84-1310.01, 84-1311.03, 84-1312, 84-1313, 84-1325, 84-1503, 85-122, and 85-123.01

Motion to Suspend Legislative Rule 5(15)(a)

Senator Kolterman filed a Motion to Suspend Rule 5(15)(a) to allow the introduction of LB 1005 this session. Rule 5, Section 15 (a) states:

Commencing with the 1997 legislative session, any bill proposing a structural change which impacts the benefits or funding status provided under a public retirement plan, or any bill proposing the creation of a new public retirement plan, shall be introduced only during the first ten days of a 90 day session.

The bill proposed structural changes to two public pension plans which impacts funding. It was brought to Senator Kolterman by the Public Employees Retirement Board (PERB), in consultation with the actuary. The trigger for introduction of this bill during the 60-day session

was Saunders County Medical Center's interest in the possibility of discontinuing participation in the County Plan. PERB and the actuary were also concerned about the trend of school districts privatizing certain departments, divisions, or sections, such as Food Service, Maintenance Workers, Para-professionals, and Bus Drivers which terminates affected school employees' membership in the School Employees Retirement Plan. The actuary advised that these withdrawals and termination of memberships would likely result in funding impacts on the County and School Plans. The Motion to Suspend the Rules was approved.

Summary of LB 1005 as Introduced

LB 1005 grants the Public Employees Retirement Board (PERB) and the Nebraska Public Employees Retirement System (NPERS) the authority to act if an employer in the County or School Plan makes a business decision to withdraw from the plan in whole or in part. The PERB and NPERS are granted authority that:

1. Allows the PERB to determine employer and employee eligibility to participate in the retirement systems;
2. Allows employers to request an actuarial study that calculates what the employer needs to pay to fund the retirement benefits for plan members affected by the employer's business transactions;
3. Provides direction on how the actuarial study calculates the employer's liability to fund the retirement benefits for affected plan members; and
4. Outlines how the employer will pay for the actuarial study and the amount necessary to fund the retirement benefits for affected plan members.

Affected employees who are terminated from the Plan will be considered fully vested and within ninety days of the entity's withdrawal or determination of ineligibility, the affected members will be considered inactive. On or after January 1, 2019, no county hospital facility established under 23-3501 could elect or discontinue participation in the retirement system.

LB 1005 as amended by Committee Amendment AM2204

Under Committee AM2204, a county hospital facility established under 23-3501 is required to elect to participate in the retirement system within one year from the operative date of the act-- July 19, 2018, or within one year of the date the facility is established, whichever is later. Text is also streamlined to eliminate repetition. The operative date of these provisions is 90 days following adjournment, July 19, 2018.

AM2560 to Committee AM2204

AM1560 is purely a technical amendment. The amendment is necessary because the Committee amendment added a new subdivision to the contribution section (79-9,113) of the Class V School Employees Retirement Act. AM2560 adds internal references to two TEEOSA statutes – 79-1003 and 79-1028.01 to recognize this new subdivision. The amendment does not create any substantive changes.

Actuarial Study on LB 1005 as amended by Committee AM2204

An actuarial cost analysis was conducted as required by Legislative Rule 5(15)(b).
[See Appendix A -- March 6, 2018 Letter -- Actuarial Considerations Regarding Committee AM2204 to LB 1005]

Bills Incorporated into Committee AM2205

LB 698 – Hearing January 19, 2018

Proponent: Randy Gerke, Director Nebraska Public Employees Retirement System
Opponents: None
Neutral: None

Under LB 698 the promulgation of rules and regulations is made permissive in each of the plans administered by the Public Employees Retirement Board which includes the County, Judges, State Patrol, School and State plans. The effective date of these provisions is 90 days following adjournment.

LB 699– Hearing January 19, 2018

Proponent: Randy Gerke, Director Nebraska Public Employees Retirement System
Opponents: None
Neutral: None

LB 699 was introduced at the request of the Public Employees Retirement Board. The bill inserts language inadvertently left out of LB 415 last session. In order to harmonize the definitions in each of the plans, language is added to the definitions of “actuarial equivalent” in the Nebraska State Patrol, the School Employees, and the State Employees Retirement Acts. The emergency clause is attached to these provisions.

LB 700– Hearing January 26, 2018

Proponents: Joel Pedersen, University of Nebraska
Michael Walden-Newman, State Investment Officer
Opponents: None
Neutral: None

LB 700 removes the obligation of the State Investment Officer and the Nebraska Investment Council to invest the funds in the University Trust Fund. The Fund is overseen and managed by the University of Nebraska and does not contain tax dollars. The operative date of these provisions is 90 days following adjournment -- July 19, 2018.

AM1758 (as amended) to LB 548– Hearing February 14, 2018

Proponents: Jason Hayes, Nebraska State Education Association
Cecelia Carter, Omaha School Employees Retirement System
Cheryl Richardson, Omaha Education Association – Retired (letter for the record)

Opponents: David Kramer, Omaha Public Schools

Neutral: None

LB 548 was introduced by Senator Lindstrom in 2017 to consolidate the Class V School Employees Retirement System and the School Employees Retirement System beginning July 1, 2020. The bill was held in Committee. Various funding options were discussed throughout the interim to address Omaha Public School’s liability for the projected 30-year actuarially required contributions (ARCs).

This session Senator Kolterman filed AM1758 to LB 548. A hearing was held on February 14, 2018. AM1758 strikes the original sections in LB 548 and amends definitions in the Class V School Employees Retirement Act to reflect the new actuarial assumptions from the 2017 Omaha School Employees Retirement System Experience Study regarding mortality tables and interest rates.

Under AM 1758, members hired or rehired prior to the July 1, 2018 will continue to have retirement benefits calculated based on the 1994 mortality table and an interest rate of 8%. All plan members hired or rehired on or after July 1, 2018 will have retirement benefits calculated using the mortality table, interest rate and actuarial factors in effect on the member’s retirement date as recommended by the actuary and approved by the board of trustees. The interest rate may be, but is not required to be, the assumed rate of return.

AM1758 also inserts a new definition of solvency as the actuarially required contribution (ARC) amount as annotated in each annual valuation report. It requires the school district to deposit the annual ARC into the retirement fund by August 31, which is the last day of the school fiscal year. AM1758 directs the Nebraska Department of Education to withhold state aid until the Department has been notified that the school district has paid its annual ARC in full.

AM1758 as amended by Committee AM2204

The language directing the Nebraska Department of Education to withhold state aid if the ARC is not paid has been deleted. The emergency clause is attached to these provisions.

Actuarial Cost Analysis

An actuarial cost analysis was conducted as required by Legislative Rule 5(15)(b). The actuary concluded that “we do not expect this change to have any measurable impact on OSERS’ funding”.

[See Appendix B – March 15, 2018 Letter -- Actuarial Cost Study on AM1758 to LB 548 as incorporated into Committee AM2204 to LB 1005]

LB 1005 – Final Reading Section-by-Section Summary

County Employees Retirement

- Section 1 [amends 23-2302] adds payments by withdrawing entity to list of contributions that may be included in the employees' account [page 1]
- Section 2 [LB 698] [amends 23-2305] [page 2]
- Section 3 [LB 698] [amends 23-2305.01] [pages 2-3]
- Section 4 [amends 23-2306] (4)(a) Grants PERB authority to determine whether a governmental entity no longer qualifies in whole or in part, for membership in the plan

In order to aid governmental entities in business decisions by calculating costs of withdrawal, PERB must be notified within 180 days of entity contemplating business decision which results in termination of members from plan

Withdrawing entity must pay costs of actuary under contract with PERB for actuarial analyses to determine potential funding obligation

When PERB is timely notified the Board shall determine:

- Whether the business decision will result in the entity no longer qualifying for membership in the plan
- Whether it constitutes a plan termination
- Potential funding obligation of entity to provide benefits to affected plan members
- Administrative costs incurred by PERB or NPERS in connection with entity's removal

Failure of an entity to timely notify the PERB of a business decision that requires the removal of the entity from the plan may result in PERB's assessment of the listed costs.

If a governmental entity elects to withdraw on or after the operative date of the act, July 19, 2018, the affected plan members will be considered fully vested. Within 90 days after entity's withdrawal, the affected members are considered inactive. The entity is liable for all listed costs.

(c) Inserts definitions for "business transaction" and "obligation of the retirement system to provide benefits for the affected members"

(d) PERB may adopt rules and regulations. [pages 3-8]

- Section 5 [LB 698] [amends 23-2306.02] makes promulgation of rules and regulations permissive [pages 8-9]
- Section 6 [LB 698] [amends 23-2306.03] makes promulgation of rules and regulations permissive [page 9-10]
- Section 7 [LB 698] [amends 23-2309.01] makes promulgation of rules and regulations permissive [pages 10-12]
- Section 8 [LB 698] [amends 23-2310.05] makes promulgation of rules and regulations permissive [pages 13-14]
- Section 9 [LB 698] [amends 23-2323.01] makes promulgation of rules and regulations permissive [pages 14-16]
- Section 10 [LB 698] [amends 23-2323.02] re-alphabetizes “direct rollover” and “distribute” and makes promulgation of rules and regulations permissive [pages 16-18]
- Section 11 [LB 698] [amends 23-2323.03] makes promulgation of rules and regulations permissive [pages 18-19]
- Section 12 [LB 1005] [amends 23-3527] A county hospital facility established under 23-3501 is required to elect to participate in the retirement system within one year from the operative date of the act – July 19, 2018, or within one year of the date the facility is established, whichever is later [page 20]

Judges’ Retirement

- Section 13 [LB 698] [amends 24-704] makes promulgation of rules and regulations permissive [pages 20-22]
- Section 14 [LB 698] [amends 24-704.01] makes promulgation of rules and regulations permissive [pages 22-23]
- Section 15 [LB 698] [amends 24-710] makes promulgation of rules and regulations permissive [pages 23-25]
- Section 16 [LB 698] [amends 24-710.05] re-alphabetizes “direct rollover” and “distribute” and makes promulgation of rules and regulations permissive [pages 25-26]
- Section 17 [LB 698] [amends 24-710.06] makes promulgation of rules and regulations permissive [pages 26-28]

School Employees Retirement

- Section 18 [LB 699] [amends 79-902] inserts language in the definition of “actuarial equivalent” that was inadvertently left out of LB 415 [pages 28-38]

- Section 19 [LB 698] [amends 79-904] makes promulgation of rules and regulations permissive [page 39]
- Section 20 [LB 698] [amends 79-904.01] makes promulgation of rules and regulations permissive [pages 39-40]
- Section 21 [LB 698] [amends 79-905] makes promulgation of rules and regulations permissive; revisor change [pages 40-41]
- Section 22 [LB 698] [amends 79-907] makes promulgation of rules and regulations permissive [pages 41-42]
- Section 23 [LB1005] [amends 79-915] Grants PERB authority to determine whether a governmental entity no longer qualifies in whole or in part, for membership in the plan. If determined entity is no longer eligible, affected members will be considered fully vested

Creates liability for withdrawing entity for funding:

- Retirement benefits for affected members
- Cost of actuarial studies to determine amount of obligation
- Administrative costs incurred by PERB and NPERS in connection with entity's removal

In order to aid governmental entities in business decisions, NPERS must be notified within 180 days of employer contemplating business decision which results in termination of members from plan so NPERS may calculate costs

Failure of an entity to timely notify the PERB of a business decision that requires the removal of the entity from the plan will still result in PERB's assessment of the listed costs.

Inserts definitions for "business transaction" and "obligation of the retirement system to provide benefits for the affected members"

PERB may adopt rules and regulations [pages 42-44]

- Section 24 [LB 698] [amends 79-924] makes promulgation of rules and regulations permissive [pages 44-45]
- Section 25 [LB 698] [amends 79-926] makes promulgation of rules and regulations permissive [pages 45-47]
- Section 26 [LB 698] [amends 79-933.01] re-alphabetizes "direct rollover" and "distribute" and makes promulgation of rules and regulations permissive [pages 47-49]

- Section 27 [LB 698] [amends 79-933.02] makes promulgation of rules and regulations permissive [pages 49-50]
- Section 28 [LB 698] [amends 79-933.03] [amends 79-933.02] makes promulgation of rules and regulations permissive [pages 50-51]
- Section 29 [LB 698] [amends 79-933.04] [amends 79-933.02] makes promulgation of rules and regulations permissive [pages 51-52]
- Section 30 [LB 698] [amends 79-933.07] [amends 79-933.02] makes promulgation of rules and regulations permissive [pages 52-53]

Class V School Employees Retirement [AM1758 as amended to LB548]

- Section 31 [amends 79-978] Members hired or rehired prior to the July 1, 2018 will continue to have retirement benefits calculated based on the 1994 mortality table and an interest rate of 8%. All plan members hired or rehired on or after July 1, 2018 will have retirement benefits calculated using the mortality table, interest rate and actuarial factors in effect on the member's retirement date as recommended by the actuary and approved by the board of trustees. The interest rate may be, but is not required to be the assumed rate of return;
- Inserts a new definition of "solvency" as the actuarially required contribution (ARC) amount as annotated in each annual valuation report [pages 53-60]
- Section 32 [amends 79-9,113] Requires the school district to deposit the amount necessary to maintain the solvency of the plan (the annual ARC) into the retirement fund by August 31, which is the last day of the school fiscal year
- Adds language to clarify that nothing prohibits the school district from making other contributions in addition to the contributions required under this section [pages 60-65]

Tax Equity and Educational Opportunities Support Act

- Section 33 [AM1758 to LB 548] [amends 79-1003] Adds an internal reference to the employer contribution that is outside the property tax levy lid. [pages 65-78]
- Section 34 [AM1758 to LB 548] [amends 79-1003] Adds an internal reference to the employer contribution that is above the budget lid [pages 78-82]

Nebraska State Patrol Retirement

- Section 35 [LB 699] [amends 81-2014] Inserts language in the definition of "actuarial equivalent" that was inadvertently left out of LB 415 [pages 82-87]

- Section 36 [LB 698] [amends 81-2019] makes promulgation of rules and regulations permissive [page 87]
- Section 37 [LB 698] [amends 81-2019.01] makes promulgation of rules and regulations permissive [page 87-88]
- Section 38 [LB 698] [amends 81-2026] makes promulgation of rules and regulations permissive [pages 88-94]
- Section 39 [LB 698] [amends 81-2031.03] re-alphabetizes “direct rollover” and “distribute” and makes promulgation of rules and regulations permissive [pages 94-96]
- Section 40 [LB 698] [amends 81-2031.04] makes promulgation of rules and regulations permissive [pages 96-97]

State Employees Retirement

- Section 41 [LB 699] [amends 84-1301] Inserts language in the definition of “actuarial equivalent” that was inadvertently left out of LB 415 [pages 97-105]
- Section 42 [LB 698] [amends 84-1305] makes promulgation of rules and regulations permissive; inserts revisor change [page 105]
- Section 43 [LB 698] [amends 84-1305.02] makes promulgation of rules and regulations permissive [pages 105-106]
- Section 44 [LB 698] [amends 84-1310.01] makes promulgation of rules and regulations permissive [pages 106-108]
- Section 45 [LB 698] [amends 84-1310.03] makes promulgation of rules and regulations permissive [pages 108-109]
- Section 46 [LB 698] [amends 84-1312] re-alphabetizes “direct rollover” and “distribute” and makes promulgation of rules and regulations permissive [pages 110-111]
- Section 47 [LB 698] [amends 84-1313] makes promulgation of rules and regulations permissive [pages 111-113]
- Section 48 [LB 698] [amends 84-1325] makes promulgation of rules and regulations permissive [pages 113-115]

Public Employees Retirement Board

- Section 49 [LB 698] [amends 84-1503] Amends PERB statutes to allow the Board to promulgate rules and regulations as the Board deems necessary [pages 115-122]

LB 700 – State Investment Officer and University of Nebraska

- Section 50 [LB700] [85-122] Exempts the University Trust Fund from the list of funds invested by the State Investment Officer [page 122]
- Section 51 [LB700] [85-123.01] Board of Regents shall also invest and direct the University Trust Fund; states that no money in this Fund shall be held, managed, or invested by the State Investment Officer [pages 122-123]
- Section 52 Operative dates
- Section 53 Severance clause
- Sec 54 & 55 Repealers
- Section 56 Emergency clause

AMENDED INTO OTHER BILLS AND ENACTED

LB 698 Change powers and duties of the Public Employees Retirement Board

Under LB 698 the promulgation of rules and regulations is made permissive in each of the plans administered by the Public Employees Retirement Board, which includes the County, Judges, State Patrol, School and State plans. The operative date of these provisions is 90 days following adjournment – July 19, 2018.

LB 699 Redefine actuarial equivalent in certain retirement acts as prescribed

LB 699 was introduced at the request of the Public Employees Retirement Board. The bill inserts language inadvertently left out of LB 415 last session. In order to harmonize the definitions in each of the plans, language is added to the definitions of “actuarial equivalent” in the Nebraska State Patrol, the School Employees, and the State Employees Retirement Acts. The emergency clause is attached to these provisions.

LB 700 Change provisions relating to the state investment officer and investment and management of the University Trust Fund

LB 700 removes the obligation of the State Investment Officer and the Nebraska Investment Council to invest the funds in the University Trust Fund. The Fund is overseen and managed by the University of Nebraska and does not contain tax dollars. The operative date of these provisions is 90 days following adjournment – July 19, 2018.

AM1758 to LB 548 **Change Class V School Retirement provisions relating to actuarial assumptions; redefine term and establish specific date for deposit of payments**

LB 548 was introduced by Senator Lindstrom in 2017 to consolidate the Class V School Employees Retirement System and the School Employees Retirement System beginning July 1, 2020. The bill was held in Committee and various funding options were discussed throughout the interim to address Omaha Public School's liability for the projected 30-year actuarially required contributions (ARCs).

This session Senator Kolterman filed AM1758 to LB 548. A hearing on the amendment was held on February 14, 2018. AM1758 strikes the original sections in LB 548 and amends definitions in the Class V School Employees Retirement Act to reflect the new actuarial assumptions from the 2017 Omaha School Employees Retirement System Experience Study regarding mortality tables and interest rates.

Under AM1758, members hired or rehired prior to the July 1, 2018 will continue to have retirement benefits calculated based on the 1994 mortality table and an interest rate of 8%. All plan members hired or rehired on or after July 1, 2018 will have retirement benefits calculated using the mortality table, interest rate and actuarial factors in effect on the member's retirement date as recommended by the actuary and approved by the board of trustees. The interest rate may be, but is not required to be, the assumed rate of return.

AM1758 also inserts a new definition of "solvency" as the actuarially required contribution (ARC) amount as annotated in each annual valuation report. It requires the school district to deposit the annual ARC into the retirement fund by August 31, which is the last day of the school fiscal year. AM1758, as introduced, directs the Nebraska Department of Education to withhold state aid until the Department has been notified that the school district has paid its annual ARC in full.

AM1758 as amended by Committee AM2204

The language directing the Nebraska Department of Education to withhold state aid if the ARC is not paid was deleted. The emergency clause is attached to these provisions.

Actuarial Cost Analysis

An actuarial cost analysis was conducted as required by Legislative Rule 5(15)(b). The actuary concluded that "we do not expect this change to have any measurable impact on OSERS' funding".

[See Appendix B for March 15, 2018 Cavanaugh Macdonald Cost Study Letter]

ADVANCED TO GENERAL FILE

LB 548 Provide for the consolidation of the Class V School Employees' Retirement System and the School Employees Retirement System of the State of Nebraska

LB 548 as Introduced in 2017

LB 548 as introduced closes the Class V (Omaha) School Employees Retirement Plan (OSERS Plan) June 30, 2019 and consolidates the OSERS Plan with the School Employees Retirement Plan (School Plan) beginning July 1, 2020. OSERS Plan members who transfer to the School Plan will continue to receive the benefits provided under the OSERS Plan. Omaha public school employees hired on and after July 1, 2020 after that date will become members of the School Plan.

The Nebraska Retirement Systems Committee of the Legislature is required to contract with an actuary prior to July 1, 2020 to provide a detailed actuarial analysis that will identify the additional contribution that the Omaha public school district must pay each year to achieve the same funding ratio as the School Plan's funding ratio as of June 30, 2020.

In addition to the annual employer contribution for all previous employees, the Omaha public school district must pay an annual contribution on the last day of each fiscal year beginning fiscal year ending June 30, 2021 and continuing through each fiscal year through fiscal year ending on June 30, 2051. Under LB 548, the full amount of all 9.88% employer contribution for all OSERS members and additional payments would be outside the levy lid under 79-1028.01.

LB 548 was held in Committee last year and during the interim a number of meetings were held with representatives of Omaha Public School, Omaha School Employees Retirement System, Nebraska Public Employees Retirement System, Nebraska Investment Council, Nebraska State Education Association, and the Omaha Education Association to discuss funding issues, and what would need to happen in order for the Omaha School Employees Retirement Plan to be administered by the Nebraska Public Employees Retirement System.

AM 1529 – February 14, 2018 Hearing

Proponents

Lou Ann Goding, Omaha Public School Board
Marque Snow, Omaha Public School Board
Jason Hayes, Nebraska State Education Association

Opponents

Randy Gerke, Nebraska Public Employees Retirement System

Neutral

Michael Walden-Newman, Nebraska Investment Council
Cecelia Carter, Omaha Public Employees Retirement System

A hearing was held on February 14, 2018 on AM 1529 introduced by Senator Lindstrom. AM 1529 strikes the original sections and authorizes school districts to issue pension obligation bonds for payment of obligations to the retirement system without a vote of the electorate.

Under AM 1529, beginning September 1, 2018, the difference between sums paid for voluntary termination of employment as of September 1, 2016 and levy necessary to pay for pension obligation bonds, are exempt from the property tax levy lid as long as such amounts are utilized to make pension obligation bond payments.

AM 1529 requires the Public Employees Retirement Board to perform an actuarial valuation on the OSERS Plan beginning January 1, 2023 and every 5 years thereafter to determine if additional contributions are required to maintain solvency of the Class V system, based on the methods and assumptions in the School Plan. If additional amounts are needed, the Class V employer contribution rate will be adjusted by the actuary. The Class V school district shall make a single sum contribution of XX to the Class V system on or before January 1, 2019. The employer contribution above 7.37% is exempt from general fund operating expenditures and the budget lid prior to September 1, 2018.

(A hearing on AM1758, introduced by Senator Mark Kolterman, was also held on February 14, 2018. An amended version of AM 1758 was incorporated into Committee Amendment AM 2204 to LB 1005.)

Committee Amendment AM 2595

The Committee amendment becomes the bill. It strikes the original sections and authorizes school districts to issue pension obligation bonds for payment of obligations to the retirement system without a vote of the electorate. Payment for pension obligation bonds are from the school district's general fund and are included in general fund operating expenditures. Pension obligation bonds must be issued within the \$1.05 property tax levy lid. On or before August 31, 2019, the Class V school district shall make a single or series of contributions totaling \$300 million to the OSERS retirement system.

Beginning January 1, 2026, and every 4 years thereafter, in addition to the annual actuarial investigations, the board of trustees is directed to perform an actuarial valuation to determine if additional contributions are required to maintain solvency of the Omaha School Employees' Retirement System. If additional amounts are needed, the actuary is directed to calculate the increase in the Class V employer (school district) contribution rate to pay the additional amounts. The Tax Equity and Educational Opportunities Support Act (TEEOSA) is amended to exclude from general fund operating expenditures, the employer contribution amount above the rate of 7.37% prior to September 1, 2018. Beginning September 1, 2018, the employer contribution amount above the rate of 7.37% but less than 9.99% shall be exempt from the budget lid. The severability and emergency clauses are added. Committee AM2595 did not receive the necessary votes to be adopted and LB 548 did not advance to Select File.

Actuarial Cost Analysis

An actuarial cost analysis was conducted as required by Legislative Rule 5(15)(b).
[See Appendix C for April 2, 2018 Cavanaugh Macdonald Actuarial Projections Letter]

Section-by-Section Summary of Committee AM 2595

- Section 1. [10-701] Authorizes all school districts to issue pension obligation bonds for payment of obligations to the retirement system in the amounts determined by the actuary under state retirement laws. It clarifies that pension obligation bond payments are general fund operating expenditures [See page 1]
- Section 2. [NEW SECTION] Pension obligation bonds may be issued without a vote of the electorate [See pages 1-2]
- Section 3. [NEW SECTION] Before issuance of pension obligation bonds, the school district must make and certify under oath, a written statement of taxable valuation, number of children of school and total bonded indebtedness of the school district [See page 2]
- Section 4. [10-717] School district is authorized to issue refunding bonds [See page 2-3]
- Section 5. [77-3442] Bond payments are under the \$1.05 property tax levy lid [See pages 3-10, new language is on page 10]
- Section 6. [79-984] In addition to the annual valuation reports prepared by the actuary, the board of trustees shall also require the actuary to perform an actuarial valuation on the retirement system beginning January 1, 2026 and every 4 years thereafter to determine whether additional contributions are required to maintain solvency of the system. If additional contributions to the retirement system are required, the actuary shall determine the necessary employer contribution rate. The revised employer contribution rate will go into effect the year after the valuation report and continue for 4 fiscal years. [See pages 10-11]
- Section 7. [79-9,113] (1)(c)(i) Before September 1, 2018, the annual contributions by the employer are the greater of 101% of employees' contributions, or such amount necessary to maintain the solvency of the system. The employer contributions shall be made monthly and immediately transmitted to the account of the retirement system [See page 13]
- (1)(c)(ii) Beginning on or after September 1, 2018, the annual contributions shall be 101% of the contributions by the employees and shall be made monthly and immediately transmitted to the account of the retirement system [See page 14]
- (1)(g) In addition to the contributions and payments in (1)(c), the school district shall make a single contribution or series of contributions totaling \$300 million to the retirement system on or before August 31, 2019. [See page 16]

- Section 8. [79-1003]Amends TEEOSA to exclude from general fund operating expenditures, the Class V School Employees Retirement System employer contribution amount above the rate of 7.37% prior to September 1, 2018. Beginning September 1, 2018, the employer contribution amount above the rate of 7.37% but less than 9.99% will be excluded from general fund operating expenditures [See pages 17-29, new language on page 23]
- Section 9. [79-1028.01]Allows the Class V School Employees Retirement System to exceed budget authority for general fund budget for employer contribution amount above the rate of 7.37% prior to September 1, 2018. Beginning September 1, 2018, the employer contribution amount above the rate of 7.37% but less than 9.99% will be exempted from the budget lid [See pages 29-33, new language on pages 30-31]
- Section 10. Severability clause
- Section 11. Repealers
- Section 12. Emergency clause

DIED IN COMMITTEE AT END OF SESSION

LB 30 Provide for a cash balance benefit plan by cities of the metropolitan and primary classes for certain police officers or firefighters as prescribed

After an unspecified date, metropolitan and primary class cities may only offer a cash balance benefit plan to police officers and firefighters hired on or after that date. Police officers and firefighters must satisfy all eligibility requirements defined by the employer in order to be eligible to participate in the cash balance retirement plan.

The cash balance benefit will be equal to the employee's contributions plus interest credits and if vested, the city's contributions plus interest credits and any dividend amounts in accordance with the bargaining agreement and reflected in the city ordinance.

A supplemental plan may be included for cash balance plan members who do not participate in Social Security. The auxiliary benefit under the supplemental plan will be funded by additional contributions.

LB 412 Provide duties for the state investment officer relating to investment in energy-related companies or funds

LB 412 directs the State Investment Office to review state investments and determine the extent to which state funds are invested in companies or funds which derive a substantial portion of their revenue from extraction or combustion of fossil fuels, or clean energy. It also directs the State Investment Officer to review the opportunities for investment in clean energy and begin the process of investment in companies that create clean energy to the extent it is consistent with prudent investment strategies. A report must be submitted to the Legislature and Governor by December 15, 2017 on the volatility and risk associated with identified fossil fuel investments.

LB 414 Provide an employer contribution and a state contribution for judges' retirement as prescribed and change provisions relating to distribution and remittance of court fees

LB 414 creates an employer contribution in the Judges' Retirement Plan with an unspecified contribution rate. The earmarked court fees in the county, district, Supreme Court and Court of Appeals for the Judges' Retirement Fund are eliminated. Previously earmarked fund amounts would be deposited into the General Fund.

LB 532 Change provisions relating to a military service credit for certain retirement plans as prescribed

Under the language in LB 532 the state is liable for funding any obligation in the Judges', State Patrol and State Employees Retirement plans to provide benefits based on the period of military service provided by the returning member. The county in which the county member is employed, and the school district which employs the school member are responsible to provide funding for member's benefits based on the period of military service provided by the returning member.

The funding obligations in the Judges', State Patrol and School defined benefit plans begin on May 24, 2017, and the obligations in the County and State Employees plans begins on January 1, 2018. Prior to January 1, 2018, the state or county must match only the amount of the contribution made by such county or state plan member for periods of military service provided by the employee.

It establishes a timeframe in each of the plans for the respective employer/entity to comply with the funding obligation to the Nebraska Public Employees Retirement Systems and also clarifies what is not included in the funding obligation. If the payment is not made to Nebraska Public Employees Retirement Systems within 18 months of the date that the Public Employees Retirement Board notifies the appropriate employer/entity, then that employer/entity is also liable for payment of listed actuarial and interest costs.

In the County plan, the county is liable for funding the obligations to the plan during the period of military service.

In the Judges' plan, the state court administrator is liable for funding the obligations to the plan during the period of military service.

In the School plan, the employer/school district is liable for funding the obligations to the plan during the period of military service.

In the State Patrol plan, the Nebraska State Patrol is liable for funding the obligations to the plan during the period of military service.

In the State Employees plan, the agency re-employing the returning member is liable for funding the obligations to the plan during the period of military service.

The Public Employees Retirement Board may promulgate rules and regulations for all the plans to include, but not limited to: (1) employee and employer notification regarding military service; (2) determination of compensation on which contributions are made; (3) acceptable methods of payments; (4) documentation necessary to verify re-employment under USERRA; and (5) acceleration of the employer's payment due to unforeseen circumstances.

The liability for payment of contributions in all of the plans only applies to military service that falls within the definition of uniformed service under the Uniform Services Employment and Reemployment Rights Act (USERRA) and does not include service provided pursuant to the Military Code which is found in sections 55-101 to 55-181. [LB 532 as amended was incorporated into Committee AM923 to LB 415, which was enacted in 2017]

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V. Bills, Confirmations & Reports Status Chart

LB #	SUBJECT	ACTION	STATUS
LB 698	Change powers and duties of the Public Employees Retirement Board regarding promulgation of rules and regulations	AM into Committee AM2204 to LB 1005	LB 1005 enacted
LB 699	Redefine actuarial equivalent in certain retirement acts as prescribed (LB 415 clean-up)	AM into Committee AM2204 to LB 1005	LB 1005 enacted
LB 700	Change provisions relating to the state investment officer and investment and management of the University Trust Fund	AM into Committee AM2204 to LB 1005	LB 1005 enacted
LB 1005	Change provisions relating to employer removal or withdrawal from the County or School Retirement Systems	AM into Committee AM2204 to LB 1005	Enacted
CARRY-OVER LEGISLATION			
LB 548	<i>(Lindstrom)</i> Provide for the consolidation of Class V and School Employees Retirement Systems		
	AM1529 (<i>Lindstrom</i>) Authorize issuance of pension obligation bonds	AM by Comm AM2595 Advanced to GF	Failed to Advance
	AM1758 (<i>Kolterman</i>) Adopt new actuarial assumptions; redefine terms; insert date for payment; require agency to withhold state aid under specified conditions	Portion AM into Committee AM2204 to LB 1005	
CONFIRMATION HEARINGS			
	Randy Gerke, NPERS Director	Advanced to GF	Confirmed
	John Conley, NIC	Advanced to GF	Confirmed
PRESENTATION OF ANNUAL REPORTS			
	Nebraska Public Employees Retirement Systems		
	Nebraska Investment Council		
CARRY-OVER LEGISLATION			
LB 30	<i>(Kolterman)</i> Provide for cash balance plan by cities of metropolitan and primary classes for certain police officers and firefighters		Died in Committee
LB 412	<i>(Bolz)</i> Provide duties for State Investment Officer relating to investment in energy-related companies or funds		Died in Committee
LB 414	<i>(Kolterman)</i> Provide employer contributions and state contributions for judges & change distribution and remittance of court fees		Died in Committee
LB 532	<i>(Kolterman)</i> Change provisions relating to military service credits for certain retirement plans	[Portions amended into LB 415 last session and enacted in 2017]	Died in Committee

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VI. Interim Study Resolutions

LR 368

Introduced by Senator Kolterman

PURPOSE: The purpose of this study is to examine the public employees' retirement systems administered by the Public Employees Retirement Board, including the State Employees Retirement System, the County Employees Retirement System, the School Employees Retirement System, the Nebraska State Patrol Retirement System, and the Judges Retirement System. The study may also examine the Class V School Employees Retirement System administered under the Class V School Employees Retirement Act.

The study will examine issues as they relate to the funding needs, benefits, contributions, and the administration of each retirement system.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Nebraska Retirement Systems Committee is designated to conduct an interim study to carry out the purpose of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

LR 369

Introduced by Senator Kolterman

PURPOSE: The purpose of this study is to carry out the provisions of Neb. Rev. Stat. 13-2402, which requires the Nebraska Retirement Systems Committee to monitor underfunded defined benefit plans administered by political subdivisions. The study committee shall conduct a public hearing for the presentation of reports by all political subdivisions with underfunded defined benefit plans.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, SECOND SESSION

1. That the Nebraska Retirement Systems Committee is designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings to the Legislative Council or Legislature.

LR 373

Introduced by Senator Lindstrom

PURPOSE: The purpose of this resolution is to study the potential for public safety officers to retain a portion of pension funds for health care under section 402(1) of the Internal Revenue Code, commonly known as the Healthcare Enhancement for Local Public Safety Retirees (HELPS).

The study shall include, but not be limited to, an examination of the following:

1. The feasibility of Nebraska public safety officers benefiting from the provisions of HELPS;
2. The feasibility of different pension plans that allow pretax dollars to be used for health care costs; and
3. Any relevant considerations, benefits, and challenges of implementing this benefit for public safety officer retirees.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Nebraska Retirement Systems Committee is designated to conduct an interim study to carry out the purpose of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

LR 396

Introduced by Senator Lowe

PURPOSE: The purpose of this study is to examine possible changes to the School Employees Retirement Act and the Class V School Employees Retirement Act.

The study shall include an examination of defined benefit plans, defined contribution plans, and cash balance plans and an analysis of which type of plan:

1. Is the most beneficial to taxpayers;
2. Is best able to withstand solvency issues; and
3. Is the most beneficial to retirees.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Nebraska Retirement Systems Committee is designated to conduct an interim study to carry out the purpose of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

Interim Studies referenced to other committees that may impact retirement systems or the Nebraska Retirement Systems Committee

LR 434

Introduced by Senator Linehan
Referenced to Education Committee

PURPOSE: The purpose of this study is to study school structure and finance. The study shall include, but not be limited to:

1. Research on public school structure in other states;
2. Research on how other states pay for K-12 education; and
3. Comparison of Nebraska's education benefit packages, including retirement benefits, and the education benefit packages of other states.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Education Committee is designated to conduct an interim study to carry out the purpose of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

LR 437

Introduced by Senator Hilgers

Select Committee Members – Hilgers (C), Schumacher, Kuehn, Krist, Harr, Watermeier, Scheer (ex officio), Bolz, Geist, Linehan, Wayne, Halloran, and Hughes

PURPOSE: The purpose of this resolution is to fully and comprehensively analyze possible improvements and changes to the standing committee system. The Rules Committee of the Legislature convened to hear proposed rules submitted by members of the Legislature. The Rules Committee also met during the interim prior to the Second Session of the One Hundred Fifth Legislature and submitted a report to the Legislature regarding its findings. The Rules Committee unanimously voted to conduct an interim study during 2018 to further develop specific proposals for consideration by the One Hundred Sixth Legislature.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIFTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That a select interim committee of the Legislature be designated to carry out the purposes of this resolution. The select interim committee shall be composed of the members of the Rules Committee of the Legislature, the Speaker of the Legislature, and two members of each congressional district selected by the Executive Board of the Legislative Council.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

VII. APPENDICES

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APPENDIX A

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March 6, 2018

Mr. Randy Gerke
Executive Director
Nebraska Public Employees Retirement System
Post Office Box 94816
Lincoln, NE 68509

Re: Actuarial Considerations Regarding LB 1005, AM2204

Dear Randy:

At your request, we have prepared this letter regarding LB 1005, AM 2204, a bill that is intended to allow employers in the School or County Plans to withdraw from the Nebraska Public Employees Retirement System (NPERS), under certain conditions. Under Committee AM 2204, a county hospital facility established under 23-3501 is required to elect to participate in the retirement system within one year from the effective date of the act, July 19, 2019, or within one year of the date the facility is established, whichever is later. Additionally, the bill provides the framework under which the Public Employees Retirement Board (PERB) may assess the employer for the financial impact and risk to the System resulting from the employer's withdrawal. Currently, there is no assumption in the valuation process regarding the withdrawal of participating employers and no specific guidance in statute as to how the liability for the withdrawing employer is to be determined. Therefore, a traditional fiscal impact study that measures the cost impact of the proposed legislation cannot be prepared. The actuarial impact of any single employer withdrawing from either the County or School Plan will be dependent on the facts and circumstances in that individual situation. However, there are actuarial considerations and risks related to an employer withdrawing from the retirement system and the provisions of LB 1005, AM 2204 allow the PERB to implement procedures that will protect the system's funding from a negative impact.

Actuarial Issues

LB 1005, AM 2204 addresses the withdrawal of employers in both the County Employees Cash Balance Plan and the School Employees Retirement System. We will discuss the key issues relative to the cash balance plan design. The issues that would be relevant for an employer withdrawing from the School Employees Retirement System, which has a final average salary benefit structure, are generally similar, although certain details may vary.

Liability change upon change to inactive status – In the actuarial valuation process, active members are assumed to continue in covered employment in the future, with a portion leaving each year due to termination of employment, pre-retirement death, or retirement. Because continued employment means that the ultimate benefit is not immediately payable, the actuarial liability calculated for active cash balance

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Mr. Randy Gerke
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members is generally less than the member's actual account balance. When valuing inactive vested members, however, we reflect the fact that such members could elect to receive their entire account balance immediately by setting the actuarial liability equal to the vested account balance. Thus, any time an active member terminates employment before the age at which the probability of retirement is 100%, there is an increase in the actuarial liability. Therefore, if a participating employer in the County Employees Cash Balance Plan withdraws from NPERS, those employees would become inactive vested members which would result in some increase in the actuarial liability. As may be noted from the January 1, 2017 valuation report, though, the difference in the actuarial liability and the cash balance account balances, in total, is not large. Unless the demographic composition of the withdrawing employer's members is significantly different from the plan as a whole, the impact of active employees changing to inactive members should cause only a modest increase in the actuarial liability.

Reduction in Covered Payroll – The County Employees Cash Balance Plan is funded by employee and employer contributions on covered payroll. Historically, the total statutory contribution rate has been well above the normal cost rate of the Plan. The difference in these rates (statutory contribution rate and the normal cost rate) pays down the unfunded actuarial liability (UAL), if one exists. If no UAL exists, it improves the Plan's funded status, thus increasing the funds available to grant a dividend or accelerating the payment of a dividend. If a participating employer withdraws from the County Employees Cash Balance Plan, total covered payroll declines, thereby reducing the contribution dollars available to fund the UAL or provide a dividend. If the employees of the withdrawing employer are inactive members of the system (i.e. members did not take a lump sum distribution of their account balances), then these members may have contributed to the actuarial experience that created the UAL or they will receive a dividend if granted, without the benefit of their employer's contributions. Ultimately, this situation would be expected to reduce the total amount of dividends payable to other members of the County Employees Cash Balance Plan over time.

Risk Considerations – The funding of the County Cash Balance Plan utilizes a number of actuarial assumptions including:

- a) Investment return
- b) Guaranteed interest crediting rate
- c) Dividend
- d) Mortality
- e) Election of lump sum or annuity

Actual experience that varies from any of these assumptions, positive or negative, will impact the future funding of the Plan. Of most concern is experience that is less favorable than assumed, resulting in the need for additional funding, lower dividends, and/or changes to the basic plan design. Examples of these type of events are lower investment returns than expected, unanticipated improvements in mortality (people living longer than expected), a high interest rate environment in which interest credits are larger than assumed, and a smaller release of liability through lump sum elections than assumed. In some cases, these events will be unanticipated by the system, resulting in actuarial losses, while in other cases they will be anticipated in advance through revised assumptions, resulting in an increase in the actuarial liability when the new assumption is adopted. In either case, this type of experience will ultimately result in either increased contributions, lower dividends, or some combination thereof. As a corollary to the comments on the reduced payroll from the withdrawal of the employer, the absence of the covered payroll of the withdrawing employer will exacerbate this situation should it occur, resulting in greater contributions for the state or remaining employers or requiring a greater reduction in the dividends for all non-retired members.



Specific Risk Factors – Once an employer withdraws, the risks (uncertainty) of the Plan’s future funding must be absorbed by the remaining employers and, in this case, potentially the state of Nebraska. While there are various types of risk for the County Employees Cash Balance Plan that should be considered, the most significant and volatile is investment risk, i.e., actual investment returns will be lower than the assumed rate of 7.5% or that the investment return assumption will be lowered in a future experience study. While this investment risk could be directly addressed by modifying the asset allocation to a higher portion of less risky assets (corporate bonds or U.S. Treasuries, for example), creating a separate asset pool within the County Employees Cash Balance Plan trust with a different asset allocation does not seem practical. If such an option were pursued, the investment return assumption for the alternative portfolio would be lower than the current 7.5% assumption.

An alternative approach that would place NPERS in a more defensive position with respect to future investment experience, thereby reducing the likelihood that other employers will be negatively impacted by future investment experience is to calculate the liability for the withdrawing employer using an investment return assumption that is more conservative (lower) than the actuarial assumption used in the valuation. This could be considered to be a “risk premium”, the employer’s cost of exiting the NPERS Plan with no future funding obligation. Such an approach would increase the probability that future returns will meet or exceed the assumed rate of return used in the calculation (e.g., the probability of meeting the assumption might be 75% or 90% instead of 50%). The following table illustrates the increase in the actuarial liability for a withdrawing employer under different investment return assumptions and the associated probabilities, based on the expected return and standard deviation of the current portfolio:

	Assumed Rate of Return		
	7.50%	5.00%	4.00%
Actuarial Accrued Liability	\$10 M	\$15 M	\$19M
Probability of meeting assumed rate of return over 30 years	50%	87%	95%

Given the School Employees Retirement System’s plan design, actual experience that is less favorable than assumed only impacts the actuarial contribution rate, potentially resulting in additional state contributions rather than a reduction of member benefits through lower dividends.

Favorable Risk – Our analysis to this point has considered only the negative side of risk. Assumptions are usually set close to the long-term expectation, so theoretically it is as likely that favorable experience (better than assumed) will occur as unfavorable experience over the long term. However, once an employer withdraws, the timeline of their plan liability is also shorter. If the employer withdrawal occurred prior to favorable experience, it would be shared in some way by the remaining employers, members, or the state at perhaps a greater level than would have been realized had the withdrawing employer continued to participate (since that employer would have enjoyed a portion of the gain). In total, the favorable risk and the unfavorable risk would be expected to offset each other, on average, over the long term. However, the impact of favorable and unfavorable experience in the County and School Plans does not mean each interested party (member, employer, and state) is affected in the same manner.

As an example, consider this example in the County Employees Cash Balance Plan. If there are significant investment shortfalls, the dividends for members not in pay may be eliminated and, at some point, the state could be required to make a contribution (actuarial contribution rate exceeds the statutory contribution rate). Before the state was required to make additional contributions to the Plan, the law could be changed to



Mr. Randy Gerke
March 6, 2018
Page 4

increase the contribution rate from the employers. Thus, all parties would share in the results of the negative experience. However, if there were significant investment gains, the likely result is that there will be larger dividends, which benefits only the members. Because reducing contributions actually decreases the benefits, it is doubtful that the employers would see any gain, nor would the state stand to benefit. Because the upside and downside events affect the stakeholders differently, the risk is nonsymmetrical.

Conclusions

Because a withdrawing employer is transferring certain risks to members, other employers, and potentially to the state of Nebraska in a nonsymmetrical manner, the idea of the System assessing a premium to the withdrawing employer to cover not only any existing unfunded actuarial liability using the assumptions in the valuation, but also some of the risk of uncertainty of future events is a defensible position. The nature of the risk transfer that occurs when a participating employer withdraws varies between the School and County plans, and so the flexibility in LB 1005, AM 2204 which gives the Board the authority to assess the additional charge on a different basis for each Plan seems appropriate.

We, Patrice A. Beckham, FSA and Brent A. Banister, FSA, are consulting actuaries with Cavanaugh Macdonald Consulting, LLC. We are members of the American Academy of Actuaries, Fellows of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. We are available to answer any questions or provide additional information as needed.

Please let us know if there are additional questions that arise related to the information presented in this letter. We would be happy to provide additional analysis if needed.

Sincerely,

A handwritten signature in black ink that reads 'Patrice Beckham' in a cursive script.

Patrice A. Beckham, FSA, FCA, EA, MAAA
Principal and Consulting Actuary

A handwritten signature in black ink that reads 'Brent A. Banister' in a cursive script.

Brent A. Banister, PhD, FSA, FCA, EA, MAAA
Chief Actuary

APPENDIX B

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March 15, 2018

Ms. Cecelia Carter
Executive Director
Omaha School Employees Retirement System
3215 Cuming Street
Omaha, NE 68122

Re: Cost Study for Legislative Bill 1005, As Amended by AM 2204

Dear Cecelia:

The definition of “actuarial equivalence”, which requires a specific interest rate and mortality assumption, is currently defined in statute for the Omaha School Employees Retirement System (OSERS), as summarized below:

- For forms of payment other than joint and survivor annuities: 8% interest and the 1994 Group Annuity Mortality Table with a one-year age setback, blended 25% male and 75% female (see Statute 79-978 (3)(a)).
- For joint and survivor annuities: 8% interest and 1994 Group Annuity Mortality Table with a one-year age setback, blended 65% male and 35% female for the member and blended 35% male and 65% female for the joint annuitant (see Statute 79-978 (3)(b)).

The definition of actuarial equivalence only affects the amount of benefit received if a member elects to receive payment under an optional form of benefit. The benefit formula determines the amount of the benefit (Final Average Salary * Years of Service * Multiplier) payable under the normal form of payment, a five year certain and life annuity. Optional forms are based on this amount multiplied by an optional form factor.

Legislative Bill 1005, AM 2204, protects the actuarial basis currently in statute for members who were hired before July 1, 2018. However, the bill authorizes the OSERS Board of Trustees to determine the basis for actuarial equivalence for optional forms of payment for members hired after July 1, 2018.



Financial Impact

In the future, when the OSERS Board of Trustees sets the basis for actuarial equivalent forms of payment, it may result in a different actuarial equivalence basis for members hired on/after July 1, 2018. Given the changes in the actuarial assumptions that were adopted by the OSERS Board last year and the fact that additional changes may be made upon the recommendation of the actuary after each experience study, it is likely the factors used to convert the formula benefit to optional benefit amounts for the post-July 1, 2018 group will be based on an actuarial equivalent basis that is different from the current basis. However, because the factors applied to the formula benefit to determine the benefit amounts under the optional forms of payment are calculated as the ratio of two numbers (and both numbers change in the same direction under a different actuarial equivalent basis), there often is not a significant change in the benefit amounts resulting from a change in the definition of actuarial equivalence. Coupled with the fact that it will be many years before there will be a significant number of members with meaningful benefits retiring under the new factors, **we do not expect this change to have any measurable impact on OSERS' funding.**

Although LB 1005, AM 2204, provides the OSERS' Board with discretion to set the assumptions used to define actuarial equivalence, we anticipate that they will generally select a basis that is similar to the valuation assumptions at the actuary's recommendation. Should the Board of Trustees deviate significantly from this expectation, there could be a cost impact and our analysis may need to be revisited.

This cost analysis has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board (ASB) and the Code of Professional Conduct and Qualification Standards for Public Statement of Actuarial Opinion of the American Academy of Actuaries.

I, Patrice A. Beckham, FSA, am a consulting actuary with Cavanaugh Macdonald Consulting, LLC. I am a member of the American Academy of Actuaries, Fellow of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

If you have any questions or additional information is needed, please let me know. We are available to provide additional analysis or explanation.

Sincerely,

Patrice Beckham

Patrice A. Beckham, FSA, EA, FCA, MAAA
Principal and Consulting Actuary

APPENDIX C

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Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

April 2, 2018

Ms. Cecelia Carter
Executive Director
Omaha School Employees Retirement System
3215 Cuming Street
Omaha, NE 68131

Re: Requested Projections under LB 548 AM 2595 (Omaha School Employees Retirement System)

Dear Ms. Carter:

Cavanaugh Macdonald Consulting was asked to prepare several long term funding projections reflecting the provisions of LB 548 AM 2595 in the 2018 legislative session. The request is to illustrate the impact on the funding of the Omaha School Employees Retirement System (OSERS). LB 548 AM 2595 provides that the Omaha School District will make an additional contribution in the net amount of \$300 million above the regular statutory contributions of 101% of the employee contributions on or before August 31, 2019. For purposes of the funding projections in this study, the net bond proceeds were assumed to be deposited into the trust on August 31, 2019. To the extent the bond proceeds are deposited earlier, it will generally have a positive impact on OSERS' funding. The request for analysis included a specific request for sensitivity analysis of actual investment returns upon the valuation results.

LB 548 AM 2595 also provides that no additional contributions above the statutory contribution rate of 101% of employee contributions will be required by the Omaha School District from fiscal year 2020 through 2026. Beginning with the January 1, 2026 actuarial valuation, and every four years thereafter, the actuary engaged by OSERS shall determine the adjusted contribution rate, if applicable, for the Omaha School District. This adjustment would eliminate any shortfall between the actuarial required contribution rate in the actuarial valuation and the current statutory contribution rate at that time (referred to as the "true up calculation"). The adjusted employer contribution rate, as determined in the January 1, 2026 valuation, will first be effective for the Omaha School District's fiscal year ending August 31, 2027 and continue through the fiscal year ending August 31, 2030. Likewise, any adjustment to the Omaha School District's contribution rate resulting from the January 1, 2030 actuarial valuation will first be effective for the fiscal year ending August 31, 2031, etc. The same timing of implementation for changes in the Omaha School District's contribution rate applies to all future adjustments.



Cecelia M. Carter
April 2, 2018
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As requested, the projections are based on two different scenarios with respect to the OSERS' covered payroll:

- (1) Reflect a constant number of active members in the retirement system and expected increases in the total covered payroll for the System in all future years.
- (2) Assume a one-time decrease in the System's covered payroll of \$20 million in the January 1, 2019 actuarial valuation with future increases after 2019, as assumed in the 2012-2016 Experience Study.

For all projections, the amortization policy adopted by the OSERS Board of Trustees is used to develop the payment on the unfunded actuarial liability (UAL) and the resulting Actuarial Required Contribution (ARC). Under this policy, the existing unfunded actuarial liability, as of January 1, 2017 (referred to as the "legacy UAL"), is amortized over a closed 27-year period. Any new layers of UAL are amortized over new closed 25-year periods.

For purposes of our projections, it was assumed that all other actuarial assumptions, with the exception of investment return in certain scenarios, will be met in the future, including future increases in the amount of covered payroll after the reduction modeled in the 2019 valuation (when applicable).

To illustrate the long-term funding impact of LB 548 AM 2595 under each scenario, we used the 2017 valuation model that allows analysis of the OSERS's funding over time. The projection results are heavily dependent on the assumed future investment returns. Variability in the actual returns from year to year is expected, given the asset allocation of the portfolio. In order to demonstrate the sensitivity of future valuation results to the actual investment performance, projections under three different scenarios for future investment returns are included: 5.25%, 7.50% and 9.75%. These three returns represent the expected return (50th percentile) and the approximate 25th and 75th percentile results, based on analysis that was performed as part of the 2016 NPERS Experience Study (since the NPERS asset allocation is now being used for OSERS investments). In all of the scenarios, no change is assumed to be made for either the benefit structure or the current statutory employee, employer, or State contributions to OSERS other than as provided under LB 548 AM 2595. If the investment experience over the projection period is far higher or lower than expected (as modeled in the 25th or 75th percentile results), it is likely that legislative changes would be made to address the OSERS' funding. Therefore, these exhibits are solely for purposes of sensitivity analysis and to provide a comparison between different scenarios, not to anticipate future events.

The first three sets of exhibits (Exhibits A-1, A-2 and A-3), which are comparative in nature, reflect the current funding provisions, no reduction in the OSERS' covered payroll, and actual investment returns over the projection period of 5.25%, 7.50% and 9.75%. Exhibits A-4, A-5 and A-6 reflect the provisions of LB 548 AM 2595, an assumed decrease of \$20 million in the OSERS' covered payroll at January 1, 2019, and the same three actual investment returns over the projection period. For each future valuation date through 2031, these exhibits show the actuarial contribution rate, the current statutory contribution rates, any additional Omaha School District contributions, and the total dollar amount of Omaha School District contributions each year.

Exhibits B-1 through B-6 reflect the same funding scenario comparisons as Exhibits A-1 through A-6, but the results shown present the funding results; i.e., actuarial liability, actuarial assets, unfunded actuarial liability and funded ratio. The variability in the returns also impacts the amount of additional Omaha School District contributions under the current funding provisions as well as LB 548 AM 2595. There is a considerable amount of data in the exhibits so a summary of key metrics is shown in the following table.



Investment Return	Total Additional Contributions	Total District Contributions	Unfunded Actuarial Liability	Funded Ratio
Current Provisions and No Change in Covered Payroll				
5.25%	\$592	\$1,218	\$1,276	60%
7.50%	424	1,050	886	73%
9.75%	226	852	391	88%
LB 548 AM 2595 with \$300M Bonds and No Change in Covered Payroll				
5.25%	\$547	\$1,173	\$1,203	63%
7.50%	409	1,035	682	79%
9.75%	331	957	(45)	101%
LB 548 with \$300M Bonds and \$20 Million Decrease in Covered Payroll				
5.25%	\$574	\$1,165	\$1,227	62%
7.50%	438	1,029	713	78%
9.75%	331	922	19	99%

In all scenarios, the additional employer contribution of \$300 million in 2019 puts OSERS in a better funded position in future years (either a greater funded ratio and/or requiring smaller contributions) than it would have been in the absence of the additional contribution. It is important to note that if actual investment returns in future years are below the interest rate on the pension bonds that are issued, it will actually increase, rather than decrease, the cost to the Omaha School District.

The variability in the actual investment returns will impact the actuarial contribution rate and, therefore, the adjustment to the Omaha School District's contribution rate under LB 548 AM 2595. Our projections show the following adjustment to the applicable statutory contribution rate in effect for fiscal years 2027 and 2031:

	ADDITIONAL DISTRICT CONTRIBUTIONS					
	<u>No Change in Covered Payroll</u>			<u>\$20 M Decrease in Covered Payroll</u>		
	Actual Investment Returns			Actual Investment Returns		
	<u>5.25%</u>	<u>7.50%</u>	<u>9.75%</u>	<u>5.25%</u>	<u>7.50%</u>	<u>9.75%</u>
FY 2027	8.25%	3.20%	0.00%	10.00%	4.64%	0.00%
FY 2031	10.59%	3.04%	0.00%	12.56%	4.56%	0.00%

Disclaimers, Caveats, and Limitations

The results in this letter are based primarily on the January 1, 2017 valuation, the actuarial assumptions and methods used in that 2017 valuation (unless otherwise noted), and a projection model prepared by the System's actuary, Cavanaugh Macdonald Consulting, LLC. Significant items are noted below:

- The investment return assumed in all future years was assumed to be 7.5% on a market value basis, unless otherwise noted.
- The assumptions are those used in the January 1, 2017 actuarial valuation, unless otherwise noted, and are assumed to be met in all future years.
- Except as noted, the number of active members in the System in the future is assumed to remain level (neither grow nor decline), unless otherwise noted. As current active members leave covered employment they are assumed to be replaced with new employees who have a similar demographic profile as recent new entrants to the Plan.



Cecelia M. Carter
April 2, 2018
Page 4

- Benefits are reflected as provided under current law for the baseline results. This includes the change in benefit structure for members hired on or after July 1, 2018, requiring a minimum age of 60 for retirement under the Rule of 85 (“Modified Rule of 85”).
- We relied on the membership data provided for the actuarial valuation. If there are material inaccuracies in the data, the results presented herein may be different and the projections may need to be revised.

Models are designed to identify anticipated trends and to compare various scenarios rather than predicting some future state of events. The projections model future events using one set of assumptions out of a range of many alternate assumption sets that are also reasonable. A different set of assumptions would provide different results, which could vary significantly from those in this study.

The projections do not predict OSERS’s financial condition or its ability to pay benefits in the future and do not provide any guarantee of future financial soundness of OSERS. Over time, a defined benefit plan’s total cost will depend on a number of factors, including the amount of benefits paid, the number of people paid benefits, the duration of the benefit payments, plan expenses, and the amount of earnings on assets invested to pay benefits. These amounts and other variables are uncertain and unknowable at the time the projections were prepared. Because not all of the assumptions will unfold exactly as expected, actual results will differ from the projections. To the extent that actual experience deviates significantly from the assumptions, results could be significantly better or significantly worse than indicated in this study.

Note that the projections prepared in connection with this letter reflect only the contributions to OSERS under each scenario and, therefore, do not include the impact of any debt service payments on pension bonds that may be issued under LB 548 AM 2595 on the Omaha School District. If total costs to the Omaha School District are to be compared under different scenarios, the pension bond repayments should be aggregated with the School District’s contribution to OSERS shown in these exhibits.

I, Patrice A. Beckham, FSA am a consulting actuary with Cavanaugh Macdonald Consulting, LLC. I am a member of the American Academy of Actuaries, Fellow of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please let me know if there are additional questions that arise related to the information presented in this letter. I would be happy to provide additional analysis if needed.

Sincerely,

Patrice Beckham

Patrice A. Beckham, FSA, FCA, EA, MAAA
Principal and Consulting Actuary



Exhibit A-1

**Omaha School Employees Retirement System
Comparison of Current Provisions (Full Actuarial Contributions) Versus
LB 548, AM 2595, \$300M Bond Proceeds and 5.25% returns
Board of Trustees' Funding Policy**

Year (1/1)	Current Provisions - Full Actuarial Contribution										LB 548, AM 2595					Total Change to District Contribution Amount (\$M)
	Contribution Rates					Contribution Rates					Contribution Amounts (\$M)					
	Total Payroll (\$M)	Actuarial	Member and State	District Statutory	District Additional	Total Payroll (\$M)	Actuarial	Member and State	District Statutory	District Additional	District Additional	Total District	District Additional	Total District		
2017	335.8	26.29%	11.78%	9.88%	4.63%	335.8	26.29%	11.78%	9.88%	0.00%	335.8	12.8	45.9	(2.8)		
2018	346.0	27.17%	11.78%	9.88%	5.51%	346.0	27.23%	11.78%	9.88%	5.57%	346.0	19.3	53.5	0.2		
2019	357.1	27.94%	11.78%	9.88%	6.28%	357.1	28.00%	11.78%	9.88%	0.00%	357.1	300.0	335.3	277.6		
2020	368.7	28.63%	11.78%	9.88%	6.97%	368.7	23.75%	11.78%	9.88%	0.00%	368.7	0.0	36.4	(25.7)		
2021	380.8	29.25%	11.78%	9.88%	7.59%	380.8	24.53%	11.78%	9.88%	0.00%	380.8	0.0	37.6	(28.9)		
2022	393.2	29.82%	11.78%	9.88%	8.16%	393.2	25.33%	11.78%	9.88%	0.00%	393.2	0.0	38.8	(32.1)		
2023	406.2	30.36%	11.78%	9.88%	8.70%	406.2	26.16%	11.78%	9.88%	0.00%	406.2	0.0	40.1	(35.4)		
2024	419.5	30.87%	11.78%	9.88%	9.21%	419.5	27.03%	11.78%	9.88%	0.00%	419.5	0.0	41.4	(38.7)		
2025	433.2	31.36%	11.78%	9.88%	9.70%	433.2	27.93%	11.78%	9.88%	0.00%	433.2	0.0	42.8	(42.0)		
2026	447.1	31.85%	11.78%	9.88%	10.19%	447.1	28.88%	11.78%	9.88%	0.00%	447.1	0.0	44.2	(45.5)		
2027	460.9	32.35%	11.78%	9.88%	10.69%	460.9	29.91%	11.78%	9.88%	8.25%	460.9	38.0	83.5	(11.3)		
2028	475.6	32.82%	11.78%	9.88%	11.16%	475.6	30.44%	11.78%	9.88%	8.25%	475.6	39.2	86.2	(13.9)		
2029	490.4	33.30%	11.78%	9.88%	11.64%	490.4	30.99%	11.78%	9.88%	8.25%	490.4	40.5	88.9	(16.6)		
2030	505.1	33.81%	11.78%	9.88%	12.15%	505.1	31.61%	11.78%	9.88%	8.25%	505.1	41.7	91.6	(19.7)		
2031	520.2	34.31%	11.78%	9.88%	12.65%	520.2	32.25%	11.78%	9.88%	10.59%	520.2	55.1	106.5	(10.7)		
											546.6		1,172.7	(45.5)		

Note: The projections are based on the January 1, 2017 actuarial valuation and assume that assumptions are met in the future, unless otherwise noted. To the extent actual experience differs from that assumed, the actual valuation results in future years will also differ. Please see the January 1, 2017 valuation report for details on the actuarial methods and assumptions used in this study.

Bond proceeds of \$300M were assumed to be deposited to the trust as of August 31, 2019. During 2017, the District made an additional contribution of \$12.8M.

This exhibit is an attachment to a letter that contains important information and explanations regarding the numbers shown. Therefore, it should only be considered with the accompanying letter from Cavanaugh Macdonald dated April 2, 2018.



Exhibit B-1

**Omaha School Employees Retirement System
Comparison of Current Provisions (Full Actuarial Contributions) Versus
LB 548, AM 2595, \$300M Bond Proceeds and 5.25% returns
Board of Trustees' Funding Policy**

LB 548, AM 2595

Year (1/1)	Current Provisions - Full Actuarial Contribution					Unfunded				
	Market Value of Assets (\$M)	Actuarial Value of Assets (\$M)	Actuarial Liability (\$M)	Actuarial Liability (\$M)	Funded Ratio	Market Value of Assets (\$M)	Actuarial Value of Assets (\$M)	Actuarial Liability (\$M)	Actuarial Liability (\$M)	Funded Ratio
2017	1,148.6	1,338.0	2,050.6	712.6	65.2%	1,148.6	1,338.0	2,050.6	712.6	65.2%
2018	1,174.3	1,346.1	2,120.9	774.9	63.5%	1,171.4	1,343.2	2,120.9	777.7	63.3%
2019	1,204.2	1,362.3	2,194.7	832.4	62.1%	1,201.4	1,359.4	2,194.7	835.3	61.9%
2020	1,236.6	1,384.1	2,269.8	885.7	61.0%	1,515.8	1,663.0	2,269.8	606.8	73.3%
2021	1,271.6	1,411.2	2,346.5	935.3	60.1%	1,539.1	1,682.9	2,346.5	663.5	71.7%
2022	1,309.2	1,443.0	2,424.6	981.7	59.5%	1,561.1	1,702.6	2,424.6	722.1	70.2%
2023	1,350.1	1,479.8	2,505.0	1,025.2	59.1%	1,582.3	1,722.2	2,505.0	782.8	68.8%
2024	1,394.5	1,521.7	2,587.7	1,066.0	58.8%	1,602.7	1,741.7	2,587.7	846.0	67.3%
2025	1,442.4	1,568.2	2,672.4	1,104.2	58.7%	1,621.8	1,760.4	2,672.4	912.0	65.9%
2026	1,493.8	1,619.4	2,759.3	1,139.9	58.7%	1,639.5	1,778.1	2,759.3	981.2	64.4%
2027	1,548.8	1,675.1	2,848.1	1,173.0	58.8%	1,655.5	1,794.3	2,848.1	1,053.8	63.0%
2028	1,607.7	1,735.5	2,938.9	1,203.4	59.1%	1,708.4	1,848.0	2,938.9	1,090.9	62.9%
2029	1,670.9	1,800.9	3,031.8	1,230.9	59.4%	1,762.7	1,903.8	3,031.8	1,127.9	62.8%
2030	1,738.6	1,871.4	3,126.7	1,255.2	59.9%	1,818.2	1,961.4	3,126.7	1,165.3	62.7%
2031	1,810.9	1,947.2	3,223.3	1,276.1	60.4%	1,874.4	2,020.3	3,223.3	1,203.0	62.7%

Note: The projections are based on the January 1, 2017 actuarial valuation and assume that assumptions are met in the future, unless otherwise noted. To the extent actual experience differs from that assumed, the actual valuation results in future years will also differ. Please see the January 1, 2017 valuation report for details on the actuarial methods and assumptions used in this study.

Bond proceeds of \$300M were assumed to be deposited to the trust as of August 31, 2019. During 2017, the District made an additional contribution of \$12.8M.

This exhibit is an attachment to a letter that contains important information and explanations regarding the numbers shown. Therefore, it should only be considered with the accompanying letter from Cavanaugh Macdonald dated April 2, 2018.



Exhibit A-2

**Omaha School Employees Retirement System
Comparison of Current Provisions (Full Actuarial Contributions) Versus
LB 548, AM 2595, \$300M Bond Proceeds and 7.50% Actual Returns
Board of Trustees' Funding Policy**

Year (1/1)	Current Provisions - Full Actuarial Contribution										LB 548, AM 2595			Total Change to District Contribution Amount (\$M)
	Contribution Rates					Contribution Rates					Contribution Amounts (\$M)			
	Total Payroll (\$M)	Actuarial	Member & State	District Statutory	District Additional	Total Payroll (\$M)	Actuarial	Member & State	District Statutory	District Additional	District Additional	Total District		
2017	335.8	26.29%	11.78%	9.88%	4.63%	48.7	335.8	26.29%	11.78%	9.88%	0.00%	12.8	45.9	(2.8)
2018	346.0	27.05%	11.78%	9.88%	5.39%	52.8	346.0	27.11%	11.78%	9.88%	5.45%	18.9	53.0	0.2
2019	357.1	27.62%	11.78%	9.88%	5.96%	56.6	357.1	27.67%	11.78%	9.88%	0.00%	300.0	335.3	278.7
2020	368.7	28.02%	11.78%	9.88%	6.36%	59.9	368.7	23.08%	11.78%	9.88%	0.00%	0.0	36.4	(23.5)
2021	380.8	28.30%	11.78%	9.88%	6.64%	62.9	380.8	23.46%	11.78%	9.88%	0.00%	0.0	37.6	(25.3)
2022	393.2	28.50%	11.78%	9.88%	6.84%	65.7	393.2	23.77%	11.78%	9.88%	0.00%	0.0	38.8	(26.9)
2023	406.2	28.62%	11.78%	9.88%	6.96%	68.4	406.2	24.03%	11.78%	9.88%	0.00%	0.0	40.1	(28.3)
2024	419.5	28.70%	11.78%	9.88%	7.04%	71.0	419.5	24.27%	11.78%	9.88%	0.00%	0.0	41.4	(29.6)
2025	433.2	28.73%	11.78%	9.88%	7.07%	73.4	433.2	24.47%	11.78%	9.88%	0.00%	0.0	42.8	(30.6)
2026	447.1	28.74%	11.78%	9.88%	7.08%	75.8	447.1	24.66%	11.78%	9.88%	0.00%	0.0	44.2	(31.6)
2027	460.9	28.75%	11.78%	9.88%	7.09%	78.2	460.9	24.86%	11.78%	9.88%	3.20%	14.7	60.3	(17.9)
2028	475.6	28.73%	11.78%	9.88%	7.07%	80.6	475.6	24.83%	11.78%	9.88%	3.20%	15.2	62.2	(18.4)
2029	490.4	28.69%	11.78%	9.88%	7.03%	82.9	490.4	24.79%	11.78%	9.88%	3.20%	15.7	64.1	(18.8)
2030	505.1	28.67%	11.78%	9.88%	7.01%	85.3	505.1	24.76%	11.78%	9.88%	3.20%	16.2	66.1	(19.2)
2031	520.2	28.63%	11.78%	9.88%	6.97%	87.7	520.2	24.70%	11.78%	9.88%	3.04%	15.8	67.2	(20.5)
						423.9						409.3	1,035.4	(14.5)

Note: The projections are based on the January 1, 2017 actuarial valuation and assume that assumptions are met in the future, unless otherwise noted. To the extent actual experience differs from that assumed, the actual valuation results in future years will also differ. Please see the January 1, 2017 valuation report for details on the actuarial methods and assumptions used in this study.

Bond proceeds of \$300M were assumed to be deposited to the trust as of August 31, 2019. During 2017, the District made an additional contribution of \$12.8M.

This exhibit is an attachment to a letter that contains important information and explanations regarding the numbers shown. Therefore, it should only be considered with the accompanying letter from Cavanaugh Macdonald dated April 2, 2018.



Exhibit B-2

**Omaha School Employees Retirement System
Comparison of Current Provisions (Full Actuarial Contributions) Versus
LB 548, AM 2595, \$300M Bond Proceeds and 7.50% Actual Returns
Board of Trustees' Funding Policy**

Year (1/1)	Current Provisions - Full Actuarial Contribution						LB 548, AM 2595					
	Market Value of Assets (\$M)	Actuarial Value of Assets (\$M)	Actuarial Liability (\$M)	Actuarial Liability (\$M)	Funded Ratio	Market Value of Assets (\$M)	Actuarial Value of Assets (\$M)	Actuarial Liability (\$M)	Actuarial Liability (\$M)	Funded Ratio	Unfunded Actuarial Liability (\$M)	Funded Ratio
2017	1,148.6	1,338.0	2,050.6	712.6	65.2%	1,148.6	1,338.0	2,050.6	712.6	65.2%	712.6	65.2%
2018	1,199.7	1,352.4	2,120.9	768.5	63.8%	1,196.9	1,349.6	2,120.9	771.4	63.6%	771.4	63.6%
2019	1,257.2	1,380.4	2,194.7	814.4	62.9%	1,254.3	1,377.5	2,194.7	817.3	62.8%	817.3	62.8%
2020	1,319.2	1,418.4	2,269.8	851.4	62.5%	1,601.3	1,700.6	2,269.8	569.2	74.9%	569.2	74.9%
2021	1,385.6	1,465.6	2,346.5	880.9	62.5%	1,664.6	1,744.6	2,346.5	601.9	74.3%	601.9	74.3%
2022	1,456.3	1,520.8	2,424.6	903.8	62.7%	1,730.0	1,794.5	2,424.6	630.1	74.0%	630.1	74.0%
2023	1,532.0	1,584.0	2,505.0	921.0	63.2%	1,798.3	1,850.4	2,505.0	654.7	73.9%	654.7	73.9%
2024	1,612.8	1,654.7	2,587.7	932.9	63.9%	1,869.8	1,911.8	2,587.7	675.9	73.9%	675.9	73.9%
2025	1,698.7	1,732.5	2,672.4	939.9	64.8%	1,944.4	1,978.2	2,672.4	694.2	74.0%	694.2	74.0%
2026	1,789.7	1,817.0	2,759.3	942.3	65.8%	2,022.0	2,049.3	2,759.3	710.0	74.3%	710.0	74.3%
2027	1,885.9	1,907.9	2,848.1	940.2	67.0%	2,102.8	2,124.8	2,848.1	723.3	74.6%	723.3	74.6%
2028	1,987.5	2,005.2	2,938.9	933.7	68.2%	2,202.1	2,219.8	2,938.9	719.1	75.5%	719.1	75.5%
2029	2,094.9	2,109.2	3,031.8	922.5	69.6%	2,306.6	2,320.9	3,031.8	710.9	76.6%	710.9	76.6%
2030	2,208.4	2,219.9	3,126.7	906.8	71.0%	2,416.4	2,427.9	3,126.7	698.7	77.7%	698.7	77.7%
2031	2,327.9	2,337.2	3,223.3	886.1	72.5%	2,531.6	2,540.9	3,223.3	682.4	78.8%	682.4	78.8%

Note: The projections are based on the January 1, 2017 actuarial valuation and assume that assumptions are met in the future, unless otherwise noted. To the extent actual experience differs from that assumed, the actual valuation results in future years will also differ. Please see the January 1, 2017 valuation report for details on the actuarial methods and assumptions used in this study.

Bond proceeds of \$300M were assumed to be deposited to the trust as of August 31, 2019. During 2017, the District made an additional contribution of \$12.8M.

This exhibit is an attachment to a letter that contains important information and explanations regarding the numbers shown. Therefore, it should only be considered with the accompanying letter from Cavanaugh Macdonald dated April 2, 2018.



Exhibit A-3

**Omaha School Employees Retirement System
Comparison of Current Provisions (Full Actuarial Contributions) Versus
LB 548, AM 2595, \$300M Bond Proceeds and 9.75% returns
Board of Trustees' Funding Policy**

Year (1/1)	Current Provisions - Full Actuarial Contribution					LB 548, AM 2595					Total Change to District Contribution Amount (\$M)	
	Total Payroll (\$M)	Actuarial	Member and State	District Statutory	District Additional	Total Payroll (\$M)	Actuarial	Member and State	District Statutory	District Additional		Total District
2017	335.8	26.29%	11.78%	9.88%	4.63%	335.8	26.29%	11.78%	9.88%	0.00%	45.9	(2.8)
2018	346.0	26.93%	11.78%	9.88%	5.27%	346.0	26.99%	11.78%	9.88%	5.33%	52.6	0.2
2019	357.1	27.28%	11.78%	9.88%	5.62%	357.1	27.33%	11.78%	9.88%	300.0	335.3	279.9
2020	368.7	27.39%	11.78%	9.88%	5.73%	368.7	22.39%	11.78%	9.88%	0.00%	36.4	(21.2)
2021	380.8	27.31%	11.78%	9.88%	5.65%	380.8	22.34%	11.78%	9.88%	0.00%	37.6	(21.5)
2022	393.2	27.08%	11.78%	9.88%	5.42%	393.2	22.11%	11.78%	9.88%	0.00%	38.8	(21.4)
2023	406.2	26.73%	11.78%	9.88%	5.07%	406.2	21.73%	11.78%	9.88%	0.00%	40.1	(20.6)
2024	419.5	26.29%	11.78%	9.88%	4.63%	419.5	21.23%	11.78%	9.88%	0.00%	41.4	(19.5)
2025	433.2	25.77%	11.78%	9.88%	4.11%	433.2	20.59%	11.78%	9.88%	0.00%	42.8	(17.8)
2026	447.1	25.19%	11.78%	9.88%	3.53%	447.1	19.85%	11.78%	9.88%	0.00%	44.2	(15.8)
2027	460.9	24.56%	11.78%	9.88%	2.90%	460.9	19.00%	11.78%	9.88%	0.00%	45.5	(13.4)
2028	475.6	23.86%	11.78%	9.88%	2.20%	475.6	18.03%	11.78%	9.88%	0.00%	47.0	(10.5)
2029	490.4	23.12%	11.78%	9.88%	1.46%	490.4	16.94%	11.78%	9.88%	0.00%	48.4	(7.2)
2030	505.1	22.35%	11.78%	9.88%	0.69%	505.1	15.73%	11.78%	9.88%	0.00%	49.9	(3.5)
2031	520.2	21.52%	11.78%	9.88%	0.00%	520.2	14.39%	11.78%	9.88%	0.00%	51.4	0.0
					226.0					331.2	957.3	104.9

Note: The projections are based on the January 1, 2017 actuarial valuation and assume that assumptions are met in the future, unless otherwise noted. To the extent actual experience differs from that assumed, the actual valuation results in future years will also differ. Please see the January 1, 2017 valuation report for details on the actuarial methods and assumptions used in this study.

Bond proceeds of \$300M were assumed to be deposited to the trust as of August 31, 2019. During 2017, the District made an additional contribution of \$12.8M.

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Exhibit B-3

**Omaha School Employees Retirement System
Comparison of Current Provisions (Full Actuarial Contributions) Versus
LB 548, AM 2595, \$300M Bond Proceeds and 9.75% returns
Board of Trustees' Funding Policy**

Year (1/1)	Current Provisions - Full Actuarial Contribution				LB 548, AM 2595			
	Market Value of Assets (\$M)	Actuarial Value of Assets (\$M)	Actuarial Liability (\$M)	Funded Ratio	Market Value of Assets (\$M)	Actuarial Value of Assets (\$M)	Actuarial Liability (\$M)	Funded Ratio
2017	1,148.6	1,338.0	2,050.6	65.2%	1,148.6	1,338.0	2,050.6	65.2%
2018	1,225.2	1,358.8	2,120.9	64.1%	1,222.3	1,355.9	2,120.9	63.9%
2019	1,311.4	1,398.7	2,194.7	63.7%	1,308.4	1,395.8	2,194.7	63.6%
2020	1,405.3	1,453.8	2,269.8	64.1%	1,690.5	1,739.2	2,269.8	76.6%
2021	1,507.0	1,522.7	2,346.5	64.9%	1,797.8	1,809.1	2,346.5	77.1%
2022	1,616.4	1,603.9	2,424.6	66.2%	1,913.1	1,892.3	2,424.6	78.0%
2023	1,734.3	1,697.3	2,505.0	67.8%	2,037.6	1,989.0	2,505.0	79.4%
2024	1,861.0	1,802.1	2,587.7	69.6%	2,172.2	2,099.1	2,587.7	81.1%
2025	1,996.4	1,917.9	2,672.4	71.8%	2,317.6	2,222.6	2,672.4	83.2%
2026	2,140.8	2,044.3	2,759.3	74.1%	2,474.7	2,359.5	2,759.3	85.5%
2027	2,294.5	2,180.9	2,848.1	76.6%	2,644.4	2,510.3	2,848.1	88.1%
2028	2,457.7	2,327.9	2,938.9	79.2%	2,827.7	2,675.6	2,938.9	91.0%
2029	2,631.0	2,485.4	3,031.8	82.0%	3,026.2	2,856.4	3,031.8	94.2%
2030	2,814.8	2,653.5	3,126.7	84.9%	3,240.9	3,053.6	3,126.7	97.7%
2031	3,009.2	2,832.3	3,223.3	87.9%	3,473.3	3,268.2	3,223.3	101.4%

Note: The projections are based on the January 1, 2017 actuarial valuation and assume that assumptions are met in the future, unless otherwise noted. To the extent actual experience differs from that assumed, the actual valuation results in future years will also differ. Please see the January 1, 2017 valuation report for details on the actuarial methods and assumptions used in this study.

Bond proceeds of \$300M were assumed to be deposited to the trust as of August 31, 2019. During 2017, the District made an additional contribution of \$12.8M.

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Exhibit A-4

**Omaha School Employees Retirement System
Comparison of Current Provisions (Full Actuarial Contributions) Versus
LB 548, AM 2595, \$300M Bond Proceeds, 5.25% returns and \$20M Reduction of Payroll at 1/1/19
Board of Trustees' Funding Policy for UAL**

Year (1/1)	Current Provisions - Full Actuarial Contribution					LB 548, AM 2595 and \$20M Reduction in Payroll at 1/1/19					Total Change to District Contribution Amount (\$M)	
	Total Payroll (\$M)	Actuarial	Member and State	District Statutory	District Additional	Total Payroll (\$M)	Actuarial	Member and State	District Statutory	District Additional		Total District
2017	335.8	26.29%	11.78%	9.88%	4.63%	335.8	26.29%	11.78%	9.88%	0.00%	45.9	(2.8)
2018	346.0	27.17%	11.78%	9.88%	5.51%	346.0	27.23%	11.78%	9.88%	5.57%	53.5	0.2
2019	357.1	27.94%	11.78%	9.88%	6.28%	337.1	29.01%	11.78%	9.88%	300.0	333.3	275.6
2020	368.7	28.63%	11.78%	9.88%	6.97%	347.5	24.58%	11.78%	9.88%	0.0	34.3	(27.8)
2021	380.8	29.25%	11.78%	9.88%	7.59%	358.4	25.48%	11.78%	9.88%	0.0	35.4	(31.1)
2022	393.2	29.82%	11.78%	9.88%	8.16%	369.6	26.40%	11.78%	9.88%	0.0	36.5	(34.4)
2023	406.2	30.36%	11.78%	9.88%	8.70%	381.5	27.36%	11.78%	9.88%	0.0	37.7	(37.8)
2024	419.5	30.87%	11.78%	9.88%	9.21%	393.7	28.35%	11.78%	9.88%	0.0	38.9	(41.2)
2025	433.2	31.36%	11.78%	9.88%	9.70%	406.2	29.37%	11.78%	9.88%	0.0	40.1	(44.7)
2026	447.1	31.85%	11.78%	9.88%	10.19%	418.8	30.48%	11.78%	9.88%	0.0	41.4	(48.3)
2027	460.9	32.35%	11.78%	9.88%	10.69%	431.3	31.66%	11.78%	9.88%	43.1	85.7	(9.1)
2028	475.6	32.82%	11.78%	9.88%	11.16%	444.7	32.23%	11.78%	9.88%	44.5	88.4	(11.7)
2029	490.4	33.30%	11.78%	9.88%	11.64%	458.1	32.85%	11.78%	9.88%	45.8	91.1	(14.4)
2030	505.1	33.81%	11.78%	9.88%	12.15%	471.4	33.52%	11.78%	9.88%	47.1	93.7	(17.6)
2031	520.2	34.31%	11.78%	9.88%	12.65%	485.1	34.22%	11.78%	9.88%	60.9	108.9	(8.3)
					592.0					573.5	1,164.8	(53.4)

Note: The projections are based on the January 1, 2017 actuarial valuation and assume that assumptions are met in the future, unless otherwise noted. To the extent actual experience differs from that assumed, the actual valuation results in future years will also differ. Please see the January 1, 2017 valuation report for details on the actuarial methods and assumptions used in this study.

Bond proceeds of \$300M were assumed to be deposited to the trust as of August 31, 2019. During 2017, the District made an additional contribution of \$12.8M.

In the alternate scenario, Total Payroll in the January 1, 2019 valuation is assumed to decrease by \$20M.

This exhibit is an attachment to a letter that contains important information and explanations regarding the numbers shown. Therefore, it should only be considered with the accompanying letter from Cavanaugh Macdonald dated April 2, 2018.



Exhibit B-4

**Omaha School Employees Retirement System
Comparison of Current Provisions (Full Actuarial Contributions) Versus
LB 548, AM 2595, \$300M Bond Proceeds, 5.25% returns and \$20M Reduction of Payroll at 1/1/19
Board of Trustees' Funding Policy for UAL**

Year (1/1)	Current Provisions - Full Actuarial Contribution				LB 548, AM 2595 and \$20M Reduction in Payroll at 1/1/19			
	Market Value of Assets (\$M)	Actuarial Value of Assets (\$M)	Actuarial Liability (\$M)	Funded Ratio	Market Value of Assets (\$M)	Actuarial Value of Assets (\$M)	Actuarial Liability (\$M)	Funded Ratio
2017	1,148.6	1,338.0	2,050.6	65.2%	1,148.6	1,338.0	2,050.6	65.2%
2018	1,174.3	1,346.1	2,120.9	63.5%	1,171.4	1,343.2	2,120.9	63.3%
2019	1,204.2	1,362.3	2,194.7	62.1%	1,201.4	1,359.4	2,194.7	61.9%
2020	1,236.6	1,384.1	2,269.8	61.0%	1,511.6	1,658.8	2,268.0	73.1%
2021	1,271.6	1,411.2	2,346.5	60.1%	1,530.5	1,674.2	2,342.7	71.5%
2022	1,309.2	1,443.0	2,424.6	59.5%	1,547.7	1,688.9	2,418.9	69.8%
2023	1,350.1	1,479.8	2,505.0	59.1%	1,563.7	1,703.2	2,497.1	68.2%
2024	1,394.5	1,521.7	2,587.7	58.8%	1,578.0	1,716.3	2,577.0	66.6%
2025	1,442.4	1,568.2	2,672.4	58.7%	1,590.6	1,728.1	2,658.6	65.0%
2026	1,493.8	1,619.4	2,759.3	58.7%	1,601.1	1,738.2	2,742.0	63.4%
2027	1,548.8	1,675.1	2,848.1	58.8%	1,609.2	1,746.2	2,827.0	61.8%
2028	1,607.7	1,735.5	2,938.9	59.1%	1,658.9	1,796.3	2,913.5	61.7%
2029	1,670.9	1,800.9	3,031.8	59.4%	1,709.6	1,848.0	3,001.6	61.6%
2030	1,738.6	1,871.4	3,126.7	59.9%	1,761.2	1,901.3	3,091.4	61.5%
2031	1,810.9	1,947.2	3,223.3	60.4%	1,813.3	1,955.7	3,182.5	61.5%

Note: The projections are based on the January 1, 2017 actuarial valuation and assume that assumptions are met in the future, unless otherwise noted. To the extent actual experience differs from that assumed, the actual valuation results in future years will also differ. Please see the January 1, 2017 valuation report for details on the actuarial methods and assumptions used in this study.

Bond proceeds of \$300M were assumed to be deposited to the trust as of August 31, 2019. During 2017, the District made an additional contribution of \$12.8M.

In the alternate scenario, Total Payroll in the January 1, 2019 valuation is assumed to decrease by \$20M.

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Exhibit A-5

**Omaha School Employees Retirement System
Comparison of Current Provisions (Full Actuarial Contributions) Versus
LB 548, AM 2595, \$300M Bond Proceeds, 7.50% returns and \$20M Reduction of Payroll at 1/1/19
Board of Trustees' Funding Policy for UAL**

Year (1/1)	Current Provisions - Full Actuarial Contribution						LB 548, AM 2595 and \$20M Reduction in Payroll at 1/1/19						Total Change to District Contribution Amount (\$M)
	Contribution Rates			Contribution Amounts (\$M)			Contribution Rates			Contribution Amounts (\$M)			
	Total Payroll (\$M)	Member & State Actuarial	District Statutory	District Additional	Total District	Total District	Member & State Actuarial	District Statutory	District Additional	Total District	Total District	District Additional	Total District
2017	335.8	26.29%	11.78%	9.88%	4.63%	15.6	26.29%	11.78%	9.88%	0.00%	48.7	12.8	45.9
2018	346.0	27.05%	11.78%	9.88%	5.39%	18.7	27.11%	11.78%	9.88%	5.45%	52.8	18.9	53.0
2019	357.1	27.62%	11.78%	9.88%	5.96%	21.3	28.66%	11.78%	9.88%	0.00%	56.6	300.0	333.3
2020	368.7	28.02%	11.78%	9.88%	6.36%	23.5	23.88%	11.78%	9.88%	0.00%	59.9	0.0	34.3
2021	380.8	28.30%	11.78%	9.88%	6.64%	25.3	24.35%	11.78%	9.88%	0.00%	62.9	0.0	35.4
2022	393.2	28.50%	11.78%	9.88%	6.84%	26.9	24.74%	11.78%	9.88%	0.00%	65.7	0.0	36.5
2023	406.2	28.62%	11.78%	9.88%	6.96%	28.3	25.10%	11.78%	9.88%	0.00%	68.4	0.0	37.7
2024	419.5	28.70%	11.78%	9.88%	7.04%	29.5	25.41%	11.78%	9.88%	0.00%	71.0	0.0	38.9
2025	433.2	28.73%	11.78%	9.88%	7.07%	30.6	25.70%	11.78%	9.88%	0.00%	73.4	0.0	40.1
2026	447.1	28.74%	11.78%	9.88%	7.08%	31.7	26.00%	11.78%	9.88%	0.00%	75.8	0.0	41.4
2027	460.9	28.75%	11.78%	9.88%	7.09%	32.7	26.30%	11.78%	9.88%	4.64%	78.2	20.0	62.6
2028	475.6	28.73%	11.78%	9.88%	7.07%	33.6	26.29%	11.78%	9.88%	4.64%	80.6	20.6	64.6
2029	490.4	28.69%	11.78%	9.88%	7.03%	34.5	26.26%	11.78%	9.88%	4.64%	82.9	21.3	66.5
2030	505.1	28.67%	11.78%	9.88%	7.01%	35.4	26.25%	11.78%	9.88%	4.64%	85.3	21.9	68.4
2031	520.2	28.63%	11.78%	9.88%	6.97%	36.3	26.22%	11.78%	9.88%	4.56%	87.7	22.1	70.0
						423.9					1,049.9	437.6	1,028.6
													(21.3)

Note: The projections are based on the January 1, 2017 actuarial valuation and assume that assumptions are met in the future, unless otherwise noted. To the extent actual experience differs from that assumed, the actual valuation results in future years will also differ. Please see the January 1, 2017 valuation report for details on the actuarial methods and assumptions used in this study.

Bond proceeds of \$300M were assumed to be deposited to the trust as of August 31, 2019. During 2017, the District made an additional contribution of \$12.8M.

In the alternate scenario, Total Payroll in the January 1, 2019 valuation is assumed to decrease by \$20M.

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Exhibit B-5

**Omaha School Employees Retirement System
Comparison of Current Provisions (Full Actuarial Contributions) Versus
LB 548, AM 2595, \$300M Bond Proceeds, 7.50% returns and \$20M Reduction of Payroll at 1/1/19
Board of Trustees' Funding Policy for UAL**

Year (1/1)	Current Provisions - Full Actuarial Contribution				LB 548, AM 2595 and \$20M Reduction in Payroll at 1/1/19			
	Market Value of Assets (\$M)	Actuarial Value of Assets (\$M)	Actuarial Liability (\$M)	Funded Ratio	Market Value of Assets (\$M)	Actuarial Value of Assets (\$M)	Actuarial Liability (\$M)	Funded Ratio
2017	1,148.6	1,338.0	2,050.6	712.6 / 65.2%	1,148.6	1,338.0	2,050.6	712.6 / 65.2%
2018	1,199.7	1,352.4	2,120.9	768.5 / 63.8%	1,196.9	1,349.6	2,120.9	771.4 / 63.6%
2019	1,257.2	1,380.4	2,194.7	814.4 / 62.9%	1,254.3	1,377.5	2,194.7	817.3 / 62.8%
2020	1,319.2	1,418.4	2,269.8	851.4 / 62.5%	1,597.1	1,696.4	2,268.0	571.6 / 74.8%
2021	1,385.6	1,465.6	2,346.5	880.9 / 62.5%	1,655.7	1,735.8	2,342.7	607.0 / 74.1%
2022	1,456.3	1,520.8	2,424.6	903.8 / 62.7%	1,716.1	1,780.6	2,418.9	638.3 / 73.6%
2023	1,532.0	1,584.0	2,505.0	921.0 / 63.2%	1,778.9	1,830.9	2,497.1	666.2 / 73.3%
2024	1,612.8	1,654.7	2,587.7	932.9 / 63.9%	1,843.8	1,885.8	2,577.0	691.2 / 73.2%
2025	1,698.7	1,732.5	2,672.4	939.9 / 64.8%	1,911.1	1,944.9	2,658.6	713.7 / 73.2%
2026	1,789.7	1,817.0	2,759.3	942.3 / 65.8%	1,980.6	2,007.9	2,742.0	734.1 / 73.2%
2027	1,885.9	1,907.9	2,848.1	940.2 / 67.0%	2,052.4	2,074.4	2,827.0	752.5 / 73.4%
2028	1,987.5	2,005.2	2,938.9	933.7 / 68.2%	2,147.2	2,165.0	2,913.5	748.5 / 74.3%
2029	2,094.9	2,109.2	3,031.8	922.5 / 69.6%	2,246.8	2,261.1	3,001.6	740.5 / 75.3%
2030	2,208.4	2,219.9	3,126.7	906.8 / 71.0%	2,351.2	2,362.7	3,091.4	728.6 / 76.4%
2031	2,327.9	2,337.2	3,223.3	886.1 / 72.5%	2,460.6	2,469.9	3,182.5	712.6 / 77.6%

Note: The projections are based on the January 1, 2017 actuarial valuation and assume that assumptions are met in the future, unless otherwise noted. To the extent actual experience differs from that assumed, the actual valuation results in future years will also differ. Please see the January 1, 2017 valuation report for details on the actuarial methods and assumptions used in this study.

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Exhibit A-6

**Omaha School Employees Retirement System
Comparison of Current Provisions (Full Actuarial Contributions) Versus
LB 548, AM 2595, \$300M Bond Proceeds, 9.75% returns and \$20M Reduction of Payroll at 1/1/19
Board of Trustees' Funding Policy for UAL**

Year (1/1)	Current Provisions - Full Actuarial Contribution					LB 548, AM 2595 and \$20M Reduction in Payroll at 1/1/19					Total Change to District Contribution Amount (\$M)
	Total Payroll (\$M)	Member & State Actuarial	District Statutory	District Additional	Total District	Member & State Actuarial	District Statutory	District Additional	Total District		
2017	335.8	26.29%	9.88%	4.63%	48.7	335.8	26.29%	9.88%	12.8	45.9	(2.8)
2018	346.0	26.93%	9.88%	5.27%	52.4	346.0	26.99%	9.88%	18.4	52.6	0.2
2019	357.1	27.28%	9.88%	5.62%	55.4	337.1	28.31%	9.88%	300.0	333.3	277.9
2020	368.7	27.39%	9.88%	5.73%	57.6	347.5	23.15%	9.88%	0.0	34.3	(23.3)
2021	380.8	27.31%	9.88%	5.65%	59.1	358.4	23.16%	9.88%	0.0	35.4	(23.7)
2022	393.2	27.08%	9.88%	5.42%	60.2	369.6	22.98%	9.88%	0.0	36.5	(23.7)
2023	406.2	26.73%	9.88%	5.07%	60.7	381.5	22.65%	9.88%	0.0	37.7	(23.0)
2024	419.5	26.29%	9.88%	4.63%	60.9	393.7	22.19%	9.88%	0.0	38.9	(22.0)
2025	433.2	25.77%	9.88%	4.11%	60.6	406.2	21.59%	9.88%	0.0	40.1	(20.5)
2026	447.1	25.19%	9.88%	3.53%	60.0	418.8	20.89%	9.88%	0.0	41.4	(18.6)
2027	460.9	24.56%	9.88%	2.90%	58.9	431.3	20.08%	9.88%	0.0	42.6	(16.3)
2028	475.6	23.86%	9.88%	2.20%	57.5	444.7	19.14%	9.88%	0.0	43.9	(13.6)
2029	490.4	23.12%	9.88%	1.46%	55.6	458.1	18.09%	9.88%	0.0	45.2	(10.4)
2030	505.1	22.35%	9.88%	0.69%	53.4	471.4	16.93%	9.88%	0.0	46.6	(6.8)
2031	520.2	21.52%	9.88%	0.00%	51.4	485.1	15.64%	9.88%	0.0	47.9	(3.5)
					226.0				331.2	922.3	69.9

Note: The projections are based on the January 1, 2017 actuarial valuation and assume that assumptions are met in the future, unless otherwise noted. To the extent actual experience differs from that assumed, the actual valuation results in future years will also differ. Please see the January 1, 2017 valuation report for details on the actuarial methods and assumptions used in this study.

Bond proceeds of \$300M were assumed to be deposited to the trust as of August 31, 2019. During 2017, the District made an additional contribution of \$12.8M.

In the alternate scenario, Total Payroll in the January 1, 2019 valuation is assumed to decrease by \$20M.

This exhibit is an attachment to a letter that contains important information and explanations regarding the numbers shown. Therefore, it should only be considered with the accompanying letter from Cavanaugh Macdonald dated April 2, 2018.



Exhibit B-6

**Omaha School Employees Retirement System
Comparison of Current Provisions (Full Actuarial Contributions) Versus
LB 548, AM 2595, \$300M Bond Proceeds, 9.75% returns and \$20M Reduction of Payroll at 1/1/19
Board of Trustees' Funding Policy for UAL**

Year (1/1)	Current Provisions - Full Actuarial Contribution				LB 548, AM 2595 and \$20M Reduction in Payroll at 1/1/19			
	Market Value of Assets (\$M)	Actuarial Value of Assets (\$M)	Actuarial Liability (\$M)	Funded Ratio	Market Value of Assets (\$M)	Actuarial Value of Assets (\$M)	Actuarial Liability (\$M)	Funded Ratio
2017	1,148.6	1,338.0	2,050.6	712.6 / 65.2%	1,148.6	1,338.0	2,050.6	712.6 / 65.2%
2018	1,225.2	1,358.8	2,120.9	762.1 / 64.1%	1,222.3	1,355.9	2,120.9	765.0 / 63.9%
2019	1,311.4	1,398.7	2,194.7	796.0 / 63.7%	1,308.4	1,395.8	2,194.7	798.9 / 63.6%
2020	1,405.3	1,453.8	2,269.8	816.0 / 64.1%	1,686.2	1,735.0	2,268.0	533.0 / 76.5%
2021	1,507.0	1,522.7	2,346.5	823.8 / 64.9%	1,788.8	1,800.2	2,342.7	542.5 / 76.8%
2022	1,616.4	1,603.9	2,424.6	820.7 / 66.2%	1,898.7	1,878.2	2,418.9	540.7 / 77.6%
2023	1,734.3	1,697.3	2,505.0	807.7 / 67.8%	2,017.3	1,969.2	2,497.1	527.9 / 78.9%
2024	1,861.0	1,802.1	2,587.7	785.5 / 69.6%	2,144.8	2,072.5	2,577.0	504.5 / 80.4%
2025	1,996.4	1,917.9	2,672.4	754.5 / 71.8%	2,282.1	2,188.2	2,658.6	470.4 / 82.3%
2026	2,140.8	2,044.3	2,759.3	715.0 / 74.1%	2,430.0	2,316.4	2,742.0	425.6 / 84.5%
2027	2,294.5	2,180.9	2,848.1	667.2 / 76.6%	2,589.5	2,457.4	2,827.0	369.5 / 86.9%
2028	2,457.7	2,327.9	2,938.9	611.0 / 79.2%	2,761.2	2,611.7	2,913.5	301.8 / 89.6%
2029	2,631.0	2,485.4	3,031.8	546.4 / 82.0%	2,946.7	2,780.2	3,001.6	221.4 / 92.6%
2030	2,814.8	2,653.5	3,126.7	473.1 / 84.9%	3,147.0	2,963.7	3,091.4	127.7 / 95.9%
2031	3,009.2	2,832.3	3,223.3	390.9 / 87.9%	3,363.2	3,163.0	3,182.5	19.4 / 99.4%

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