

ONE HUNDRED SECOND LEGISLATURE - FIRST SESSION - 2011
COMMITTEE STATEMENT
LB509

Hearing Date: Tuesday February 08, 2011
Committee On: Nebraska Retirement Systems
Introducer: Nebraska Retirement Systems
One Liner: Change provisions relating to retirement

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 5 Senators Heidemann, Karpisek, Mello, Nordquist, Pankonin
Nay:
Absent:
Present Not Voting: 1 Senator Louden

Proponents:
Kate Allen

Representing:
Introducer

Opponents:

Representing:

Neutral:
Jason Hayes
Julie Dake Abel

Representing:
Nebraska Public Employees Retirement Systems
Nebraska Association of Public Employees

Summary of purpose and/or changes:

LB 509 is introduced on behalf of the Nebraska Public Employees Retirement System and proposes substantive changes to the County, State, and Class V School Retirement Plans, and the duties of the Public Employees Retirement Board and Nebraska Investment Council as follows:

Provides for suspension of retirement distributions under the State and County Employees Retirement Acts pending the final outcome of a grievance filed by a member of either plan. Terminated county and state plan members who file a grievance and are later reinstated for employment are required to pay back such distributions. The change restricts such distributions until it is determined whether the member will be reinstated by the employer.

Creates the County Employees Retirement Fund for the deposit of county late filing penalties;

Allows permanent part-time county and state employees to participate in their respective plans at age 18 rather than age 20;

Adds a new section to the Class V School Employees Act requiring the Class V board to provide comprehensive preretirement planning programs to members of the Class V School Employees Retirement System;

Deletes requirements for the Class V Retirement System to file annual plan summaries with the Public Employees Retirement Board and the Nebraska Retirement Systems Committee;

Requires the Class V Retirement System to file its actuarial report with the Public Employees Retirement Board and the

Nebraska Retirement Systems Committee annually rather than every four years;

Changes the date from March 15 to March 31 for the Nebraska Investment Council to provide its annual report to the Nebraska Retirement Systems Committee;

Duties of the Public Employees Retirement Board (Board) are amended as follows:

deletes the requirement for the Board to notify the Nebraska Retirement Systems Committee if local political subdivisions fail to file annual pension plan reports;

requires the Board to provide copies of actuarial reports requested by entities other than the Board, to the Nebraska Retirement Systems Committee and Fiscal Analyst;

changes the date for the Board to contract for a Compliance Audit from 2007 to 2012;

changes the date from March 15 to March 31 for the Board to present its annual report to the Nebraska Retirement Systems Committee; and

deletes a requirement that the Board provide preretirement planning programs to members of the Class V Employees Retirement System. The Board does not administer the Class V Employees Retirement System, therefore this duty rests with the Class V school boards.

In addition the bill makes a number of technical and clarifying changes to the County, Judges, State Patrol, School, Class V, and State Employees Retirement Acts, and the Public Employee Retirement Board statutes including:

Modifies language in the Judges' Retirement Act to clarify that an optional form of the benefit may exceed the seventy percent cap once an actuarial factor adjustment is made;

Modifies language in the Judges, State Patrol and School Employees Retirement Acts to clarify that members receive the highest cost-of-living (COLA) method identified in current statutes. The COLA provisions are reorganized under new sections of statute within each Act;

Clarifies that the school employees must make contributions on compensation earned above the salary cap established in the School Employees Retirement Act and the Board does not have to refund contributions made on amounts above the salary cap;

Clarifies that Class V school employees who are not lawfully within the United States are not authorized to become members of the Class V School Employees Retirement System and receive public pension benefits; and

Makes revisor technical corrections and deletes obsolete language.

Section-by-Section Summary of LB 509 as introduced:

Sec. 1 [amends 4-108] revisor technical change (adds Class V School Employees Retirement Act to prohibition on providing public benefits to persons not lawfully within the United States)

Sec. 2 [amends 23-2301] revisor technical change

Sec. 3 [amends 23-2302] adds "fees" to money that may be collected from counties (fees refers to late filing fees collected under 23-2308)

Sec. 4 [amends 23-2306] lowers age from 20 to age 18 for permanent part-time county employees who may desire to

exercise the ability to begin participating in the County Plan.

Sec. 5 [amends 23-2308] creates the County Employees Retirement Fund for contributions and fees

Sec. 6 [amends 23-2319.01] provides suspension of retirement distributions pending the final outcome of a grievance or other appeal filed by a member of the County Plan. Terminated county plan members who file a grievance and are later reinstated for employment are required to payback such distributions. The change restricts such distributions until it is determined whether the member will be reinstated by the employer.

Sec. 7 [amends 24-701.01] revisor technical change

Sec. 8 [New Section] Creates new section in the Judges' Retirement Act that reorganizes current cost-of-living provisions and places all the existing language into one section. There are no substantive changes. The new language also clarifies that a retiree may only receive one cost-of-living benefit (not multiple COLAs)

Sec. 9 [amends 24-710] modifies language in the Judges' Retirement Act to clarify that an optional form of the benefit may exceed the seventy percent cap found in 24-710 (2) once an actuarial factor adjustment is made in subsection (3) of this section.

Sec. 10 [amends 42-1102] revisor technical changes

Sec. 11 [amends 68-621] revisor technical changes

Sec. 12 [amends 72-1243] changes the date from March 15 to March 31 for the Nebraska Investment Council to present written plan of action to the Nebraska Retirement Systems Committee.

Sec. 13 [amends 79-408] revisor technical changes

Sec. 14 [amends 79-901] revisor technical changes

Sec. 15 [amends 79-902] clarifies that contributions are made on full amount of compensation and not limited by the salary cap; strikes obsolete language; revisor technical changes

Sec. 16 [amends 79-903] revisor technical changes

Sec. 17 [amends 79-904] revisor technical changes

Sec. 18 [amends 79-904.01] clarifies that PERB shall not refund contributions on compensation above salary cap limits on benefits

Sec. 19 [amends 79-916] strikes obsolete language

Sec. 20 [amends 79-920] revisor technical changes

Sec. 21 [amends 79-926] strikes obsolete language; revisor technical changes

Sec. 22 [amends 79-933.03] revisor technical changes

Sec. 23 [amends 79-933.05] revisor technical changes

Sec. 24 [amends 79-933.06] revisor technical changes

Sec. 25 [amends 79-941] revisor technical changes

Sec. 26 [amends 79-942] strikes obsolete language; revisor technical changes;

Sec. 27 [amends 79-944] revisor technical changes

Sec. 28 [amends 79-947] revisor technical changes

Sec. 29 [amends 79-955] revisor technical changes

Sec. 30 [New Section] Creates new section in the School Employees Retirement Act that reorganizes current cost-of-living provisions and places all the existing language into one section. There are no substantive changes. The new language also clarifies that a retiree may only receive one cost-of-living benefit (not multiple COLAs)

Sec. 31 [amends 79-978.01] revisor technical changes

Sec. 32 [amends 79-987] strikes requirement for Class V schools to file an annual summary report with the Public Employees Retirement Board and Nebraska Retirement Systems Committee; changes the filing date from December 31 to March 31 for filing the plan actuarial report, requires the report to be filed annually rather than every four years; strikes obsolete language; revisor technical changes

Sec. 33 [amends 79-9,113] strikes obsolete language; revisor technical changes

Sec. 34 [New Section] Creates requirement for the School Board for Class V school employees to establish a comprehensive preretirement planning program for members age 50 and over; requires each employer to provide eligible employees leave without pay to attend up to two preretirement planning programs.

Sec. 35 [New Section] Inserts language prohibiting employees from participating in the Class V Employees Retirement System if the employee is not legally present the United States.

Sec. 36 [amends 79-1003] revisor technical change

Sec. 37 [amends 79-1028.01] revisor technical change

Sec. 38 [amends 81-2013.01] revisor technical change

Sec. 39 [New Section] Creates new section in the Nebraska State Patrol Retirement Act that reorganizes current cost-of-living provisions and places all the existing language into one section. There are no substantive changes. The new language also clarifies that a retiree may only receive one cost-of-living benefit (not multiple COLAs)

Sec. 40 [amends 81-2041] revisor technical change

Sec. 41 [amends 84-1301] revisor technical change

Sec. 42 [amends 84-1307] changes age 20 to age 18 for permanent part-time state employees who would like to exercise the option of participating in the State Plan.

Sec. 43 [amends 84-1321.01] provides suspension of retirement distributions pending the final outcome of a grievance or other appeal filed by a member of the State Plan. Terminated State Plan members who file a grievance and are later reinstated for employment are required to payback such distributions. The change restricts such distributions until it is determined whether the member will be reinstated by the employer.

Sec. 44 [amends 84-1501] strikes obsolete language; revisor technical changes

Sec. 45 [amends 84-1503] strikes requirement for Public Employees Retirement Board to notify the Nebraska Retirement Systems Committee if local governmental entities fail to file public retirement system plan reports; requires Public Employees Retirement Board to provide copies of actuarial results to the Nebraska Retirement Systems Committee and the Legislative Fiscal Analyst; changes the date from March 15 to March 31 for the Public Employees Retirement Board to prepare and present annual plan of action to the Nebraska Retirement Systems Committee

Sec. 46 [amends 84-1511] strikes requirement for Public Employees Retirement Board to establish a comprehensive preretirement planning program for members of the Class V School Employees Retirement System

Sec. 47 Operative date of July 1, 2011

Sec. 48 Repealer

Sec. 49 Emergency clause

Explanation of amendments:

The Committee Amendment incorporates the following changes and bills into LB 509:

Allows a terminated state or county employee after a grievance has been filed, to receive a distribution of up to \$25,000 or the balance of the employee's portion of the account, whichever is less. Following reinstatement, the employee is required to repay any amount received.

Clarifies transfer language in the State Employees Retirement Act regarding an employee's ability to directly rollover distribution of benefits into the employee's deferred compensation plan.

Reinstates stricken language in the Class V School Employees Retirement Act regarding obsolete provisions related to previous contribution rates.

LB 246

LB 246 allows benefits to continue to be paid to the surviving spouse of a deceased state patrol member even if the spouse remarries. Under the current Nebraska State Patrol Retirement Plan, benefits cease when a surviving spouse remarries.

LB 532

LB 532 provides for the transfer of Department of Labor independent retirement plan members to the State Employees Retirement System if the independent retirement plan is terminated. For vesting purposes, members would be credited for their years of service in the independent retirement plan.

LB 486 as amended by the Committee

LB 486 increases the 7% annual salary cap in the School Employees Retirement Plan to 9% beginning July 1, 2012 and eliminates the current salary cap exemptions for purposes of calculating benefits on annual compensation during each of the last five years of employment prior to actual retirement. The cap is further reduced to 8% beginning July 1, 2013.

Jeremy Nordquist, Chairperson