

**One Hundred Third Legislature - First Session - 2013**

**Introducer's Statement of Intent**

**LB638**

---

**Chairperson: Senator Jeremy Nordquist**

**Committee: Nebraska Retirement Systems**

**Date of Hearing: January 31, 2013**

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

LB 638 creates a cash balance benefit in the School Employees Retirement Act for new school employees hired after July 1, 2014. The provisions of the cash balance benefit are similar to the State Employees Cash Balance Plan. Member contribution rates are currently unspecified, with an employer (school district) match of 101%.

Under LB 638, School Employees cash balance benefit members are assured an interest credit rate of the greater of 5% or the applicable federal mid-term rate plus 1.5%, the same benefit provided to state employees in the State Employees Cash Balance Plan. The bill provides that school employee members would vest after 5 years of service, which is the same as the current vesting period under the School Employees Retirement Act.

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

**Principal Introducer:** \_\_\_\_\_

**Senator John Nelson**