

One Hundred Seventh Legislature - First Session - 2021

Introducer's Statement of Intent

LB17

Chairperson: Senator Mark Kolterman

Committee: Nebraska Retirement Systems

Date of Hearing: January 27, 2021

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

LB 17 changes the amortization period in the defined benefit plans administered by the Nebraska Public Employees Retirement System, which includes the Judges', School, and Nebraska State Patrol retirement systems. The current 30-year amortization period for these retirement systems remains in effect until July 1, 2021 and changes to a 25-year period beginning on July 1, 2021.

The amortization changes were recommended by the actuary who advised the Public Employees Retirement Board that actuarial standards recommend using layered bases amortized over 15 to 25-year periods. Under the new Actuarial Standard, a thirty-year period will not likely be considered reasonable.

LB 17 also inserts new language in the Judges, Schools, and the Nebraska State Patrol Acts which authorizes the actuary to combine or offset certain amortization bases to reduce future volatility of the actuarial contribution rate after the Public Employees Retirement Board notifies the Nebraska Retirement Systems Committee of the actuary's recommendation. The required notification by the actuary to the Nebraska Retirement Systems Committee will include:

1. The actuary's projection of the contributions to fund the plan if the recommended changes are not implemented;
2. The actuary's projections of the contributions to fund the plan if the recommended changes are implemented; and
3. The actuary's explanation of why the combination or offset is in the best interests of the plan at the proposed time.

LB 17 strikes obsolete language in the Judges Retirement Act and reformats the sections describing actuarial provisions in the Judges, School, and Nebraska State Patrol Retirement Acts.

Principal Introducer: _____

Senator Mark Kolterman