

AMENDMENTS TO LB645

(Amendments to Standing Committee amendments, AM876)

Introduced by Ballard, 21.

1 1. Strike the original sections and all amendments thereto and
2 insert the following new sections:

3 **Section 1.** Section 79-916, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 79-916 (1)(a) On July 1, 2004, the board shall transfer from the
6 School Retirement Fund to the Service Annuity Fund an amount equal to the
7 funded ratio of the retirement system which is equal to the market value
8 of the retirement system assets divided by the actuarial accrued
9 liability of the retirement system, times the actuarial accrued liability
10 of the service annuity, as determined pursuant to section 79-966.01, of
11 the employees who are members of the retirement system established
12 pursuant to the Class V School Employees Retirement Act. Beginning July
13 1, 2013, such actuarial accrued liability shall be determined for each
14 employee on a level percentage of salary basis. On or before July 1 of
15 each fiscal year, the state shall transfer into the Service Annuity Fund
16 such amounts as may be necessary to pay the normal cost and amortize the
17 unfunded actuarial accrued liability of the service annuity, as
18 determined pursuant to section 79-966.01, as of the end of the previous
19 fiscal year of the employees who are members of the retirement system
20 established pursuant to the Class V School Employees Retirement Act.
21 Based on the fiscal year of the retirement system established pursuant to
22 the Class V School Employees Retirement Act, the administrator of such
23 system shall provide all membership information needed for the actuary
24 engaged by the retirement board to determine the normal cost and the
25 amortization payment of the unfunded actuarial accrued liability, as
26 determined pursuant to section 79-966.01, to be paid by the state to the

1 Service Annuity Fund each fiscal year as required by this subdivision.

2 (b) At the time of retirement of any employee who is a member of the
3 retirement system established pursuant to the Class V School Employees
4 Retirement Act and who was hired prior to July 1, 2016, the retirement
5 board shall, upon receipt of a certification of the administrator of such
6 retirement system of the name, identification number, date of birth,
7 retirement date, last date of employment, type of retirement, and number
8 of years of service credited to such eligible employee at the date of
9 retirement, transfer from the Service Annuity Fund to the Class V school
10 district for transfer to the retirement system the actuarial accrued
11 liability of the service annuity to be paid to the Class V school
12 district by the state for transfer to the eligible employee for the years
13 of service thus certified as provided for members of the School Employees
14 Retirement System of the State of Nebraska under sections 79-933 and
15 79-952. Such transfer of the actuarial accrued liability to the Class V
16 school district for transfer to the retirement system established
17 pursuant to the Class V School Employees Retirement Act shall be in lieu
18 of the payment of the service annuity to which the employee would be
19 entitled.

20 (c) The Service Annuity Fund is created. The fund shall consist of
21 the amounts paid by the state and transferred from the School Retirement
22 Fund to the Class V school district for transfer to the retirement system
23 pursuant to this section to pay the service annuity to the Class V school
24 district for transfer to employees who are members of the retirement
25 system established pursuant to the Class V School Employees Retirement
26 Act. Any money in the Service Annuity Fund available for investment shall
27 be invested by the state investment officer pursuant to the Nebraska
28 Capital Expansion Act and the Nebraska State Funds Investment Act.

29 (2)(a) For each fiscal year prior to July 1, 2025, in (2) In
30 addition to the transfer of the actuarial accrued liability of the
31 service annuity pursuant to subsection (1) of this section, the state

1 shall also transfer to the funds of the Class V school district for
2 transfer to the district's retirement system an amount determined by
3 multiplying the compensation of all members of such retirement system by
4 the percent specified in subsection (2) of section 79-966 for determining
5 the amount of the state's payment to the School Retirement Fund plus the
6 amount determined under subdivision (1)(b) of section 79-966. The
7 transfer shall be made annually on or before July 1 of each fiscal year.

8 (b) For each fiscal year beginning July 1, 2025, in addition to the
9 transfer pursuant to subsection (1) of this section, the state shall also
10 transfer to the funds of the Class V school district for transfer to the
11 district's retirement system an amount equal to two percent of the
12 compensation of all members of such retirement system plus the amount
13 determined under subdivision (1)(b) of section 79-966. The transfer shall
14 be made annually on or before July 1 of each fiscal year.

15 (c) It is the intent of the Legislature that the state transfer of
16 two percent of the compensation of all members of the district's
17 retirement system does not mean that the state assumes any additional
18 financial responsibility or liability for funding obligations of the
19 retirement system that remain the responsibility of the district as
20 described in the Class V School Employees Retirement Act.

21 **Sec. 2.** Section 79-958, Reissue Revised Statutes of Nebraska, is
22 amended to read:

23 79-958 (1)(a) ~~(1)~~ Beginning on September 1, 2012, and prior to July
24 1, 2025, for the purpose of providing the funds to pay for formula
25 annuities, every employee shall be required to deposit in the School
26 Retirement Fund nine and seventy-eight hundredths of one percent of
27 compensation. Such deposits shall be transmitted at the same time and in
28 the same manner as required employer contributions.

29 (b) Beginning in 2025 and each year thereafter, the employee
30 contribution rate shall be calculated as of July 1 and based on the
31 funded ratio of the actuarial value of assets in the School Retirement

1 Fund in the most recent previous year as reported in the annual actuarial
2 valuation report for the retirement system prepared for the retirement
3 board pursuant to section 84-1503. Beginning on July 1, 2025, for the
4 purpose of providing the funds to pay for formula annuities, every
5 employee shall deposit the following amounts into the School Retirement
6 Fund:

7 (i) If the funded ratio on the actuarial value of assets in the
8 School Retirement Fund is less than ninety-six percent, nine and three-
9 quarters of one percent of compensation;

10 (ii) If the funded ratio on the actuarial value of assets in the
11 School Retirement Fund is ninety-six percent or greater and less than
12 ninety-eight percent, eight and three-quarters of one percent of
13 compensation;

14 (iii) If the funded ratio on the actuarial value of assets in the
15 School Retirement Fund is ninety-eight percent or greater and less than
16 one hundred percent, eight percent of compensation; and

17 (iv) If the funded ratio on the actuarial value of assets in the
18 School Retirement Fund is one hundred percent or greater, seven and one-
19 quarter of one percent of compensation.

20 (c) Deposits under this subsection shall be transmitted at the same
21 time and in the same manner as required employer contributions.

22 (2) For the purpose of providing the funds to pay for formula
23 annuities, every employer shall be required to deposit in the School
24 Retirement Fund one hundred one percent of the required contributions of
25 the school employees of each employer. Such deposits shall be transmitted
26 to the retirement board at the same time and in the same manner as such
27 required employee contributions.

28 (3) The employer shall pick up the member contributions required by
29 this section for all compensation paid on or after January 1, 1986, and
30 the contributions so picked up shall be treated as employer contributions
31 pursuant to section 414(h)(2) of the Internal Revenue Code in determining

1 federal tax treatment under the code and shall not be included as gross
2 income of the member until such time as they are distributed or made
3 available. The contributions, although designated as member
4 contributions, shall be paid by the employer in lieu of member
5 contributions. The employer shall pay these member contributions from the
6 same source of funds which is used in paying earnings to the member. The
7 employer shall pick up these contributions by a compensation deduction
8 through a reduction in the cash compensation of the member. Member
9 contributions picked up shall be treated for all purposes of the School
10 Employees Retirement Act in the same manner and to the same extent as
11 member contributions made prior to the date picked up.

12 (4) The employer shall pick up the member contributions made through
13 irrevocable payroll deduction authorizations pursuant to sections 79-921
14 and 79-933.03 to 79-933.06, and the contributions so picked up shall be
15 treated as employer contributions in the same manner as contributions
16 picked up under subsection (3) of this section.

17 **Sec. 3.** Section 79-966, Reissue Revised Statutes of Nebraska, is
18 amended to read:

19 79-966 (1)(a) On the basis of all data in the possession of the
20 retirement board, including such mortality and other tables as are
21 recommended by the actuary engaged by the retirement board and adopted by
22 the retirement board, the retirement board shall annually, on or before
23 July 1, determine the state deposit to be made by the state in the School
24 Retirement Fund for that fiscal year. The amount of such state deposit
25 shall be determined pursuant to section 79-966.01. The retirement board
26 shall thereupon certify the amount of such state deposit, and on the
27 warrant of the Director of Administrative Services, the State Treasurer
28 shall, as of July 1 of such year, transfer from funds appropriated by the
29 state for that purpose to the School Retirement Fund the amount of such
30 state deposit.

31 (b) Beginning July 1, 2016, the contingent state transfer described

1 in this subsection shall be calculated as a percent of compensation of
2 all members of the retirement system. For any year in which a deposit is
3 made to the School Retirement Fund under this subsection, if the actuary
4 for a retirement system provided for under the Class V School Employees
5 Retirement Act determines that the actuarially required contribution
6 rate, for the fiscal year of the retirement system that begins before the
7 state deposit, exceeds the rate of all contributions required pursuant to
8 the Class V School Employees Retirement Act, using the amortization
9 period specified in section 79-966.01, the Class V district school board
10 may request a public hearing of the Appropriations Committee of the
11 Legislature to ask the state to transfer to the Class V school district
12 for transfer to the funds of the retirement system provided for under the
13 Class V School Employees Retirement Act an amount determined by
14 multiplying the compensation of all members of such retirement system by
15 the lesser of the percent of compensation transferred into the School
16 Retirement Fund under this subsection or the percent of compensation of
17 the members of the retirement system provided for under the Class V
18 School Employees Retirement Act needed to meet the actuarially required
19 contribution rate for such system, using the amortization period
20 specified in section 79-966.01. Any additional amount of transfer so
21 calculated, recommended by the Appropriations Committee of the
22 Legislature, and approved by the Legislature, shall be added to the ~~two~~
23 percent specified in subsection (2) of this section for the amount
24 required by subsection (2) of section 79-916 to be transferred to the
25 Class V school district, which shall transfer such amount to the funds of
26 the retirement system provided for under the Class V School Employees
27 Retirement Act.

28 (2)(a) (2) For each fiscal year beginning July 1, 2014, and prior to
29 July 1, 2025, in addition to the state transfers required by subsections
30 (1) and (3) of this section, the state shall transfer into the School
31 Retirement Fund an amount equal to two percent of the compensation of all

1 members of the retirement system.

2 (b) Beginning in 2025 and each year thereafter, the state
3 contribution rate under this subsection shall be calculated as of July 1
4 and based on the funded ratio of the actuarial value of assets in the
5 School Retirement Fund in the most recent previous year as reported in
6 the annual actuarial valuation report for the retirement system produced
7 for the retirement board pursuant to section 84-1503. In addition to the
8 state transfers required by subsections (1) and (3) of this section, the
9 state shall deposit the following amounts into the School Retirement
10 Fund:

11 (i) If the funded ratio on the actuarial value of assets in the
12 School Retirement Fund is less than ninety-six percent, an amount equal
13 to two percent of the compensation of all members of the retirement
14 system;

15 (ii) If the funded ratio on the actuarial value of assets in the
16 School Retirement Fund is ninety-six percent or greater and less than one
17 hundred percent, an amount equal to seven-tenths of one percent of the
18 compensation of all members of the retirement system; and

19 (iii) If the funded ratio on the actuarial value of assets in the
20 School Retirement Fund is one hundred percent or greater, no transfer
21 shall be made under this subsection.

22 (3) In addition to the state deposits and transfers required by
23 subsections (1) and (2) of this section, beginning on July 1, 2005, and
24 each fiscal year thereafter for employees who become members prior to
25 July 1, 2016, the state shall transfer into the Service Annuity Fund such
26 amounts as may be necessary to pay the normal cost and amortize the
27 unfunded actuarial accrued liability of the service annuity benefit
28 established pursuant to sections 79-933 and 79-952 as accrued through the
29 end of the previous fiscal year of the school employees who are members
30 of the retirement system established pursuant to the Class V School
31 Employees Retirement Act.

1 **Sec. 4.** Section 81-2026, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 81-2026 (1)(a) Any officer qualified for an annuity as provided in
4 section 81-2025 for reasons other than disability shall be entitled to
5 receive a monthly annuity for the remainder of the officer's life. The
6 annuity payments shall continue until the end of the calendar month in
7 which the officer dies. The amount of the annuity shall be a percentage
8 of the officer's final average monthly compensation. For retirement on or
9 after the fifty-fifth birthday of the member or on or after the fiftieth
10 birthday of a member who has been in the employ of the state for twenty-
11 five years, as calculated in section 81-2033, the percentage shall be
12 three percent multiplied by the number of years of creditable service, as
13 calculated in section 81-2033, except that the percentage shall never be
14 greater than seventy-five percent.

15 (b) For retirement pursuant to subsection (2) of section 81-2025 on
16 or after the fiftieth birthday of the member but prior to the fifty-fifth
17 birthday of the member who has been in the employ of the state for less
18 than twenty-five years, as calculated in section 81-2033, the annuity
19 which would apply if the member were age fifty-five at the date of
20 retirement shall be reduced by five-ninths of one percent for each month
21 by which the early retirement date precedes age fifty-five or for each
22 month by which the early retirement date precedes the date upon which the
23 member has served for twenty-five years, whichever is earlier. Any
24 officer who has completed thirty years of creditable service with the
25 Nebraska State Patrol shall have retirement benefits computed as if the
26 officer had reached age fifty-five.

27 (c) For purposes of this computation:

28 (i) For an officer who became a member prior to July 1, 2016, final
29 average monthly compensation means the sum of the officer's total
30 compensation during the three twelve-month periods of service as an
31 officer in which compensation was the greatest divided by thirty-six and:

1 (A) For any officer employed on or before January 4, 1979, the
2 officer's total compensation includes payments received for unused
3 vacation and sick leave accumulated during the final three years of
4 service; or

5 (B) For any officer employed after January 4, 1979, and prior to
6 July 1, 2016, the officer's total compensation includes payments received
7 for unused holiday compensatory time and unused compensatory time; and

8 (ii) For an officer who became a member on or after July 1, 2016,
9 final average monthly compensation means the sum of the officer's total
10 compensation during the five twelve-month periods of service as an
11 officer in which compensation was the greatest divided by sixty and does
12 not include payments received for unused sick leave, unused vacation
13 leave, unused holiday compensatory time, unused compensatory time, or any
14 other type of unused leave, compensatory time, or similar benefits,
15 converted to cash payments. The five twelve-month periods used for
16 calculating an officer's final average monthly compensation ends with the
17 month during which the officer's final compensation is paid. In the
18 determination of compensation, that part of an officer's compensation for
19 the plan year which exceeds the officer's compensation for the preceding
20 plan year by more than eight percent during the capping period shall be
21 excluded. Such officer's compensation for the first plan year of the
22 capping period shall be compared to the officer's compensation received
23 for the plan year immediately preceding the capping period. For purposes
24 of this subdivision, capping period means the five plan years preceding
25 the officer's retirement date. The board may adopt and promulgate rules
26 and regulations for the implementation of this section, including rules
27 and regulations related to prorating, annualizing, or recalculating an
28 officer's final average monthly compensation for each plan year in the
29 capping period.

30 (2) Any officer qualified for an annuity as provided in section
31 81-2025 for reasons of disability shall be entitled to receive a monthly

1 annuity for the remainder of the period of disablement as provided in
2 sections 81-2028 to 81-2030. The amount of the annuity shall be fifty
3 percent of the officer's monthly compensation at the date of disablement
4 if the officer has completed seventeen or fewer years of creditable
5 service. If the officer has completed more than seventeen years of
6 creditable service, the amount of the annuity shall be three percent of
7 the final monthly compensation at the date of disablement multiplied by
8 the total years of creditable service but not to exceed seventy-five
9 percent of the final average monthly compensation as defined in
10 subsection (1) of this section. The date of disablement shall be the date
11 on which the benefits as provided in section 81-2028 have been exhausted.

12 (3) Upon the death of an officer after retirement for reasons other
13 than disability, benefits shall be provided as a percentage of the amount
14 of the officer's annuity, calculated as follows:

15 (a) If there is a surviving spouse but no dependent child or
16 children of the officer under nineteen years of age, the surviving spouse
17 shall receive a benefit equal to:

18 (i) Prior to July 1, 2027, seventy-five percent of the amount of the
19 officer's annuity for the remainder of the surviving spouse's life; and

20 (ii) Beginning July 1, 2027, one hundred percent of the amount of
21 the officer's annuity for the remainder of the surviving spouse's life;

22 (b) If there is a surviving spouse and the surviving spouse has in
23 his or her care a dependent child or children of the officer under
24 nineteen years of age and there is no other dependent child or children
25 of the officer not in the care of the surviving spouse under nineteen
26 years of age, the benefit shall be equal to one hundred percent of the
27 officer's annuity. When there is no remaining dependent child of the
28 officer under nineteen years of age, the benefit shall be:

29 (i) Prior to July 1, 2027, seventy-five percent of the amount of the
30 officer's annuity to the surviving spouse for the remainder of the
31 surviving spouse's life; and

1 (ii) Beginning July 1, 2027, one hundred percent of the amount of
2 the officer's annuity to the surviving spouse for the remainder of the
3 surviving spouse's life;

4 (c) If there is a surviving spouse and the surviving spouse has in
5 his or her care a dependent child or children of the officer under
6 nineteen years of age or there is another dependent child or children of
7 the officer under nineteen years of age not in the care of the surviving
8 spouse, the benefit shall be twenty-five percent of the amount of the
9 officer's annuity to the surviving spouse and seventy-five percent of the
10 amount of the officer's annuity to the dependent children of the officer
11 under nineteen years of age to be divided equally among such dependent
12 children but in no case shall the benefit received by a surviving spouse
13 and dependent children residing with such spouse be less than fifty
14 percent of the amount of the officer's annuity. At such time as any
15 dependent child of the officer attains nineteen years of age, the benefit
16 shall be divided equally among the remaining dependent children of the
17 officer who have not yet attained nineteen years of age. When there is no
18 remaining dependent child of the officer under nineteen years of age, the
19 benefit shall be;

20 (i) Prior to July 1, 2027, seventy-five percent of the amount of the
21 officer's annuity to the surviving spouse for the remainder of the
22 surviving spouse's life; and

23 (ii) Beginning July 1, 2027, one hundred percent of the amount of
24 the officer's annuity to the surviving spouse for the remainder of the
25 surviving spouse's life;

26 (d) If there is no surviving spouse and a dependent child or
27 children of the officer under nineteen years of age, the benefit shall be
28 equal to;

29 (i) Prior to July 1, 2027, seventy-five percent of the officer's
30 annuity to the dependent children of the officer under nineteen years of
31 age to be divided equally among such dependent children. At such time as

1 any dependent child of the officer attains nineteen years of age, the
2 benefit shall be divided equally among the remaining dependent children
3 of the officer who have not yet attained nineteen years of age; and

4 (ii) Beginning July 1, 2027, one hundred percent of the officer's
5 annuity to the dependent children of the officer under nineteen years of
6 age to be divided equally among such dependent children. At such time as
7 any dependent child of the officer attains nineteen years of age, the
8 benefit shall be divided equally among the remaining dependent children
9 of the officer who have not yet attained nineteen years of age; and

10 (e) If there is no surviving spouse or no dependent child or
11 children of the officer under nineteen years of age, the amount of
12 benefit such officer has received under the Nebraska State Patrol
13 Retirement Act shall be computed. If such amount is less than the
14 contributions to the State Patrol Retirement Fund made by such officer,
15 plus regular interest, the difference shall be paid to the officer's
16 designated beneficiary or estate.

17 (4) Upon the death of an officer after retirement for reasons of
18 disability, benefits shall be provided as if the officer had retired for
19 reasons other than disability.

20 (5) Upon the death of an officer before retirement, benefits shall
21 be provided as if the officer had retired for reasons of disability on
22 the date of such officer's death, calculated as follows:

23 (a) If there is a surviving spouse but no dependent child or
24 children of the officer under nineteen years of age, the surviving spouse
25 shall receive a benefit equal to:

26 (i) Prior to July 1, 2027, seventy-five percent of the amount of the
27 officer's annuity for the remainder of the surviving spouse's life; and

28 (ii) Beginning July 1, 2027, one hundred percent of the amount of
29 the officer's annuity for the remainder of the surviving spouse's life;

30 (b) If there is a surviving spouse and the surviving spouse has in
31 his or her care a dependent child or children of the officer under

1 nineteen years of age and there is no other dependent child or children
2 of the officer not in the care of the surviving spouse under nineteen
3 years of age, the benefit shall be equal to one hundred percent of the
4 officer's annuity. When there is no remaining dependent child of the
5 officer under nineteen years of age, the benefit shall be:

6 (i) Prior to July 1, 2027, seventy-five percent of the amount of the
7 officer's annuity to the surviving spouse for the remainder of the
8 surviving spouse's life; and

9 (ii) Beginning July 1, 2027, one hundred percent of the amount of
10 the officer's annuity to the surviving spouse for the remainder of the
11 surviving spouse's life;

12 (c) If there is a surviving spouse and the surviving spouse has in
13 his or her care a dependent child or children of the officer under
14 nineteen years of age or there is another dependent child or children of
15 the officer under nineteen years of age not in the care of the surviving
16 spouse, the benefit shall be twenty-five percent of the amount of the
17 officer's annuity to the surviving spouse and seventy-five percent of the
18 amount of the officer's annuity to the dependent children of the officer
19 under nineteen years of age to be divided equally among such dependent
20 children but in no case shall the benefit received by a surviving spouse
21 and dependent children residing with such spouse be less than fifty
22 percent of the amount of the officer's annuity. At such time as any
23 dependent child of the officer attains nineteen years of age, the benefit
24 shall be divided equally among the remaining dependent children of the
25 officer who have not yet attained nineteen years of age. When there is no
26 remaining dependent child of the officer under nineteen years of age, the
27 benefit shall be:

28 (i) Prior to July 1, 2027, seventy-five percent of the amount of the
29 officer's annuity to the surviving spouse for the remainder of the
30 surviving spouse's life; and

31 (ii) Beginning July 1, 2027, one hundred percent of the amount of

1 the officer's annuity to the surviving spouse for the remainder of the
2 surviving spouse's life;

3 (d) If there is no surviving spouse and a dependent child or
4 children of the officer under nineteen years of age, the benefit shall be
5 equal to:

6 (i) Prior to July 1, 2027, seventy-five percent of the officer's
7 annuity to the dependent children of the officer under nineteen years of
8 age to be divided equally among such dependent children. At such time as
9 any dependent child of the officer attains nineteen years of age, the
10 benefit shall be divided equally among the remaining dependent children
11 of the officer who have not yet attained nineteen years of age; and

12 (ii) Beginning July 1, 2027, one hundred percent of the officer's
13 annuity to the dependent children of the officer under nineteen years of
14 age to be divided equally among such dependent children. At such time as
15 any dependent child of the officer attains nineteen years of age, the
16 benefit shall be divided equally among the remaining dependent children
17 of the officer who have not yet attained nineteen years of age; and

18 (e) If no benefits are paid to a surviving spouse or dependent child
19 or children of the officer, benefits will be paid as described in
20 subsection (1) of section 81-2031.

21 (6) A lump-sum death benefit paid to the member's beneficiary, other
22 than the member's estate, that is an eligible distribution may be
23 distributed in the form of a direct transfer to a retirement plan
24 eligible to receive such transfer under the provisions of the Internal
25 Revenue Code.

26 (7) For any member whose death occurs on or after January 1, 2007,
27 while performing qualified military service as defined in section 414(u)
28 of the Internal Revenue Code, the member's beneficiary shall be entitled
29 to any additional death benefit that would have been provided, other than
30 the accrual of any benefit relating to the period of qualified military
31 service. The additional death benefit shall be determined as if the

1 member had returned to employment with the Nebraska State Patrol and such
2 employment had terminated on the date of the member's death.

3 (8) Any changes made to this section by Laws 2004, LB 1097, shall
4 apply only to retirements, disabilities, and deaths occurring on or after
5 July 16, 2004.

6 **Sec. 5.** Original sections 79-916, 79-958, 79-966, and 81-2026,
7 Reissue Revised Statutes of Nebraska, are repealed.

8 **Sec. 6.** Since an emergency exists, this act takes effect when
9 passed and approved according to law.