

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 179**

FINAL READING

Introduced by Clouse, 37.

Read first time January 13, 2025

Committee: Nebraska Retirement Systems

- 1 A BILL FOR AN ACT relating to retirement; to amend sections 16-1005 and
- 2 16-1027, Reissue Revised Statutes of Nebraska; to change
- 3 contribution rates for police officers employed by cities of the
- 4 first class; to change provisions of the Cities of the First Class
- 5 Firefighters Retirement Act relating to optional benefit forms for
- 6 retiring firefighters; to eliminate obsolete provisions; to provide
- 7 operative dates; and to repeal the original sections.
- 8 Be it enacted by the people of the State of Nebraska,

1       **Section 1.** Section 16-1005, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3       16-1005 (1)(a)(i) Prior to October 1, 2025 ~~(1) Until October 1,~~  
4 ~~2013, each police officer shall contribute to the retirement system a sum~~  
5 ~~equal to six percent of his or her salary. Beginning October 1, 2013,~~  
6 ~~until October 1, 2015, each police officer shall contribute to the~~  
7 ~~retirement system a sum equal to six and one-half percent of his or her~~  
8 ~~salary. Beginning October 1, 2015, each police officer shall contribute~~  
9 to the retirement system a sum equal to seven percent of his or her  
10 salary.

11       (ii) Beginning October 1, 2025, each police officer shall contribute  
12 to the retirement system a sum equal to nine percent of his or her  
13 salary.

14       (b) Such payment under subdivision (a) of this subsection shall be  
15 made by regular payroll deductions from the police officer's periodic  
16 salary and shall be credited to his or her employee account on a monthly  
17 basis.

18       (c) Each such account shall also be credited with regular interest.

19       (2) Each city of the first class shall pick up the police officers'  
20 contributions required by subsection (1) of this section, and the  
21 contributions so picked up shall be treated as employer contributions in  
22 determining federal tax treatment under the Internal Revenue Code, except  
23 that the city shall continue to withhold federal income taxes based upon  
24 these contributions until the Internal Revenue Service or the federal  
25 courts rule that, pursuant to section 414(h) of the Internal Revenue  
26 Code, these contributions shall not be included as gross income of the  
27 employee until such time as they are distributed from the retirement  
28 system. The city shall pay these employee contributions from the same  
29 source of funds which is used in paying earnings to the employee. The  
30 city shall pick up these contributions by a salary deduction either  
31 through a reduction in the cash salary of the employee or a combination

1 of a reduction in salary and offset against a future salary increase. A  
2 police officer shall not be given an option to choose to receive the  
3 amount of the required contribution in lieu of having such contribution  
4 paid directly to the retirement system.

5 (3) Each police officer shall be entitled to make voluntary cash  
6 contributions to the retirement system in an amount not to exceed the  
7 contribution limitations established by the Internal Revenue Code.  
8 Voluntary contributions shall be credited to the police officer's  
9 employee account and shall thereafter be credited with regular interest.  
10 A police officer's voluntary contribution shall become a part of the  
11 Police Officers Retirement System Fund and shall be held, administered,  
12 invested, and distributed in the same manner as any other employee  
13 contribution to the retirement system.

14 **Sec. 2.** Section 16-1027, Reissue Revised Statutes of Nebraska, is  
15 amended to read:

16 16-1027 (1) At any time before the retirement date, the retiring  
17 firefighter may elect to receive his or her pension benefit at retirement  
18 either in the form of a straight life annuity or any optional form of  
19 annuity benefit established by the retirement committee and provided  
20 under a purchased annuity contract. Such optional annuity benefit shall  
21 be specified in the funding medium for the retirement system and shall  
22 include a straight life annuity with a guarantee of at least sixty  
23 monthly payments or an annuity payable for the life of the retiring  
24 firefighter and, after the death of the retiree, monthly payments, as  
25 elected by the retiring firefighter, of one hundred percent, seventy-five  
26 percent, or fifty percent of the amount of annuity payable to the  
27 retiring firefighter during his or her life, to the beneficiary selected  
28 by the retiring firefighter at the time of the original application for  
29 an annuity. For any firefighter whose retirement date is on or after  
30 January 1, 1997, the optional benefit forms for the retirement system  
31 shall include permitting such firefighter, upon retirement, to receive a

1 payment of his or her retirement value in the form of a single lump-sum  
2 payment or in the form of one or more partial payments of such retirement  
3 value in an amount and frequency elected by the firefighter a single  
4 lump-sum payment of the firefighter's retirement value. For firefighters  
5 whose retirement date is prior to January 1, 1997, a single lump-sum  
6 payment shall be available only if the city has adopted such distribution  
7 option in the funding medium established for the retirement system. The  
8 retiring firefighter may further elect to defer the date of the first  
9 payment or lump-sum distribution to the first day of any specified month  
10 prior to age seventy. In the event the retiring firefighter elects to  
11 receive his or her pension benefit in the form of an annuity, the amount  
12 of such annuity benefit shall be the amount provided by the annuity  
13 contract purchased or otherwise provided by the firefighter's retirement  
14 value as of the date of the first payment. Any such annuity contract  
15 purchased by the retirement system may be distributed to the retiring  
16 firefighter. Upon the payment of a lump sum or the distribution of a  
17 paid-up annuity contract, all obligations of the retirement system to pay  
18 retirement benefits to the firefighter and his or her beneficiaries shall  
19 terminate, without exception.

20 (2) For all firefighters employed on January 1, 1984, the amount of  
21 the pension benefit at the retirement date shall not be less than the  
22 following amounts:

23 (a) If retirement from the city occurs following age fifty-five with  
24 twenty-one years of service with the city, fifty percent of regular pay;

25 (b) If retirement from the city occurs following age fifty but  
26 before age fifty-five with at least twenty-one years of service with the  
27 city, such firefighter shall receive the actuarial equivalent of the  
28 benefit which would otherwise be provided at age fifty-five;

29 (c) If retirement from the city occurs on or after age fifty-five  
30 with less than twenty-one years of service with the city, such  
31 firefighter shall receive a pension of at least fifty percent of the

1 salary he or she was receiving at the time of retirement multiplied by  
2 the ratio of the years of service to twenty-one;

3 (d) For terminations of employment from the city on or after  
4 September 9, 1993, if such termination of employment as a firefighter  
5 occurs before age fifty-five but after completion of twenty-one years of  
6 service with the city, such firefighter shall receive upon the attainment  
7 of age fifty-five a pension benefit of fifty percent of regular pay;

8 (e) Unless an optional annuity benefit is selected by the retired  
9 firefighter, at the death of any such retired firefighter the same rate  
10 of pension as is provided for in this section shall be paid to the  
11 surviving spouse of such deceased firefighter during such time as the  
12 surviving spouse remains unmarried and, in case there is no surviving  
13 spouse, then the minor children, if any, of such deceased firefighter  
14 shall equally share such pension benefit during their minority, except  
15 that as soon as a child of such deceased firefighter ceases to be a  
16 minor, such pension as to such child shall cease; or

17 (f) In the event a retired firefighter or his or her surviving  
18 beneficiaries die before the aggregate amount of pension payments  
19 received by the firefighter and his or her survivor beneficiaries, if  
20 any, equals the total amount in the firefighter's employee account, at  
21 the time of the first benefit payment the difference between the total  
22 amount in the employee's account and the aggregate amount of pension  
23 payments received by the retired firefighter and his or her surviving  
24 beneficiaries, if any, shall be paid in a single sum to the firefighter's  
25 estate.

26 A firefighter entitled to a minimum pension benefit under this  
27 subsection may elect to receive such pension benefit in any form  
28 permitted by subsection (1) of this section, including a single lump-sum  
29 payment, if the firefighter retires on or after January 1, 1997, or if  
30 the city has adopted a lump-sum distribution option for firefighters  
31 retiring before January 1, 1997, in the funding medium for the retirement

1 system. If the minimum pension benefit is paid in the form of an optional  
2 annuity benefit or a single lump-sum payment, such benefit or payment  
3 shall be the actuarial equivalent of the annuity that would otherwise be  
4 paid to the firefighter pursuant to this subsection.

5 If the firefighter chooses the single lump-sum payment option, the  
6 firefighter may request that the actuarial equivalent be equal to the  
7 average of the cost of two annuity contracts based on products available  
8 for purchase in Nebraska, if the difference between the cost of the two  
9 annuity contracts does not exceed five percent. Of the two annuity  
10 contracts used for comparison, one shall be chosen by the firefighter and  
11 one shall be chosen by the city. If the difference between the two  
12 annuity contracts exceeds five percent, the retirement committee shall  
13 review the costs of the two annuity contracts and make a recommendation  
14 to the city council as to the amount of the lump-sum payment to be made  
15 to the firefighter. The city council shall, after a hearing, determine  
16 the amount of the single lump-sum payment due the firefighter. The  
17 annuity contracts used for comparison shall all use the same type of sex-  
18 neutral basis benefit calculation.

19 (3) If the retirement value of a firefighter entitled to a minimum  
20 pension benefit under subsection (2) of this section is not sufficient at  
21 the time of the first payment to purchase or provide the required pension  
22 benefit, the city shall utilize such funds as may be necessary from the  
23 unallocated employer account of the retirement system to purchase or  
24 provide for the required pension benefit.

25 (4) Any retiring firefighter whose pension benefit is less than  
26 twenty-five dollars per month on the straight life annuity option shall  
27 be paid a lump-sum settlement equal to the retirement value in lieu of  
28 annuity and shall not be entitled to elect to receive annuity benefits.

29 **Sec. 3.** Sections 2 and 4 of this act become operative on October 1,  
30 2025. The other sections of this act become operative on their effective  
31 date.

1           **Sec. 4.**   Original section 16-1027, Reissue Revised Statutes of  
2 Nebraska, is repealed.

3           **Sec. 5.**   Original section 16-1005, Reissue Revised Statutes of  
4 Nebraska, is repealed.