

## LEGISLATIVE BILL 1116

Approved by the Governor March 29, 1972

Introduced by Duke Snyder, 14th District

AN ACT to amend sections 79-1044, 79-1049, 79-1056, 79-1056.01, 79-1056.02, and 79-1056.03, Revised Statutes Supplement, 1969, relating to schools; to prescribe retirement benefits for members of a retirement system in a Class V school district who retire or terminate their employment after August 31, 1972; to change the rate of contributions and amount of contributions; to change the time when rights vest; and to repeal the original sections.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 79-1044, Revised Statutes Supplement, 1969, be amended to read as follows:

79-1044. After the date of establishment of the system each member shall be credited annually with a retirement annuity of an amount equal to one and one half per cent of the salary or wage earned by him during the then current fiscal year, not in excess of five thousand dollars; Provided, that for each active member who retires on or after August 31, 1969, such credit shall be an amount equal to one and sixty-five hundredths per cent of such salary or wage not in excess of five thousand dollars; and provided further, that such credit for each member who chose the new system in 1951 and who retires on or after August 31, 1972, for service from September 1, 1951 to August 31, 1955, shall be two per cent of such salary or wage not in excess of five thousand dollars; for service from September 1, 1955 to August 31, 1963, one and two-tenths per cent of such salary or wage not in excess of six thousand dollars; for service from September 1, 1963 to August 31, 1969, one and two-tenths per cent of such salary or wage up to the social security wage base, plus two per cent of salary or wage in excess thereof; and credit for service after September 1, 1969 shall be one and two-tenths per cent of the first seventy-eight hundred dollars of such salary or wage and two per cent of the excess of such salary or wage over seventy-eight hundred dollars. With respect to service rendered prior to the date of establishment of the system, each employee in service or on leave of absence on said date shall be entitled to an annuity on account of prior service. Such annuity shall be such percentage of the maximum annuity to which such member might have

been entitled under the terms of a retirement plan previously in effect as the number of years of service under such plan bears to the total number of years for which credit for service might have been granted under such plan; Provided, no credit shall be given in excess of the maximum annuity provided under such preexisting plan. The number of years of prior service for which credit shall be given under sections 79-1032 to 79-1060 shall be the number of years of service with which the employee is credited under such preexisting plan on May 21, 1951. The sum of these two annuities shall constitute the retirement allowance to which the member shall be entitled to be paid, beginning on his retirement date. Such annuity shall be paid in twelve equal monthly installments unless the amount thereof is less than ten dollars per month in which event payments shall be made quarterly or semiannually.

Sec. 2. That section 79-1049, Revised Statutes Supplement, 1969, be amended to read as follows:

79-1049. A member, who has twenty fifteen years or more of creditable service and who shall sever his employment, may elect to leave his contributions in the system, in which event he shall receive a retirement allowance at normal retirement age equal to the credits earned to the date of such severance. Upon the severance of employment, except on account of retirement, a member shall be entitled to receive refunds as follows: (1) An amount equal to the accumulated contributions to the system by the member; and (2) any contributions made to a previously existing system which were refundable under the terms of that system. Any member, receiving a refund of contributions, shall thereby forfeit and relinquish all accrued rights in the retirement system including all accumulated creditable service; Provided, that if any member, who has withdrawn his contributions as provided in this section, shall reenter the service of the district within a period of five years from the date of withdrawal and again become a member of the system, he may restore all money previously received by him as a refund, including the regular interest for the period of his absence from the district's service, and he shall then again receive credit for service which he forfeited by the acceptance of such refund. Such restoration can be made in equal installments over a period of not to exceed two years from the date of reemployment.

Sec. 3. That section 79-1056, Revised Statutes Supplement, 1969, be amended to read as follows:

79-1056. If, at any future time, a majority of the eligible members of the system shall vote to be

included under an agreement providing old age and survivors insurance under the Social Security Act of the United States, the contributions to be made by the member and the district for membership service, from and after the effective date of the agreement with respect to services performed subsequent to December 31, 1954, shall each be reduced from five to three per cent but not less than three per cent of the member's salary per annum, and the credits for membership service under this system, as provided in section 79-1044, shall thereafter be reduced from one and one half per cent to nine-tenths of one per cent and not less than nine-tenths of one per cent of salary or wage earned by the member during each fiscal year, and from one and sixty-five hundredths per cent to one per cent and not less than one per cent of salary or wage earned by the member during each fiscal year and from two per cent to one and two-tenths per cent of salary or wage earned by the member during each fiscal year: Provided, that after September 1, 1963, and prior to September 1, 1969, all employees of the district shall contribute an amount equal to the membership contribution which shall be two and three-fourths per cent of salary covered by old age and survivors insurance, and five per cent above that amount. Commencing September 1, 1969, all employees of the district shall contribute an amount equal to the membership contribution which shall be two and three-fourths per cent of the first seven thousand eight hundred dollars of salary or wages earned each fiscal year and five per cent of salary or wages earned above that amount in the same fiscal year, and the contributions by the district shall be such amount as may be necessary to maintain the solvency of the system including refunds to the general fund provided by section 79-1059, as determined annually by the board upon recommendation of the actuary and the trustees. After September 1, 1963, and prior to September 1, 1969, all employees shall be credited with a membership service annuity which shall be nine-tenths of one per cent of salary or wage covered by old age and survivors insurance, and one and one half per cent of salary or wages above that amount, except that those employees who retire on or after August 31, 1969, shall be credited with a membership service annuity which shall be one per cent of salary or wages covered by old age and survivors insurance, and one and sixty-five hundredths per cent of salary or wages above that amount for service performed after September 1, 1963, and prior to September 1, 1969. Commencing September 1, 1969, all employees shall be credited with a membership service annuity which shall be one per cent of the first seven thousand eight hundred dollars of salary or wages earned by the employee during each fiscal year and one and sixty-five hundredths per cent of salary or wages earned above that amount in the

same fiscal year; provided further, that all employees retiring on or after August 31, 1972 shall be credited with a membership service annuity which shall be one and two-tenths per cent of the first seven thousand eight hundred dollars of salary or wages earned by the employee during such fiscal year and two per cent of salary or wages earned above that amount in the same fiscal year; and provided further, that the retirement annuities of employees who have not retired prior to September 1, 1963, and who elected under the provisions of section 79-1041 not to become members of the system, shall not be less than they would have been had they remained under any preexisting system to date of retirement. Members of this system having the service qualifications of members of the state school retirement system, as provided by section 79-1515, shall have included in the membership service annuity credit for each successive year the state service annuity provided by sections 79-1522 to 79-1523, but not in excess of one and one half dollars per month for each year of service. If the state service annuity provided by sections 79-1522 to 79-1523 should exceed one and one half dollars per month, any excess state service annuity credit shall be paid as an additional membership service annuity credit under this system. Credits under the state school retirement system for service prior to September 1, 1951, shall not be offset against credits for membership service under the school employees' retirement system.

Sec. 4. That section 79-1056.01, Revised Statutes Supplement, 1969, be amended to read as follows:

79-1056.01. From and after the effective date of an agreement providing for old age and survivors insurance with respect to services performed subsequent to December 31, 1954, the contributions to be made by any teacher who has elected, under the provisions of section 79-1041, not to become a member shall be reduced from five to three per cent but not less than three per cent of any installment of salary not in excess of three thousand dollars per annum, and an equal amount shall be contributed by the district. The monthly payments to which such teacher shall be entitled upon retirement on account of service or disability shall be such portion of the maximum retirement allowance of seventy-five dollars per month to which such teacher would be entitled upon retirement under the terms of the previous retirement plan applicable to teachers, as the number of years of service under such plan prior to the effective date of such agreement for social security bears to thirty-five years, and in addition thereto three-fifths of the remainder of such maximum annuity; Provided, that for any such teacher who retires on or after August 31, 1969, the

monthly payments to which such teacher shall be entitled, and which are attributable to service after September 1, 1951, shall be determined as if such maximum retirement allowance was eighty-two dollars and fifty cents; and provided further, that for any such teacher who retires on or after August 31, 1972, the monthly payments to which such teacher shall be entitled, and which are attributable to service after September 1, 1951, shall be determined as if such maximum retirement allowance was ninety-nine dollars.

Sec. 5. That section 79-1056.02, Revised Statutes Supplement, 1969, be amended to read as follows:

79-1056.02. From and after the effective date of such agreement, with respect to services performed subsequent to December 31, 1954, the contribution to be made by any nonteacher employee who has elected under the provisions of section 79-1041 not to become a member, shall be reduced from five to three per cent but not less than three per cent of each installment of salary not in excess of three thousand dollars per annum, and an equal amount shall be contributed by the district. The monthly payments to which such employee shall be entitled upon retirement for service or disability shall be such portion of the maximum retirement compensation of fifty dollars per month to which such employee upon retirement would be entitled under the terms of the preexisting retirement plan applicable to such employee, as the number of years of service under such plan prior to the effective date of such agreement for social security bears to twenty-five years, and thereafter the monthly credit to which he is entitled for each year of service under such preexisting system shall be reduced from two dollars to one dollar and twenty cents; Provided, that for any such employee who retires on or after August 31, 1969, the monthly payments to which such employee shall be entitled, and which are attributable to service after September 1, 1951, shall be determined as if the maximum retirement compensation was fifty-five dollars per month, and the monthly credit to which he is entitled for each year of service after the effective date of such agreement for social security shall be one dollar and thirty-two cents; and provided further, that for any such employee who retires on or after August 31, 1972, the monthly payments to which such employee shall be entitled, and which are attributable to service after September 1, 1951, shall be determined as if the maximum retirement compensation was sixty-six dollars per month, and the monthly credit to which he is entitled for each year of service after the effective date of such agreement for social security shall be one dollar and fifty-eight and four-tenths cents.

Sec. 6. That section 79-1056.03, Revised Statutes Supplement, 1969, be amended to read as follows:

79-1056.03. From and after the effective date of such agreement, with respect to services performed subsequent to December 31, 1954, the contributions and benefits to be received by cafeteria workers who have elected to remain under a preexisting retirement system established by the board of education shall be reduced in the same manner and proportion as provided for other employees who have elected to remain under a preexisting system. For those cafeteria workers who retire on or after August 31, 1969, their benefits attributable to services performed subsequent to September 1, 1951, shall be increased in the same manner and proportion as provided for other employees who retire on or after August 31, 1969, or August 31, 1972, who have elected to remain under a preexisting system.

Sec. 7. That original sections 79-1044, 79-1049, 79-1056, 79-1056.01, 79-1056.02, and 79-1056.03, Revised Statutes Supplement, 1969, are repealed.