

LEGISLATIVE BILL 50

Approved by the Governor May 8, 1975

Introduced by Nebraska Retirement Systems Committee, Hasebroock, 18, Chmn.; Luedtke, 28; Goodrich, 20; Stull, 49; F. Lewis, 45

AN ACT to amend sections 79-1501, 79-1522.01, 79-1523, 79-1524, and 79-1528, Reissue Revised Statutes of Nebraska, 1943, relating to the school retirement system; to redefine and change provisions for disability retirement and the method of determining the disability retirement allowance; to provide for changes in the manner by which the monthly formula annuity shall be determined; to provide for a monthly annuity to a surviving spouse as prescribed; and to repeal the original sections.

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

Section 1. That section 79-1501, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

79-1501. As used in sections 79-1501 to 79-1553, unless the context otherwise requires:

(1) Accumulated contributions shall mean the sum of all amounts deducted from the compensation of a member and credited to his individual account in the School Employees' Savings Fund together with regular interest thereon, compounded annually;

(2) Beneficiary shall mean any person in receipt of a school retirement allowance or other benefit provided by sections 79-1501 to 79-1557;

(3) Member shall mean any person who has an account in the School Employees' Savings Fund;

(4) County school official shall mean the county superintendent or district superintendent and any person serving in his office who is required by law to have a teacher's certificate;

(5) Creditable service shall mean prior service for which credit is granted under sections 79-1515 to 79-1518 plus all service rendered while a member of the retirement system;

(6) Disability retirement allowance shall mean the ~~total-of-the-savings-annuity-and-the-service~~ annuity paid to a person upon retirement for disability under the provisions of section 79-1524;

(7) Employer shall mean the State of Nebraska or any subdivision thereof or agency of the state or subdivision authorized by law to hire school employees, as defined in this section, or to pay their salaries;

(8) Fiscal year shall mean any year beginning July 1 and ending June 30 next following;

(9) Regular interest shall mean interest at such a rate as shall be determined by the retirement board in conformity with actual and expected earnings on its investments;

(10) Junior school employee shall mean a school employee, as herein defined, who has not arrived at his twenty-first birthday anniversary on August 15 preceding;

(11) Present senior school employee shall mean a senior school employee, as herein defined, who was employed within the State of Nebraska on September 1, 1945;

(12) Full-time employee shall mean a person whose services are engaged for full-time employment on an annual or continuing contract basis;

(13) Prior service shall mean service rendered as a school employee in the public schools of the State of Nebraska, as such is defined in this section, prior to July 1, 1945;

(14) Public school shall mean any and all schools supported by public funds and wholly under the control and management of the State of Nebraska, or any subdivision thereof, including schools established, maintained, and controlled by the school boards of local school districts and schools under the control and management of the state colleges, the Board of Regents of the University of Nebraska, any educational service unit, and any other educational institution wholly supported by public funds;

(15) Retirement shall mean qualifying for and accepting a school or disability retirement allowance granted under the provisions of sections 79-1501 to 79-1557;

(16) Retirement board or board shall mean the Public Employees Retirement Board, which shall administer said retirement system;

(17) Retirement system shall mean the school retirement system of the State of Nebraska provided for in sections 79-1501 to 79-1557;

(18) Required deposit shall mean the deduction from a member's compensation as provided for in section 79-1531, which shall all be deposited in the School Employees' Savings Fund;

(19) School year shall mean one fiscal year which shall include not less than one hundred twenty teaching days or, in the case of service in the State of Nebraska prior to July 1, 1945, not less than seventy-five per cent of the then legal school year;

(20) Senior school employee shall mean a school employee, as herein defined, who has arrived at his twenty-first birthday anniversary on August 15 preceding;

(21) Service shall mean service as a school employee;

(22) School retirement allowance shall mean the total of the savings annuity and the service annuity paid a person who has retired under the provisions of sections 79-1520 and 79-1521. The monthly payments shall be payable at the end of each calendar month during the life of a retired member. The first payment shall include all amounts accrued since the effective date of the award of annuity, including a pro rata portion of the monthly amount of any fraction of a month elapsing between the effective date of such annuity and the end of the calendar month in which such annuity began. The last payment shall be at the end of the calendar month in which such member shall die;

(23) Service annuity shall mean payments for life, made in equal monthly installments, derived from appropriations made by the State of Nebraska to the retirement system;

(24) State deposit shall mean the deposit by the state in the retirement system on behalf of any member;

(25) State school official shall mean the Commissioner of Education and his professional staff and the assistant commissioner of education in charge of vocational education and his professional staff;

(26) School employee shall mean any employee of a public school whose services are engaged for at least half-time employment on an annual or continuing contract basis;

(27) Savings annuity shall mean payments for life, made in equal monthly payments, derived from the accumulated contributions of a member;

(28) Emeritus member shall mean a person who has entered retirement under the provisions of sections 79-1501 to 79-1557, including those persons who have retired since July 1, 1945, under any other regularly established retirement or pension system as contemplated by section 79-1512, and who has thereafter been reemployed in any capacity by a public school in Nebraska, or has become a state school official or county school official subsequent to such retirement, and who has applied to the board for emeritus membership in the retirement system. The school district or agency shall certify to the retirement board on forms prescribed by the retirement board that the annuitant was reemployed, rendered a service and was paid by the district for such services; and

(29) Primary carrier shall mean the life insurance companies and trust companies designated as the underwriter or trustee of the retirement system.

Sec. 2. That section 79-1522.01, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

79-1522.01. In lieu of the school retirement allowance provided by section 79-1522 for service after July 1, 1968, any member who is an employee of a Class I, II, III, IV or VI school district and who becomes eligible to make application for and receive a school retirement allowance under the provisions of sections 79-1520 and 79-1521, may elect to receive a formula annuity retirement allowance.

The monthly formula annuity in the normal form shall be determined by multiplying the number of years of service after July 1, 1968, for which such member would otherwise receive the service annuity provided by section 79-1522, by one and one-quarter per cent of his final average compensation; Provided, that if the annuity begins prior to the sixty-fifth birthday of the member, the annuity at the date it begins shall be the actuarial equivalent of the formula annuity deferred to the sixty-fifth birthday of the member. A member must have acquired the equivalent of one half year service or more

as a public school employee under the school retirement system following the effective date of this act to be eligible for computation of his formula annuity using one and one-quarter per cent of his final average compensation as one of the factors.

The normal form of the formula annuity shall be an annuity payable monthly during the remainder of the member's life with the provision that in the event of his death before sixty monthly payments have been made the monthly payments shall be continued to his estate or to such beneficiary as he shall have designated until sixty monthly payments have been made. A member may elect to receive in lieu of the normal form of annuity an actuarially equivalent annuity in any optional form provided by section 79-1530.

Final average compensation shall be determined by dividing the member's total compensation subject to required deposits for the ten five fiscal years after July 1, 1968, in which such compensation was the highest, by one-hundred--twenty sixty. If a member has such compensation for less than ten five such fiscal years his final average compensation shall be determined by dividing his total compensation in all such years by twelve times the total number of years of his service therefor. A member must have acquired the equivalent of one half year service or more as a public school employee under the school retirement system following the effective date of this act to be eligible for computation of his formula annuity using only five fiscal years in the determination of his final average compensation.

All formula annuities shall be paid from the Annuity Reserve Fund. Upon the granting of a formula annuity there shall be transferred to the Annuity Reserve Fund: (1) From the Service Annuity Fund the value of the service annuity which would otherwise be payable for service after July 1, 1968; (2) from the School Employees' Savings Fund the accumulated contributions of the member made after July 1, 1968; and (3) from the School Employer's Deposit Fund the value of the formula annuity in excess of the amounts transferred from the Service Annuity Fund and the School Employees' Savings Fund.

For the purpose of providing the funds to be transferred from the School Employer's Deposit Fund for formula annuities every employer shall be required to make deposits in the School Employer's Deposit Fund equal to twenty per cent of the required school employee contributions. Such deposits shall be a uniform percentage of the required contributions of the school

employees of each employer and shall be transmitted to the retirement board at the same time and in the same manner as such required employee contributions. In the fiscal year commencing July 1, 1968, such uniform percentage shall be twenty per cent of the required school employee contributions. For each fiscal year thereafter such uniform percentage shall be determined by the retirement board upon recommendation of the actuary and shall be determined by deducting from the then present value of all future amounts to be transferred from the School Employer's Deposit Fund the amount then credited to such fund and dividing the remainder by the present value of the prospective future required contributions of all employees of the school districts covered by this section.

Sec. 3. That section 79-1523, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

79-1523. Retirement--on--account--of--disability shall be made under the following conditions:---A member who (1) has fifteen or more full-time or part-time years of creditable service and who has rendered two or more such years of service immediately preceding such retirement; or who (2) has had one year of full-time creditable service and one year of college attendance earning credits toward a degree; just prior to the application for disability benefits a member shall be retired on account of disability either upon his own application or the application of his employer or a person acting in his behalf; Provided, that a medical examination, made at the expense of the retirement system and conducted by a competent disinterested physician who is duly licensed to practice medicine in this state, selected by the retirement board, shows and the physician certifies to the retirement board that the said member is physically or mentally incapacitated for the further performance of duty as a school employee and ought to be retired. The provisions of subdivision (2) of this section shall apply whether disability occurred before or after October 19, 1963; Provided, that the member shall have one year from the date of his retirement in which to make application for disability retirement benefits; and provided further, that the disability did not occur in the pursuit of another occupation;

Sec. 4. That section 79-1524, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

79-1524. Upon retirement for disability, a member shall receive a disability retirement allowance

which shall consist of a savings annuity and a service annuity computed in the manner specified in section 79-1522 or, in lieu thereof, the formula annuity computed in the manner specified in section 79-1522.01 without the reduction to the actuarial equivalent of the formula annuity deferred to the sixty-fifth birthday of the member.

Sec. 5. That section 79-1528, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

79-1528. (1) Should a member die before retirement, his accumulated contributions shall be paid to his estate or to such person as he shall have nominated by written designation duly executed and filed with the retirement board. If no legal representatives or beneficiary designated in writing shall apply for his accumulated contributions within five years following his death, they shall be forfeited to the retirement system and credited to the Contingent Fund at that time.

(2) When the deceased member had attained the age of at least fifty-five years with not less than twenty years of creditable service, or had not less than thirty years of creditable service regardless of age, and leaves a surviving spouse, there shall be paid to such surviving spouse a monthly annuity for life. The amount of such annuity shall be equal to the amount of the annuity which would have been paid had the deceased member retired on the date of death and elected to have his retirement annuity paid as a joint and survivor annuity payable as long as either the member or the member's spouse should survive.

Sec. 6. That original sections 79-1501, 79-1522.01, 79-1523, 79-1524, and 79-1528, Reissue Revised Statutes of Nebraska, 1943, are repealed.