

LEGISLATURE OF NEBRASKA
ONE HUNDRED THIRD LEGISLATURE
SECOND SESSION
LEGISLATIVE BILL 929

Introduced by Gloor, 35.

Read first time January 15, 2014

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to cities of the first class; to amend sections
2 16-1002 and 16-1021, Reissue Revised Statutes of
3 Nebraska; to define a term with respect to police
4 officers' and firefighters' retirement; to harmonize
5 provisions; and to repeal the original sections.
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 16-1002, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 16-1002 For purposes of the Police Officers Retirement
4 Act, unless the context otherwise requires:

5 (1) Actuarial equivalent means equality in value of the
6 aggregate amount of benefit expected to be received under different
7 forms of benefit or at different times determined as of a given date
8 as adopted by the city or the retirement committee for use by the
9 retirement system. Actuarial equivalencies shall be specified in the
10 funding medium established for the retirement system, except that if
11 benefits under the retirement system are obtained through the
12 purchase of an annuity contract, the actuarial equivalent of any such
13 form of benefit shall be the amount of pension benefit which can be
14 purchased or otherwise provided by the police officer's retirement
15 value. All actuarial and mortality assumptions adopted by the city or
16 retirement committee shall be on a sex-neutral basis;

17 (2) Beneficiary means the person or persons designated by
18 a police officer, pursuant to a written instrument filed with the
19 retirement committee before the police officer's death, to receive
20 death benefits which may be payable under the retirement system;

21 (3) Funding agent means any bank, trust company, life
22 insurance company, thrift institution, credit union, or investment
23 management firm selected by the city or retirement committee to hold
24 or invest the funds of the retirement system;

25 (4) Regular interest means the rate of interest earned

1 each calendar year equal to the rate of net earnings realized for the
2 calendar year from investments of the retirement fund. Net earnings
3 means the amount by which income or gain realized from investments of
4 the retirement fund exceeds the amount of any realized losses from
5 such investments during the calendar year;

6 (5) Regular pay means the average salary of the police
7 officer for the period of five consecutive years preceding elective
8 retirement, death, or date of disability which produces the highest
9 average;

10 (6) Salary means all amounts paid to a participating
11 police officer by the employing city for personal services as
12 reported on the participant's federal income tax withholding
13 statement, including the police officer's contributions picked up by
14 the city as provided in subsection (2) of section 16-1005 and any
15 salary reduction contributions which are excludable from income for
16 federal income tax purposes pursuant to section 125 or 457 of the
17 Internal Revenue Code;

18 (7) Sex-neutral basis means either:

19 (a) The benefit calculation provided to the city of the
20 first class by a licensed domestic or foreign insurance or annuity
21 company that utilizes a blended, non-gender specific rate for
22 actuarial assumptions, mortality assumptions, and annuity conversion
23 rates for a particular participant; or

24 (b) The benefit calculation performed using the
25 arithmetic mean of the male-specific actuarial assumptions, mortality

1 assumptions, or annuity conversion rates and the female-specific
2 actuarial assumptions, mortality assumptions, or annuity conversion
3 rates, as applicable, for a particular participant. The arithmetic
4 mean shall be determined by adding the male-specific actuarial
5 assumptions, mortality assumptions, or annuity conversion rates to
6 the female-specific actuarial assumptions, mortality assumptions, or
7 annuity conversion rates applicable to a particular participant and
8 dividing the sum by two.

9 ~~(7)~~—(8) Retirement committee means the retirement
10 committee created pursuant to section 16-1014;

11 ~~(8)~~—(9) Retirement system means a retirement system
12 established pursuant to the act;

13 ~~(9)~~—(10) Retirement value means the accumulated value of
14 the police officer's employee account and employer account. The
15 retirement value consists of the sum of the contributions made or
16 transferred to such accounts by the police officer and by the city on
17 the police officer's behalf and the regular interest credited to the
18 accounts as of the date of computation, reduced by any realized
19 losses which were not taken into account in determining regular
20 interest in any year, and further adjusted each year to reflect the
21 pro rata share for the accounts of the appreciation or depreciation
22 of the fair market value of the assets of the retirement system as
23 determined by the retirement committee. The retirement value shall be
24 reduced by the amount of all distributions made to or on the behalf
25 of the police officer from the retirement system. Such valuation

1 shall be computed annually as of December 31. If separate investment
2 accounts are established pursuant to subsection (3) of section
3 16-1004, a police officer's retirement value with respect to such
4 accounts shall be equal to the value of his or her separate
5 investment accounts as determined under such subsection;

6 ~~(10)~~ (11) Annuity contract means the contract or
7 contracts issued by one or more life insurance companies and
8 purchased by the retirement system in order to provide any of the
9 benefits described in the act. Annuity conversion rates contained in
10 any such contract shall be specified on a sex-neutral basis; and

11 ~~(11)~~ (12) Straight life annuity means an ordinary annuity
12 payable for the life of the primary annuitant only and terminating at
13 his or her death without refund or death benefit of any kind.

14 Sec. 2. Section 16-1021, Reissue Revised Statutes of
15 Nebraska, is amended to read:

16 16-1021 For the purposes of sections 16-1020 to 16-1042,
17 unless the context otherwise requires:

18 (1) Actuarial equivalent ~~shall mean means~~ means equality in
19 value of the aggregate amount of benefit expected to be received
20 under different forms or at different times determined as of a given
21 date as adopted by the city or the retirement committee for use by
22 the retirement system. ~~Such actuarial~~ Actuarial equivalencies shall
23 be specified in the funding medium established for the retirement
24 system, except that if benefits under the retirement system are
25 obtained through the purchase of an annuity contract, the actuarial

1 equivalency of any such form of benefit shall be the amount of
2 pension benefit which can be purchased or otherwise provided by such
3 contract. All actuarial and mortality assumptions adopted by the city
4 or retirement committee shall be on a sex-neutral basis;

5 (2) Annuity contract ~~shall mean~~ means the contract or
6 contracts issued by one or more life insurance companies or
7 designated trusts and purchased by the retirement system in order to
8 provide any of the benefits described in such sections. Annuity
9 conversion rates contained in any such contract shall be specified on
10 a sex-neutral basis;

11 (3) Beneficiary ~~shall mean~~ means the person or persons
12 designated by a firefighter, pursuant to a written instrument filed
13 with the retirement committee before the firefighter's death, to
14 receive death benefits which may be payable under the retirement
15 system;

16 (4) Funding agent ~~shall mean~~ means any bank, trust
17 company, life insurance company, thrift institution, credit union, or
18 investment management firm selected by the retirement committee,
19 subject to the approval of the city, to hold or invest the funds of
20 the retirement system;

21 (5) Regular interest ~~shall mean~~ means the rate of
22 interest earned each calendar year commencing January 1, 1984, equal
23 to the rate of net earnings realized for the calendar year from
24 investments of the retirement fund. Net earnings ~~shall mean~~ means the
25 amount by which income or gain realized from investments of the

1 retirement fund exceeds the amount of any realized losses from such
2 investments during the calendar year. The retirement committee shall
3 annually report the amount of regular interest earned for such year;

4 (6) Regular pay ~~shall mean~~ means the salary of a
5 firefighter at the date such firefighter elects to retire or
6 terminate employment with the city;

7 (7) Retirement committee ~~shall mean~~ means the retirement
8 committee created pursuant to section 16-1034;

9 (8) Retirement system ~~shall mean~~ means a retirement
10 system established pursuant to sections 16-1020 to 16-1042;

11 (9) Retirement value ~~shall mean~~ means the accumulated
12 value of the firefighter's employee account and employer account. The
13 retirement value at any time shall consist of the sum of the
14 contributions made or transferred to such accounts by the firefighter
15 and by the city on the firefighter's behalf and the regular interest
16 credited to the accounts through such date, reduced by any realized
17 losses which were not taken into account in determining regular
18 interest in any year, and as further adjusted each year to reflect
19 the accounts' pro rata share of the appreciation or depreciation of
20 the assets of the retirement system as determined by the retirement
21 committee at their fair market values, including any account under
22 subsection (2) of section 16-1036. Such valuation shall be undertaken
23 at least annually as of December 31 of each year and at such other
24 times as may be directed by the retirement committee. The value of
25 each account shall be reduced each year by the appropriate share of

1 the investment costs as provided in section 16-1036.01. The
2 retirement value shall be further reduced by the amount of all
3 distributions made to or on the behalf of the firefighter from the
4 retirement system;

5 (10) Salary ~~shall mean~~ means the base rate of pay,
6 excluding overtime, callback pay, clothing allowances, and other such
7 benefits as reported on the participant's federal income tax
8 withholding statement including the firefighters' contributions
9 picked up by the city as provided in subsection (2) of section
10 16-1024 and any salary reduction contributions which are excludable
11 from income for federal income tax purposes pursuant to section 125
12 or 457 of the Internal Revenue Code; ~~and~~

13 (11) Sex-neutral basis means either:

14 (a) The benefit calculation provided to the city of the
15 first class by a licensed domestic or foreign insurance or annuity
16 company that utilizes a blended, non-gender specific rate for
17 actuarial assumptions, mortality assumptions, and annuity conversion
18 rates for a particular participant; or

19 (b) The benefit calculation performed using the
20 arithmetic mean of the male-specific actuarial assumptions, mortality
21 assumptions, or annuity conversion rates and the female-specific
22 actuarial assumptions, mortality assumptions, or annuity conversion
23 rates, as applicable, for a particular participant. The arithmetic
24 mean shall be determined by adding the male-specific actuarial
25 assumptions, mortality assumptions, or annuity conversion rates to

1 the female-specific actuarial assumptions, mortality assumptions, or
2 annuity conversion rates applicable to a particular participant and
3 dividing the sum by two; and

4 ~~(11)~~(12) Straight life annuity ~~shall mean~~means an
5 ordinary annuity payable for the life of the primary annuitant only,
6 and terminating at his or her death without refund or death benefit
7 of any kind.

8 Sec. 3 Original sections 16-1002 and 16-1021, Reissue
9 Revised Statutes of Nebraska, are repealed.