

# **One Hundred Third Legislature - Second Session - 2014**

## **Introducer's Statement of Intent**

### **LB1042**

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**Chairperson: Senator Jeremy Nordquist**

**Committee: Nebraska Retirement Systems**

**Date of Hearing: February 12, 2014**

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 1042 was introduced to change the cost for repurchase of relinquished creditable service in the School Employees Retirement Plan. The Nebraska Public Employees Retirement Systems has calculated that the cost currently assessed is not adequately covering the cost of restoring this service credit.

Service credits are relinquished when a member terminates employment and withdraws all accumulated contributions. If the person again becomes a school employee, he or she has the option to buyback the relinquished service credits. The current cost charged to these members is equal to either the amount he or she withdrew plus interest if the application to purchase service is filed within 3 years of rejoining the system, or the amount he or she withdrew plus the actuarial assumed rate of return for the period repaid if the application is filed more than 3 years after rejoining the system.

LB 1042 would change the cost of repurchase to the actuarial cost to the school retirement system for restoration of the relinquished creditable service. The actuarial cost for such repurchase would apply to members who file an application with the Public Employees Retirement Board for restoration of their service on or after an unspecified date. Eligible members who file an application for restoration of service prior to the unspecified date will be charged the current lower cost.

**Principal Introducer:** \_\_\_\_\_

**Senator Jeremy Nordquist**