

One Hundred Third Legislature - First Session - 2013

Introducer's Statement of Intent

LB553

Chairperson: Senator Jeremy Nordquist

Committee: Nebraska Retirement Systems

Date of Hearing: February 06, 2013

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

The changes in LB 553 are structured to address both short-term and long-term funding obligations in the School Employees Retirement System.

To address long-term funding obligations, the bill creates a new tier of reduced benefits for employees who begin work for the first time on or after July 1, 2013. The new tier reduces the cost-of-living adjustment (COLA) from 2.5% to 1% and increases from 3 to 5 the number of years used to determine final average salary for purposes of calculating a member's retirement benefit. The new tier of benefits does not apply to employees who are members of the plan prior to July 1, 2013.

In addition, the current 9.78% employee contribution rate ends August 31, 2013 and an unspecified contribution rate with no sunset begins September 1, 2013. The state contribution rate is increased from 1% to 2% of compensation with no sunset for the School Employees Retirement Plan. In the Class V (Omaha) School Retirement Plan, the 2017 sunset is stricken on the state contribution of 1% of compensation. The 2017 sunset is stricken in sections 79-1003 and 79-1028.01 on the school budget and lid exclusions for the employer contribution expenditures pursuant to the School Employees and Class V School Employees Retirement Acts.

To address short-term funding obligations, the amortization method is changed from level dollar to level percent of pay beginning with the July 1, 2013 state contribution payment.

Principal Introducer: _____

Senator Jeremy Nordquist