

LEGISLATURE OF NEBRASKA  
NINETY-NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 495**

Introduced by Stuhr, 24

Read first time January 14, 2005

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to retirement; to amend section 79-947.01,  
2 Revised Statutes Supplement, 2004; to provide a medical  
3 cost-of-living adjustment to school employee retirement  
4 benefits; and to repeal the original section.  
5 Be it enacted by the people of the State of Nebraska,

1                   Section 1.           Section 79-947.01, Revised Statutes  
2 Supplement, 2004, is amended to read:

3                   79-947.01. (1) Beginning July 1, 2000, and each July 1  
4 thereafter, current benefits paid to a member or beneficiary shall  
5 be adjusted so that the purchasing power of the benefit being paid  
6 is not less than seventy-five percent of the purchasing power of  
7 the initial benefit. The amount of the adjustment shall be equal  
8 to the difference in the percentage change in the Consumer Price  
9 Index for Urban Wage Earners and Clerical Workers during the  
10 benefit payment period and one hundred thirty-three and one-third  
11 percent, such percentage times the initial benefit, less the total  
12 of all previous supplemental benefit and cost-of-living adjustments  
13 granted. The adjustment pursuant to this subsection shall not  
14 cause a current benefit to be reduced.

15                   (2) (a) Beginning July 1, 2000, and until July 1, 2001,  
16 the current benefit of a member or the beneficiary of such a member  
17 shall be increased annually by the lesser of (i) the change in the  
18 Consumer Price Index for Urban Wage Earners and Clerical Workers  
19 published by the Bureau of Labor Statistics of the United States  
20 Department of Labor for the prior year or (ii) two percent.

21                   (b) Beginning July 1, 2001, the current benefit to a  
22 member or the beneficiary of such a member shall be increased  
23 annually by the lesser of (i) the change in the Consumer Price  
24 Index for Urban Wage Earners and Clerical Workers published by the  
25 Bureau of Labor Statistics of the United States Department of Labor  
26 for the prior year or (ii) two and one-half percent.

27                   (3) The state shall contribute to the Annuity Reserve  
28 Fund an annual level dollar payment certified by the board. For

1 the 1996-97 fiscal year through the 2010-11 fiscal year, the annual  
2 level dollar payment certified by the board shall equal 81.7873  
3 percent of six million eight hundred ninety-five thousand dollars.

4 (4) The retirement board shall adjust the annual benefit  
5 adjustment provided in subsections (1) through (4) of this section  
6 so that the total amount of all cost-of-living adjustments provided  
7 to the eligible retiree at the time of the annual benefit  
8 adjustment does not exceed the change in the National Consumer  
9 Price Index for Urban Wage Earners and Clerical Workers published  
10 by the Bureau of Labor Statistics for the period between June 30 of  
11 the prior year to June 30 of the present year. If the consumer  
12 price index used in subsections (1) through (4) of this section is  
13 discontinued or replaced, a substitute index published by the  
14 United States Department of Labor shall be selected by the board  
15 which shall be a reasonable representative measurement of the cost  
16 of living for retired employees.

17 (5) (a) The Legislature finds that over the past decades,  
18 as reflected by the United States Medical Care Services Price Index  
19 published by the United States Department of Labor, the cost of  
20 medical care, including the cost of medications and insurance  
21 coverages, has increased at a rate in excess of that by which the  
22 Consumer Price Index for Urban Wage Earners and Clerical Workers  
23 has increased. The Legislature further finds and declares that  
24 there accordingly exists a need to adjust the amount of retirement  
25 benefits paid to retired public school employees in order to assist  
26 them in meeting the increased cost of medical care. Therefor, in  
27 addition to the cost-of-living adjustments provided in subsections  
28 (1) through (4) of this section, commencing on July 1, 2006, and on

1 July 1 of every year thereafter, a medical cost-of-living  
2 adjustment shall be paid to any annuitant who has been paid an  
3 annuity from the retirement system for at least ten years through  
4 the July 1 adjustment date.

5 (b) Beginning on July 1, 2006, the medical cost-of-living  
6 adjustment shall be paid in the form of a supplemental annuity  
7 providing monthly payments equal to the amount which results when  
8 the fraction, not to exceed one, that results when the annuitant's  
9 years of creditable service at his or her retirement date is  
10 divided by twenty, is multiplied by the product of ten dollars  
11 times the number of years, including attained one-half years, that  
12 such annuitant has received annuity payments from the retirement  
13 system through the July 1, 2006, adjustment date.

14 (c) Beginning on July 1, 2007, and thereafter for  
15 annuitants who have been paid an annuity from the retirement system  
16 for at least ten years through the July 1 adjustment date and who  
17 have not yet received the medical cost-of-living adjustment prior  
18 to July 1, 2007, the medical cost-of-living adjustment shall be  
19 paid in the form of a supplemental annuity providing monthly  
20 payments equal to the amount which results when the fraction, not  
21 to exceed one, that results when the annuitant's years of  
22 creditable service at his or her retirement date is divided by  
23 twenty, is multiplied by one hundred dollars.

24 (d) The supplemental annuity being paid to an annuitant  
25 shall be adjusted by the retirement board annually so that the  
26 total amount of the medical cost-of-living adjustment provided to  
27 the eligible retiree at the time of the annual benefit adjustment  
28 does not exceed the change in the United States Consumer Price

1 Index published by the Bureau of Labor Statistics for the period  
2 between June 30 of the prior year to June 30 of the present year,  
3 and such annual adjustment shall continue to be made until the  
4 total amount of the supplemental annuity is two hundred fifty  
5 dollars per month. If the consumer price index used in this  
6 subsection is discontinued or replaced, a substitute index  
7 published by the Bureau of Labor Statistics of the United States  
8 Department of Labor shall be selected by the board which shall be a  
9 reasonable representative measurement of the medical cost-of-living  
10 increases for retired employees.

11 (e) In no event shall the medical cost-of-living  
12 adjustment for any annuitant pursuant to this subsection result in  
13 the payment of a supplemental annuity exceeding two hundred fifty  
14 dollars per month. The supplemental annuity paid to an annuitant  
15 pursuant to this subsection shall cease at the death of the  
16 annuitant regardless of the form of retirement annuity being paid  
17 to the annuitant at the time of his or her death.

18 Sec. 2. Original section 79-947.01, Revised Statutes  
19 Supplement, 2004, is repealed.