



Ninety-Ninth Legislature - Second Session - 2006
Introducer's Statement of Intent
LB 1140

Chairperson: Elaine Stuhr
Committee: Nebraska Retirement Systems
Date of Hearing: January 31, 2006

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

LB 1140 changes provisions and redefines terms relating to granting dividends under the cash balance benefit of both the County Employees Retirement Act and the State Employees Retirement Act. The bill makes technical changes to each plan's cash balance benefit, and proposes explicit language for the granting of dividend payments.

Under sections 23-2317(4)(c) and 84-1319(4)(c), the Public Employees Retirement Board ('PERB') has granted dividends in both 2004 and 2005 to County and State employee plan members participating in the cash balance benefit.

In Opinion No. 06003 (January 9, 2006), the Attorney General concluded that PERB had "implicit authority to distribute excess earnings of cash balance benefit plan assets to participants' accounts as a form of benefit improvement." However, the Attorney General also indicated, "[e]xpress and specific authority to declare and issue dividends set forth in the statutes would resolve any question of the Board's authority and it is recommended that legislative clarification be undertaken for this purpose.

LB 1140 provides this express and specific authority to permit PERB to distribute excess earnings of cash balance benefit plan assets to participants' accounts as dividends to members in the cash balance benefit. Such changes are technical because the provisions codify current implicit statutory authority held by PERB, as determined by the Attorney General, and provide procedures for granting such dividends.

Principal Introducer:

Elaine Stuhr, Chairperson
Committee on Nebraska Retirement Systems