

AMENDMENTS TO LB 596

Introduced by Kopplin, 3

1           1. Insert the following new sections:

2           Sec. 2. Section 79-958, Revised Statutes Cumulative  
3 Supplement, 2006, is amended to read:

4           79-958 (1) ~~Prior to September 1, 2005, and after August~~  
5 ~~31, 2007, for the purpose of providing the funds to pay for formula~~  
6 ~~annuities, every employee shall be required to deposit in the~~  
7 ~~School Retirement Fund seven and twenty-five hundredths percent of~~  
8 ~~compensation. Beginning on September 1, 2005, and ending August 31,~~  
9 ~~2006, for the purpose of providing the funds to pay for formula~~  
10 ~~annuities, every employee shall be required to deposit in the~~  
11 ~~School Retirement Fund seven and ninety-eight hundredths percent of~~  
12 ~~compensation. Beginning on September 1, 2006, and ending August 31,~~  
13 ~~2007, for the purpose of providing the funds to pay for formula~~  
14 ~~annuities, every employee shall be required to deposit in the~~  
15 ~~School Retirement Fund seven and eighty-three hundredths percent of~~  
16 ~~compensation. Beginning on September 1, 2007, for the purpose of~~  
17 ~~providing the funds to pay for formula annuities, every employee~~  
18 ~~shall be required to deposit in the School Retirement Fund seven~~  
19 ~~and twenty-eight hundredths percent of compensation. Such deposits~~  
20 ~~shall be transmitted at the same time and in the same manner as~~  
21 ~~required employer contributions.~~

22           (2) For the purpose of providing the funds to pay for  
23 formula annuities, every employer shall be required to deposit

1 in the School Retirement Fund one hundred one percent of the  
2 required contributions of the school employees of each employer.  
3 Such deposits shall be transmitted to the retirement board at  
4 the same time and in the same manner as such required employee  
5 contributions.

6 (3) The employer shall pick up the member contributions  
7 required by this section for all compensation paid on or after  
8 January 1, 1986, and the contributions so picked up shall  
9 be treated as employer contributions in determining federal tax  
10 treatment under the Internal Revenue Code as defined in section  
11 49-801.01, except that the employer shall continue to withhold  
12 federal income taxes based upon these contributions until the  
13 Internal Revenue Service or the federal courts rule that, pursuant  
14 to section 414(h) of the code, these contributions shall not be  
15 included as gross income of the member until such time as they  
16 are distributed or made available. The employer shall pay these  
17 member contributions from the same source of funds which is used  
18 in paying earnings to the member. The employer shall pick up these  
19 contributions by a compensation deduction through a reduction in  
20 the cash compensation of the member. Member contributions picked  
21 up shall be treated for all purposes of the School Employees  
22 Retirement Act in the same manner and to the same extent as member  
23 contributions made prior to the date picked up.

24 (4) The employer shall pick up the member contributions  
25 made through irrevocable payroll deduction authorizations pursuant  
26 to sections 79-921, 79-933.03 to 79-933.06, and 79-933.08, and  
27 the contributions so picked up shall be treated as employer

1 contributions in the same manner as contributions picked up under  
2 subsection (3) of this section.

3           Sec. 4. Section 79-9,113, Reissue Revised Statutes of  
4 Nebraska, is amended to read:

5           79-9,113 (1) If, at any future time, a majority of the  
6 eligible members of the retirement system votes to be included  
7 under an agreement providing old age and survivors insurance under  
8 the Social Security Act of the United States, the contributions  
9 to be made by the member and the school district for membership  
10 service, from and after the effective date of the agreement with  
11 respect to services performed subsequent to December 31, 1954,  
12 shall each be reduced from five to three percent but not less than  
13 three percent of the member's salary per annum, and the credits  
14 for membership service under this system, as provided in section  
15 79-999, shall thereafter be reduced from one and one-half percent  
16 to nine-tenths of one percent and not less than nine-tenths of  
17 one percent of salary or wage earned by the member during each  
18 fiscal year, and from one and sixty-five hundredths percent to one  
19 percent and not less than one percent of salary or wage earned  
20 by the member during each fiscal year and from two percent to  
21 one and two-tenths percent of salary or wage earned by the member  
22 during each fiscal year, and from two and four-tenths percent to  
23 one and forty-four hundredths percent of salary or wage earned by  
24 the member during each fiscal year, except that after September  
25 1, 1963, and prior to September 1, 1969, all employees of the  
26 school district shall contribute an amount equal to the membership  
27 contribution which shall be two and three-fourths percent of salary

1 covered by old age and survivors insurance, and five percent above  
2 that amount. Commencing September 1, 1969, all employees of the  
3 school district shall contribute an amount equal to the membership  
4 contribution which shall be two and three-fourths percent of the  
5 first seven thousand eight hundred dollars of salary or wages  
6 earned each fiscal year and five percent of salary or wages earned  
7 above that amount in the same fiscal year. Commencing September  
8 1, 1976, all employees of the school district shall contribute  
9 an amount equal to the membership contribution which shall be  
10 two and nine-tenths percent of the first seven thousand eight  
11 hundred dollars of salary or wages earned each fiscal year and  
12 five and twenty-five hundredths percent of salary or wages earned  
13 above that amount in the same fiscal year. Commencing on September  
14 1, 1982, all employees of the school district shall contribute  
15 an amount equal to the membership contribution which shall be  
16 four and nine-tenths percent of the compensation earned in each  
17 fiscal year. Commencing September 1, 1989, all employees of the  
18 school district shall contribute an amount equal to the membership  
19 contribution which shall be five and eight-tenths percent of the  
20 compensation earned in each fiscal year. Commencing September  
21 1, 1995, all employees of the school district shall contribute  
22 an amount equal to the membership contribution which shall be  
23 six and three-tenths percent of the compensation earned in each  
24 fiscal year. Commencing September 1, 2007, all employees of the  
25 school district shall contribute an amount equal to the membership  
26 contribution which shall be seven and three-tenths percent of the  
27 compensation paid in each fiscal year. The contributions by the

1 school district in any fiscal year beginning on or after September  
2 1, 1999, shall be the greater of (a) one hundred percent of  
3 the contributions by the employees for such fiscal year or (b)  
4 such amount as may be necessary to maintain the solvency of the  
5 system, as determined annually by the board upon recommendation  
6 of the actuary and the trustees. The contributions by the school  
7 district in any fiscal year beginning on or after September 1,  
8 2007, shall be the greater of (i) one hundred and one percent of  
9 the contributions by the employees for such fiscal year or (ii)  
10 such amount as may be necessary to maintain the solvency of the  
11 system, as determined annually by the board upon recommendation  
12 of the actuary and the trustees. The employee's contribution shall  
13 be made in the form of a monthly deduction from compensation as  
14 provided in subsection (2) of this section. Every employee who  
15 is a member of the system shall be deemed to consent and agree  
16 to such deductions and shall receipt in full for compensation,  
17 and payment to such employee of compensation less such deduction  
18 shall constitute a full and complete discharge of all claims and  
19 demands whatsoever for services rendered by such employee during  
20 the period covered by such payment except as to benefits provided  
21 under the Class V School Employees Retirement Act. After September  
22 1, 1963, and prior to September 1, 1969, all employees shall  
23 be credited with a membership service annuity which shall be  
24 nine-tenths of one percent of salary or wage covered by old age  
25 and survivors insurance and one and one-half percent of salary or  
26 wages above that amount, except that those employees who retire  
27 on or after August 31, 1969, shall be credited with a membership

1 service annuity which shall be one percent of salary or wages  
2 covered by old age and survivors insurance and one and sixty-five  
3 hundredths percent of salary or wages above that amount for service  
4 performed after September 1, 1963, and prior to September 1, 1969.  
5 Commencing September 1, 1969, all employees shall be credited  
6 with a membership service annuity which shall be one percent  
7 of the first seven thousand eight hundred dollars of salary or  
8 wages earned by the employee during each fiscal year and one and  
9 sixty-five hundredths percent of salary or wages earned above that  
10 amount in the same fiscal year, except that all employees retiring  
11 on or after August 31, 1976, shall be credited with a membership  
12 service annuity which shall be one and forty-four hundredths  
13 percent of the first seven thousand eight hundred dollars of salary  
14 or wages earned by the employee during such fiscal year and two  
15 and four-tenths percent of salary or wages earned above that amount  
16 in the same fiscal year and the retirement annuities of employees  
17 who have not retired prior to September 1, 1963, and who elected  
18 under the provisions of section 79-988 as such section existed  
19 immediately prior to February 20, 1982, not to become members  
20 of the system shall not be less than they would have been had  
21 they remained under any preexisting system to date of retirement.  
22 Members of this system having the service qualifications of members  
23 of the School Retirement System of the State of Nebraska, as  
24 provided by section 79-926, shall receive the state service annuity  
25 provided by sections 79-933 to 79-935 and 79-951.

26 (2) The school district shall pick up the employee  
27 contributions required by this section for all compensation paid

1 on or after January 1, 1985, and the contributions so picked up  
2 shall be treated as employer contributions in determining federal  
3 tax treatment under the Internal Revenue Code, except that the  
4 school district shall continue to withhold federal income taxes  
5 based upon these contributions until the Internal Revenue Service  
6 or the federal courts rule that, pursuant to section 414(h)  
7 of the Internal Revenue Code, these contributions shall not be  
8 included as gross income of the employee until such time as  
9 they are distributed or made available. The school district shall  
10 pay these employee contributions from the same source of funds  
11 which is used in paying earnings to the employee. The school  
12 district shall pick up these contributions by a salary deduction  
13 either through a reduction in the cash salary of the employee  
14 or a combination of a reduction in salary and offset against a  
15 future salary increase. Beginning September 1, 1995, the school  
16 district shall also pick up any contributions required by sections  
17 79-990, 79-991, and 79-992 which are made under an irrevocable  
18 payroll deduction authorization between the member and the school  
19 district, and the contributions so picked up shall be treated as  
20 employer contributions in determining federal tax treatment under  
21 the Internal Revenue Code, except that the school district shall  
22 continue to withhold federal and state income taxes based upon  
23 these contributions until the Internal Revenue Service rules that,  
24 pursuant to section 414(h) of the Internal Revenue Code, these  
25 contributions shall not be included as gross income of the employee  
26 until such time as they are distributed from the system. Employee  
27 contributions picked up shall be treated for all purposes of the

1 Class V School Employees Retirement Act in the same manner and to  
2 the extent as employee contributions made prior to the date picked  
3 up.

4           2. On page 12, line 19, strike "section" and insert  
5 "sections" and before the second comma insert "and 79-9,113"; and  
6 in line 20 strike "section" and insert "sections" and before the  
7 second comma insert "and 79-958".

8           3. Renumber the remaining sections accordingly.