

AMENDMENTS TO LB 328

Introduced by Nebraska Retirement Systems

1 1. Insert the following new sections:

2 Section 1. Section 23-2308.01, Revised Statutes
3 Cumulative Supplement, 2006, is amended to read:

4 23-2308.01 (1) It is the intent of the Legislature that,
5 in order to improve the competitiveness of the retirement plan
6 for county employees, a cash balance benefit shall be added to
7 the County Employees Retirement Act on and after January 1, 2003.
8 Each member who is employed and participating in the retirement
9 system prior to January 1, 2003, may either elect to continue
10 participation in the defined contribution benefit as provided in
11 the act prior to January 1, 2003, or elect to participate in the
12 cash balance benefit as set forth in this section. The member
13 shall make the election prior to January 1, 2003, or on or after
14 November 1, 2007, but before January 1, 2008. If no election is
15 made prior to January 1, 2003, or on or after November 1, 2007, but
16 before January 1, 2008, the member shall be treated as though he or
17 she elected to continue participating in the defined contribution
18 benefit as provided in the act prior to January 1, 2003. Any member
19 who made the election prior to January 1, 2003, does not have to
20 reelect the cash balance benefit on or after November 1, 2007, but
21 before January 1, 2008.

22 (2) For a member employed and participating in the
23 retirement system beginning on and after January 1, 2003, or a

1 member employed and participating in the retirement system on
2 January 1, 2003, who, prior to January 1, 2003, or on or after
3 November 1, 2007, but before January 1, 2008, elects to convert his
4 or her employee and employer accounts to the cash balance benefit:

5 (a) The employee cash balance account shall, at any time,
6 be equal to the following:

7 (i) The initial employee account balance, if any,
8 transferred from the defined contribution plan account described in
9 section 23-2309; plus

10 (ii) Employee contribution credits deposited in
11 accordance with section 23-2307; plus

12 (iii) Interest credits credited in accordance with
13 subdivision (19) of section 23-2301; plus

14 (iv) Dividend amounts credited in accordance with
15 subdivision (4)(c) of section 23-2317; and

16 (b) The employer cash balance account shall, at any time,
17 be equal to the following:

18 (i) The initial employer account balance, if any,
19 transferred from the defined contribution plan account described in
20 section 23-2310; plus

21 (ii) Employer contribution credits deposited in
22 accordance with section 23-2308; plus

23 (iii) Interest credits credited in accordance with
24 subdivision (19) of section 23-2301; plus

25 (iv) Dividend amounts credited in accordance with
26 subdivision (4)(c) of section 23-2317.

27 (3) In order to carry out the provisions of this section,

1 the board may enter into administrative services agreements for
2 accounting or record-keeping services. No agreement shall be
3 entered into unless the board determines that it will result
4 in administrative economy and will be in the best interests of the
5 counties and their participating employees. The board may develop
6 a schedule for the allocation of the administrative services
7 agreements costs for accounting or record-keeping services and may
8 assess the costs so that each member pays a reasonable fee as
9 determined by the board. The money forfeited pursuant to section
10 23-2319.01 shall not be used to pay the administrative costs
11 incurred pursuant to this subsection.

12 Sec. 3. Section 23-2317, Revised Statutes Cumulative
13 Supplement, 2006, is amended to read:

14 23-2317 (1) The future service retirement benefit shall
15 be an annuity, payable monthly with the first payment made no
16 earlier than the annuity start date, which shall be the actuarial
17 equivalent of the retirement value as specified in section 23-2316
18 based on factors determined by the board, except that gender shall
19 not be a factor when determining the amount of such payments
20 pursuant to subsection (2) of this section.

21 Except as provided in section 42-1107, at any time before
22 the annuity start date, the retiring employee may choose to receive
23 his or her annuity either in the form of an annuity as provided
24 under subsection (4) of this section or any optional form that is
25 determined by the board.

26 Except as provided in section 42-1107, in lieu of the
27 future service retirement annuity, a retiring employee may receive

1 a benefit not to exceed the amount in his or her employer and
2 employee accounts as of the date of final account value payable
3 in a lump sum and, if the employee chooses not to receive the
4 entire amount in such accounts, an annuity equal to the actuarial
5 equivalent of the remainder of the retirement value, and the
6 employee may choose any form of such annuity as provided for by the
7 board.

8 In any case, the amount of the monthly payment shall
9 be such that the annuity chosen shall be the actuarial equivalent
10 of the retirement value as specified in section 23-2316 except as
11 provided in this section.

12 The board shall provide to any county employee who is
13 eligible for retirement, prior to his or her selecting any of the
14 retirement options provided by this section, information on the
15 federal and state income tax consequences of the various annuity or
16 retirement benefit options.

17 (2) Except as provided in subsection (4) of this section,
18 the monthly income payable to a member retiring on or after January
19 1, 1984, shall be as follows:

20 He or she shall receive at retirement the amount which
21 may be purchased by the accumulated contributions based on annuity
22 rates in effect on the annuity start date which do not utilize
23 gender as a factor, except that such amounts shall not be less
24 than the retirement income which can be provided by the sum of
25 the amounts derived pursuant to subdivisions (a) and (b) of this
26 subsection as follows:

27 (a) The income provided by the accumulated contributions

1 made prior to January 1, 1984, based on male annuity purchase rates
2 in effect on the date of purchase; and

3 (b) The income provided by the accumulated contributions
4 made on and after January 1, 1984, based on the annuity purchase
5 rates in effect on the date of purchase which do not use gender as
6 a factor.

7 (3) Any amount, in excess of contributions, which may be
8 required in order to purchase the retirement income specified in
9 subsection (2) of this section shall be withdrawn from the County
10 Equal Retirement Benefit Fund.

11 (4) (a) The normal form of payment shall be a single life
12 annuity with five-year certain, which is an annuity payable monthly
13 during the remainder of the member's life with the provision that,
14 in the event of his or her death before sixty monthly payments
15 have been made, the monthly payments will be continued to his or
16 her estate or to the beneficiary he or she has designated until
17 sixty monthly payments have been made in total. Such annuity shall
18 be equal to the actuarial equivalent of the member cash balance
19 account or the sum of the employee and employer accounts, whichever
20 is applicable, as of the date of final account value. As a part
21 of the annuity, the normal form of payment may include a two and
22 one-half percent cost-of-living adjustment purchased by the member,
23 if the member elects such a payment option.

24 Except as provided in section 42-1107, a member may elect
25 a lump-sum distribution of his or her member cash balance account
26 as of the date of final account value upon termination of service
27 or retirement.

1 For a member employed and participating in the retirement
2 system prior to January 1, 2003, who has elected to participate
3 in the cash balance benefit pursuant to section 23-2308.01, or
4 for a member employed and participating in the retirement system
5 beginning on and after January 1, 2003, the balance of his or her
6 member cash balance account as of the date of final account value
7 shall be converted to an annuity using an interest rate used in the
8 actuarial valuation as recommended by the actuary and approved by
9 the board.

10 For an employee who is a member prior to January 1, 2003,
11 who has elected not to participate in the cash balance benefit
12 prior to January 1, 2003, or on or after November 1, 2007, but
13 before January 1, 2008, pursuant to section 23-2308.01, and who,
14 at the time of retirement, chooses the annuity option rather than
15 the lump-sum option, his or her employee and employer accounts
16 as of the date of final account value shall be converted to an
17 annuity using an interest rate that is equal to the lesser of (i)
18 the Pension Benefits Guarantee Corporation initial interest rate
19 for valuing annuities for terminating plans as of the beginning
20 of the year during which payment begins plus three-fourths of one
21 percent or (ii) the interest rate used in the actuarial valuation
22 as recommended by the actuary and approved by the board.

23 (b) For the calendar year beginning January 1, 2003, and
24 each calendar year thereafter, the actuary for the board shall
25 perform an actuarial valuation of the system using the entry
26 age actuarial cost method. Under this method, the actuarially
27 required funding rate is equal to the normal cost rate plus the

1 contribution rate necessary to amortize the unfunded actuarial
2 accrued liability on a level-payment basis. The normal cost under
3 this method shall be determined for each individual member on
4 a level percentage of salary basis. The normal cost amount is
5 then summed for all members. The initial unfunded actual accrued
6 liability as of January 1, 2003, if any, shall be amortized
7 over a twenty-five-year period. During each subsequent actuarial
8 valuation, changes in the unfunded actuarial accrued liability
9 due to changes in benefits, actuarial assumptions, the asset
10 valuation method, or actuarial gains or losses shall be measured
11 and amortized over a twenty-five-year period beginning on the
12 valuation date of such change. If the unfunded actuarial accrued
13 liability under the entry age actuarial cost method is zero or
14 less than zero on an actuarial valuation date, then all prior
15 unfunded actuarial accrued liabilities shall be considered fully
16 funded and the unfunded actuarial accrued liability shall be
17 reinitialized and amortized over a twenty-five-year period as
18 of the actuarial valuation date. If the actuarially required
19 contribution rate exceeds the rate of all contributions required
20 pursuant to the County Employees Retirement Act, there shall be
21 a supplemental appropriation sufficient to pay for the difference
22 between the actuarially required contribution rate and the rate of
23 all contributions required pursuant to the act.

24 (c) If the unfunded accrued actuarial liability under the
25 entry age actuarial cost method is less than zero on an actuarial
26 valuation date, and on the basis of all data in the possession
27 of the retirement board, including such mortality and other tables

1 as are recommended by the actuary engaged by the retirement board
2 and adopted by the retirement board, the retirement board may
3 elect to pay a dividend to all members participating in the
4 cash balance option in an amount that would not increase the
5 actuarial contribution rate above ninety percent of the actual
6 contribution rate. Dividends shall be credited to the employee cash
7 balance account and the employer cash balance account based on the
8 account balances on the actuarial valuation date. In the event a
9 dividend is granted and paid after the actuarial valuation date,
10 interest for the period from the actuarial valuation date until the
11 dividend is actually paid shall be paid on the dividend amount. The
12 interest rate shall be the interest credit rate earned on regular
13 contributions.

14 (5) At the option of the retiring member, any lump sum
15 or annuity provided under this section or section 23-2334 may be
16 deferred to commence at any time, except that no benefit shall be
17 deferred later than April 1 of the year following the year in which
18 the employee has both attained at least seventy and one-half years
19 of age and has terminated his or her employment with the county.
20 Such election by the retiring member may be made at any time prior
21 to the commencement of the lump-sum or annuity payments.

22 Sec. 7. Section 84-1309.02, Revised Statutes Cumulative
23 Supplement, 2006, is amended to read:

24 84-1309.02 (1) It is the intent of the Legislature that,
25 in order to improve the competitiveness of the retirement plan for
26 state employees, a cash balance benefit shall be added to the State
27 Employees Retirement Act on and after January 1, 2003. Each member

1 who is employed and participating in the retirement system prior
2 to January 1, 2003, may either elect to continue participation
3 in the defined contribution benefit as provided in the act prior
4 to January 1, 2003, or elect to participate in the cash balance
5 benefit as set forth in this section. The member shall make the
6 election prior to January 1, 2003, or on or after November 1, 2007,
7 but before January 1, 2008. If no election is made prior to January
8 1, 2003, or on or after November 1, 2007, but before January 1,
9 2008, the member shall be treated as though he or she elected
10 to continue participating in the defined contribution benefit as
11 provided in the act prior to January 1, 2003. Any member who made
12 the election prior to January 1, 2003, does not have to reelect
13 the cash balance benefit on or after November 1, 2007, but before
14 January 1, 2008.

15 (2) For a member employed and participating in the
16 retirement system beginning on and after January 1, 2003, or a
17 member employed and participating in the retirement system on
18 January 1, 2003, who, prior to January 1, 2003, or on or after
19 November 1, 2007, but before January 1, 2008, elects to convert his
20 or her employee and employer accounts to the cash balance benefit:

21 (a) The employee cash balance account shall, at any time,
22 be equal to the following:

23 (i) The initial employee account balance, if any,
24 transferred from the defined contribution plan account described in
25 section 84-1310; plus

26 (ii) Employee contribution credits deposited in
27 accordance with section 84-1308; plus

1 (iii) Interest credits credited in accordance with
2 subdivision (18) of section 84-1301; plus

3 (iv) Dividend amounts credited in accordance with
4 subdivision (4)(c) of section 84-1319; and

5 (b) The employer cash balance account shall, at any time,
6 be equal to the following:

7 (i) The initial employer account balance, if any,
8 transferred from the defined contribution plan account described in
9 section 84-1311; plus

10 (ii) Employer contribution credits deposited in
11 accordance with section 84-1309; plus

12 (iii) Interest credits credited in accordance with
13 subdivision (18) of section 84-1301; plus

14 (iv) Dividend amounts credited in accordance with
15 subdivision (4)(c) of section 84-1319.

16 (3) In order to carry out the provisions of this section,
17 the board may enter into administrative services agreements for
18 accounting or record-keeping services. No agreement shall be
19 entered into unless the board determines that it will result
20 in administrative economy and will be in the best interests of
21 the state and its participating employees. The board may develop
22 a schedule for the allocation of the administrative services
23 agreements costs for accounting or record-keeping services and may
24 assess the costs so that each member pays a reasonable fee as
25 determined by the board. The money forfeited pursuant to section
26 84-1321.01 shall not be used to pay the administrative costs
27 incurred pursuant to this subsection.

1 Sec. 9. Section 84-1319, Revised Statutes Cumulative
2 Supplement, 2006, is amended to read:

3 84-1319 (1) The future service retirement benefit shall
4 be an annuity, payable monthly with the first payment made no
5 earlier than the annuity start date, which shall be the actuarial
6 equivalent of the retirement value as specified in section 84-1318
7 based on factors determined by the board, except that gender shall
8 not be a factor when determining the amount of such payments except
9 as provided in this section.

10 Except as provided in section 42-1107, at any time before
11 the annuity start date, the retiring employee may choose to receive
12 his or her annuity either in the form of an annuity as provided
13 under subsection (4) of this section or any optional form that is
14 determined acceptable by the board.

15 Except as provided in section 42-1107, in lieu of the
16 future service retirement annuity, a retiring employee may receive
17 a benefit not to exceed the amount in his or her employer and
18 employee accounts as of the date of final account value payable
19 in a lump sum and, if the employee chooses not to receive the
20 entire amount in such accounts, an annuity equal to the actuarial
21 equivalent of the remainder of the retirement value, and the
22 employee may choose any form of such annuity as provided for by the
23 board.

24 In any case, the amount of the monthly payment shall
25 be such that the annuity chosen shall be the actuarial equivalent
26 of the retirement value as specified in section 84-1318 except as
27 provided in this section.

1 The board shall provide to any state employee who is
2 eligible for retirement, prior to his or her selecting any of the
3 retirement options provided by this section, information on the
4 federal and state income tax consequences of the various annuity or
5 retirement benefit options.

6 (2) Except as provided in subsection (4) of this section,
7 the monthly annuity income payable to a member retiring on or after
8 January 1, 1984, shall be as follows:

9 He or she shall receive at retirement the amount which
10 may be purchased by the accumulated contributions based on annuity
11 rates in effect on the annuity start date which do not utilize
12 gender as a factor, except that such amounts shall not be less
13 than the retirement income which can be provided by the sum of
14 the amounts derived pursuant to subdivisions (a) and (b) of this
15 subsection as follows:

16 (a) The income provided by the accumulated contributions
17 made prior to January 1, 1984, based on male annuity purchase rates
18 in effect on the date of purchase; and

19 (b) The income provided by the accumulated contributions
20 made on and after January 1, 1984, based on the annuity purchase
21 rates in effect on the date of purchase which do not use gender as
22 a factor.

23 (3) Any amounts, in excess of contributions, which may be
24 required in order to purchase the retirement income specified in
25 subsection (2) of this section shall be withdrawn from the State
26 Equal Retirement Benefit Fund.

27 (4) (a) The normal form of payment shall be a single life

1 annuity with five-year certain, which is an annuity payable monthly
2 during the remainder of the member's life with the provision that,
3 in the event of his or her death before sixty monthly payments
4 have been made, the monthly payments will be continued to his or
5 her estate or to the beneficiary he or she has designated until
6 sixty monthly payments have been made in total. Such annuity shall
7 be equal to the actuarial equivalent of the member cash balance
8 account or the sum of the employee and employer accounts, whichever
9 is applicable, as of the date of final account value. As a part
10 of the annuity, the normal form of payment may include a two and
11 one-half percent cost-of-living adjustment purchased by the member,
12 if the member elects such a payment option.

13 Except as provided in section 42-1107, a member may elect
14 a lump-sum distribution of his or her member cash balance account
15 as of the date of final account value upon termination of service
16 or retirement.

17 For a member employed and participating in the retirement
18 system prior to January 1, 2003, who has elected to participate
19 in the cash balance benefit pursuant to section 84-1309.02, or
20 for a member employed and participating in the retirement system
21 beginning on and after January 1, 2003, the balance of his or her
22 member cash balance account as of the date of final account value
23 shall be converted to an annuity using an interest rate used in the
24 actuarial valuation as recommended by the actuary and approved by
25 the board.

26 For an employee who is a member prior to January 1, 2003,
27 who has elected not to participate in the cash balance benefit

1 prior to January 1, 2003, or on or after November 1, 2007, but
2 before January 1, 2008, pursuant to section 84-1309.02, and who,
3 at the time of retirement, chooses the annuity option rather than
4 the lump-sum option, his or her employee and employer accounts
5 as of the date of final account value shall be converted to an
6 annuity using an interest rate that is equal to the lesser of (i)
7 the Pension Benefits Guarantee Corporation initial interest rate
8 for valuing annuities for terminating plans as of the beginning
9 of the year during which payment begins plus three-fourths of one
10 percent or (ii) the interest rate used in the actuarial valuation
11 as recommended by the actuary and approved by the board.

12 (b) For the calendar year beginning January 1, 2003, and
13 each calendar year thereafter, the actuary for the board shall
14 perform an actuarial valuation of the system using the entry
15 age actuarial cost method. Under this method, the actuarially
16 required funding rate is equal to the normal cost rate plus the
17 contribution rate necessary to amortize the unfunded actuarial
18 accrued liability on a level-payment basis. The normal cost under
19 this method shall be determined for each individual member on
20 a level percentage of salary basis. The normal cost amount is
21 then summed for all members. The initial unfunded actual accrued
22 liability as of January 1, 2003, if any, shall be amortized
23 over a twenty-five-year period. During each subsequent actuarial
24 valuation, changes in the unfunded actuarial accrued liability
25 due to changes in benefits, actuarial assumptions, the asset
26 valuation method, or actuarial gains or losses shall be measured
27 and amortized over a twenty-five-year period beginning on the

1 valuation date of such change. If the unfunded actuarial accrued
2 liability under the entry age actuarial cost method is zero or
3 less than zero on an actuarial valuation date, then all prior
4 unfunded actuarial accrued liabilities shall be considered fully
5 funded and the unfunded actuarial accrued liability shall be
6 reinitialized and amortized over a twenty-five-year period as
7 of the actuarial valuation date. If the actuarially required
8 contribution rate exceeds the rate of all contributions required
9 pursuant to the State Employees Retirement Act, there shall be
10 a supplemental appropriation sufficient to pay for the difference
11 between the actuarially required contribution rate and the rate of
12 all contributions required pursuant to the act.

13 (c) If the unfunded accrued actuarial liability under the
14 entry age actuarial cost method is less than zero on an actuarial
15 valuation date, and on the basis of all data in the possession
16 of the retirement board, including such mortality and other tables
17 as are recommended by the actuary engaged by the retirement board
18 and adopted by the retirement board, the retirement board may
19 elect to pay a dividend to all members participating in the
20 cash balance option in an amount that would not increase the
21 actuarial contribution rate above ninety percent of the actual
22 contribution rate. Dividends shall be credited to the employee cash
23 balance account and the employer cash balance account based on the
24 account balances on the actuarial valuation date. In the event a
25 dividend is granted and paid after the actuarial valuation date,
26 interest for the period from the actuarial valuation date until the
27 dividend is actually paid shall be paid on the dividend amount. The

1 interest rate shall be the interest credit rate earned on regular
2 contributions.

3 (5) At the option of the retiring member, any lump sum
4 or annuity provided under this section or section 84-1320 may be
5 deferred to commence at any time, except that no benefit shall be
6 deferred later than April 1 of the year following the year in which
7 the employee has both attained at least seventy and one-half years
8 of age and has terminated his or her employment with the state.
9 Such election by the retiring member may be made at any time prior
10 to the commencement of the lump-sum or annuity payments.

11 Sec. 12. Sections 12 to 16 of this act shall be known as
12 the Law Enforcement Officers Retirement Survey Act.

13 Sec. 13. For purposes of the Law Enforcement Officers
14 Retirement Survey Act:

15 (1) Committee means the Nebraska Retirement Systems
16 Committee of the Legislature;

17 (2) Law enforcement officer means any police officer,
18 sheriff, and deputy sheriff employed by a political subdivision and
19 any conservation officer and outdoor education specialist employed
20 by the state;

21 (3) Political subdivision means any political subdivision
22 of this state which employs police officers, sheriffs, or deputy
23 sheriffs, but does not include a city of the metropolitan class,
24 a city of the primary class, or a county containing a city of the
25 metropolitan class; and

26 (4) Retirement system means the Nebraska Public Employees
27 Retirement Systems.

1 Sec. 14. (1) The retirement system shall conduct a survey
2 of the retirement plans currently in place for law enforcement
3 officers throughout Nebraska. The retirement system shall conduct
4 the survey and issue a report to the committee no later than
5 October 1, 2007.

6 (2) At the time that the report is provided to the
7 committee, information which supports the report shall be provided
8 to any firm employed to conduct an actuarial survey from the
9 information gathered by the retirement system upon the firm's
10 request. The information provided shall not include any personal
11 information such as the name or social security number of law
12 enforcement officers.

13 (3) The survey shall include, but not be limited to, the
14 following information:

15 (a) What types of retirement plans are in place for law
16 enforcement officers; and

17 (b) Any other information which the retirement system or
18 the committee deems necessary.

19 (4) The retirement system shall create, in consultation
20 with the committee, a method to receive the materials required for
21 the survey. The method shall utilize a unique identifier for each
22 law enforcement officer, each political subdivision, and the state
23 agency responding.

24 (5) The purpose of the survey is to conduct a review of
25 the many retirement plans throughout Nebraska for law enforcement
26 officers and to assist an actuarial firm in determining the cost to
27 implement a defined benefit retirement plan with benefits capped at

1 various levels between sixty and eighty percent of pay with costs
2 separately determined for cities of the first class, cities of the
3 second class, villages, counties, and the state.

4 Sec. 15. Each political subdivision and the state shall
5 provide the retirement system with such information as the
6 retirement system deems necessary and appropriate to conduct the
7 review required under section 14 of this act. The material to be
8 obtained by the retirement system may include, but not be limited
9 to, the following concerning law enforcement officers employed by
10 the political subdivision or the state:

11 (1) Names;

12 (2) Dates of birth;

13 (3) Dates of hire;

14 (4) Taxable earnings for the prior fiscal year;

15 (5) Years of service;

16 (6) Gender;

17 (7) Whether or not the law enforcement officer is
18 enrolled in a retirement plan;

19 (8) The type of plan the law enforcement officer is
20 enrolled in, the required employee contribution percentage, and
21 the employer contribution percentage, along with an indication if
22 it is a fixed percentage or a variable contribution rate. If
23 the law enforcement officer is enrolled in a defined contribution
24 plan, the political subdivision or state shall also disclose the
25 account balance attributable to employer contributions and employee
26 contributions, excluding any balance due to rollovers from another
27 qualified plan or attributable to voluntary employee contributions;

1 and

2 (9) Any other information that the retirement system or
3 the committee deems important to the conduct of the survey.

4 Any material received by the system shall be considered
5 confidential and shall not be disclosed to a third party except as
6 provided in subsection (2) of section 14 of this act.

7 Sec. 16. Neither the state nor any political subdivision
8 shall be held liable for providing information requested or be
9 responsible for the payment of the actuarial survey under sections
10 12 to 15 of this act.

11 Sec. 17. Sections 12, 13, 14, 15, 16, 17, and 19 of this
12 act become operative on their effective date. The other sections of
13 this act become operative three calendar months after adjournment
14 of this legislative session.

15 Sec. 19. Since an emergency exists, this act takes effect
16 when passed and approved according to law.