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Nebraska Retirement Systems Committee  
February 13, 2008

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[LB711 LB937 LB938]

The Committee on Nebraska Retirement Systems met at 12:00 p.m. on Wednesday, February 13, 2008, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB937, LB938 and LB711. Senators present: John Synowiecki, Chairperson; Philip Erdman; Russ Karpisek; and LeRoy Louden. Senators absent: Lavon Heidemann and Tom White. [LB711]

SENATOR SYNOWIECKI: Welcome to the Retirement Systems Committee. I'd like to start off with introductions. The committee will be coming. As you probably know, we just exited the floor debate and members of the committee will be coming down as the hearing progresses. Those that are here include to my immediate right, Jeremy Nordquist, he's the research analyst of the committee; and to my immediate left is Senator Phil Erdman; and to my far left is Laurie Vollertsen and she's the committee clerk for the Nebraska Retirement Systems Committee. Our agenda today includes LB937, LB938 and LB711. Public hearings for each of those bills will be conducted today by the committee. We will amend the agenda and LB711 will go first, followed by LB937, then LB938. With that, we'll have Senator Pahls open with LB711. Thank you. [LB711]

SENATOR PAHLS: Thank you, Chairman Synowiecki, and members of the committee. My name is Rich Pahls, P-a-h-l-s. I represent District 31, the Millard of Omaha. Today I come forth with LB711 which will let school employees, who have a retirement account, decide when to apply for their disability benefits in place of a retirement benefit, if they are unfortunate enough to become disabled. Under our current law, we have limits on when they can apply. To me, the limits really make very little sense when you look at them. If a disability is related to employment with the school, the employee has five years from the date of termination to apply for that benefit. If the disability is not related to employment, the application deadline is one year after termination of employment. The question I've asked myself is, why do we have these distinctions? What difference does it make whether the disability was related to employment or not. If you become disabled and you want to apply for your benefit, you ought to be able to decide when you want to apply. The disability benefit will be different, of course, if an employee becomes disabled at a younger age than an older or closer to retirement. We should let the employee decide when it's best to apply based on their needs. Under our current scheme we require arbitration, or excuse me, arbitrary deadlines that have no connection to the employers needs. And if the employee misses the arbitrary deadline, disability benefit is forfeited. My question is, why have we set it up this way? It doesn't seem to me, seem to be needed to stay that way. The bill lets the employee decide when to apply. The application still has to be approved by the employee retirement board. The board still has the authority to require medical evidence including an evaluation by an impartial physician, if needed. There are safeguards on laws that protects the employee and the plan. The provision of this bill would also apply to clerk

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magistrates who are under the judge's plan. The provisions for the clerk magistrates are similar for school employees so they were included in this bill to keep them, everything uniform. I believe I have somebody following me who will probably make this much more clearer to you than I have. [LB711]

SENATOR SYNOWIECKI: Thanks, Senator. I would first, before we open it up for questions, I'd like to introduce Senator LeRoy Louden that has joined us and Senator Russ Karpisek joined us. Any questions for Senator Pahls? Senator Erdman. [LB711]

SENATOR ERDMAN: Should I ask you questions about the language or someone else? [LB711]

SENATOR PAHLS: Probably the person following me. (Laughter) [LB711]

SENATOR ERDMAN: Probably the right answer. [LB711]

SENATOR SYNOWIECKI: Thank you. [LB711]

SENATOR PAHLS: Yeah, thank you. I'll waive closing. [LB711]

SENATOR SYNOWIECKI: Senator Pahls waives closing. Proponent testimony. The committee will entertain proponent testimony on LB711. [LB711]

ROGER REA: Good afternoon, Senator Synowiecki, and members of the committee. My name is Roger Rea, R-e-a. I'm from Omaha. I served for five years on the Public Employee Retirement Board as a public member of that board. I have some background information for LB711. Disability retirement is a benefit, is included as a base benefit in both social security and in a defined benefit retirement systems. It's a benefit that has a cost but that cost is factored into the total cost of providing both social security benefits and our retirement system benefits. For the retirement systems, an actuarial review of the assumptions is performed every five years to see if the various assumptions of the actuary makes for the plans, including the assumption on how many members will be disabled are reasonable and within the experience of the plans. Disability retirement is a benefit that's an infinite part of our defined benefit retirement plans. That said, the current law for disability retirement imposes an arbitrary deadline for application for benefits that is both unnecessary and inflexible. It would seem that if an individual qualifies for social security disability payments, they should also qualify for disability retirement payments. For most members, that is the case but for a select few, the arbitrary deadlines for application render disability retirement impossible to obtain. Disability retirement is intended to keep individuals with disabilities out of poverty. It was never the intent to deny disability retirement to persons with a disability simply because they did not apply within the specified number of days after leaving employment. Disability retirement should be granted to disabled individuals even if they miss the

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arbitrary deadlines for making application that are currently in statute. LB711 addresses the unnecessary and arbitrary deadlines that currently restrict access to disability retirement in both the school and the judge's retirement systems. The current law stipulates that individuals who take disability retirement must make application for benefits within one year of leaving employment if their disability is not work related, and must make application for benefits within five years of leaving employment if the disability is work related. Those deadlines are arbitrary and they occasionally cause individuals with disabilities to not qualify for disability retirement payments. Arbitrary deadlines that are created for the administrative convenience of a state agency are seldom in the best interest of the individuals whom the agency serves. I was not sure that there needed to be changes in the disability retirement provisions until I learned of two different individuals who were caught by missing the arbitrary deadlines that currently exist in statute. Let me relate the two situations that I'm aware of regarding disability retirement and failure to meet arbitrary deadlines. I hope that after hearing those two stories, you'll agree with me that the disability retirement provisions need to be modified. Several years ago, a teacher I knew in Omaha got a certification in school administration and moved to a small school system in northeast Nebraska to serve as a building administrator. After about two years in that school system, he had a job offer in a larger school system with a much higher salary. He took the new job. His last day at the previous school system was in May. In June his body became infected with some type of virus which settled in his brain. He completely blacked out, was hospitalized and high temperatures that his body endured with infection, destroyed both his short-term and long-term memories. He was hospitalized for several months, had to relearn how to speak, read and write and had to relearn how to take care of himself. I met him about two years after the infection was cleared up when he was substituting as a math teacher. He taught math during his teaching career. He told me that teaching math at various levels was helping him to relearn his math skills. He was without a job for more than two years, had huge medical bills that had to be paid, and was not able to get full-time work because of the disabling condition caused by the infection. His wife became distraught with their financial plight and divorced him to try to preserve some of their meager possessions for their children. He qualified for social security disability payments and applied for disability retirement from the school system. He was not physically or mentally capable of making application for disability retirement until more than a year after he left work. Remember, he was virtually comatose for almost a year. Neither he nor his family nor the school districts he worked with, knew enough about the disability retirement benefits to which he was entitled, to make application on his behalf in a timely manner. His application for disability retirement was received more than one year after he left work and since the disability was not work related, his application for disability retirement was denied because his application was not received within one year of the date he left work. To make matters worse, his prior employer noted that he left their employment in May and did not acquire the infection until June, so as far as they were concerned, he was not covered by the disability insurance that the district had. The district to which he was moving also noted that his official employment date

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with them is August 1 and he did not show up for work and because he didn't show up, their disability insurance would not have covered him either. A benefit was designed to help someone in a situation like this was denied because he missed the arbitrary deadline for making application for disability retirement. A second situation came to my attention about a year ago. A male teacher in a small school system became disabled and left the work force. He was told by the school officials where he worked that he would not qualify for disability retirement until he reached age 65. He was in his late 50's at the time that he became disabled. The information that he received from his school officials was incorrect. Because the member thought the school officials knew the retirement benefits well, he believed the advice that he should wait to apply for disability retirement until he reached age 65. Therefore, he did not apply for disability retirement within the required time frame. He collected some disability payments from the school disability insurance policy and from social security but payments did not match either his previous salary or his medical expenses. About two years ago, his wife learned that he could receive disability retirement prior to age 65 and they applied for disability retirement. Since the application was now received more than five years after he left work, that application too was denied. When a version of this bill was advanced last year, the member's wife thought that she might be able to get some benefits which had been denied to her husband for more than six years. Unfortunately, the member died in January of last year before that bill even got a hearing. Again we find a member who is disabled and qualified for disability retirement but was denied benefits because he could not make a timely application for disability retirement. Disability retirement provides a safety net for workers who become disabled and cannot continue to work. Disability retirement is supposed to help individuals who become disabled. While one can argue that someone dropped the ball in the two cases I cite and that an application should have been made within the required time frames, the simple fact is, the benefits were denied to the qualified individuals in these two cases because the arbitrary deadlines that are current on the statute. If there were an appeal process, the members could use the event that they miss an arbitrary deadline and LB711 might not be necessary but there is no appeal process. If the deadlines are missed, the retirement systems apply the letter of the law to the case and deny disability retirement benefits. Benefits the employees have earned, have paid for with their contributions, have qualified for by reason of disability and are otherwise entitled to based on not making a timely application regardless of the merits of the disability application and regardlessly of how narrowly the deadline was missed. Last year the Legislature properly advanced another change, another arbitrary deadline in making application for a spousal lifetime income in the event that a member died while he was still working. I thank you for making that change as it addressed a specific need at that time. It is now too late to change the lives of the two families whose stories I relate today. It is not too late to make changes for the future. If the retirement systems find the proposed language in LB711 to be too burdensome, I suggest that they propose an appeal process which can be implemented either in statute or administrative rule. There must be some way to help individuals who fall through the cracks and miss deadlines to get the benefits that they have earned,

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have paid for with their contributions, have qualified for by reason of disability and that are rightfully theirs. LB711 takes the direct approach and removes the arbitrary deadlines. I urge you to advance this bill to the full Legislature for action this year. I'd be happy to answer any questions you might have. Thank you. [LB711]

SENATOR SYNOWIECKI: Thanks, Roger. The one thing we need to contend with though the way the bill is currently written, is the retirement systems is telling us we'll need an actuary study because potential impact on the plan is unknown. Help us with that, I mean... [LB711]

ROGER REA: I read that and I... [LB711]

SENATOR SYNOWIECKI: Well, I'm sympathetic to the two examples you gave but we're bound by rules and regulations and we can't make some movements here unless we have, if you will, all of our ducks in order in terms of actuary analysis, and so forth. [LB711]

ROGER REA: I understand that and I find that remark in the fiscal note to be just a little bit ludicrous. The truth of the matter is, the people who are going to be disabled are not sitting in the wings waiting to go out and apply for disability retirement right now. There are very few people who fall through the cracks but the people who fall through the cracks have very real problems that need to be addressed. Now how do you address those problems? Do you address them by saying, oh gosh, it's too expensive, there's a potential we might have to add two more people to our staff to be able to handle this thing? In the situations that I've described, if they had another person, one more person added to handle the additional workload, they would have worked twice in the last 12 years. I don't think that's too burdensome. In addition to that, the contributions the school members are making right now pay for disability benefit for retirement systems. The disabilities that they're going to get in addition to this are negligible. The disabilities are going to happen while people are still working. Most people will understand the deadlines and will follow the deadlines as they're currently existing. But a few don't and the ones who don't, are the ones we're trying to catch. I don't think an actuarial study will reveal anything new. I don't think an actuarial study is necessary. I think that's a smoke screen supplied by the agency. [LB711]

SENATOR SYNOWIECKI: Any additional...Senator Erdman. [LB711]

SENATOR ERDMAN: Roger, thanks for your testimony. We have the judges and the teachers before us and we have another defined benefit plan with the state patrol. They're not mentioned in this bill. Are you aware of what their process is? [LB711]

ROGER REA: They have a different process for disability. Theirs is quite different from the one the school and the judges. The school and the judges are together in the

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statutes and the disability retirement for the state patrol because they're a safety organization, is quite different and theirs...I looked at that. I don't think that needs to be changed. [LB711]

SENATOR ERDMAN: Let me ask you about the process. I think they're even different and actually the judges is in Chapter 24 and the teachers is in Chapter 79. In the judges proposal that's being amended, says that the applicant...the new language would read, "the application for disability retirement shall be made at any time prior to the date of normal retirement eligibility, such disability payment shall be deemed to begin on the date of certification of the disability." The teachers proposal, which is somewhat different but the same idea, has the same language about making application but it requires approval of the board and then that's when the benefits would begin, again based on the date of certification of the disability. Talk to me about how that would work practically if we, if it's the date of certification of disability that's different than what was in the previous law which was the date, let's see...shall begin on the disability retirement date. The certification of disability is something different than the disability retirement date or is it the same thing, just worded differently? [LB711]

ROGER REA: I'm not sure how they drafted the bill to be candid about it. The recommendation that I made when I asked for the bill to be drafted to begin with, was that the provisions of the two be the same. That they be set so that either the disability payments begin at the time the disability application is received, as opposed to as necessarily when it would be approved by the board because the board typically approves the disability applications in arrears. They get the application at one point and they approve it for that, at that point. So I'm comfortable with having the two languages harmonized if they aren't harmonized now. I thought they were. [LB711]

SENATOR ERDMAN: Okay. That's all I have. [LB711]

SENATOR SYNOWIECKI: Any additional questions? Senator Louden. [LB711]

SENATOR LOUDEN: Yes, the way I understand it, you're trying to bring this in line with someone that's on social security disability, on social security, if they're eligible for that, then they would be eligible for this? [LB711]

ROGER REA: No. No, what I'm saying is that if someone qualifies for social security disability, they don't have a deadline that they have to meet. If you're disabled and you say, I want to apply for social security disability, you apply, and if you qualify, you get it. If you apply five years after you were disabled... [LB711]

SENATOR LOUDEN: Okay. And this is what you want done with this? [LB711]

ROGER REA: So that when you make application, as soon as you make application,

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that's the time that your benefits would be...when you're disability certified that's when you qualify for benefits. [LB711]

SENATOR LOUDEN: Now, and you're talking about permanent disability? [LB711]

ROGER REA: Yes. [LB711]

SENATOR LOUDEN: And do these have, is this defined contributions or defined benefits... [LB711]

ROGER REA: Defined benefit plans. The only plans that have the disability retirement provision are defined benefit plans. [LB711]

SENATOR LOUDEN: Okay. And then when they apply for that, would it be like social security? They would get it, their benefits would be discounted depending on how many years prior to their retirement age that they take these benefits? [LB711]

ROGER REA: The benefits for disability retirement are discounted only because they have a short number of years as service credit. They're not discounted by age and that's one of the reasons that people go through the disability application for disability retirement because it's not discounted for age. You don't get a lot of benefits if you've only worked for ten years but you get the full benefits that you would receive for those ten years that you worked. They're not discounted for age. [LB711]

SENATOR LOUDEN: Okay. Then if it's a defined benefits on this, then you would get no matter if you got disabled at the age of 45 or whether you was disabled at the age of 64, you would get the same benefits? [LB711]

ROGER REA: No, because, keep in mind, the defined benefit plans have the years of service credit as one of the multiplying factors. Someone who is disabled at age 45 would have relatively short service. They would get a relatively low benefit because they have short service. Someone who is defined disabled at age 60, one would expect to have long service but if they had short service in the school system or the judges system, either one, if the service is short, the benefit will be low. If the service is long, the benefit will be higher. [LB711]

SENATOR LOUDEN: Doesn't have anything to do with age then? [LB711]

ROGER REA: No, that's the whole purpose of disability retirement is to take out the age of reduction. [LB711]

SENATOR LOUDEN: Okay. Thank you. [LB711]

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SENATOR SYNOWIECKI: Any additional questions? Roger, thanks for your testimony. [LB711]

ROGER REA: Thank you. [LB711]

SENATOR SYNOWIECKI: Any additional proponent testimony for LB711? [LB711]

HERB SCHIMEK: Senator Synowiecki, members of the committee, my name is Herb Schimek, representing the Nebraska State Education Association. We want to be on record in favor of LB711. I think Roger adequately answered most of the questions. He brought this to our attention a year ago and you took care in LB508, those who got death benefits problems and that did help a number of people and we want to thank the committee for that. Any questions? [LB711]

SENATOR SYNOWIECKI: Thanks, Herb. [LB711]

HERB SCHIMEK: Thank you very much. [LB711]

SENATOR SYNOWIECKI: Any questions from the committee? Seeing none. Thanks for your testimony today. Any additional proponent testimony for LB711? Seeing none, the committee will now entertain opponent testimony. Any opponent testimony. Seeing none. Any testimony in the neutral capacity the committee will hear? [LB711]

JOE SCHAEFER: Good afternoon, Senator Synowiecki and members of the committee. My name is Joe Schaefer, S-c-h-a-e-f-e-r. I'm legal counsel to the Public Employees Retirement Board and I'm appearing today in that capacity as I testify in a neutral capacity on LB711. The PERB does not oppose providing a reasonable opportunity for members who become disabled and are thereby unable to continue working to apply for and obtain a disability retirement. We would ask, however, that any change be made in a manner that will provide reasonable safeguards against abuse of the process, because ultimately it is the members of the system who would bear the cost of such abuse. I have prepared an amendment to this bill which, I believe, while preserving the ability to apply for disability retirement, would place reasonable parameters on disability applications. Those parameters include that a member must have suffered a disabling condition or injury before making disability application, that the disabling injury or condition renders the member unable to work, and that repeated applications related to a single onset or circumstance would not be permitted. I would also mention that as drafted, the legislation potentially has a problem that's been...there's a case before the United States Supreme Court currently, it's Kentucky Retirement Systems vs. EEOC, No. 06-1037. In that case, the Equal Employment Opportunity Commission alleges that restricting disability applications to those members under the normal retirement age, is discriminatory under the Disability in Employment Act. So there's a way around that but it would need a little bit of language, I believe, to change that. So if you have questions,

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I guess, I'd try to answer them, you know. [LB711]

SENATOR SYNOWIECKI: Thanks, Joe. Do you have the amendment prepared for consideration? [LB711]

JOE SCHAEFER: (Exhibit 1) I do and I have provided enough copies that I think it could... [LB711]

SENATOR SYNOWIECKI: And in your mind, does that, would that amendment mitigate this fiscal note problem or not? [LB711]

JOE SCHAEFER: I think it will alleviate the actuarial analysis program, problem, because what this does the way I've drafted it, is that you would have to have the disability and cease working before you could apply for it. If you allow anybody at any time to apply, that makes the pool of potential applicants much larger and I think the information that we received from our actuary was that, that would change the actuarial implications for the plan. [LB711]

SENATOR SYNOWIECKI: Any additional questions from the committee? I see none. Thank you for your testimony today. Any additional neutral testimony, LB711? I see none. The committee now will move to LB937. It'll be introduced by Jeremy Nordquist, the research analyst of the committee. [LB711]

JEREMY NORDQUIST: Good afternoon, Senator Synowiecki, and members of the committee. I'm Jeremy Nordquist, N-o-r-d-q-u-i-s-t, and I'm the research analyst for the Retirement Systems Committee. Today I'm introducing committee bill LB937, a bill to change contribution requirements under the County Employees Retirement Act and the State Employees Retirement Act. The committee was asked to introduce this bill on behalf of the Nebraska Public Employees Retirement Systems. LB937 clarifies that counties and state agencies must ensure that employees are enrolled and make required contributions to the retirement system immediately upon becoming an employee. LB937 will harmonize these sections with other sections of statute that provide for an immediate enrollment of employees in the county and state retirement plans. Joe Schaefer from NPERS will be testifying after me regarding this proposal. Thank you. [LB937]

SENATOR SYNOWIECKI: Thanks, Jeremy. Any questions? I see none. Oh, I'm sorry. Senator Louden. [LB937]

SENATOR LOUDEN: Yeah, Jeremy, I was curious on this, what happens when they contribute this money in and then they quit after six months or a year? Are they allowed to bring part of that money back out or is it gone? [LB937]

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JEREMY NORDQUIST: Their portion of it is available to them at normal retirement age? No, at...they can take a lump sum then? They can take a lump sum then, I guess. The employer proportion of the state that the state or the portion that the state and county put in is left in the system and covers some of the fees but Joe can give you a little more detail on that. [LB937]

SENATOR LOUDEN: Okay. The employee's money can be drawn out. [LB937]

JEREMY NORDQUIST: Yeah, you have to be in the system for three, you have to be an employee for three years to be vested and keep the employer contribution when you leave. [LB937]

SENATOR LOUDEN: Okay. Thanks. [LB937]

SENATOR SYNOWIECKI: Any additional questions? Thank you. Proponent testimony, LB937. [LB937]

JOE SCHAEFER: Good afternoon, Senator Synowiecki and members of the committee. My name is Joe Schaefer, S-c-h-a-e-f-e-r. I'm legal counsel to the Public Employees Retirement Board and I'm appearing in that capacity to testify as a proponent for LB937. As Jeremy's mentioned, we ask that this bill be introduced to address a couple of statutory references that were not updated when LB366, the bill that provided for immediate participation for state and county employees was adopted in 2006. The couple of statutes that were missed in LB366 are included here. Also before the adoption of immediate participation, counties and state agencies had sixty days after an employee was first hired to begin contributions. There were a number of questions from counties and agencies and also from the auditor of public accounts office about whether that meant that, for example, pay periods commencing after that time would have contributions deducted, whether pay periods should be prorated for deductions, whether the first pay period was required or whether any time before the sixty days ran was okay. We believe those questions have been resolved by the immediate participation provisions and that a rule and regulation is no longer necessary. Simply put, when an employee returns to work, they commence participation in the retirement plan. So there's a couple of places where we've struck the rule and regulation language also. I think it's much simpler to administer. Very straightforward for the agencies and the counties and for us. I would ask your support for LB937. [LB937]

SENATOR SYNOWIECKI: Thank you. Senator Erdman. [LB937]

SENATOR ERDMAN: Joe, help me, not with the language you're proposing but where it's amending whether its a county employee or a state employee, it talks about a member who ceases to be an employee before becoming eligible and then becomes a permanent full-time or permanent part-time employee after a five year break shall be

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immediately enrolled in the retirement system, resume making contributions. That's under the county plan and then it strikes under rules and regs. What happens if an employee leaves, comes back, they came back after the cash balance plan went into effect, are they treated as they were under their prior...what's the date that they have, do they get to choose? Are they put into the cash balance regardless, how does that work or how is the board treating those individuals or maybe you haven't had any, and I was just reading this and figuring out how that section may actually apply because we've made some changes to the plan since some of them may have left and come back. [LB937]

JOE SCHAEFER: It depends on whether they've, well, I'd say, manifested a termination. In both county and state they have to terminate and not be working for the employer for a period of at least 120 days before they become eligible for a distribution, a lump sum distribution. That's a termination and then they would be treated as a hire after that date because they've closed off that portion. So we treat people who are hired that come back, all the same. I can't tell you the statute right off the top of my head that says that, people hired after January 1, 2003, are placed in the cash balance plan. [LB937]

SENATOR ERDMAN: And for the purpose of the law, it's the date of their most recent hire, not the date of their previous hire. Because technically, they would have had a previous date but for the purposes of the plan, so these individuals, should they get rehired, would be required to make contributions immediately to a cash balance plan as opposed to, say, a defined contribution plan that they would have had the option to prior. [LB937]

JOE SCHAEFER: That's correct. If they were hired before the 2003 date. [LB937]

SENATOR ERDMAN: Right. If the individual who was hired before '03 left and then came back, assuming they were terminated or they had that 120 days out, when they came back they would be required to be under the cash balance fund. [LB937]

JOE SCHAEFER: That's correct. [LB937]

SENATOR ERDMAN: Okay. That's all I have, yeah. [LB937]

SENATOR SYNOWIECKI: So, on their, Joe, on their statements and that, if they cease like, following up on Phil's question, if they cease employment, they come back and they went through the 120 day and they manifested a disengagement with state employment or county employment, in the eyes of the retirement systems their new hire date is their hire date and they just reengage their plan then. [LB937]

JOE SCHAEFER: Their, yeah, actually their, for vesting purposes it would relate back

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and that's going to depend a little bit on whether they took a refund of their contributions but just let's assume that they don't. So they've, if they've got less than the three years, then the new period would tack on as to apply towards vesting but if there was a 120 day period, they would be treated as a new hire for that purpose, but they would...essentially they would have the same account number but it would be a cash balance account. [LB937]

SENATOR SYNOWIECKI: Okay. But for purposes of new employees, this would, this clarifies and might make it a little easier for the system in terms of processing the new employees for purposes of retirement benefits. [LB937]

JOE SCHAEFER: Right. After LB366 everybody when they come to work, the very first paycheck, contribution comes out and we missed a couple of these places that, I think this may be one dealt with, there's some municipal county mergers and some things like that, that quite frankly I don't know that we've used them but they're in statutes so they should be addressed. [LB937]

SENATOR SYNOWIECKI: Okay. Any additional questions from the committee? Senator Louden. [LB937]

SENATOR LOUDEN: Yeah, will this cause the county to make more contributions? [LB937]

JOE SCHAEFER: No. [LB937]

SENATOR LOUDEN: You know, I mean, when they wait 60 days, then do they have to go back and pick that 60 days up or do they just start 60 days later on the contributions? [LB937]

JOE SCHAEFER: I think under the current law with people who are hired, the statute provides for that. This is a fairly small number of people that this would, that this would apply to. I can't, I can't speak to whether there might never be somebody that would pay a little bit more but this is from county standpoint, what, 6.25 percent. [LB937]

SENATOR LOUDEN: Well, it would be a difference of 60 days of contributions in there, is what there would be if it's just that if they don't start until that employee's been there for 60 days. [LB937]

JOE SCHAEFER: Right. It would be 60 days of contributions. [LB937]

SENATOR LOUDEN: That they'd have to come up with. [LB937]

JOE SCHAEFER: Except that we have in the past, the 60-day rule, we've instructed

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them that the first pay period that starts is after the one year wait, it used to be there was a one year wait before you joined, that the first pay period you put them in anyway and we've instructed them to put them in so it'd be much less than 60 days. It might be 15 days. It might not be more than one or two days so I don't think it's going to have a, more than a marginal impact. [LB937]

SENATOR LOUDEN: How does part-time help fit into that? They'll pay in and deduct, they'll pay retirement for them and they'll, the part-time help will contribute too? [LB937]

JOE SCHAEFER: Permanent part-time employees, and by part-time, we mean working less than half the regular scheduled hours, they can voluntarily join. [LB937]

SENATOR LOUDEN: Some of these summer jobs that some of them have once in a while, they'll, the weed district or somebody will hire somebody for a short period of time, a college kid or somebody, and then that's probably all they do. I'm wondering how that, do they contribute to the retirement fund and the county pays it or what? [LB937]

JOE SCHAEFER: It depends on whether they're a permanent employee or not. If they're a temporary employee, the answer is no. [LB937]

SENATOR LOUDEN: Does it say anything in here about temporary... [LB937]

JOE SCHAEFER: There's a definition in statutes about what a permanent employee is and a temporary employee is, yes. [LB937]

SENATOR LOUDEN: This here, permanent part-time kind of intrigues me, though, that... [LB937]

JOE SCHAEFER: Well, we have people that, it's my understanding from counties that are employed to do park work every summer and they're expectation is, they're going to work every summer until they're fired. [LB937]

SENATOR LOUDEN: I see. [LB937]

JOE SCHAEFER: And that's different than somebody that's hired to mow lawns until September. [LB937]

SENATOR LOUDEN: Okay. Thank you. [LB937]

SENATOR SYNOWIECKI: Any additional questions? I see none. Thank you. [LB937]

JOE SCHAEFER: Thank you. [LB937]

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SENATOR SYNOWIECKI: Any additional proponent testimony for LB937? I see none. Any opposition testimony to the bill? I see none. Neutral testimony? That will close the hearing on LB937. We will now proceed to LB938 and again Jeremy Nordquist will open on that bill. [LB937]

JEREMY NORDQUIST: Again, good afternoon. My name is Jeremy Nordquist, N-o-r-d-q-u-i-s-t, and I'm the research analyst for the Retirement Systems Committee. Today I'm introducing committee bill LB938, a bill to change contribution allocation provisions relating to the County Employees Retirement Act and the State Employees Retirement Act. The committee was asked to introduce this bill again on behalf of the Nebraska Public Employees Retirement Systems. LB938 would allow a beneficiary of a member of the county or state defined contribution plan to choose investment options. Currently, beneficiaries do not have the statutory authority to choose investment options after they take over control of the account so. Joe Schaefer, from NPERS, will testify again after me on this proposal. If there's any questions? [LB938]

SENATOR SYNOWIECKI: Thank you, Jeremy. Any questions from the committee? I see none. Thanks for the introduction. Proponent testimony for LB938. Joe. [LB938]

JOE SCHAEFER: Good afternoon, Senator Synowiecki and members of the committee. It's good to see you again. My name is Joe Schaefer, S-c-h-a-e-f-e-r. I'm legal counsel to the PERB and appearing in that capacity to testify as a proponent for LB938. Very briefly, LB938 provides that beneficiaries of deceased members of the defined contribution part of the retirement system for Nebraska counties and the state employees retirement system, can transfer investments between the various funds that are offered to members. As you recall, there are currently 13 investment options from which a member may choose. This legislation would simply extend the same ability to transfer money among the same 13 funds to beneficiaries of those members who received the funds following the death of that member. I'd ask your support for LB938. [LB938]

SENATOR SYNOWIECKI: (Exhibit 2) Thank you for your testimony. Any questions? I see no questions. Thank you and we'll accept additional proponent testimony for LB938. While we have no additional testimony, I did receive a letter of support, the committee's received a letter of support of LB938 from the NAPE/AFSCME organization, state employee's organization, signed by Michael Marvin. Any opponent testimony on the bill? I see no opponent testimony. Neutral testimony? I see none. That will close the hearing on LB938 and that concludes the hearings for the Nebraska Retirement Systems Committee. Thank you. [LB938]

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Disposition of Bills:

LB711 - Held in committee.  
LB937 - Indefinitely postponed.  
LB938 - Indefinitely postponed.

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Chairperson

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Committee Clerk