

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

SECOND SESSION

**LEGISLATIVE BILL 899**

Introduced by Nordquist, 7; Karpisek, 32; Mello, 5.

Read first time January 12, 2010

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to retirement; to amend sections 24-710.07,  
2 79-947.01, and 81-2027.03, Reissue Revised Statutes of  
3 Nebraska; to change benefit adjustment provisions as  
4 prescribed; and to repeal the original sections.

5 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 24-710.07, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3           24-710.07 (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 purchasing power of the initial benefit in  
8 any year following the year in which the initial benefit commenced  
9 shall be calculated by dividing the United States Department of  
10 Labor, Bureau of Labor Statistics, Consumer Price Index for Urban  
11 Wage Earners and Clerical Workers factor on June 30 of the current  
12 year by the Consumer Price Index for Urban Wage Earners and  
13 Clerical Workers factor on June 30 of the year in which the benefit  
14 commenced. The result shall be multiplied by the product that  
15 results when the amount of the initial benefit is multiplied by  
16 seventy-five percent. In any year in which applying the adjustment  
17 provided in subsection (2) of this section results in a benefit  
18 which would be less than seventy-five percent of the purchasing  
19 power of the initial benefit as calculated above, the adjustment  
20 shall instead be equal to the percentage change in the Consumer  
21 Price Index for Urban Wage Earners and Clerical Workers factor  
22 from the prior year to the current year. In all other years, the  
23 adjustment provided under subsection (2) of this section shall  
24 be provided. The adjustment pursuant to this subsection shall not  
25 cause a current benefit to be reduced.

1 (2) Except as provided in subsection (1) of this section:

2 (a) Beginning July 1, 2000, and until July 1, 2001, the  
3 current benefit of a member or the beneficiary of such a member  
4 shall be increased annually by the lesser of (i) the percentage  
5 change in the Consumer Price Index for Urban Wage Earners and  
6 Clerical Workers factor published by the Bureau of Labor Statistics  
7 of the United States Department of Labor for the prior year or (ii)  
8 two percent; and

9 (b) Beginning July 1, 2001, the current benefit of a  
10 member or the beneficiary of such a member shall be increased  
11 annually by the lesser of (i) the percentage change in the Consumer  
12 Price Index for Urban Wage Earners and Clerical Workers factor  
13 published by the Bureau of Labor Statistics of the United States  
14 Department of Labor for the prior year or (ii) two and one-half  
15 percent.

16 (3) The state shall contribute to the Nebraska Retirement  
17 Fund for Judges an annual level dollar payment certified by the  
18 board. ~~For the 1996-97 fiscal year through the 2010-11 fiscal year,~~  
19 ~~the~~ The annual level dollar payment certified by the board shall  
20 equal 1.04778 percent of six million eight hundred ninety-five  
21 thousand dollars.

22 (4) The board shall adjust the annual benefit adjustment  
23 provided in this section so that the total amount of all  
24 cost-of-living adjustments provided to the eligible retiree at  
25 the time of the annual benefit adjustment does not exceed the

1 percentage change in the National Consumer Price Index for Urban  
2 Wage Earners and Clerical Workers factor published by the Bureau  
3 of Labor Statistics for the period between June 30 of the prior  
4 year to June 30 of the present year. If the consumer price index  
5 used in this section is discontinued or replaced, a substitute  
6 index published by the United States Department of Labor shall be  
7 selected by the board which shall be a reasonable representative  
8 measurement of the cost of living for retired employees.

9           Sec. 2. Section 79-947.01, Reissue Revised Statutes of  
10 Nebraska, is amended to read:

11           79-947.01 (1) Beginning July 1, 2000, and each July 1  
12 thereafter, current benefits paid to a member or beneficiary shall  
13 be adjusted so that the purchasing power of the benefit being paid  
14 is not less than seventy-five percent of the purchasing power of  
15 the initial benefit. The purchasing power of the initial benefit in  
16 any year following the year in which the initial benefit commenced  
17 shall be calculated by dividing the United States Department of  
18 Labor, Bureau of Labor Statistics, Consumer Price Index for Urban  
19 Wage Earners and Clerical Workers factor on June 30 of the current  
20 year by the Consumer Price Index for Urban Wage Earners and  
21 Clerical Workers factor on June 30 of the year in which the benefit  
22 commenced. The result shall be multiplied by the product that  
23 results when the amount of the initial benefit is multiplied by  
24 seventy-five percent. In any year in which applying the adjustment  
25 provided in subsection (2) of this section results in a benefit

1 which would be less than seventy-five percent of the purchasing  
2 power of the initial benefit as calculated above, the adjustment  
3 shall instead be equal to the percentage change in the Consumer  
4 Price Index for Urban Wage Earners and Clerical Workers factor  
5 from the prior year to the current year. In all other years, the  
6 adjustment provided under subsection (2) of this section shall  
7 be provided. The adjustment pursuant to this subsection shall not  
8 cause a current benefit to be reduced.

9 (2) Except as provided in subsection (1) of this section:

10 (a) Beginning July 1, 2000, and until July 1, 2001, the  
11 current benefit of a member or the beneficiary of such a member  
12 shall be increased annually by the lesser of (i) the percentage  
13 change in the Consumer Price Index for Urban Wage Earners and  
14 Clerical Workers factor published by the Bureau of Labor Statistics  
15 of the United States Department of Labor for the prior year or (ii)  
16 two percent; and

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

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

1 ~~1996-97 fiscal year through the 2010-11 fiscal year~~, the 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 this section so that the total amount of  
6 all cost-of-living adjustments provided to the eligible retiree  
7 at the time of the annual benefit adjustment does not exceed the  
8 percentage change in the National Consumer Price Index for Urban  
9 Wage Earners and Clerical Workers factor published by the Bureau  
10 of Labor Statistics for the period between June 30 of the prior  
11 year to June 30 of the present year. If the consumer price index  
12 used in this section is discontinued or replaced, a substitute  
13 index published by the United States Department of Labor shall be  
14 selected by the board which shall be a reasonable representative  
15 measurement of the cost of living for retired employees.

16 (5) In addition to the adjustments provided in  
17 subsections (1), (2), and (4) of this section, the current benefit  
18 to a member or beneficiary of such member, and for which the first  
19 payment was dated on or before June 30, 2007, shall be subject to  
20 adjustment of the greater of (a) the annuity payable to the member  
21 or beneficiary as adjusted, if applicable, under the provisions  
22 of subsection (1), (2), or (4) of this section or (b) eighty-five  
23 percent of the annuity which results when the original annuity that  
24 was paid to the member or beneficiary, before any cost-of-living  
25 adjustments under this section, is adjusted by the increase in the

1 Consumer Price Index for Urban Wage Earners and Clerical Workers  
2 for the period between the commencement date of the annuity and  
3 June 30, 2007.

4 Sec. 3. Section 81-2027.03, Reissue Revised Statutes of  
5 Nebraska, is amended to read:

6 81-2027.03 (1) Beginning July 1, 2000, and each July 1  
7 thereafter, current benefits paid to a member or beneficiary shall  
8 be adjusted so that the purchasing power of the benefit being paid  
9 is not less than sixty percent of the purchasing power of the  
10 initial benefit. The purchasing power of the initial benefit in  
11 any year following the year in which the initial benefit commenced  
12 shall be calculated by dividing the United States Department of  
13 Labor, Bureau of Labor Statistics, Consumer Price Index for Urban  
14 Wage Earners and Clerical Workers factor on June 30 of the current  
15 year by the Consumer Price Index for Urban Wage Earners and  
16 Clerical Workers factor on June 30 of the year in which the  
17 benefit commenced. The result shall be multiplied by the product  
18 that results when the amount of the initial benefit is multiplied  
19 by sixty percent. In any year in which applying the adjustment  
20 provided in subsection (2) of this section results in a benefit  
21 which would be less than sixty percent of the purchasing power  
22 of the initial benefit as calculated above, the adjustment shall  
23 instead be equal to the percentage change in the Consumer Price  
24 Index for Urban Wage Earners and Clerical Workers factor from the  
25 prior year to the current year. In all other years, the adjustment

1 provided under subsection (2) of this section shall be provided.  
2 The adjustment pursuant to this subsection shall not cause a  
3 current benefit to be reduced.

4 (2) Except as provided in subsection (1) of this section:

5 (a) Beginning July 1, 2000, and until July 1, 2001, the  
6 current benefit of a member or the beneficiary of such a member  
7 shall be increased annually by the lesser of (i) the percentage  
8 change in the Consumer Price Index for Urban Wage Earners and  
9 Clerical Workers factor published by the Bureau of Labor Statistics  
10 of the United States Department of Labor for the prior year or (ii)  
11 two percent; and

12 (b) Beginning July 1, 2001, the current benefit of a  
13 member or the beneficiary of such a member shall be increased  
14 annually by the lesser of (i) the percentage change in the Consumer  
15 Price Index for Urban Wage Earners and Clerical Workers factor  
16 published by the Bureau of Labor Statistics of the United States  
17 Department of Labor for the prior year or (ii) two and one-half  
18 percent.

19 (3) The state shall contribute to the State Patrol  
20 Retirement Fund an annual level dollar payment certified by the  
21 board. ~~For the 1996-97 fiscal year through the 2010-11 fiscal year,~~  
22 ~~the~~ The annual level dollar payment certified by the board shall  
23 equal 3.04888 percent of six million eight hundred ninety-five  
24 thousand dollars.

25 (4) The board shall adjust the annual benefit adjustment

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

12           Sec. 4. Original sections 24-710.07, 79-947.01, and  
13 81-2027.03, Reissue Revised Statutes of Nebraska, are repealed.