

LEGISLATURE OF NEBRASKA

ONE HUNDRED SECOND LEGISLATURE

FIRST SESSION

**LEGISLATIVE BILL 382**

Introduced by Nordquist, 7; at the request of the Governor.

Read first time January 13, 2011

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to retirement; to amend sections 79-958 and  
2 81-2017, Revised Statutes Cumulative Supplement, 2010; to  
3 change employee deposit rates for the School Retirement  
4 Fund; to change contribution rates for the Nebraska State  
5 Patrol Retirement System; to repeal the original  
6 sections; and to declare an emergency.

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

1           Section 1. Section 79-958, Revised Statutes Cumulative  
2 Supplement, 2010, is amended to read:

3           79-958 (1) ~~Beginning on September 1, 2006, and ending~~  
4 ~~August 31, 2007, for the purpose of providing the funds to pay for~~  
5 ~~formula annuities, every employee shall be required to deposit in the~~  
6 ~~School Retirement Fund seven and eighty three hundredths percent of~~  
7 ~~compensation. Beginning on September 1, 2007, and ending August 31,~~  
8 ~~2009, for the purpose of providing the funds to pay for formula~~  
9 ~~annuities, every employee shall be required to deposit in the School~~  
10 ~~Retirement Fund seven and twenty eight hundredths percent of~~  
11 ~~compensation. Beginning on September 1, 2009, and ending August 31,~~  
12 ~~2014, 2011, for the purpose of providing the funds to pay for formula~~  
13 ~~annuities, every employee shall be required to deposit in the School~~  
14 ~~Retirement Fund eight and twenty-eight hundredths percent of~~  
15 ~~compensation. Beginning on September 1, 2011, and ending August 31,~~  
16 ~~2013, for the purpose of providing the funds to pay for formula~~  
17 ~~annuities, every employee shall be required to deposit in the School~~  
18 ~~Retirement Fund nine and twenty-eight hundredths percent of~~  
19 ~~compensation. Beginning on September 1, 2013, and ending August 31,~~  
20 ~~2014, for the purpose of providing the funds to pay for formula~~  
21 ~~annuities, every employee shall be required to deposit in the School~~  
22 ~~Retirement Fund eight and twenty-eight hundredths percent of~~  
23 ~~compensation. Beginning on September 1, 2014, for the purpose of~~  
24 ~~providing the funds to pay for formula annuities, every employee~~  
25 ~~shall be required to deposit in the School Retirement Fund seven and~~

1 twenty-eight hundredths percent of compensation. Such deposits shall  
2 be transmitted at the same time and in the same manner as required  
3 employer contributions.

4 (2) For the purpose of providing the funds to pay for  
5 formula annuities, every employer shall be required to deposit in the  
6 School Retirement Fund one hundred one percent of the required  
7 contributions of the school employees of each employer. Such deposits  
8 shall be transmitted to the retirement board at the same time and in  
9 the same manner as such required employee contributions.

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

1 extent as member contributions made prior to the date picked up.

2 (4) The employer shall pick up the member contributions  
3 made through irrevocable payroll deduction authorizations pursuant to  
4 sections 79-921, 79-933.03 to 79-933.06, and 79-933.08, and the  
5 contributions so picked up shall be treated as employer contributions  
6 in the same manner as contributions picked up under subsection (3) of  
7 this section.

8 Sec. 2. Section 81-2017, Revised Statutes Cumulative  
9 Supplement, 2010, is amended to read:

10 81-2017 (1) ~~Commencing July 1, 2005, and until July 1,~~  
11 ~~2009, each officer while in the service of the Nebraska State Patrol~~  
12 ~~shall pay or have paid on his or her behalf a sum equal to thirteen~~  
13 ~~percent of his or her monthly compensation. Commencing July 1, 2009,~~  
14 ~~and until July 1, 2010, each officer while in the service of the~~  
15 ~~Nebraska State Patrol shall pay or have paid on his or her behalf a~~  
16 ~~sum equal to fifteen percent of his or her monthly compensation.~~  
17 Commencing July 1, 2010, and until July 1, 2011, each officer while  
18 in the service of the Nebraska State Patrol shall pay or have paid on  
19 his or her behalf a sum equal to sixteen percent of his or her  
20 monthly compensation. Commencing July 1, 2011, and until July 1,  
21 2013, each officer while in the service of the Nebraska State Patrol  
22 shall pay or have paid on his or her behalf a sum equal to nineteen  
23 percent of his or her monthly compensation. Commencing July 1, 2013,  
24 each officer while in the service of the Nebraska State Patrol shall  
25 pay or have paid on his or her behalf a sum equal to sixteen percent

1 of his or her monthly compensation. Such amounts shall be deducted  
2 monthly by the Director of Administrative Services who shall draw a  
3 warrant monthly in the amount of the total deductions from the  
4 compensation of members of the Nebraska State Patrol in accordance  
5 with subsection (4) of this section, and the State Treasurer shall  
6 credit the amount of such warrant to the State Patrol Retirement  
7 Fund. The director shall cause a detailed report of all monthly  
8 deductions to be made each month to the board.

9 (2) In addition, ~~commencing July 1, 2005, and until July~~  
10 ~~1, 2010, there shall be assessed against the appropriation of the~~  
11 ~~Nebraska State Patrol a sum equal to the amount of fifteen percent of~~  
12 ~~each officer's monthly compensation which shall be credited to the~~  
13 ~~State Patrol Retirement Fund. Commencing commencing July 1, 2010, and~~  
14 ~~until July 1, 2011, there shall be assessed against the appropriation~~  
15 ~~of the Nebraska State Patrol a sum equal to the amount of sixteen~~  
16 ~~percent of each officer's monthly compensation which shall be~~  
17 ~~credited to the State Patrol Retirement Fund. Commencing July 1,~~  
18 ~~2011, and until July 1, 2013, there shall be assessed against the~~  
19 ~~appropriation of the Nebraska State Patrol a sum equal to the amount~~  
20 ~~of nineteen percent of each officer's monthly compensation which~~  
21 ~~shall be credited to the State Patrol Retirement Fund. Commencing~~  
22 ~~July 1, 2013, there shall be assessed against the appropriation of~~  
23 ~~the Nebraska State Patrol a sum equal to the amount of sixteen~~  
24 ~~percent of each officer's monthly compensation which shall be~~  
25 ~~credited to the State Patrol Retirement Fund.~~

1                   (3) For the fiscal year beginning on July 1, 2002, and  
2 each fiscal year thereafter, the actuary for the board shall perform  
3 an actuarial valuation of the system using the entry age actuarial  
4 cost method. Under this method, the actuarially required funding rate  
5 is equal to the normal cost rate, plus the contribution rate  
6 necessary to amortize the unfunded actuarial accrued liability on a  
7 level payment basis. The normal cost under this method shall be  
8 determined for each individual member on a level percentage of salary  
9 basis. The normal cost amount is then summed for all members.  
10 Beginning July 1, 2006, any existing unfunded liabilities shall be  
11 reinitialized and amortized over a thirty-year period, and during  
12 each subsequent actuarial valuation, changes in the funded actuarial  
13 accrued liability due to changes in benefits, actuarial assumptions,  
14 the asset valuation method, or actuarial gains or losses shall be  
15 measured and amortized over a thirty-year period beginning on the  
16 valuation date of such change. If the unfunded actuarial accrued  
17 liability under the entry age actuarial cost method is zero or less  
18 than zero on an actuarial valuation date, then all prior unfunded  
19 actuarial accrued liabilities shall be considered fully funded and  
20 the unfunded actuarial accrued liability shall be reinitialized and  
21 amortized over a thirty-year period as of the actuarial valuation  
22 date. If the actuarially required contribution rate exceeds the rate  
23 of all contributions required pursuant to the Nebraska State Patrol  
24 Retirement Act, there shall be a supplemental appropriation  
25 sufficient to pay for the differences between the actuarially

1 required contribution rate and the rate of all contributions required  
2 pursuant to the Nebraska State Patrol Retirement Act. Such valuation  
3 shall be on the basis of actuarial assumptions recommended by the  
4 actuary, approved by the board, and kept on file with the board.

5 (4) The state shall pick up the member contributions  
6 required by this section for all compensation paid on or after  
7 January 1, 1985, and the contributions so picked up shall be treated  
8 as employer contributions in determining federal tax treatment under  
9 the Internal Revenue Code as defined in section 49-801.01, except  
10 that the state shall continue to withhold federal income taxes based  
11 upon these contributions until the Internal Revenue Service or the  
12 federal courts rule that, pursuant to section 414(h) of the code,  
13 these contributions shall not be included as gross income of the  
14 member until such time as they are distributed or made available. The  
15 state shall pay these member contributions from the same source of  
16 funds which is used in paying earnings to the member. The state shall  
17 pick up these contributions by a compensation deduction through a  
18 reduction in the cash compensation of the member. Member  
19 contributions picked up shall be treated for all purposes of the  
20 Nebraska State Patrol Retirement Act in the same manner and to the  
21 extent as member contributions made prior to the date picked up.

22 Sec. 3. Original sections 79-958 and 81-2017, Revised  
23 Statutes Cumulative Supplement, 2010, are repealed.

24 Sec. 4. Since an emergency exists, this act takes effect  
25 when passed and approved according to law.