

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 196

Introduced by Bostar, 29; Brewer, 43.

Read first time January 09, 2023

Committee: Nebraska Retirement Systems

1 A BILL FOR AN ACT relating to retirement; to amend sections 81-2017,
2 81-2026, 81-2027.08, and 81-2027.09, Revised Statutes Cumulative
3 Supplement, 2022; to change provisions relating to the Nebraska
4 State Patrol Retirement System and benefits provided upon the death
5 of an officer after retirement and annual benefit adjustment
6 calculations as prescribed; to harmonize provisions; to repeal the
7 original sections; and to declare an emergency.
8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 81-2017, Revised Statutes Cumulative Supplement,
2 2022, is amended to read:

3 81-2017 (1)(a)(i) ~~(1)~~ Commencing July 1, 2010, and until July 1,
4 2011, each officer while in the service of the Nebraska State Patrol
5 shall pay or have paid on such officer's ~~his or her~~ behalf a sum equal to
6 sixteen percent of such officer's ~~his or her~~ monthly compensation.

7 (ii) Commencing July 1, 2011, and until July 1, 2013, each officer
8 while in the service of the Nebraska State Patrol shall pay or have paid
9 on such officer's ~~his or her~~ behalf a sum equal to nineteen percent of
10 such officer's ~~his or her~~ monthly compensation.

11 (iii)(A) Commencing July 1, 2013, and until July 1, 2023, each
12 officer who commenced service prior to July 1, 2016, while in the service
13 of the Nebraska State Patrol shall pay or have paid on such officer's ~~his~~
14 ~~or her~~ behalf a sum equal to sixteen percent of such officer's ~~his or her~~
15 monthly compensation.

16 (B) Until July 1, 2023, each ~~Each~~ officer who commenced service on
17 or after July 1, 2016, while in the service of the Nebraska State Patrol
18 shall pay or have paid on such officer's ~~his or her~~ behalf a sum equal to
19 seventeen percent of such officer's ~~his or her~~ monthly compensation.

20 (iv) Commencing July 1, 2023, each officer while in the service of
21 the Nebraska State Patrol shall pay or have paid on such officer's behalf
22 a sum equal to eight percent of such officer's monthly compensation.

23 (b) Such amounts shall be deducted monthly by the Director of
24 Administrative Services who shall draw a warrant monthly in the amount of
25 the total deductions from the compensation of members of the Nebraska
26 State Patrol in accordance with subsection (4) of this section, and the
27 State Treasurer shall credit the amount of such warrant to the State
28 Patrol Retirement Fund. The director shall cause a detailed report of all
29 monthly deductions to be made each month to the board.

30 (2) In addition: τ

31 (a)(i) Commencing ~~commencing~~ July 1, 2010, and until July 1, 2011,

1 there shall be assessed against the appropriation of the Nebraska State
2 Patrol a sum equal to the amount of sixteen percent of each officer's
3 monthly compensation, which shall be credited to the State Patrol
4 Retirement Fund.

5 (ii) Commencing July 1, 2011, and until July 1, 2013, there shall be
6 assessed against the appropriation of the Nebraska State Patrol a sum
7 equal to the amount of nineteen percent of each officer's monthly
8 compensation, which shall be credited to the State Patrol Retirement
9 Fund.

10 (iii)(A) Commencing July 1, 2013, and until July 1, 2023, for each
11 officer who commenced service prior to July 1, 2016, there shall be
12 assessed against the appropriation of the Nebraska State Patrol a sum
13 equal to the amount of sixteen percent of each officer's monthly
14 compensation, which shall be credited to the State Patrol Retirement
15 Fund.

16 (B) Commencing July 1, 2016, and until July 1, 2023, for each
17 officer who commenced service on or after July 1, 2016, there shall be
18 assessed against the appropriation of the Nebraska State Patrol a sum
19 equal to the amount of seventeen percent of each officer's monthly
20 compensation, which shall be credited to the State Patrol Retirement
21 Fund.

22 (iv) Commencing July 1, 2023, there shall be assessed against the
23 appropriation of the Nebraska State Patrol a sum equal to the amount of
24 twenty-five percent of each officer's monthly compensation, which shall
25 be credited to the State Patrol Retirement Fund.

26 (b) This assessment constitutes an employer match and shall be
27 contingent upon the officer making such officer's his—~~or—~~her
28 contributions to the retirement system.

29 (3)(a) Prior to July 1, 2021:

30 (i) Beginning July 1, 2002, and each fiscal year thereafter, the
31 board shall cause an annual actuarial valuation to be performed that will

1 value the plan assets for the year and ascertain the contributions
2 required for such fiscal year. The actuary for the board shall perform an
3 actuarial valuation of the system on the basis of actuarial assumptions
4 recommended by the actuary, approved by the board, and kept on file with
5 the board using the entry age actuarial cost method. Under this method,
6 the actuarially required funding rate is equal to the normal cost rate,
7 plus the contribution rate necessary to amortize the unfunded actuarial
8 accrued liability on a level percentage of salary basis. The normal cost
9 under this method shall be determined for each individual member on a
10 level percentage of salary basis. The normal cost amount is then summed
11 for all members;

12 (ii) Beginning July 1, 2006, any existing unfunded liabilities shall
13 be reinitialized and amortized over a thirty-year period, and during each
14 subsequent actuarial valuation through June 30, 2021, changes in the
15 unfunded actuarial accrued liability due to changes in benefits,
16 actuarial assumptions, the asset valuation method, or actuarial gains or
17 losses shall be measured and amortized over a thirty-year period
18 beginning on the valuation date of such change;

19 (iii) If the unfunded actuarial accrued liability under the entry
20 age actuarial cost method is zero or less than zero on an actuarial
21 valuation date, then all prior unfunded actuarial accrued liabilities
22 shall be considered fully funded and the unfunded actuarial accrued
23 liability shall be reinitialized and amortized over a thirty-year period
24 as of the actuarial valuation date; and

25 (iv) If the actuarially required contribution rate exceeds the rate
26 of all contributions required pursuant to the Nebraska State Patrol
27 Retirement Act, there shall be a supplemental appropriation sufficient to
28 pay for the differences between the actuarially required contribution
29 rate and the rate of all contributions required pursuant to the act.

30 (b) Beginning July 1, 2021, and each fiscal year thereafter:

31 (i) The board shall cause an annual actuarial valuation to be

1 performed that will value the plan assets for the year and ascertain the
2 contributions required for such fiscal year. The actuary for the board
3 shall perform an actuarial valuation of the system on the basis of
4 actuarial assumptions recommended by the actuary, approved by the board,
5 and kept on file with the board using the entry age actuarial cost
6 method. Under such method, the actuarially required funding rate is equal
7 to the normal cost rate, plus the contribution rate necessary to amortize
8 the unfunded actuarial accrued liability on a level percentage of salary
9 basis. The normal cost under such method shall be determined for each
10 individual member on a level percentage of salary basis. The normal cost
11 amount is then summed for all members;

12 (ii) Any changes in the unfunded actuarial accrued liability due to
13 changes in benefits, actuarial assumptions, the asset valuation method,
14 or actuarial gains or losses shall be measured and amortized over a
15 twenty-five-year period beginning on the valuation date of such change;

16 (iii) If the unfunded actuarial accrued liability under the entry
17 age actuarial cost method is zero or less than zero on an actuarial
18 valuation date, then all prior unfunded actuarial accrued liabilities
19 shall be considered fully funded and the unfunded actuarial accrued
20 liability shall be reinitialized and amortized over a twenty-five-year
21 period as of the actuarial valuation date; and

22 (iv) 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 sufficient to
25 pay for the differences between the actuarially required contribution
26 rate and the rate of all contributions required pursuant to the act.

27 (c) Upon the recommendation of the actuary to the board, and after
28 the board notifies the Nebraska Retirement Systems Committee of the
29 Legislature, the board may combine or offset certain amortization bases
30 to reduce future volatility of the actuarial contribution rate. Such
31 notification to the committee shall be in writing and include, at a

1 minimum, the actuary's projection of the contributions to fund the plan
2 if the combination or offset were not implemented, the actuary's
3 projection of the contributions to fund the plan if the combination or
4 offset were implemented, and the actuary's explanation of why the
5 combination or offset is in the best interests of the plan at the
6 proposed time.

7 (4) The state shall pick up the member contributions required by
8 this section for all compensation paid on or after January 1, 1985, and
9 the contributions so picked up shall be treated as employer contributions
10 pursuant to section 414(h)(2) of the Internal Revenue Code in determining
11 federal tax treatment under the code and shall not be included as gross
12 income of the member until such time as they are distributed or made
13 available. The contributions, although designated as member
14 contributions, shall be paid by the state in lieu of member
15 contributions. The state shall pay these member contributions from the
16 same source of funds which is used in paying earnings to the member. The
17 state shall pick up these contributions by a compensation deduction
18 through a reduction in the cash compensation of the member. Member
19 contributions picked up shall be treated for all purposes of the Nebraska
20 State Patrol Retirement Act in the same manner and to the extent as
21 member contributions made prior to the date picked up.

22 Sec. 2. Section 81-2026, Revised Statutes Cumulative Supplement,
23 2022, is amended to read:

24 81-2026 (1)(a) Any officer qualified for an annuity as provided in
25 section 81-2025 for reasons other than disability shall be entitled to
26 receive a monthly annuity for the remainder of the officer's life. The
27 annuity payments shall continue until the end of the calendar month in
28 which the officer dies. The amount of the annuity shall be a percentage
29 of the officer's final average monthly compensation. For retirement on or
30 after the fifty-fifth birthday of the member or on or after the fiftieth
31 birthday of a member who has been in the employ of the state for twenty-

1 five years, as calculated in section 81-2033, the percentage shall be
2 three percent multiplied by the number of years of creditable service, as
3 calculated in section 81-2033, except that the percentage shall never be
4 greater than seventy-five percent.

5 (b) For retirement pursuant to subsection (2) of section 81-2025 on
6 or after the fiftieth birthday of the member but prior to the fifty-fifth
7 birthday of the member who has been in the employ of the state for less
8 than twenty-five years, as calculated in section 81-2033, the annuity
9 which would apply if the member were age fifty-five at the date of
10 retirement shall be reduced by five-ninths of one percent for each month
11 by which the early retirement date precedes age fifty-five or for each
12 month by which the early retirement date precedes the date upon which the
13 member has served for twenty-five years, whichever is earlier. Any
14 officer who has completed thirty years of creditable service with the
15 Nebraska State Patrol shall have retirement benefits computed as if the
16 officer had reached age fifty-five.

17 (c) For purposes of this computation:

18 (i) For an officer who became a member prior to July 1, 2016, final
19 average monthly compensation means the sum of the officer's total
20 compensation during the three twelve-month periods of service as an
21 officer in which compensation was the greatest divided by thirty-six and:

22 (A) For any officer employed on or before January 4, 1979, the
23 officer's total compensation includes payments received for unused
24 vacation and sick leave accumulated during the final three years of
25 service; or

26 (B) For any officer employed after January 4, 1979, and prior to
27 July 1, 2016, the officer's total compensation includes payments received
28 for unused holiday compensatory time and unused compensatory time; and

29 (ii) For an officer who became a member on or after July 1, 2016,
30 final average monthly compensation means the sum of the officer's total
31 compensation during the five twelve-month periods of service as an

1 officer in which compensation was the greatest divided by sixty and does
2 not include payments received for unused sick leave, unused vacation
3 leave, unused holiday compensatory time, unused compensatory time, or any
4 other type of unused leave, compensatory time, or similar benefits,
5 converted to cash payments. The five twelve-month periods used for
6 calculating an officer's final average monthly compensation ends with the
7 month during which the officer's final compensation is paid. In the
8 determination of compensation, that part of an officer's compensation for
9 the plan year which exceeds the officer's compensation for the preceding
10 plan year by more than eight percent during the capping period shall be
11 excluded. Such officer's compensation for the first plan year of the
12 capping period shall be compared to the officer's compensation received
13 for the plan year immediately preceding the capping period. For purposes
14 of this subdivision, capping period means the five plan years preceding
15 the officer's retirement date. The board may adopt and promulgate rules
16 and regulations for the implementation of this section, including rules
17 and regulations related to prorating, annualizing, or recalculating an
18 officer's final average monthly compensation for each plan year in the
19 capping period.

20 (2) Any officer qualified for an annuity as provided in section
21 81-2025 for reasons of disability shall be entitled to receive a monthly
22 annuity for the remainder of the period of disablement as provided in
23 sections 81-2028 to 81-2030. The amount of the annuity shall be fifty
24 percent of the officer's monthly compensation at the date of disablement
25 if the officer has completed seventeen or fewer years of creditable
26 service. If the officer has completed more than seventeen years of
27 creditable service, the amount of the annuity shall be three percent of
28 the final monthly compensation at the date of disablement multiplied by
29 the total years of creditable service but not to exceed seventy-five
30 percent of the final average monthly compensation as defined in
31 subsection (1) of this section. The date of disablement shall be the date

1 on which the benefits as provided in section 81-2028 have been exhausted.

2 (3) Upon the death of an officer after retirement for reasons other
3 than disability, benefits shall be provided as a percentage of the amount
4 of the officer's annuity, calculated as follows:

5 (a) If there is a surviving spouse but no dependent child or
6 children of the officer under nineteen years of age, the surviving spouse
7 shall receive a benefit equal to one hundred ~~seventy-five~~ percent of the
8 amount of the officer's annuity for the remainder of the surviving
9 spouse's life;

10 (b) If there is a surviving spouse and the surviving spouse has in
11 his or her care a dependent child or children of the officer under
12 nineteen years of age and there is no other dependent child or children
13 of the officer not in the care of the surviving spouse under nineteen
14 years of age, the benefit shall be equal to one hundred percent of the
15 officer's annuity. When there is no remaining dependent child of the
16 officer under nineteen years of age, the benefit shall be one hundred
17 ~~seventy-five~~ percent of the amount of the officer's annuity to the
18 surviving spouse for the remainder of the surviving spouse's life;

19 (c) If there is a surviving spouse and the surviving spouse has in
20 his or her care a dependent child or children of the officer under
21 nineteen years of age or there is another dependent child or children of
22 the officer under nineteen years of age not in the care of the surviving
23 spouse, the benefit shall be twenty-five percent of the amount of the
24 officer's annuity to the surviving spouse and seventy-five percent of the
25 amount of the officer's annuity to the dependent children of the officer
26 under nineteen years of age to be divided equally among such dependent
27 children but in no case shall the benefit received by a surviving spouse
28 and dependent children residing with such spouse be less than fifty
29 percent of the amount of the officer's annuity. At such time as any
30 dependent child of the officer attains nineteen years of age, the benefit
31 shall be divided equally among the remaining dependent children of the

1 officer who have not yet attained nineteen years of age. When there is no
2 remaining dependent child of the officer under nineteen years of age, the
3 benefit shall be one hundred ~~seventy-five~~ percent of the amount of the
4 officer's annuity to the surviving spouse for the remainder of the
5 surviving spouse's life;

6 (d) If there is no surviving spouse and a dependent child or
7 children of the officer under nineteen years of age, the benefit shall be
8 equal to one hundred ~~seventy-five~~ percent of the officer's annuity to the
9 dependent children of the officer under nineteen years of age to be
10 divided equally among such dependent children. At such time as any
11 dependent child of the officer attains nineteen years of age, the benefit
12 shall be divided equally among the remaining dependent children of the
13 officer who have not yet attained nineteen years of age; and

14 (e) If there is no surviving spouse or no dependent child or
15 children of the officer under nineteen years of age, the amount of
16 benefit such officer has received under the Nebraska State Patrol
17 Retirement Act shall be computed. If such amount is less than the
18 contributions to the State Patrol Retirement Fund made by such officer,
19 plus regular interest, the difference shall be paid to the officer's
20 designated beneficiary or estate.

21 (4) Upon the death of an officer after retirement for reasons of
22 disability, benefits shall be provided as if the officer had retired for
23 reasons other than disability.

24 (5) Upon the death of an officer before retirement, benefits shall
25 be provided as if the officer had retired for reasons of disability on
26 the date of such officer's death, calculated as follows:

27 (a) If there is a surviving spouse but no dependent child or
28 children of the officer under nineteen years of age, the surviving spouse
29 shall receive a benefit equal to one hundred ~~seventy-five~~ percent of the
30 amount of the officer's annuity for the remainder of the surviving
31 spouse's life;

1 (b) If there is a surviving spouse and the surviving spouse has in
2 his or her care a dependent child or children of the officer under
3 nineteen years of age and there is no other dependent child or children
4 of the officer not in the care of the surviving spouse under nineteen
5 years of age, the benefit shall be equal to one hundred percent of the
6 officer's annuity. When there is no remaining dependent child of the
7 officer under nineteen years of age, the benefit shall be one hundred
8 ~~seventy-five~~ percent of the amount of the officer's annuity to the
9 surviving spouse for the remainder of the surviving spouse's life;

10 (c) If there is a surviving spouse and the surviving spouse has in
11 his or her care a dependent child or children of the officer under
12 nineteen years of age or there is another dependent child or children of
13 the officer under nineteen years of age not in the care of the surviving
14 spouse, the benefit shall be twenty-five percent of the amount of the
15 officer's annuity to the surviving spouse and seventy-five percent of the
16 amount of the officer's annuity to the dependent children of the officer
17 under nineteen years of age to be divided equally among such dependent
18 children but in no case shall the benefit received by a surviving spouse
19 and dependent children residing with such spouse be less than fifty
20 percent of the amount of the officer's annuity. At such time as any
21 dependent child of the officer attains nineteen years of age, the benefit
22 shall be divided equally among the remaining dependent children of the
23 officer who have not yet attained nineteen years of age. When there is no
24 remaining dependent child of the officer under nineteen years of age, the
25 benefit shall be one hundred ~~seventy-five~~ percent of the amount of the
26 officer's annuity to the surviving spouse for the remainder of the
27 surviving spouse's life;

28 (d) If there is no surviving spouse and a dependent child or
29 children of the officer under nineteen years of age, the benefit shall be
30 equal to one hundred ~~seventy-five~~ percent of the officer's annuity to the
31 dependent children of the officer under nineteen years of age to be

1 divided equally among such dependent children. At such time as any
2 dependent child of the officer attains nineteen years of age, the benefit
3 shall be divided equally among the remaining dependent children of the
4 officer who have not yet attained nineteen years of age; and

5 (e) If no benefits are paid to a surviving spouse or dependent child
6 or children of the officer, benefits will be paid as described in
7 subsection (1) of section 81-2031.

8 (6) A lump-sum death benefit paid to the member's beneficiary, other
9 than the member's estate, that is an eligible distribution may be
10 distributed in the form of a direct transfer to a retirement plan
11 eligible to receive such transfer under the provisions of the Internal
12 Revenue Code.

13 (7) For any member whose death occurs on or after January 1, 2007,
14 while performing qualified military service as defined in section 414(u)
15 of the Internal Revenue Code, the member's beneficiary shall be entitled
16 to any additional death benefit that would have been provided, other than
17 the accrual of any benefit relating to the period of qualified military
18 service. The additional death benefit shall be determined as if the
19 member had returned to employment with the Nebraska State Patrol and such
20 employment had terminated on the date of the member's death.

21 (8) Any changes made to this section by Laws 2004, LB 1097, shall
22 apply only to retirements, disabilities, and deaths occurring on or after
23 July 16, 2004.

24 Sec. 3. Section 81-2027.08, Revised Statutes Cumulative Supplement,
25 2022, is amended to read:

26 81-2027.08 (1) Beginning July 1, 2011, and each July 1 thereafter,
27 the board shall determine the number of retired members or beneficiaries
28 described in subdivision (4)(b) of this section in the retirement system
29 and an annual benefit adjustment shall be made by the board for each
30 retired member or beneficiary under one of the cost-of-living adjustment
31 calculation methods found in subsection (2), (3), or (4) of this section.

1 Each retired member or beneficiary, if eligible, shall receive an annual
2 benefit adjustment under the cost-of-living adjustment calculation method
3 that provides the retired member or beneficiary the greatest annual
4 benefit adjustment increase. No retired member or beneficiary shall
5 receive an annual benefit adjustment under more than one of the cost-of-
6 living adjustment calculation methods provided in this section.

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

25 (3) The current benefit paid to a retired member or beneficiary
26 under this subsection shall be increased annually by the greater ~~lesser~~
27 of (a) the percentage change in the Consumer Price Index for Urban Wage
28 Earners and Clerical Workers for the period between June 30 of the prior
29 year to June 30 of the present year or (b) two and one-half percent.

30 (4)(a) The current benefit paid to a retired member or beneficiary
31 under this subsection shall be calculated by multiplying the retired

1 member's or beneficiary's total monthly benefit by the lesser of (i) the
2 cumulative change in the Consumer Price Index for Urban Wage Earners and
3 Clerical Workers from the last adjustment of the total monthly benefit of
4 each retired member or beneficiary through June 30 of the year for which
5 the annual benefit adjustment is being calculated or (ii) an amount equal
6 to three percent per annum compounded for the period from the last
7 adjustment of the total monthly benefit of each retired member or
8 beneficiary through June 30 of the year for which the annual benefit
9 adjustment is being calculated.

10 (b) In order for a retired member or beneficiary to receive the
11 cost-of-living adjustment calculation method in this subsection, the
12 retired member or beneficiary shall be (i) a retired member or
13 beneficiary who has been receiving a retirement benefit for at least five
14 years if the member had at least twenty-five years of creditable service,
15 (ii) a member who has been receiving a disability retirement benefit for
16 at least five years pursuant to section 81-2025, or (iii) a beneficiary
17 who has been receiving a death benefit pursuant to section 81-2026 for at
18 least five years, if the member's or beneficiary's monthly accrual rate
19 is less than or equal to the minimum accrual rate as determined by this
20 subsection.

21 (c) The monthly accrual rate under this subsection is the retired
22 member's or beneficiary's total monthly benefit divided by the number of
23 years of creditable service earned by the retired or deceased member.

24 (d) The total monthly benefit under this subsection is the total
25 benefit received by a retired member or beneficiary pursuant to the
26 Nebraska State Patrol Retirement Act and previous adjustments made
27 pursuant to this section or any other provision of the act that grants a
28 benefit or cost-of-living increase, but the total monthly benefit shall
29 not include sums received by an eligible retired member or eligible
30 beneficiary from federal sources.

31 (e) Beginning July 1, 2010, the minimum accrual rate under this

1 subsection was forty dollars and sixteen cents. Beginning July 1, 2011,
2 the minimum accrual rate under this subsection was forty-one dollars and
3 seventy-nine cents. Beginning July 1, 2012, the minimum accrual rate
4 under this subsection was forty-two dollars and forty-five cents.
5 Beginning July 1, 2013, the board shall annually adjust the minimum
6 accrual rate to reflect the cumulative percentage change in the Consumer
7 Price Index for Urban Wage Earners and Clerical Workers from the last
8 adjustment of the minimum accrual rate.

9 (5) Beginning July 1, 2011, and each July 1 thereafter, each retired
10 member or beneficiary shall receive the sum of the annual benefit
11 adjustment and such retiree's total monthly benefit less withholding,
12 which sum shall be the retired member's or beneficiary's adjusted total
13 monthly benefit. Each retired member or beneficiary shall receive the
14 adjusted total monthly benefit until the expiration of the annuity option
15 selected by the member or until the retired member or beneficiary again
16 qualifies for the annual benefit adjustment, whichever occurs first.

17 (6) The annual benefit adjustment pursuant to this section shall not
18 cause a current benefit to be reduced, and a retired member or
19 beneficiary shall never receive less than the adjusted total monthly
20 benefit until the annuity option selected by the member expires.

21 (7) The board shall adjust the annual benefit adjustment provided in
22 this section so that the cost-of-living adjustment provided to the
23 retired member or beneficiary at the time of the annual benefit
24 adjustment does not exceed the change in the Consumer Price Index for
25 Urban Wage Earners and Clerical Workers for the period between June 30 of
26 the prior year to June 30 of the present year. If the consumer price
27 index used in this section is discontinued or replaced, a substitute
28 index published by the United States Department of Labor shall be
29 selected by the board which shall be a reasonable representative
30 measurement of the cost-of-living for retired employees.

31 (8) This section applies to an officer who became a member prior to

1 July 1, 2016.

2 Sec. 4. Section 81-2027.09, Revised Statutes Cumulative Supplement,
3 2022, is amended to read:

4 81-2027.09 On July 1 of each year, for officers who became members
5 on or after July 1, 2016:

6 (1) The board shall determine the number of retired members or
7 beneficiaries of members in the retirement system who became members on
8 or after July 1, 2016, and an annual benefit adjustment shall be made by
9 the board for each such retired member or beneficiary. The benefit paid
10 to a retired member or beneficiary under this section shall be increased
11 annually by the greater ~~lesser~~ of (a) the percentage change in the
12 Consumer Price Index for Urban Wage Earners and Clerical Workers for the
13 period between June 30 of the prior year to June 30 of the present year
14 or (b) one percent. If the consumer price index used in this section is
15 discontinued or replaced, a substitute index published by the United
16 States Department of Labor shall be selected by the board which shall be
17 a reasonable representative measurement of the cost-of-living for retired
18 employees;

19 (2) Each retired member or beneficiary shall receive the sum of the
20 annual benefit adjustment and such retired member's or beneficiary's
21 total monthly benefit less withholding, which sum shall be the retired
22 member's or beneficiary's adjusted total monthly benefit. Each such
23 retired member or beneficiary shall receive the adjusted total monthly
24 benefit until the expiration of the annuity option selected by the member
25 or until the retired member or beneficiary again qualifies for the annual
26 benefit adjustment, whichever occurs first; and

27 (3) The annual benefit adjustment pursuant to this section shall not
28 cause a current benefit to be reduced, and a retired member or
29 beneficiary shall never receive less than the adjusted total monthly
30 benefit until the annuity option selected by the member expires.

31 Sec. 5. Original sections 81-2017, 81-2026, 81-2027.08, and

1 81-2027.09, Revised Statutes Cumulative Supplement, 2022, are repealed.

2 Sec. 6. Since an emergency exists, this act takes effect when
3 passed and approved according to law.