

AMENDMENTS TO LB645

(Amendments to Standing Committee amendments, AM876)

Introduced by Conrad, 46.

1 1. Strike the original sections and all amendments thereto and
2 insert the following new sections:

3 **Section 1.** Section 79-958, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 79-958 (1)(a) (1) Beginning on September 1, 2012, and prior to July
6 1, 2025, for the purpose of providing the funds to pay for formula
7 annuities, every employee shall be required to deposit in the School
8 Retirement Fund nine and seventy-eight hundredths of one percent of
9 compensation. ~~Such deposits shall be transmitted at the same time and in~~
10 ~~the same manner as required employer contributions.~~

11 (b) Beginning on July 1, 2025, for the purpose of providing the
12 funds to pay for formula annuities, every employee shall be required to
13 deposit the following amounts in the School Retirement Fund:

14 (i) If the funded ratio on the actuarial value of assets is less
15 than ninety-six percent for the most recent previous year as reported in
16 the annual actuarial valuation report for the retirement system produced
17 for the retirement board pursuant to section 84-1503, nine and three-
18 quarters of one percent of compensation;

19 (ii) If the funded ratio on the actuarial value of assets is ninety-
20 six percent or greater and less than ninety-eight percent for the most
21 recent previous year as reported in the annual actuarial valuation report
22 for the retirement system produced for the retirement board pursuant to
23 section 84-1503, eight and three-quarters of one percent of compensation;

24 (iii) If the funded ratio on the actuarial value of assets is
25 ninety-eight percent or greater and less than one hundred percent for the
26 most recent previous year as reported in the annual actuarial valuation

1 report for the retirement system produced for the retirement board
2 pursuant to section 84-1503, eight percent of compensation; and

3 (iv) If the funded ratio on the actuarial value of assets is one
4 hundred percent or greater for the most recent previous year as reported
5 in the annual actuarial valuation report for the retirement system
6 produced for the retirement board pursuant to section 84-1503, seven and
7 one-quarter of one percent of compensation.

8 (c) Deposits under this subsection shall be transmitted at the same
9 time and in the same manner as required employer contributions.

10 (2) For the purpose of providing the funds to pay for formula
11 annuities, every employer shall be required to deposit in the School
12 Retirement Fund one hundred one percent of the required contributions of
13 the school employees of each employer. Such deposits shall be transmitted
14 to the retirement board at the same time and in the same manner as such
15 required employee contributions.

16 (3) The employer shall pick up the member contributions required by
17 this section for all compensation paid on or after January 1, 1986, and
18 the contributions so picked up shall be treated as employer contributions
19 pursuant to section 414(h)(2) of the Internal Revenue Code in determining
20 federal tax treatment under the code and shall not be included as gross
21 income of the member until such time as they are distributed or made
22 available. The contributions, although designated as member
23 contributions, shall be paid by the employer in lieu of member
24 contributions. The employer shall pay these member contributions from the
25 same source of funds which is used in paying earnings to the member. The
26 employer shall pick up these contributions by a compensation deduction
27 through a reduction in the cash compensation of the member. Member
28 contributions picked up shall be treated for all purposes of the School
29 Employees Retirement Act in the same manner and to the same extent as
30 member contributions made prior to the date picked up.

31 (4) The employer shall pick up the member contributions made through

1 irrevocable payroll deduction authorizations pursuant to sections 79-921
2 and 79-933.03 to 79-933.06, and the contributions so picked up shall be
3 treated as employer contributions in the same manner as contributions
4 picked up under subsection (3) of this section.

5 **Sec. 2.** Section 79-966, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 79-966 (1)(a) On the basis of all data in the possession of the
8 retirement board, including such mortality and other tables as are
9 recommended by the actuary engaged by the retirement board and adopted by
10 the retirement board, the retirement board shall annually, on or before
11 July 1, determine the state deposit to be made by the state in the School
12 Retirement Fund for that fiscal year. The amount of such state deposit
13 shall be determined pursuant to section 79-966.01. The retirement board
14 shall thereupon certify the amount of such state deposit, and on the
15 warrant of the Director of Administrative Services, the State Treasurer
16 shall, as of July 1 of such year, transfer from funds appropriated by the
17 state for that purpose to the School Retirement Fund the amount of such
18 state deposit.

19 (b) Beginning July 1, 2016, the contingent state transfer described
20 in this subsection shall be calculated as a percent of compensation of
21 all members of the retirement system. For any year in which a deposit is
22 made to the School Retirement Fund under this subsection, if the actuary
23 for a retirement system provided for under the Class V School Employees
24 Retirement Act determines that the actuarially required contribution
25 rate, for the fiscal year of the retirement system that begins before the
26 state deposit, exceeds the rate of all contributions required pursuant to
27 the Class V School Employees Retirement Act, using the amortization
28 period specified in section 79-966.01, the Class V district school board
29 may request a public hearing of the Appropriations Committee of the
30 Legislature to ask the state to transfer to the Class V school district
31 for transfer to the funds of the retirement system provided for under the

1 Class V School Employees Retirement Act an amount determined by
2 multiplying the compensation of all members of such retirement system by
3 the lesser of the percent of compensation transferred into the School
4 Retirement Fund under this subsection or the percent of compensation of
5 the members of the retirement system provided for under the Class V
6 School Employees Retirement Act needed to meet the actuarially required
7 contribution rate for such system, using the amortization period
8 specified in section 79-966.01. Any additional amount of transfer so
9 calculated, recommended by the Appropriations Committee of the
10 Legislature, and approved by the Legislature, shall be added to the ~~two~~
11 percent specified in subsection (2) of this section for the amount
12 required by subsection (2) of section 79-916 to be transferred to the
13 Class V school district, which shall transfer such amount to the funds of
14 the retirement system provided for under the Class V School Employees
15 Retirement Act.

16 (2)(a) For the retirement system established under the School
17 Employees Retirement Act:

18 (i) ~~(2)~~ For each fiscal year beginning July 1, 2014, and prior to
19 July 1, 2025, in addition to the state transfers required by subsections
20 (1) and (3) of this section, the state shall transfer into the School
21 Retirement Fund an amount equal to two percent of the compensation of all
22 members of the retirement system.

23 (ii) For each fiscal year beginning July 1, 2025, in addition to the
24 state transfers required by subsections (1) and (3) of this section, the
25 state shall transfer into the School Retirement Fund the following
26 amount:

27 (A) If the funded ratio on the actuarial value of assets is less
28 than ninety-six percent for the most recent previous year as reported in
29 the annual actuarial valuation report for the retirement system produced
30 for the retirement board pursuant to section 84-1503, an amount equal to
31 two percent of the compensation of all members of the retirement system;

1 (B) If the funded ratio on the actuarial value of assets is ninety-
2 six percent or greater and less than one hundred percent for the most
3 recent previous year as reported in the annual actuarial valuation report
4 for the retirement system produced for the retirement board pursuant to
5 section 84-1503, an amount equal to seven-tenths of one percent of the
6 compensation of all members of the retirement system; and

7 (C) If the funded ratio on the actuarial value of assets is one
8 hundred percent or greater for the most recent previous year as reported
9 in the annual actuarial valuation report for the retirement system
10 produced for the retirement board pursuant to section 84-1503, no
11 transfer shall be made under this subsection.

12 (b) For any retirement system established under the Class V School
13 Employees Retirement Act, for each fiscal year beginning July 1, 2014, in
14 addition to the state transfers required by subsections (1) and (3) of
15 this section, the state shall transfer into the School Retirement Fund an
16 amount equal to two percent of the compensation of all members of the
17 retirement system.

18 (3) In addition to the state deposits and transfers required by
19 subsections (1) and (2) of this section, beginning on July 1, 2005, and
20 each fiscal year thereafter for employees who become members prior to
21 July 1, 2016, the state shall transfer into the Service Annuity Fund such
22 amounts as may be necessary to pay the normal cost and amortize the
23 unfunded actuarial accrued liability of the service annuity benefit
24 established pursuant to sections 79-933 and 79-952 as accrued through the
25 end of the previous fiscal year of the school employees who are members
26 of the retirement system established pursuant to the Class V School
27 Employees Retirement Act.

28 **Sec. 3.** Original sections 79-958 and 79-966, Reissue Revised
29 Statutes of Nebraska, are repealed.

30 **Sec. 4.** Since an emergency exists, this act takes effect when
31 passed and approved according to law.