

AMENDMENTS TO LB645

Introduced by Ballard, 21.

1 1. Strike the original sections and insert the following new
2 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
6 January 1, 2026, for the purpose of providing the funds to pay for
7 formula annuities, every employee shall be required to deposit in the
8 School Retirement Fund nine and seventy-eight hundredths of one percent
9 of compensation. Such deposits shall be transmitted at the same time and
10 in the same manner as required employer contributions.

11 (b) Beginning on January 1, 2026, 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 actuarially funded ratio of the School Retirement Fund is
15 less than ninety-six percent, nine and seventy-eight hundredths of one
16 percent of compensation; and

17 (ii) If the actuarially funded ratio of the School Retirement Fund
18 is ninety-six percent or greater, seven and twenty-eight hundredths of
19 one percent of compensation.

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

22 (2)(a) Prior to January 1, 2026, for (2) For the purpose of
23 providing the funds to pay for formula annuities, every employer shall be
24 required to deposit in the School Retirement Fund one hundred one percent
25 of the required contributions of the school employees of each employer.
26 Such deposits shall be transmitted to the retirement board at the same
27 time and in the same manner as such required employee contributions.

1 (b) Beginning on January 1, 2026, for the purpose of providing the
2 funds to pay for formula annuities, every employer shall be required to
3 deposit in the School Retirement Fund an amount equal to nine and eighty-
4 eight hundredths of one percent of compensation of the school employees
5 of the employer.

6 (c) Deposits under this subsection shall be transmitted to the
7 retirement board at the same time and in the same manner as required
8 employee contributions.

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

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

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

31 79-966 (1)(a) On the basis of all data in the possession of the

1 retirement board, including such mortality and other tables as are
2 recommended by the actuary engaged by the retirement board and adopted by
3 the retirement board, the retirement board shall annually, on or before
4 July 1, determine the state deposit to be made by the state in the School
5 Retirement Fund for that fiscal year. The amount of such state deposit
6 shall be determined pursuant to section 79-966.01. The retirement board
7 shall thereupon certify the amount of such state deposit, and on the
8 warrant of the Director of Administrative Services, the State Treasurer
9 shall, as of July 1 of such year, transfer from funds appropriated by the
10 state for that purpose to the School Retirement Fund the amount of such
11 state deposit.

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

1 specified in section 79-966.01. Any additional amount of transfer so
2 calculated, recommended by the Appropriations Committee of the
3 Legislature, and approved by the Legislature, shall be added to the two
4 percent specified in subsection (2) of this section for the amount
5 required by subsection (2) of section 79-916 to be transferred to the
6 Class V school district, which shall transfer such amount to the funds of
7 the retirement system provided for under the Class V School Employees
8 Retirement Act.

9 (2)(a) ~~(2)~~ For each fiscal year beginning July 1, 2014, and prior to
10 July 1, 2025, in addition to the state transfers required by subsections
11 (1) and (3) of this section, the state shall transfer into the School
12 Retirement Fund an amount equal to two percent of the compensation of all
13 members of the retirement system.

14 (b) For each fiscal year beginning July 1, 2025, in addition to the
15 state transfers required by subsections (1) and (3) of this section, the
16 state shall transfer into the School Retirement Fund the following
17 amounts:

18 (i) If the actuarially funded ratio of the School Retirement Fund is
19 less than ninety-six percent, an amount equal to two percent of the
20 compensation of all members of the retirement system;

21 (ii) If the actuarially funded ratio of the School Retirement Fund
22 is ninety-six percent or greater and less than one hundred percent, an
23 amount equal to seven-tenths of one percent of the compensation of all
24 members of the retirement system; and

25 (iii) If the actuarially funded ratio of the School Retirement Fund
26 is one hundred percent or greater, the state shall not be required to
27 transfer an amount under this subsection.

28 (3) In addition to the state deposits and transfers required by
29 subsections (1) and (2) of this section, beginning on July 1, 2005, and
30 each fiscal year thereafter for employees who become members prior to
31 July 1, 2016, the state shall transfer into the Service Annuity Fund such

1 amounts as may be necessary to pay the normal cost and amortize the
2 unfunded actuarial accrued liability of the service annuity benefit
3 established pursuant to sections 79-933 and 79-952 as accrued through the
4 end of the previous fiscal year of the school employees who are members
5 of the retirement system established pursuant to the Class V School
6 Employees Retirement Act.

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

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