

AMENDMENTS TO LB645

Introduced by Nebraska Retirement Systems.

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 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 in the
15 School Retirement Fund is less than ninety-six percent for the most
16 recent previous year as reported in the annual actuarial valuation report
17 for the retirement system produced for the retirement board pursuant to
18 section 84-1503, nine and three-quarters of one percent of compensation;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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