

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1166**

Introduced by Juarez, 5; Ballard, 21; Lonowski, 33; Murman, 38; Rountree,  
3.

Read first time January 21, 2026

Committee: Nebraska Retirement Systems

- 1 A BILL FOR AN ACT relating to the School Employees Retirement Act; to
- 2 amend section 79-958, Revised Statutes Supplement, 2025; to change
- 3 applicability of the employee contribution rate as prescribed; to
- 4 repeal the original sections; and to declare an emergency.
- 5 Be it enacted by the people of the State of Nebraska,

1       **Section 1.** Section 79-958, Revised Statutes Supplement, 2025, is  
2 amended to read:

3       79-958 (1)(a) Beginning on September 1, 2012, and prior to July 1,  
4 2025, for the purpose of providing the funds to pay for formula  
5 annuities, every employee shall be required to deposit in the School  
6 Retirement Fund nine and seventy-eight hundredths of one percent of  
7 compensation.

8       (b) Beginning in 2025 and each year thereafter, the employee  
9 contribution rate shall be calculated as of July 1 and based on the  
10 funded ratio of the actuarial value of assets in the School Retirement  
11 Fund in the most recent previous year as reported in the annual actuarial  
12 valuation report for the retirement system prepared for the retirement  
13 board pursuant to section 84-1503.

14       (c)(i) The employee contribution rate that is calculated as of July  
15 1, 2025, shall apply beginning July 1, 2025, and prior to July 1, 2026.

16       (ii) The employee contribution rate that is calculated as of July 1,  
17 2026, shall apply beginning July 1, 2026, and prior to September 1, 2027.

18       (iii) Beginning in 2027 and each year thereafter, the employee  
19 contribution rate that is calculated as of July 1 of such year shall  
20 apply beginning September 1 of such year and prior to September 1 of the  
21 next year after such year.

22       (d) Beginning on July 1, 2025, for the purpose of providing the  
23 funds to pay for formula annuities, every employee shall deposit the  
24 following amounts into the School Retirement Fund:

25       (i) If the funded ratio on the actuarial value of assets in the  
26 School Retirement Fund is less than ninety-six percent, nine and three-  
27 quarters of one percent of compensation;

28       (ii) If the funded ratio on the actuarial value of assets in the  
29 School Retirement Fund is ninety-six percent or greater and less than  
30 ninety-eight percent, eight and three-quarters of one percent of  
31 compensation;

1           (iii) If the funded ratio on the actuarial value of assets in the  
2 School Retirement Fund is ninety-eight percent or greater and less than  
3 one hundred percent, eight percent of 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, seven and one-  
6 quarter of one percent of compensation.

7           ~~(e) {e}~~ Deposits under this subsection shall be transmitted at the  
8 same time and in the same manner as required employer contributions.

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

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

30           (4) The employer shall pick up the member contributions made through  
31 irrevocable payroll deduction authorizations pursuant to sections 79-921

1 and 79-933.03 to 79-933.06, and the contributions so picked up shall be  
2 treated as employer contributions in the same manner as contributions  
3 picked up under subsection (3) of this section.

4       **Sec. 2.** Original section 79-958, Revised Statutes Supplement, 2025,  
5 is repealed.

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