

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) 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.