

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 461

Introduced by Juarez, 5.

Read first time January 21, 2025

Committee: Nebraska Retirement Systems

- 1 A BILL FOR AN ACT relating to retirement; to amend section 16-1027,
- 2 Reissue Revised Statutes of Nebraska; to change provisions relating
- 3 to retiring firefighters; and to repeal the original section.
- 4 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 16-1027, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 16-1027 (1) At any time before the retirement date, the retiring
4 firefighter may elect to receive his or her pension benefit at retirement
5 either in the form of a straight life annuity or any optional form of
6 annuity benefit established by the retirement committee and provided
7 under a purchased annuity contract. Such optional annuity benefit shall
8 be specified in the funding medium for the retirement system and shall
9 include a straight life annuity with a guarantee of at least sixty
10 monthly payments or an annuity payable for the life of the retiring
11 firefighter and, after the death of the retiree, monthly payments, as
12 elected by the retiring firefighter, of one hundred percent, seventy-five
13 percent, or fifty percent of the amount of annuity payable to the
14 retiring firefighter during his or her life, to the beneficiary selected
15 by the retiring firefighter at the time of the original application for
16 an annuity. For any firefighter whose retirement date is on or after
17 January 1, 1997, the optional benefit forms for the retirement system
18 shall include annual payments, quarterly payments, monthly payments, or a
19 single lump-sum payment of the firefighter's retirement value. For
20 firefighters whose retirement date is prior to January 1, 1997, a single
21 lump-sum payment shall be available only if the city has adopted such
22 distribution option in the funding medium established for the retirement
23 system. The retiring firefighter may further elect to defer the date of
24 the first payment or lump-sum distribution to the first day of any
25 specified month prior to age seventy. In the event the retiring
26 firefighter elects to receive his or her pension benefit in the form of
27 an annuity, the amount of such annuity benefit shall be the amount
28 provided by the annuity contract purchased or otherwise provided by the
29 firefighter's retirement value as of the date of the first payment. Any
30 such annuity contract purchased by the retirement system may be
31 distributed to the retiring firefighter. Upon the payment of a lump sum

1 or the distribution of a paid-up annuity contract, all obligations of the
2 retirement system to pay retirement benefits to the firefighter and his
3 or her beneficiaries shall terminate, without exception.

4 (2) For all firefighters employed on January 1, 1984, the amount of
5 the pension benefit at the retirement date shall not be less than the
6 following amounts:

7 (a) If retirement from the city occurs following age fifty-five with
8 twenty-one years of service with the city, fifty percent of regular pay;

9 (b) If retirement from the city occurs following age fifty but
10 before age fifty-five with at least twenty-one years of service with the
11 city, such firefighter shall receive the actuarial equivalent of the
12 benefit which would otherwise be provided at age fifty-five;

13 (c) If retirement from the city occurs on or after age fifty-five
14 with less than twenty-one years of service with the city, such
15 firefighter shall receive a pension of at least fifty percent of the
16 salary he or she was receiving at the time of retirement multiplied by
17 the ratio of the years of service to twenty-one;

18 (d) For terminations of employment from the city on or after
19 September 9, 1993, if such termination of employment as a firefighter
20 occurs before age fifty-five but after completion of twenty-one years of
21 service with the city, such firefighter shall receive upon the attainment
22 of age fifty-five a pension benefit of fifty percent of regular pay;

23 (e) Unless an optional annuity benefit is selected by the retired
24 firefighter, at the death of any such retired firefighter the same rate
25 of pension as is provided for in this section shall be paid to the
26 surviving spouse of such deceased firefighter during such time as the
27 surviving spouse remains unmarried and, in case there is no surviving
28 spouse, then the minor children, if any, of such deceased firefighter
29 shall equally share such pension benefit during their minority, except
30 that as soon as a child of such deceased firefighter ceases to be a
31 minor, such pension as to such child shall cease; or

1 (f) In the event a retired firefighter or his or her surviving
2 beneficiaries die before the aggregate amount of pension payments
3 received by the firefighter and his or her survivor beneficiaries, if
4 any, equals the total amount in the firefighter's employee account, at
5 the time of the first benefit payment the difference between the total
6 amount in the employee's account and the aggregate amount of pension
7 payments received by the retired firefighter and his or her surviving
8 beneficiaries, if any, shall be paid in a single sum to the firefighter's
9 estate.

10 A firefighter entitled to a minimum pension benefit under this
11 subsection may elect to receive such pension benefit in any form
12 permitted by subsection (1) of this section, including a single lump-sum
13 payment, if the firefighter retires on or after January 1, 1997, or if
14 the city has adopted a lump-sum distribution option for firefighters
15 retiring before January 1, 1997, in the funding medium for the retirement
16 system. If the minimum pension benefit is paid in the form of an optional
17 annuity benefit or a single lump-sum payment, such benefit or payment
18 shall be the actuarial equivalent of the annuity that would otherwise be
19 paid to the firefighter pursuant to this subsection.

20 If the firefighter chooses the single lump-sum payment option, the
21 firefighter may request that the actuarial equivalent be equal to the
22 average of the cost of two annuity contracts based on products available
23 for purchase in Nebraska, if the difference between the cost of the two
24 annuity contracts does not exceed five percent. Of the two annuity
25 contracts used for comparison, one shall be chosen by the firefighter and
26 one shall be chosen by the city. If the difference between the two
27 annuity contracts exceeds five percent, the retirement committee shall
28 review the costs of the two annuity contracts and make a recommendation
29 to the city council as to the amount of the lump-sum payment to be made
30 to the firefighter. The city council shall, after a hearing, determine
31 the amount of the single lump-sum payment due the firefighter. The

1 annuity contracts used for comparison shall all use the same type of sex-
2 neutral basis benefit calculation.

3 (3) If the retirement value of a firefighter entitled to a minimum
4 pension benefit under subsection (2) of this section is not sufficient at
5 the time of the first payment to purchase or provide the required pension
6 benefit, the city shall utilize such funds as may be necessary from the
7 unallocated employer account of the retirement system to purchase or
8 provide for the required pension benefit.

9 (4) Any retiring firefighter whose pension benefit is less than
10 twenty-five dollars per month on the straight life annuity option shall
11 be paid a lump-sum settlement equal to the retirement value in lieu of
12 annuity and shall not be entitled to elect to receive annuity benefits.

13 **Sec. 2.** Original section 16-1027, Reissue Revised Statutes of
14 Nebraska, is repealed.