

LEGISLATIVE BILL 546

Approved by the Governor February 11, 1986

Introduced by Landis, 46

AN ACT relating to school employees' retirement; to amend section 79-1516, Reissue Revised Statutes of Nebraska, 1943, and section 79-1522.01, Revised Statutes Supplement, 1984; to specify the method for crediting part-time service; to change provisions relating to calculation of the monthly formula annuity; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 79-1516, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

79-1516. The retirement board shall fix and determine, by rules and regulations in conformity with sections 79-1501 to 79-1557, how much service in any year is equivalent to one year of service, but in no case shall more than one year of service be credited for all service in one fiscal year. Full-time service rendered for the regular school year in any district shall be equivalent to one year's service. Part-time service, representing at least half-time employment on contract, shall be credited as individual years of fractional employment in proportion to the ratio the part-time service bears to the amount of time considered to be full-time service.

Sec. 2. That section 79-1522.01, Revised Statutes Supplement, 1984, be amended to read as follows:

79-1522.01. In lieu of the school retirement allowance provided by section 79-1522, any member who is an employee of a Class I, II, III, IV, or VI school district and who becomes eligible to make application for and receive a school retirement allowance under ~~the provisions~~ of sections 79-1520 and 79-1521 may elect to receive a formula annuity retirement allowance.

Subject to the other provisions of this section, the monthly formula annuity in the normal form shall be determined by multiplying the number of years of service for which such member would otherwise receive the service annuity provided by section 79-1522, (1) by

one and one-quarter per cent of his or her final average compensation, (2) by one and one half per cent of his or her final average compensation, or (3) by one and sixty-five hundredths per cent of his or her final average compensation. If the annuity begins prior to the sixty-fifth birthday of the member, the annuity at the date it begins shall be the actuarial equivalent of the formula annuity deferred to the sixty-fifth birthday of the member. A member must have acquired the equivalent of one half year of service or more as a public school employee under the school retirement system following August 24, 1975, to be eligible for computation of his or her formula annuity using one and one-quarter per cent of his or her final average compensation as one of the factors, must have acquired the equivalent of one half year of service or more as a public school employee under the school retirement system following July 17, 1982, to be eligible for computation of his or her formula annuity using one and one half per cent of his or her final average compensation as one of the factors, or must have acquired the equivalent of one half year of service or more as a public school employee under the school retirement system following July 1, 1984, to be eligible for computation of his or her formula annuity using one and sixty-five hundredths per cent of his or her final average compensation as one of the factors.

The normal form of the formula annuity shall be an annuity payable monthly during the remainder of the member's life with the provision that in the event of his or her death before sixty monthly payments have been made the monthly payments shall be continued to his or her estate or to such beneficiary as he or she shall have designated until sixty monthly payments have been made. A member may elect to receive in lieu of the normal form of annuity an actuarially equivalent annuity in any optional form provided by section 79-1530.

Final average compensation for full-time employees shall be determined by dividing the member's total compensation subject to required deposits for the three fiscal years in which such compensation was the highest, by thirty-six. Final average compensation for part-time employees shall be determined by dividing total adjusted compensation subject to required deposits for the three fiscal years in which such adjusted compensation was the highest by thirty-six. If a member has such compensation for less than three such fiscal years his or her final average compensation shall be determined by dividing his or her total compensation in

all such years by twelve times the total number of years of his or her service therefor. Adjusted compensation for any year shall be equal to actual pay times the ratio of one to the actual credited service for such year. A member must have acquired the equivalent of one half year of service or more as a public school employee under the school retirement system following August 24, 1975, to be eligible for computation of his or her formula annuity using only five fiscal years in the determination of his or her final average compensation.

All formula annuities shall be paid from the Annuity Reserve Fund. Upon the granting of a formula annuity, there shall be transferred to the Annuity Reserve Fund: (a) From the Service Annuity Fund, the value of the service annuity which would otherwise be payable; (b) from the School Employees' Savings Fund, the accumulated contributions of the member; and (c) from the School Employer's Deposit Fund, the value of the formula annuity in excess of the amounts transferred from the Service Annuity Fund and the School Employees' Savings Fund.

For the purpose of providing the funds to be transferred from the School Employer's Deposit Fund for formula annuities, every employer shall be required to make deposits in the School Employer's Deposit Fund. Such deposits shall be a uniform percentage of the required contributions of the school employees of each employer and shall be transmitted to the retirement board at the same time and in the same manner as such required employee contributions. In the fiscal year commencing July 1, 1968, such uniform percentage shall be twenty per cent of the required school employee contributions. For each fiscal year thereafter, such uniform percentage shall be determined by the retirement board upon recommendation of the actuary and shall be determined by deducting from the then present value of all future amounts to be transferred from the School Employer's Deposit Fund the amount then credited to such fund and dividing the remainder by the present value of the prospective future required contributions of all employees of the school districts covered by this section.

Sec. 3. That original section 79-1516, Reissue Revised Statutes of Nebraska, 1943, and section 79-1522.01, Revised Statutes Supplement, 1984, are repealed.

Sec. 4. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.