

with early retirement. And as I understand the OPS system, it used to be that if you retired early and please distinguish now we're not talking about that kind of early retirement that gives you full benefits at a particular age. What we're talking about now is retiring early in situations where your benefits are reduced for retiring early because you have not met the qualifications. And under the current OPS system as I understand it, that reduction that took place because you retired early was actuarially determined, okay, and according to the information that we got from OPS was somewhere around 6 percent a year. But now they've changed it in the bill so that it's a 3 percent a year reduction. In other words, they have cut the reduction in half percentagewise which will have the further effect of encouraging early retirement. Not only does it have the further effect of encouraging early retirement which, as I've already expressed, is not the direction I think we should be going in; but it's no longer on an actuarial basis. And so for that reason, if actuarial basis then is the basis upon which we're doing everything, ought not this to be determined in accordance with the actuaries? And that's what this amendment does is to restore the old language with regard to the actuarial equivalent. Thank you.

SENATOR HALL: Thank you, Senator Beutler. Senator Wesely, your light is next on the Beutler amendment.

SENATOR WESELY: Thank you. Mr. President, members of the Legislature, the die is cast. We all understand that but again I think part of what Senator Beutler is trying to do is to bring attention to some of the concerns that we have about the trend lines and where we're going. One of the things to also keep in mind on any retirement bill besides the fact that it impacts other systems and has repercussions beyond the own...the particular retirement plan you're talking about, there's also a long-term obligation and I was trying to get a sense and I guess I haven't had it yet and I don't know if Senator Wickersham is going to get back up again or Senator Will, but I was trying to get a sense of the overall increased obligation that accrues through the passage of LB 505. We do have the estimates of cost savings that have been done which look very attractive but with the increased contribution rate and other elements there is I think an overall obligation that is set that is an increase of some significant proportion. According to the fiscal note, this is a \$740,000 a year cost to the system; and then there's also a reference to the contingency reserve which would be reduced from