NEBRASKA RETIREMENT SYSTEMS COMMITTEE

Ninety-Ninth Nebraska Legislature
First Session

SUMMARY AND DISPOSITION OF BILLS
2005

Committee Members
Senator Elaine R. Stuhr, Chairperson
Senator John Synowiecki, Vice Chairperson
Senator Patrick J. Bourne
Senator Phillip Erdman
Senator Marian L. Price
Senator Don Pederson

Committee Staff
Jason W. Hayes, Committee Legal Counsel
Kathy Baugh, Committee Clerk
NEBRASKA RETIREMENT SYSTEMS COMMITTEE

NEBRASKA LEGISLATURE
Ninety-Ninth Legislature, First Session

SUMMARY AND DISPOSITION OF BILLS
2005

TABLE OF CONTENTS

Page

BILLS AND RESOLUTIONS BY SUBJECT ........................................... 1

SUMMARY OF LEGISLATIVE BILLS .................................................... 7
  Bills Passed by the Legislature ................................................. 7
  Bills Advanced to General File ............................................... 25
  Bills Held by Committee ....................................................... 41
  Bills Indefinitely Postponed by Committee .............................. 53

SUMMARY OF INTERIM RESOLUTIONS ............................................. 57
  Prioritizing of Resolutions .................................................. 57
  Interim Study Resolutions .................................................... 58

RETIREMENT COMMITTEE WORKSHEET .......................................... 65

INDEX OF BILLS AND RESOLUTIONS ............................................. 67
This page intentionally left blank.
BILLS AND RESOLUTIONS BY SUBJECT

Subject Index

<table>
<thead>
<tr>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONSTITUTIONAL AMENDMENTS</td>
<td>1</td>
</tr>
<tr>
<td>COUNTY EMPLOYEES RETIREMENT SYSTEM</td>
<td>1</td>
</tr>
<tr>
<td>JUDGES' RETIREMENT SYSTEM</td>
<td>2</td>
</tr>
<tr>
<td>INVESTMENT COUNCIL – NEBRASKA</td>
<td>2</td>
</tr>
<tr>
<td>MUNICIPAL RETIREMENT SYSTEMS</td>
<td>2</td>
</tr>
<tr>
<td>PUBLIC EMPLOYEES RETIREMENT BOARD (PERB)</td>
<td>3</td>
</tr>
<tr>
<td>SCHOOL EMPLOYEES RETIREMENT SYSTEM</td>
<td>3</td>
</tr>
<tr>
<td>STATE EMPLOYEES RETIREMENT SYSTEM</td>
<td>4</td>
</tr>
<tr>
<td>STATE PATROL RETIREMENT SYSTEM</td>
<td>5</td>
</tr>
<tr>
<td>UNIVERSITY AND COLLEGE RETIREMENT SYSTEMS</td>
<td>5</td>
</tr>
</tbody>
</table>

Committee Subjects

CONSTITUTIONAL AMENDMENTS

No constitutional amendments relating to retirement were introduced during this session.

COUNTY EMPLOYEES RETIREMENT SYSTEM

LB 364 (Cmmt) Change provisions relating to retirement for employees of Class V schools ........................................ 10

LB 366 (Cmmt) Change membership and contribution rate provisions for state and county retirement plans .................. 27

LB 367 (Cmmt) Authorize and change provisions relating to retirement late payment fees .............................................. 28

LB 494 (Stuhr) Provide additional retirement account investment options ..... 34

LB 503 (Cmmt) Change provisions relating to the Nebraska Investment Council and the retirement systems .................. 17

LB 691 (Stuhr) Change provisions relating to cash balance and defined contribution benefits .......................... 36
COUNTY EMPLOYEES RETIREMENT SYSTEM – CONTINUED

LR 177 (Cmmt)  
Examine the five public employee retirement systems administered by the Public Employees Retirement Board and funding needs .................................................. 60

JUDGES’ RETIREMENT SYSTEM

LB 364 (Cmmt)  
Change provisions relating to retirement for employees of Class V schools ........................................ 10

LB 367 (Cmmt)  
Authorize and change provisions relating to retirement late payment fees ............................................ 28

LB 369 (Cmmt)  
Change the retirement contribution rate for judges ............... 44

LB 468 (Bourne)  
Change judges’ retirement benefits ................................. 54

LB 503 (Cmmt)  
Change provisions relating to the Nebraska Investment Council and the retirement systems ......................... 17

LR 176 (Cmmt)  
Examine actuarial and accounting mechanisms that can be utilized in order to resolve or minimize state actuarial contributions ........................................ 59

LR 177 (Cmmt)  
Examine the five public employee retirement systems administered by the Public Employees Retirement Board and funding needs .................................................. 60

LR 240 (Cmmt)  
Examine the retirement system created under the Judges Retirement Act .................................................. 63

INVESTMENT COUNCIL – NEBRASKA

LB 503 (Cmmt)  
Change provisions relating to the Nebraska Investment Council and the retirement systems ......................... 17

MUNICIPAL RETIREMENT SYSTEMS

LB 710 (Erdman)  
Change provisions relating to the retirement systems for police in cities of the first class .......................... 47
MUNICIPAL RETIREMENT SYSTEMS - CONTINUED

LB 711 (Erdman) Provide a retirement benefit for law enforcement officers in certain cities ........................................ 48

PUBLIC EMPLOYEES RETIREMENT BOARD (PERB)

LB 165 (Synowiecki) Change membership of the Public Employees Retirement Board ............................................. 53

LB 364 (Cmmt) Change provisions relating to retirement for employees of Class V schools ........................................ 10

LB 365 (Cmmt) Change membership on the Public Employees Retirement Board .................................. 25

LB 503 (Cmmt) Change provisions relating to the Nebraska Investment Council and the retirement systems ......................... 17

LR 176 (Cmmt) Examine actuarial and accounting mechanisms that can be utilized in order to resolve or minimize state actuarial contributions ........................................ 59

LR 177 (Cmmt) Examine the five public employee retirement systems administered by the Public Employees Retirement Board and funding needs ........................................ 60

SCHOOL EMPLOYEES RETIREMENT SYSTEM

LB 144 (Price) Change requirements for modifying information statements under School Employees Retirement Act ............................... 7

LB 329 (Stuhr) Authorize separation payments and retirement inducements for school employees ................................. 9

LB 364 (Cmmt) Change provisions relating to retirement for employees of Class V schools ........................................ 10

LB 368 (Cmmt) Change the retirement contribution rate for school employees ........................................ 30

LB 411 (Stuhr) Change calculations for school employee retirement ........................................ 31

LB 493 (Stuhr) Change provisions relating to school employee retirement statements ........................................ 54
SCHOOL EMPLOYEES RETIREMENT SYSTEM - CONTINUED

LB 495 (Stuhr) Provide a medical cost-of-living adjustment for school employees ........................................... 46

LB 503 (Cmmt) Change provisions relating to the Nebraska Investment Council and the retirement systems .................. 17

LB 732 (Bourne) Change state deposits for school retirement ......................... 50

LR 176 (Cmmt) Examine actuarial and accounting mechanisms that can be utilized in order to resolve or minimize state actuarial contributions ......................................... 59

LR 177 (Cmmt) Examine the five public employee retirement systems administered by the Public Employees Retirement Board and funding needs ........................................ 60

LR 178 (Cmmt) Examine items defined as compensation as each pertains to the School Employees Retirement System ................ 61

LR 189 (Stuhr) Review the retirement system created under the Class V School Employees Retirement Act .................. 62

STATE EMPLOYEES RETIREMENT SYSTEM

LB 215 (Brown) Provide for deferred compensation payment and health insurance for certain state employees .................... 41

LB 364 (Cmmt) Change provisions relating to retirement for employees of Class V schools ........................................ 10

LB 366 (Cmmt) Change membership and contribution rate provisions for state and county retirement plans ................................. 27

LB 447 (Bourne) Create a state employees retirement health care account and change contribution rates ......................... 45

LB 494 (Stuhr) Provide additional retirement account investment options .......... 34

LB 503 (Cmmt) Change provisions relating to the Nebraska Investment Council and the retirement systems .......................... 17
STATE EMPLOYEES RETIREMENT SYSTEM - CONTINUED

LB 691 (Stuhr) Change provisions relating to cash balance and defined contribution benefits .................................................. 36

LR 177 (Cmmt) Examine the five public employee retirement systems administered by the Public Employees Retirement Board and funding needs ........................................ 60

STATE PATROL RETIREMENT SYSTEM

LB 412 (Cmmt) Change state patrol retirement provisions ......................... 33

LB 503 (Cmmt) Change provisions relating to the Nebraska Investment Council and the retirement systems ........................................ 17

LR 176 (Cmmt) Examine actuarial and accounting mechanisms that can be utilized in order to resolve or minimize state actuarial contributions .................................................. 59

LR 177 (Cmmt) Examine the five public employee retirement systems administered by the Public Employees Retirement Board and funding needs ........................................ 60

UNIVERSITY AND COLLEGE RETIREMENT SYSTEMS

LB 328 (Stuhr) Authorize a change in the retirement contribution rate by the Board of Regents .................................................. 43
This page intentionally left blank.
SUMMARY OF LEGISLATIVE BILLS

I. BILLS PASSED BY THE LEGISLATURE (in numerical order).

List of Bills Passed

LB 144 (Price) Change requirements for modifying information statements under School Employees Retirement Act.

LB 329 (Stuhr) Authorize separation payments and retirement inducements for school employees.

LB 364 (Cmmt) Change provisions relating to retirement for employees of Class V schools. (Committee Priority Bill). LB 365, LB 367, and LB 691 were consolidated and amended into LB 364.

LB 503 (Cmmt) Change provisions relating to the Nebraska Investment Council and the retirement systems. (Committee Priority Bill). LB 368, LB 411, LB 412, and LB 494 were consolidated and amended into LB 503.

Summary of Bills Passed

LB 144 (Price) Change requirements for modifying information statements under School Employees Retirement Act.

Status: Approved by the Governor on April 7, 2005.

Effective Date: September 4, 2005.


Summary of purpose and/or changes:

LB 144 (Price) - CONTINUED

Previously, section 79-907 required that such statements be sent every two years by first class mail to members of the School Employees Retirement System. Each statement contains information on the amount of creditable service earned by the member, reported income, and other such information determined necessary by the director of the Nebraska Public Employees Retirement Systems ('NPERS'), in order to calculate the member's retirement benefit. Plan members are to verify such information for errors and may dispute the information within ninety (90) days after receipt of their statement.

LB 144 would also place the burden of discovering such errors upon both the Public Employees Retirement Board ('Board') and the Director of NPERS. This proposal would bind both PERB and NPERS from forever challenging the veracity of the creditable service statements if an error is discovered after the ninety (90) day period has elapsed from the date of the notice.

General File Amendments:

Com AM 0462 Committee Amendment

The committee amendment, AM 0462, substantially changed LB 144, and removed the current statutory requirement that School Employee Retirement System plan members are to verify their creditable service statements for errors within ninety (90) days after receipt of a member's statement from NPERS.

Under the amendment, plan members are no longer barred from bringing challenges to NPERS due to salary and creditable service information the plan member believes to be incorrect. AM 0462 removed the provision contained in LB 144, which would have also restricted NPERS from correcting errors after the ninety (90) day period had lapsed.

In addition, the amendment specified that the Public Employees Retirement Board has an ongoing fiduciary duty to modify or correct a member's statement if the Board discovers an error in the information it has on record. The Board is required to make a modification or correction of the information within sixty (60) days after the error is brought to the attention of the Board.
LB 144 (Price) - CONTINUED

**Section by Section Summary of Law:**

Section 1: Would remove the requirement that a plan member verify their creditable service statements within a ninety (90) day period. Also, would place a fiduciary duty upon the Board to correct errors, and the Board would need to make any corrections within sixty (60) days of the discovery of such errors.

Section 2: Original section is repealed.

---

**LB 329 (Stuhr)** Authorize separation payments and retirement inducements for school employees.

Status: Approved by the Governor on March 9, 2005.

Effective Date: September 4, 2005.

Amends: Sections 79-514 and 79-902, Reissue Revised Statutes of Nebraska.

**Summary of purpose and/or changes:**

Legislative Bill 329 permits a school board or board of education to make contributions for the purposes of separation payments paid at retirement and for early retirement inducement payments. Such contributions would be picked up under section 414(h) of the Internal Revenue Code and would be deposited into qualified plans permitted under sections 401(a), 403(a) or 403(b) of the Internal Revenue Code.

LB 329 also makes changes to the definition of compensation found in Neb. Rev. Stat. § 79-902 (35)(a), and provides that employer contributions made for the purposes of separation payments at retirement and early retirement inducements, are not defined as compensation for the purposes of the calculation of school employees’ retirement benefits.

Currently, various school districts across the State of Nebraska provide payments to their employees in order to induce them to take early retirement. Such payments or “inducements” are deposited in qualified retirement accounts and may be paid to the
LB 329 (Stuhr) - CONTINUED

retiree in the form of regular annuity payments. LB 329 intended to codify this current practice into state law.

Section by Section Summary of Law:

Section 1 Explicitly permits school boards to make contributions to qualified plans for separation payments made at retirement and early retirement inducements. Also inserts language making it clear that no other separate retirement plans are permitted.

Section 2 Provides that such separation payments made at retirement and early retirement inducements are not defined as compensation for the purpose of calculating retirement benefits.

Section 3 Repeals original sections.

LB 364 (Cmmt) Change provisions relating to retirement for employees of Class V schools. (Committee Priority Bill). LB 365, LB 367, and LB 691 were consolidated and amended into LB 364.

Status: Approved by the Governor on May 31, 2005.

Effective Date: Sections 1 to 7, 10, 16 to 22, 24, and 27 of this act become operative on September 4, 2005. Sections 8, 9, and 25 of this act become operative on July 1, 2005. The other sections of this act become operative on June 1, 2005.

Summary of purpose and/or changes:

Legislative Bill 364 is a comprehensive technical bill that makes changes to the Class V School Employees Retirement Act, found in Neb. Rev. Stat. §§ 79-978 through 79-9,116. These changes extend only to those school employees covered within the Class V School Employees Retirement Act, which includes Omaha Public Schools' employees.

The bill as introduced proposed the following changes:

- **1000 Hours would Define a Year of Service.** Would require the completion of one thousand hours of service to receive credit for a full year of membership service. Currently, membership service has not been defined and has varied depending on the member's contract. This change defines a year of service as a fiscal period in which the member completes 1000 hours.

- **Fractional Years Measured in Tenths.** Currently, fractional years of service have been measured in half-years. This change would measure fractional portions of a year in tenths with one tenth earned for each 100 hours.

- **Compensation to Include Qualified Transportation Fringe Benefits.** This is a technical change that would add to the definition of compensation amounts not currently included in reported income by reason of a qualified transportation fringe benefit. Currently, this feature of the IRS Code is not utilized by the Omaha Public Schools.

- **Purchased Prior Years Of Service.** This change replaces the existing procedures for the purchase of prior service credits. As a result, the years of purchased service from other school districts may not exceed the member's service in the Omaha Public Schools. Any service from another school district, which has been reflected in the calculation of the retirement benefit the employee is receiving or is eligible to receive, may not be purchased. Once the credit has been purchased, it is applied to increase the member's retirement benefit from the Class V Retirement System.

- **Changes in Eligibility of Designated Beneficiary.** This proposal introduces a technical change that will increase the acceptable age difference of a designated beneficiary and a member who selects the joint and survivor retirement option. Members who select a joint and survivor form of payment will continue to receive a smaller actuarially equivalent monthly benefit.
General File Amendments:

Com AM 1210 Committee Amendment

The committee amendment AM 1210 amended LB 364 by adding language found in the following retirement related bills (with amendment, if any) as each bill was passed out of committee by the Nebraska Retirement Systems Committee:

- **LB 365 (Cmmt)** Change membership on the Public Employees Retirement Board.
- **LB 367 (Cmmt)** Authorize and change provisions relating to retirement late payment fees. (As amended by AM 0612).
- **LB 691 (Stuhr)** Change provisions relating to Cash Balance and DC benefits. (As amended by AM 1032).

In addition, committee amendment AM 1210 made additional technical corrections to the definition of compensation found in Neb. Rev. Stat. § 79-902, within the School Employees Retirement Act. The amendment also inserts language to clarify when a school district is required to make a specific compensation report to the Nebraska Public Employees Retirement System ('NPERS'). This provision makes technical corrections to sections currently adopted within LB 503, 99th Neb. Leg., 1st Session.

AM 1293 Amendment to Com AM 1210

AM 1293 clarified that section 4 of Com AM 1210 refers to employees who participate in the County Employees Retirement System, and the provision does not refer to a single county or to state employees who are not part of the County Employee Retirement System.

Summary of the Retirement Bills Consolidated within LB 364 by Com AM 1210:

**LB 365 (Cmmt)** Permits members of the Public Employees Retirement Board, who represent the five public retirement systems administered by the Board, to be either an active employee member or a retired member. Currently, some member positions are limited to only permitting active employee participants to serve on the Board. This proposal would maintain the current number of members on the Board.
LB 364 (Cmmt) - CONTINUED

LB 367 (Cmmt)  As amended by AM 0612. Permits the Public Employees Retirement Board to charge counties a late fee in an amount equal to any costs incurred by an employee member within the County Employees Retirement System. Such costs would be as a result of a late receipt of retirement contributions transferred by a county employer to the Board. Also, permits the Board to charge a late administrative processing fee upon both district and county courts not to exceed twenty-five dollars ($25) if information and money required by Neb. Rev. Stat. § 24-703(3) are delinquent or are not timely received by the Board.

LB 691 (Stuhr)  As amended by AM 1032. The amendment eliminates the transaction fees originally proposed in LB 691. The amendment creates the County Employer Retirement Expense Fund and the State Employer Retirement Expense Fund. Each fund will consist of monies resulting from any reduction in the county and state employer contribution amount that would otherwise be required to fund future service retirement benefits or to restore employer accounts or employer cash balance accounts. These funds would be used to meet the expenses of the County Employees Retirement System and the State Employees Retirement System, and would be utilized when it is reasonably necessary to cover expenses in either the cash balance benefit or the defined contribution benefit of both the State and County retirement plans.

Select File Amendments:

AM 7094  Enrollment and Review Amendment

Section by Section Summary of Law:

Section 1  Permits Public Employees Retirement Board (PERB) to charge counties a late fee in an amount equal to any costs incurred by an employee member within the County Employees Retirement System. This late fee would be assessed unless such amount is smaller than the existing late fee of 0.038% of the amount required to be submitted for each day such amount has not been received. (LB 367)
LB 364 (Cmnt) - CONTINUED

Section 2 Makes a technical correction changing the word 'section' to 'subsection' in order to indicate that forfeiture funds will not be used to pay for accounting or record-keeping services related to the cash balance benefit of the County Employees Retirement System. (LB 691)

Section 3 Eliminates a reference to the Nebraska Employees Retirement Expense Fund. (LB 691)

Section 4 Removes outdated language referring to investment options available prior to July 16, 2004. Also makes a technical correction inserting the word 'county' in place of the word 'state' when referring to participating employees in the County Employees Retirement System. (LB 691)

Section 5 Creates the County Employer Retirement Expense Fund that will consist of any reduction in the county contribution that would otherwise be required to fund future service retirement benefits or to restore employer accounts or employer cash balance accounts. Such funds will be maintained separate from any funds held in trust for the benefit of members. (LB 691)

Section 6 Eliminates a reference to the Nebraska Employees Retirement Expense Fund. (LB 691)

Section 7 Permits PERB to charge a late administrative processing fee upon both district and county courts not to exceed $25 if information and money are delinquent or are not timely received. Also, would permit the Board to charge district and county courts a late fee of 0.038% of the amount required to be submitted for each day such amount has not been received. (LB 367)

Section 8 Requires school districts to make a verification of the percentage amount of compensation contained within a collective bargaining agreement, if such amount is greater than the seven percent limit for the purposes of retirement. Also would clarify that the compensation base is the lesser of seven percent or the actual annual compensation received by a plan member. (LB 364)

Section 9 Clarifies that if a member's compensation has exceeded the compensation base by seven percent then the school employer shall provide such information to the director of NPERS within ninety days of the end of the plan year. (LB 364)
LB 364 (Cmmt) - CONTINUED

Section 10 Eliminates a reference to the Nebraska Employees Retirement Expense Fund. (LB 691)

Section 11 Requires the completion of one thousand hours of service to receive credit for a full year of membership service. Also, would include in the definition section that creditable service is measured in one-tenth year increments, and would make changes in order to conform state law to recent changes in the Internal Revenue Code. (LB 364)

Section 12 Provides that creditable service shall be measured in one-tenth year increments, similar to the definition change contained in section 11. (LB 364)

Section 13 Restricts the purchase of prior service credit for service performed in other school districts to a number of years (not to exceed ten) that does not exceed the member's years of membership service with the Omaha Public Schools. (LB 364)

Section 14 Provides that creditable service may only be purchased in one-tenth year increments. (LB 364)

Section 15 Prohibits the purchase of any prior service that is credited to the member in the calculation of a retirement or disability benefit under another defined benefit retirement system. (LB 364)

Section 16 Eliminates a reference to the Nebraska Employees Retirement Expense Fund. (LB 691)

Section 17 Makes a technical correction changing the word 'section' to 'subsection' in order to indicate that forfeiture funds will not be used to pay for accounting or record-keeping services related to the cash balance benefit of the State Employees Retirement System. (LB 691)

Section 18 Eliminates a reference to the Nebraska Employees Retirement Expense Fund. (LB 691)

Section 19 Creates the State Employer Retirement Expense Fund that will consist of any reduction in the state contribution that would otherwise be required to fund future service retirement benefits or to restore employer accounts or employer cash balance accounts. Such funds will be maintained separate from any funds held in trust for the benefit of members. (LB 691)
LB 364 (Cmmt) - CONTINUED

Section 20 Provides that the six members who are participants in the retirement system administered by PERB shall be either active or retired participants. (LB 365)

Section 21 Makes a technical correction in reference to the repealing of Neb. Rev. Stat. § 84-1514, in section 27. (LB 691)

Section 22 Requires that the County Employer Retirement Expense Fund and the State Employer Retirement Expense Fund shall be used to meet the expenses of the County Employees Retirement System and the State Employees Retirement System, respectively. Each fund will be used when it is reasonably necessary to cover expenses in either the Cash Balance Benefit or the Defined Contribution Benefit of both the State and County retirement plans. (LB 691)

Section 23 Sections 1 to 7, 10, 16 to 22, 24, and 27 become operative three months after adjournment of the legislative session. Sections 8, 9, and 25 become operative on July 1, 2005. The other sections become operative on their effective date.

Section 24 Original sections are repealed.

Section 25 Original sections are repealed.

Section 26 Original sections are repealed.

Section 27 Section 84-1514, containing the Nebraska Employees Retirement Expense Fund, is repealed. (LB 691)

Section 28 Contains an emergency clause.
**LB 503 (Cmmt)** Change provisions relating to the Nebraska Investment Council and the retirement systems. (Committee Priority Bill). LB 368, LB 411, LB 412, and LB 494 were consolidated and amended into LB 503.

**Status:** Approved by the Governor on April 27, 2005.

**Effective Date:** Sections 1, 2, 16, 17, and 25 of this act become operative on September 4, 2005. The other sections of this act become operative on July 1, 2005.

**Amends:** Sections 72-1238, 72-1239, 72-1243, 79-902, 79-906, 79-958, and 84-1309.01, Reissue Revised Statutes of Nebraska; and, sections 23-2309.01, 23-2310.05, 23-2312, 24-704, 79-1028, 81-2017, 81-2021, 84-1305.01, 84-1310.01, 84-1311.03, 84-1502, 84-1503, 84-1503.03, and 84-1512, Revised Statutes Supplement, 2004

**Summary of purpose and/or changes:**

Legislative Bill 503 as introduced, proposed to make changes to the operation of both the Nebraska Public Employees Retirement Board ('PERB') and the Nebraska Investment Council ('NIC').

The bill, in part, proposed to makes changes to Neb. Rev. Stat. §§ 23-2312, 24-704, 79-906, 81-2021, 84-1305.01, and 84-1512. These changes required the director of the Nebraska Public Employees Retirement System ('NPERS') to carry out random testing procedures in order to verify the accuracy of employee information submitted by employing agencies and political subdivisions included within the retirement systems administered by NPERS.

LB 503 increased the required financial and investment experience necessary in order for the governor to appoint a member to the NIC. It would also raise per diem amounts paid to members on both PERB and NIC.

In addition, the bill made changes to the annual reports filed by both PERB and NIC. These changes include the type of information provided in each annual report and the timing as to when each report will be presented to the Nebraska Retirement Systems Committee. This provision also required additional disclosure of investment, administrative, and recordkeeping fees collected by both PERB and NIC.

LB 503 updated the language describing the process by which the Legislative Council may fund a benefit adequacy study as an expense of the retirement systems.
Finally, the bill inserted language to outline the duties and responsibilities of the internal auditor employed by PERB. Both the internal auditor and the legal counsel employed by PERB were to be included under the State Personnel System and be granted additional protections beyond that of at-will employment.

**General File Amendments:**

**Com AM 0380 Committee Amendment**

The committee amendment AM 0380 amended LB 503 by adding language found in the following retirement related bills (with amendment, if any) as each bill was passed out of committee by the Nebraska Retirement Systems Committee: LB 368 as amended by AM 0179; LB 411 as amended by AM 0104; LB 412 as amended by AM 0212; and, LB 494 as amended by AM 0373.

In addition, the committee amendment AM 0380 delayed the required testing procedures placed upon the director of the Nebraska Public Employees Retirement System in LB 503 as it was introduced, and would require that NPERS implement such testing procedures beginning on January 1, 2006. This amendment would also extend the bill's requirement for a compliance audit, and would change the audit completion date from December 31, 2006, to December 31, 2007.

**Summary of the Retirement Bills Consolidated within LB 503:**

**LB 368 (Cmmt)** As amended by AM 0179. Temporarily increases the current employee and employer retirement contribution rates under the School Employees Retirement Act. Beginning September 1, 2005, the employee and employer rate would be 8.03% and 8.11%, respectively. Beginning September 1, 2006, the employee and employer rate would be 7.88% and 7.96%, respectively. Beginning September 1, 2007, the employee and employer rate would return to their current rate level of 7.25% and 7.32%, respectively. The purpose for an increased employee contribution rate is because the State Actuary has indicated that there is a need for an additional contribution requirement of approximately 1.25% of pay, which represents $15,415,949.

**LB 411 (Stuhr)** As amended by AM 0104. Makes changes in the method of calculating compensation for members of the School Employees Retirement Plan. This measure intended to address what has commonly been referred to as "salary spiking" by school employees.
LB 503 (Cmmt) - CONTINUED

in anticipation of termination of employment for purposes of retirement. Implements an annual compensation cap of 7% (for purposes of the retirement plan) for each of the last five years (60 months) of employment that precede actual retirement. In addition, if a member receives a compensation increase that exceeds 7%, then the employing school district is required to inform PERB that said member has received an increase exceeding the 7% cap.

LB 412 (Cmmt)

As amended by AM 0212. For the State Patrol Retirement System, increases the retirement contribution rates for an employee from 12% to 13%, and for the employer from 12% to 15%. On July 1, 2007, the retirement contribution rates would decrease for an employee from 13% to 12%, and for the employer from 15% to 13%. The purpose for an increased employee and employer retirement contribution rate is because the State actuary has indicated that there is a need for an additional contribution requirement of approximately 4.19% of pay, which represents $948,654. It is anticipated that such rate increase will be offset by an increase in an employee’s annual salary.

LB 494 (Stuhr)

As amended by AM 0373. Creates an additional fund selection category for members participating in both the State Employees Retirement System defined contribution benefit and the County Employees Retirement System defined contribution benefit, and would have an investment strategy substantially similar to the investment allocations made by the state investment officer for the defined benefit plans. This provision also creates an age-based account category containing an asset allocation and investment strategy that changes based upon the age of a plan member.

Select File Amendments:

AM 7019          Enrollment and Review Amendment
AM 575           Amendment by Senator Stuhr

AM 575 makes technical, as well as other minor changes to the bill. First, based upon revised estimates received from the Nebraska Public Employees Retirement Systems, the contribution rate increases proposed for the School Employees Retirement System were able to be reduced by five basis points (0.05%). Under AM 575, the employee contribution rate are established at 7.88% for 2005-2006, and 7.83% from 2006 to 2007.
LB 503 (Cmmt) - CONTINUED

AM 575 inserted additional harmonizing language in the definition of compensation for the School Employees retirement plan for LB 329, which was also passed this year by the Legislature.

In addition, the amendment delays the implementation for the age-based investment fund proposed for both the State Employees and the County Employees Retirement Systems. This has been delayed in order to give NPERS additional time to implement the necessary changes related to the creation of the investment option. Also as it relates to these plans, the amendment will leave in place the default investment options currently in statute.

Finally, the amendment made some additional changes that were recommended by bill drafters, in order to clarify some provisions within the bill.

AM 1046 Amendment by Senator Raikes

AM 1046 permits an increase in the spending authority granted to school districts in order for certain districts to cover their employer portion increase in the retirement contribution rates.

Section by Section Summary of Law:

Section 1 Creates the options of an investor-select fund and an age-based fund for the County Employees Retirement System defined contribution benefit, and would permit members to deposit their employee contributions into each fund. The age-based fund would be the default option for an employee account. *(LB 494)*

Section 2 Creates the same investor-select and age-based options that were listed in section 1 for employer contributions in the County Employees Retirement System. This provision would also make the age-based fund the default option. *(LB 494)*

Section 3 Requires NPERS to implement testing procedures in order to verify employee information provided by the employer for the County Employees Retirement System. *(LB 503)*

Section 4 Requires NPERS to implement testing procedures in order to verify employee information provided by the employer for the Judges' Retirement System. *(LB 503)*
LB 503 (Cmmt) - CONTINUED

Section 5 Increases the required financial and investment experience necessary in order for the governor to appoint a member to the Nebraska Investment Council. (LB 503)

Section 6 Raises from $20 to $75 the per diem amounts paid to members on the Nebraska Investment Council. (LB 503)

Section 7 Makes changes to the annual reports filed by the Nebraska Investment Council. These changes include the type of information provided in its annual report and the timing as to when its report will be presented to the Nebraska Retirement Systems Committee. (LB 503)

Section 8 Makes changes to definition of compensation for the purposes of the calculation of retirement benefits for the School Employees Retirement System. Would establish a 7% cap on what would be permitted under the benefit calculation for compensation increases 60 months prior to retirement. (LB 411)

Section 9 Requires NPERS to implement testing procedures in order to verify employee information provided by the employer for the School Employees Retirement System. (LB 503) Also, provides for self-reporting on the part of school boards and districts, where each entity will report to NPERS when a school employee's annual pay exceeds the 7% base described in section 8. (LB 411)

Section 10 For the School Employees Retirement System, beginning on September 1, 2005, the employee contribution rate increases to 8.03%, and the employer rate increases to 8.11%. Beginning on September 1, 2006, the employee contribution rate decreases to 7.88%, and the employer rate decreases to 7.96%. Then on September 1, 2007, the contribution rates will return to their current level of 7.25% for the employee and 7.32% for the employer. (LB 368)

Section 11 For the State Patrol Retirement System, temporarily increases both the employee and employer retirement contribution rates for a two-year period, to 13% and 15%, respectively. After two years, the rate will be set at 12% for the employee and 13% for the employer. (LB 412)

Section 12 Requires NPERS to implement testing procedures in order to verify employee information provided by the employer for the State Patrol Retirement System. (LB 503)
Section 13 Requires NPERS to implement testing procedures in order to verify employee information provided by the employer for the State Employees Retirement System. (LB 503)

Section 14 Requires that benefit liability information be included in the written plan of action provided by the Public Employees Retirement Board. (LB 503)

Section 15 Creates the options of an investor select fund and an age-based fund for the State Employees Retirement System defined contribution benefit, and would permit members to deposit their employee contributions into each fund. The age-based fund would be the default option for an employee account. (LB 494)

Section 16 Creates the same investor select and age-based options that were listed in section 15 for employer contributions in the State Employees Retirement System. This provision would also make the age-based fund the default option. (LB 494)

Section 17 Creates a $50 per diem amount paid to members on the Public Employees Retirement Board. (LB 503)

Section 18 Inserts language codifying the current practice for the Public Employees Retirement Board hiring an internal auditor. Would update the process by which the Legislative Council may fund a benefit adequacy study. Would require the next compliance audit be completed by December 31, 2007. Would make changes to the annual reports filed by PERB. (LB 503)

Section 19 Inserts language to outline the duties and responsibilities of the internal auditor employed by the Public Employees Retirement Board. (LB 503)

Section 20 Includes both the internal auditor and the legal counsel employed by the Public Employees Retirement Board under the State Personnel System. (LB 503)

Section 21 Requires the director of Nebraska Public Employees Retirement Systems to carry out random testing procedures in order to verify the accuracy of employee information submitted by employing agencies and political subdivisions included within the retirement systems administered by NPERS. (LB 503)
LB 503 (Cmmt) - CONTINUED

Section 22 Sections 1, 2, 15, 16, and 24 of this act become operative three calendar months after adjournment. The other sections of the act become operative on July 1, 2006.

Section 23 Original sections are repealed.

Section 24 Original sections are repealed.

Section 25 Contains an emergency clause.
This page intentionally left blank.
II. **BILLS ADVANCED TO GENERAL FILE** (in numerical order).

*List of Bills Advanced to General File*

- **LB 365 (Cmmt)** Change membership on the Public Employees Retirement Board. Consolidated and amended into LB 364.
- **LB 366 (Cmmt)** Change membership and contribution rate provisions for state and county retirement plans.
- **LB 367 (Cmmt)** Authorize and change provisions relating to retirement late payment fees. Consolidated and amended into LB 364.
- **LB 368 (Cmmt)** Change the retirement contribution rate for school employees. Consolidated and amended into LB 503.
- **LB 411 (Stuhr)** Change calculations for school employee retirement. Consolidated and amended into LB 503.
- **LB 412 (Cmmt)** Change state patrol retirement provisions. Consolidated and amended into LB 503.
- **LB 494 (Stuhr)** Provide additional retirement account investment options. Consolidated and amended into LB 503.
- **LB 691 (Stuhr)** Change provisions relating to cash balance and defined contribution benefits. Consolidated and amended into LB 364.

*Summary of Bills Advanced to General File*

- **LB 365 (Cmmt)** Change membership on the Public Employees Retirement Board. Consolidated and amended into LB 364.

**Status:** Indefinitely postponed by motion on June 3, 2005. (Provisions of LB 365 amended into LB 364 by Com AM 1210).

**Amends:** Section 84-1501, Revised Statutes Supplement, 2004.
LB 365 (Cmmt) - CONTINUED

Summary of purpose and/or changes:

LB 365 would permit members of the Public Employees Retirement Board, who represent the five public retirement systems administered by the Board, to be either an active employee member or a retired member. Currently, some member positions are limited to only permitting active employee participants to serve on the Board. This proposal would maintain the current number of members on the Board.

Under Neb. Rev. Stat. § 84-1501 (Cum. Supp. 2004), the Board currently has eight members who serve five-year terms, and are appointed by the governor with legislative approval. The Board includes the following member positions:

- Two participants in the School Employees Retirement System, one who is an active school administrator and one who is an active teacher;
- A participant in the Judges' Retirement System who is either active or retired;
- A participant in the State Patrol Retirement System who is either active or retired;
- A participant in the County Employees Retirement System who is active;
- A participant in the State Employees Retirement System who is active; and,
- Two public members who are neither employees of the State of Nebraska or its political subdivisions, who have at least ten (10) years of management experience or five (5) years experience in actuarial analysis or administration of an employee benefit plan, and who do not own any funds administered by the Board.

Section by Section Summary of Bill:

Section 1   Would provide that the six members who are participants in the retirement system administered by PERB shall be either active or retired participants.

Section 2   Original sections are repealed.
**LB 366 (Cmmt)**  
Change membership and contribution rate provisions for state and county retirement plans.

**Status:**  
Placed on General File with pending Com AM 492.

**Amends:**  

**Summary of purpose and/or changes:**

LB 366 would amend Neb. Rev. Stat. §§ 23-2306 and 84-1307, to require enrollment and participation immediately upon employment of a member in both the County Employees Retirement System and the State Employee Retirement System, respectively. Currently, permanent fulltime and part-time public employees participate in these retirement plans only after the employee has been employed for twelve months with a county or state employer.

In addition, LB 366 would increase the amount a state employee would contribute to his or her employee retirement account. Under this proposal, an employee would contribute 4.8% of his or her monthly compensation to an employee retirement account throughout the full year. Currently, a state employee contributes 4.33% of his or her monthly compensation until such time as he or she has paid during any calendar year a total of $864.00 (equivalent to receiving compensation of $19,954), after which time an employee then contributes 4.8% of his or her monthly compensation to an employee retirement account.

LB 366 would increase the total annual amount contributed by the employer, State of Nebraska, because under current law the State matches employee retirement contributions in an amount equal to 156% of the employee contribution. This matching retirement contribution is paid by the State into an employer retirement account for the benefit of a state employee.

**General File Amendments:**

**Com AM 0492 Committee Amendment**

Committee amendment, AM 0492, would eliminate sections 1 and 2 of LB 366, which provided for the immediate enrollment and participation upon employment of members in both the State Employees Retirement System and the County Employees Retirement System. This amendment would reduce the general fund impact listed in the original fiscal note by $1,594,144. The remaining general fund impact due to the increased
employee contribution rate would be $ 1,097,996 as a result of employer matching contributions.

Section by Section Summary of Bill:

Section 1 Would require enrollment and participation immediately upon employment of a member in the County Employees Retirement System.

Section 2 Would require enrollment and participation immediately upon employment of a member in the State Employees Retirement System.

Section 3 Would increase the amount a state employee contributes to his or her employee retirement account under the State Employees Retirement System. An employee would contribute 4.8% of his or her monthly compensation to an employee retirement account. Also, would increase the total annual amount contributed by the employer because the State is currently required to match employee retirement contributions by an amount equal to 156% of the employee contribution.

Section 4 Act would be operative on January 1, 2006.

Section 5 Original sections are repealed.

LB 367 (Cmmt) Authorize and change provisions relating to retirement late payment fees. Consolidated and amended into LB 364.


Summary of purpose and/or changes:

LB 367 would permit the Public Employees Retirement Board to charge counties a late fee in an amount equal to any costs incurred by an employee member within the County Employees Retirement System. Such costs would be as a result of a late receipt of retirement contributions transferred by a county employer to the Board. This late fee
would be assessed unless such amount is smaller than the existing late fee of thirty-eight thousandths of one percent (0.038%) of the amount required to be submitted, pursuant to Neb. Rev. Stat. § 23-2308, for each day such amount has not been received by the Board.

In addition, LB 367 would permit the Board to charge a late administrative processing fee upon both district and county courts not to exceed twenty-five dollars ($25) if information and money required by Neb. Rev. Stat. § 24-703(3) are delinquent or are not timely received by the Board. This proposal would further permit the Board to charge district and county courts a late fee of thirty-eight thousandths of one percent (0.038%) of the amount required to be submitted, pursuant to section 24-703, for each day such amount has not been received by the Board.

The late fees proposed in LB 367 are substantially similar to the school district late fees permitted under Neb. Rev. Stat. § 79-960.

General File Amendments:

Com AM 0612 Committee Amendment

Com AM 612 is a technical amendment, and would clarify when information submitted by a clerk of a county or district court is not timely received. Under LB 367 information or money is not timely received if it is received by the Nebraska Public Employees Retirement Board ten days after the conclusion of a fiscal quarter.

Section by Section Summary of Bill:

Section 1 Would permit PERB to charge counties a late fee in an amount equal to any costs incurred by an employee member within the County Employees Retirement System. This late fee would be assessed unless such amount is smaller than the existing late fee of 0.038% of the amount required to be submitted for each day such amount has not been received.

Section 2 Would permit PERB to charge a late administrative processing fee upon both district and county courts not to exceed $25 if information and money are delinquent or are not timely received. Also, would permit the Board to charge district and county courts a late fee of 0.038% of the amount required to be submitted for each day such amount has not been received.

Section 3 Original sections are repealed.
LB 368 (Cmmt)  Change the retirement contribution rate for school employees. Consolidated and amended into LB 503.


Amends:  Section 79-958, Reissue Revised Statutes of Nebraska.

Summary of purpose and/or changes:

Legislative Bill 368 would temporarily increase the current employee and employer retirement contribution rates under the School Employees Retirement Act. Neb. Rev. Stat. §§ 79-901 to 79-977.03.

LB 368 would raise the current employee rate from 7.25% to 7.9% for a period of two years. Because the employer matches the employee contribution rate with a 101% matching rate, the temporary employee contribution increase would also raise the employer contribution rate from approximately 7.32%, to approximately 7.98% for the same two-year period. This two-year period would begin on July 1, 2005, and conclude on June 30, 2007.

The purpose for an increased employee contribution rate is because the State Actuary has indicated that there is a need for an additional contribution requirement of approximately 1.25% of pay, which represents $15,415,949.

General File Amendments:

Com AM 0179  Committee Amendment

Com AM 0179 would change the implementation date of LB 368, from July 1, 2005 to September 1, 2005. Beginning on September 1, 2005 until August 31, 2006, the employee contribution rate would increase to 8.03%, and the employer rate would increase to 8.11%. Beginning on September 1, 2006 until August 31, 2007, the employee contribution rate would decrease to 7.88%, and the employer rate would decrease to 7.96%. Then on September 1, 2007, the contribution rates would return to their current level of 7.25% for the employee and 7.32% for the employer.

The reason for a two month delay in the rate increase is because school districts have indicated that the implementation of such rate increase prior to the start of a districts' fiscal year on September 1, 2005, would present a hardship. This is because districts do not currently have the cost of the increased match amount in their annual budgets.
Section by Section Summary of Bill:

Section 1 Temporarily increases the school employees retirement contribution rate from 7.25% to 7.9% for a two-year period.

Section 2 Repeals original section.

Section 3 Emergency clause.

LB 411 (Stuhr) Change calculations for school employee retirement. Consolidated and amended into LB 503.


Amends: Sections 79-902 and 79-906, Reissue Revised Statutes of Nebraska.

Summary of purpose and/or changes:

Legislative Bill 411 would make changes to the Nebraska School Employees Retirement System. Specifically, this proposal would modify Neb. Rev. Stat. §79-902(35)(a) for the purposes of determining retirement contributions, and §79-906 for the purpose of creating a self-reporting mechanism for school districts and school boards.

LB 411 changes the method of calculating compensation for members of the School Employees Retirement Plan who are not under a collective bargaining agreement. This measure is intended to address what has commonly been referred to as "salary spiking" by school employees in anticipation of termination of employment for purposes of retirement.

In the determination of compensation for members on or after July 1, 2005, LB 411 implements an annual compensation cap of 7% (for purposes of the retirement plan) for each of the last five years (60 months) of employment that precede actual retirement. This does not preclude an increase in compensation of greater than 7%, but no more than 7% would be counted toward calculation of retirement benefits in each of the last five years of employment.
LB 411 (Stuhr) – CONTINUED

The compensation cap would not apply to: (i) members who experience a substantial change in employment position (job or duty change); or, (ii) excess compensation occurring as the result of a collective-bargaining agreement between the employer and employee. Currently, both exceptions are found in existing state law.

In addition, if a member receives a compensation increase that exceeds 7%, then the employing school district is required to inform the Public Employees Retirement Board that said member has received an increase exceeding the 7% cap.

General File Amendments:

Com AM 0104 Committee Amendment

AM0104 would permit compensation for the purposes of calculating retirement benefits to exceed the 7% cap in the following instances: (1) when a school district’s collective-bargaining agreement exceeds the 7% base amount then the cap would equal the rate contained within the collective-bargaining agreement; or, (2) when a school board makes a district wide benefit change that would affect either the entire certified class or non-certified class of employees.

Section by Section Summary of Bill:

Section 1 Makes changes to definition of compensation for the purposes of the calculation of retirement benefits. Would establish a 7% cap on what would be permitted under the benefit calculation 60 months prior to retirement.

Section 2 Provides for self-reporting on the part of school boards and districts, where each entity will report to NPERS when an employee’s annual pay exceeds the 7% base.

Section 3 Original sections are repealed.

Section 4 Contains an emergency clause.
**LB 412 (Cmmt)**  
Change state patrol retirement provisions.  
Consolidated and amended into LB 503.

**Status:**  
Indefinitely postponed by motion on June 3, 2005.  

**Amends:**  

**Summary of purpose and/or changes:**

Legislative Bill 412 would make changes to the Nebraska State Patrol Retirement System. The legislative proposal would temporarily increase for two years the retirement contribution rates for both the employee and employer. Following the two-year period, the rates would decrease but would remain higher than the contribution rates now set to begin on July 1, 2005.

LB 412 would makes changes to Neb. Rev. Stat. § 81-2017, and would increase the retirement contribution rates for an employee from 12% to 13%, and for the employer from 12% to 15%. This two-year period for each increase would begin on July 1, 2005 and would end on June 30, 2007. On July 1, 2007, the retirement contribution rates would decrease for an employee from 13% to 12%, and for the employer from 15% to 13%.

Without changes to current law, the retirement contribution rates are set to decrease on July 1, 2005, from their current rate of 12% for both the employee and employer, to 11% for both the employee and employer.

The purpose for an increased employee and employer retirement contribution rate is because the State actuary has indicated that there is a need for an additional contribution requirement of approximately 4.19% of pay, which represents $948,654. It is anticipated that such rate increase will be offset by an increase in an employee's annual salary.

**General File Amendments:**

**Com AM 0212**  
Committee Amendment

AM 0212 is considered a technical correction, and would change statutory language to indicate that the employer retirement contribution would be assessed against the appropriation of the Nebraska State Patrol.
Section by Section Summary of Bill:

Section 1  Would temporarily increase both the employee and employer retirement contribution rates for a two-year period, to 13% and 15%, respectively. After two years, the rate would be set at 12% for the employee and 13% for the employer.

Section 2  Repeals the original section.

Section 3  Contains an emergency clause.

LB 494 (Stuhr)  Provide additional retirement account investment options. Consolidated and amended into LB 503.


Amends:  Sections 23-2309.01, 23-2310.05, 84-1310.01, and 84-1311.03, Revised Statutes Supplement, 2004.

Summary of purpose and/or changes:

Legislative Bill 494 would create an additional fund selection category for members participating in both the State Employees defined contribution benefit and the County Employees defined contribution benefit. See Neb. Rev. Stat. §§ 23-2309.01, 23-2310.05, 84-1310.01, and 84-1311.03.

This additional fund would be referred to as an investor select account. The monies deposited in this fund would be invested under the direction of the state investment officer with an asset allocation and investment strategy substantially similar to the investment allocations made by the state investment officer for the defined benefit plans found in subdivision (1)(a) of section 84-1503 (i.e. School Employees, Judges, State Patrol).

The investor select account would consist of investments including both domestic and international equities, fixed income investments, real estate, and other additional asset classes as determined by the state investment officer.
General File Amendments:

Com AM 0373 Committee Amendment

AM 0373 would reinstate the stricken language on page 2, lines 7 and 8, because the number of current funds available is greater than the number of funds listed in the section.

The amendment would also create an age-based account category which would be invested under the direction of the state investment officer, with an asset allocation and investment strategy that changes based upon the age of a plan member. Under this amendment, the Public Employees Retirement Board would be required to develop an account mechanism that would change the investments as an employee nears retirement age. The asset allocation and asset classes utilized in the investments would move from aggressive, to moderate, and then to conservative as the retirement age approached for a member choosing this investment category.

Section by Section Summary of Bill:

Section 1 Creates the option of an investor select fund for the County Employees defined contribution benefit, and would permit members to deposit their employee contributions into a fund that is substantially similar to the Defined Benefit investment portfolio.

Section 2 Creates the same investor select option for employer contributions that was listed in section 1. This provision would also make the fund the default option.

Section 3 Creates the option of an investor select fund for the State Employees defined contribution benefit, and would permit members to deposit their employee contributions into a fund that is substantially similar to the Defined Benefit investment portfolio.

Section 4 Creates the same investor select option for employer contributions that was listed in section 3. This provision would also make the fund the default option.

Section 5 Original sections are repealed.
**LB 691 (Stuhr)**  
Change provisions relating to cash balance and defined contribution benefits. Consolidated and amended into LB 364.

**Status:**  
Indefinitely postponed by motion on June 3, 2005.  
(Provisions of LB 691 amended into LB 364 by Com AM 1210).

**Amends:**  
Sections 23-2308.01, 23-2309.01, 23-2310.04, 23-2310.05, 23-2319.01, 84-1309.02, 84-1310.01, 84-1311.03, 84-1314, 84-1321.01, and 84-1514, Revised Statutes Supplement, 2004.

**Summary of purpose and/or changes:**

Legislative Bill 691 would permit the Public Employees Retirement Board to impose a transaction fee upon a member's employee and employer account. This transaction fee could be assessed on each transfer made by an employee into and out of an investment fund category established under the defined contribution benefit for both the County Employees Retirement System and the State Employees Retirement System.

Such fee imposed could be no greater than four dollars per transaction, and the Board could not impose a fee upon transfers first originating from employee or employer contributions being deposited into an employee or employer account. The Board could impose a lower transaction fee for transactions initiated by the member over the Internet on the online access system established by the Board.

LB 691 would also establish a procedure by which the Board could apportion certain costs attributed to both the defined contribution benefit and the cash balance benefit from funds forfeited by employees who terminate employment prior to vesting. Currently, the Board only utilizes such forfeited funds for expenses relating to the cash balance benefit option. Expenses incurred as a result of the defined contribution benefit are assessed by the Board against employee and employer accounts through a ten basis point (.10%) fee on account assets.

Under this proposal, expenses incurred in both the cash balance benefit and the defined contribution benefit would be split proportionally based upon member benefit participation and expenses specific to each benefit.
LB 691 (Stuhr) – CONTINUED

General File Amendments:

Com AM 1032 Committee Amendment

Committee Amendment AM 1032 eliminates the transaction fees originally proposed in LB 691.

In addition, the amendment would create the County Employer Retirement Expense Fund and the State Employer Retirement Expense Fund. Each fund will consist of any reduction in the county and the state employer contribution that would otherwise be required to fund future service retirement benefits or to restore employer accounts or employer cash balance accounts.

Such funds would be maintained separate from any funds held in trust for the benefit of members. These funds would be used to meet the expenses of the County Employees Retirement System and the State Employees Retirement System, and would be utilized when it is reasonably necessary to cover expenses in either the cash balance benefit or the defined contribution benefit of both the State and County retirement plans.

Currently, when there is a substantial accumulation of forfeiture funds received from the termination of non-vested employees, the Director of the Nebraska Public Employees Retirement Systems will notify the State or County employer that the amount of their employer matching contribution may be reduced by an amount equaling a portion of the forfeiture fund balance. The monies from this reduction will then remain in the State or County employer’s general fund.

AM 1032 would require that the amount of money resulting from such reduction would be deposited into an employer retirement expense fund, and would be used to meet employer retirement account expenses. This would enable each employer fund to cover expenses attributed to either the cash balance benefit or the defined contribution benefit of each retirement plan. Currently, forfeiture funds are only available to cover expenses attributed to the cash balance benefit because such funds hold plan assets. Because forfeited funds are not available for non-cash balance benefit expenses, the Public Employees Retirement Board has had to impose a 10 basis point (.10%) fee upon defined contribution plan accounts in order to cover their related expenses.

Section by Section Summary of Bill:

Section 1 Makes a technical correction indicating that forfeiture funds shall not be used to pay for accounting or record-keeping services related to the cash balance benefit of the County Employees Retirement System.
LB 691 (Stuhr) – CONTINUED

Section 2  Permits the Board to impose a transaction fee of up to four dollars on employee account transfers made to and from investment accounts available to defined contribution benefit members in the County Employees Retirement System. Fees would not be permitted on initial deposits deducted from an employee’s paycheck. Removes the restriction disallowing forfeited funds from being used to pay administrative expenses.

Section 3  Requires the Board to apportion the expenses incurred in both the cash balance benefit and the defined contribution benefit of the County Employees Retirement System, and to split the expenses of each benefit proportionally based upon member participation and expenses specific to each benefit.

Section 4  Permits the Board to impose a transaction fee of up to four dollars on employer account transfers made to and from investment accounts available to defined contribution benefit members in the County Employees Retirement System. Fees would not be permitted on initial deposits made by the employer to cover its matching retirement contribution. Removes the restriction disallowing forfeited funds from being used to pay administrative expenses.

Section 5  Inserts language to indicate forfeited funds shall be used to cover retirement administrative charges incurred in both the cash balance benefit and the defined contribution benefit of the County Employees Retirement System.

Section 6  Makes a technical correction indicating that forfeiture funds shall not be used to pay for accounting or record-keeping services related to the cash balance benefit of the State Employees Retirement System.

Section 7  Permits the Board to impose a transaction fee of up to four dollars on employee account transfers made to and from investment accounts available to defined contribution benefit members in the State Employees Retirement System. Fees would not be permitted on initial deposits deducted from an employee’s paycheck. Removes the restriction disallowing forfeited funds from being used to pay administrative expenses.
LB 691 (Stuhr) – CONTINUED

Section 8 Permits the Board to impose a transaction fee of up to four dollars on employer account transfers made to and from investment accounts available to defined contribution benefit members in the State Employees Retirement System. Fees would not be permitted on initial deposits made by the employer to cover its matching retirement contribution. Removes the restriction disallowing forfeited funds from being used to pay administrative expenses.

Section 9 Requires the Board to apportion the expenses incurred in both the cash balance benefit and the defined contribution benefit of the State Employees Retirement System, and to split the expenses of each benefit proportionally based upon member participation and expenses specific to each benefit.

Section 10 Inserts language to indicate forfeited funds shall be used to cover retirement administrative charges incurred in both the cash balance benefit and the defined contribution benefit of the State Employees Retirement System.

Section 11 Requires that the transaction fees collected as a result of changes made in sections 2 and 4 shall be used to defray a portion of the pro rata share of expenses attributed to the County Employees Retirement System. Requires that the transaction fees collected as a result of changes made in sections 7 and 8 shall be used to defray a portion of the pro rata share of expenses attributed to the State Employees Retirement System.

Section 12 Original sections are repealed.

Section by Section Summary of Com AM 1032:

Section 1 Makes a technical correction changing the word ‘section’ to ‘subsection’ in order to indicate that forfeiture funds will not be used to pay for accounting or record-keeping services related to the cash balance benefit of the County Employees Retirement System.

Section 2 Eliminates a reference to the Nebraska Employees Retirement Expense Fund.

Section 3 Removes outdated language referring to investment options available prior to July 16, 2004. Also makes a technical correction inserting the word ‘county’ in place of the word ‘state’ when referring to participating employees in the County Employees Retirement System.
LB 691 (Stuhr) – CONTINUED

Section 4 Creates the County Employer Retirement Expense Fund that will consist of any reduction in the county contribution that would otherwise be required to fund future service retirement benefits or to restore employer accounts or employer cash balance accounts. Such funds will be maintained separate from any funds held in trust for the benefit of members.

Section 5 Eliminates a reference to the Nebraska Employees Retirement Expense Fund.

Section 6 Eliminates a reference to the Nebraska Employees Retirement Expense Fund.

Section 7 Eliminates a reference to the Nebraska Employees Retirement Expense Fund.

Section 8 Makes a technical correction changing the word 'section' to 'subsection' in order to indicate that forfeiture funds will not be used to pay for accounting or record-keeping services related to the cash balance benefit of the State Employees Retirement System.
III. **BILLS HELD IN COMMITTEE** (in numerical order).

**List of Bills Held in Committee**

**LB 215 (Brown)**  Provide for deferred compensation payment and health insurance for certain state employees.

**LB 328 (Stuhr)**  Authorize a change in the retirement contribution rate by the Board of Regents.

**LB 369 (Cmmt)**  Change the retirement contribution rate for judges.

**LB 447 (Bourne)**  Create a state employees retirement health care account and change contribution rates.

**LB 495 (Stuhr)**  Provide a medical cost-of-living adjustment for school employees.

**LB 710 (Erdman)**  Change provisions relating to the retirement systems for police in cities of the first class.

**LB 711 (Erdman)**  Provide a retirement benefit for law enforcement officers in certain cities.

**LB 732 (Bourne)**  Change state deposits for school retirement.

**Summary of Bills Held in Committee**

**LB 215 (Brown)**  Provide for deferred compensation payment and health insurance for certain state employees.

Status: Pending in Committee.

LB 215 (Brown) - CONTINUED

Summary of purpose and/or changes:

LB 215 would allow a state agency, from July 1, 2005 through June 30, 2007, to contribute to an employee’s deferred compensation account, providing that:

- The employee agrees to terminate their employment after the contribution is made;
- The contribution does not exceed 20% of the employee’s annual compensation on the date of the contribution;
- The employee is at least 53 years old; and,
- The agency can establish that a personal services savings of at least 20% of the employee’s annual compensation during the fiscal year following the contribution will be realized, and that the agency director has the approval of the Director of Administrative Services to make such a contribution.

LB 215 also provides that as a part of the Nebraska State Insurance Plan, the Department of Administrative Services would be required to offer health insurance to any state employee who terminates employment and receives a deferred compensation contribution. The employee would be responsible for 50% of the total cost of such coverage, and the right to obtain insurance under this legislation would terminate when the person reaches 65 years of age.

Finally, an employee who receives a contribution under LB 215, may not enter into an agreement with the state for personal services during the 10 years following termination.

Section by Section Summary of Bill:

Section 1  Would allow a state agency, from July 1, 2005 through June 30, 2007, to contribute to an employee’s deferred compensation account, providing that the employee is at least 53 years old, the employee terminates employment after receiving the contribution, and the agency can establish a 20% personal services savings. No rehiring with the state may occur for ten years following termination.

Section 2  Would permit a state agency to contribute to an employee’s deferred compensation account.

Section 3  Would require the State to offer health insurance to any employee who takes a contribution under section 1, where the employee pays 50% of the insurance premiums, and the right to such insurance would terminate upon the employee reaching age sixty-five.
LB 215 (Brown) - CONTINUED

Section 4 Would permit the State to pay for insurance expenses related to section 3, out of the State Employees Insurance Fund.

Section 5 Original sections are repealed.

Section 6 Contains an emergency clause.

LB 328 (Stuhr) Authorize a change in the retirement contribution rate by the Board of Regents.

Status: Pending in Committee.

Amends: Section 85-106, Reissue Revised Statutes of Nebraska.

Summary of purpose and/or changes:

Legislative Bill 328 would permit the University of Nebraska Board of Regents to establish an employer retirement contribution rate not to exceed ten percent (10%) of each university employee’s full-time salary or wage earnings for any calendar year. This proposal would permit the Board of Regents to increase the employer contribution rate up to ten percent, if the Board choose to make such a change.

Currently, the Board of Regents is permitted to establish a rate of not more than eight percent (8%) of each university employee’s full-time salary or wage earnings for any calendar year. The current actual rate established by the Board of Regents, is seven and one-half percent (7.5%).

Section by Section Summary of Bill:

Section 1 Would permit the Board of Regents to establish an employer retirement contribution rate not to exceed 10% of each university employee’s full-time salary or wage earnings for any calendar year.

Section 2 Original sections are repealed.
LB 369 (Cmmt)  Change the retirement contribution rate for judges.

Status: Pending in Committee.


Summary of purpose and/or changes:

Legislative Bill 369 would make changes to the Judges Retirement Act. The legislative proposal would temporarily increase for two years the retirement contribution rate for each judicial retirement rate category. Following the two-year period, each rate would return to its current level.

LB 369 would makes changes to Neb. Rev. Stat. § 24-703, and would increase the retirement contribution rate by 1% for each judicial retirement rate category. Currently, judges who elected a benefit enhancement in 2004 pay a contribution rate of 8%, and for those same judges who have participated in the plan for twenty or more years a contribution rate of 4%. These rates would temporarily increase to 9% and 5%, respectively. Currently, judges who did not elect a benefit enhancement in 2004 pay a contribution rate of 6%, and for those same judges who have participated in the plan for twenty or more years there is no contribution. These rates would temporarily increase to 7% and 1%, respectively.

The purpose for an increased retirement contribution rate is because the State actuary has indicated that there is a need for an additional contribution requirement of approximately 3.87% of pay, which represents $644,562. It is anticipated that such rate increase will be offset by an increase in the judges' annual salaries.

Section by Section Summary of Bill:

Section 1 Would temporarily increase all judicial retirement contribution rate categories by 1%, for a two-year period.

Section 2 Repeals original section.

Section 3 Contains an emergency clause.
LB 447 (Bourne) Create a state employees retirement health care account and change contribution rates.

Status: Pending in Committee.


Summary of purpose and/or changes:

LB 447 is comprised of two portions. First, the bill eliminates the bifurcated contribution system for state employees found in the State Employees Retirement Act.

Currently, a state employee contributes 4.33% of his or her wages to a retirement fund until the contribution reaches $864.00, or $19,954 of annual salary. Thereafter, the contribution increases to 4.8%.

Under the bill, a state employee's contribution would automatically be 4.8% of his or her wages. The State of Nebraska's matching contribution of 156% would remain the same. This provision is similar to the flat 4.8% rate contained within LB 366 that has been passed out of Committee.

Second, LB 447 creates an individual healthcare account for every state employee. The State of Nebraska would match the 4.8% employee contribution to the retirement program with a 17% contribution to the healthcare account. Retired employees, their spouses and dependents would be able to use the tax-free health care account for health-related expenses. This provision would effectively increase the total State of Nebraska's matching contribution rate to 173%.

Finally, upon the death of the retiree, any money remaining in the account would be returned to the State as is currently required by the Internal Revenue Service.

Section by Section Summary of Bill:

Section 1 Would create a healthcare account for employees in the State Employees Retirement System. Could be used to pay for medical expenses incurred by a retired state employee, their spouse, or dependent(s). The account balance would be equal to the employer's contribution of 17% of the employee contribution credit, plus interest. Upon death, any unused portion would be returned to the employer.
LB 447 (Bourne) - CONTINUED

Section 2 Would increase the amount a state employee contributes to his or her employee retirement account under the State Employees Retirement System. An employee would contribute 4.8% of his or her monthly compensation to an employee retirement account. Also, would increase the total annual amount contributed by the employer because the State is currently required to match employee retirement contributions by an amount equal to 156% of the employee contribution.

Section 3 Refers to Section 1 added under the Act.

Section 4 Original sections are repealed.

---

LB 495 (Stuhr) Provide a medical cost-of-living adjustment for school employees.

Status: Pending in Committee.


Summary of purpose and/or changes:


Under LB 495, during the first annual adjustment period beginning July 1, 2006 through June 30, 2007, the formula to calculate such benefit would be the number of creditable service years, divided by twenty (with the resulting ratio not to exceed one), multiplied by the product of $10.00 times the number of years an annuity has been received after retirement. This adjustment would only be available to those members who have received an annuity for ten or more years.

Beginning on July 1, 2007, for those members who were to receive the benefit for the first time, the formula to calculate the benefit would be the number of creditable service years, divided by twenty (with the resulting ratio not to exceed one), multiplied by $100. This adjustment would only be available to those members who did not receive the
benefit prior to July 1, 2007, and who had previously been receiving an annuity for at least ten years.

After a member has received the benefit for at least one year, the Public Employees Retirement Board will make an annual adjustment to their medical COLA benefit so that the total amount of increase in the medical COLA provided does not exceed the annual change in the U.S. Consumer Price Index. The total annual benefit adjustment received by a retired school employee would be capped at $250.00 per month, or $3,000.00 per year.

The reason for this proposed medical COLA benefit is because there is a concern that the current retirement benefit provided to retired teachers, who have been retired for ten or more years, is not adequate due to the rising cost of living and increasing healthcare costs.

Section by Section Summary of Bill:

Section 1 Would establish a medical COLA for members of the School Employees Retirement System.

Section 2 Original sections are repealed.

LB 710 (Erdman) Change provisions relating to the retirement systems for police in cities of the first class.

Status: Pending in Committee.

Amends: Sections 16-1005, 16-1006, and 16-1018, Reissue Revised Statutes of Nebraska; and, section 16-1017, Revised Statutes Supplement, 2004.

Summary of purpose and/or changes:

LB 710 is intended to improve the pension plans for law enforcement officers in first class cities. This proposal would increase the employee contribution rate for police officers employed by cities of the first class participating in the retirement plan, from 6% to 7% of salary. The employer match is 100% of the employee’s contribution.
LB 710 (Erdman) - CONTINUED

Since officers serving prior to January 1, 1984 are in a hybrid defined benefit plan with a floor benefit, this additional percent contributed should result in some form of additional retirement benefit not currently included within LB 710.

Section by Section Summary of Bill:

Section 1  Increases the amount contributed by a police officer participating in a retirement system for police in first class cities, from 6% to 7% for members serving prior to January 1, 1984.

Section 2  Increases the amount contributed by a police officer participating in a retirement system for police in first class cities, from 6% to 7% for members serving on or after January 1, 1984.

Section 3  Provides for additional reporting to the state investment officer.

Section 4  Members will receive service credit for previous service rendered in the another city also in the system for police in first class cities.

Section 5  This act becomes operative July 1, 2005.

Section 6  Original sections are repealed.

Section 7  Emergency clause.

LB 711 (Erdman) Provide a retirement benefit for law enforcement officers in certain cities.

Status: Pending in Committee.

Amends: Section 16-1004, Reissue Revised Statutes of Nebraska.

Summary of purpose and/or changes:

LB 711 would create a statewide defined benefit retirement plan for law enforcement officers, not including members of the State Patrol Retirement Plan.
LB 711 (Erdman) - CONTINUED

LB 711 could be considered an initial proposal that would need additional amending in order to make sure that the new plan covers all administrative and tax elements of a defined benefit plan. It is the counsel's understanding that the language and provisions of LB 711 are loosely modeled on Wyoming's law enforcement pension plan.

LB 711 would establish a law enforcement officer pension fund for cities of the first or second class and villages. The bill provides that each employee under the plan will contribute an actuarially determined amount not to exceed 8%. Each employer shall contribute a matching percentage to the fund for each employee. The proposal also requires that officers may retire at age 60 and provides the option of retiring after 20 years of continuous service in the same law enforcement department.

The benefit for each retiree would consist of 2.5% of the average annual salary of the 5 highest salary years of the officer multiplied by the number of years of service. The bill allows for portability of the money contributed by the officer if they leave the department or an option to remain in the plan if the officer has completed at least 10 years of service upon leaving.

LB 711 also provides for a disability pension of 62.5% of salary for those injured in the line of duty, and 50% of salary for those injured off-duty. It would establish a death benefit of 50% of the officer's salary to be paid to the surviving spouse per month, as well as, a monthly 6% of salary for each child under the age of majority. Upon the death of a retired officer drawing pension from the fund, the surviving spouse receives 2/3 of the officer's pension and $60 per month for each child under the age of majority.

Section by Section Summary of Bill:

Section 1 Would establish a law enforcement officer pension fund for cities of the first or second class and villages.

Section 2 Would provide that each employee under the plan will contribute an actuarially determined amount not to exceed 8%. Each employer shall contribute a matching percentage to the fund for each employee.

Section 3 Requires that officers retire at age 60 and provides the option of retiring after 20 years of continuous service in the same law enforcement department. The benefit for each retiree would consist of 2.5% of the average annual salary of the 5 highest salary years of the officer multiplied by the number of years of service. The bill allows for portability of the money contributed by the officer if they leave the department or an option to remain in the plan if the officer has completed at least 10 years of service upon leaving.
LB 711 (Erdman) - CONTINUED

Section 4 Provides for a disability pension of 62.5% of salary for those injured in the line of duty and 50% of salary for those injured off-duty.

Section 5 Would establish a death benefit of 50% of the officer's salary to be paid to the surviving spouse per month, as well as, a monthly 6% of salary for each child under the age of majority. Upon the death of a retired officer drawing pension from the fund, the surviving spouse receives 2/3 of the officer's pension and $60 per month for each child under the age of majority.

Sections 6-8 Contains provisions dealing with administration, maintenance and oversight of the pension plan and accounts. Would provide for an application process for retirement and disability benefits.

Section 9 Would eliminate a first class city's obligation to maintain a police officer retirement system unless a pension fund is created under this act.

Section 10 Repeals an original section of statute.

---

LB 732 (Bourne) Change state deposits for school retirement.

Status: Pending in Committee.


Summary of purpose and/or changes:

LB 732 would require that a transfer of funds be made to the Class V school district's retirement system (Omaha Public Schools) if the state also makes a deposit to the School Employees Retirement System due to a actuarially required contribution under section 79-966. Such transfer would be a similar percentage of compensation that is necessary to also fund the School Employees Retirement System's actuarially required contribution.

The transfer would only occur if there was a corresponding actuarially required contribution for the Class V school district's retirement system, and such transfer could be no greater than the compensation percentage amount required for the School Employees Retirement System.
LB 732 (Bourne) - CONTINUED

Employees Retirement System. Restated, this proposal defines a state deposit to the Class V School Retirement System when two conditions are satisfied:

1. The Nebraska School Employees Retirement System has received funding by the State of Nebraska to increase the total available contributions to the actuarially required contribution amount.

2. The Class V School Retirement System is faced with a deficiency and the total of available contributions is less than the actuarially required contribution amount

**Section by Section Summary of Bill:**

Section 1  Would insert language permitting transfer of monies to the Class V school district's retirement system, as determined by section 2.

Section 2  LB 732 would require that a transfer of funds be made to the Class V school district's retirement system if the state also makes a deposit to the School Employees Retirement System due to a required actuarial contribution.

Section 3  Act becomes operative July 1, 2005.

Section 4  Original sections are repealed.

Section 5  Contains an emergency clause.
This page intentionally left blank.
IV. BILLS IDEFINITELY POSTPONED BY COMMITTEE (in numerical order).

List of Bills Indefinitely Postponed

LB 165 (Synowiecki) Change membership of the Public Employees Retirement Board.

LB 468 (Bourne) Change judges’ retirement benefits.

LB 493 (Stuhr) Change provisions relating to school employee retirement statements.

Summary of Bills Indefinitely Postponed

LB 165 (Synowiecki) Change membership of the Public Employees Retirement Board.

Status: Indefinitely postponed by the Committee on April 4, 2005.


Summary of purpose and/or changes:

LB 165 would have changed provisions relating to the structure of the Public Employees Retirement Board (‘PERB’). Under this legislation, membership on the Board would include one additional retired certificated school employee. The Board would have been expanded from eight members to nine members.

Under Neb. Rev. Stat. § 84-1501 (Cum. Supp. 2004), the Board currently has eight members who serve five-year terms, and are appointed by the governor with legislative approval.

Section by Section Summary of Bill:

Section 1 Would have increased PERB membership to include one additional retired certificated school employee. This additional member’s term would begin January 1, 2006.

Section 2 Original sections are repealed.
LB 468 (Bourne)  Change judges’ retirement benefits.

Status:  Indefinitely postponed by the Committee on March 17, 2005.


Summary of purpose and/or changes:

LB 468 would have provided for a reduction in the actuarial cost assessed against judges for taking early retirement. This proposal would have lowered the age to receive normal retirement benefits for the Judges Retirement Plan from sixty-five to sixty. A judge taking early retirement would be subject to a reduction in their annuity benefit of three percent (3%) from the maximum retirement benefit provided for each year after the judge’s sixtieth (60) birthday that is between his or her retirement and his or her sixty-fifth birthday. This three percent reduction is less than the current actuarial reduction in effect.

Currently in statutes, judges may retire at age sixty-five and receive normal retirement benefits, which are calculated based on compensation and years of service, but which are capped at seventy percent of the judges final average salary. A judge may take early retirement at age fifty-five but their benefit is reduced using an actuarial factor based on age (rounded to the nearest month).

Section by Section Summary of Bill:

Section 1  Would have permitted judges to take early retirement beginning at age 60 with the maximum retirement benefit provided, less a 3% reduction for each year prior to age 65 that the early retirement is taken.

Section 2  Original section is repealed.

LB 493 (Stuhr)  Change provisions relating to school employee retirement statements.

Status:  Indefinitely postponed by the Committee on March 2, 2005. Portions of LB 493 were amended into LB 144.

LB 493 (Stuhr) - CONTINUED

Summary of purpose and/or changes:

Currently, section 79-907 requires that such statements be sent every two years by first class mail to members of the School Employees Retirement System. Each statement contains information on the amount of creditable service earned by the member, reported income, and other such information determined necessary by the director of the Nebraska Public Employees Retirement System in order to calculate the member's retirement benefit. Plan members are to verify such information and may dispute the amount within ninety (90) days after receipt of their statement.

LB 493 would have provided that after the ninety (90) day period has lapsed, the Public Employees Retirement Board (hereafter 'Board') would maintain an ongoing fiduciary duty to modify or correct a member's statement if the Board discovers an error in the information it has on record. The decision to make the correction would be a discretionary function of the Board, and the Board would be required to make a determination as to whether a correction will be made within sixty (60) days after discovery of the error is made or is brought to the Board's attention.

Section by Section Summary of Bill:
Section 1 Would have placed an ongoing fiduciary duty upon the board to modify or correct a member's creditable service statement. Such correction would be a discretionary function of the board. The board would have needed to make a determination as to whether a modification or correction was to be made within sixty (60) days of the discovery of such error.

Section 2 Original section is repealed.
This page intentionally left blank.
SUMMARY OF INTERIM RESOLUTIONS

I. PRIORITIZATION OF RESOLUTIONS

REPORT ON THE PRIORTIZING
OF INTERIM STUDY RESOLUTIONS
Pursuant to Rule 4, Section 3(c)

COMMITTEE: DATE:
Nebraska Retirement Systems Committee June 1, 2005

The following resolutions were referred to the Nebraska Retirement Systems Committee on May 20, 2005. The committee has prioritized the resolutions in the following order:

<table>
<thead>
<tr>
<th>Resolution No.</th>
<th>Subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>LR 177</td>
<td>Interim Study to examine the five public employee retirement systems administered by the Public Employees Retirement Board and funding needs.</td>
</tr>
<tr>
<td>LR 176</td>
<td>Interim Study to examine actuarial and accounting mechanisms that can be utilized in order to resolve or minimize state actuarial contributions.</td>
</tr>
<tr>
<td>LR 189</td>
<td>Interim Study to review the retirement system created under the Class V School Employees Retirement Act.</td>
</tr>
<tr>
<td>LR 240</td>
<td>Interim Study to examine the retirement system created under the Judges Retirement Act.</td>
</tr>
<tr>
<td>LR 178</td>
<td>Interim Study to examine items defined as compensation as each pertains to the School Employees Retirement System.</td>
</tr>
</tbody>
</table>
This page intentionally left blank.
II. INTERIM STUDY RESOLUTIONS (in numerical order).

List of Interim Study Resolutions

LR 176 (Cmmt) Examine actuarial and accounting mechanisms that can be utilized in order to resolve or minimize state actuarial contributions.

LR 177 (Cmmt) Examine the five public employee retirement systems administered by the Public Employees Retirement Board and funding needs.

LR 178 (Cmmt) Examine items defined as compensation as each pertains to the School Employees Retirement System.

LR 189 (Stuhr) Review the retirement system created under the Class V School Employees Retirement Act.

LR 240 (Cmmt) Examine the retirement system created under the Judges Retirement Act.

Summary of Interim Study Resolutions

LR 176 (Cmmt) Examine actuarial and accounting mechanisms that can be utilized in order to resolve or minimize state actuarial contributions.

Background/Purpose of the study resolution:

The purpose of this study is to examine various actuarial and accounting mechanisms that can be appropriately utilized in order to resolve or minimize state actuarial contributions required for each of the public retirement systems administered by the Public Employees Retirement Board.

Objectives of the proposed study:

The Nebraska Retirement Systems Committee will conduct an interim study to carry out the purposes of this resolution.

Upon the conclusion of its study, the Committee will make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.
Staffing components:

The Committee legal counsel and actuary will work with the director and staff of the Nebraska Public Employees Retirement Systems, the State's actuary, representatives of interested groups, and other necessary entities in order to fulfill the objectives of the study.

Special needs:

An actuarial study may need to be conducted in connection with the interim study in order to determine the costs associated with implementation, if any, of proposed legislation arising as a result of the study.

LR 177 (Cmmt) Examine actuarial and accounting mechanisms that can be utilized in order to resolve or minimize state actuarial contributions.

Background/Purpose of the study resolution:

The purpose of this study is to examine the five public employee retirement systems administered by the Public Employees Retirement Board. The study shall examine issues as they relate to the funding needs of the various retirement systems and the administration of each system.

Objectives of the proposed study:

The Nebraska Retirement Systems Committee will conduct an interim study to carry out the purposes of this resolution.

Upon the conclusion of its study, the Committee will make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

Staffing components:

The Committee legal counsel and actuary will work with the director and staff of the Nebraska Public Employees Retirement Systems, the State's actuary, representatives
LR 177 (Cmmt) - CONTINUED

of interested groups, and other necessary entities in order to fulfill the objectives of the study.

Special needs:
Not applicable.

LR 178 (Cmmt) Examine items defined as compensation as each pertains to the School Employees Retirement System.

Background/Purpose of the study resolution:

The purpose of this study is to examine items defined as compensation in subdivision (35)(a) of section 79-902 as each pertains to the School Employees Retirement System of the State of Nebraska and to determine whether such provisions are appropriate in order to ensure uniformity among school districts and school boards. The study should examine other technical corrections and clarification of statutory language for the School Employees Retirement Act.

In addition, modifications to the system’s benefits or contribution processes may be considered.

Objectives of the proposed study:

The Nebraska Retirement Systems Committee will conduct an interim study to carry out the purposes of this resolution.

Upon the conclusion of its study, the Committee will make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

Staffing components:

The Committee legal counsel and actuary will work with the director and staff of the Nebraska Public Employees Retirement Systems, the State’s actuary, representatives of interested groups, and other necessary entities in order to fulfill the objectives of the study.
LR 178 (Cmmt) - CONTINUED

Special needs:
Not applicable.

LR 189 (Stuhr)  Review the retirement system created under the Class V School Employees Retirement Act.

Background/Purpose of the study resolution:
The purpose of this study is to review the retirement system created under the Class V School Employees Retirement Act. The study may include, but is not limited to, the following:

(1) Examine the conversion and transfer of new members and current members who elect to transfer from the retirement system created under the Class V School Employees Retirement Act into the retirement system created under the School Employees Retirement Act;

(2) Examine placing the administration of the Class V retirement system under administration of the Public Employees Retirement Board; and,

(3) Compare benefits in the Class V retirement system and the School Employees Retirement System of the State of Nebraska.

The intent of the study is the drafting of legislation designed to perform such a transfer and conversion and a report detailing the benefits of each system.

Objectives of the proposed study:
The Nebraska Retirement Systems Committee will conduct an interim study to carry out the purposes of this resolution.

Upon the conclusion of its study, the Committee will make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.
LR 189 (Stuhr) - CONTINUED

Staffing components:

The Committee legal counsel and actuary will work with representatives of interested groups, the director and staff of the Nebraska Public Employees Retirement Systems, the State's actuary, and other necessary entities in order to fulfill the objectives of the study.

Special needs:

An actuarial study may need to be conducted in connection with the interim study in order to determine the costs associated with implementation, if any, of proposed legislation arising as a result of the study.

LR 240 (Cmmt) Examine the retirement system created under the Judges Retirement Act.

Background/Purpose of the study resolution:

The purpose of this study is to examine the retirement system created under the Judges’ Retirement Act.

The study will compare the Nebraska Judges’ Retirement System with other plans administered by the Public Employees Retirement Board, compare judicial-type retirement plans provided by other regional states, and review options for enhancements or modifications of the Nebraska Judges Retirement System.

Objectives of the proposed study:

The Nebraska Retirement Systems Committee will conduct an interim study to carry out the purposes of this resolution.

Upon the conclusion of its study, the Committee will make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.
LR 240 (Cmmt) - CONTINUED

**Staffing components:**

The Committee legal counsel and actuary will work with the director and staff of the Nebraska Public Employees Retirement Systems, the State’s actuary, representatives of interested groups, Legislative Research, and other necessary entities in order to fulfill the objectives of the study.

**Special needs:**

An actuarial study may need to be conducted in connection with the interim study in order to determine the costs associated with implementation, if any, of proposed legislation arising as a result of the study.
RETIREEMENT COMMITTEE WORKSHEET

2005 Session, After Adjournment

Bills Referenced to Committee: First Session: 23

2005 Priority Bills (2) 364 503

Approved by Governor (4) 144 329 364 503

- Fully amended into another bill and enacted (6) 365 367 368 411 412 494
- Partially amended into another bill and enacted (1) 691

Select File (0)

General File (1) 366

Held in Committee (8) 215 328 369 447 495 710 711 732

Indefinitely Postponed by Motion (7) 365 367 368 411 412 494 691

Indefinitely Postponed by Committee (3) 165 468 493
## INDEX OF BILLS AND RESOLUTIONS

As of Sine Die – June 3, 2005

<table>
<thead>
<tr>
<th>LB/LR</th>
<th>Introducer / One-Line Description</th>
<th>Hearing Date</th>
<th>Committee Disposition</th>
<th>Final Disposition</th>
<th>Pg #</th>
</tr>
</thead>
<tbody>
<tr>
<td>144</td>
<td>(Price) Change requirements for modifying information statements under School Employees Retirement Act.</td>
<td>2/10/05</td>
<td>Placed on General File as Amended 3/2/05</td>
<td>Approved by Governor 4/7/05</td>
<td>7</td>
</tr>
<tr>
<td>165</td>
<td>(Synowiecki) Change membership of the Public Employees Retirement Board.</td>
<td>3/2/05</td>
<td>Indefinitely Postponed 4/4/05</td>
<td>Indefinitely Postponed</td>
<td>53</td>
</tr>
<tr>
<td>215</td>
<td>(Brown) Provide for deferred compensation payment and health insurance for certain state employees.</td>
<td>3/11/05</td>
<td>None</td>
<td>Pending in Committee</td>
<td>41</td>
</tr>
<tr>
<td>328</td>
<td>(Stuhr) Authorize a change in the retirement contribution rate by the Board of Regents.</td>
<td>2/22/05</td>
<td>None</td>
<td>Pending in Committee</td>
<td>43</td>
</tr>
<tr>
<td>329</td>
<td>(Stuhr) Authorize separation payments and retirement inducements for school employees.</td>
<td>1/20/05</td>
<td>Placed on General File 1/21/05</td>
<td>Approved by Governor 3/9/05</td>
<td>9</td>
</tr>
<tr>
<td>364</td>
<td>(Cmmt) Change provisions relating to retirement for employees of Class V schools.</td>
<td>2/22/05</td>
<td>Placed on General File as Amended 4/19/05</td>
<td>Approved by Governor 3/31/05</td>
<td>10</td>
</tr>
<tr>
<td>365</td>
<td>(Cmmt) Change membership on the Public Employees Retirement Board.</td>
<td>3/2/05</td>
<td>Placed on General File 4/4/05</td>
<td>Indefinitely postponed Amended into LB 364</td>
<td>25</td>
</tr>
<tr>
<td>366</td>
<td>(Cmmt) Change membership and contribution rate provisions for state and county retirement plans.</td>
<td>2/16/05</td>
<td>Placed on General File as Amended 3/2/05</td>
<td>Pending on General File with Cmmt. Amendment</td>
<td>27</td>
</tr>
<tr>
<td>367</td>
<td>(Cmmt) Authorize and change provisions relating to retirement late payment fees.</td>
<td>2/16/05</td>
<td>Placed on General File as Amended 3/17/05</td>
<td>Indefinitely postponed Amended into LB 364</td>
<td>28</td>
</tr>
<tr>
<td>368</td>
<td>(Cmmt) Change the retirement contribution rate for school employees.</td>
<td>1/20/05</td>
<td>Placed on General File as Amended 2/10/05</td>
<td>Indefinitely postponed Amended into LB 503</td>
<td>30</td>
</tr>
<tr>
<td>LB/LR</td>
<td>Introducer / One-Line Description</td>
<td>Hearing Date</td>
<td>Committee Disposition</td>
<td>Final Disposition</td>
<td>Pg #</td>
</tr>
<tr>
<td>-------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------</td>
<td>-------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>369</td>
<td>(Cmmt) Change the retirement contribution rate for judges.</td>
<td>1/27/05</td>
<td>None</td>
<td>Pending in Committee</td>
<td>44</td>
</tr>
<tr>
<td>411</td>
<td>(Stuhr) Change calculations for school employee retirement.</td>
<td>1/27/05</td>
<td>Placed on General File as Amended 2/10/05</td>
<td>Indefinitely postponed Amended into LB 503</td>
<td>31</td>
</tr>
<tr>
<td>412</td>
<td>(Cmmt) Change state patrol retirement provisions.</td>
<td>1/27/05</td>
<td>Placed on General File as Amended 2/10/05</td>
<td>Indefinitely postponed Amended into LB 503</td>
<td>33</td>
</tr>
<tr>
<td>447</td>
<td>(Bourne) Create a state employees retirement health care account and change contribution rates.</td>
<td>3/11/05</td>
<td>None</td>
<td>Pending in Committee</td>
<td>45</td>
</tr>
<tr>
<td>468</td>
<td>(Bourne) Change judges' retirement benefits.</td>
<td>3/16/05</td>
<td>Indefinitely Postponed 3/17/05</td>
<td>Indefinitely Postponed</td>
<td>54</td>
</tr>
<tr>
<td>493</td>
<td>(Stuhr) Change provisions relating to school employee retirement statements.</td>
<td>2/10/05</td>
<td>Indefinitely Postponed 3/2/05</td>
<td>Indefinitely Postponed</td>
<td>54</td>
</tr>
<tr>
<td>494</td>
<td>(Stuhr) Provide additional retirement account investment options.</td>
<td>2/3/05</td>
<td>Placed on General File as Amended 2/11/05</td>
<td>Indefinitely postponed Amended into LB 503</td>
<td>34</td>
</tr>
<tr>
<td>495</td>
<td>(Stuhr) Provide a medical cost-of-living adjustment for school employees.</td>
<td>3/2/05</td>
<td>None</td>
<td>Pending in Committee</td>
<td>46</td>
</tr>
<tr>
<td>503</td>
<td>(Cmmt) Change provisions relating to the Nebraska Investment Council and the retirement systems.</td>
<td>2/3/05</td>
<td>Placed on General File as Amended 2/14/05</td>
<td>Approved by Governor 4/27/05</td>
<td>17</td>
</tr>
<tr>
<td>691</td>
<td>(Stuhr) Change provisions relating to cash balance and defined contribution benefits.</td>
<td>2/10/05</td>
<td>Placed on General File as Amended 4/5/05</td>
<td>Indefinitely postponed Amended into LB 364</td>
<td>36</td>
</tr>
<tr>
<td>710</td>
<td>(Erdman) Change provisions relating to the retirement systems for police in cities of the first class.</td>
<td>3/16/05</td>
<td>None</td>
<td>Pending in Committee</td>
<td>47</td>
</tr>
<tr>
<td>711</td>
<td>(Erdman) Provide a retirement benefit for law enforcement officers in certain cities.</td>
<td>3/16/05</td>
<td>None</td>
<td>Pending in Committee</td>
<td>48</td>
</tr>
<tr>
<td>732</td>
<td>(Bourne) Change state deposits for school retirement.</td>
<td>2/22/05</td>
<td>None</td>
<td>Pending in Committee</td>
<td>50</td>
</tr>
<tr>
<td>LB/LR</td>
<td>Introducer / One-Line Description</td>
<td>Hearing Date</td>
<td>Committee Disposition</td>
<td>Final Disposition</td>
<td>Pg #</td>
</tr>
<tr>
<td>-------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>--------------</td>
<td>-----------------------</td>
<td>-------------------</td>
<td>------</td>
</tr>
<tr>
<td></td>
<td><strong>2005 Interim Studies</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>176</td>
<td>(Cmmt) Examine actuarial and accounting mechanisms that can be utilized in order to resolve or minimize state actuarial contributions.</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>59</td>
</tr>
<tr>
<td>177</td>
<td>(Cmmt) Examine the five public employee retirement systems administered by the Public Employees Retirement Board and funding needs.</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>60</td>
</tr>
<tr>
<td>178</td>
<td>(Cmmt) Examine items defined as compensation as each pertains to the School Employees Retirement System.</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>61</td>
</tr>
<tr>
<td>189</td>
<td>(Stuhr) Review the retirement system created under the Class V School Employees Retirement Act.</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>62</td>
</tr>
<tr>
<td>240</td>
<td>(Cmmt) Examine the retirement system created under the Judges Retirement Act.</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>63</td>
</tr>
</tbody>
</table>
This page intentionally left blank.