

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 17

Introduced by Kolterman, 24.

Read first time January 07, 2021

Committee: Nebraska Retirement Systems

1 A BILL FOR AN ACT relating to retirement; to amend sections 24-703 and
2 79-966.01, Reissue Revised Statutes of Nebraska, and sections
3 24-701, 24-710, 79-966, and 81-2017, Revised Statutes Cumulative
4 Supplement, 2020; to change actuarial valuation provisions and
5 amortization periods in retirement systems under the Judges
6 Retirement Act, the School Employees Retirement Act, and the
7 Nebraska State Patrol Retirement Act; to eliminate obsolete
8 provisions; to harmonize provisions; to repeal the original
9 sections; and to declare an emergency.
10 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 24-701, Revised Statutes Cumulative Supplement,
2 2020, is amended to read:

3 24-701 For purposes of the Judges Retirement Act, unless the context
4 otherwise requires:

5 (1)(a) Actuarial equivalence means the equality in value of the
6 aggregate amounts expected to be received under different forms of
7 payment.

8 (b) For a judge hired prior to July 1, 2017, the determinations are
9 to be based on the 1994 Group Annuity Mortality Table reflecting sex-
10 distinct factors blended using seventy-five percent of the male table and
11 twenty-five percent of the female table. An interest rate of eight
12 percent per annum shall be reflected in making these determinations.

13 (c) For a judge hired on or after July 1, 2017, or rehired on or
14 after July 1, 2017, after termination of employment and being paid a
15 retirement benefit, the determinations shall be based on a unisex
16 mortality table and an interest rate specified by the board. Both the
17 mortality table and the interest rate shall be recommended by the actuary
18 and approved by the board following an actuarial experience study, a
19 benefit adequacy study, or a plan valuation. The mortality table,
20 interest rate, and actuarial factors in effect on the judge's retirement
21 date will be used to calculate actuarial equivalency of any retirement
22 benefit. Such interest rate may be, but is not required to be, equal to
23 the assumed rate of return;

24 (2) Beneficiary means a person so designated by a judge in the last
25 designation of beneficiary on file with the board or, if no designated
26 person survives or if no designation is on file, the estate of such
27 judge;

28 (3) Board means the Public Employees Retirement Board;

29 (4)(a) Compensation means the statutory salary of a judge or the
30 salary being received by such judge pursuant to law. Compensation does
31 not include compensation for unused sick leave or unused vacation leave

1 converted to cash payments, insurance premiums converted into cash
2 payments, reimbursement for expenses incurred, fringe benefits, per
3 diems, or bonuses for services not actually rendered, including, but not
4 limited to, early retirement inducements, cash awards, and severance pay,
5 except for retroactive salary payments paid pursuant to court order,
6 arbitration, or litigation and grievance settlements. Compensation
7 includes overtime pay, member retirement contributions, and amounts
8 contributed by the member to plans under sections 125 and 457 of the
9 Internal Revenue Code as defined in section 49-801.01 or any other
10 section of the code which defers or excludes such amounts from income.

11 (b) Compensation in excess of the limitations set forth in section
12 401(a)(17) of the Internal Revenue Code as defined in section 49-801.01
13 shall be disregarded. For an employee who was a member of the retirement
14 system before the first plan year beginning after December 31, 1995, the
15 limitation on compensation shall not be less than the amount which was
16 allowed to be taken into account under the retirement system as in effect
17 on July 1, 1993;

18 (5) Creditable service means the total number of years served as a
19 judge, including prior service, military service, and current service,
20 computed to the nearest one-twelfth year. For current service prior to
21 the time that the member has contributed the required percentage of
22 salary until the maximum benefit as limited by section 24-710 has been
23 earned, creditable service does not include current service for which
24 member contributions are not made or are withdrawn and not repaid;

25 (6) Current benefit means the initial benefit increased by all
26 adjustments made pursuant to the Judges Retirement Act;

27 (7)(a) Current service means the period of service (i) any judge of
28 the Supreme Court or judge of the district court serves in such capacity
29 from and after January 3, 1957, (ii)(A) any judge of the Nebraska
30 Workmen's Compensation Court served in such capacity from and after
31 September 20, 1957, and prior to July 17, 1986, and (B) any judge of the

1 Nebraska Workers' Compensation Court serves in such capacity on and after
2 July 17, 1986, (iii) any county judge serves in such capacity from and
3 after January 5, 1961, (iv) any judge of a separate juvenile court serves
4 in such capacity, (v) any judge of the municipal court served in such
5 capacity subsequent to October 23, 1967, and prior to July 1, 1985, (vi)
6 any judge of the county court or associate county judge serves in such
7 capacity subsequent to January 4, 1973, (vii) any clerk magistrate, who
8 was an associate county judge and a member of the fund at the time of
9 appointment as a clerk magistrate, serves in such capacity from and after
10 July 1, 1986, and (viii) any judge of the Court of Appeals serves in such
11 capacity on or after September 6, 1991.

12 (b) Current service shall not be deemed to be interrupted by (i)
13 temporary or seasonal suspension of service that does not terminate the
14 employee's employment, (ii) leave of absence authorized by the employer
15 for a period not exceeding twelve months, (iii) leave of absence because
16 of disability, or (iv) military service, when properly authorized by the
17 board. Current service does not include any period of disability for
18 which disability retirement benefits are received under section 24-709;

19 (8) Final average compensation for a judge who becomes a member
20 prior to July 1, 2015, means the average monthly compensation for the
21 three twelve-month periods of service as a judge in which compensation
22 was the greatest or, in the event of a judge serving less than three
23 twelve-month periods, the average monthly compensation for such judge's
24 period of service. Final average compensation for a judge who becomes a
25 member on and after July 1, 2015, means the average monthly compensation
26 for the five twelve-month periods of service as a judge in which
27 compensation was the greatest or, in the event of a judge serving less
28 than five twelve-month periods, the average monthly compensation for such
29 judge's period of service;

30 (9) Fund means the Nebraska Retirement Fund for Judges;

31 (10) Future member means a judge who first served as a judge on or

1 after December 25, 1969, or means a judge who first served as a judge
2 prior to December 25, 1969, who elects to become a future member on or
3 before June 30, 1970, as provided in ~~subsection (8) of section 24-703 or~~
4 section 24-710.01;

5 (11) Hire date or date of hire means the first day of compensated
6 service subject to retirement contributions;

7 (12) Initial benefit means the retirement benefit calculated at the
8 time of retirement;

9 (13) Judge means and includes (a) all duly elected or appointed
10 Chief Justices or judges of the Supreme Court and judges of the district
11 courts of Nebraska who serve in such capacity on and after January 3,
12 1957, (b)(i) all duly appointed judges of the Nebraska Workmen's
13 Compensation Court who served in such capacity on and after September 20,
14 1957, and prior to July 17, 1986, and (ii) judges of the Nebraska
15 Workers' Compensation Court who serve in such capacity on and after July
16 17, 1986, (c) judges of separate juvenile courts, (d) judges of the
17 county courts of the respective counties who serve in such capacity on
18 and after January 5, 1961, (e) judges of the county court and clerk
19 magistrates who were associate county judges and members of the fund at
20 the time of their appointment as clerk magistrates, (f) judges of
21 municipal courts established by Chapter 26, article 1, who served in such
22 capacity on and after October 23, 1967, and prior to July 1, 1985, and
23 (g) judges of the Court of Appeals;

24 (14) Member means a judge eligible to participate in the retirement
25 system established under the Judges Retirement Act;

26 (15) Military service means active service of (a) any judge of the
27 Supreme Court or judge of the district court in any of the armed forces
28 of the United States during a war or national emergency prior or
29 subsequent to September 18, 1955, if such service commenced while such
30 judge was holding the office of judge, (b) any judge of the Nebraska
31 Workmen's Compensation Court or the Nebraska Workers' Compensation Court

1 in any of the armed forces of the United States during a war or national
2 emergency prior or subsequent to September 20, 1957, if such service
3 commenced while such judge was holding the office of judge, (c) any judge
4 of the municipal court in any of the armed forces of the United States
5 during a war or national emergency prior or subsequent to October 23,
6 1967, and prior to July 1, 1985, if such service commenced while such
7 judge was holding the office of judge, (d) any judge of the county court
8 or associate county judge in any of the armed forces of the United States
9 during a war or national emergency prior or subsequent to January 4,
10 1973, if such service commenced while such judge was holding the office
11 of judge, (e) any clerk magistrate, who was an associate county judge and
12 a member of the fund at the time of appointment as a clerk magistrate, in
13 any of the armed forces of the United States during a war or national
14 emergency on or after July 1, 1986, if such service commenced while such
15 clerk magistrate was holding the office of clerk magistrate, and (f) any
16 judge of the Court of Appeals in any of the armed forces of the United
17 States during a war or national emergency on or after September 6, 1991,
18 if such service commenced while such judge was holding the office of
19 judge. The board shall have the power to determine when a national
20 emergency exists or has existed for the purpose of applying this
21 definition and provision;

22 (16) Normal form annuity means a series of equal monthly payments
23 payable at the end of each calendar month during the life of a retired
24 judge as provided in sections 24-707 and 24-710, except as provided in
25 section 42-1107. The first payment shall include all amounts accrued
26 since the effective date of the award of the annuity. The last payment
27 shall be at the end of the calendar month in which such judge dies. If at
28 the time of death the amount of annuity payments such judge has received
29 is less than contributions to the fund made by such judge, plus regular
30 interest, the difference shall be paid to the beneficiary or estate;

31 (17) Normal retirement date means the first day of the month

1 following attainment of age sixty-five;

2 (18) Original member means a judge who first served as a judge prior
3 to December 25, 1969, who does not elect to become a future member
4 pursuant to ~~subsection (8) of section 24-703 or~~ section 24-710.01, and
5 who was retired on or before December 31, 1992;

6 (19) Plan year means the twelve-month period beginning on July 1 and
7 ending on June 30 of the following year;

8 (20) Prior service means all the periods of time any person has
9 served as a (a) judge of the Supreme Court or judge of the district court
10 prior to January 3, 1957, (b) judge of the county court prior to January
11 5, 1961, (c) judge of the Nebraska Workmen's Compensation Court prior to
12 September 20, 1957, (d) judge of the separate juvenile court, or (e)
13 judge of the municipal court prior to October 23, 1967;

14 (21) Regular interest means interest fixed at a rate equal to the
15 daily treasury yield curve for one-year treasury securities, as published
16 by the Secretary of the Treasury of the United States, that applies on
17 July 1 of each year, which may be credited monthly, quarterly,
18 semiannually, or annually as the board may direct;

19 (22) Required beginning date means, for purposes of the deferral of
20 distributions, April 1 of the year following the calendar year in which a
21 member has:

22 (a)(i) Terminated employment with the State of Nebraska; and

23 (ii)(A) Attained at least seventy and one-half years of age for a
24 member who attained seventy and one-half years of age on or before
25 December 31, 2019; or

26 (B) Attained at least seventy-two years of age for a member who
27 attained seventy and one-half years of age on or after January 1, 2020;
28 or

29 (b)(i) Terminated employment with the State of Nebraska; and

30 (ii) Otherwise reached the date specified by section 401(a)(9) of
31 the Internal Revenue Code and the regulations issued thereunder;

1 (23) Retirement application means the form approved and provided by
2 the retirement system for acceptance of a member's request for either
3 regular or disability retirement;

4 (24) Retirement date means (a) the first day of the month following
5 the date upon which a member's request for retirement is received on a
6 retirement application if the member is eligible for retirement and has
7 terminated employment or (b) the first day of the month following
8 termination of employment if the member is eligible for retirement and
9 has filed an application but has not yet terminated employment;

10 (25) Retirement system or system means the Nebraska Judges
11 Retirement System as provided in the Judges Retirement Act;

12 (26) Surviving spouse means (a) the spouse married to the member on
13 the date of the member's death or (b) the spouse or former spouse of the
14 member if survivorship rights are provided under a qualified domestic
15 relations order filed with the board pursuant to the Spousal Pension
16 Rights Act. The spouse or former spouse shall supersede the spouse
17 married to the member on the date of the member's death as provided under
18 a qualified domestic relations order. If the benefits payable to the
19 spouse or former spouse under the qualified domestic relations order are
20 less than the value of benefits entitled to the surviving spouse, the
21 spouse married to the member on the date of the member's death shall be
22 the surviving spouse for the balance of the benefits; and

23 (27) Termination of employment occurs on the date on which the State
24 Court Administrator's office determines that the judge's employer-
25 employee relationship with the State of Nebraska is dissolved. The State
26 Court Administrator's office shall notify the board of the date on which
27 such a termination has occurred. Termination of employment does not
28 include ceasing employment as a judge if the judge returns to regular
29 employment as a judge or is employed on a regular basis by another agency
30 of the State of Nebraska and there are less than one hundred twenty days
31 between the date when the judge's employer-employee relationship ceased

1 and the date when the employer-employee relationship recommences. It is
2 the responsibility of the employer that is involved in the termination of
3 employment to notify the board of such change in employment and provide
4 the board with such information as the board deems necessary. If the
5 board determines that termination of employment has not occurred and a
6 retirement benefit has been paid to a member of the retirement system
7 pursuant to section 24-710, the board shall require the member who has
8 received such benefit to repay the benefit to the retirement system.

9 Sec. 2. Section 24-703, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 24-703 (1) Each original member shall contribute monthly four
12 percent of his or her monthly compensation to the fund until the maximum
13 benefit as limited in subsection (1) of section 24-710 has been earned.
14 It shall be the duty of the Director of Administrative Services in
15 accordance with subsection (6) ~~(10)~~ of this section to make a deduction
16 of four percent on the monthly payroll of each original member who is a
17 judge of the Supreme Court, a judge of the Court of Appeals, a judge of
18 the district court, a judge of a separate juvenile court, a judge of the
19 county court, a clerk magistrate of the county court who was an associate
20 county judge and a member of the fund at the time of his or her
21 appointment as a clerk magistrate, or a judge of the Nebraska Workers'
22 Compensation Court showing the amount to be deducted and its credit to
23 the fund. The Director of Administrative Services and the State Treasurer
24 shall credit the four percent as shown on the payroll and the amounts
25 received from the various counties to the fund and remit the same to the
26 director in charge of the judges retirement system who shall keep an
27 accurate record of the contributions of each judge.

28 (2)(a) In addition to the contribution required under subdivision
29 (c) of this subsection, beginning on July 1, 2004, each future member who
30 became a member prior to July 1, 2015, and who has not elected to make
31 contributions and receive benefits as provided in section 24-703.03 shall

1 contribute monthly six percent of his or her monthly compensation to the
2 fund until the maximum benefit as limited in subsection (2) of section
3 24-710 has been earned. After the maximum benefit as limited in
4 subsection (2) of section 24-710 has been earned, such future member
5 shall make no further contributions to the fund, except that (i) any time
6 the maximum benefit is changed, a future member who has previously earned
7 the maximum benefit as it existed prior to the change shall contribute
8 monthly six percent of his or her monthly compensation to the fund until
9 the maximum benefit as changed and as limited in subsection (2) of
10 section 24-710 has been earned and (ii) such future member shall continue
11 to make the contribution required under subdivision (c) of this
12 subsection.

13 (b) In addition to the contribution required under subdivision (c)
14 of this subsection, beginning on July 1, 2004, a judge who became a
15 member prior to July 1, 2015, and who first serves as a judge on or after
16 July 1, 2004, or a future member who became a member prior to July 1,
17 2015, and who elects to make contributions and receive benefits as
18 provided in section 24-703.03 shall contribute monthly eight percent of
19 his or her monthly compensation to the fund until the maximum benefit as
20 limited by subsection (2) of section 24-710 has been earned. In addition
21 to the contribution required under subdivision (c) of this subsection,
22 after the maximum benefit as limited in subsection (2) of section 24-710
23 has been earned, such judge or future member shall contribute monthly
24 four percent of his or her monthly compensation to the fund for the
25 remainder of his or her active service.

26 (c) Beginning on July 1, 2009, a member or judge described in
27 subdivisions (a) and (b) of this subsection shall contribute monthly an
28 additional one percent of his or her monthly compensation to the fund.

29 (d) Beginning on July 1, 2015, a judge who first serves as a judge
30 on or after such date shall contribute monthly ten percent of his or her
31 monthly compensation to the fund.

1 (e) It shall be the duty of the Director of Administrative Services
2 to make a deduction on the monthly payroll of each such future member who
3 is a judge of the Supreme Court, a judge of the Court of Appeals, a judge
4 of the district court, a judge of a separate juvenile court, a judge of
5 the county court, a clerk magistrate of the county court who was an
6 associate county judge and a member of the fund at the time of his or her
7 appointment as a clerk magistrate, or a judge of the Nebraska Workers'
8 Compensation Court showing the amount to be deducted and its credit to
9 the fund. This shall be done each month. The Director of Administrative
10 Services and the State Treasurer shall credit the amount as shown on the
11 payroll and the amounts received from the various counties to the fund
12 and remit the same to the director in charge of the judges retirement
13 system who shall keep an accurate record of the contributions of each
14 judge.

15 (3) Except as otherwise provided in this subsection, a Nebraska
16 Retirement Fund for Judges fee of six dollars shall be taxed as costs in
17 each (a) civil cause of action, criminal cause of action, traffic
18 misdemeanor or infraction, and city or village ordinance violation filed
19 in the district courts, the county courts, and the separate juvenile
20 courts, (b) filing in the district court of an order, award, or judgment
21 of the Nebraska Workers' Compensation Court or any judge thereof pursuant
22 to section 48-188, (c) appeal or other proceeding filed in the Court of
23 Appeals, and (d) original action, appeal, or other proceeding filed in
24 the Supreme Court. In county courts a sum shall be charged which is equal
25 to ten percent of each fee provided by sections 33-125, 33-126.02,
26 33-126.03, and 33-126.06, rounded to the nearest even dollar. No judges
27 retirement fee shall be charged for filing a report pursuant to sections
28 33-126.02 and 33-126.06. When collected by the clerk of the district or
29 county court, such fees shall be paid and information submitted to the
30 director in charge of the judges retirement system on forms prescribed by
31 the board by the clerk within ten days after the close of each calendar

1 quarter. The board may charge a late administrative processing fee not to
2 exceed twenty-five dollars if the information is not timely received or
3 the money is delinquent. In addition, the board may charge a late fee of
4 thirty-eight thousandths of one percent of the amount required to be
5 submitted pursuant to this section for each day such amount has not been
6 received. Such director shall promptly thereafter remit the same to the
7 State Treasurer for credit to the fund. No Nebraska Retirement Fund for
8 Judges fee which is uncollectible for any reason shall be waived by a
9 county judge as provided in section 29-2709.

10 (4) All expenditures from the fund shall be authorized by voucher in
11 the manner prescribed in section 24-713. The fund shall be used for the
12 payment of all annuities and other benefits to members and their
13 beneficiaries and for the expenses of administration.

14 (5)(a) Prior to July 1, 2021:

15 ~~(5) The fund shall consist of the total fund as of December 25,~~
16 ~~1969, the contributions of members as provided in this section, all~~
17 ~~supplementary court fees as provided in subsection (3) of this section,~~
18 ~~and any required contributions of the state.~~

19 ~~(6) Not later than January 1 of each year, the State Treasurer shall~~
20 ~~transfer to the fund the amount certified by the board as being necessary~~
21 ~~to pay the cost of any benefits accrued during the fiscal year ending the~~
22 ~~previous June 30 in excess of member contributions for that fiscal year~~
23 ~~and court fees as provided in subsection (3) of this section and fees~~
24 ~~pursuant to sections 25-2804, 33-103, 33-103.01, 33-106, 33-106.02,~~
25 ~~33-123, 33-125, 33-126.02, 33-126.03, and 33-126.06 and directed to be~~
26 ~~remitted to the fund, if any, for that fiscal year plus any required~~
27 ~~contributions of the state as provided in subsection (9) of this section.~~

28 ~~(7) Benefits under the retirement system to members or to their~~
29 ~~beneficiaries shall be paid from the fund.~~

30 ~~(8) Any member who is making contributions to the fund on December~~
31 ~~25, 1969, may, on or before June 30, 1970, elect to become a future~~

1 ~~member by delivering written notice of such election to the board.~~

2 ~~(i) Beginning (9) Not later than January 1 of each year, the State~~
3 ~~Treasurer shall transfer to the fund an amount, determined on the basis~~
4 ~~of an actuarial valuation as of the previous June 30 and certified by the~~
5 ~~board, to fully fund the unfunded accrued liabilities of the retirement~~
6 ~~system as of June 30, 1988, by level payments up to January 1, 2000. Such~~
7 ~~valuation shall be on the basis of actuarial assumptions recommended by~~
8 ~~the actuary, approved by the board, and kept on file with the board. For~~
9 ~~the fiscal year beginning July 1, 2013, and each fiscal year thereafter,~~
10 the board shall cause an annual actuarial valuation to be performed that
11 will value the plan assets for the year and ascertain the contributions
12 required for such fiscal year. The , the actuary for the board shall
13 perform an actuarial valuation of the system on the basis of actuarial
14 assumptions recommended by the actuary, approved by the board, and kept
15 on file with the board using the entry age actuarial cost method. Under
16 this method, the actuarially required funding rate is equal to the normal
17 cost rate, plus the contribution rate necessary to amortize the unfunded
18 actuarial accrued liability on a level percentage of salary basis. The
19 normal cost under this method shall be determined for each individual
20 member on a level percentage of salary basis. The normal cost amount is
21 then summed for all members; -

22 ~~(ii) Beginning July 1, 2006, any existing unfunded liabilities shall~~
23 ~~be reinitialized and amortized over a thirty-year period, and during each~~
24 ~~subsequent actuarial valuation through June 30, 2021, changes in the~~
25 ~~unfunded funded actuarial accrued liability due to changes in benefits,~~
26 ~~actuarial assumptions, the asset valuation method, or actuarial gains or~~
27 ~~losses shall be measured and amortized over a thirty-year period~~
28 ~~beginning on the valuation date of such change;~~ -

29 ~~(iii) If the unfunded actuarial accrued liability under the entry~~
30 ~~age actuarial cost method is zero or less than zero on an actuarial~~
31 ~~valuation date, then all prior unfunded actuarial accrued liabilities~~

1 shall be considered fully funded and the unfunded actuarial accrued
2 liability shall be reinitialized and amortized over a thirty-year period
3 as of the actuarial valuation date; and -

4 (iv) If the actuarially required contribution rate exceeds the rate
5 of all contributions required pursuant to the Judges Retirement Act,
6 there shall be a supplemental appropriation sufficient to pay for the
7 differences between the actuarially required contribution rate and the
8 rate of all contributions required pursuant to the Judges Retirement Act.

9 (b) Beginning July 1, 2021, and each fiscal year thereafter:

10 (i) The board shall cause an annual actuarial valuation to be
11 performed that will value the plan assets for the year and ascertain the
12 contributions required for such fiscal year. The actuary for the board
13 shall perform an actuarial valuation of the system on the basis of
14 actuarial assumptions recommended by the actuary, approved by the board,
15 and kept on file with the board using the entry age actuarial cost
16 method. Under such method, the actuarially required funding rate is equal
17 to the normal cost rate, plus the contribution rate necessary to amortize
18 the unfunded actuarial accrued liability on a level percentage of salary
19 basis. The normal cost under such method shall be determined for each
20 individual member on a level percentage of salary basis. The normal cost
21 amount is then summed for all members;

22 (ii) Any changes in the unfunded actuarial accrued liability due to
23 changes in benefits, actuarial assumptions, the asset valuation method,
24 or actuarial gains or losses shall be measured and amortized over a
25 twenty-five-year period beginning on the valuation date of such change;

26 (iii) If the unfunded actuarial accrued liability under the entry
27 age actuarial cost method is zero or less than zero on an actuarial
28 valuation date, then all prior unfunded actuarial accrued liabilities
29 shall be considered fully funded and the unfunded actuarial accrued
30 liability shall be reinitialized and amortized over a twenty-five-year
31 period as of the actuarial valuation date; and

1 (iv) If the actuarially required contribution rate exceeds the rate
2 of all contributions required pursuant to the Judges Retirement Act,
3 there shall be a supplemental appropriation sufficient to pay for the
4 differences between the actuarially required contribution rate and the
5 rate of all contributions required pursuant to the act.

6 (c) Upon the recommendation of the actuary to the board, and after
7 the board notifies the Nebraska Retirement Systems Committee of the
8 Legislature, the board may combine or offset certain amortization bases
9 to reduce future volatility of the actuarial contribution rate. Such
10 notification to the committee shall be in writing and include, at a
11 minimum, the actuary's projection of the contributions to fund the plan
12 if the combination or offset were not implemented, the actuary's
13 projection of the contributions to fund the plan if the combination or
14 offset were implemented, and the actuary's explanation of why the
15 combination or offset is in the best interests of the plan at the
16 proposed time.

17 (d) For purposes of this subsection, the rate of all contributions
18 required pursuant to the Judges Retirement Act includes member
19 contributions, court fees as provided in subsection (3) of this section,
20 and all fees pursuant to sections 25-2804, 33-103, 33-103.01, 33-106,
21 33-106.02, 33-123, 33-125, 33-126.02, 33-126.03, and 33-126.06, as
22 directed to be remitted to the fund.

23 (6) ~~(10)~~ The state or county shall pick up the member contributions
24 required by this section for all compensation paid on or after January 1,
25 1985, and the contributions so picked up shall be treated as employer
26 contributions pursuant to section 414(h)(2) of the Internal Revenue Code
27 in determining federal tax treatment under the code and shall not be
28 included as gross income of the member until such time as they are
29 distributed or made available. The contributions, although designated as
30 member contributions, shall be paid by the state or county in lieu of
31 member contributions. The state or county shall pay these member

1 contributions from the same source of funds which is used in paying
2 earnings to the member. The state or county shall pick up these
3 contributions by a compensation deduction through a reduction in the
4 compensation of the member. Member contributions picked up shall be
5 treated for all purposes of the Judges Retirement Act in the same manner
6 and to the extent as member contributions made prior to the date picked
7 up.

8 Sec. 3. Section 24-710, Revised Statutes Cumulative Supplement,
9 2020, is amended to read:

10 24-710 (1) The retirement annuity of a judge who is an original
11 member, who has not made the election provided for in ~~subsection (8) of~~
12 ~~section 24-703 or~~ section 24-710.01, and who retires under section 24-708
13 or 24-709 shall be computed as follows: Each such judge shall be entitled
14 to receive an annuity, each monthly payment of which shall be in an
15 amount equal to three and one-third percent of his or her final average
16 compensation as such judge, multiplied by the number of his or her years
17 of creditable service. The amount stated in this section shall be
18 supplemental to any benefits received by such judge under the Nebraska
19 and federal old age and survivors' insurance acts at the date of
20 retirement, but the monthly combined benefits received thereunder and by
21 the Judges Retirement Act shall not exceed sixty-five percent of the
22 final average compensation such judge was receiving when he or she last
23 served as such judge. The amount of retirement annuity of a judge who
24 retires under section 24-708 or 24-709 shall not be less than twenty-five
25 dollars per month if he or she has four years or more of service credit.

26 (2) The retirement annuity of a judge who is a future member and who
27 retires after July 1, 1986, under section 24-708 or 24-709 shall be
28 computed as follows: Each such judge shall be entitled to receive an
29 annuity, each monthly payment of which shall be in an amount equal to
30 three and one-half percent of his or her final average compensation as
31 such judge, multiplied by the number of his or her years of creditable

1 service, except that prior to an actuarial factor adjustment for purposes
2 of calculating an optional form of annuity benefits under subsection (3)
3 of this section, the monthly benefits received under this subsection
4 shall not exceed seventy percent of the final average compensation such
5 judge was receiving when he or she last served as such judge.

6 (3) Except as provided in section 42-1107, any member may, when
7 filing an application as provided by the retirement system, elect to
8 receive, in lieu of the normal form annuity benefits to which the member
9 or his or her beneficiary may otherwise be entitled under the Judges
10 Retirement Act, an optional form of annuity benefits which the board may
11 by rules and regulations provide, the value of which, determined by
12 accepted actuarial methods and on the basis of actuarial assumptions
13 recommended by the actuary, approved by the board, and kept on file in
14 the office of the director, is equal to the value of the benefit
15 replaced. The board may (a) adopt and promulgate appropriate rules and
16 regulations to establish joint and survivorship annuities, with and
17 without reduction on the death of the first annuitant, and such other
18 forms of annuities as may in its judgment be appropriate and establishing
19 benefits as provided in sections 24-707 and 24-707.01, (b) prescribe
20 appropriate forms for making the election by the members, and (c) provide
21 for the necessary actuarial services to make the required valuations.

22 (4) A one-time cost-of-living adjustment shall be made for each
23 retired judge and each surviving beneficiary who is receiving a
24 retirement annuity as provided for in this section. The annuity shall be
25 adjusted by the increase in the cost of living or wage levels between the
26 effective date of retirement and June 30, 1992, except that such
27 increases shall not exceed three percent per year of retirement and the
28 total increase shall not exceed two hundred fifty dollars per month.

29 Sec. 4. Section 79-966, Revised Statutes Cumulative Supplement,
30 2020, is amended to read:

31 79-966 (1)(a) On the basis of all data in the possession of the

1 retirement board, including such mortality and other tables as are
2 recommended by the actuary engaged by the retirement board and adopted by
3 the retirement board, the retirement board shall annually, on or before
4 July 1, determine the state deposit to be made by the state in the School
5 Retirement Fund for that fiscal year. The amount of such state deposit
6 shall be determined pursuant to section 79-966.01. The retirement board
7 shall thereupon certify the amount of such state deposit, and on the
8 warrant of the Director of Administrative Services, the State Treasurer
9 shall, as of July 1 of such year, transfer from funds appropriated by the
10 state for that purpose to the School Retirement Fund the amount of such
11 state deposit.

12 (b) Beginning July 1, 2016, the contingent state deposit described
13 in this subsection shall be calculated as a percent of compensation of
14 all members of the retirement system. For any year in which a deposit is
15 made to the School Retirement Fund under this subsection, if the actuary
16 for a retirement system provided for under the Class V School Employees
17 Retirement Act determines that the actuarially required contribution
18 rate, for the fiscal year of the retirement system that begins before the
19 state deposit, exceeds the rate of all contributions required pursuant to
20 the Class V School Employees Retirement Act, using the ~~thirty-year~~
21 amortization period specified in section 79-966.01, the Class V district
22 school board may request a public hearing of the Appropriations Committee
23 of the Legislature to ask the state to transfer to the funds of the
24 retirement system provided for under the Class V School Employees
25 Retirement Act an amount determined by multiplying the compensation of
26 all members of such retirement system by the lesser of the percent of
27 compensation deposited into the School Retirement Fund under this
28 subsection or the percent of compensation of the members of the
29 retirement system provided for under the Class V School Employees
30 Retirement Act needed to meet the actuarially required contribution rate
31 for such system, using the ~~thirty-year~~ amortization period specified in

1 section 79-966.01. Any additional amount of transfer so calculated,
2 recommended by the Appropriations Committee of the Legislature and
3 approved by the Legislature, shall be added to the two percent specified
4 in subsection (2) of this section for the amount required by subsection
5 (2) of section 79-916 to be transferred to the funds of the retirement
6 system provided for under the Class V School Employees Retirement Act.

7 (2) For each fiscal year beginning July 1, 2014, in addition to the
8 state deposits required by subsections (1) and (3) of this section, the
9 state shall deposit in the School Retirement Fund an amount equal to two
10 percent of the compensation of all members of the retirement system.

11 (3) In addition to the state deposits required by subsections (1)
12 and (2) of this section, beginning on July 1, 2005, and each fiscal year
13 thereafter for employees who become members prior to July 1, 2016, the
14 state shall deposit in the Service Annuity Fund such amounts as may be
15 necessary to pay the normal cost and amortize the unfunded actuarial
16 accrued liability of the service annuity benefit established pursuant to
17 sections 79-933 and 79-952 as accrued through the end of the previous
18 fiscal year of the school employees who are members of the retirement
19 system established pursuant to the Class V School Employees Retirement
20 Act.

21 Sec. 5. Section 79-966.01, Reissue Revised Statutes of Nebraska, is
22 amended to read:

23 79-966.01 (1) Prior to July 1, 2021:

24 (a) Beginning July 1, 2013, and each fiscal year thereafter, this
25 ~~section shall govern annual actuarial valuations of the School Retirement~~
26 ~~Fund. In order to determine the additional required deposits by the State~~
27 ~~of Nebraska, as required by section 79-966,~~ the board shall cause an
28 annual actuarial valuation to be performed that will value the plan
29 assets for the year and ascertain the contributions required for such
30 fiscal year. The actuary for the board shall perform the annual valuation
31 of the system on the basis of actuarial assumptions recommended by the

1 actuary, approved by the board, and kept on file with the board using the
2 entry age actuarial cost method. Under this method, the actuarially
3 required funding rate is equal to the normal cost rate, plus the
4 contribution rate necessary to amortize the unfunded actuarial accrued
5 liability on a level percentage of salary basis. The normal cost under
6 this method shall be determined for each individual member on a level
7 percentage of salary basis. The normal cost amount is then summed for all
8 members; -

9 (b) Beginning July 1, 2006, any existing unfunded liabilities shall
10 be reinitialized and amortized over a thirty-year period, and during each
11 subsequent actuarial valuation through June 30, 2021, changes in the
12 unfunded ~~funded~~ actuarial accrued liability due to changes in benefits,
13 actuarial assumptions, the asset valuation method, or actuarial gains or
14 losses shall be measured and amortized over a thirty-year period
15 beginning on the valuation date of such change; -

16 (c) If the unfunded actuarial accrued liability under the entry age
17 actuarial cost method is zero or less than zero on an actuarial valuation
18 date, then all prior unfunded actuarial accrued liabilities shall be
19 considered fully funded and the unfunded actuarial accrued liability
20 shall be reinitialized and amortized over a thirty-year period as of the
21 actuarial valuation date; and -

22 (d) If the actuarially required contribution rate exceeds the rate
23 of all contributions required pursuant to the School Employees Retirement
24 Act, the actuary shall determine the added contributions required to be
25 paid by the State of Nebraska that constitute the difference between the
26 actuarially required contribution rate and the rate of all other required
27 contributions.

28 (2) Beginning July 1, 2021, and each fiscal year thereafter:

29 (a) The board shall cause an annual actuarial valuation to be
30 performed that will value the plan assets for the year and ascertain the
31 contributions required for such fiscal year. The actuary for the board

1 shall perform the annual valuation of the system on the basis of
2 actuarial assumptions recommended by the actuary, approved by the board,
3 and kept on file with the board using the entry age actuarial cost
4 method. Under such method, the actuarially required funding rate is equal
5 to the normal cost rate, plus the contribution rate necessary to amortize
6 the unfunded actuarial accrued liability on a level percentage of salary
7 basis. The normal cost under such method shall be determined for each
8 individual member on a level percentage of salary basis. The normal cost
9 amount is then summed for all members;

10 (b) Any changes in the unfunded actuarial accrued liability due to
11 changes in benefits, actuarial assumptions, the asset valuation method,
12 or actuarial gains or losses shall be measured and amortized over a
13 twenty-five-year period beginning on the valuation date of such change;

14 (c) If the unfunded actuarial accrued liability under the entry age
15 actuarial cost method is zero or less than zero on an actuarial valuation
16 date, then all prior unfunded actuarial accrued liabilities shall be
17 considered fully funded and the unfunded actuarial accrued liability
18 shall be reinitialized and amortized over a twenty-five-year period as of
19 the actuarial valuation date; and

20 (d) If the actuarially required contribution rate exceeds the rate
21 of all contributions required pursuant to the School Employees Retirement
22 Act, the actuary shall determine the added contributions required to be
23 paid by the State of Nebraska that constitute the difference between the
24 actuarially required contribution rate and the rate of all other required
25 contributions.

26 (3) Upon the recommendation of the actuary to the board, and after
27 the board notifies the Nebraska Retirement Systems Committee of the
28 Legislature, the board may combine or offset certain amortization bases
29 to reduce future volatility of the actuarial contribution rate. Such
30 notification to the committee shall be in writing and include, at a
31 minimum, the actuary's projection of the contributions to fund the plan

1 if the combination or offset were not implemented, the actuary's
2 projection of the contributions to fund the plan if the combination or
3 offset were implemented, and the actuary's explanation of why the
4 combination or offset is in the best interests of the plan at the
5 proposed time.

6 Sec. 6. Section 81-2017, Revised Statutes Cumulative Supplement,
7 2020, is amended to read:

8 81-2017 (1) Commencing July 1, 2010, and until July 1, 2011, each
9 officer while in the service of the Nebraska State Patrol shall pay or
10 have paid on his or her behalf a sum equal to sixteen percent of his or
11 her monthly compensation. Commencing July 1, 2011, and until July 1,
12 2013, each officer while in the service of the Nebraska State Patrol
13 shall pay or have paid on his or her behalf a sum equal to nineteen
14 percent of his or her monthly compensation. Commencing July 1, 2013, each
15 officer who commenced service prior to July 1, 2016, while in the service
16 of the Nebraska State Patrol shall pay or have paid on his or her behalf
17 a sum equal to sixteen percent of his or her monthly compensation. Each
18 officer who commenced service on or after July 1, 2016, while in the
19 service of the Nebraska State Patrol shall pay or have paid on his or her
20 behalf a sum equal to seventeen percent of his or her monthly
21 compensation. Such amounts shall be deducted monthly by the Director of
22 Administrative Services who shall draw a warrant monthly in the amount of
23 the total deductions from the compensation of members of the Nebraska
24 State Patrol in accordance with subsection (4) of this section, and the
25 State Treasurer shall credit the amount of such warrant to the State
26 Patrol Retirement Fund. The director shall cause a detailed report of all
27 monthly deductions to be made each month to the board.

28 (2) In addition, commencing July 1, 2010, and until July 1, 2011,
29 there shall be assessed against the appropriation of the Nebraska State
30 Patrol a sum equal to the amount of sixteen percent of each officer's
31 monthly compensation which shall be credited to the State Patrol

1 Retirement Fund. Commencing July 1, 2011, and until July 1, 2013, there
2 shall be assessed against the appropriation of the Nebraska State Patrol
3 a sum equal to the amount of nineteen percent of each officer's monthly
4 compensation which shall be credited to the State Patrol Retirement Fund.
5 Commencing July 1, 2013, for each officer who commenced service prior to
6 July 1, 2016, there shall be assessed against the appropriation of the
7 Nebraska State Patrol a sum equal to the amount of sixteen percent of
8 each officer's monthly compensation which shall be credited to the State
9 Patrol Retirement Fund. Commencing July 1, 2016, for each officer who
10 commenced service on or after July 1, 2016, there shall be assessed
11 against the appropriation of the Nebraska State Patrol a sum equal to the
12 amount of seventeen percent of each officer's monthly compensation which
13 shall be credited to the State Patrol Retirement Fund. This assessment
14 constitutes an employer match and shall be contingent upon the officer
15 making his or her contributions to the retirement system.

16 (3)(a) Prior to July 1, 2021:

17 (i) Beginning (3) For the fiscal year beginning on July 1, 2002, and
18 each fiscal year thereafter, the board shall cause an annual actuarial
19 valuation to be performed that will value the plan assets for the year
20 and ascertain the contributions required for such fiscal year. The
21 actuary for the board shall perform an actuarial valuation of the system
22 on the basis of actuarial assumptions recommended by the actuary,
23 approved by the board, and kept on file with the board using the entry
24 age actuarial cost method. Under this method, the actuarially required
25 funding rate is equal to the normal cost rate, plus the contribution rate
26 necessary to amortize the unfunded actuarial accrued liability on a level
27 percentage of salary basis. The normal cost under this method shall be
28 determined for each individual member on a level percentage of salary
29 basis. The normal cost amount is then summed for all members; -

30 (ii) Beginning July 1, 2006, any existing unfunded liabilities shall
31 be reinitialized and amortized over a thirty-year period, and during each

1 subsequent actuarial valuation through June 30, 2021, changes in the
2 ~~unfunded~~ ~~funded~~ actuarial accrued liability due to changes in benefits,
3 actuarial assumptions, the asset valuation method, or actuarial gains or
4 losses shall be measured and amortized over a thirty-year period
5 beginning on the valuation date of such change; ~~and~~ -

6 (iii) If the unfunded actuarial accrued liability under the entry
7 age actuarial cost method is zero or less than zero on an actuarial
8 valuation date, then all prior unfunded actuarial accrued liabilities
9 shall be considered fully funded and the unfunded actuarial accrued
10 liability shall be reinitialized and amortized over a thirty-year period
11 as of the actuarial valuation date; ~~and~~ -

12 (iv) If the actuarially required contribution rate exceeds the rate
13 of all contributions required pursuant to the Nebraska State Patrol
14 Retirement Act, there shall be a supplemental appropriation sufficient to
15 pay for the differences between the actuarially required contribution
16 rate and the rate of all contributions required pursuant to the ~~act~~
17 ~~Nebraska State Patrol Retirement Act. Such valuation shall be on the~~
18 ~~basis of actuarial assumptions recommended by the actuary, approved by~~
19 ~~the board, and kept on file with the board.~~

20 (b) Beginning July 1, 2021, and each fiscal year thereafter:

21 (i) The board shall cause an annual actuarial valuation to be
22 performed that will value the plan assets for the year and ascertain the
23 contributions required for such fiscal year. The actuary for the board
24 shall perform an actuarial valuation of the system on the basis of
25 actuarial assumptions recommended by the actuary, approved by the board,
26 and kept on file with the board using the entry age actuarial cost
27 method. Under such method, the actuarially required funding rate is equal
28 to the normal cost rate, plus the contribution rate necessary to amortize
29 the unfunded actuarial accrued liability on a level percentage of salary
30 basis. The normal cost under such method shall be determined for each
31 individual member on a level percentage of salary basis. The normal cost

1 amount is then summed for all members;

2 (ii) Any changes in the unfunded actuarial accrued liability due to
3 changes in benefits, actuarial assumptions, the asset valuation method,
4 or actuarial gains or losses shall be measured and amortized over a
5 twenty-five-year period beginning on the valuation date of such change;

6 (iii) If the unfunded actuarial accrued liability under the entry
7 age actuarial cost method is zero or less than zero on an actuarial
8 valuation date, then all prior unfunded actuarial accrued liabilities
9 shall be considered fully funded and the unfunded actuarial accrued
10 liability shall be reinitialized and amortized over a twenty-five-year
11 period as of the actuarial valuation date; and

12 (iv) If the actuarially required contribution rate exceeds the rate
13 of all contributions required pursuant to the Nebraska State Patrol
14 Retirement Act, there shall be a supplemental appropriation sufficient to
15 pay for the differences between the actuarially required contribution
16 rate and the rate of all contributions required pursuant to the act.

17 (c) Upon the recommendation of the actuary to the board, and after
18 the board notifies the Nebraska Retirement Systems Committee of the
19 Legislature, the board may combine or offset certain amortization bases
20 to reduce future volatility of the actuarial contribution rate. Such
21 notification to the committee shall be in writing and include, at a
22 minimum, the actuary's projection of the contributions to fund the plan
23 if the combination or offset were not implemented, the actuary's
24 projection of the contributions to fund the plan if the combination or
25 offset were implemented, and the actuary's explanation of why the
26 combination or offset is in the best interests of the plan at the
27 proposed time.

28 (4) The state shall pick up the member contributions required by
29 this section for all compensation paid on or after January 1, 1985, and
30 the contributions so picked up shall be treated as employer contributions
31 pursuant to section 414(h)(2) of the Internal Revenue Code in determining

1 federal tax treatment under the code and shall not be included as gross
2 income of the member until such time as they are distributed or made
3 available. The contributions, although designated as member
4 contributions, shall be paid by the state in lieu of member
5 contributions. The state shall pay these member contributions from the
6 same source of funds which is used in paying earnings to the member. The
7 state shall pick up these contributions by a compensation deduction
8 through a reduction in the cash compensation of the member. Member
9 contributions picked up shall be treated for all purposes of the Nebraska
10 State Patrol Retirement Act in the same manner and to the extent as
11 member contributions made prior to the date picked up.

12 Sec. 7. Original sections 24-703 and 79-966.01, Reissue Revised
13 Statutes of Nebraska, and sections 24-701, 24-710, 79-966, and 81-2017,
14 Revised Statutes Cumulative Supplement, 2020, are repealed.

15 Sec. 8. Since an emergency exists, this act takes effect when
16 passed and approved according to law.