

One Hundred Fifth Legislature - First Session - 2017

Introducer's Statement of Intent

LB219

Chairperson: Senator Mark Kolterman

Committee: Nebraska Retirement Systems

Date of Hearing: January 31, 2017

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

In 2016 an Experience Study was conducted on the Judges, School Employees and State Patrol Retirement defined benefit plans and the County and State Employees defined contribution and cash balance plans. The actuary recommended several actuarial assumption changes including updating the mortality table from the current statutorily required 1994 mortality table, lowering the defined benefit plan assumed rate of return from 8% to 7.5% and the cash balance plan assumed rate from 7.75%, to 7.5%.

The adoption of these new actuarial assumptions requires an amendment to the definition of "actuarial equivalent" in each plan to clarify that the current 1994 mortality table will only be applied to calculation of factors for defined benefit members hired prior to July 1, 2017 and for state and county cash balance plan members hired prior to January 1, 2018. Calculation of factors for defined benefit plan members hired or rehired on or after July 1, 2017 and all state and county defined contribution and cash balance plan members hired or rehired on or after January 1, 2018 will use the mortality table recommended by the actuary and adopted by the Public Employees Retirement Board. The new statutory language will allow the mortality table to be updated as recommended by the actuary and adopted by the Board, based on the most recent actuarial study and will not require future statutory changes.

In addition, in the county and state plans, it clarifies that the assumed rate of return as recommended by the actuary and adopted by the Public Employees Retirement Board will be the rate used to calculate annuities for cash balance plan members.

Principal Introducer: _____

Senator Mark Kolterman, Chairperson
Nebraska Retirement Systems Committee