

AMENDMENTS TO LB16

Introduced by Nebraska Retirement Systems.

1 1. Strike the original sections and insert the following new
2 sections:

3 Section 1. Section 24-701, Revised Statutes Cumulative Supplement,
4 2020, is amended to read:

5 24-701 For purposes of the Judges Retirement Act, unless the context
6 otherwise requires:

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

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

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

26 (2) Beneficiary means a person so designated by a judge in the last
27 designation of beneficiary on file with the board or, if no designated

1 person survives or if no designation is on file, the estate of such
2 judge;

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

4 (4)(a) Compensation means the statutory salary of a judge or the
5 salary being received by such judge pursuant to law. Compensation does
6 not include compensation for unused sick leave or unused vacation leave
7 converted to cash payments, insurance premiums converted into cash
8 payments, reimbursement for expenses incurred, fringe benefits, per
9 diems, or bonuses for services not actually rendered, including, but not
10 limited to, early retirement inducements, cash awards, and severance pay,
11 except for retroactive salary payments paid pursuant to court order,
12 arbitration, or litigation and grievance settlements. Compensation
13 includes overtime pay, member retirement contributions, and amounts
14 contributed by the member to plans under sections 125 and 457 of the
15 Internal Revenue Code as defined in section 49-801.01 or any other
16 section of the code which defers or excludes such amounts from income.

17 (b) Compensation in excess of the limitations set forth in section
18 401(a)(17) of the Internal Revenue Code as defined in section 49-801.01
19 shall be disregarded. For an employee who was a member of the retirement
20 system before the first plan year beginning after December 31, 1995, the
21 limitation on compensation shall not be less than the amount which was
22 allowed to be taken into account under the retirement system as in effect
23 on July 1, 1993;

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

31 (6) Current benefit means the initial benefit increased by all

1 adjustments made pursuant to the Judges Retirement Act;

2 (7)(a) Current service means the period of service (i) any judge of
3 the Supreme Court or judge of the district court serves in such capacity
4 from and after January 3, 1957, (ii)(A) any judge of the Nebraska
5 Workmen's Compensation Court served in such capacity from and after
6 September 20, 1957, and prior to July 17, 1986, and (B) any judge of the
7 Nebraska Workers' Compensation Court serves in such capacity on and after
8 July 17, 1986, (iii) any county judge serves in such capacity from and
9 after January 5, 1961, (iv) any judge of a separate juvenile court serves
10 in such capacity, (v) any judge of the municipal court served in such
11 capacity subsequent to October 23, 1967, and prior to July 1, 1985, (vi)
12 any judge of the county court or associate county judge serves in such
13 capacity subsequent to January 4, 1973, (vii) any clerk magistrate, who
14 was an associate county judge and a member of the fund at the time of
15 appointment as a clerk magistrate, serves in such capacity from and after
16 July 1, 1986, and (viii) any judge of the Court of Appeals serves in such
17 capacity on or after September 6, 1991.

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

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

1 for the five twelve-month periods of service as a judge in which
2 compensation was the greatest or, in the event of a judge serving less
3 than five twelve-month periods, the average monthly compensation for such
4 judge's period of service;

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

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

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

13 (12) Initial benefit means the retirement benefit calculated at the
14 time of retirement;

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

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

1 (15) Military service means active service of (a) any judge of the
2 Supreme Court or judge of the district court in any of the armed forces
3 of the United States during a war or national emergency prior or
4 subsequent to September 18, 1955, if such service commenced while such
5 judge was holding the office of judge, (b) any judge of the Nebraska
6 Workmen's Compensation Court or the Nebraska Workers' Compensation Court
7 in any of the armed forces of the United States during a war or national
8 emergency prior or subsequent to September 20, 1957, if such service
9 commenced while such judge was holding the office of judge, (c) any judge
10 of the municipal court in any of the armed forces of the United States
11 during a war or national emergency prior or subsequent to October 23,
12 1967, and prior to July 1, 1985, if such service commenced while such
13 judge was holding the office of judge, (d) any judge of the county court
14 or associate county judge in any of the armed forces of the United States
15 during a war or national emergency prior or subsequent to January 4,
16 1973, if such service commenced while such judge was holding the office
17 of judge, (e) any clerk magistrate, who was an associate county judge and
18 a member of the fund at the time of appointment as a clerk magistrate, in
19 any of the armed forces of the United States during a war or national
20 emergency on or after July 1, 1986, if such service commenced while such
21 clerk magistrate was holding the office of clerk magistrate, and (f) any
22 judge of the Court of Appeals in any of the armed forces of the United
23 States during a war or national emergency on or after September 6, 1991,
24 if such service commenced while such judge was holding the office of
25 judge. The board shall have the power to determine when a national
26 emergency exists or has existed for the purpose of applying this
27 definition and provision;

28 (16) Normal form annuity means a series of equal monthly payments
29 payable at the end of each calendar month during the life of a retired
30 judge as provided in sections 24-707 and 24-710, except as provided in
31 section 42-1107. The first payment shall include all amounts accrued

1 since the effective date of the award of the annuity. The last payment
2 shall be at the end of the calendar month in which such judge dies. If at
3 the time of death the amount of annuity payments such judge has received
4 is less than contributions to the fund made by such judge, plus regular
5 interest, the difference shall be paid to the beneficiary or estate;

6 (17) Normal retirement date means the first day of the month
7 following attainment of age sixty-five;

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

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

14 (20) Prior service means all the periods of time any person has
15 served as a (a) judge of the Supreme Court or judge of the district court
16 prior to January 3, 1957, (b) judge of the county court prior to January
17 5, 1961, (c) judge of the Nebraska Workmen's Compensation Court prior to
18 September 20, 1957, (d) judge of the separate juvenile court, or (e)
19 judge of the municipal court prior to October 23, 1967;

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

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

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

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

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

4 (b)(i) Terminated employment with the State of Nebraska; and
5 (ii) Otherwise reached the date specified by section 401(a)(9) of
6 the Internal Revenue Code and the regulations issued thereunder;

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

10 (24) Retirement date means (a) the first day of the month following
11 the date upon which a member's request for retirement is received on a
12 retirement application if the member is eligible for retirement and has
13 terminated employment or (b) the first day of the month following
14 termination of employment if the member is eligible for retirement and
15 has filed an application but has not yet terminated employment;

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

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

29 (27) Termination of employment occurs on the date on which the State
30 Court Administrator's office determines that the judge's employer-
31 employee relationship with the State of Nebraska is dissolved. The State

1 Court Administrator's office shall notify the board of the date on which
2 such a termination has occurred. Termination of employment does not
3 include ceasing employment as a judge if the judge returns to regular
4 employment as a judge or is employed on a regular basis by another agency
5 of the State of Nebraska and there are less than one hundred twenty days
6 between the date when the judge's employer-employee relationship ceased
7 and the date when the employer-employee relationship recommences. It is
8 the responsibility of the employer that is involved in the termination of
9 employment to notify the board of such change in employment and provide
10 the board with such information as the board deems necessary. If the
11 board determines that termination of employment has not occurred and a
12 retirement benefit has been paid to a member of the retirement system
13 pursuant to section 24-710, the board shall require the member who has
14 received such benefit to repay the benefit to the retirement system.

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

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

1 director in charge of the judges retirement system who shall keep an
2 accurate record of the contributions of each judge.

3 (2)(a) In addition to the contribution required under subdivision
4 (c) of this subsection, beginning on July 1, 2004, each future member who
5 became a member prior to July 1, 2015, and who has not elected to make
6 contributions and receive benefits as provided in section 24-703.03 shall
7 contribute monthly six percent of his or her monthly compensation to the
8 fund until the maximum benefit as limited in subsection (2) of section
9 24-710 has been earned. After the maximum benefit as limited in
10 subsection (2) of section 24-710 has been earned, such future member
11 shall make no further contributions to the fund, except that (i) any time
12 the maximum benefit is changed, a future member who has previously earned
13 the maximum benefit as it existed prior to the change shall contribute
14 monthly six percent of his or her monthly compensation to the fund until
15 the maximum benefit as changed and as limited in subsection (2) of
16 section 24-710 has been earned and (ii) such future member shall continue
17 to make the contribution required under subdivision (c) of this
18 subsection.

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

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

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

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

21 (3) Except as otherwise provided in this subsection, a Nebraska
22 Retirement Fund for Judges fee of six dollars shall be taxed as costs in
23 each (a) civil cause of action, criminal cause of action, traffic
24 misdemeanor or infraction, and city or village ordinance violation filed
25 in the district courts, the county courts, and the separate juvenile
26 courts, (b) filing in the district court of an order, award, or judgment
27 of the Nebraska Workers' Compensation Court or any judge thereof pursuant
28 to section 48-188, (c) appeal or other proceeding filed in the Court of
29 Appeals, and (d) original action, appeal, or other proceeding filed in
30 the Supreme Court. In county courts a sum shall be charged which is equal
31 to ten percent of each fee provided by sections 33-125, 33-126.02,

1 33-126.03, and 33-126.06, rounded to the nearest even dollar. No judges
2 retirement fee shall be charged for filing a report pursuant to sections
3 33-126.02 and 33-126.06. When collected by the clerk of the district or
4 county court, such fees shall be paid and information submitted to the
5 director in charge of the judges retirement system on forms prescribed by
6 the board by the clerk within ten days after the close of each calendar
7 quarter. The board may charge a late administrative processing fee not to
8 exceed twenty-five dollars if the information is not timely received or
9 the money is delinquent. In addition, the board may charge a late fee of
10 thirty-eight thousandths of one percent of the amount required to be
11 submitted pursuant to this section for each day such amount has not been
12 received. Such director shall promptly thereafter remit the same to the
13 State Treasurer for credit to the fund. No Nebraska Retirement Fund for
14 Judges fee which is uncollectible for any reason shall be waived by a
15 county judge as provided in section 29-2709.

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

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

21 ~~(5) The fund shall consist of the total fund as of December 25,~~
22 ~~1969, the contributions of members as provided in this section, all~~
23 ~~supplementary court fees as provided in subsection (3) of this section,~~
24 ~~and any required contributions of the state.~~

25 ~~(6) Not later than January 1 of each year, the State Treasurer shall~~
26 ~~transfer to the fund the amount certified by the board as being necessary~~
27 ~~to pay the cost of any benefits accrued during the fiscal year ending the~~
28 ~~previous June 30 in excess of member contributions for that fiscal year~~
29 ~~and court fees as provided in subsection (3) of this section and fees~~
30 ~~pursuant to sections 25-2804, 33-103, 33-103.01, 33-106, 33-106.02,~~
31 ~~33-123, 33-125, 33-126.02, 33-126.03, and 33-126.06 and directed to be~~

1 ~~remitted to the fund, if any, for that fiscal year plus any required~~
2 ~~contributions of the state as provided in subsection (9) of this section.~~

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

5 ~~(8) Any member who is making contributions to the fund on December~~
6 ~~25, 1969, may, on or before June 30, 1970, elect to become a future~~
7 ~~member by delivering written notice of such election to the board.~~

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

28 ~~(ii) Beginning July 1, 2006, any existing unfunded liabilities shall~~
29 ~~be reinitialized and amortized over a thirty-year period, and during each~~
30 ~~subsequent actuarial valuation through June 30, 2021, changes in the~~
31 ~~unfunded funded actuarial accrued liability due to changes in benefits,~~

1 actuarial assumptions, the asset valuation method, or actuarial gains or
2 losses shall be measured and amortized over a thirty-year period
3 beginning on the valuation date of such change; -

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

10 (iv) If the actuarially required contribution rate exceeds the rate
11 of all contributions required pursuant to the Judges Retirement Act,
12 there shall be a supplemental appropriation sufficient to pay for the
13 differences between the actuarially required contribution rate and the
14 rate of all contributions required pursuant to the Judges Retirement Act.

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

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

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

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

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

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

23 (d) For purposes of this subsection, the rate of all contributions
24 required pursuant to the Judges Retirement Act includes member
25 contributions, court fees as provided in subsection (3) of this section,
26 and all fees pursuant to sections 25-2804, 33-103, 33-103.01, 33-106.02,
27 33-123, 33-124, 33-125, 33-126.02, 33-126.03, and 33-126.06, as directed
28 to be remitted to the fund.

29 (6) ~~(10)~~ The state or county shall pick up the member contributions
30 required by this section for all compensation paid on or after January 1,
31 1985, and the contributions so picked up shall be treated as employer

1 contributions pursuant to section 414(h)(2) of the Internal Revenue Code
2 in determining federal tax treatment under the code and shall not be
3 included as gross income of the member until such time as they are
4 distributed or made available. The contributions, although designated as
5 member contributions, shall be paid by the state or county in lieu of
6 member contributions. The state or county shall pay these member
7 contributions from the same source of funds which is used in paying
8 earnings to the member. The state or county shall pick up these
9 contributions by a compensation deduction through a reduction in the
10 compensation of the member. Member contributions picked up shall be
11 treated for all purposes of the Judges Retirement Act in the same manner
12 and to the extent as member contributions made prior to the date picked
13 up.

14 Sec. 3. Section 24-710, Revised Statutes Cumulative Supplement,
15 2020, is amended to read:

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

1 (2) The retirement annuity of a judge who is a future member and who
2 retires after July 1, 1986, under section 24-708 or 24-709 shall be
3 computed as follows: Each such judge shall be entitled to receive an
4 annuity, each monthly payment of which shall be in an amount equal to
5 three and one-half percent of his or her final average compensation as
6 such judge, multiplied by the number of his or her years of creditable
7 service, except that prior to an actuarial factor adjustment for purposes
8 of calculating an optional form of annuity benefits under subsection (3)
9 of this section, the monthly benefits received under this subsection
10 shall not exceed seventy percent of the final average compensation such
11 judge was receiving when he or she last served as such judge.

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

28 (4) A one-time cost-of-living adjustment shall be made for each
29 retired judge and each surviving beneficiary who is receiving a
30 retirement annuity as provided for in this section. The annuity shall be
31 adjusted by the increase in the cost of living or wage levels between the

1 effective date of retirement and June 30, 1992, except that such
2 increases shall not exceed three percent per year of retirement and the
3 total increase shall not exceed two hundred fifty dollars per month.

4 Sec. 4. Section 79-966, Revised Statutes Cumulative Supplement,
5 2020, is amended to read:

6 79-966 (1)(a) On the basis of all data in the possession of the
7 retirement board, including such mortality and other tables as are
8 recommended by the actuary engaged by the retirement board and adopted by
9 the retirement board, the retirement board shall annually, on or before
10 July 1, determine the state deposit to be made by the state in the School
11 Retirement Fund for that fiscal year. The amount of such state deposit
12 shall be determined pursuant to section 79-966.01. The retirement board
13 shall thereupon certify the amount of such state deposit, and on the
14 warrant of the Director of Administrative Services, the State Treasurer
15 shall, as of July 1 of such year, transfer from funds appropriated by the
16 state for that purpose to the School Retirement Fund the amount of such
17 state deposit.

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

1 all members of such retirement system by the lesser of the percent of
2 compensation deposited into the School Retirement Fund under this
3 subsection or the percent of compensation of the members of the
4 retirement system provided for under the Class V School Employees
5 Retirement Act needed to meet the actuarially required contribution rate
6 for such system, using the ~~thirty-year~~ amortization period specified in
7 section 79-966.01. Any additional amount of transfer so calculated,
8 recommended by the Appropriations Committee of the Legislature and
9 approved by the Legislature, shall be added to the two percent specified
10 in subsection (2) of this section for the amount required by subsection
11 (2) of section 79-916 to be transferred to the funds of the retirement
12 system provided for under the Class V School Employees Retirement Act.

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

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

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

29 79-966.01 (1) Prior to July 1, 2021:

30 (a) Beginning July 1, 2013, and each fiscal year thereafter, ~~this~~
31 section shall govern annual actuarial valuations of the School Retirement

1 ~~Fund. In order to determine the additional required deposits by the State~~
2 ~~of Nebraska, as required by section 79-966,~~ the board shall cause an
3 annual actuarial valuation to be performed that will value the plan
4 assets for the year and ascertain the contributions required for such
5 fiscal year. The actuary for the board shall perform the annual valuation
6 of the system on the basis of actuarial assumptions recommended by the
7 actuary, approved by the board, and kept on file with the board using the
8 entry age actuarial cost method. Under this method, the actuarially
9 required funding rate is equal to the normal cost rate, plus the
10 contribution rate necessary to amortize the unfunded actuarial accrued
11 liability on a level percentage of salary basis. The normal cost under
12 this method shall be determined for each individual member on a level
13 percentage of salary basis. The normal cost amount is then summed for all
14 members; -

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

22 (c) If the unfunded actuarial accrued liability under the entry age
23 actuarial cost method is zero or less than zero on an actuarial valuation
24 date, then all prior unfunded actuarial accrued liabilities shall be
25 considered fully funded and the unfunded actuarial accrued liability
26 shall be reinitialized and amortized over a thirty-year period as of the
27 actuarial valuation date; and -

28 (d) If the actuarially required contribution rate exceeds the rate
29 of all contributions required pursuant to the School Employees Retirement
30 Act, the actuary shall determine the added contributions required to be
31 paid by the State of Nebraska that constitute the difference between the

1 actuarially required contribution rate and the rate of all other required
2 contributions.

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

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

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

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

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

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

12 Sec. 6. Section 81-2017, Revised Statutes Cumulative Supplement,
13 2020, is amended to read:

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

1 Patrol Retirement Fund. The director shall cause a detailed report of all
2 monthly deductions to be made each month to the board.

3 (2) In addition, commencing July 1, 2010, and until July 1, 2011,
4 there shall be assessed against the appropriation of the Nebraska State
5 Patrol a sum equal to the amount of sixteen percent of each officer's
6 monthly compensation which shall be credited to the State Patrol
7 Retirement Fund. Commencing July 1, 2011, and until July 1, 2013, there
8 shall be assessed against the appropriation of the Nebraska State Patrol
9 a sum equal to the amount of nineteen percent of each officer's monthly
10 compensation which shall be credited to the State Patrol Retirement Fund.
11 Commencing July 1, 2013, for each officer who commenced service prior to
12 July 1, 2016, there shall be assessed against the appropriation of the
13 Nebraska State Patrol a sum equal to the amount of sixteen percent of
14 each officer's monthly compensation which shall be credited to the State
15 Patrol Retirement Fund. Commencing July 1, 2016, for each officer who
16 commenced service on or after July 1, 2016, there shall be assessed
17 against the appropriation of the Nebraska State Patrol a sum equal to the
18 amount of seventeen percent of each officer's monthly compensation which
19 shall be credited to the State Patrol Retirement Fund. This assessment
20 constitutes an employer match and shall be contingent upon the officer
21 making his or her contributions to the retirement system.

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

23 (i) Beginning (3) For the fiscal year beginning on July 1, 2002, and
24 each fiscal year thereafter, the board shall cause an annual actuarial
25 valuation to be performed that will value the plan assets for the year
26 and ascertain the contributions required for such fiscal year. The
27 actuary for the board shall perform an actuarial valuation of the system
28 on the basis of actuarial assumptions recommended by the actuary,
29 approved by the board, and kept on file with the board using the entry
30 age actuarial cost method. Under this method, the actuarially required
31 funding rate is equal to the normal cost rate, plus the contribution rate

1 necessary to amortize the unfunded actuarial accrued liability on a level
2 percentage of salary basis. The normal cost under this method shall be
3 determined for each individual member on a level percentage of salary
4 basis. The normal cost amount is then summed for all members; -

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

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

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

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

27 (i) The board shall cause an annual actuarial valuation to be
28 performed that will value the plan assets for the year and ascertain the
29 contributions required for such fiscal year. The actuary for the board
30 shall perform an actuarial valuation of the system on the basis of
31 actuarial assumptions recommended by the actuary, approved by the board,

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

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

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

18 (iv) If the actuarially required contribution rate exceeds the rate
19 of all contributions required pursuant to the Nebraska State Patrol
20 Retirement Act, there shall be a supplemental appropriation sufficient to
21 pay for the differences between the actuarially required contribution
22 rate and the rate of all contributions required pursuant to the act.

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

1 combination or offset is in the best interests of the plan at the
2 proposed time.

3 (4) The state shall pick up the member contributions required by
4 this section for all compensation paid on or after January 1, 1985, and
5 the contributions so picked up shall be treated as employer contributions
6 pursuant to section 414(h)(2) of the Internal Revenue Code in determining
7 federal tax treatment under the code and shall not be included as gross
8 income of the member until such time as they are distributed or made
9 available. The contributions, although designated as member
10 contributions, shall be paid by the state in lieu of member
11 contributions. The state shall pay these member contributions from the
12 same source of funds which is used in paying earnings to the member. The
13 state shall pick up these contributions by a compensation deduction
14 through a reduction in the cash compensation of the member. Member
15 contributions picked up shall be treated for all purposes of the Nebraska
16 State Patrol Retirement Act in the same manner and to the extent as
17 member contributions made prior to the date picked up.

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

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