

One Hundred Seventh Legislature - Second Session - 2022

Introducer's Statement of Intent

LB1043

Chairperson: Senator Mark Kolterman

Committee: Nebraska Retirement Systems

Date of Hearing: February 2, 2022

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

Clear rules governing retirement plan eligibility and termination of employment are required to ensure compliance with the federal tax code and the efficient operation of the retirement systems. The federal tax code requires that an individual terminate employment with all employers covered by a multiple employer retirement plan before an individual can take a distribution from the retirement plan. The School Employees Retirement Plan (School Plan) is a multiple employer retirement plan.

The State of Nebraska is an employer covered by the School Plan because section 79-920 authorizes state school officials employed by the State Department of Education (NDE) to participate in the School Plan. In addition, certificated teachers covered by the State Code Agency Teacher Association (SCATA) contract employed by the Department of Health and Human Services (DHHS) or the Department of Correctional Services (DCS) participate in the School Plan. All other State of Nebraska employees participate in either the State Employees Retirement Plan (State Plan), the Judges Retirement Plan, or the Nebraska State Patrol Retirement Plan.

LB 1043 codifies the current retirement practices and rules for certificated teachers covered by the SCATA contract who are employed by either DHHS or DCS and for state school officials employed by NDE. In addition, it addresses retirement rules for NDE state school officials as well as DHHS and DCS certificated teachers covered by the SCATA contract who previously or subsequently are employed by a school district, educational service unit, or any other state agency.

LB 1043 makes one change from current policy and practice. Under circumstances specified in current section 79-920, a state school official employed by the NDE may elect whether to remain in, or become a member of the School Plan or the State Plan. LB 1043 eliminates this

election option and establishes specific rules for state school officials regarding School Plan and State Plan membership eligibility.

Principal Introducer: _____

Senator Mark Kolterman