

LEGISLATURE OF NEBRASKA  
ONE HUNDRED EIGHTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 406**

Introduced by Brandt, 32; McDonnell, 5.

Read first time January 12, 2023

Committee: Nebraska Retirement Systems

- 1 A BILL FOR AN ACT relating to retirement; to amend sections 16-1024 and
- 2 16-1025, Reissue Revised Statutes of Nebraska; to change retirement
- 3 system contribution rates for firefighters of cities of the first
- 4 class; and to repeal the original sections.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 16-1024, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3 16-1024 (1) Prior to October 1, 2023, each ~~Each~~ firefighter  
4 participating in a ~~the~~ retirement system shall contribute to such ~~the~~  
5 retirement system a sum equal to six and one-half percent of such  
6 participating firefighter's ~~his or her~~ salary. Beginning October 1, 2023,  
7 and until October 1, 2025, each firefighter participating in a retirement  
8 system shall contribute to such retirement system a sum equal to XXXXX  
9 percent of such participating firefighter's salary. Beginning October 1,  
10 2025, each firefighter participating in a retirement system shall  
11 contribute to such retirement system a sum equal to XXXXX percent of such  
12 participating firefighter's salary. Such payment shall be made by regular  
13 payroll deductions from such participating firefighter's ~~his or her~~  
14 periodic salary and shall be credited to such participating firefighter's  
15 ~~his or her~~ employee account on a monthly basis. Each such account shall  
16 also be credited with regular interest.

17 (2) Each city of the first class with firefighters participating in  
18 a retirement system shall pick up the firefighters' contributions  
19 required by subsection (1) of this section for all compensation paid on  
20 or after January 1, 1984, and the contributions so picked up shall be  
21 treated as employer contributions in determining federal income tax  
22 treatment under the Internal Revenue Code, except that the city shall  
23 continue to withhold federal income taxes based upon such contributions  
24 until the Internal Revenue Service or the federal courts rule that,  
25 pursuant to section 414(h) of the Internal Revenue Code, such  
26 contributions shall not be included as gross income of the employee until  
27 such time as they are distributed from the retirement system. The city  
28 shall pay the employee contributions from the same source of funds which  
29 is used in paying compensation to the employee. The city shall pick up  
30 the employee contributions by a salary deduction either through a  
31 reduction in the cash salary of the employee or a combination of a

1 reduction in salary and offset against a future salary increase. In no  
2 event shall a firefighter be given an option to choose to receive the  
3 amount of the required contribution in lieu of having such contribution  
4 paid directly to the retirement system.

5 (3) Each firefighter participating in a ~~the~~ retirement system shall  
6 be entitled to make voluntary cash contributions to such ~~the~~ retirement  
7 system in an amount not to exceed the contribution limitations  
8 established by the Internal Revenue Code. Voluntary contributions shall  
9 be credited to the employee account and shall thereafter be credited with  
10 regular interest. A voluntary contribution shall become a part of the  
11 Firefighters Retirement System Fund and shall be held, administered,  
12 invested, and distributed in the same manner as any other employee  
13 contribution to the retirement system.

14 Sec. 2. Section 16-1025, Reissue Revised Statutes of Nebraska, is  
15 amended to read:

16 16-1025 (1) Beginning January 1, 1984, and until October 1, 2023,  
17 each city of the first class with firefighters participating in a  
18 retirement system shall contribute to such ~~the~~ retirement system a sum  
19 equal to thirteen percent of each such participating firefighter's  
20 periodic salary. Beginning October 1, 2023, and until October 1, 2025,  
21 each city of the first class with firefighters participating in a  
22 retirement system shall contribute to such retirement system a sum equal  
23 to XXXX percent of each such participating firefighter's periodic salary.  
24 Beginning October 1, 2025, each city of the first class with firefighters  
25 participating in a retirement system shall contribute to such retirement  
26 system a sum equal to XXXX percent of each such participating  
27 firefighter's periodic salary. Such payment shall be credited to such  
28 participating firefighter's ~~his or her~~ employer account on a monthly  
29 basis. Each such account shall also be credited with regular interest.  
30 The city shall also contribute to the employer account of any firefighter  
31 employed by the city on January 1, 1984, an amount equal to the

1 employee's contributions, without interest, that were made to the city  
2 prior to January 1, 1984, with such contribution to be made at the time  
3 the firefighter retires or terminates employment with the city. The city  
4 may contribute such amount before the firefighter's retirement or  
5 termination of employment or credit interest on such contribution.

6 (2) Each such city shall contribute any additional amounts necessary  
7 to fund retirement or other retirement plan benefits not provided by  
8 employee contributions or city contributions to the employer account  
9 required by subsection (1) of this section. Such additional contributions  
10 shall be accumulated in an unallocated employer account of the  
11 Firefighters Retirement System Fund and used to provide the benefits, if  
12 any, specified in sections 16-1027 and 16-1029 to 16-1031 which are not  
13 otherwise funded by the firefighter's retirement value. Funds needed to  
14 provide for a firefighter's benefits shall be transferred from the  
15 unallocated employer account when and as such funds are needed. All funds  
16 committed by the city to the funding of a firefighter pension system on  
17 January 1, 1984, that are not transferred to the firefighters employee  
18 accounts shall be transferred to the unallocated employer account.

19 Sec. 3. Original sections 16-1024 and 16-1025, Reissue Revised  
20 Statutes of Nebraska, are repealed.