

NEBRASKA RETIREMENT SYSTEMS COMMITTEE

2014

SUMMARY AND DISPOSITION OF BILLS

NEBRASKA LEGISLATURE

One Hundred Third Legislature, Second Session

Committee Members

Senator Jeremy Nordquist, Chairperson
Senator Al Davis, Vice Chairperson
Senator Danielle Conrad
Senator Russ Karpisek
Senator Rick Kolowski
Senator Heath Mello

Committee Staff

Kate Allen, Committee Legal Counsel
Laurie Vollertsen Committee Clerk

[blank page]

TABLE OF CONTENTS

		Pages
I.	NUMERICAL BILL INDEX	1
II.	BILLS LISTED BY SUBJECT MATTER	3-5
III.	STATUS OF RETIREMENT BILLS	7
IV.	SUMMARY OF RETIREMENT BILLS	
	Enacted	9-16
	Amended into Another Bill and Enacted	17
	Died in Committee at End of Session	18
V.	BILL STATUS CHART	19
VI.	INTERIM STUDY RESOLUTION	21

[blank page]

I. Numerical Bill Index

- LB 713** (*Gloor*) Change state investment officer provisions relating to time deposit open accounts and limits on total deposits
- LB 759** (*Mello*) Require annual reports related to defined benefit plans
- LB 918** (*Nordquist*) Change provisions relating to investments for certain defined contribution plans
- LB 929** (*Gloor*) Define a term with respect to cities of the first class police officers' and firefighters' retirement
- LB 977** (*Conrad*) Change provisions relating to fiduciary duties in cities of the primary class and public power districts
- LB 1041** (*Nordquist*) Change retirement provisions relating to school employees
- LB 1042** (*Nordquist*) Provide for repayments by school employees rejoining a retirement system

[blank page]

II. Bills Listed by Subject Matter

AUDITOR OF PUBLIC ACCOUNTS

LB 759 (Mello) Require annual reports related to defined benefit plans

CLASS V (OMAHA) SCHOOL EMPLOYEES RETIREMENT ACT

LB 1041 (Nordquist) Change retirement provisions relating to school employees

COUNTY EMPLOYEES RETIREMENT ACT

LB 918 (Nordquist) Change provisions relating to investments for certain defined contribution plans

COUNTIES (LANCASTER, DOUGLAS AND SARPY)

LB 759 (Mello) Require annual reports related to defined benefit plans

COUNTY MEDICAL AND MULTI-UNIT FACILITIES

LB 759 (Mello) Require annual reports related to defined benefit plans

FIRST AND SECOND CLASS CITIES AND VILLAGES

LB 759 (Mello) Require annual reports related to defined benefit plans

FIRST CLASS CITY FIREFIGHTERS

LB 759 (Mello) Require annual reports related to defined benefit plans

LB 929 (Gloor) Define a term with respect to cities of the first class police officers' and firefighters' retirement

FIRST CLASS CITY POLICE OFFICERS

LB 759 (Mello) Require annual reports related to defined benefit plans

LB 929 (Gloor) Define a term with respect to cities of the first class police officers' and firefighters' retirement

LOCAL BOARDS OF HEALTH

LB 759 (Mello) Require annual reports related to defined benefit plans

METROPOLITAN CITIES

LB 759 (Mello) Require annual reports related to defined benefit plans

METROPOLITAN TRANSIT AUTHORITY

LB 759 (Mello) Require annual reports related to defined benefit plans

METROPOLITAN UTILITY DISTRICT

LB 759 (Mello) Require annual reports related to defined benefit plans

NEBRASKA ASSOCIATION OF RESOURCE DISTRICTS

LB 759 (Mello) Require annual reports related to defined benefit plans

NEBRASKA INVESTMENT COUNCIL/STATE INVESTMENT OFFICER

LB 713 (Gloor) Change state investment officer provisions relating to time deposit open accounts and limits on total deposits

LB 918 (Nordquist) Change provisions relating to investments for certain defined contribution plans

NEBRASKA RETIREMENT SYSTEMS COMMITTEE

LB 759 (Mello) Require annual reports related to defined benefit plans

POLITICAL SUBDIVISIONS

LB 759 (Mello) Require annual reports related to defined benefit plans

PRIMARY CLASS CITIES

LB 977 (*Conrad*) Change provisions relating to fiduciary duties in cities of the primary class and public power districts

PUBLIC EMPLOYEES RETIREMENT BOARD

LB 759 (*Mello*) Require annual reports related to defined benefit plans

LB 1041 (*Nordquist*) Change retirement provisions relating to school employees

PUBLIC POWER DISTRICTS

LB 977 (*Conrad*) Change provisions relating to fiduciary duties in cities of the primary class and public power districts

SCHOOL EMPLOYEES RETIREMENT ACT

LB 1041 (*Nordquist*) Change retirement provisions relating to school employees

LB 1042 (*Nordquist*) Provide for repayments by school employees rejoining a retirement system

STATE EMPLOYEES RETIREMENT ACT

LB 918 (*Nordquist*) Change provisions relating to investments for certain defined contribution plans

[blank page]

III. Status of Retirement Bills

ENACTED

- LB 759** (*Mello*) Require annual reports related to defined benefit plans
- LB 1042** (*Nordquist*) Provide for repayments by school employees rejoining a retirement system

AMENDED INTO OTHER BILLS AND ENACTED

- LB 713** (*Gloor*) Change state investment officer provisions relating to time deposit open accounts and limits on total deposits [**Amended into LB 759**]
- LB 918** (*Nordquist*) Change provisions relating to investments for certain defined contribution plans [**Amended into LB 759**]
- LB 929** (*Gloor*) Define a term with respect to cities of the first class police officers' and firefighters' retirement [**Amended and incorporated into LB 759**]
- LB 977** (*Conrad*) Change provisions relating to fiduciary duties in cities of the primary class and public power districts [**Amended into LB 759**]
- LB 1041** (*Nordquist*) Change retirement provisions relating to school employees [**Amended into LB 1042**]

DIED IN COMMITTEE AT END OF SESSION

- LB 77** (*Avery*) Adopt the Nebraska Iran Divestment Act
- LB 138** (*Krist*) Create the Group Health Trust Fund and provide for investment and duties for the State Treasurer
- LB 552** (*Nordquist*) Adopt the First Class Cities Firefighters Cash Balance Retirement Act

[blank page]

IV. Summary of Retirement Bills

ENACTED

LB 759 Require annual reports related to defined benefit plans

Status: Approved by the Governor – April 9, 2014

Operative Date: July 18, 2014

Plan/Agency: Nebraska Association of Resource Districts
Wyuka Cemetery
Metropolitan Cities
Metropolitan Transit Authority
Metropolitan Utility District
Primary Class Cities
First Class Cities (police officers)
First Class Cities (firefighters)
First and Second Class Cities and Villages
County Employees Retirement System
County Medical and Multi-unit Facilities
Local Boards of Health
Auditor of Public Accounts
Public Employees Retirement Board
Nebraska Retirement Systems Committee

Repeals/Amends: 2-3228, 12-101, 14-567, 14-1805.01, 14-2111, 15-1017, 16-1002, 16-1007, 16-1017, 16-1021, 16-1027, 16-1037, 19-3501, 23-1118, 23-2309.01, 23-3526 and 72-1262

Summary of LB 759 as Introduced

LB 759 requires any governing entity that offers a defined benefit plan, to file a report with the Nebraska Retirement Systems Committee if the most recent actuarial valuation report indicates that (a) the contributions do not equal the actuarial requirement for funding or (b) the funded ratio of the plan is less than eighty percent. The annual reporting requirement begins November 1, 2014 and continues each November 1 thereafter.

The report must include, at a minimum, an analysis of the future benefit changes, contribution changes, or other proposed corrective action to improve the plan's funding condition. The Nebraska Retirement Systems Committee may require the entity to present the report to the Committee at a public hearing. The bill amends existing reporting requirements for governmental subdivisions that have current defined benefit plans by requiring such governmental subdivisions to file annual actuarial reports rather than quadrennial actuarial reports.

Explanation and Summary of Committee Amendment 2140

AM2140 adds several clarifying amendments to LB 759, incorporates LB 929 as amended, and LB 713, LB 918, and LB 977.

LB 759 clarifying amendments:

- (1) clarifies that only those political subdivisions that offer a defined benefit plan open to new members on January 1, 2004 are required to notify the Nebraska Retirement Systems Committee that it offers such a plan. Notification must occur on or before November 1, 2014;
- (2) clarifies that all political subdivisions that offer such a plan must file a copy of the most recent actuarial valuation report with the Committee on or before November 15, 2014 and each November 15 thereafter;
- (3) changes the filing date to November 15, 2014 and each November 15 thereafter for the report filed with the Committee detailing analysis of future changes or other proposed corrective action;
- (4) authorizes the Auditor of Public Accounts to audit, or caused to be audited, the political subdivision at the political subdivision's own expense, if the political subdivision does not file the required reports by November 15 of each year; adds language to Auditor of Public Accounts statute authorizing Auditor to audit or cause to be audited, any political subdivision that does not comply with the reporting requirements of this act;
- (5) clarifies within each of the specified political subdivision sections of statute that: (a) the reporting requirement only applies to defined benefit plans that were open to new members on January 1, 2004; and (b) if the entity does not submit the required reports within six months of the plan year, the Auditor of Public Accounts may audit, or caused to be audited, the political subdivision at the political subdivision's own expense. Specified political subdivision statutes that are amended include: Nebraska Association of Resource Districts, Wyuka Cemetery, Metropolitan Cities, Metropolitan Transit Authority, Metropolitan Utility District, Primary Class Cities, First Class City Police Officers Retirement Act, First Class City Firefighters Retirement Act, First and Second Class Cities and Villages, Counties not participating in the County Employees Retirement Act (Douglas, Sarpy and Lancaster Counties), County Medical and Multi-unit Facilities, and Local Boards of Health.

Bills amended into LB 759

LB 929 as amended

Committee AM2140 amends the city of the first class police and firefighter retirement acts to define the term sex-neutral basis. The definition allows a city to use either the insurance or annuity tables when they are available, or a formula to find sex-neutral payouts when the tables are not available. AM2140 also clarifies that when a retiree requests the averaging of three different estimates, all estimates have to use the same calculation method. All calculations must be based on products that are available for purchase in Nebraska.

LB 713

Under the Nebraska Capital Expansion Act, banks, capital stock financial institutions, and qualifying mutual financial institutions are currently eligible to obtain time deposit open accounts in the amount of \$1 million from funds available for investment by the State Investment Officer. Under LB 713, if the total amount of funds offered are not accepted, the State Investment Officer is authorized to re-offer the balance of the funds in an amount not to exceed each entity's pro rata share of the remaining funds, or \$5 million, whichever is less.

LB 918

The County and State Employees Retirement Acts require a stable return account to be offered as an investment option to participants in the defined contribution plans. The statute specifies that the stable return account is to be invested by the State Investment Officer in one or more guaranteed investment contracts. LB 918 removes this limitation and grants the State Investment Officer more flexibility that provides capital preservation and consistent, steady returns.

LB 977

Retirement or pension funds of most political subdivisions must be invested with corporate trustees according to the prudent person rule pursuant to section 30-3209. The statute contains an exception for the city of the metropolitan class, a metropolitan utilities district and a county in which a city of the metropolitan class is located. These exempted retirement plans can offer investment in any fund, as long as it is a prudent investment. LB 977 adds a city of the primary class and public power districts to the list of exempt entities and also allows exempt entities to use a custodian to hold the funds of the plan.

Section-by-section Summary of AM2140 to LB 759:

Section 1. [adds new section] (1) Requires each political subdivision that offers a defined benefit plan that was open to new members on January 1, 2004 to notify the Nebraska Retirement Systems Committee on or before November 1, 2014 that it offers such a plan. In addition such political subdivisions shall:

(a) file a copy of the most recent actuarial valuation report with the Committee on or before November 15, 2014 and each November 15 thereafter;

(b) file a report with the Committee if the most recent actuarial valuation report indicates that (i) the contributions do not equal the actuarial requirement for funding or (ii) the funded ratio of the plan is less than eighty percent. This annual reporting requirement begins November 15, 2014 and continues each November 15 thereafter;

The report must at a minimum include, an analysis of the future benefit changes, contribution changes, or other proposed corrective action to improve the plan's funding condition. The Committee may require the entity to present the report to the Committee at a public hearing.

(2) If the political subdivision does not file the required reports with the Committee by November 15, the Auditor of Public Accounts may audit, or caused to be audited, the political subdivision at the political subdivision's own expense.

(3) clarifies that (a) the reporting requirement only applies to defined benefit plans that were open to new members on January 1, 2004; and (b) if the entity does not submit the required reports within six months of the plan year, the Auditor of Public Accounts may audit, or caused to be audited, the political subdivision at the political subdivision's own expense.

- Section 2. amends section 2-3228 --Nebraska Association of Resource Districts - clarifies that (a) the reporting requirement only applies to defined benefit plans that were open to new members on January 1, 2004; and (b) if the entity does not submit the required reports within six months of the plan year, the Auditor of Public Accounts may audit, or caused to be audited, the political subdivision at the political subdivision's own expense
- Section 3. amends 12-101 – Wyuka Cemetery – clarifies that (a) the reporting requirement only applies to defined benefit plans that were open to new members on January 1, 2004; and (b) if the entity does not submit the required reports within six months of the plan year, the Auditor of Public Accounts may audit, or caused to be audited, the political subdivision at the political subdivision's own
- Section 4. amends 14-567 – Metropolitan Cities (Omaha – includes police, fire and civilian plans) – clarifies that (a) the reporting requirement only applies to defined benefit plans that were open to new members on January 1, 2004; and (b) if the entity does not submit the required reports within six months of the plan year, the Auditor of Public Accounts may audit, or caused to be audited, the political subdivision at the political subdivision's own
- Section 5. amends 14-1805.01 – Metropolitan Transit Authority – clarifies that (a) the reporting requirement only applies to defined benefit plans that were open to new members on January 1, 2004; and (b) if the entity does not submit the required reports within six months of the plan year, the Auditor of Public Accounts may audit, or caused to be audited, the political subdivision at the political subdivision's own
- Section 6. amends 14-2111 – Metropolitan Utility District (MUD) – clarifies that (a) the reporting requirement only applies to defined benefit plans that were open to new members on January 1, 2004; and (b) if the entity does not submit the required reports within six months of the plan year, the Auditor of Public Accounts may audit, or caused to be audited, the political subdivision at the political subdivision's own
- Section 7. amends 15-1017 – Primary Class Cities (Lincoln) – clarifies that (a) the reporting requirement only applies to defined benefit plans that were open to new members on January 1, 2004; and (b) if the entity does not submit the required reports within six

months of the plan year, the Auditor of Public Accounts may audit, or caused to be audited, the political subdivision at the political subdivision's own

- Section 8. **(LB 929)** amends 16-1002 – First Class City Police Officers Retirement Act; adds definition for sex neutral basis
- Section 9. **(LB 929)** amends 16-1007 – First Class City Police Officers Retirement Act; clarifies that when a retiree requests the averaging of three different estimates, that all estimates have to use the same calculation method. All calculations must be based on products that are available for purchase in Nebraska
- Section 10. amends 16-1017 – First Class City Police Officers Retirement Act – clarifies that (a) the reporting requirement only applies to defined benefit plans that were open to new members on January 1, 2004; and (b) if the entity does not submit the required reports within six months of the plan year, the Auditor of Public Accounts may audit, or caused to be audited, the political subdivision at the political subdivision's own
- Section 11. **(LB 929)** amends 16-1021 – First Class City Firefighters Retirement Act; adds definition for sex neutral basis
- Section 12. **(LB 929)** amends 16-1027 – First Class City Firefighters Retirement Act; clarifies that when a retiree requests the averaging of three different estimates, that all estimates have to use the same calculation method. All calculations must be based on products that are available for purchase in Nebraska
- Section 13. amends 16-1037 – First Class City Firefighters Retirement act --clarifies that (a) the reporting requirement only applies to defined benefit plans that were open to new members on January 1, 2004; and (b) if the entity does not submit the required reports within six months of the plan year, the Auditor of Public Accounts may audit, or caused to be audited, the political subdivision at the political subdivision's own
- Section 14. amends 19-3501 – First and Second Class Cities and Villages --clarifies that (a) the reporting requirement only applies to defined benefit plans that were open to new members on January 1, 2004; and (b) if the entity does not submit the required reports within six months of the plan year, the Auditor of Public Accounts may audit, or caused to be audited, the political subdivision at the political subdivision's own
- Section 15. amends 23-1118 – Counties not participating in County Employees Retirement Plan (Douglas, Sarpy and Lancaster Counties) – clarifies that (a) the reporting requirement only applies to defined benefit plans that were open to new members on January 1, 2004; and (b) if the entity does not submit the required reports within six months of the plan year, the Auditor of Public Accounts may audit, or caused to be audited, the political subdivision at the political subdivision's own
- Section 16. **(LB 918)** amends 23-2309.01 – in the County Employees Retirement Act which requires a stable return account to be offered as an investment option to participants

in the defined contribution plans. The statute specifies that the stable return account is to be invested by the State Investment Officer in one or more guaranteed investment contracts. LB 918 removes this limitation and grants the State Investment Officer more flexibility that provides capital preservation and consistent, steady returns

- Section 17. amends 23-3526 – County Medical and Multi-unit Facilities – clarifies that (a) the reporting requirement only applies to defined benefit plans that were open to new members on January 1, 2004; and (b) if the entity does not submit the required reports within six months of the plan year, the Auditor of Public Accounts may audit, or caused to be audited, the political subdivision at the political subdivision's own
- Section 18. **(LB 977)** amends section 30-3209 which allows retirement or pension funds of most political subdivisions to be invested with corporate trustees according to the prudent person rule. Investments are restricted to bonds, stocks of certain companies, or other commercial paper. Subsection (2) of the statute contains an exception for the city of the metropolitan class, a metropolitan utilities district and a county in which a city of the metropolitan class is located. These exempted retirement plans can offer investment in any fund, as long as it is a prudent investment. LB 977 adds a city of the primary class and public power districts to the list of exempt entities and also allows exempt entities to use a custodian to hold the funds of the plan
- Section 19. amends 71-1631.02 – Local Boards of Health – clarifies that (a) the reporting requirement only applies to defined benefit plans that were open to new members on January 1, 2004; and (b) if the entity does not submit the required reports within six months of the plan year, the Auditor of Public Accounts may audit, or caused to be audited, the political subdivision at the political subdivision's own
- Section 20. **(LB 713)** amends 72-1263 – Under the Nebraska Capital Expansion Act, banks, capital stock financial institutions, and qualifying mutual financial institutions are currently eligible to obtain time deposit open accounts in the amount of \$1 million from funds available for investment by the State Investment Officer. Under LB 713, if the total amount of funds offered are not accepted, the State Investment Officer is authorized to re-offer the balance of the funds in an amount not to exceed each entity's pro rata share of the remaining funds, or \$5 million, whichever is less
- Section 21. amends 84-304 – adds language to Auditor of Public Accounts statute authorizing the Auditor to audit or cause to be audited, any political subdivision that does not comply with the reporting requirements of this act;
- Section 22. **(LB 918)** amends 84-1310.01– in the State Employees Retirement Act which requires a stable return account to be offered as an investment option to participants in the defined contribution plans. The statute specifies that the stable return account is to be invested by the State Investment Officer in one or more guaranteed investment contracts. LB 918 removes this limitation and grants the State Investment Officer more flexibility that provides capital preservation and consistent, steady returns

LB 1042 Provide for repayments by school employees rejoining a retirement system

Status: Approved by the Governor – April 16, 2014

Operative Date: April 17, 2014

Plan/Agency: School Employees Retirement Act
Class V School Employees Retirement Act
Public Employees Retirement Board

Repeals/Amends: 79-902, 79-921, 79-924, 79-933.02, 79-933.07, 79-933.08, 79-933.09, 79-980, 79-987, 79-991, and 84-1503

LB 1042 as Introduced

Service credits are relinquished when a member terminates employment and withdraws all accumulated employee contributions. If the person again becomes a school employee, he or she has the option to buyback the refunded amount plus interest or the assumed rate, whichever is applicable. Under LB 1042, members who have rejoined the system prior to an unspecified date who file an application for restoration of service prior to an unspecified date will be charged the current lower cost. Current members who elect to repurchase relinquished creditable service after an unspecified date and members who rejoin the system after an unspecified date will be charged the actuarial cost to the retirement system rather than the current lower cost. All repurchases of service must be completed within five years or upon termination, whichever is earlier. Members will only be restored to original membership status if they repay the full amount of the withdrawn contributions.

Explanation and Summary of Committee AM2132

The Committee Amendment strikes the original bill and inserts LB 1042 as amended and LB 1041.

LB 1042 as amended by Comm AM2132

LB 1042 as amended inserts effective dates into the bill. Current members who rejoined the school system prior to the effective date of the act and file an application for repurchase of creditable service prior to July 1, 2016 will be charged the current lower cost for the service credits. All other members who rejoin the system after the effective date of the act, and those members who have already rejoined the system, but choose not to file an application prior to July 1, 2016, will be charged the actuarial cost to the retirement system to repurchase relinquished creditable service. Technical amendments are made to several statutes to incorporate the term “relinquished creditable service” which is also defined in the bill. The bill includes the emergency clause.

LB 1041

New school employees hired on and after July 1, 2014 in both the School Employees Retirement Plan and the Class V School Employees Retirement Plan would be required to work ten years before being eligible to purchase additional service credits – also known as “air time”. Employees hired prior to July 1, 2014 are only required to work five years before eligible to purchase “air time”.

A liability standard is inserted for the members of the board of education and the trustees when acting in their capacity as administrators of the Class V school retirement system or with respect to approval of fund investments.

It includes a provision that, beginning March 1, 2015 and each March 1 thereafter, a Class V school district will be required to present the most recent actuarial valuation report of the retirement system to the Nebraska Retirement Systems Committee at a public hearing. The amendment adds statutory language that codifies the current practice of the actuary on behalf of the Public Employees Retirement Board, annually presenting the most recent defined benefit and cash balance actuarial valuation reports to the Nebraska Retirement Systems Committee at a public hearing or hearings. Technical changes and updates to Internal Revenue Code references in the School Employees and Class V School Employees Retirement Acts are also included.

Explanation and Summary of AM2596 – which amends Comm AM2132

AM2596 amends the LB 1042 portion of Committee amendment AM2132. It changes the language so the cost and time line for repurchase of relinquished creditable service are similar to the repurchase process in the Class V – Omaha School Employees Retirement Act.

Under AM2596, all employees who return to work after the effective date of the act will be required to complete the repurchase of relinquished creditable service within 5 years of returning to work.

Employees who have already returned to work prior to the effective date of the act, but have not yet filed an application to repurchase relinquished creditable service are granted 6 years from the effective date of the act to apply and complete the payment for repurchase.

The cost for repurchase is changed. Under AM2596, members will be assessed the amount of the withdrawn contributions plus an amount equal to the current actuarial assumed rate of return (8%) for the period repaid. Employees are limited to one application for the repurchase of relinquished creditable service. A definition for relinquished creditable service is also amended into the definitional section of the School Employees Retirement Act. The bill includes the severability and emergency clauses.

AMENDED INTO OTHER BILLS AND ENACTED

LB 713 Change state investment officer provisions relating to time deposit open accounts and limits on total deposits

Under the Nebraska Capital Expansion Act, banks, capital stock financial institutions, and qualifying mutual financial institutions are currently eligible to obtain time deposit open accounts in the amount of \$1 million from funds available for investment by the State Investment Officer. Under LB 713, if the total amount of funds offered are not accepted, the State Investment Officer is authorized to re-offer the balance of the funds in an amount not to exceed each entity's pro rata share of the remaining funds, or \$5 million, whichever is less. **[amended into LB 759]**

LB 918 Change provisions relating to investments for certain defined contribution plans

The County and State Employees Retirement Acts require a stable return account to be offered as an investment option to participants in the defined contribution plans. The statute specifies that the stable return account is to be invested by the State Investment Officer in one or more guaranteed investment contracts. LB 918 removes this limitation and grants the State Investment Officer more flexibility that provides capital preservation and consistent, steady returns. **[amended into LB 759]**

LB 929 Define a term with respect to cities of the first class police officers' and firefighters' retirement

Current statutes require that all annuities and lump-sum payments under the First Class Cities Police Officers and Firefighters Retirement Systems must be awarded on a “sex-neutral basis”. LB 929 provides a definition for “sex-neutral basis” as using either: (a) a blended non-gender specific rate for actuarial and mortality assumptions, and annuity conversion rates for a particular participant; or (b) the arithmetic mean of the male-specific and female-specific actuarial assumptions, mortality assumptions and annuity conversation rates for a particular participant, adding them together and dividing the sum by two. **[amended by Committee and incorporated into LB 759]**

LB 977 Change provisions relating to standard of care for corporate trustees regarding governmental retirement and pension funds

Pension funds of most political subdivisions must be invested with corporate trustees according to the prudent person rule pursuant to section 30-3209. Subsection (2) of the statute contains an exception for the city of the metropolitan class, a metropolitan utilities district and a county in which a city of the metropolitan class is located. These exempted retirement plans can offer investment in any fund, as long as it is a prudent investment. LB 977 adds a city of the primary class and public power districts to the list of exempt entities and also allows exempt entities to use a custodian to hold the funds of the plan. **[amended into LB 759]**

DIED IN COMMITTEE AT END OF SESSION

LB 77 Adopt the Nebraska Iran Divestment Act

Under LB 77, the Attorney General is directed to assemble a list of scrutinized companies within 90 days of enactment and then forward the list to the State Investment Officer for action.

The State Investment Officer is required to direct the investment managers not to acquire any direct holding in a scrutinized company unless, in the good faith judgment of the Officer, the prohibition would result in a breach of fiduciary duty of the State Investment Officer or members of the Nebraska Investment Council.

The Act terminates if either of the following occurs: (1) Iran is removed from the U.S. Department of State's list of countries that have been determined to repeatedly provide support for acts of international terrorism; or (2) The President determines and certifies that state legislation similar to the act interferes with the conduct of U.S. Foreign policy.

LB 138 Create the Group Health Trust Fund and provide for investment and duties for the State Treasurer

LB 138 creates the Group Health Trust Fund and directs the State Investment Officer to invest the assets of the Fund which includes monies from employee and employer premiums used to provide health benefits to University of Nebraska employees. The bill also inserts the Group Health Trust Fund among those funds for which the State Treasurer is custodian and charges the Treasurer with making disbursements from the Fund.

LB 552 Adopt First Class Cities Firefighter Cash Balance Retirement Act

LB 552 creates a Cash Balance Retirement Plan for first class city firefighters hired on and after an unspecified date. Currently, all first class city firefighters hired after 1984 are members of defined contribution plans administered by each first class city.

Current firefighters would have a one-time option between unspecified dates to transfer into the Cash Balance Retirement Plan. The Plan would be structured similar to the County and State Cash Balance Retirement Plans which guarantee a minimum 5% interest rate with possible dividends if the Plan is fully funded. Employee and employer contribution rates would remain the same as the rates for the current members of the firefighter defined contribution plans. The employee rate would be 6.5% of compensation and the employer rate would be 13%. Firefighters do not participate in Social Security. The Cash Balance Plan would be administered by the Public Employees Retirement Board. A representative of the first class city firefighters would be added to the membership of the Public Employees Retirement Board.

V. Bill Status Chart

LB	Introducer & One-Liner	Committee Action	Status
713	<i>(Gloor)</i> Change state investment officer provisions relating to time deposit open accounts and limits on total deposits	Advanced to GF Incorporated into Comm AM2132 to LB1042	Amended into LB 759; enacted
759	<i>(Mello)</i> Require annual reports related to defined benefit plans	COMM PRIORITY BILL Advance to GF with Comm AM2140	Enacted
918	<i>(Nordquist)</i> Change provisions relating to investments for certain defined contribution plans	Advanced to GF Incorporated into Comm AM2140 to LB 759	Amended into LB 759; enacted
929	<i>(Gloor)</i> Define a term with respect to cities of the first class police officers' and firefighters' retirement	Advanced to GF Incorporated into Comm AM2140 to LB 759	Amended into LB 759; enacted
977	<i>(Conrad)</i> Change provisions relating to fiduciary duties in cities of the primary class and public power districts	Advanced to GF Incorporated into Comm AM2140 to LB 759	Amended into LB 759; enacted
1041	<i>(Nordquist)</i> Change retirement provisions relating to school employees	Advanced to GF Incorporated into Comm AM2132 to LB1042	Amended into LB 1042; enacted
1042	<i>(Nordquist)</i> Provide for repayments by school employees rejoining a retirement system	COMM PRIORITY BILL Advance to GF with Comm AM2132	Enacted
2013 Carryover Bills			
77	<i>(Avery)</i> Adopt the Nebraska Iran Divestment Act		Died in Committee at End of Session
138	<i>(Krist)</i> Create the Group Health Trust Fund and provide for investment; provide duties for State Treasurer		Died in Committee at End of Session
552	<i>(Nordquist)</i> Adopt the Cities of the First Class Firefighters Cash Balance Retirement Act		Died in Committee at End of Session

[blank page]

VI. Interim Study Resolution

LR 521

Introduced by Senators Nordquist, Davis, Mello, Karpisek, Conrad and Kolowski

PURPOSE: The purpose of this study is to examine the public employees retirement systems administered by the Public Employees Retirement Board, including the State Employees Retirement System, the County Employees Retirement System, the School Employees Retirement System, the Nebraska State Patrol Retirement System, and the Judges Retirement System. The study may also examine the Class V School Employees Retirement System administered under the Class V School Employees Retirement Act.

The study will examine issues as they relate to the funding needs, benefits, contributions, and the administration of each retirement system.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED THIRD LEGISLATURE OF NEBRASKA, SECOND SESSION:

That the Nebraska Retirement Systems Committee is designated to conduct an interim study to carry out the purpose of this resolution.

That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

[blank page]