

LEGISLATIVE BILL 353

Approved by the Governor March 25, 1985

Introduced by Nebraska Retirement Systems Committee,
Harris, 27, Chairperson; Abboud, 12;
Goodrich, 20; Vickers, 38; Warner, 25;
Wesely, 26

AN ACT relating to retirement; to amend section 14-1022, Reissue Revised Statutes of Nebraska, 1943, and sections 23-1118 and 79-1531, Revised Statutes Supplement, 1984; to provide for the employer to pick up certain employee contributions; and to repeal the original sections.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 14-1022, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

14-1022. (1) The board of directors of any metropolitan water or metropolitan utilities district may also provide benefits for, insurance of, and annuities for the present and future employees and appointees of the district covering accident, disease, death, total and permanent disability, and retirement, all or any of them, under such terms and conditions as the board may deem proper and expedient from time to time. Any retirement plan, adopted by the board of directors, shall be upon some contributory basis requiring contributions by both the district and the employee or appointee, except that the district may pay the entire cost of the fund necessary to cover service rendered prior to the adoption of any new retirement plan. Any retirement plan, ~~adopted by the board of directors after March 4, 1955,~~ shall take into consideration the benefits provided for employees and appointees of metropolitan utilities districts under the Social Security Act, and any benefits provided under a contributory retirement plan ~~adopted by the board of directors after March 4, 1955,~~ shall be supplemental to the benefits provided under the Social Security Act as defined in section 68-602; if the employees entitled to vote in a referendum vote in favor of old age and survivors' insurance coverage. To effectuate any plan adopted pursuant to this authority, the board of directors of the district is empowered to establish and maintain reserves and funds, provide for insurance premiums and costs, and make such delegation as may be necessary to carry into execution the general powers granted by this section. Payments made to employees and appointees, under the authority in this section, shall be exempt from attachment

or other legal process and shall not be assignable.

(2) Any retirement plan adopted by the board of directors of any metropolitan water or metropolitan utilities district may allow such districts to pick up the employee contribution required by this section for all compensation paid on or after January 1, 1986, and the contributions so picked up shall be treated as employer contributions in determining federal tax treatment under the United States Internal Revenue Code, except that the employer shall continue to withhold federal income taxes based upon such contributions until the Internal Revenue Service, or the federal courts, rule that, pursuant to section 414(h) of the United States Internal Revenue Code, such contributions shall not be included as gross income of the employee until such time as they are distributed or made available. The employer shall pay the employee contributions from the same source of funds which is used in paying earnings to the employees. The employer shall pick up the contributions by a salary deduction either through a reduction in the cash salary of the employee or a combination of a reduction in salary and offset against a future salary increase. Employee contributions picked up shall be treated in the same manner and to the same extent as employee contributions made prior to the date picked up.

Sec. 2. That section 23-1118, Revised Statutes Supplement, 1984, be amended to read as follows:

23-1118. (1) Unless the county has adopted a retirement system pursuant to section 23-2329, the county board of any county having a population of one hundred thousand inhabitants or more may, in its discretion and with the approval of the voters, provide retirement benefits for present and future employees of the county. The cost of such retirement benefits shall be funded in accordance with sound actuarial principles with the necessary cost being treated in the county budget in the same way as any other operating expense. Each employee shall be required to contribute, or have contributed on his or her behalf, an amount at least equal to the county's contribution to the cost of any such retirement program as to service performed after the adoption of such retirement program, but the cost of any benefits based on prior service shall be borne solely by the county. Before the county board provides retirement benefits for the employees of the county, such question shall be submitted at a regular general or primary election held within the county, and in which election all persons eligible to vote for the county officials of the county shall be entitled to vote on such question, which shall be submitted in the following language: Shall the county board provide retirement benefits for present and future employees of the county? If a majority of the votes cast upon such question shall be in favor of such question then the county board shall be empowered to provide retirement benefits

for present and future employees as provided in this section. If such retirement benefits for present and future county employees are approved by the voters and authorized by the county board, then the funds of such retirement system, in excess of the amount required for current operations as determined by the county board, may be invested and reinvested in the class of securities and investments described in section 24-601.04. As used in this section, employees shall mean all persons or officers devoting more than twenty hours per week to employment by the county, all elected officers of the county, and such other persons or officers as are classified from time to time as permanent employees by the county board.

(2) The county may pick up the member contributions required by this section for all compensation paid on or after January 1, 1985, and the contributions so picked up shall be treated as employer contributions in determining federal tax treatment under the United States Internal Revenue Code, except that the county shall continue to withhold federal income taxes based upon these contributions until the Internal Revenue Service, or the federal courts, rule that, pursuant to section 414(h) of the United States Internal Revenue Code, these contributions shall not be included as gross income of the member until such time as they are distributed or made available. The county shall pay these member contributions from the same source of funds which is used in paying earnings to the member. The county shall pick up these contributions by a salary deduction either through a reduction in the cash salary of the member or a combination of a reduction in salary and offset against a future salary increase. Member contributions picked up shall be treated in the same manner and to the same extent as member contributions made prior to the date picked up.

Sec. 3. That section 79-1531, Revised Statutes Supplement, 1984, be amended to read as follows:

79-1531. (1) Each member of the retirement system shall be required to make a deposit, or have a deposit made on his or her behalf, in the School Employees' Savings Fund equal to four and eight-tenths per cent of all compensation. All amounts deposited by or on behalf of any school employee shall be held for the benefit of the individual school employee in the School Employees' Savings Fund and shall be credited to his or her account in this fund for the purpose of providing an annuity or other benefit as provided in sections 79-1501 to 79-1557.

(2) The employer shall pick up the member contributions required by this section for all compensation paid on or after January 1, 1986, and the contributions so picked up shall be treated as employer contributions in determining federal tax treatment under the United States Internal Revenue Code, except that the employer shall continue to withhold federal income taxes

based upon these contributions until the Internal Revenue Service, or the federal courts, rule that, pursuant to section 414(h) of the United States Internal Revenue Code, these contributions shall not be included as gross income of the member until such time as they are distributed or made available. The employer shall pay these member contributions from the same source of funds which is used in paying earnings to the member. The employer shall pick up these contributions by a salary deduction either through a reduction in the cash salary of the member or a combination of a reduction in salary and offset against a future salary increase. Member contributions picked up shall be treated for all purposes of sections 79-1501 to 79-1565 in the same manner and to the same extent as member contributions made prior to the date picked up.

Sec. 4. Any city or village of this state may pick up the employee contributions required by a pension or retirement plan for all compensation paid on or after January 1, 1986, and the contributions so picked up shall be treated as employer contributions in determining the federal tax treatment under the United States Internal Revenue Code, except that the city or village shall continue to withhold federal income taxes based upon such contributions until the Internal Revenue Service, or the federal courts, rule that, pursuant to section 414(h) of the United States Internal Revenue Code, such contributions shall not be included as gross income of the employee until such time as they are distributed or made available. The city or village shall pay the employee contributions from the same source of funds which is used in paying earnings to the employees. The city or village shall pick up the contributions by a salary deduction either through a reduction in the cash salary of the employee or a combination of a reduction in salary and offset against a future salary increase. Employee contributions picked up shall be treated in the same manner and to the same extent as employee contributions made prior to the date picked up.

Sec. 5. That original section 14-1022, Reissue Revised Statutes of Nebraska, 1943, and sections 23-1118 and 79-1531, Revised Statutes Supplement, 1984, are repealed.