

## LEGISLATIVE BILL 60

Approved by the Governor April 29, 1987

Introduced by Haberman, 44

AN ACT relating to retirement; to amend sections 23-2315, 23-2317, 23-2319, 84-1319, and 84-1321, Revised Statutes Supplement, 1986; to change the voluntary retirement age for county employees; to change provisions relating to retirement options for certain employees; to change provisions relating to early retirement termination benefits; to harmonize provisions; and to repeal the original sections.

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

Section 1. That section 23-2315, Revised Statutes Supplement, 1986, be amended to read as follows:

23-2315. (1) An employee may elect to retire at any time after attaining the age of ~~sixty~~ fifty-five. An employee may retire as a result of disability at any age. An employee may be required to retire under rules adopted by the county board of the county by whom he or she is employed, except that such rules shall not require retirement before the end of the month in which an employee's seventieth birthday occurs and, with the annual approval of the county board and employee, such employee may continue his or her employment beyond the time required in such rules. Such rules shall not apply to elected officials. The first day of the month immediately following the last day of work shall be the retirement date, except that disability retirement benefits shall be paid from the date of disability as determined by the board.

(2) Payment of any benefit provided under the retirement system may not be deferred later than the sixtieth day after the end of the year in which the employee has both attained at least age seventy and one half years and terminated his or her employment with the county.

(3) Any member of the retirement system who, on the effective date of this act, has attained fifty-five years of age and who ceases to be an employee before his or her sixtieth birthday may elect to receive a termination benefit as provided in section 23-2319.

Sec. 2. That section 23-2317, Revised

Statutes Supplement, 1986, be amended to read as follows:

23-2317. (1) The future service retirement benefit shall be an annuity, payable monthly with the first payment made as of the retirement date, which shall be the actuarial equivalent of the retirement value based on factors determined by the board, except that gender shall not be a factor when determining the amount of such payments pursuant to subsection (2) of this section. A retiring employee may elect to receive, in lieu of an annuity, a lump-sum settlement equal to the retirement value if the retirement value is less than eight thousand dollars. A copy of the contract shall be kept on file with the board.

At any time before the retirement date, the retiring employee may choose to receive his or her annuity either in the form of a straight life annuity or any optional form that is determined by the board. In lieu of the future service retirement annuity, a retiring employee may, upon application to the board, receive a retirement transition benefit which shall not exceed twenty-five per cent of the value of the member's account not to exceed the amount in his or her employee account payable in a lump sum and an annuity which shall be equal to the actuarial equivalent of the remainder of the retirement value, and the employee may choose any form of such annuity as provided for by the board. ~~In the alternative, a retiring employee may elect to receive the entire amount in his or her employee account; except that if he or she selects such alternative, he or she shall forfeit the accumulated sums in his or her employer account.~~

In any case, the amount of the monthly payment shall be such that the annuity chosen shall be the actuarial equivalent of the retirement value, except as provided in this section.

The board shall provide to any county employee who is eligible for retirement, prior to his or her selecting any of the retirement options provided by this section, information on the federal and state income tax consequences of the various annuity or retirement benefit options.

(2) The monthly income payable to a member retiring on or after January 1, 1984, shall be as follows:

He or she shall receive at retirement the amount which may be purchased by the accumulated contributions based on annuity rates in effect on the date of purchase which do not utilize gender as a

factor, except that such amounts shall not be less than the retirement income which can be provided by the sum of the amounts derived pursuant to subdivisions (a) and (b) of this subsection as follows:

(a) The income provided by the accumulated contributions made prior to January 1, 1984, based on male annuity purchase rates in effect on January 1, 1984, or male annuity purchase rates on the date of purchase, if greater than those in effect on January 1, 1984; and

(b) The income provided by the accumulated contributions made on and after January 1, 1984, based on the annuity purchase rates in effect on the date of purchase which do not use gender as a factor.

(3) Any amount, in excess of contributions, which may be required in order to purchase the retirement income specified in subsection (2) of this section shall be withdrawn from the County Equal Retirement Benefit Fund.

(4) Retirement benefits for persons who retire prior to January 1, 1984, shall not be affected by changes to this section which become operative on or after January 1, 1984.

Sec. 3. That section 23-2319, Revised Statutes Supplement, 1986, be amended to read as follows:

23-2319. (1) Any member of the retirement system who ceases to be an employee before his or her ~~sixtieth~~ fifty-fifth birthday may, upon application, receive from the carrier (a) a termination benefit equal to not to exceed the amount of his or her employee account payable in a lump sum plus a paid-up deferred annuity provided by the vested portion of the employer account under which the first annuity payment shall be made as of the first of the month immediately following the sixty-fifth birthday or (b) a paid-up deferred annuity provided by the employee account and the vested portion of the employer account under which the first annuity payment shall be made as of the first of the month immediately following the sixty-fifth birthday. If the terminating member does not make such application, he or she shall receive the benefits provided under subdivision (1)(b) of this section.

(2) At the option of the terminating member, any paid-up deferred annuity provided under subsection (1) of this section may commence as of the first of the month at any time after such member attains the age of sixty fifty-five and before his or her sixty-fifth birthday. Such election by the terminating member may

be made at any time prior to the commencement of the annuity payments. Such paid-up deferred annuity shall be the actuarial equivalent, as determined by the group annuity contract, of the employee account together with the vested percentage of the employer account.

(3) The vesting percentage shall be one hundred after five years of participation. The vesting percentage shall equal one hundred for any disability retirement under the provisions of section 23-2315.

(4) If the terminating member shall not be credited with one hundred per cent of his or her employer account, the remainder shall first be used to meet the expense charges incurred by the Public Employees Retirement Board in connection with administering the system, and the remainder shall then be used to reduce the county contributions which would be otherwise required to fund future service retirement benefits.

Sec. 4. That section 84-1319, Revised Statutes Supplement, 1986, be amended to read as follows:

84-1319. (1) The future service retirement benefit shall be an annuity, payable monthly with the first payment made as of the retirement date, which shall be the actuarial equivalent of the retirement value based on factors determined by the board, except that gender shall not be a factor when determining the amount of such payments, except as provided in this section.

At any time before the retirement date, the retiring employee may choose to receive his or her annuity either in the form of a straight life annuity or any optional form that is determined acceptable by the board.

In lieu of the future service retirement annuity, a retiring employee may, upon application to the board, receive a retirement transition benefit which shall not exceed twenty-five per cent of the value of the member's benefit not to exceed the amount in his or her employee account payable in a lump sum and an annuity which shall be equal to the actuarial equivalent of the remainder of the retirement value, and the employee may choose any form of such annuity as provided for by the board. In the alternative, a retiring employee may elect to receive the entire amount in his or her employee account, except that if he or she selects such alternative, he or she shall forfeit the accumulated sums in his or her employer account.

In any case, the amount of the monthly payment

shall be such that the annuity chosen shall be the actuarial equivalent of the retirement value, except as provided in this section.

The board shall provide to any state employee who is eligible for retirement, prior to his or her selecting any of the retirement options provided by this section, information on the federal and state income tax consequences of the various annuity or retirement benefit options.

(2) The monthly annuity income payable to a member retiring on or after January 1, 1984, shall be as follows:

He or she shall receive at retirement the amount which may be purchased by the accumulated contributions based on annuity rates in effect on the date of purchase which do not utilize gender as a factor, except that such amounts shall not be less than the retirement income which can be provided by the sum of the amounts derived pursuant to subdivisions (a) and (b) of this subsection as follows:

(a) The income provided by the accumulated contributions made prior to January 1, 1984, based on male annuity purchase rates in effect on January 1, 1984, or male annuity purchase rates on the date of purchase, if greater than those in effect on January 1, 1984; and

(b) The income provided by the accumulated contributions made on and after January 1, 1984, based on the annuity purchase rates in effect on the date of purchase which do not use gender as a factor.

(3) Any amounts, in excess of contributions, which may be required in order to purchase the retirement income specified in subsection (2) of this section shall be withdrawn from the State Equal Retirement Benefit Fund.

(4) Retirement benefits for persons who retire prior to January 1, 1984, shall not be affected by changes to this section which become operative on or after January 1, 1984.

(5) At the option of the retiring member, any annuity provided under this section or section 84-1320 may be deferred to commence as of the first of the month at any time prior to the member's seventieth birthday. Such election by the retiring member may be made at any time prior to the commencement of the annuity payments. Such deferred annuity shall be the actuarial equivalent, based on factors designated by the board, of the retirement value, or of the prior service annuity for an annuity provided under section 84-1320.

Sec. 5. That section 84-1321, Revised Statutes Supplement, 1986, be amended to read as follows:

84-1321. (1) Any member of the retirement system who ceases to be an employee before becoming eligible for retirement under section 84-1317 may, upon application to the board, receive (a) a termination benefit ~~equal to~~ not to exceed the amount in his or her employee account payable in a lump sum plus a paid-up deferred annuity provided by the vested portion of the employer account under which the first annuity payment shall be made as of the first of the month immediately following the sixty-fifth birthday or (b) a paid-up deferred annuity provided by the employee account and the vested portion of the employer account under which the first annuity payment shall be made as of the first of the month immediately following the sixty-fifth birthday. If the terminating member does not make application he or she shall receive the benefits provided under subdivision (1)(b) of this section, except that any person who has been a member of the retirement system and has terminated his or her employment prior to September 1, 1986, and has not withdrawn the amount in his or her employee account shall have the option upon application prior to March 1, 1987, to receive the benefit provided in subdivision (1)(a) of this section.

(2) At the option of the terminating member, any paid-up deferred annuity provided under subsection (1) of this section may commence as of the first of the month at any time after such member attains the age of fifty-five and before his or her seventieth birthday. Such election by the terminating member may be made at any time prior to the commencement of the annuity payments. Such paid-up deferred annuity shall be the actuarial equivalent, based on factors designated by the board, of the employee account and the vested portion of the employer account.

(3) The vesting percentage shall be one hundred after five years of participation in the retirement plan. The vesting percentage shall equal one hundred for any disability retirement under section 84-1317.

(4) In the event that the terminating member shall not be credited with one hundred per cent of his or her employer account, the remainder shall be credited to the State Employees Retirement Fund and shall be applied to reduction of the liability for prior service benefits until such time as such liability is completely

funded, and thereafter the remainder shall first be used to meet the expense charges incurred by the Public Employees Retirement Board in connection with administering the system and the remainder shall then be used to reduce the state contribution which would otherwise be required to fund future service retirement benefits.

Sec. 6. That original sections 23-2315, 23-2317, 23-2319, 84-1319, and 84-1321, Revised Statutes Supplement, 1986, are repealed.