

NSEA Retirement Committee

Deb Wallman, Fremont, Deb Freese, Norfolk, Co-Chairs

The NSEA Retirement Committee held a WebEx meeting on Nov. 25, 2008, to review the Nebraska Retirement Systems actuarial report and to discuss legislative proposals for the 2009 session.

Although the plan is secure and no increase in contributions or state funds is necessary this year, the outlook for next year is uncertain. The market losses since June 30 will be recognized through the five-year smoothing but ultimately the state is responsible for any shortfall. Other states are in much worse situations than Nebraska.

The Revenue Committee killed our two bills exempting pension (LB538) and Social Security (LB303) benefits from state income tax. Bellevue Sen. Abbie Cornett, Revenue Committee chair, has promised to conduct an interim study on these two issues, as well as to introduce a bill next session.

The Retirement Committee also reviewed and modified the five-year goals. They are:

- 95 percent purchasing power for retirees: Goal reached in 1999, with a one-time adjustment to 85 percent in 2007.
- Annual COLA linked to cost of living: 2.5 percent, or cost of living, whichever is less, reached in 2001.
- Increase the formula factor to 2.25 percent. That factor is currently 2 percent.
- Restructure the NPERS Board composition to guarantee representation of a retired school employee (other than an administrator): Currently, there are two school employees (one teacher, one administrator); two at-large members; and one each from the State Patrol, judges, county employees and state employees.
- NPERS board members elected by constituent groups. This is a new goal, as of 2008.