

Contribution Rate Changes

It's often said that the only constant in life is change – and NPERS is no exception.

On May 6, 2025, Governor Jim Pillen signed LB645 into law, adding a dynamic, funding-based contribution rate structure to the School Employees Retirement System, better known as “the Plan”. Prior to LB645, contribution rates for members, employers, and the State of Nebraska were set at a fixed rate. However, based on the Plan’s current funding status, it was determined that funds could be better allocated by adopting a funding-based contribution rate structure.

The Nebraska School Plan is currently considered a “well-funded” plan, with funding levels at 99.91% of projected expenses. This is very good news for our retirees, who can be confident they will receive monthly benefit payments for life.

Because the Plan is so well funded, the Public Employees Retirement Board (PERB) asked if there was a way to keep the pool well funded while also giving employers, employees, and the State more control over their own money. The answer was to implement a dynamic funding-based contribution rate structure.

This approach allows employees to keep more of their paychecks while allowing employers and the State to redirect resources to other priorities as long as funding levels remain high. However, if funding dips, contribution rates automatically increase to ensure the Plan’s long-term stability. Let’s take a look at what’s changed.

Prior to 7/1/2025

- Employee contributions were fixed at 9.78% of gross salary.
- Employers matched at 101% of the employees’ contributions (effectively 9.88%).
- The State contributed an additional 2% of each member’s salary.

Effective 7/1/2025

- A funding-based rate structure was implemented.
- Employee contributions dropped from 9.78% to 8.00%.
- Employer contributions dropped from 9.88% to 8.08% (still 101% match).
- State contributions dropped from 2.00% to 0.07%.

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FUNDED STATUS	EMPLOYEE	EMPLOYER	STATE
100% OR ABOVE	7.25%	7.32%	0.0%
AT LEAST 98% BUT LESS THAN 100%	8.00%	8.08%	0.7%
AT LEAST 96% BUT LESS THAN 98%	8.75%	8.84%	0.7%
LESS THAN 96%	9.75%	9.85%	2.0%

Adjustment Reports

Naturally, this first rate change in years has prompted questions from members and employers. One topic that has surfaced repeatedly is **School Adjustment Reports.**

Since contribution rates had remained consistent for many years, employers have been able to submit adjustment reports without needing to recheck contribution amounts. This remained true whether the employer submitted adjustment reports for a single school year, or if the adjustment crossed over a new school year. **However, because the contribution rates dropped on 7/1/2025, it is important to update the contribution rates based on respective pay periods.**

Example

Adjustment reports covering **June 1 - July 31** must reflect two different contribution rates.

Adjustments spanning two periods may not balance evenly.

For example, if an employee is mistakenly paid over 10 months instead of 12, a **-\$2,375.49 negative adjustment** for Sept 2024–June 2025 could result in a **+\$1,943.14 positive adjustment** for July–August 2025.

These are all challenges that come with improving the Plan, and your NPERS team is here to support you. If you have any questions, please refer to the **Employer Reporting section of our website at npers.ne.gov** or contact your **Employer Reporting representative** on our Accounting Team.

Retirement Planning Seminars

- ▶ **October 7, 2025** (Half-day seminar)
- ▶ **November 4, 2025** (Full-day seminar: Registration Closed)

Seminar season is underway with two sessions for School Plan members in 2025.

Please note: *The November 4th seminar has reached capacity and registration is now closed.*

Looking ahead, a full schedule of School Plan seminars will be offered in Spring 2026. Keep an eye on [NPERS seminars page](#) dedicated to School Plan members.

