

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 147

Introduced by Kolterman, 24.

Read first time January 08, 2021

Committee:

1 A BILL FOR AN ACT relating to retirement; to amend section 72-1249.02,
2 Reissue Revised Statutes of Nebraska, and sections 79-978,
3 79-978.01, 79-980, 79-981, 79-982, 79-982.01, 79-982.02, 79-983,
4 79-984, 79-985, 79-989, 79-990, 79-991, 79-992, 79-992.01,
5 79-992.02, 79-998, 79-9,102, 79-9,103, 79-9,105, 79-9,107, 79-9,108,
6 79-9,113, 79-9,115, 79-9,117, 79-9,122, 79-9,123, 84-712.05,
7 84-1501, and 84-1503, Revised Statutes Cumulative Supplement, 2020;
8 to change provisions relating to treatment of charges under the
9 Nebraska State Funds Investment Act; to define and redefine terms;
10 to change provisions relating to duties and responsibilities of the
11 board of trustees and board of education; to provide duties and
12 responsibilities for the Public Employees Retirement Board, the
13 director of the Nebraska Public Employees Retirement Systems, and
14 the State Treasurer; to change the appointment of the administrator,
15 the actuary, and the legal advisor; to change work billing and
16 payment provisions; to provide for the transfer and transition of
17 the management and administration of the retirement system as
18 prescribed under the Class V School Employees Retirement Act; to
19 provide for indemnity and liability; to change provisions relating
20 to the use and operation of the Class V School Employees Retirement
21 Fund; to change provisions relating to the Class V School Employees
22 Retirement System Management Work Plan Fund, records which may be
23 withheld from the public, and membership and terms on the Public

1 Employees Retirement Board; to eliminate obsolete provisions; to
2 harmonize provisions; to provide severability; to repeal the
3 original sections; and to declare an emergency.

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

1 Section 1. Section 72-1249.02, Reissue Revised Statutes of Nebraska,
2 is amended to read:

3 72-1249.02 The State Investment Officer's Cash Fund is created. A
4 pro rata share of the budget appropriated for the council shall be
5 charged to the income of each fund managed, and such charges shall be
6 transferred to the State Investment Officer's Cash Fund. The allocation
7 of charges may be made by any method determined to be reasonably related
8 to actual costs incurred by the council. Approval of the agencies and
9 boards administering these funds shall not be required.

10 It is the intent of this section to have funds managed by the state
11 investment officer pay a pro rata share of the investment management
12 expense when this is not prohibited by statute or the constitution.

13 Management, custodial, and service costs which are a direct expense
14 of state funds may be paid from the income of such funds when this is not
15 prohibited by statute or the Constitution of Nebraska. For purposes of
16 this section, management, custodial, and service costs shall include, but
17 not be limited to, investment counsel fees for managing assets, real
18 estate mortgage loan service fees, real estate management fees, and
19 custody fees for fund securities. All such fees shall be approved by the
20 council and the state investment officer.

21 Beginning on March 31, 2016, a pro rata share of the budget
22 appropriated for the council shall be charged to the income of the Class
23 V School Employees Retirement Fund, and such charges shall be transferred
24 to the State Investment Officer's Cash Fund. The allocation of charges
25 among a retirement system provided for under the Class V School Employees
26 Retirement Act and the other funds managed by the council may be made by
27 any method determined to be reasonably related to actual costs incurred
28 by the council. Approval of the board of education, the board of
29 trustees, or the retirement board as defined in section 79-978 and as the
30 board of trustees provided for in section 79-980 shall not be required.

31 Sec. 2. Section 79-978, Revised Statutes Cumulative Supplement,

1 2020, is amended to read:

2 79-978 For purposes of the Class V School Employees Retirement Act,
3 unless the context otherwise requires:

4 (1) Accumulated contributions means the sum of amounts contributed
5 by a member of the system together with regular interest credited
6 thereon;

7 (2) Actuarial equivalent means the equality in value of the
8 retirement allowance for early retirement or the retirement allowance for
9 an optional form of annuity, or both, with the normal form of the annuity
10 to be paid, as determined by the application of the appropriate actuarial
11 table, except that use of such actuarial tables shall not effect a
12 reduction in benefits accrued prior to September 1, 1985, as determined
13 by the actuarial tables in use prior to such date;

14 (3) Actuarial tables means:

15 (a) For determining the actuarial equivalent of any annuities other
16 than joint and survivorship annuities:

17 (i) For members hired before July 1, 2018, a unisex mortality table
18 using twenty-five percent of the male mortality and seventy-five percent
19 of the female mortality from the 1994 Group Annuity Mortality Table with
20 a One Year Setback and using an interest rate of eight percent compounded
21 annually; and

22 (ii) For members hired on or after July 1, 2018, or rehired on or
23 after July 1, 2018, after termination of employment and being paid a
24 retirement benefit, the determinations shall be based on a unisex
25 mortality table and an interest rate specified by (A) the board of
26 trustees until September 1, 2024, or (B) the retirement board beginning
27 on or after September 1, 2024. Both the mortality table and the interest
28 rate shall be recommended by the actuary retained pursuant to section
29 ~~79-984 by the board of trustees and approved by the board of trustees~~
30 following an actuarial experience study, a benefit adequacy study, or a
31 plan valuation. The mortality table, interest rate, and actuarial factors

1 in effect on the member's retirement date shall be used to calculate the
2 actuarial equivalency of any retirement benefit. Such interest rate may
3 be, but is not required to be, equal to the assumed rate; and

4 (b) For joint and survivorship annuities:

5 (i) For members hired before July 1, 2018, a unisex retiree
6 mortality table using sixty-five percent of the male mortality and
7 thirty-five percent of the female mortality from the 1994 Group Annuity
8 Mortality Table with a One Year Setback and using an interest rate of
9 eight percent compounded annually and a unisex joint annuitant mortality
10 table using thirty-five percent of the male mortality and sixty-five
11 percent of the female mortality from the 1994 Group Annuity Mortality
12 Table with a One Year Setback and using an interest rate of eight percent
13 compounded annually; and

14 (ii) For members hired on or after July 1, 2018, or rehired on or
15 after July 1, 2018, after termination of employment and being paid a
16 retirement benefit, the determinations shall be based on a unisex
17 mortality table and an interest rate specified by (A) the board of
18 trustees until September 1, 2024, or (B) the retirement board beginning
19 on or after September 1, 2024. Both the mortality table and the interest
20 rate shall be recommended by the actuary retained pursuant to section
21 79-984 by the board of trustees and approved by the board of trustees
22 following an actuarial experience study, a benefit adequacy study, or a
23 plan valuation. The mortality table, interest rate, and actuarial factors
24 in effect on the member's retirement date shall be used to calculate the
25 actuarial equivalency of any retirement benefit. Such interest rate may
26 be, but is not required to be, equal to the assumed rate;

27 (4) Administrator of the retirement system or administrator means
28 the person administering the retirement system who is (a) until September
29 1, 2024, appointed by the board of trustees or (b) beginning on and after
30 September 1, 2024, appointed by the retirement board pursuant to section
31 84-1503;

1 (5) (4) Annuitant means any member receiving an allowance;

2 (6) (5) Annuity means annual payments, for both prior service and
3 membership service, for life as provided in the Class V School Employees
4 Retirement Act;

5 (7) (6) Audit year means the period beginning January 1 in any year
6 and ending on December 31 of that same year which is ~~except for the~~
7 ~~initial audit year which will begin September 1, 2016, and end on~~
8 ~~December 31, 2016. Beginning September 1, 2016, the audit year will be~~
9 the period of time used in the preparation of the annual actuarial
10 analysis and valuation and a financial audit of the investments of the
11 retirement system;

12 (8) (7) Beneficiary means any person entitled to receive or
13 receiving a benefit by reason of the death of a member;

14 (9) (8) Board of education means the board of education of the
15 school district;

16 (10)(a) (9)(a) Compensation means gross wages or salaries payable to
17 the member during a fiscal year and includes (i) overtime pay, (ii)
18 member contributions to the retirement system that are picked up under
19 section 414(h) of the Internal Revenue Code, as defined in section
20 49-801.01, (iii) retroactive salary payments paid pursuant to court
21 order, arbitration, or litigation and grievance settlements, and (iv)
22 amounts contributed by the member to plans under sections 125, 403(b),
23 and 457 of the Internal Revenue Code, as defined in section 49-801.01, or
24 any other section of the code which defers or excludes such amounts from
25 income.

26 (b) Compensation does not include (i) fraudulently obtained amounts
27 as determined by the board, (ii) amounts for accrued unused sick leave or
28 accrued unused vacation leave converted to cash payments, (iii) insurance
29 premiums converted into cash payments, (iv) reimbursement for expenses
30 incurred, (v) fringe benefits, (vi) per diems paid as expenses, (vii)
31 bonuses for services not actually rendered, (viii) early retirement

1 inducements, (ix) cash awards, (x) severance pay, or (xi) employer
2 contributions made for the purposes of separation payments made at
3 retirement and early retirement inducements.

4 (c) Compensation in excess of the limitations set forth in section
5 401(a)(17) of the Internal Revenue Code, as defined in section 49-801.01,
6 shall be disregarded;

7 (11) ~~(10)~~ Council means the Nebraska Investment Council created and
8 acting pursuant to section 72-1237;

9 (12) ~~(11)~~ Creditable service means the sum of the membership service
10 and the prior service, measured in one-tenth-year increments;

11 (13) ~~(12)~~ Early retirement date means, for members hired prior to
12 July 1, 2016, who have attained age fifty-five, that month and year
13 selected by a member having at least ten years of creditable service
14 which includes a minimum of five years of membership service. Early
15 retirement date means, for members hired on or after July 1, 2016, that
16 month and year selected by a member having at least five years of
17 creditable service and who has attained age sixty;

18 (14) ~~(13)~~ Early retirement inducement means, but is not limited to:

19 (a) A benefit, bonus, or payment to a member in exchange for an
20 agreement by the member to retire with a reduced retirement benefit;

21 (b) A benefit, bonus, or payment paid to a member in addition to the
22 member's retirement benefit;

23 (c) Lump-sum or installment cash payments, except payments for
24 accrued unused leave converted to cash payments;

25 (d) An additional salary or wage component of any kind that is being
26 paid as an incentive to leave employment and not for personal services
27 performed for which creditable service is granted;

28 (e) Partial or full employer payment of a member's health, dental,
29 life, or long-term disability insurance benefits or cash in lieu of such
30 insurance benefits that extend beyond the member's termination of
31 employment and contract of employment dates. This subdivision does not

1 apply to any period during which the member is contributing to the
2 retirement system and being awarded creditable service; and

3 (f) Any other form of separation payments made by an employer to a
4 member at termination, including, but not limited to, purchasing
5 retirement contracts for the member pursuant to section 79-514, or
6 depositing money for the member in an account established under section
7 403(b) of the Internal Revenue Code except for payments for accrued
8 unused leave;

9 (15) ~~(14)~~ Employee means the following enumerated persons receiving
10 compensation from the school district: (a) Regular teachers and
11 administrators employed on a written contract basis; and (b) regular
12 employees, not included in subdivision (15)(a) ~~(14)(a)~~ of this section,
13 hired upon a full-time basis, which basis shall contemplate a workweek of
14 not less than thirty hours;

15 (16) ~~(15)~~ Employer means a school district participating in a
16 retirement system established pursuant to the Class V School Employees
17 Retirement Act;

18 (17) ~~(16)~~ Fiscal year means the period beginning September 1 in any
19 year and ending on August 31 of the next succeeding year;

20 (18) ~~(17)~~ Hire date or date of hire means the first day of
21 compensated service subject to retirement contributions;

22 (19) ~~(18)~~ Interest means, for the purchase of service credit, the
23 purchase of prior service credit, restored refunds, and delayed payments,
24 the investment return assumption used in the most recent actuarial
25 valuation;

26 (20) ~~(19)~~ Member means any employee included in the membership of
27 the retirement system or any former employee who has made contributions
28 to the system and has not received a refund;

29 (21) ~~(20)~~ Membership service means service on or after September 1,
30 1951, as an employee of the school district and a member of the system
31 for which compensation is paid by the school district. Credit for more

1 than one year of membership service shall not be allowed for service
2 rendered in any fiscal year. Beginning September 1, 2005, a member shall
3 be credited with a year of membership service for each fiscal year in
4 which the member performs one thousand or more hours of compensated
5 service as an employee of the school district. For an employee who
6 becomes a member prior to July 1, 2018, an hour of compensated service
7 shall include any hour for which the member is compensated by the school
8 district during periods when no service is performed due to vacation or
9 approved leave. For an employee who becomes a member on or after July 1,
10 2018, an hour of compensated service shall include any hour for which the
11 member is compensated by the school district during periods when no
12 service is performed due to used accrued sick days, used accrued vacation
13 days, federal and state holidays, and jury duty leave for which the
14 member is paid full compensation by the employer. If a member performs
15 less than one thousand hours of compensated service during a fiscal year,
16 one-tenth of a year of membership service shall be credited for each one
17 hundred hours of compensated service by the member in such fiscal year.
18 In determining a member's total membership service, all periods of
19 membership service, including fractional years of membership service in
20 one-tenth-year increments, shall be aggregated;

21 (22) ~~(21)~~ Military service means service in the uniformed services
22 as defined in 38 U.S.C. 4301 et seq., as such provision existed on March
23 27, 1997;

24 (23) ~~(22)~~ Normal retirement date means the end of the month during
25 which the member attains age sixty-five and has completed at least five
26 years of membership service;

27 (24) ~~(23)~~ Primary beneficiary means the person or persons entitled
28 to receive or receiving a benefit by reason of the death of a member;

29 (25) ~~(24)~~ Prior service means service rendered prior to September 1,
30 1951, for which credit is allowed under section 79-999, service rendered
31 by retired employees receiving benefits under preexisting systems, and

1 service for which credit is allowed under sections 79-990, 79-991,
2 79-994, 79-995, and 79-997;

3 ~~(26)~~ ~~(25)~~ Regular interest means interest (a) on the total
4 contributions of the member prior to the close of the last preceding
5 fiscal year, (b) compounded annually, and (c)(i) beginning September 1,
6 2016, at a rate equal to the daily treasury yield curve for one-year
7 treasury securities, as published by the Secretary of the Treasury of the
8 United States, that applies on September 1 of each year and (ii) prior to
9 September 1, 2016, at rates to be determined annually by the board, which
10 shall have the sole, absolute, and final discretionary authority to make
11 such determination, except that the rate for any given year in no event
12 shall exceed the actual percentage of net earnings of the system during
13 the last preceding fiscal year;

14 ~~(27)~~ ~~(26)~~ Retirement allowance means the total annual retirement
15 benefit payable to a member for service or disability;

16 ~~(28)~~ Retirement board means the Public Employees Retirement Board
17 created and acting pursuant to section 84-1501;

18 ~~(29)~~ ~~(27)~~ Retirement date means the date of retirement of a member
19 for service or disability as fixed by (a) the board of trustees described
20 in section 79-980 for retirements occurring on or before August 31, 2024,
21 or (b) the retirement board for retirements occurring on or after
22 September 1, 2024;

23 ~~(30)~~ ~~(28)~~ Retirement system or system means the School Employees'
24 Retirement System of (corporate name of the school district as described
25 in section 79-405) as provided for by the act;

26 ~~(31)~~ ~~(29)~~ Secondary beneficiary means the person or persons entitled
27 to receive or receiving a benefit by reason of the death of all primary
28 beneficiaries prior to the death of the member. If no primary beneficiary
29 survives the member, secondary beneficiaries shall be treated in the same
30 manner as primary beneficiaries;

31 ~~(32)~~ School district means the employer participating in a

1 retirement system established pursuant to the Class V School Employees
2 Retirement Act;

3 ~~(33)~~ (30) Solvency means the rate of all contributions required
4 pursuant to the Class V School Employees Retirement Act is equal to or
5 greater than the actuarially required contribution rate as annotated in
6 the most recent valuation report prepared by the actuary retained for the
7 retirement system by the board of trustees as provided in section 79-984;

8 ~~(34)~~ (31) State investment officer means the state investment
9 officer appointed pursuant to section 72-1240 and acting pursuant to the
10 Nebraska State Funds Investment Act;

11 ~~(35)~~ (32) Substitute employee means a person hired by an employer as
12 a temporary employee to assume the duties of an employee due to a
13 temporary absence of any employee. Substitute employee does not mean a
14 person hired as an employee on an ongoing basis to assume the duties of
15 other employees who are temporarily absent;

16 ~~(36)~~ (33) Temporary employee means a person hired by an employer who
17 is not an employee and who is hired to provide service for a limited
18 period of time to accomplish a specific purpose or task. When such
19 specific purpose or task is complete, the employment of such temporary
20 employee shall terminate and in no case shall the temporary employment
21 period exceed one year in duration;

22 ~~(37)~~ Transfer of management means the transition and transfer of the
23 general management, administration, and operations from the board of
24 trustees, board of education, and school district to the retirement board
25 as described in the Class V School Employees Retirement Act. Transfer of
26 management does not include:

27 (a) Assumption of financial liability by the State of Nebraska, the
28 retirement board, or the Nebraska Public Employees Retirement Systems for
29 any of the funding obligations as described in section 11 of this act;
30 and

31 (b) Merger or consolidation of any Class V school employees

1 retirement system established under the Class V School Employees
2 Retirement Act with the School Employees Retirement System of the State
3 of Nebraska or any other retirement system administered by the retirement
4 board;

5 ~~(38)~~ (34) Trustee means a trustee provided for in section 79-980;
6 and

7 ~~(39)~~ (35) Voluntary service or volunteer means providing bona fide
8 unpaid service to an employer.

9 Sec. 3. Section 79-978.01, Revised Statutes Cumulative Supplement,
10 2020, is amended to read:

11 79-978.01 Sections 79-978 to 79-9,123 and sections 10 and 11 of this
12 act shall be known and may be cited as the Class V School Employees
13 Retirement Act.

14 Sec. 4. Section 79-980, Revised Statutes Cumulative Supplement,
15 2020, is amended to read:

16 79-980 (1) At any time that the retirement system consists of only
17 one Class V school district, the general administration of the retirement
18 system is hereby vested in the board of trustees until September 1, 2024.

19 Beginning July 1, 2016, the board of trustees shall consist of the
20 following individuals: (a) Two members of the retirement system who are
21 certificated staff elected by the members of the retirement system who
22 are certificated staff; (b) one member of the retirement system who is
23 classified staff elected by the members of the retirement system who are
24 classified staff; (c) one member of the retirement system who is an
25 annuitant elected by the members of the retirement system who are
26 annuitants; (d) the superintendent of schools or his or her designee to
27 serve as a voting, ex officio trustee; and (e) two business persons
28 approved by the board of education qualified in financial affairs who are
29 not members of the retirement system. Except as provided by subsection
30 (2) of this section, the ~~The~~ business person trustees shall be
31 recommended to four-year terms by the trustees who are not business

1 persons, and the appointments shall be approved by the board of
2 education. Except as provided by subsection (2) of this section, the The
3 elections of the trustees who are members of the retirement system shall
4 be arranged for, managed, and conducted by the board of trustees and,
5 after the initial terms as otherwise designated, shall be for terms of
6 four years. One certificated staff trustee serving on July 1, 2016, will
7 continue serving until an elected certificated staff trustee will take
8 position effective July 1, 2017; the second certificated staff trustee
9 serving on July 1, 2016, will continue serving until a second elected
10 certificated staff trustee will take position July 1, 2018; the
11 classified staff trustee serving on July 1, 2016, will continue serving
12 until an elected classified staff trustee will take position July 1,
13 2019; the annuitant member trustee serving on July 1, 2016, will continue
14 serving until an elected annuitant member trustee will take position July
15 1, 2020; one business member trustee serving on July 1, 2016, will
16 continue serving until a new term of office begins effective July 1,
17 2018; and the second business member trustee serving on July 1, 2016,
18 will continue serving until a new term of office begins effective July 1,
19 2020. The terms of the elected trustees shall be fixed so that one member
20 trustee election shall be held each year. The board of trustees shall
21 appoint a qualified individual to fill any vacancy on the board of
22 trustees for the remainder of the unexpired term. No vacancy or vacancies
23 on the board of trustees shall impair the power of the remaining trustees
24 to administer the retirement system pending the filling of such vacancy
25 or vacancies. The trustees shall serve without compensation, but shall be
26 reimbursed from the funds of the retirement system for expenses that they
27 may incur through service on the board of trustees as provided in
28 sections 81-1174 to 81-1177. A trustee shall serve until a successor
29 qualifies, except that a trustee who is a member of the retirement system
30 shall be disqualified as a trustee immediately upon ceasing to be a
31 member of the retirement system. Each trustee shall be entitled to one

1 vote on the board of trustees, and four trustees shall constitute a
2 quorum for the transaction of any business.

3 (2) Effective September 1, 2024, the board of trustees described in
4 subsection (1) of this section shall terminate and the retirement board
5 shall assume administration of the retirement system, except for the
6 investment of the funds. Until September 1, 2024, the The board of
7 trustees, and beginning September 1, 2024, the retirement board, and the
8 administrator of the retirement system shall administer the retirement
9 system in compliance with the tax-qualification requirements applicable
10 to government retirement plans under section 401(a) of the Internal
11 Revenue Code, as defined in section 49-801.01, including: Section 401(a)
12 (9) of the Internal Revenue Code relating to the time and manner in which
13 benefits are required to be distributed, including the incidental death
14 benefit distribution requirement of section 401(a)(9)(G) of the Internal
15 Revenue Code; section 401(a)(25) of the Internal Revenue Code relating to
16 the specification of actuarial assumptions; section 401(a)(31) of the
17 Internal Revenue Code relating to direct rollover distributions from
18 eligible retirement plans; and section 401(a)(37) of the Internal Revenue
19 Code relating to the death benefit of a member whose death occurs while
20 performing qualified military service. No member of the board of
21 education, ~~or~~ board of trustees, or retirement board shall be personally
22 liable, except in cases of willful dishonesty, gross negligence, or
23 intentional violations of law, for actions relating to his or her
24 retirement system duties. Beginning July 1, 2016, the board of education
25 shall not have any duty or responsibility for the general administration
26 of the retirement system, including the determination and calculation of
27 the benefits of any member or beneficiary, except as may specifically be
28 provided in the Class V School Employees Retirement Act.

29 (3) (2) At any time that the retirement system consists of more than
30 one Class V school district, the general administration of the retirement
31 system is hereby vested in the board of trustees until September 1, 2024.

1 The board of trustees shall consist of the following individuals: (a) Two
2 members of the retirement system who are certificated staff elected by
3 the members of the retirement system who are certificated staff; (b) one
4 member of the retirement system who is classified staff elected by the
5 members of the retirement system who are classified staff; (c) one member
6 of the retirement system who is an annuitant elected by the members of
7 the retirement system who are annuitants; (d) the superintendent of each
8 of the school districts represented in the retirement system or his or
9 her designee to serve as a voting, ex officio trustee; and (e) two
10 business persons approved by the board of education qualified in
11 financial affairs who are not members of the retirement system. Except as
12 provided by subsection (4) of this section, the ~~The~~ elections of the
13 trustees who are members of the retirement system shall be arranged for,
14 managed, and conducted by the board of trustees and, after the initial
15 terms as otherwise designated, shall be for terms of four years. Except
16 as provided by subsection (4) of this section, the ~~The~~ business person
17 trustees shall be recommended to four-year terms by the trustees who are
18 not business persons, and the appointments shall be approved by the board
19 of education. The board of trustees shall appoint a qualified individual
20 to fill any vacancy on the board of trustees for the remainder of the
21 unexpired term. No vacancy or vacancies on the board of trustees shall
22 impair the power of the remaining trustees to administer the retirement
23 system pending the filling of such vacancy or vacancies. The trustees
24 shall serve without compensation, but shall be reimbursed from the funds
25 of the retirement system for expenses that they may incur through service
26 on the board of trustees as provided in sections 81-1174 to 81-1177. A
27 trustee shall serve until a successor qualifies, except that a trustee
28 who is a member of the retirement system shall be disqualified as a
29 trustee immediately upon ceasing to be a member of the retirement system.
30 Each trustee shall be entitled to one vote on the board of trustees, and
31 four trustees shall constitute a quorum for the transaction of any

1 business.

2 (4) Effective September 1, 2024, the board of trustees described in
3 subsection (3) of this section shall terminate and the retirement board
4 shall assume administration of the retirement system, except for
5 investment of the funds. Until September 1, 2024, the The board of
6 trustees, and beginning September 1, 2024, the retirement board, and the
7 administrator of the retirement system shall administer the retirement
8 system in compliance with the tax-qualification requirements applicable
9 to government retirement plans under section 401(a) of the Internal
10 Revenue Code, as defined in section 49-801.01, including: Section 401(a)
11 (9) of the Internal Revenue Code relating to the time and manner in which
12 benefits are required to be distributed, including the incidental death
13 benefit distribution requirement of section 401(a)(9)(G) of the Internal
14 Revenue Code; section 401(a)(25) of the Internal Revenue Code relating to
15 the specification of actuarial assumptions; section 401(a)(31) of the
16 Internal Revenue Code relating to direct rollover distributions from
17 eligible retirement plans; and section 401(a)(37) of the Internal Revenue
18 Code relating to the death benefit of a member whose death occurs while
19 performing qualified military service. No member of the board of
20 education, ~~or~~ board of trustees, or retirement board shall be personally
21 liable, except in cases of willful dishonesty, gross negligence, or
22 intentional violations of law, for actions relating to his or her
23 retirement system duties. The board of education shall not have any duty
24 or responsibility for the general administration of the retirement
25 system, including the determination and calculation of the benefits of
26 any member or beneficiary, except as may specifically be provided in the
27 Class V School Employees Retirement Act.

28 (5) Effective September 1, 2024, the retirement board shall have the
29 duties and authorities provided to the retirement board in section
30 84-1503 for the administration of the retirement system, and its
31 administrative duties shall be performed by the Nebraska Public Employees

1 Retirement Systems under the direction of the retirement board.

2 Sec. 5. Section 79-981, Revised Statutes Cumulative Supplement,
3 2020, is amended to read:

4 79-981 (1) Until September 1, 2024:

5 (a) The board of trustees shall from time to time establish rules
6 and regulations for the administration of the retirement system and for
7 the transaction of its business and shall appoint an administrator of the
8 retirement system.

9 (b) The board of trustees may contract for such medical and other
10 services as shall be required to transact the business of the retirement
11 system.

12 (c) Beginning on March 31, 2016, neither the board of education nor
13 the board of trustees shall establish any further rules or regulations
14 related to the investment of the assets of the retirement system without
15 first consulting with the state investment officer. Beginning January 1,
16 2017, all rules and regulations adopted and promulgated under this
17 section related to the investment of assets of the retirement system
18 terminate.

19 (d) Compensation for all persons employed by the board of trustees
20 and all other expenses of the board of trustees necessary for the proper
21 and efficient operation of the retirement system shall be paid in such
22 amounts as the board of trustees determines and approves.—Beginning
23 January 1, 2017, all expenses related to the investment of the assets of
24 the retirement system shall be paid in such amounts as the state
25 investment officer determines and approves.

26 (e) In addition to such duties and other duties arising out of the
27 Class V School Employees Retirement Act not specifically reserved or
28 assigned to others, the board of education shall maintain a separate
29 account of each member's retirement account information as indicated in
30 section 79-989, the record of which shall be available in a timely manner
31 to the member and the board of trustees upon request. The board of

1 trustees shall compile such data as may be necessary for the required
2 actuarial valuation, consider and pass on all applications for annuities
3 or other benefits and have examinations made when advisable of persons
4 receiving disability benefits, and direct and determine all policies
5 necessary in the administration of the act.

6 (2) Beginning September 1, 2024, the retirement board shall:

7 (a) Administer the retirement system pursuant to its duties in
8 section 84-1503 and the provisions of the Class V School Employees
9 Retirement Act;

10 (b) Maintain a separate account of each member's retirement account
11 information as indicated in section 79-989, which shall be available to
12 the member;

13 (c) Compile such data as may be necessary for the required actuarial
14 valuation;

15 (d) Consider and pass on all applications for annuities or other
16 benefits;

17 (e) Have examinations made when advisable of persons receiving
18 disability benefits; and

19 (f) Direct and determine all policies necessary in the
20 administration of the Class V School Employees Retirement Act.

21 (3) Beginning January 1, 2017, all expenses related to the
22 investment of the assets of the retirement system shall be paid in such
23 amounts as the state investment officer determines and approves.

24 Sec. 6. Section 79-982, Revised Statutes Cumulative Supplement,
25 2020, is amended to read:

26 79-982 (1) Until September 1, 2024, the ~~The~~ board of trustees shall
27 (a) ~~(1)~~ hold regular meetings annually and such special meetings at such
28 times as may be deemed necessary, which meetings shall be open to the
29 public, (b) ~~(2)~~ keep a record of all the proceedings of such meetings,
30 (c) ~~(3)~~ prior to January 1, 2017, and subject to the approval of the
31 board of education, invest all cash income not required for current

1 payments in securities of the type provided in section 79-9,107 and so
2 reinvest the proceeds from the sale or redemption of investments, and (d)
3 ~~(4)~~ supervise the affairs of the retirement system related to the
4 administration of benefits and approve any changes in the administration
5 of the retirement system essential to the actuarial requirements of the
6 retirement system.

7 (2) Effective September 1, 2024, the board of trustees shall not
8 have any duty or responsibility for the general administration of the
9 retirement system, and the board of trustees and the terms of the members
10 shall terminate.

11 Sec. 7. Section 79-982.01, Revised Statutes Cumulative Supplement,
12 2020, is amended to read:

13 79-982.01 (1) Until September 1, 2024, the ~~The~~ members of the board
14 of trustees shall have the responsibility for the administration of the
15 retirement system pursuant to section 79-982, shall be deemed fiduciaries
16 with respect to the administration of the retirement system, and shall be
17 held to the standard of conduct of a fiduciary specified in subsection
18 (2) of this section. Beginning September 1, 2024, the retirement board
19 shall have the responsibility for the administration of the retirement
20 system, shall be deemed fiduciaries with respect to the administration of
21 the retirement system, and shall be held to the standard of conduct of a
22 fiduciary specified in subsection (2) of this section.

23 (2) As fiduciaries, the members of the board of trustees or
24 retirement board shall discharge their duties with respect to the
25 retirement system solely in the interests of the members and
26 beneficiaries of the retirement system for the exclusive purposes of
27 providing benefits to members and members' beneficiaries and defraying
28 reasonable expenses incurred within the limitations and according to the
29 powers, duties, and purposes prescribed by law at the time such duties
30 are discharged. The members of the board of trustees or retirement board
31 shall not have a duty in their official capacity to seek the enhancement

1 of plan benefits through the legislative process if such benefits are not
2 already contained within the plan documents. The members of the board of
3 trustees or retirement board shall act with the care, skill, prudence,
4 and diligence under the circumstances then prevailing that a prudent
5 person acting in like capacity and familiar with such matters would use
6 in the conduct of an enterprise of a like character and with like aims.

7 Sec. 8. Section 79-982.02, Revised Statutes Cumulative Supplement,
8 2020, is amended to read:

9 79-982.02 (1) Beginning January 1, 2017, the board of trustees, ~~and~~
10 the board of education, and the retirement board shall not have the duty
11 or authority to invest the assets of the retirement system, and the
12 council and the state investment officer shall have the duty and
13 authority to invest such assets in accordance with the Nebraska State
14 Funds Investment Act. Until September 1, 2024, the ~~The~~ board of trustees,
15 and beginning September 1, 2024, the retirement board, shall be
16 responsible for administering the noninvestment affairs of the retirement
17 system, including the payment of plan benefits and management of the
18 actuarial requirements of the retirement system.

19 (2) On or before July 1, 2016, the board of trustees, or its
20 designee, and the state investment officer shall enter into a plan for
21 the transition of the investment authority from the board of trustees to
22 the council. The plan shall include, but not be limited to, the following
23 items:

24 (a) The board of trustees shall provide to the state investment
25 officer by July 1, 2016, an accounting of the assets in the retirement
26 system and a detailed description of the investments;

27 (b) The board of trustees shall provide to the state investment
28 officer by July 1, 2016, a list containing the name, mailing address,
29 telephone number, and email address of all managers, advisers, and
30 custodians who are providing services related to the assets of the
31 retirement system;

1 (c) The board of trustees shall provide to the state investment
2 officer by July 1, 2016, a copy of all agreements and instruments related
3 to the investment, management, and custody of the assets;

4 (d) The board of trustees shall assign investment authority and
5 responsibility for investment-related agreements and instruments to the
6 council by January 1, 2017, as determined by the state investment officer
7 in his or her sole discretion;

8 (e) The board of trustees shall provide to the state investment
9 officer by July 1, 2016, a copy of the most recent asset liability study,
10 and in its sole discretion, the council may require the preparation of an
11 updated asset liability study;

12 (f) The board of trustees shall provide to the state investment
13 officer by July 1, 2016, a copy of the most recent actuarial valuation
14 and audited certified annual financial report of the plan; and

15 (g) The state investment officer and the board of trustees shall
16 identify items that will need to be addressed prior to the transition of
17 investment authority on January 1, 2017.

18 (3) All costs, fees, and expenses incurred after March 31, 2016,
19 related to the transition of the investment authority on January 1, 2017,
20 from the board of trustees and the board of education to the council and
21 the state investment officer shall be paid from the assets of a
22 retirement system provided for under the Class V School Employees
23 Retirement Act and to the extent such costs, fees, and expenses are
24 incurred by the council or the state investment officer, they shall be
25 paid in accordance with sections 72-1249 and 72-1249.02.

26 (4) The state investment officer shall provide a quarterly report to
27 the board of trustees until September 1, 2024, and beginning September 1,
28 2024, to the retirement board regarding the assets of the retirement
29 system and related costs, fees, and expenses.

30 Sec. 9. Section 79-983, Revised Statutes Cumulative Supplement,
31 2020, is amended to read:

1 79-983 (1) Until September 1, 2024, the ~~The~~ administrator of the
2 retirement system shall be appointed by the board of trustees, ~~and~~
3 approved by the board of education, and serve at the pleasure of the
4 board of trustees. Beginning September 1, 2024, the administrator shall
5 be the director of the Nebraska Public Employees Retirement Systems.

6 (2) Until September 1, 2024, the ~~. The administrator of the~~
7 ~~retirement system shall serve at the pleasure of the board of trustees.~~
8 ~~The administrator~~ appointed by the board of trustees shall hire, dismiss,
9 and otherwise supervise the other staff of the retirement system, shall
10 keep the minutes and records of the retirement system, shall be the
11 executive officer in charge of the administration of the detailed affairs
12 of the retirement system, and shall perform such other duties as may be
13 assigned by the board of trustees.

14 (3) Until September 1, 2024, the ~~The~~ administrator appointed by the
15 board of trustees and retirement system staff shall be employees of the
16 Class V school district, with compensation and the benefits as available
17 to school district employees determined by the board of trustees.

18 (4) Until September 1, 2024, the ~~The~~ retirement system shall
19 reimburse the Class V school district for all employee costs of salary,
20 employment taxes, and benefits provided to the administrator appointed by
21 the board of trustees and retirement system staff.

22 (5) The administrator appointed by the board of trustees shall serve
23 as a nonvoting, ex officio member of the council until September 1, 2024,
24 and shall not be deemed a fiduciary of the council.

25 (6) Effective September 1, 2024, the position of the administrator
26 appointed by the board of trustees and all retirement system staff
27 positions shall terminate. The administrator duties shall be assumed by
28 the director of the Nebraska Public Employees Retirement Systems.

29 Sec. 10. (1) No later than xxxx, 2022, the board of trustees or its
30 designee, the school district or its designee, the board of education or
31 its designee, and the retirement board shall enter into a plan for the

1 transition and transfer of the management and general administration from
2 the board of trustees, the school district, and board of education to the
3 retirement board. The plan shall be consistent with the applicable
4 requirements and recommendations of the work plan submitted to the Clerk
5 of the Legislature as required by section 79-9,121 and any other duties
6 or obligations related to such transfer as described in the Class V
7 School Employees Retirement Act.

8 (2) The board of trustees, the school district, and board of
9 education shall timely provide to the retirement board, including, but
10 not limited to, all records, documents, member and annuitant data,
11 agreements, accounting and recordkeeping systems, information technology,
12 and other information related to the administration of the retirement
13 system as may be necessary or appropriate for the performance and
14 completion of the work plan required by section 79-9,121, the plan
15 described in subsection (1) of this section, and any other duties and
16 obligations related to the transition and transfer of management and
17 general administration of the retirement system requested by the director
18 of the Nebraska Public Employees Retirement Systems appointed pursuant to
19 section 84-1503.

20 (3)(a) All costs, fees, and expenses incurred by the retirement
21 board on or after the effective date of this act until September 1, 2026,
22 related to the transfer and transition of the management and general
23 administration of the retirement system to the retirement board shall be
24 paid by the employer of the retirement system.

25 (b) The retirement board may bill the employer of the retirement
26 system quarterly for all work performed by the retirement board for
27 services and related expenses in completing and performing such work. The
28 employer shall remit payment as provided in section 79-9,122 within
29 forty-five calendar days after receipt of each such bill.

30 (4) No later than September 1, 2024, the retirement board or its
31 designee shall complete and perform the applicable requirements and

1 recommendations consistent with the work plan for the transfer and
2 transition of the management and general administration of the retirement
3 system to the retirement board that was submitted to the Clerk of the
4 Legislature as required by section 79-9,121. The retirement board is
5 authorized to perform such tasks, enter into contracts for services,
6 access and copy administrative and computer systems and records of the
7 retirement system, and generally perform and take all other action it
8 determines necessary or appropriate to transfer the management and
9 general administration of the retirement system to the retirement board.

10 (5) Beginning September 1, 2024, the school district and board of
11 education shall not have any duty or authority for management,
12 operations, or general administration of the retirement system. On and
13 after such date, the retirement board, acting through the director of the
14 Nebraska Public Employees Retirement Systems, shall have the duty and
15 authority for the general administration of the retirement system.

16 Sec. 11. (1) Beginning September 1, 2024, the State of Nebraska,
17 the retirement board, the Nebraska Public Employees Retirement Systems,
18 and their respective officers, members, employees, and agents shall be
19 indemnified and held harmless by the school district from any and all
20 liabilities, claims, suits, losses, damages, and costs that arise from,
21 or are reasonably related to, the conduct, decisions, actions, inactions,
22 or omissions of the board of trustees, the board of education, or the
23 school district or any consequences arising thereof during the course of
24 performing their respective duties and responsibilities for, or actions
25 or services related to or in support of, the retirement system under the
26 Class V School Employees Retirement Act until September 1, 2024.

27 (2) During the period of transition and transfer of the general
28 management of the retirement system to the retirement board, and on and
29 after September 1, 2024, the school district of a retirement system
30 described under the Class V School Employees Retirement Act remains
31 solely financially liable for all funding obligations and

1 responsibilities under the act.

2 (3) During the period of transition and transfer of the management
3 of the retirement system to the retirement board, the State of Nebraska,
4 the Nebraska Public Employees Retirement Systems, and the retirement
5 board are not financially liable for any funding or financial obligations
6 of the Class V School Employees Retirement System.

7 (4) Beginning on and after September 1, 2024, the State of Nebraska,
8 the Nebraska Public Employees Retirement Systems, and the retirement
9 board are not financially liable for any funding or financial obligations
10 of the Class V School Employees Retirement System, including, but not
11 limited to, any funding obligations:

12 (a) Under the Class V School Employees Retirement Act or pursuant to
13 any funding policies or rules or regulations adopted and promulgated by
14 the board of trustees, the school district, or the board of education of
15 the school district; and

16 (b) As a result of any policies or rules or regulations adopted and
17 promulgated by the retirement board to administer and carry out the
18 requirements of the Class V School Employees Retirement Act, on or after
19 September 1, 2024, including, but not limited to, retirement board
20 approval of actuarial recommendations made by the actuary which may
21 increase the school district's contribution under the solvency
22 requirement in section 79-9,113.

23 (5) The retirement board shall not be liable for acts or omissions
24 prior to September 1, 2024, in the administration of the Class V School
25 Employees Retirement Act made at the direction of or by the board of
26 trustees or its employees, the school district or its employees, or the
27 board of education.

28 (6) A member of the board of education, board of trustees, or
29 retirement board shall not be personally liable for actions related to
30 such board member's retirement duties except in cases of willful
31 dishonesty, gross negligence, or intentional violations of law.

1 (7) Except as provided in this section, the school district or
2 districts shall not be liable for acts or omissions in the administration
3 of the Class V School Employees Retirement Act made at the direction of
4 the retirement board or the administrator of the Nebraska Public
5 Employees Retirement Systems or its employees on and after September 1,
6 2024.

7 Sec. 12. Section 79-984, Revised Statutes Cumulative Supplement,
8 2020, is amended to read:

9 79-984 Until September 1, 2024, the ~~The~~ board of trustees, with the
10 approval of the board of education, shall contract for the services of an
11 actuary who shall be the technical advisor of the board of trustees on
12 matters regarding the operation of the retirement system. Beginning
13 September 1, 2024, the retirement board shall select and appoint the
14 actuary for the retirement system pursuant to section 84-1503 ~~The~~
15 ~~selection of the actuary shall be approved by the board of education.~~ The
16 actuary shall (1) make a general investigation of the operation of the
17 retirement system annually, which investigation shall cover mortality,
18 retirement, disability, employment, turnover, interest, and earnable
19 compensation, and (2) recommend tables to be used for all required
20 actuarial calculations. The actuary shall perform such other duties as
21 may be assigned by the board of trustees or the retirement board.

22 Sec. 13. Section 79-985, Revised Statutes Cumulative Supplement,
23 2020, is amended to read:

24 79-985 The board of trustees may contract for the services of a
25 legal advisor to the board of trustees until September 1, 2024. Beginning
26 September 1, 2024, the attorney hired by the retirement board pursuant to
27 section 84-1503 shall also advise such board regarding the administration
28 of the retirement system.

29 Sec. 14. Section 79-989, Revised Statutes Cumulative Supplement,
30 2020, is amended to read:

31 79-989 (1) Until September 1, 2024, the ~~The~~ board of education shall

1 have available records showing the name, address, title, social security
2 number, beneficiary records, annual compensation, sex, date of birth,
3 length of creditable and noncreditable service in hours, standard hours,
4 and contract days, bargaining unit, and annual contributions of each
5 employee entitled to membership in the retirement system and such other
6 information as may be reasonably requested by the board of trustees
7 regarding such member as may be necessary for actuarial study and
8 valuation and the administration of the retirement system. This
9 information shall be available in a timely manner to the board of
10 trustees upon request.

11 (2) Beginning September 1, 2024:

12 (a)(i) The administrator of the retirement system shall keep a
13 complete record of all members with respect to name, current address,
14 age, contributions, and any other facts and information as may be
15 necessary in the administration of the Class V School Employees
16 Retirement Act. The information in the records shall be provided by the
17 employer in an accurate and verifiable form, as specified by the
18 administrator; and

19 (ii) The administrator shall, from time to time, carry out testing
20 procedures pursuant to section 84-1512 to verify the accuracy of such
21 facts and information. For the purpose of obtaining such facts and
22 information, the administrator shall have access to the records of the
23 employer and the holder of the records shall comply with a request by the
24 administrator for access by providing such facts and information to the
25 administrator in a timely manner. A certified copy of a birth certificate
26 or delayed birth certificate shall be prima facie evidence of the age of
27 the person named in the certificate.

28 (b) The administrator shall develop and implement an employer
29 education program using principles generally accepted by public employee
30 retirement systems so the employer has the knowledge and information
31 necessary to prepare and file reports as the retirement board requires.

1 (3) ~~(2)~~ The information maintained by the board of education and
2 obtained by the board of trustees or information maintained by the
3 retirement board for the administration of the retirement system pursuant
4 to this section shall not be considered public records subject to
5 sections 84-712 to 84-712.09, except that the following information shall
6 be considered public records: The member's name, the date the member's
7 participation in the retirement system commenced, and the date the
8 member's participation in the retirement system ended, if applicable.

9 Sec. 15. Section 79-990, Revised Statutes Cumulative Supplement,
10 2020, is amended to read:

11 79-990 (1) Any member who is eligible for reemployment on or after
12 December 12, 1994, pursuant to 38 U.S.C. 4301 et seq., as adopted under
13 section 55-161, or who is eligible for reemployment under section 55-160
14 may pay to the retirement system after the date of his or her return from
15 active military service, and within the period required by law, not to
16 exceed five years, an amount equal to the sum of all deductions which
17 would have been made from the salary which he or she would have received
18 during the period of military service for which creditable service is
19 desired. If such payment is made, the member shall be entitled to credit
20 for membership service in determining his or her annuity for the period
21 for which contributions have been made and the board of education shall
22 be responsible for any funding necessary to provide for the benefit which
23 is attributable to this increase in the member's creditable service. The
24 member's payments shall be paid as the board of trustees may direct until
25 September 1, 2024, and as the retirement board may direct beginning
26 September 1, 2024, through direct payments to the retirement system or on
27 an installment basis pursuant to a binding irrevocable payroll deduction
28 authorization between the member and the school district. Creditable
29 service may be purchased only in one-tenth-year increments, starting with
30 the most recent years' salary.

31 (2) Under such rules and regulations as the board of trustees may

1 prescribe until September 1, 2024, and as the retirement board may direct
2 beginning September 1, 2024, any member who was away from his or her
3 position while on a leave of absence from such position authorized by the
4 board of education of the school district by which he or she was employed
5 at the time of such leave of absence or pursuant to any contractual
6 agreement entered into by such school district may receive credit for any
7 or all time he or she was on leave of absence. Such time shall be
8 included in creditable service when determining eligibility for death,
9 disability, termination, and retirement benefits. The member who receives
10 the credit shall earn benefits during the leave based on salary at the
11 level received immediately prior to the leave of absence. Such credit
12 shall be received if such member pays into the retirement system (a) an
13 amount equal to the sum of the deductions from his or her salary for the
14 portion of the leave for which creditable service is desired, (b) any
15 contribution which the school district would have been required to make
16 for the portion of the leave for which creditable service is desired had
17 he or she continued to receive salary at the level received immediately
18 prior to the leave of absence, and (c) interest on these combined
19 payments from the date such deductions would have been made to the date
20 of repayment determined by using the rate of interest for interest on
21 such purchases of service credit. Such amounts shall be paid as the board
22 of trustees may direct until September 1, 2024, and as the retirement
23 board may direct beginning September 1, 2024, through direct payments to
24 the retirement system or on an installment basis pursuant to a binding
25 irrevocable payroll deduction authorization between the member and the
26 school district over a period not to exceed five years from the date of
27 the termination of his or her leave of absence. Interest on any delayed
28 payment shall be at the rate of interest for determining interest on
29 delayed payments by members to the retirement system. Creditable service
30 may be purchased only in one-tenth-year increments, starting with the
31 most recent years' salary, and if payments are made on an installment

1 basis, creditable service will be credited only as payment has been made
2 to the retirement system to purchase each additional one-tenth-year
3 increment. Leave of absence shall be construed to include, but not be
4 limited to, sabbaticals, maternity leave, exchange teaching programs,
5 full-time leave as an elected official of a professional association or
6 collective-bargaining unit, or leave of absence to pursue further
7 education or study. A leave of absence granted pursuant to this section
8 shall not exceed four years in length, and in order to receive credit for
9 the leave of absence, the member must have returned to employment with
10 the school district within one year after termination of the leave of
11 absence.

12 (3) Until one year after May 2, 2001, any member currently employed
13 by the school district who resigned from full-time employment with the
14 school district for maternity purposes prior to September 1, 1979, and
15 was reemployed as a full-time employee by the school district before the
16 end of the school year following the school year of such member's
17 resignation may have such absence treated as though the absence was a
18 leave of absence described in subsection (2) of this section. The period
19 of such absence for maternity purposes shall be included in creditable
20 service when determining the member's eligibility for death, disability,
21 termination, and retirement benefits if the member submits satisfactory
22 proof to the board of education that the prior resignation was for
23 maternity purposes and the member complies with the payment provisions of
24 subsection (2) of this section before the one-year anniversary of May 2,
25 2001.

26 Sec. 16. Section 79-991, Revised Statutes Cumulative Supplement,
27 2020, is amended to read:

28 79-991 (1) An employee who becomes a member without prior service
29 credit may purchase prior service credit, not to exceed the lesser of ten
30 years or the member's years of membership service, for the period of
31 service the member was employed by a school district or by an educational

1 service unit and which is not used in the calculation of any retirement
2 or disability benefit having been paid, being paid, or payable in the
3 future to such member under any defined benefit retirement system or
4 program maintained by such other school district or educational service
5 unit. The purchase of prior service credit shall be made in accordance
6 with and subject to the following requirements:

7 (a) A member who desires to purchase prior service credit shall make
8 written application to the administrator of the retirement system that
9 includes all information and documentation determined by the
10 administrator as necessary to verify the member's prior service and
11 qualification to purchase the prior service credit. Such application
12 shall include the member's written authorization for the administrator to
13 request and receive from any of the member's former employers
14 verification of the member's prior service, salary, and other information
15 for determining the member's eligibility to purchase prior service
16 credit. Before prior service credit may be purchased, the administrator
17 shall have received verification of the member's salary in each year with
18 the other school district or educational service unit and confirmation
19 that the prior service to be purchased by the member is not also credited
20 in the calculation of a retirement or disability benefit for such member
21 under another defined benefit retirement system or program. The member's
22 application to purchase prior service credit may be made at any time
23 before the fifth anniversary of the member's membership in the retirement
24 system or, if earlier, the member's termination of employment with the
25 school district;

26 (b) The member shall pay to the retirement system the total amount
27 he or she would have contributed to the retirement system had he or she
28 been a member of the retirement system during the period for which prior
29 service is being purchased, together with interest thereon as determined
30 using the rate of interest for the purchase of prior service credit. Such
31 payment shall be based on the most recent years' salary the member earned

1 in another school district or educational service unit if the salary is
2 verified by the other school district or educational service unit or, if
3 not, the payment shall be based on the member's annual salary at the time
4 he or she became a member;

5 (c) Payments by the member for the purchase of the prior service
6 credit shall be paid as the board of trustees may direct until September
7 1, 2024, and as the retirement board may direct beginning September 1,
8 2024, through direct payments to the retirement system or on an
9 installment basis pursuant to a binding irrevocable payroll deduction
10 authorization between the member and the school district over a period
11 not to exceed five years from the date of membership. Interest on delayed
12 payments shall be at the rate of interest for determining interest on
13 delayed payments by members to the retirement system. In the event the
14 member terminates employment with the school district for any reason
15 before full payment for the prior service has been made, the remaining
16 installments shall be immediately due and payable to the retirement
17 system. Prior service credit may be purchased only in one-tenth-year
18 increments, and if payments are made on an installment basis, the prior
19 service will be credited only as payment has been made to the retirement
20 system. If the prior service to be purchased by the member exceeds the
21 member's membership service at the time of application or any subsequent
22 date, such excess prior service shall be credited to the member only as
23 the member completes and is credited additional membership service, in
24 one-tenth-year increments, notwithstanding the member's payment for such
25 prior service credit. If the member retires or terminates employment
26 before completing sufficient membership service to permit all of the
27 excess prior service that has been purchased by the member to be credited
28 to such member, the retirement system shall refund to the member, or to
29 the member's beneficiary if the member's termination is due to his or her
30 death, the payments that have been made to the retirement system for such
31 uncredited prior service, together with regular interest on such refund;

1 and

2 (d) The school district shall contribute to the retirement system an
3 amount equal to the amount paid by each member for the purchase of prior
4 service credit at the time such payments are made by such member.

5 (2) Any employee who became a member before July 1, 2014, and who
6 has five or more years of creditable service and any employee who became
7 a member for the first time on or after July 1, 2014, and who has ten or
8 more years of creditable service, excluding in either case years of prior
9 service acquired pursuant to section 79-990, 79-994, 79-995, or 79-997,
10 or subsection (1) of this section, may elect to purchase up to a total of
11 five years of additional creditable service under the retirement system,
12 and upon such purchase the member shall be given the same status as
13 though he or she had been a member of the retirement system for such
14 additional number of years, except as otherwise specifically provided in
15 the Class V School Employees Retirement Act. Creditable service may be
16 purchased only in one-tenth-year increments. The amount to be paid to the
17 retirement system for such creditable service shall be equal to the
18 actuarial cost to the retirement system of the increased benefits
19 attributable to such additional creditable service as determined by the
20 retirement system's actuary at the time of the purchase pursuant to
21 actuarial assumptions and methods adopted for this purpose by the board
22 of trustees until September 1, 2024, and as adopted by the retirement
23 board beginning September 1, 2024 ~~for this purpose~~. The election to
24 purchase additional creditable service may be made at any time before the
25 member's termination of employment, and all payments for the purchase of
26 such creditable service must be completed within five years after the
27 election or before the member's termination or retirement, whichever
28 event occurs first. Payment shall be made as the board of trustees may
29 direct until September 1, 2024, and as the retirement board may direct
30 beginning September 1, 2024, through a single payment to the retirement
31 system, on an installment basis, including payments pursuant to a binding

1 irrevocable payroll deduction authorization between the member and the
2 school district, or by such other method approved by the board of
3 trustees or the retirement board and permitted by law. If payments are
4 made on an installment basis, creditable service will be credited only as
5 payment has been made to the retirement system to purchase each
6 additional one-tenth-year increment. Interest shall be charged on
7 installment payments at the rate of interest for determining interest on
8 delayed payments by members to the retirement system.

9 Sec. 17. Section 79-992, Revised Statutes Cumulative Supplement,
10 2020, is amended to read:

11 79-992 (1) A member who has five years or more of creditable
12 service, excluding years of prior service acquired pursuant to section
13 79-990, 79-991, 79-994, 79-995, or 79-997, and who terminates his or her
14 employment may elect to leave his or her contributions in the retirement
15 system, in which event he or she shall receive a retirement allowance at
16 normal retirement age based on the annuity earned to the date of such
17 termination of employment. Such member may elect to receive a retirement
18 allowance at early retirement age if such member retires at an early
19 retirement date. Such annuity shall be adjusted in accordance with
20 section 79-9,100. Upon termination of employment, except on account of
21 retirement, a member shall be entitled to receive refunds as follows: (a)
22 An amount equal to the accumulated contributions to the retirement system
23 by the member; and (b) any contributions made to a previously existing
24 system which were refundable under the terms of that system. Any member
25 receiving a refund of contributions shall thereby forfeit and relinquish
26 all accrued rights in the retirement system including all accumulated
27 creditable service, except that if any member who has withdrawn his or
28 her contributions as provided in this section reenters the service of the
29 district and again becomes a member of the retirement system, he or she
30 may restore any or all money previously received by him or her as a
31 refund, including the interest on the amount of the restored refund for

1 the period of his or her absence from the district's service as
2 determined using the interest rate for interest on such restored refunds,
3 and he or she shall then again receive credit for that portion of service
4 which the restored money represents. Such restoration may be made as the
5 board of trustees may direct until September 1, 2024, and as the
6 retirement board may direct beginning September 1, 2024, through direct
7 payments to the system or on an installment basis pursuant to a binding
8 irrevocable payroll deduction authorized between the member and the
9 school district over a period of not to exceed five years from the date
10 of reemployment. Interest on delayed payments shall be at the rate of
11 interest for determining interest on delayed payments by members to the
12 retirement system. Creditable service may be purchased only in one-tenth-
13 year increments, starting with the most recent years' salary.

14 (2) Except as provided in section 79-992.01:

15 (a) A retired member who returns to employment as an employee of the
16 school district shall again participate in the retirement system as a new
17 member and shall make contributions to the retirement system commencing
18 upon reemployment. The retirement annuity of a retired member who returns
19 to employment with the school district shall continue to be paid by the
20 retirement system. A retired member who returns to employment as an
21 employee of the school district shall receive creditable service only for
22 service performed after his or her return to employment and in no event
23 shall creditable service which accrues or the compensation paid to the
24 member after such return to employment after retirement increase the
25 amount of the member's original retirement annuity; and

26 (b) Upon termination of employment of the reemployed member, the
27 member shall receive in addition to the retirement annuity which
28 commenced at the time of the previous retirement (i) if the member has
29 accrued five years or more of creditable service after his or her return
30 to employment, excluding years of prior service acquired pursuant to
31 section 79-990, 79-991, 79-994, 79-995, or 79-997, a retirement annuity

1 as provided in section 79-999 or 79-9,100, as applicable, calculated
2 solely on the basis of creditable service and final average compensation
3 accrued and earned after the member's return to employment after his or
4 her original retirement, and as adjusted to reflect any payment in other
5 than the normal form or (ii) if the member has not accrued five years or
6 more of creditable service after his or her return to employment, a
7 refund equal to the member's accumulated contributions which were
8 credited to the member after the member's return to employment. In no
9 event shall the member's creditable service which accrued prior to a
10 previous retirement be considered as part of the member's creditable
11 service after his or her return to employment for any purpose of the
12 Class V School Employees Retirement Act.

13 (3) In the event a member is entitled to receive a refund of
14 contributions pursuant to subsection (1) or subdivision (2)(b)(ii) of
15 this section in an amount greater than one thousand dollars, if the
16 member does not elect to have the refund paid directly to himself or
17 herself or transferred to an eligible retirement plan designated by the
18 member as a direct rollover pursuant to section 79-998, then the refund
19 of contributions shall be paid in a direct rollover to an individual
20 retirement plan as designated by the board of trustees until September 1,
21 2024, and as designated by the retirement board beginning September 1,
22 2024.

23 Sec. 18. Section 79-992.01, Revised Statutes Cumulative Supplement,
24 2020, is amended to read:

25 79-992.01 (1) An employer participating in a retirement system
26 established pursuant to the Class V School Employees Retirement Act
27 shall:

28 (a)(i) Until September 1, 2024, notify ~~(a) Notify~~ the board of
29 trustees in writing of the date upon which a termination of employment
30 has occurred and provide the board of trustees with such information as
31 the board of trustees deems necessary; and

1 (ii) Beginning September 1, 2024, notify the retirement board in
2 writing of the date upon which a termination of employment has occurred
3 and provide the board with such information as the board deems necessary;

4 (b)(i) Until September 1, 2024, notify ~~(b)~~ Notify the board of
5 trustees in writing whether or not a member accepted and received an
6 early retirement inducement; and

7 (ii) Beginning September 1, 2024, notify the retirement board in
8 writing whether or not a member accepted and received an early retirement
9 inducement; and

10 (c) Submit in writing with the notice of termination of employment
11 and notice of receipt of an early retirement inducement a completed
12 certification by the employer and member under penalty of prosecution
13 pursuant to section 79-992.02 that, prior to the member's termination,
14 there was no prearranged written or verbal agreement for the member to
15 return to service in any capacity with the same employer.

16 (2) The member shall submit (a) to the board of trustees until
17 September 1, 2024, and (b) to the retirement board beginning September 1,
18 2024, upon the member's termination, under penalty of prosecution
19 pursuant to section 79-992.02, completed certification on forms
20 prescribed by the board of trustees or the retirement board stating
21 whether or not the member accepted and received an early retirement
22 inducement from his or her employer.

23 (3) Until September 1, 2024, and except as provided in section
24 79-981, the The board of trustees, and beginning September 1, 2024, the
25 retirement board, may adopt and promulgate rules and regulations and
26 prescribe forms as such ~~the~~ board determines appropriate in order to
27 carry out this section and to ensure full disclosure and reporting by the
28 employer and member in order to minimize fraud and abuse and the filing
29 of false or fraudulent claim or benefit applications.

30 Sec. 19. Section 79-992.02, Revised Statutes Cumulative Supplement,
31 2020, is amended to read:

1 79-992.02 (1) Any person who, knowing it to be false or fraudulent,
2 presents or causes to be presented a false or fraudulent claim or benefit
3 application, any false or fraudulent proof in support of such a claim or
4 benefit, or false or fraudulent information which would affect a future
5 claim or benefit application to be paid under a retirement system for the
6 purpose of defrauding or attempting to defraud the retirement system
7 shall be guilty of a Class II misdemeanor. The (a) board of trustees
8 until September 1, 2024, and (b) retirement board beginning September 1,
9 2024, shall deny any benefits that it determines are based on false or
10 fraudulent information and shall have a cause of action against the
11 member to recover any benefits already paid on the basis of such
12 information.

13 (2) Any employee, member of a board of education, or agent of any
14 employer who willfully fails or refuses to furnish to the (a) board of
15 trustees until September 1, 2024, and (b) retirement board beginning
16 September 1, 2024, upon its request and in the manner prescribed by it
17 such information, data, or records, as may be necessary for carrying into
18 effect the Class V School Employees Retirement Act, shall be guilty of a
19 Class V misdemeanor.

20 Sec. 20. Section 79-998, Revised Statutes Cumulative Supplement,
21 2020, is amended to read:

22 79-998 (1) The retirement system may accept as payment for
23 additional service credit that is purchased pursuant to sections 79-990
24 to 79-992 an eligible rollover distribution from or on behalf of the
25 member who is making payments for such service credit if the eligible
26 rollover distribution does not exceed the amount of payment required for
27 the service credit being purchased by the member. The eligible rollover
28 distribution may be contributed to the retirement system by the member or
29 directly transferred from the plan that is making the eligible rollover
30 distribution on behalf of the member. Contribution by a member pursuant
31 to this section may only be made in the form of a cash contribution. For

1 purposes of this section, an eligible rollover distribution means all or
2 any portion of an amount that qualifies as an eligible rollover
3 distribution under the Internal Revenue Code from:

4 (a) A plan of another employer which is qualified under section
5 401(a) or 403(a) of the Internal Revenue Code;

6 (b) An annuity contract or custodial account described in section
7 403(b) of the Internal Revenue Code;

8 (c) An eligible deferred compensation plan under section 457(b) of
9 the Internal Revenue Code which is maintained by a governmental employer
10 described in section 457(e)(1)(A) of the Internal Revenue Code; or

11 (d) An individual retirement account or annuity described in section
12 408(a) or section 408(b) of the Internal Revenue Code that is eligible to
13 be rolled over to an employer plan under the Internal Revenue Code.

14 (2) The retirement system may accept as payment for service credit
15 that is purchased pursuant to sections 79-990 to 79-992 a direct trustee-
16 to-trustee transfer from an eligible deferred compensation plan as
17 described in section 457(e)(17) of the Internal Revenue Code on behalf of
18 a member who is making payments for such service credit if the amount
19 transferred from the eligible deferred compensation plan does not exceed
20 the amount of payment required for the service credit being purchased and
21 the purchase of such service credit qualifies as the purchase of
22 permissive service credit by the member as defined in section 415(n)(3)
23 of the Internal Revenue Code.

24 (3) Until September 1, 2024, the ~~The~~ board of trustees, and
25 beginning September 1, 2024, the retirement board, may establish rules,
26 regulations, and limitations on the eligible rollover distributions and
27 direct trustee-to-trustee transfers that may be accepted by the
28 retirement system pursuant to this section, including restrictions on the
29 type of assets that may be transferred to the retirement system.

30 (4) Cash and other properties contributed or transferred to the
31 retirement system pursuant to this section shall be deposited and held as

1 a commingled asset of the retirement system and shall not be separately
2 accounted for or invested for the member's benefit. Contributions or
3 direct transfers made by or on behalf of any member pursuant to this
4 section shall be treated as qualifying payments under sections 79-990 to
5 79-992 and as employee contributions for all other purposes of the Class
6 V School Employees Retirement Act except in determining federal and state
7 tax treatment of distributions from the system.

8 (5) The retirement system, the board of education, the board of
9 trustees, the retirement board, and their respective members, officers,
10 and employees shall have no responsibility or liability with respect to
11 the federal and state income tax consequences of any contribution or
12 transfer to the retirement system pursuant to this section, and until
13 September 1, 2024, the board of trustees, and beginning September 1,
14 2024, the retirement board, may require as a condition to the retirement
15 system's acceptance of any rollover contribution or transfer satisfactory
16 evidence that the proposed contribution or transfer is a qualifying
17 rollover contribution or trustee-to-trustee transfer under the Internal
18 Revenue Code and reasonable releases or indemnifications from the member
19 against any and all liabilities which may in any way be connected with
20 such contribution or transfer.

21 (6) Effective January 1, 1993, any member who is to receive an
22 eligible rollover distribution, as defined in the Internal Revenue Code,
23 from the retirement system may, in accordance with such rules,
24 regulations, and limitations as may be established by the board of
25 trustees or the retirement board, elect to have such distribution made in
26 the form of a direct transfer to a retirement plan eligible to receive
27 such transfer under the provisions of the Internal Revenue Code. Any such
28 election shall be made in the form and within the time periods
29 established by the board of trustees or the retirement board.

30 (7) A member's surviving spouse or former spouse who is an alternate
31 payee under a qualified domestic relations order and, on or after

1 September 1, 2010, any designated beneficiary of a member who is not a
2 surviving spouse or former spouse who is entitled to receive an eligible
3 rollover distribution from the retirement system may, in accordance with
4 such rules, regulations, and limitations as may be established by the
5 board of trustees or the retirement board, elect to have such
6 distribution made in the form of a direct transfer to a retirement plan
7 eligible to receive such transfer under the provisions of the Internal
8 Revenue Code.

9 (8) An eligible rollover distribution on behalf of a designated
10 beneficiary of a member who is not a surviving spouse or former spouse of
11 the member may be transferred to an individual retirement account or
12 annuity described in section 408(a) or section 408(b) of the Internal
13 Revenue Code that is established for the purpose of receiving the
14 distribution on behalf of the designated beneficiary and that will be
15 treated as an inherited individual retirement account or individual
16 retirement annuity described in section 408(d)(3)(C) of the Internal
17 Revenue Code.

18 (9) All distributions from the retirement system shall be subject to
19 all withholdings required by federal or state tax laws.

20 Sec. 21. Section 79-9,102, Revised Statutes Cumulative Supplement,
21 2020, is amended to read:

22 79-9,102 (1) Notwithstanding any other provision of the Class V
23 School Employees Retirement Act, no member or beneficiary of the
24 retirement system shall receive in any calendar year an annuity or other
25 benefit which would exceed the maximum benefit permitted under section
26 415 of the Internal Revenue Code, or any successor provision and the
27 regulations issued thereunder, as they may be amended from time to time,
28 and as adjusted as of January 1 of each calendar year to the dollar
29 limitation as determined for such year by the Commissioner of Internal
30 Revenue pursuant to section 415(d) of the Internal Revenue Code to
31 reflect cost-of-living adjustments, and the amount of benefit to be paid

1 to any member or beneficiary by the retirement system shall be adjusted
2 each calendar year, if necessary, to conform with the maximum benefit
3 permitted under section 415 of the Internal Revenue Code. The cost-of-
4 living adjustment to the maximum benefit permitted under section 415 of
5 the Internal Revenue Code shall apply to determining the maximum benefit
6 of a member who severed employment or commenced receiving benefits prior
7 to the effective date of the adjustment.

8 (2) Any payments provided for by sections 79-990, 79-991, and 79-992
9 for the purchase or restoration of creditable service shall be subject to
10 the limitations of section 415 of the Internal Revenue Code on annual
11 additions to the retirement system, and until September 1, 2024, the
12 board of trustees, and beginning September 1, 2024, the retirement board,
13 may suspend payments, alter installment periods, or, if such suspension
14 or alteration is not possible, deny the purchase of all or a portion of
15 the creditable service desired to be purchased, as necessary to comply
16 with the requirements of section 415 of the Internal Revenue Code.

17 (3) This section is intended to meet and incorporate the
18 requirements of section 415 of the Internal Revenue Code and regulations
19 under that section that are applicable to governmental plans and shall be
20 construed in accordance with section 415 of the Internal Revenue Code and
21 the regulations issued thereunder and shall, by this reference,
22 incorporate any subsequent changes made to such section as the same may
23 apply to the retirement system.

24 Sec. 22. Section 79-9,103, Revised Statutes Cumulative Supplement,
25 2020, is amended to read:

26 79-9,103 (1) Any annuity paid on or after September 1, 1983, to a
27 member who retired prior to February 21, 1982, pursuant to the Class V
28 School Employees Retirement Act, or to such member's beneficiary, or to a
29 person who retired under the provisions of the retirement system
30 established by statute for employees of Class V school districts in
31 effect prior to September 1, 1951, or to such person's beneficiary, shall

1 be adjusted by the increase in the cost of living or wage levels between
2 the effective date of retirement and June 30, 1983, except that such
3 increase shall not exceed the sum of one dollar and fifty cents per month
4 for each year of creditable service and one dollar per month for each
5 completed year of retirement as measured from the effective date of
6 retirement to June 30, 1983. No separate adjustment in such annuity shall
7 be made as a result of the changes made in section 79-9,113 pursuant to
8 Laws 1983, LB 488. If a joint and survivor annuity was elected, the
9 increase shall be actuarially adjusted so that the joint and survivor
10 annuity remains the actuarial equivalent of the life annuity otherwise
11 payable.

12 (2) In addition to the cost-of-living adjustment provided in
13 subsection (1) of this section, any annuity paid on or after September 1,
14 1986, pursuant to the act or pursuant to the provisions of the retirement
15 system established by statute for employees of Class V school districts
16 in effect prior to September 1, 1951, and on which the first payment was
17 dated on or before September 1, 1985, shall be adjusted by the increase
18 in the cost of living or wage levels between the effective date of
19 retirement and June 30, 1986, except that such increase shall not exceed
20 (a) three and one-half percent for annuities first paid on or after
21 September 1, 1984, (b) seven percent for annuities first paid on or after
22 September 1, 1983, but before September 1, 1984, or (c) ten and one-half
23 percent for all other annuities.

24 (3) In addition to the cost-of-living adjustments provided in
25 subsections (1) and (2) of this section, any annuity paid on or after
26 September 1, 1989, pursuant to the act or pursuant to the provisions of
27 the retirement system established by statute for employees of Class V
28 school districts in effect prior to September 1, 1951, and on which the
29 first payment was dated on or before September 1, 1988, shall be adjusted
30 by the increase in the cost of living or wage levels between the
31 effective date of retirement and June 30, 1989, except that such increase

1 shall not exceed (a) three percent for annuities first paid on or after
2 September 1, 1987, (b) six percent for annuities first paid on or after
3 September 1, 1986, but before September 1, 1987, or (c) nine percent for
4 all other annuities.

5 (4) In addition to the cost-of-living adjustments provided in
6 subsections (1), (2), and (3) of this section, any annuity paid on or
7 after September 1, 1992, pursuant to the act or pursuant to the
8 provisions of the retirement system established by statute for employees
9 of Class V school districts in effect prior to September 1, 1951, and on
10 which the first payment was dated on or before October 1, 1991, shall be
11 adjusted by the increase in the cost of living or wage levels between the
12 effective date of retirement and June 30, 1992, except that such increase
13 shall not exceed (a) three percent for annuities first paid after October
14 1, 1990, (b) six percent for annuities first paid after October 1, 1989,
15 but on or before October 1, 1990, or (c) nine percent for all other
16 annuities.

17 (5) In addition to the cost-of-living adjustments provided in
18 subsections (1), (2), (3), and (4) of this section, any annuity paid on
19 or after September 1, 1995, pursuant to the act or pursuant to the
20 provisions of the retirement system established by statute for employees
21 of Class V school districts in effect prior to September 1, 1951, and on
22 which the first payment was dated on or before October 1, 1994, shall be
23 adjusted by the increase in the cost of living or wage levels between the
24 effective date of retirement and June 30, 1995, except that such increase
25 shall not exceed (a) three percent for annuities first paid after October
26 1, 1993, (b) six percent for annuities first paid after October 1, 1992,
27 but on or before October 1, 1993, or (c) nine percent for all other
28 annuities.

29 (6) In addition to the cost-of-living adjustments provided in
30 subsections (1), (2), (3), (4), and (5) of this section, any annuity paid
31 pursuant to the act or pursuant to the provisions of the retirement

1 system established by statute for employees of Class V school districts
2 in effect prior to September 1, 1951, and on which the first payment was
3 dated on or before October 1, 1994, shall be subject to adjustment to
4 equal the greater of (a) the annuity payable to the member or beneficiary
5 as adjusted, if applicable, under the provisions of subsection (1), (2),
6 (3), (4), or (5) of this section or (b) ninety percent of the annuity
7 which results when the original annuity that was paid to the member or
8 beneficiary (before any cost-of-living adjustments under this section),
9 is adjusted by the increase in the cost of living or wage levels between
10 the commencement date of the annuity and June 30, 1995.

11 (7) In addition to the cost-of-living adjustments provided in
12 subsections (1), (2), (3), (4), (5), and (6) of this section, any annuity
13 paid on or after September 1, 1998, pursuant to the act or pursuant to
14 the provisions of the retirement system established by statute for
15 employees of Class V school districts in effect prior to September 1,
16 1951, and on which the first payment was dated on or before October 3,
17 1997, shall be adjusted by the increase in the cost of living or wage
18 levels between the effective date of retirement and June 30, 1998, except
19 that such increase shall not exceed (a) three percent for annuities first
20 paid after October 1, 1996, (b) six percent for annuities first paid
21 after October 1, 1995, but on or before October 1, 1996, or (c) nine
22 percent for all other annuities.

23 (8) Beginning January 1, 2000, and on January 1 of every year
24 thereafter, for employees of Class V school districts who were members
25 prior to July 1, 2013, a cost-of-living adjustment shall be made for any
26 annuity being paid pursuant to the act, or pursuant to the provisions of
27 the retirement system established by statute for employees of Class V
28 school districts in effect prior to September 1, 1951, and on which the
29 first payment was dated on or before October 3 preceding such January 1
30 adjustment date. The cost-of-living adjustment for any such annuity shall
31 be the lesser of (a) one and one-half percent or (b) the increase in the

1 consumer price index from the date such annuity first became payable
2 through the August 31 preceding the January 1 adjustment date as reduced
3 by the aggregate cost-of-living adjustments previously made to the
4 annuity pursuant to this section.

5 (9) Beginning January 1, 2014, and on January 1 of every year
6 thereafter, for employees of Class V school districts who became members
7 on or after July 1, 2013, a cost-of-living adjustment shall be made for
8 any annuity being paid pursuant to the act and on which the first payment
9 was dated on or before October 3 preceding such January 1 adjustment
10 date. The cost-of-living adjustment for any such annuity shall be the
11 lesser of (a) one percent or (b) the increase in the consumer price index
12 from the date such annuity first became payable through the August 31
13 preceding the January 1 adjustment date as reduced by the aggregate cost-
14 of-living adjustments previously made to the annuity pursuant to this
15 section.

16 (10) Beginning September 1, 1999, the actuary shall make an annual
17 valuation of the assets and liabilities of the system. If the annual
18 valuation made by the actuary, as approved by the board of trustees,
19 indicates that the system has sufficient actuarial surplus to provide for
20 a cost-of-living adjustment in addition to the adjustment made pursuant
21 to subsection (8) or (9) of this section, the board of trustees may, in
22 its discretion, declare by resolution that each annuity being paid
23 pursuant to the act, or pursuant to the provisions of the retirement
24 system established by statute for employees of Class V school districts
25 in effect prior to September 1, 1951, and on which the first payment was
26 dated on or before October 3 of the year such resolution is adopted,
27 shall be increased beginning as of the January 1 following the date of
28 the board of trustees' resolution by such percentage as may be declared
29 by the board of trustees, except that such increase for any such annuity
30 shall not exceed the increase in the consumer price index from the date
31 such annuity first became payable through the applicable valuation date

1 as reduced by the aggregate cost-of-living adjustments previously made to
2 the annuity pursuant to this section.

3 (11) Except for the adjustments pursuant to subsection (13) of this
4 section, the consumer price index to be used for determining any cost-of-
5 living adjustment under this section shall be the Consumer Price Index -
6 All Urban Consumers, as published by the Bureau of Labor Statistics of
7 the United States Department of Labor. If this consumer price index is
8 discontinued or replaced before September 1, 2024, a substitute index
9 published by the United States Department of Labor shall be selected by
10 the board of trustees, which shall be a reasonable representative
11 measurement of the cost of living for retired employees. Beginning
12 September 1, 2024, such substitute index, if such consumer price index is
13 discontinued or replaced, shall be selected by the retirement board. An
14 annuity as increased by any cost-of-living adjustment made under this
15 section shall be considered the base annuity amount for the purpose of
16 future adjustments pursuant to this section. In no event shall any cost-
17 of-living adjustment be deemed to affect or increase the amount of the
18 base retirement annuity of a member as determined under section 79-999 or
19 79-9,100.

20 (12) Any decision or determination by the board of trustees or
21 retirement board (a) to declare or not declare a cost-of-living
22 adjustment, (b) as to whether the annual valuation indicates a sufficient
23 actuarial surplus to provide for a cost-of-living adjustment, or (c)
24 pursuant to the selection of a substitute index shall be made in the
25 sole, absolute, and final discretion of the board of trustees or
26 retirement board and shall not be subject to challenge by any member or
27 beneficiary. In no event shall the Legislature be constrained or limited
28 in amending the system or increasing the benefits of members under the
29 system, nor shall the board of education, ~~or~~ board of trustees, or
30 retirement board be constrained from supporting any such change to the
31 system, notwithstanding the effect of any such change upon the actuarial

1 surplus of the system and the ability of the board of trustees, or
2 retirement board to declare future cost-of-living adjustments.

3 (13) The Legislature finds and declares that there exists in this
4 state a pressing need to attract and retain qualified and dedicated
5 public school employees and that one of the factors prospective public
6 school employees consider when seeking or continuing public school
7 employment is the retirement system and benefits the employment provides.
8 The Legislature further finds that over the past decades, as reflected by
9 the Medical Price Index published by the United States Department of
10 Labor, the cost of medical care, including the cost of medications and
11 insurance coverages, has increased at a rate in excess of that by which
12 the Consumer Price Index - All Urban Consumers has increased. The
13 Legislature further finds and declares that there accordingly exists a
14 need to adjust the amount of retirement benefits paid to retired public
15 school employees in order to assist them in meeting the increased cost of
16 medical care. Therefor, in addition to the cost-of-living adjustments
17 provided in subsections (1) through (12) of this section, commencing on
18 October 3, 2001, and on October 3 of every year thereafter, a medical
19 cost-of-living adjustment shall be paid to any annuitant who became a
20 member prior to July 1, 2016, and has been paid an annuity from the
21 retirement system for at least ten years through the October 3 adjustment
22 date. The cost-of-living adjustment shall be paid in the form of a
23 supplemental annuity providing monthly payments equal to the amount which
24 results when (a) the fraction, not to exceed one, that results when the
25 annuitant's years of creditable service at his or her retirement date is
26 divided by twenty, is multiplied by (b) the product of ten dollars times
27 the number of years, including attained one-half years, that such
28 annuitant has received annuity payments from the retirement system
29 through the October 3 adjustment date. The supplemental annuity being
30 paid to an annuitant shall increase by ten dollars on October 3 of each
31 subsequent year to reflect the additional year of annuity payments to the

1 annuitant until the total amount of the supplemental annuity is two
2 hundred fifty dollars. In no event shall the medical cost-of-living
3 adjustment for any annuitant pursuant to this subsection result in the
4 payment of a supplemental annuity exceeding two hundred fifty dollars per
5 month. The supplemental annuity paid to an annuitant pursuant to this
6 subsection shall cease at the death of the annuitant regardless of the
7 form of retirement annuity being paid to the annuitant at the time of his
8 or her death.

9 Sec. 23. Section 79-9,105, Revised Statutes Cumulative Supplement,
10 2020, is amended to read:

11 79-9,105 (1) Any member with five or more years of creditable
12 service, excluding years of prior service acquired pursuant to section
13 79-990, 79-991, 79-994, 79-995, or 79-997, who becomes totally disabled
14 for further performance of duty on or after March 22, 2000, may be
15 approved for deferred disability retirement by the board of trustees
16 until September 1, 2024, and by the retirement board beginning September
17 1, 2024. In the case of such deferred disability retirement, the member,
18 during the period specified in subsection (3) of this section, shall be
19 credited with creditable service for each year or portion thereof, to be
20 determined in accordance with policies of the board of trustees or
21 retirement board governing creditable service, that the member defers
22 retirement, up to a maximum of thirty-five years of total creditable
23 service, including creditable service accrued before the member became
24 totally disabled. The member approved for deferred disability retirement
25 may at any time of the member's choosing request the deferral to end and
26 retirement annuity payments to begin. The retirement annuity of such
27 member shall be based on the total number of years of the member's
28 creditable service, including the years credited to the member during his
29 or her total disability under this section, and the member's final
30 average salary as of the date that the member became totally disabled and
31 as adjusted from such date by a percentage equal to the cumulative

1 percentage cost-of-living adjustments that were made or declared for
2 annuities in pay status pursuant to section 79-9,103 after the date of
3 the approval of the board of trustees or retirement board for deferred
4 disability retirement and before the cessation of the accrual of
5 additional creditable service pursuant to subsection (3) of this section.
6 Except as provided in subsection (4) of this section, the retirement
7 annuity so determined for the member shall be payable to the member
8 without reduction due to any early commencement of benefits, except that
9 the retirement annuity shall be reduced by the amount of any periodic
10 payments to such employee as workers' compensation benefits. Additional
11 creditable service acquired through deferred disability retirement shall
12 apply to the service requirements specified in section 79-9,106. The
13 board of trustees or retirement board shall consider a member to be
14 totally disabled when it has received an application by the member and a
15 statement by at least two licensed and practicing physicians designated
16 by the board of trustees or retirement board certifying that the member
17 is totally and presumably permanently disabled and unable to perform his
18 or her duties as a consequence thereof.

19 (2) Notwithstanding the provisions of subsection (1) of this
20 section, the payment of the retirement annuity of a member may not be
21 deferred later than the member's required beginning date as defined in
22 section 401(a)(9) of the Internal Revenue Code, as defined in section
23 49-801.01. If the payment of a disabled member's retirement annuity is
24 required to commence before the member has elected to end his or her
25 deferred disability retirement, the amount of benefit that would have
26 accrued pursuant to subsection (1) of this section in the fiscal year of
27 the member's required beginning date, and in each subsequent fiscal year
28 through the year of the member's election to end the deferred disability
29 retirement period, shall be reduced, but not below zero, by the actuarial
30 equivalent of the payments which were paid to the member during each such
31 fiscal year and after the member's required beginning date. The

1 retirement annuity of any member that commences before the end of the
2 member's deferred disability retirement shall be adjusted as of each
3 September 1 pursuant to the requirements of this subsection.

4 (3) The accrual of creditable service and any adjustment of final
5 average salary provided in subsection (1) of this section shall begin
6 from the first day of the month following the date of the first of the
7 two examinations by which the member is determined by the board of
8 trustees or the retirement board to be totally disabled, shall continue
9 only so long as the member does not receive any wages or compensation for
10 services, and shall end at the earlier of (a) the time total disability
11 ceases as determined by the board of trustees or the retirement board or
12 (b) the date the member elects to end the deferred disability retirement
13 and begin to receive his or her retirement annuity. The board of trustees
14 or the retirement board may require periodic proof of disability but not
15 more frequently than semiannually.

16 (4)(a) For an employee hired prior to July 1, 2018, the payment of
17 any retirement annuity to a disabled member, which begins to be paid
18 under this section (i) before the member's sixty-second birthday or (ii)
19 at a time before the sum of the member's attained age and creditable
20 service is eighty-five or more, shall be suspended if the board of
21 trustees or the retirement board determines at any time before the
22 member's sixty-second birthday that the member's total disability has
23 ceased.

24 (b) For an employee hired on or after July 1, 2018, the payment of
25 any retirement annuity to a disabled member, which begins to be paid
26 under this section (i) before the member's sixty-fifth birthday or (ii)
27 at a time before the sum of the member's attained age and creditable
28 service is eighty-five or more, shall be suspended if the board of
29 trustees or the retirement board determines at any time before the
30 member's sixty-fifth birthday that the member's total disability has
31 ceased.

1 (c) Payment of the retirement annuity of such member as determined
2 under this section shall recommence at the member's early retirement date
3 or normal retirement date but shall be subject to reduction at such time
4 as specified in section 79-9,100.

5 Sec. 24. Section 79-9,107, Revised Statutes Cumulative Supplement,
6 2020, is amended to read:

7 79-9,107 The funds of the retirement system which are not required
8 for current operations shall be invested and reinvested (1) before
9 January 1, 2017, by the board of trustees subject to the approval of the
10 board of education or Class V Retirement System Board as provided in
11 sections 79-9,108 to 79-9,111 and (2) on and after January 1, 2017, by
12 the council and the state investment officer in accordance with the
13 Nebraska State Funds Investment Act without the approval of the board of
14 education or board of trustees. Except as otherwise provided in the Class
15 V School Employees Retirement Act, no trustee and no member of the board
16 of education shall have any direct interest in the income, gains, or
17 profits of any investment made by the board of trustees, nor shall any
18 such person receive any pay or emolument for services in connection with
19 any such investment. Neither the state investment officer nor any
20 trustee, member of the board of education, member of the retirement
21 board, nor member of the council shall become an endorser or surety or in
22 any manner an obligor for money loaned by or borrowed from the retirement
23 system. Any person who violates any of these restrictions shall be guilty
24 of a Class II misdemeanor.

25 Sec. 25. Section 79-9,108, Revised Statutes Cumulative Supplement,
26 2020, is amended to read:

27 79-9,108 (1) Prior to January 1, 2017, the board of trustees, with
28 approval of the board of education or Class V Retirement System Board,
29 shall invest and reinvest funds of the retirement system. Beginning
30 January 1, 2017, the funds of the retirement system shall be invested and
31 reinvested solely by the council and the state investment officer in

1 accordance with the Nebraska State Funds Investment Act.

2 (2) Prior to January 1, 2017, a professional investment manager may
3 be employed by the board of trustees subject to approval of the board of
4 education or Class V Retirement System Board. The professional investment
5 manager shall be responsible for the purchase, sale, exchange,
6 investment, or reinvestment of such funds subject to guidelines
7 determined by the board of trustees. Prior to January 1, 2017, the
8 trustees shall each month submit a report to the board of education or
9 Class V Retirement System Board with respect to the investment of funds.
10 The board of education or Class V Retirement System Board shall approve
11 or disapprove the investments in the report, and in the event of
12 disapproval of any investment, the board of trustees shall direct the
13 sale of all or part of such investment or establish future policy with
14 respect to that type of investment. Beginning January 1, 2017, the funds
15 of the retirement system shall be invested and reinvested by the council
16 and the state investment officer, who may employ advisers, counsel,
17 managers, and other professionals in accordance with the Nebraska State
18 Funds Investment Act.

19 (3) Beginning January 1, 2017, the board of trustees, ~~and~~ the board
20 of education, and the retirement board shall not have any duty,
21 responsibility, or authority for the investment and reinvestment of the
22 funds of the retirement system, or any investment decision, contract,
23 rule, or regulation related thereto.

24 Sec. 26. Section 79-9,113, Revised Statutes Cumulative Supplement,
25 2020, is amended to read:

26 79-9,113 (1)(a) If, at any future time, a majority of the eligible
27 members of the retirement system votes to be included under an agreement
28 providing old age and survivors insurance under the Social Security Act
29 of the United States, the contributions to be made by the member and the
30 school district for membership service, from and after the effective date
31 of the agreement with respect to services performed subsequent to

1 December 31, 1954, shall each be reduced from five to three percent but
2 not less than three percent of the member's salary per annum, and the
3 credits for membership service under this system, as provided in section
4 79-999, shall thereafter be reduced from one and one-half percent to
5 nine-tenths of one percent and not less than nine-tenths of one percent
6 of salary or wage earned by the member during each fiscal year, and from
7 one and sixty-five hundredths percent to one percent and not less than
8 one percent of salary or wage earned by the member during each fiscal
9 year and from two percent to one and two-tenths percent of salary or wage
10 earned by the member during each fiscal year, and from two and four-
11 tenths percent to one and forty-four hundredths percent of salary or wage
12 earned by the member during each fiscal year, except that after September
13 1, 1963, and prior to September 1, 1969, all employees of the school
14 district shall contribute an amount equal to the membership contribution
15 which shall be two and three-fourths percent of salary covered by old age
16 and survivors insurance, and five percent above that amount. Commencing
17 September 1, 1969, all employees of the school district shall contribute
18 an amount equal to the membership contribution which shall be two and
19 three-fourths percent of the first seven thousand eight hundred dollars
20 of salary or wages earned each fiscal year and five percent of salary or
21 wages earned above that amount in the same fiscal year. Commencing
22 September 1, 1976, all employees of the school district shall contribute
23 an amount equal to the membership contribution which shall be two and
24 nine-tenths percent of the first seven thousand eight hundred dollars of
25 salary or wages earned each fiscal year and five and twenty-five
26 hundredths percent of salary or wages earned above that amount in the
27 same fiscal year. Commencing on September 1, 1982, all employees of the
28 school district shall contribute an amount equal to the membership
29 contribution which shall be four and nine-tenths percent of the
30 compensation earned in each fiscal year. Commencing September 1, 1989,
31 all employees of the school district shall contribute an amount equal to

1 the membership contribution which shall be five and eight-tenths percent
2 of the compensation earned in each fiscal year. Commencing September 1,
3 1995, all employees of the school district shall contribute an amount
4 equal to the membership contribution which shall be six and three-tenths
5 percent of the compensation earned in each fiscal year. Commencing
6 September 1, 2007, all employees of the school district shall contribute
7 an amount equal to the membership contribution which shall be seven and
8 three-tenths percent of the compensation paid in each fiscal year.
9 Commencing September 1, 2009, all employees of the school district shall
10 contribute an amount equal to the membership contribution which shall be
11 eight and three-tenths percent of the compensation paid in each fiscal
12 year. Commencing September 1, 2011, all employees of the school district
13 shall contribute an amount equal to the membership contribution which
14 shall be nine and three-tenths percent of the compensation paid in each
15 fiscal year. Commencing September 1, 2013, all employees of the school
16 district shall contribute an amount equal to the membership contribution
17 which shall be nine and seventy-eight hundredths percent of the
18 compensation paid in each fiscal year.

19 (b) The contributions by the school district in any fiscal year
20 beginning on or after September 1, 1999, shall be the greater of (i) one
21 hundred percent of the contributions by the employees for such fiscal
22 year or (ii) such amount as may be necessary to maintain the solvency of
23 the system, as determined annually by the board of education upon
24 recommendation of the actuary and the board of trustees.

25 (c) The contributions by the school district in any fiscal year
26 beginning on or after September 1, 2007, and prior to September 1, 2018,
27 shall be the greater of (i) one hundred one percent of the contributions
28 by the employees for such fiscal year or (ii) such amount as may be
29 necessary to maintain the solvency of the system, as determined annually
30 by the board of education upon recommendation of the actuary retained by
31 the board of trustees and after considering any amounts that will be, or

1 are expected to be, transferred to the system pursuant to subdivision (1)
2 (b) of section 79-966. The amount necessary to maintain the solvency of
3 the system as determined in subdivision (ii) of this subdivision (c)
4 shall be transmitted by the school district to the account of the
5 retirement system no later than August 31, 2018. The school district
6 contributions specified in subdivision (i) of this subdivision (c) shall
7 be made monthly and shall be immediately transmitted to the account of
8 the retirement system.

9 (d) The contributions by the school district in any fiscal year
10 beginning on or after September 1, 2018, prior to and each September 1,
11 2024 thereafter, shall be the greater of (i) one hundred one percent of
12 the contributions by the employees for such fiscal year or (ii) such
13 amount as may be necessary to maintain the solvency of the system, as
14 determined annually by the board of education upon recommendation of the
15 actuary retained by the board of trustees and after considering any
16 amounts pursuant to subdivision (1)(b) of section 79-966 that will be, or
17 are expected to be, transferred to the school district by the State
18 Treasurer system ~~pursuant to subdivision (1)(b) of section 79-966~~. The
19 amount necessary to maintain the solvency of the system as determined in
20 subdivision (ii) of this subdivision (d) shall be transmitted by the
21 school district to the account of the retirement system no later than
22 August 31, 2019, and each August 31 thereafter. The school district
23 contributions specified in subdivision (i) of this subdivision (d) shall
24 be made monthly and shall be immediately transmitted to the account of
25 the retirement system.

26 (e) The contributions by the school district in any fiscal year
27 beginning September 1, 2024, and each September 1 thereafter, shall be
28 the greater of:

29 (i) One hundred one percent of the contributions by the employees
30 for such fiscal year; or

31 (ii) Such amount as may be necessary to maintain the solvency of the

1 system, as determined annually by the board of education upon
2 recommendation of the actuary retained by the retirement board pursuant
3 to section 79-984 and after considering any amounts pursuant to
4 subdivision (1)(b) of section 79-966 that will be, or are expected to be,
5 transferred to the school district by the State Treasurer.

6 (f) The amount necessary to maintain the solvency of the system as
7 determined in subdivision (ii) of this subdivision (e) shall be
8 transmitted by the school district to the Class V School Employees
9 Retirement Fund no later than August 31, 2025, and each August 31
10 thereafter.

11 (g) The school district contributions specified in subdivision (i)
12 of this subdivision (e) shall be made monthly and shall be immediately
13 transmitted to the Class V School Employees Retirement Fund.

14 (h) (e) Nothing in this section prohibits the school district from
15 making other contributions in addition to the contributions required
16 pursuant to this section.

17 (i) (f) The employee's contribution shall be made in the form of a
18 monthly deduction from compensation as provided in subsection (2) of this
19 section and shall be immediately transmitted to the account of the
20 retirement system. Every employee who is a member of the system shall be
21 deemed to consent and agree to such deductions and shall receipt in full
22 for compensation, and payment to such employee of compensation less such
23 deduction shall constitute a full and complete discharge of all claims
24 and demands whatsoever for services rendered by such employee during the
25 period covered by such payment except as to benefits provided under the
26 Class V School Employees Retirement Act.

27 (j) (g) After September 1, 1963, and prior to September 1, 1969, all
28 employees shall be credited with a membership service annuity which shall
29 be nine-tenths of one percent of salary or wage covered by old age and
30 survivors insurance and one and one-half percent of salary or wages above
31 that amount, except that those employees who retire on or after August

1 31, 1969, shall be credited with a membership service annuity which shall
2 be one percent of salary or wages covered by old age and survivors
3 insurance and one and sixty-five hundredths percent of salary or wages
4 above that amount for service performed after September 1, 1963, and
5 prior to September 1, 1969. Commencing September 1, 1969, all employees
6 shall be credited with a membership service annuity which shall be one
7 percent of the first seven thousand eight hundred dollars of salary or
8 wages earned by the employee during each fiscal year and one and sixty-
9 five hundredths percent of salary or wages earned above that amount in
10 the same fiscal year, except that all employees retiring on or after
11 August 31, 1976, shall be credited with a membership service annuity
12 which shall be one and forty-four hundredths percent of the first seven
13 thousand eight hundred dollars of salary or wages earned by the employee
14 during such fiscal year and two and four-tenths percent of salary or
15 wages earned above that amount in the same fiscal year, and the
16 retirement annuities of employees who have not retired prior to September
17 1, 1963, and who elected under the provisions of section 79-988 as such
18 section existed immediately prior to February 20, 1982, not to become
19 members of the system shall not be less than they would have been had
20 they remained under any preexisting system to date of retirement.

21 (k) ~~(h)~~ Members of this system having the service qualifications of
22 members of the School Employees Retirement System of the State of
23 Nebraska, as provided by section 79-926, who are members of the
24 retirement system established pursuant to the Class V School Employees
25 Retirement Act prior to July 1, 2016, shall receive the state service
26 annuity provided by sections 79-933 to 79-935 and 79-951.

27 (2) The school district shall pick up the employee contributions
28 required by this section for all compensation paid on or after January 1,
29 1985, and the contributions so picked up shall be treated as employer
30 contributions in determining federal tax treatment under the Internal
31 Revenue Code, except that the school district shall continue to withhold

1 federal income taxes based upon these contributions until the Internal
2 Revenue Service or the federal courts rule that, pursuant to section
3 414(h) of the Internal Revenue Code, these contributions shall not be
4 included as gross income of the employee until such time as they are
5 distributed or made available. The school district shall pay these
6 employee contributions from the same source of funds which is used in
7 paying earnings to the employee. The school district shall pick up these
8 contributions by a salary deduction either through a reduction in the
9 cash salary of the employee or a combination of a reduction in salary and
10 offset against a future salary increase. Beginning September 1, 1995, the
11 school district shall also pick up any contributions required by sections
12 79-990, 79-991, and 79-992 which are made under an irrevocable payroll
13 deduction authorization between the member and the school district, and
14 the contributions so picked up shall be treated as employer contributions
15 in determining federal tax treatment under the Internal Revenue Code,
16 except that the school district shall continue to withhold federal and
17 state income taxes based upon these contributions until the Internal
18 Revenue Service rules that, pursuant to section 414(h) of the Internal
19 Revenue Code, these contributions shall not be included as gross income
20 of the employee until such time as they are distributed from the system.
21 Employee contributions picked up shall be treated for all purposes of the
22 Class V School Employees Retirement Act in the same manner and to the
23 extent as employee contributions made prior to the date picked up.

24 Sec. 27. Section 79-9,115, Revised Statutes Cumulative Supplement,
25 2020, is amended to read:

26 79-9,115 (1) The Class V School Employees Retirement Fund is
27 created.

28 (2) Except as provided in subsections (3) and (4) of this section,
29 until September 1, 2024:

30 (a) ~~(1)~~ All allowances, annuities, or other benefits granted under
31 the Class V School Employees Retirement Act, and all expenses incurred in

1 connection with the administration of the act, except clerical work
2 incurred in connection with maintenance of records and payment of
3 benefits, shall be paid from the Class V School Employees Retirement
4 Fund; ~~which is hereby established.~~

5 (b) Such clerical work shall be performed by employees of the school
6 district or districts; ~~-~~

7 (c) The administrator and staff of the retirement system shall be
8 permitted reasonable office and records storage space in the central
9 office building of the Class V school district formed before September
10 13, 1997; ~~and -~~

11 (d) All expenses for the retirement system office accommodations and
12 integrated pension benefit information management systems, including all
13 services, support, furniture, and equipment provided to or by any central
14 office department of the school district, shall be charged to the
15 retirement system.

16 (3) Beginning September 1, 2024, the required deposits of the school
17 district and the amounts transferred to the school district by the State
18 Treasurer for transmission to the retirement system and required deposits
19 of the employees shall be credited to the Class V School Employees
20 Retirement Fund and all allowances, annuities, and other benefits shall
21 be paid from such fund as directed by the retirement board as provided in
22 the Class V School Employees Retirement Act.

23 (4) The Class V School Expense Fund is created. Beginning September
24 1, 2024, the fund shall be credited with money from the retirement system
25 assets and income sufficient to pay the pro rata share of administrative
26 expenses incurred as directed by the retirement board for the proper
27 administration of the Class V School Employees Retirement Act and as
28 necessary in connection with the administration and operation of the
29 retirement system.

30 ~~The school district or districts shall not be liable for acts or~~
31 ~~omissions in the administration of the act made at the direction of the~~

1 ~~board of trustees or its employees.~~

2 (5) (2) Beginning on August 24, 2017, any expenses with respect to
3 the transfer to and assumption by the council and the state investment
4 officer of the duty and authority to invest the assets of a retirement
5 system provided for under the Class V School Employees Retirement Act
6 shall be charged to the Class V School Employees Retirement Fund. Such
7 expenses shall be paid without the approval of the board of trustees.

8 Sec. 28. Section 79-9,117, Revised Statutes Cumulative Supplement,
9 2020, is amended to read:

10 79-9,117 (1) Until September 1, 2024, the ~~The~~ board of trustees, and
11 beginning September 1, 2024, the retirement board, shall establish a
12 comprehensive preretirement planning program for school employees who are
13 members of the retirement system. The program shall provide information
14 and advice regarding the many changes employees face upon retirement,
15 including, but not limited to, changes in physical and mental health,
16 housing, family life, leisure activity, and retirement income.

17 (2) The preretirement planning program shall be available to all
18 employees who have attained the age of fifty years or are within five
19 years of qualifying for retirement or early retirement under their
20 retirement systems.

21 (3) The preretirement planning program shall include information on
22 the federal and state income tax consequences of the various annuity or
23 retirement benefit options available to the employee, information on
24 social security benefits, information on various local, state, and
25 federal government programs and programs in the private sector designed
26 to assist elderly persons, and information and advice the board of
27 trustees or retirement board deems valuable in assisting employees in the
28 transition from public employment to retirement.

29 (4) The board of trustees or retirement board shall work with any
30 governmental agency, including political subdivisions or bodies whose
31 services or expertise may enhance the development or implementation of

1 the preretirement planning program.

2 (5) The costs of the preretirement planning program shall be charged
3 back to the retirement system.

4 (6) The employer shall provide each eligible employee leave with pay
5 to attend up to two preretirement planning programs. For purposes of this
6 subsection, leave with pay means a day off paid by the employer and does
7 not mean vacation, sick, personal, or compensatory time. An employee may
8 choose to attend a program more than twice, but such leave shall be at
9 the expense of the employee and shall be at the discretion of the
10 employer. An eligible employee shall not be entitled to attend more than
11 one preretirement planning program per fiscal year prior to actual
12 election of retirement.

13 (7) A nominal registration fee may be charged each person attending
14 a preretirement planning program to cover the costs for meals, meeting
15 rooms, or other expenses incurred under such program.

16 Sec. 29. Section 79-9,122, Revised Statutes Cumulative Supplement,
17 2020, is amended to read:

18 79-9,122 (1) The Class V School Employees Retirement System
19 Management Work Plan Fund is created. The purpose of the fund is to
20 transfer funds as specified in this section. The fund shall consist of
21 the amounts transferred from the employer of any Class V school employees
22 retirement system established under the Class V School Employees
23 Retirement Act ~~and which existed on January 1, 2019,~~ for all work
24 performed by the Public Employees Retirement Board for services and
25 related expenses in completion of the work described in section 79-9,121
26 and section 10 of this act. The fund shall be administered by the
27 Nebraska Public Employees Retirement Systems. Any money in the fund
28 available for investment shall be invested by the state investment
29 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
30 State Funds Investment Act.

31 (2) The employer of any Class V school employees retirement system

1 established under the Class V School Employees Retirement Act ~~and which~~
2 ~~existed on January 1, 2019,~~ shall remit the payments ~~payment~~ described in
3 subsection (3) of section 79-9,121 and subsection (3) of section 10 of
4 this act to the State Treasurer for credit to the Class V School
5 Employees Retirement System Management Work Plan Fund for all work
6 performed by the Public Employees Retirement Board for services and
7 related expenses in completion of the work plan and the transfer of
8 management of the retirement system to the retirement board.

9 Sec. 30. Section 79-9,123, Revised Statutes Cumulative Supplement,
10 2020, is amended to read:

11 79-9,123 (1) The administrator and board of trustees of any Class V
12 school employees retirement system established under the Class V School
13 Employees Retirement Act and which existed on January 1, 2019, may
14 quarterly bill the employer of such Class V school employees retirement
15 system for all work performed and expenses incurred by the administrator,
16 staff, and any consultants of the Class V school employees retirement
17 system in response to requests for records, documents, data, or other
18 information from the Nebraska Public Employees Retirement Systems or the
19 Public Employees Retirement Board in completion of the work plan
20 described in section 79-9,121.

21 (2) The administrator and board of trustees of any Class V school
22 employees retirement system established under the Class V School
23 Employees Retirement Act may bill the employer of such Class V school
24 employees retirement system quarterly for all work performed and expenses
25 incurred by the administrator, staff, and any consultants of the Class V
26 school employees retirement system for the transition and transfer of
27 administration and management of such retirement system to the Public
28 Employees Retirement Board as described in section 10 of this act.

29 (3) The ~~Such~~ employer of a Class V school employees retirement
30 system described in this section shall remit payment within forty-five
31 calendar days after receipt of each quarterly bill to such Class V school

1 employees retirement system.

2 Sec. 31. Section 84-712.05, Revised Statutes Cumulative Supplement,
3 2020, is amended to read:

4 84-712.05 The following records, unless publicly disclosed in an
5 open court, open administrative proceeding, or open meeting or disclosed
6 by a public entity pursuant to its duties, may be withheld from the
7 public by the lawful custodian of the records:

8 (1) Personal information in records regarding a student, prospective
9 student, or former student of any educational institution or exempt
10 school that has effectuated an election not to meet state approval or
11 accreditation requirements pursuant to section 79-1601 when such records
12 are maintained by and in the possession of a public entity, other than
13 routine directory information specified and made public consistent with
14 20 U.S.C. 1232g, as such section existed on February 1, 2013, and
15 regulations adopted thereunder;

16 (2) Medical records, other than records of births and deaths and
17 except as provided in subdivision (5) of this section, in any form
18 concerning any person; records of elections filed under section 44-2821;
19 and patient safety work product under the Patient Safety Improvement Act;

20 (3) Trade secrets, academic and scientific research work which is in
21 progress and unpublished, and other proprietary or commercial information
22 which if released would give advantage to business competitors and serve
23 no public purpose;

24 (4) Records which represent the work product of an attorney and the
25 public body involved which are related to preparation for litigation,
26 labor negotiations, or claims made by or against the public body or which
27 are confidential communications as defined in section 27-503;

28 (5) Records developed or received by law enforcement agencies and
29 other public bodies charged with duties of investigation or examination
30 of persons, institutions, or businesses, when the records constitute a
31 part of the examination, investigation, intelligence information, citizen

1 complaints or inquiries, informant identification, or strategic or
2 tactical information used in law enforcement training, except that this
3 subdivision shall not apply to records so developed or received:

4 (a) Relating to the presence of and amount or concentration of
5 alcohol or drugs in any body fluid of any person; or

6 (b) Relating to the cause of or circumstances surrounding the death
7 of an employee arising from or related to his or her employment if, after
8 an investigation is concluded, a family member of the deceased employee
9 makes a request for access to or copies of such records. This subdivision
10 does not require access to or copies of informant identification, the
11 names or identifying information of citizens making complaints or
12 inquiries, other information which would compromise an ongoing criminal
13 investigation, or information which may be withheld from the public under
14 another provision of law. For purposes of this subdivision, family member
15 means a spouse, child, parent, sibling, grandchild, or grandparent by
16 blood, marriage, or adoption;

17 (6) Appraisals or appraisal information and negotiation records
18 concerning the purchase or sale, by a public body, of any interest in
19 real or personal property, prior to completion of the purchase or sale;

20 (7) Personal information in records regarding personnel of public
21 bodies other than salaries and routine directory information;

22 (8) Information solely pertaining to protection of the security of
23 public property and persons on or within public property, such as
24 specific, unique vulnerability assessments or specific, unique response
25 plans, either of which is intended to prevent or mitigate criminal acts
26 the public disclosure of which would create a substantial likelihood of
27 endangering public safety or property; computer or communications network
28 schema, passwords, and user identification names; guard schedules; lock
29 combinations; or public utility infrastructure specifications or design
30 drawings the public disclosure of which would create a substantial
31 likelihood of endangering public safety or property, unless otherwise

1 provided by state or federal law;

2 (9) Information that relates details of physical and cyber assets of
3 critical energy infrastructure or critical electric infrastructure,
4 including (a) specific engineering, vulnerability, or detailed design
5 information about proposed or existing critical energy infrastructure or
6 critical electric infrastructure that (i) relates details about the
7 production, generation, transportation, transmission, or distribution of
8 energy, (ii) could be useful to a person in planning an attack on such
9 critical infrastructure, and (iii) does not simply give the general
10 location of the critical infrastructure and (b) the identity of personnel
11 whose primary job function makes such personnel responsible for (i)
12 providing or granting individuals access to physical or cyber assets or
13 (ii) operating and maintaining physical or cyber assets, if a reasonable
14 person, knowledgeable of the electric utility or energy industry, would
15 conclude that the public disclosure of such identity could create a
16 substantial likelihood of risk to such physical or cyber assets.
17 Subdivision (9)(b) of this section shall not apply to the identity of a
18 chief executive officer, general manager, vice president, or board member
19 of a public entity that manages critical energy infrastructure or
20 critical electric infrastructure. The lawful custodian of the records
21 must provide a detailed job description for any personnel whose identity
22 is withheld pursuant to subdivision (9)(b) of this section. For purposes
23 of subdivision (9) of this section, critical energy infrastructure and
24 critical electric infrastructure mean existing and proposed systems and
25 assets, including a system or asset of the bulk-power system, whether
26 physical or virtual, the incapacity or destruction of which would
27 negatively affect security, economic security, public health or safety,
28 or any combination of such matters;

29 (10) The security standards, procedures, policies, plans,
30 specifications, diagrams, access lists, and other security-related
31 records of the Lottery Division of the Department of Revenue and those

1 persons or entities with which the division has entered into contractual
2 relationships. Nothing in this subdivision shall allow the division to
3 withhold from the public any information relating to amounts paid persons
4 or entities with which the division has entered into contractual
5 relationships, amounts of prizes paid, the name of the prize winner, and
6 the city, village, or county where the prize winner resides;

7 (11) With respect to public utilities and except as provided in
8 sections 43-512.06 and 70-101, personally identified private citizen
9 account payment and customer use information, credit information on
10 others supplied in confidence, and customer lists;

11 (12) Records or portions of records kept by a publicly funded
12 library which, when examined with or without other records, reveal the
13 identity of any library patron using the library's materials or services;

14 (13) Correspondence, memoranda, and records of telephone calls
15 related to the performance of duties by a member of the Legislature in
16 whatever form. The lawful custodian of the correspondence, memoranda, and
17 records of telephone calls, upon approval of the Executive Board of the
18 Legislative Council, shall release the correspondence, memoranda, and
19 records of telephone calls which are not designated as sensitive or
20 confidential in nature to any person performing an audit of the
21 Legislature. A member's correspondence, memoranda, and records of
22 confidential telephone calls related to the performance of his or her
23 legislative duties shall only be released to any other person with the
24 explicit approval of the member;

25 (14) Records or portions of records kept by public bodies which
26 would reveal the location, character, or ownership of any known
27 archaeological, historical, or paleontological site in Nebraska when
28 necessary to protect the site from a reasonably held fear of theft,
29 vandalism, or trespass. This section shall not apply to the release of
30 information for the purpose of scholarly research, examination by other
31 public bodies for the protection of the resource or by recognized tribes,

1 the Unmarked Human Burial Sites and Skeletal Remains Protection Act, or
2 the federal Native American Graves Protection and Repatriation Act;

3 (15) Records or portions of records kept by public bodies which
4 maintain collections of archaeological, historical, or paleontological
5 significance which reveal the names and addresses of donors of such
6 articles of archaeological, historical, or paleontological significance
7 unless the donor approves disclosure, except as the records or portions
8 thereof may be needed to carry out the purposes of the Unmarked Human
9 Burial Sites and Skeletal Remains Protection Act or the federal Native
10 American Graves Protection and Repatriation Act;

11 (16) Library, archive, and museum materials acquired from
12 nongovernmental entities and preserved solely for reference, research, or
13 exhibition purposes, for the duration specified in subdivision (16)(b) of
14 this section, if:

15 (a) Such materials are received by the public custodian as a gift,
16 purchase, bequest, or transfer; and

17 (b) The donor, seller, testator, or transferor conditions such gift,
18 purchase, bequest, or transfer on the materials being kept confidential
19 for a specified period of time;

20 (17) Job application materials submitted by applicants, other than
21 finalists or a priority candidate for a position described in section
22 85-106.06 selected using the enhanced public scrutiny process in section
23 85-106.06, who have applied for employment by any public body as defined
24 in section 84-1409. For purposes of this subdivision, (a) job application
25 materials means employment applications, resumes, reference letters, and
26 school transcripts and (b) finalist means any applicant who is not an
27 applicant for a position described in section 85-106.06 and (i) who
28 reaches the final pool of applicants, numbering four or more, from which
29 the successful applicant is to be selected, (ii) who is an original
30 applicant when the final pool of applicants numbers less than four, or
31 (iii) who is an original applicant and there are four or fewer original

1 applicants;

2 (18)(a) Records obtained by the Public Employees Retirement Board
3 pursuant to section 84-1512 and (b) records maintained by the board of
4 education of a Class V school district and obtained by the board of
5 trustees or the Public Employees Retirement Board for the administration
6 of a retirement system provided for under the Class V School Employees
7 Retirement Act pursuant to section 79-989;

8 (19) Social security numbers; credit card, charge card, or debit
9 card numbers and expiration dates; and financial account numbers supplied
10 to state and local governments by citizens;

11 (20) Information exchanged between a jurisdictional utility and city
12 pursuant to section 66-1867;

13 (21) Draft records obtained by the Nebraska Retirement Systems
14 Committee of the Legislature and the Governor from Nebraska Public
15 Employees Retirement Systems pursuant to subsection (4) of section
16 84-1503;

17 (22) All prescription drug information submitted pursuant to section
18 71-2454, all data contained in the prescription drug monitoring system,
19 and any report obtained from data contained in the prescription drug
20 monitoring system; and

21 (23) Information obtained by any government entity, whether federal,
22 state, county, or local, regarding firearm registration, possession,
23 sale, or use that is obtained for purposes of an application permitted or
24 required by law or contained in a permit or license issued by such
25 entity. Such information shall be available upon request to any federal,
26 state, county, or local law enforcement agency.

27 Sec. 32. Section 84-1501, Revised Statutes Cumulative Supplement,
28 2020, is amended to read:

29 84-1501 (1) The Public Employees Retirement Board is hereby
30 established.

31 (2)(a) The board shall consist of eight appointed members until

1 September 1, 2024, and nine appointed members beginning September 1,
2 2024, as described in this subsection, and the state investment officer
3 as a nonvoting, ex officio member. Six of the appointed members until
4 September 1, 2024, and seven of the appointed members beginning September
5 1, 2024, shall be active or retired participants in the retirement
6 systems administered by the board, and two of the appointed members (i)
7 shall not be employees of the State of Nebraska or any of its political
8 subdivisions and (ii) shall have at least ten years of experience in the
9 management of a public or private organization or have at least five
10 years of experience in the field of actuarial analysis or the
11 administration of an employee benefit plan.

12 (b) The ~~six~~ appointed members who are participants in the systems
13 shall be as follows:

14 (i) Two of the appointed members shall be participants in the School
15 Employees Retirement System of the State of Nebraska and shall include
16 one administrator and one teacher;

17 (ii) One of the appointed members shall be a participant in the
18 Nebraska Judges Retirement System as provided in the Judges Retirement
19 Act;

20 (iii) One of the appointed members shall be a participant in the
21 Nebraska State Patrol Retirement System;

22 (iv) One of the appointed members shall be a participant in the
23 Retirement System for Nebraska Counties; ~~and~~

24 (v) One of the appointed members shall be a participant in the State
25 Employees Retirement System of the State of Nebraska; ~~and~~ -

26 (vi) Beginning September 1, 2024, one of the appointed members shall
27 be a participant in a retirement system established under the Class V
28 School Employees Retirement Act.

29 (c) Appointments to the board shall be made by the Governor and
30 shall be subject to the approval of the Legislature. All appointed
31 members shall be citizens of the State of Nebraska.

1 (3)(a) Except as otherwise provided in this subsection, all members
2 shall serve for terms of five years or until a successor has been
3 appointed and qualified. The terms shall begin on January 1 of the
4 appropriate year.

5 (b) To ensure an experienced and knowledgeable board, the terms of
6 the appointed members shall be staggered as follows:

7 (i) One of the two members described in subdivisions (2)(a)(i) and
8 (ii) of this section shall be appointed to serve for a five-year term
9 which begins in 2017;

10 (ii) One of the two members described in subdivisions (2)(a)(i) and
11 (ii) of this section shall be appointed to serve for a five-year term
12 which begins in 2018;

13 (iii) The participant in the School Employees Retirement System of
14 the State of Nebraska who is a teacher shall be appointed for a five-year
15 term which begins in 2019;

16 (iv) The participant in the School Employees Retirement System of
17 the State of Nebraska who is an administrator and the participant in the
18 State Employees Retirement System of the State of Nebraska shall be
19 appointed for a five-year term which begins in 2020;

20 (v) The participant in the Retirement System for Nebraska Counties
21 and the participant in the Nebraska Judges Retirement System shall be
22 appointed to serve for a five-year term which begins in 2021;~~and~~

23 (vi) The participant in the Nebraska State Patrol Retirement System
24 shall be appointed to serve for a three-year term which begins in 2020,
25 and his or her successor shall be appointed to serve for a five-year term
26 which begins in 2023; and -

27 (vii) The participant in a retirement system established under the
28 Class V School Employees Retirement Act shall be appointed to serve for a
29 fifty-two month term which begins September 1, 2024, and his or her
30 successor shall be appointed to serve for a five-year term which begins
31 in 2029.

1 (4) In the event of a vacancy in office, the Governor shall appoint
2 a person to serve the unexpired portion of the term subject to the
3 approval of the Legislature.

4 (5) The appointed members of the board may be removed by the
5 Governor for cause after notice and an opportunity to be heard.

6 Sec. 33. Section 84-1503, Revised Statutes Cumulative Supplement,
7 2020, is amended to read:

8 84-1503 (1) It shall be the duty of the Public Employees Retirement
9 Board:

10 (a) To administer the retirement systems provided for in the County
11 Employees Retirement Act, the Judges Retirement Act, the Nebraska State
12 Patrol Retirement Act, the School Employees Retirement Act, ~~and~~ the State
13 Employees Retirement Act, and beginning September 1, 2024, the Class V
14 School Employees Retirement Act. The agency for the administration of the
15 retirement systems and under the direction of the board shall be known
16 and may be cited as the Nebraska Public Employees Retirement Systems;

17 (b) To appoint a director to administer the systems under the
18 direction of the board. The appointment shall be subject to the approval
19 of the Governor and a majority of the Legislature. The director shall be
20 qualified by training and have at least five years of experience in the
21 administration of a qualified public or private employee retirement plan.
22 The director shall not be a member of the board. The salary of the
23 director shall be set by the board. The director shall serve without term
24 and may be removed by the board;

25 (c) To provide for an equitable allocation of expenses among the
26 retirement systems administered by the board, and all expenses shall be
27 provided from the investment income earned by the various retirement
28 funds unless alternative sources of funds to pay expenses are specified
29 by law;

30 (d) To administer the deferred compensation program authorized in
31 section 84-1504;

1 (e) To hire an attorney, admitted to the Nebraska State Bar
2 Association, to advise the board in the administration of the retirement
3 systems listed in subdivision (a) of this subsection;

4 (f) To hire an internal auditor to perform the duties described in
5 section 84-1503.04 who meets the minimum standards as described in
6 section 84-304.03;

7 (g) To adopt and implement procedures for reporting information by
8 employers, as well as testing and monitoring procedures in order to
9 verify the accuracy of such information. The information necessary to
10 determine membership shall be provided by the employer. The board may
11 adopt and promulgate rules and regulations and prescribe such forms
12 necessary to carry out this subdivision. Nothing in this subdivision
13 shall be construed to require the board to conduct onsite audits of
14 political subdivisions for compliance with statutes, rules, and
15 regulations governing the retirement systems listed in subdivision (1)(a)
16 of this section regarding membership and contributions; and

17 (h) To prescribe and furnish forms for the public retirement system
18 plan reports required to be filed pursuant to sections 2-3228, 12-101,
19 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037, 19-3501, 23-1118,
20 23-3526, 71-1631.02, and 79-987 through December 31, 2017.

21 (2) In administering the retirement systems listed in subdivision
22 (1)(a) of this section, it shall be the duty of the board:

23 (a) To determine, based on information provided by the employer, the
24 prior service annuity, if any, for each person who is an employee of the
25 county on the date of adoption of the retirement system;

26 (b) To determine the eligibility of an individual to be a member of
27 the retirement system and other questions of fact in the event of a
28 dispute between an individual and the individual's employer;

29 (c) To adopt and promulgate rules and regulations, as the board may
30 deem necessary, for the management of the board;

31 (d) To keep a complete record of all proceedings taken at any

1 meeting of the board;

2 (e) To obtain, by a competitive, formal, and sealed bidding process
3 through the materiel division of the Department of Administrative
4 Services, actuarial services on behalf of the State of Nebraska as may be
5 necessary in the administration and development of the retirement
6 systems, including, but not limited to, preparation of an annual
7 actuarial valuation report of each of the defined benefit and cash
8 balance plans administered by the board. Such annual valuation reports
9 shall be presented by the actuary to the Nebraska Retirement Systems
10 Committee of the Legislature at a public hearing or hearings. Any
11 contract for actuarial services shall contain a provision allowing the
12 actuary, without prior approval of the board, to perform actuarial
13 studies of the systems as requested by entities other than the board, if
14 notice, which does not identify the entity or substance of the request,
15 is given to the board, all costs are paid by the requesting entity,
16 results are provided to the board, the Nebraska Retirement Systems
17 Committee of the Legislature, and the Legislative Fiscal Analyst upon
18 being made public, and such actuarial studies do not interfere with the
19 actuary's ongoing responsibility to the board. The term of the contract
20 shall be for up to three years. A competitive, formal, and sealed bidding
21 process shall be completed at least once every three years, unless the
22 board determines that such a process would not be cost effective under
23 the circumstances and that the actuarial services performed have been
24 satisfactory, in which case the contract may also contain an option for
25 renewal without a competitive, formal, and sealed bidding process for up
26 to two additional three-year periods. An actuary under contract for the
27 State of Nebraska shall be a member of the American Academy of Actuaries
28 and meet the academy's qualification standards to render a statement of
29 actuarial opinion;

30 (f) To direct the State Treasurer to transfer funds, as an expense
31 of the retirement systems, to the Legislative Council Retirement Study

1 Fund. Such transfer shall occur beginning on or after July 1, 2005, and
2 at intervals of not less than five years and not more than fifteen years
3 and shall be in such amounts as the Legislature shall direct;

4 (g) To adopt and promulgate rules and regulations, as the board may
5 deem necessary, to carry out the provisions of each retirement system
6 described in subdivision (1)(a) of this section, which includes, but is
7 not limited to, the crediting of military service, direct rollover
8 distributions, and the acceptance of rollovers;

9 (h) To obtain auditing services for a separate compliance audit of
10 the retirement systems to be completed by December 31, 2020, and from
11 time to time thereafter at the request of the Nebraska Retirement Systems
12 Committee of the Legislature, to be completed not more than every four
13 years but not less than every ten years. The compliance audit shall be in
14 addition to the annual audit conducted by the Auditor of Public Accounts.
15 The compliance audit shall include, but not be limited to, an examination
16 of records, files, and other documents and an evaluation of all policies
17 and procedures to determine compliance with all state and federal laws. A
18 copy of the compliance audit shall be given to the Governor, the board,
19 and the Nebraska Retirement Systems Committee of the Legislature and
20 shall be presented to the committee at a public hearing;

21 (i) To adopt and promulgate rules and regulations, as the board may
22 deem necessary, for the adjustment of contributions or benefits, which
23 includes, but is not limited to: (i) The procedures for refunding
24 contributions, adjusting future contributions or benefit payments, and
25 requiring additional contributions or repayment of benefits; (ii) the
26 process for a member, member's beneficiary, employee, or employer to
27 dispute an adjustment to contributions or benefits; (iii) establishing
28 materiality and de minimus amounts for agency transactions, adjustments,
29 and inactive account closures; and (iv) notice provided to all affected
30 persons. Following an adjustment, a timely notice shall be sent that
31 describes the adjustment and the process for disputing an adjustment to

1 contributions or benefits;

2 (j)(i) To amend the deferred compensation plan to require that in
3 the event of a member's death, except as provided in section 42-1107, the
4 death benefit shall be paid to the following, in order of priority:

5 (A) To the member's surviving designated beneficiary on file with
6 the board;

7 (B) To the spouse married to the member on the member's date of
8 death if there is no surviving designated beneficiary on file with the
9 board; or

10 (C) To the member's estate if the member is not married on the
11 member's date of death and there is no surviving designated beneficiary
12 on file with the board; and

13 (ii) The priority designations described in subdivision (2)(j)(i) of
14 this section shall not apply if the member has retired under a joint and
15 survivor benefit option;

16 (k) To make a thorough investigation through the director or the
17 director's designee, of any overpayment of a benefit, when in the
18 judgment of the director such investigation is necessary, including, but
19 not limited to, circumstances in which benefit payments are made after
20 the death of a member or beneficiary and the retirement system is not
21 made aware of such member's or beneficiary's death. In connection with
22 any such investigation, the board, through the director or the director's
23 designee, shall have the power to compel the attendance of witnesses and
24 the production of books, papers, records, and documents, whether in
25 hardcopy, electronic form, or otherwise, and issue subpoenas for such
26 purposes. Such subpoenas shall be served in the same manner and have the
27 same effect as subpoenas from district courts; and

28 (l) To administer all retirement system plans in a manner which will
29 maintain each plan's status as a qualified plan pursuant to the Internal
30 Revenue Code, as defined in section 49-801.01, including: Section 401(a)
31 (9) of the Internal Revenue Code relating to the time and manner in which

1 benefits are required to be distributed, including the incidental death
2 benefit distribution requirement of section 401(a)(9)(G) of the Internal
3 Revenue Code; section 401(a)(25) of the Internal Revenue Code relating to
4 the specification of actuarial assumptions; section 401(a)(31) of the
5 Internal Revenue Code relating to direct rollover distributions from
6 eligible retirement plans; section 401(a)(37) of the Internal Revenue
7 Code relating to the death benefit of a member whose death occurs while
8 performing qualified military service; and section 401(a) of the Internal
9 Revenue Code by meeting the requirements of section 414(d) of the
10 Internal Revenue Code relating to the establishment of retirement plans
11 for governmental employees of a state or political subdivision thereof.
12 The board may adopt and promulgate rules and regulations necessary or
13 appropriate to maintain such status including, but not limited to, rules
14 or regulations which restrict discretionary or optional contributions to
15 a plan or which limit distributions from a plan.

16 (3) By March 31 of each year prior to 2020, and by April 10 of each
17 year beginning in 2020, the board shall prepare a written plan of action
18 and shall present such plan to the Nebraska Retirement Systems Committee
19 of the Legislature at a public hearing. The plan shall include, but not
20 be limited to, the board's funding policy, the administrative costs and
21 other fees associated with each fund and plan overseen by the board,
22 member education and informational programs, the director's duties and
23 limitations, an organizational structure of the office of the Nebraska
24 Public Employees Retirement Systems, and the internal control structure
25 of such office to ensure compliance with state and federal laws.

26 (4)(a) Beginning in 2016, and at least every four years thereafter
27 in even-numbered years or at the request of the Nebraska Retirement
28 Systems Committee of the Legislature, the board shall obtain an
29 experience study. Within thirty business days after presentation of the
30 experience study to the board, the actuary shall present the study to the
31 Nebraska Retirement Systems Committee at a public hearing. If the board

1 does not adopt all of the recommendations in the experience study, the
2 board shall provide a written explanation of its decision to the Nebraska
3 Retirement Systems Committee and the Governor. The explanation shall be
4 delivered within ten business days after formal action by the board to
5 not adopt one or more of the recommendations.

6 (b) The director shall provide an electronic copy of the first draft
7 and a final draft of the experience study and annual valuation reports to
8 the Nebraska Retirement Systems Committee and the Governor when the
9 director receives the drafts from the actuary. The drafts shall be deemed
10 confidential information. The draft copies obtained by the Nebraska
11 Retirement Systems Committee and the Governor pursuant to this section
12 shall not be considered public records subject to sections 84-712 to
13 84-712.09.

14 (c) For purposes of this subsection, business days shall be computed
15 by excluding the day the request is received, after which the designated
16 period of time begins to run. A business day shall not include a Saturday
17 or a Sunday or a day during which the Nebraska Public Employees
18 Retirement Systems office is closed.

19 (5) It shall be the duty of the board to direct the State Treasurer
20 to transfer funds, as an expense of the retirement system provided for
21 under the Class V School Employees Retirement Act, to and from the Class
22 V Retirement System Payment Processing Fund and the Class V School
23 Employees Retirement Fund for the benefit of a retirement system provided
24 for under the Class V School Employees Retirement Act to implement the
25 provisions of section 79-986. The agency for the administration of this
26 provision and under the direction of the board shall be known and may be
27 cited as the Nebraska Public Employees Retirement Systems.

28 (6) Pursuant to section 79-9,121, it shall be the duty of the board
29 to carry out the work plan, file the report, and contract with, bill, and
30 receive payment from the employer of any Class V school employees
31 retirement system established under the Class V School Employees

1 Retirement Act and which existed on January 1, 2019, for all services
2 performed in the conduct, completion, and report of such work plan
3 regarding the transfer of management of any such Class V school employees
4 retirement system.

5 (7) Pursuant to section 10 of this act, it shall be the duty of the
6 board to enter and carry out the plan for the transfer and transition of
7 the management and administration of any Class V school employees
8 retirement system established under the Class V School Employees
9 Retirement Act and to contract with, provide service to, and bill and
10 receive payment from the employer of any such retirement system for the
11 costs and expenses of the board in carrying out the plan and the transfer
12 of the management and administration of the Class V school employees
13 retirement system to the board.

14 Sec. 34. If any section in this act or any part of any section is
15 declared invalid or unconstitutional, the declaration shall not affect
16 the validity or constitutionality of the remaining portions.

17 Sec. 35. Original section 72-1249.02, Reissue Revised Statutes of
18 Nebraska, and sections 79-978, 79-978.01, 79-980, 79-981, 79-982,
19 79-982.01, 79-982.02, 79-983, 79-984, 79-985, 79-989, 79-990, 79-991,
20 79-992, 79-992.01, 79-992.02, 79-998, 79-9,102, 79-9,103, 79-9,105,
21 79-9,107, 79-9,108, 79-9,113, 79-9,115, 79-9,117, 79-9,122, 79-9,123,
22 84-712.05, 84-1501, and 84-1503, Revised Statutes Cumulative Supplement,
23 2020, are repealed.

24 Sec. 36. Since an emergency exists, this act takes effect when
25 passed and approved according to law.