

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 415

FINAL READING

Introduced by Kolterman, 24.

Read first time January 13, 2017

Committee: Nebraska Retirement Systems

1 A BILL FOR AN ACT relating to retirement; to amend sections 23-2308.01,
2 23-2315.01, 23-2323.01, 23-2334, 24-701, 24-708, 24-710.01,
3 24-710.04, 24-710.15, 79-921, 79-926, 79-933.08, 79-951, 79-958,
4 81-2025, 81-2034, 84-1301, 84-1309.02, 84-1319, 84-1323.01, and
5 84-1325, Reissue Revised Statutes of Nebraska, and sections 2-3228,
6 12-101, 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037,
7 19-3501, 23-1118, 23-2301, 23-2317, 23-3526, 71-1631.02, 79-902,
8 79-904.01, 79-931, 79-934, 79-954, 79-978, 79-978.01, 79-987,
9 79-992, 79-9,100.01, 79-9,105, 81-2014, 84-304, 84-304.02, and
10 84-1503, Revised Statutes Cumulative Supplement, 2016; to change
11 duties and provisions relating to annual reporting requirements for
12 certain retirement plans as prescribed; to define and redefine
13 terms; to provide and change duties for the Auditor of Public
14 Accounts and the Public Employees Retirement Board; to change
15 disability retirement application and medical examination provisions
16 as prescribed; to eliminate a requirement to provide tax information
17 to county and state employees; to change provisions relating to
18 authorized benefit elections, actuarial assumptions, military
19 service credit, prior service retirement benefit payments, purchase
20 of service credit for certain school employees, and retirement
21 application timeframes for judges and state patrol officers as
22 prescribed; to change notification requirements and provide a duty

1 for certification; to change certain annuity and disability benefit
2 provisions; to provide duties for certain school districts; to
3 provide penalties as prescribed; to eliminate obsolete provisions;
4 to harmonize provisions; to provide severability; to repeal the
5 original sections; to outright repeal sections 79-918 and 79-923,
6 Reissue Revised Statutes of Nebraska; and to declare an emergency.
7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 2-3228, Revised Statutes Cumulative Supplement,
2 2016, is amended to read:

3 2-3228 (1) Each district shall have the power and authority to:

4 (a) Receive and accept donations, gifts, grants, bequests,
5 appropriations, or other contributions in money, services, materials, or
6 otherwise from the United States or any of its agencies, from the state
7 or any of its agencies or political subdivisions, or from any person as
8 defined in section 49-801 and use or expend all such contributions in
9 carrying on its operations;

10 (b) Establish advisory groups by appointing persons within the
11 district, pay necessary and proper expenses of such groups as the board
12 shall determine, and dissolve such groups;

13 (c) Employ such persons as are necessary to carry out its authorized
14 purposes and, in addition to other compensation provided, establish and
15 fund a pension plan designed and intended for the benefit of all
16 permanent full-time employees of the district. Any recognized method of
17 funding a pension plan may be employed. Employee contributions shall be
18 required to fund at least fifty percent of the benefits, and past service
19 benefits may be included. The district shall pay all costs of any such
20 past service benefits, which may be retroactive to July 1, 1972, and the
21 plan may be integrated with old age and survivors' insurance, generally
22 known as social security. A uniform pension plan, including the method
23 for jointly funding such plan, shall be established for all districts in
24 the state. A district may elect not to participate in such a plan but
25 shall not establish an independent plan;

26 (d) Purchase liability, property damage, workers' compensation, and
27 other types of insurance as in the judgment of the board are necessary to
28 protect the assets of the district;

29 (e) Borrow money to carry out its authorized purposes;

30 (f) Adopt and promulgate rules and regulations to carry out its
31 authorized purposes; and

1 (g) Invite the local governing body of any municipality or county to
2 designate a representative to advise and counsel with the board on
3 programs and policies that may affect the property, water supply, or
4 other interests of such municipality or county.

5 (2) ~~(2)(a)~~ Beginning December 31, 1998, through ~~and each~~ December
6 31, 2017:

7 (a) ~~The thereafter,~~ the Nebraska Association of Resources Districts
8 as organized under the Interlocal Cooperation Act shall file with the
9 Public Employees Retirement Board an annual report on each retirement
10 plan established pursuant to this section and section 401(a) of the
11 Internal Revenue Code and shall submit copies of such report to the
12 Auditor of Public Accounts. The Auditor of Public Accounts may prepare a
13 review of such report pursuant to section 84-304.02 but is not required
14 to do so. The annual report shall be in a form prescribed by the Public
15 Employees Retirement Board and shall contain the following information
16 for each such retirement plan:

- 17 (i) The number of persons participating in the retirement plan;
- 18 (ii) The contribution rates of participants in the plan;
- 19 (iii) Plan assets and liabilities;
- 20 (iv) The names and positions of persons administering the plan;
- 21 (v) The names and positions of persons investing plan assets;
- 22 (vi) The form and nature of investments;
- 23 (vii) For each defined contribution plan, a full description of
24 investment policies and options available to plan participants; and
- 25 (viii) For each defined benefit plan, the levels of benefits of
26 participants in the plan, the number of members who are eligible for a
27 benefit, and the total present value of such members' benefits, as well
28 as the funding sources which will pay for such benefits.

29 If a plan contains no current active participants, the association
30 may file in place of such report a statement with the Public Employees
31 Retirement Board indicating the number of retirees still drawing

1 benefits, and the sources and amount of funding for such benefits; and -

2 (b) If such retirement plan is a defined benefit plan which was open
3 to new members on January 1, 2004, in addition to the reports required by
4 section 13-2402, the association shall cause to be prepared an annual
5 report and shall file the same with the Public Employees Retirement Board
6 and the Nebraska Retirement Systems Committee of the Legislature and
7 submit to the Auditor of Public Accounts a copy of such report. The
8 Auditor of Public Accounts may prepare a review of such report pursuant
9 to section 84-304.02 but is not required to do so. If the association
10 does not submit a copy of the report to the Auditor of Public Accounts
11 within six months after the end of the plan year, the Auditor of Public
12 Accounts may audit, or cause to be audited, the association. All costs of
13 the audit shall be paid by the association. The report shall consist of a
14 full actuarial analysis of each such retirement plan established pursuant
15 to this section. The analysis shall be prepared by an independent private
16 organization or public entity employing actuaries who are members in good
17 standing of the American Academy of Actuaries, and which organization or
18 entity has demonstrated expertise to perform this type of analysis and is
19 unrelated to any organization offering investment advice or which
20 provides investment management services to the retirement plan. The
21 report to the Nebraska Retirement Systems Committee shall be submitted
22 electronically.

23 Sec. 2. Section 12-101, Revised Statutes Cumulative Supplement,
24 2016, is amended to read:

25 12-101 (1) The cemetery in Lincoln, Nebraska, known as Wyuka
26 Cemetery, is hereby declared to be a public charitable corporation. The
27 general control and management of the affairs of such cemetery shall be
28 vested in a board of three trustees until July 1, 2009, and thereafter
29 shall be vested in a board of five trustees. The trustees shall serve
30 without compensation and shall be a body corporate to be known as Wyuka
31 Cemetery, with power to sue and be sued, to contract and to be contracted

1 with, and to acquire, hold, and convey both real and personal property
2 for all purposes consistent with the provisions of sections 12-101 to
3 12-105, and shall have the power of eminent domain to be exercised in the
4 manner provided in section 12-201.

5 (2) The trustees of Wyuka Cemetery shall have the power, by
6 resolution duly adopted by a majority vote, to authorize one of their
7 number to sign a petition for paving, repaving, curbing, recurbing,
8 grading, changing grading, guttering, resurfacing, relaying existing
9 pavement, or otherwise improving any street, streets, alley, alleys, or
10 public ways or grounds abutting cemetery property. When such improvements
11 have been ordered, the trustees shall pay, from funds of the cemetery,
12 such special taxes or assessments as may be properly determined.

13 (3) The trustees of Wyuka Cemetery shall be appointed by the
14 Governor of the State of Nebraska at the expiration of each trustee's
15 term of office. The two trustees appointed for their initial terms of
16 office beginning July 1, 2009, shall be appointed by the Governor to
17 serve a five-year term and a six-year term, respectively. Thereafter,
18 each of the five trustees shall be appointed by the Governor for a term
19 of six years. In the event of a vacancy occurring among the members of
20 the board, the vacancy shall be filled by appointment by the Governor,
21 and such appointment shall continue for the unexpired term.

22 (4) The board of trustees of Wyuka Cemetery shall file with the
23 Auditor of Public Accounts, on or before the second Tuesday in June of
24 each year, an itemized report of all the receipts and expenditures in
25 connection with its management and control of the cemetery.

26 (5) The trustees of Wyuka Cemetery shall have the power to provide,
27 in their discretion, retirement benefits for present and future employees
28 of the cemetery, and to establish, participate in, and administer plans
29 for the benefit of its employees or its employees and their dependents,
30 which may provide disability, hospitalization, medical, surgical,
31 accident, sickness and life insurance coverage, or any one or more

1 coverages, and which shall be purchased from a corporation or
2 corporations authorized and licensed by the Department of Insurance.

3 (6) ~~(6)(a)~~ Beginning December 31, 1998, through ~~and each~~ December
4 31, 2017:

5 (a) The ~~thereafter,~~ the trustees shall file with the Public
6 Employees Retirement Board an annual report on each retirement plan
7 established pursuant to this section and section 401(a) of the Internal
8 Revenue Code and shall submit copies of such report to the Auditor of
9 Public Accounts. The Auditor of Public Accounts may prepare a review of
10 such report pursuant to section 84-304.02 but is not required to do so.
11 The annual report shall be in a form prescribed by the Public Employees
12 Retirement Board and shall contain the following information for each
13 such retirement plan:

- 14 (i) The number of persons participating in the retirement plan;
15 (ii) The contribution rates of participants in the plan;
16 (iii) Plan assets and liabilities;
17 (iv) The names and positions of persons administering the plan;
18 (v) The names and positions of persons investing plan assets;
19 (vi) The form and nature of investments;
20 (vii) For each defined contribution plan, a full description of
21 investment policies and options available to plan participants; and
22 (viii) For each defined benefit plan, the levels of benefits of
23 participants in the plan, the number of members who are eligible for a
24 benefit, and the total present value of such members' benefits, as well
25 as the funding sources which will pay for such benefits.

26 If a plan contains no current active participants, the trustees may
27 file in place of such report a statement with the Public Employees
28 Retirement Board indicating the number of retirees still drawing
29 benefits, and the sources and amount of funding for such benefits; and -

30 (b) If such retirement plan is a defined benefit plan which was open
31 to new members on January 1, 2004, in addition to the reports required by

1 section 13-2402, the trustees shall cause to be prepared an annual report
2 and shall file the same with the Public Employees Retirement Board and
3 the Nebraska Retirement Systems Committee of the Legislature and submit
4 to the Auditor of Public Accounts a copy of such report. The Auditor of
5 Public Accounts may prepare a review of such report pursuant to section
6 84-304.02 but is not required to do so. If the trustees do not submit a
7 copy of the report to the Auditor of Public Accounts within six months
8 after the end of the plan year, the Auditor of Public Accounts may audit,
9 or cause to be audited, Wyuka Cemetery. All costs of the audit shall be
10 paid by Wyuka Cemetery. The report shall consist of a full actuarial
11 analysis of each such retirement plan established pursuant to this
12 section. The analysis shall be prepared by an independent private
13 organization or public entity employing actuaries who are members in good
14 standing of the American Academy of Actuaries, and which organization or
15 entity has demonstrated expertise to perform this type of analysis and is
16 unrelated to any organization offering investment advice or which
17 provides investment management services to the retirement plan. The
18 report to the Nebraska Retirement Systems Committee shall be submitted
19 electronically.

20 Sec. 3. Section 14-567, Revised Statutes Cumulative Supplement,
21 2016, is amended to read:

22 14-567 (1) Beginning December 31, 1998, through ~~and each~~ December
23 31, 2017 ~~thereafter~~, the pension board of a city of the metropolitan
24 class shall file with the Public Employees Retirement Board an annual
25 report on each retirement plan established by such city pursuant to
26 section 401(a) of the Internal Revenue Code and shall submit copies of
27 such report to the Auditor of Public Accounts. The Auditor of Public
28 Accounts may prepare a review of such report pursuant to section
29 84-304.02 but is not required to do so. The annual report shall be in a
30 form prescribed by the Public Employees Retirement Board and shall
31 contain the following information for each such retirement plan:

- 1 (a) The number of persons participating in the retirement plan;
- 2 (b) The contribution rates of participants in the plan;
- 3 (c) Plan assets and liabilities;
- 4 (d) The names and positions of persons administering the plan;
- 5 (e) The names and positions of persons investing plan assets;
- 6 (f) The form and nature of investments;
- 7 (g) For each defined contribution plan, a full description of
- 8 investment policies and options available to plan participants; and
- 9 (h) For each defined benefit plan, the levels of benefits of
- 10 participants in the plan, the number of members who are eligible for a
- 11 benefit, and the total present value of such members' benefits, as well
- 12 as the funding sources which will pay for such benefits.

13 If a plan contains no current active participants, the pension board
14 may file in place of such report a statement with the Public Employees
15 Retirement Board indicating the number of retirees still drawing
16 benefits, and the sources and amount of funding for such benefits.

17 (2) Through December 31, 2017, if ~~If~~ such retirement plan is a
18 defined benefit plan which was open to new members on January 1, 2004, in
19 addition to the reports required by section 13-2402, the pension board of
20 a city of the metropolitan class shall cause to be prepared an annual
21 report and shall file the same with the Public Employees Retirement Board
22 and the Nebraska Retirement Systems Committee of the Legislature and
23 submit to the Auditor of Public Accounts a copy of such report. The
24 Auditor of Public Accounts may prepare a review of such report pursuant
25 to section 84-304.02 but is not required to do so. If the pension board
26 does not submit a copy of the report to the Auditor of Public Accounts
27 within six months after the end of the plan year, the Auditor of Public
28 Accounts may audit, or cause to be audited, the city. All costs of the
29 audit shall be paid by the city. The report shall consist of a full
30 actuarial analysis of each such retirement plan established by the city.
31 The analysis shall be prepared by an independent private organization or

1 public entity employing actuaries who are members in good standing of the
2 American Academy of Actuaries, and which organization or entity has
3 demonstrated expertise to perform this type of analysis and is unrelated
4 to any organization offering investment advice or which provides
5 investment management services to the retirement plan. The report to the
6 Nebraska Retirement Systems Committee shall be submitted electronically.

7 (3)(a) Beginning December 31, 2018, and each December 31 thereafter,
8 for a defined benefit plan the pension board or its designee shall
9 prepare and electronically file an annual report with the Auditor of
10 Public Accounts and the Nebraska Retirement Systems Committee of the
11 Legislature. If such retirement plan is a defined benefit plan which was
12 open to new members on January 1, 2004, the report shall be in addition
13 to the reports required by section 13-2402. The report shall be on a form
14 prescribed by the Auditor of Public Accounts and shall include, but not
15 be limited to, the following information:

16 (i) The levels of benefits of participants in the plan, the number
17 of members who are eligible for a benefit, the total present value of
18 such members' benefits, and the funding sources which will pay for such
19 benefits; and

20 (ii) A copy of a full actuarial analysis of each such defined
21 benefit plan. The analysis shall be prepared by an independent private
22 organization or public entity employing actuaries who are members in good
23 standing of the American Academy of Actuaries, and which organization or
24 entity has demonstrated expertise to perform this type of analysis and is
25 unrelated to any organization which offers investment advice or provides
26 investment management services to the retirement plan.

27 (b) The Auditor of Public Accounts may prepare a review of such
28 report pursuant to section 84-304.02 but is not required to do so. If the
29 pension board does not submit a copy of the report to the Auditor of
30 Public Accounts within six months after the end of the plan year, the
31 Auditor of Public Accounts may audit, or cause to be audited, the pension

1 board. All costs of the audit shall be paid by the pension board.

2 Sec. 4. Section 14-1805.01, Revised Statutes Cumulative Supplement,
3 2016, is amended to read:

4 14-1805.01 (1) Beginning December 31, 1998, through ~~and each~~
5 December 31, 2017 thereafter, the chairperson of the board shall file
6 with the Public Employees Retirement Board an annual report on each
7 retirement plan established pursuant to section 14-1805 and section
8 401(a) of the Internal Revenue Code and shall submit copies of such
9 report to the Auditor of Public Accounts. The Auditor of Public Accounts
10 may prepare a review of such report pursuant to section 84-304.02 but is
11 not required to do so. The annual report shall be in a form prescribed by
12 the Public Employees Retirement Board and shall contain the following
13 information for each such retirement plan:

- 14 (a) The number of persons participating in the retirement plan;
15 (b) The contribution rates of participants in the plan;
16 (c) Plan assets and liabilities;
17 (d) The names and positions of persons administering the plan;
18 (e) The names and positions of persons investing plan assets;
19 (f) The form and nature of investments;
20 (g) For each defined contribution plan, a full description of
21 investment policies and options available to plan participants; and
22 (h) For each defined benefit plan, the levels of benefits of
23 participants in the plan, the number of members who are eligible for a
24 benefit, and the total present value of such members' benefits, as well
25 as the funding sources which will pay for such benefits.

26 If a plan contains no current active participants, the chairperson
27 may file in place of such report a statement with the Public Employees
28 Retirement Board indicating the number of retirees still drawing
29 benefits, and the sources and amount of funding for such benefits.

30 (2) Through December 31, 2017, if ~~If~~ such retirement plan is a
31 defined benefit plan which was open to new members on January 1, 2004, in

1 addition to the reports required by section 13-2402, the authority shall
2 cause to be prepared an annual report and the chairperson shall file the
3 same with the Public Employees Retirement Board and the Nebraska
4 Retirement Systems Committee of the Legislature and submit to the Auditor
5 of Public Accounts a copy of such report. The Auditor of Public Accounts
6 may prepare a review of such report pursuant to section 84-304.02 but is
7 not required to do so. If the authority does not submit a copy of the
8 report to the Auditor of Public Accounts within six months after the end
9 of the plan year, the Auditor of Public Accounts may audit, or cause to
10 be audited, the authority. All costs of the audit shall be paid by the
11 authority. The report shall consist of a full actuarial analysis of each
12 such retirement plan established pursuant to section 14-1805. The
13 analysis shall be prepared by an independent private organization or
14 public entity employing actuaries who are members in good standing of the
15 American Academy of Actuaries, and which organization or entity has
16 demonstrated expertise to perform this type of analysis and is unrelated
17 to any organization offering investment advice or which provides
18 investment management services to the retirement plan. The report to the
19 Nebraska Retirement Systems Committee shall be submitted electronically.

20 (3)(a) Beginning December 31, 2018, and each December 31 thereafter,
21 for a defined benefit plan the chairperson or his or her designee shall
22 prepare and electronically file an annual report with the Auditor of
23 Public Accounts and the Nebraska Retirement Systems Committee of the
24 Legislature. If such retirement plan is a defined benefit plan which was
25 open to new members on January 1, 2004, the report shall be in addition
26 to the reports required by section 13-2402. The report shall be on a form
27 prescribed by the Auditor of Public Accounts and shall include, but not
28 be limited to, the following information:

29 (i) The levels of benefits of participants in the plan, the number
30 of members who are eligible for a benefit, the total present value of
31 such members' benefits, and the funding sources which will pay for such

1 benefits; and

2 (ii) A copy of a full actuarial analysis of each such defined
3 benefit plan. The analysis shall be prepared by an independent private
4 organization or public entity employing actuaries who are members in good
5 standing of the American Academy of Actuaries, and which organization or
6 entity has demonstrated expertise to perform this type of analysis and is
7 unrelated to any organization which offers investment advice or provides
8 investment management services to the retirement plan.

9 (b) The Auditor of Public Accounts may prepare a review of such
10 report pursuant to section 84-304.02 but is not required to do so. If the
11 authority does not submit a copy of the report to the Auditor of Public
12 Accounts within six months after the end of the plan year, the Auditor of
13 Public Accounts may audit, or cause to be audited, the authority. All
14 costs of the audit shall be paid by the authority.

15 Sec. 5. Section 14-2111, Revised Statutes Cumulative Supplement,
16 2016, is amended to read:

17 14-2111 (1) The board of directors of any metropolitan utilities
18 district may also provide benefits for, insurance of, and annuities for
19 the present and future employees and appointees of the district covering
20 accident, disease, death, total and permanent disability, and retirement,
21 all or any of them, under such terms and conditions as the board may deem
22 proper and expedient from time to time. Any retirement plan adopted by
23 the board of directors shall be upon some contributory basis requiring
24 contributions by both the district and the employee or appointee, except
25 that the district may pay the entire cost of the fund necessary to cover
26 service rendered prior to the adoption of any new retirement plan. Any
27 retirement plan shall take into consideration the benefits provided for
28 employees and appointees of metropolitan utilities districts under the
29 Social Security Act, and any benefits provided under a contributory
30 retirement plan shall be supplemental to the benefits provided under the
31 Social Security Act as defined in section 68-602 if the employees

1 entitled to vote in a referendum vote in favor of old age and survivors'
2 insurance coverage. To effectuate any plan adopted pursuant to this
3 authority, the board of directors of the district is empowered to
4 establish and maintain reserves and funds, provide for insurance premiums
5 and costs, and make such delegation as may be necessary to carry into
6 execution the general powers granted by this section. Payments made to
7 employees and appointees, under the authority in this section, shall be
8 exempt from attachment or other legal process and shall not be
9 assignable.

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

28 (3) ~~(3)(a)~~ Beginning December 31, 1998, through and ~~each~~ December
29 31, 2017;

30 (a) ~~The thereafter,~~ the chairperson of the board shall file with the
31 Public Employees Retirement Board an annual report on each retirement

1 plan established pursuant to this section and section 401(a) of the
2 Internal Revenue Code and shall submit copies of such report to the
3 Auditor of Public Accounts. The Auditor of Public Accounts may prepare a
4 review of such report pursuant to section 84-304.02 but is not required
5 to do so. The annual report shall be in a form prescribed by the Public
6 Employees Retirement Board and shall contain the following information
7 for each such retirement plan:

- 8 (i) The number of persons participating in the retirement plan;
- 9 (ii) The contribution rates of participants in the plan;
- 10 (iii) Plan assets and liabilities;
- 11 (iv) The names and positions of persons administering the plan;
- 12 (v) The names and positions of persons investing plan assets;
- 13 (vi) The form and nature of investments;
- 14 (vii) For each defined contribution plan, a full description of
15 investment policies and options available to plan participants; and
- 16 (viii) For each defined benefit plan, the levels of benefits of
17 participants in the plan, the number of members who are eligible for a
18 benefit, and the total present value of such members' benefits, as well
19 as the funding sources which will pay for such benefits.

20 If a plan contains no current active participants, the chairperson
21 may file in place of such report a statement with the Public Employees
22 Retirement Board indicating the number of retirees still drawing
23 benefits, and the sources and amount of funding for such benefits; and -

24 (b) If such retirement plan is a defined benefit plan which was open
25 to new members on January 1, 2004, in addition to the reports required by
26 section 13-2402, the board of directors of any metropolitan utilities
27 district shall cause to be prepared an annual report and shall file the
28 same with the Public Employees Retirement Board and the Nebraska
29 Retirement Systems Committee of the Legislature and submit to the Auditor
30 of Public Accounts a copy of such report. The Auditor of Public Accounts
31 may prepare a review of such report pursuant to section 84-304.02 but is

1 not required to do so. If the board of directors does not submit a copy
2 of the report to the Auditor of Public Accounts within six months after
3 the end of the plan year, the Auditor of Public Accounts may audit, or
4 cause to be audited, the metropolitan utilities district. All costs of
5 the audit shall be paid by the metropolitan utilities district. The
6 report shall consist of a full actuarial analysis of each such retirement
7 plan established pursuant to this section. The analysis shall be prepared
8 by an independent private organization or public entity employing
9 actuaries who are members in good standing of the American Academy of
10 Actuaries, and which organization or entity has demonstrated expertise to
11 perform this type of analysis and is unrelated to any organization
12 offering investment advice or which provides investment management
13 services to the retirement plan. The report to the Nebraska Retirement
14 Systems Committee shall be submitted electronically.

15 (4)(a) Beginning December 31, 2018, and each December 31 thereafter,
16 for a defined benefit plan the chairperson of the board or his or her
17 designee shall prepare and electronically file an annual report with the
18 Auditor of Public Accounts and the Nebraska Retirement Systems Committee
19 of the Legislature. If such retirement plan is a defined benefit plan
20 which was open to new members on January 1, 2004, the report shall be in
21 addition to the reports required by section 13-2402. The report shall be
22 on a form prescribed by the Auditor of Public Accounts and shall include,
23 but not be limited to, the following information:

24 (i) The levels of benefits of participants in the plan, the number
25 of members who are eligible for a benefit, the total present value of
26 such members' benefits, and the funding sources which will pay for such
27 benefits; and

28 (ii) A copy of a full actuarial analysis of each such defined
29 benefit plan. The analysis shall be prepared by an independent private
30 organization or public entity employing actuaries who are members in good
31 standing of the American Academy of Actuaries, and which organization or

1 entity has demonstrated expertise to perform this type of analysis and is
2 unrelated to any organization which offers investment advice or provides
3 investment management services to the retirement plan.

4 (b) The Auditor of Public Accounts may prepare a review of such
5 report pursuant to section 84-304.02 but is not required to do so. If the
6 board of directors does not submit a copy of the report to the Auditor of
7 Public Accounts within six months after the end of the plan year, the
8 Auditor of Public Accounts may audit, or cause to be audited, the
9 district. All costs of the audit shall be paid by the district.

10 Sec. 6. Section 15-1017, Revised Statutes Cumulative Supplement,
11 2016, is amended to read:

12 15-1017 (1) A city of the primary class which has a city pension and
13 retirement plan or fund, or a city fire and police pension plan or fund,
14 or both, may provide by ordinance as authorized by its home rule charter,
15 and not prohibited by the Constitution of Nebraska, for the investment of
16 any plan or fund, and it may provide that (a) such a city shall place in
17 trust any part of such plan or fund, (b) it shall place in trust any part
18 of any such plan or fund with a corporate trustee in Nebraska, or (c) it
19 shall purchase any part of any such plan from a life insurance company
20 licensed to do business in the State of Nebraska. The powers conferred by
21 this section shall be independent of and in addition and supplemental to
22 any other provisions of the laws of the State of Nebraska with reference
23 to the matters covered hereby and this section shall be considered as a
24 complete and independent act and not as amendatory of or limited by any
25 other provision of the laws of the State of Nebraska.

26 (2) ~~(2)(a)~~ Beginning December 31, 1998, through and ~~each~~ December
27 31, 2017:

28 (a) ~~The thereafter,~~ the clerk of a city of the primary class shall
29 file with the Public Employees Retirement Board an annual report on each
30 retirement plan established pursuant to this section, section 15-1026,
31 and section 401(a) of the Internal Revenue Code and shall submit copies

1 of such report to the Auditor of Public Accounts. The Auditor of Public
2 Accounts may prepare a review of such report pursuant to section
3 84-304.02 but is not required to do so. The annual report shall be in a
4 form prescribed by the Public Employees Retirement Board and shall
5 contain the following information for each such retirement plan:

- 6 (i) The number of persons participating in the retirement plan;
- 7 (ii) The contribution rates of participants in the plan;
- 8 (iii) Plan assets and liabilities;
- 9 (iv) The names and positions of persons administering the plan;
- 10 (v) The names and positions of persons investing plan assets;
- 11 (vi) The form and nature of investments;
- 12 (vii) For each defined contribution plan, a full description of
13 investment policies and options available to plan participants; and
- 14 (viii) For each defined benefit plan, the levels of benefits of
15 participants in the plan, the number of members who are eligible for a
16 benefit, and the total present value of such members' benefits, as well
17 as the funding sources which will pay for such benefits.

18 If a plan contains no current active participants, the city clerk
19 may file in place of such report a statement with the Public Employees
20 Retirement Board indicating the number of retirees still drawing
21 benefits, and the sources and amount of funding for such benefits; and -

22 (b) If such retirement plan is a defined benefit plan which was open
23 to new members on January 1, 2004, in addition to the reports required by
24 section 13-2402, the city council of a city of the primary class shall
25 cause to be prepared an annual report and shall file the same with the
26 Public Employees Retirement Board and the Nebraska Retirement Systems
27 Committee of the Legislature and submit to the Auditor of Public Accounts
28 a copy of such report. The Auditor of Public Accounts may prepare a
29 review of such report pursuant to section 84-304.02 but is not required
30 to do so. If the city council does not submit a copy of the report to the
31 Auditor of Public Accounts within six months after the end of the plan

1 year, the Auditor of Public Accounts may audit, or cause to be audited,
2 the city. All costs of the audit shall be paid by the city. The report
3 shall consist of a full actuarial analysis of each such retirement plan
4 established pursuant to this section and section 15-1026. The analysis
5 shall be prepared by an independent private organization or public entity
6 employing actuaries who are members in good standing of the American
7 Academy of Actuaries, and which organization or entity has demonstrated
8 expertise to perform this type of analysis and is unrelated to any
9 organization offering investment advice or which provides investment
10 management services to the retirement plan. The report to the Nebraska
11 Retirement Systems Committee shall be submitted electronically.

12 (3)(a) Beginning December 31, 2018, and each December 31 thereafter,
13 for a defined benefit plan, the clerk of a city of the primary class or
14 his or her designee shall prepare and electronically file an annual
15 report with the Auditor of Public Accounts and the Nebraska Retirement
16 Systems Committee of the Legislature. If such retirement plan is a
17 defined benefit plan which was open to new members on January 1, 2004,
18 the report shall be in addition to the reports required by section
19 13-2402. The report shall be on a form prescribed by the Auditor of
20 Public Accounts and shall include, but not be limited to, the following
21 information:

22 (i) The levels of benefits of participants in the plan, the number
23 of members who are eligible for a benefit, the total present value of
24 such members' benefits, and the funding sources which will pay for such
25 benefits; and

26 (ii) A copy of a full actuarial analysis of each such defined
27 benefit plan. The analysis shall be prepared by an independent private
28 organization or public entity employing actuaries who are members in good
29 standing of the American Academy of Actuaries, and which organization or
30 entity has demonstrated expertise to perform this type of analysis and is
31 unrelated to any organization which offers investment advice or provides

1 investment management services to the retirement plan.

2 (b) The Auditor of Public Accounts may prepare a review of such
3 report pursuant to section 84-304.02 but is not required to do so. If the
4 city council does not submit a copy of the report to the Auditor of
5 Public Accounts within six months after the end of the plan year, the
6 Auditor of Public Accounts may audit, or cause to be audited, the city.
7 All costs of the audit shall be paid by the city.

8 Sec. 7. Section 16-1017, Revised Statutes Cumulative Supplement,
9 2016, is amended to read:

10 16-1017 (1) It shall be the duty of the retirement committee to:

11 (a) Provide each employee a summary of plan eligibility requirements
12 and benefit provisions;

13 (b) Provide, within thirty days after a request is made by a
14 participant, a statement describing the amount of benefits such
15 participant is eligible to receive; and

16 (c) Make available for review an annual report of the retirement
17 system's operations describing both (i) the amount of contributions to
18 the retirement system from both employee and employer sources and (ii) an
19 identification of the total assets of the retirement system.

20 (2) ~~(2)(a)~~ Beginning December 31, 1998, through and ~~each~~ December
21 31, 2017:

22 (a) ~~The thereafter,~~ the chairperson of the retirement committee
23 shall file with the Public Employees Retirement Board a report on each
24 retirement plan established pursuant to section 401(a) of the Internal
25 Revenue Code and administered by a retirement system established pursuant
26 to the Police Officers Retirement Act and shall submit copies of such
27 report to the Auditor of Public Accounts. The Auditor of Public Accounts
28 may prepare a review of such report pursuant to section 84-304.02 but is
29 not required to do so. The annual report shall be in a form prescribed by
30 the Public Employees Retirement Board and shall contain the following
31 information for each such retirement plan:

- 1 (i) The number of persons participating in the retirement plan;
- 2 (ii) The contribution rates of participants in the plan;
- 3 (iii) Plan assets and liabilities;
- 4 (iv) The names and positions of persons administering the plan;
- 5 (v) The names and positions of persons investing plan assets;
- 6 (vi) The form and nature of investments;
- 7 (vii) For each defined contribution plan, a full description of
- 8 investment policies and options available to plan participants; and
- 9 (viii) For each defined benefit plan, the levels of benefits of
- 10 participants in the plan, the number of members who are eligible for a
- 11 benefit, and the total present value of such members' benefits, as well
- 12 as the funding sources which will pay for such benefits.

13 If a plan contains no current active participants, the chairperson
14 may file in place of such report a statement with the Public Employees
15 Retirement Board indicating the number of retirees still drawing benefits
16 and the sources and amount of funding for such benefits; and -

17 (b) If such retirement plan is a defined benefit plan which was open
18 to new members on January 1, 2004, in addition to the reports required by
19 section 13-2402, the retirement committee shall cause to be prepared an
20 annual report and the chairperson shall file the same with the Public
21 Employees Retirement Board and the Nebraska Retirement Systems Committee
22 of the Legislature and submit to the Auditor of Public Accounts a copy of
23 such report. The Auditor of Public Accounts may prepare a review of such
24 report pursuant to section 84-304.02 but is not required to do so. If the
25 retirement committee does not submit a copy of the report to the Auditor
26 of Public Accounts within six months after the end of the plan year, the
27 Auditor of Public Accounts may audit, or cause to be audited, the city.
28 All costs of the audit shall be paid by the city. The report shall
29 consist of a full actuarial analysis of each such retirement plan
30 administered by a retirement system established pursuant to the act. The
31 analysis shall be prepared by an independent private organization or

1 public entity employing actuaries who are members in good standing of the
2 American Academy of Actuaries, and which organization or entity has
3 demonstrated expertise to perform this type of analysis and is unrelated
4 to any organization offering investment advice or which provides
5 investment management services to the retirement plan. The report to the
6 Nebraska Retirement Systems Committee shall be submitted electronically.

7 (3)(a) Beginning December 31, 2018, and each December 31 thereafter,
8 for a defined benefit plan the chairperson of the retirement committee or
9 his or her designee shall prepare and electronically file an annual
10 report with the Auditor of Public Accounts and the Nebraska Retirement
11 Systems Committee of the Legislature. If such retirement plan is a
12 defined benefit plan which was open to new members on January 1, 2004,
13 the report shall be in addition to the reports required by section
14 13-2402. The report shall be on a form prescribed by the Auditor of
15 Public Accounts and shall include, but not be limited to, the following
16 information:

17 (i) The levels of benefits of participants in the plan, the number
18 of members who are eligible for a benefit, the total present value of
19 such members' benefits, and the funding sources which will pay for such
20 benefits; and

21 (ii) A copy of a full actuarial analysis of each such defined
22 benefit plan. The analysis shall be prepared by an independent private
23 organization or public entity employing actuaries who are members in good
24 standing of the American Academy of Actuaries, and which organization or
25 entity has demonstrated expertise to perform this type of analysis and is
26 unrelated to any organization which offers investment advice or provides
27 investment management services to the retirement plan.

28 (b) The Auditor of Public Accounts may prepare a review of such
29 report pursuant to section 84-304.02 but is not required to do so. If the
30 retirement committee does not submit a copy of the report to the Auditor
31 of Public Accounts within six months after the end of the plan year, the

1 Auditor of Public Accounts may audit, or cause to be audited, the
2 retirement committee. All costs of the audit shall be paid by the
3 retirement committee.

4 Sec. 8. Section 16-1037, Revised Statutes Cumulative Supplement,
5 2016, is amended to read:

6 16-1037 (1) It shall be the duty of the retirement committee to:

7 (a) Elect a chairperson, a vice-chairperson, and such other officers
8 as the committee deems appropriate;

9 (b) Hold regular quarterly meetings and special meetings upon the
10 call of the chairperson;

11 (c) Conduct meetings pursuant to the Open Meetings Act;

12 (d) Provide each employee a summary of plan eligibility
13 requirements, benefit provisions, and investment options available to
14 such employee;

15 (e) Provide, within thirty days after a request is made by a
16 participant, a statement describing the amount of benefits such
17 participant is eligible to receive; and

18 (f) Make available for review an annual report of the system's
19 operations describing both (i) the amount of contributions to the system
20 from both employee and employer sources and (ii) an identification of the
21 total assets of the retirement system.

22 (2) ~~(2)(a)~~ Beginning December 31, 1998, through ~~and each~~ December
23 31, 2017:

24 (a) ~~The thereafter,~~ the chairperson of the retirement committee
25 shall file with the Public Employees Retirement Board an annual report on
26 each retirement plan established pursuant to section 401(a) of the
27 Internal Revenue Code and administered by a retirement system established
28 pursuant to sections 16-1020 to 16-1042 and shall submit copies of such
29 report to the Auditor of Public Accounts. The Auditor of Public Accounts
30 may prepare a review of such report pursuant to section 84-304.02 but is
31 not required to do so. The annual report shall be in a form prescribed by

1 the Public Employees Retirement Board and shall contain the following
2 information for each such retirement plan:

- 3 (i) The number of persons participating in the retirement plan;
- 4 (ii) The contribution rates of participants in the plan;
- 5 (iii) Plan assets and liabilities;
- 6 (iv) The names and positions of persons administering the plan;
- 7 (v) The names and positions of persons investing plan assets;
- 8 (vi) The form and nature of investments;
- 9 (vii) For each defined contribution plan, a full description of
10 investment policies and options available to plan participants; and
- 11 (viii) For each defined benefit plan, the levels of benefits of
12 participants in the plan, the number of members who are eligible for a
13 benefit, and the total present value of such members' benefits, as well
14 as the funding sources which will pay for such benefits.

15 If a plan contains no current active participants, the chairperson
16 may file in place of such report a statement with the Public Employees
17 Retirement Board indicating the number of retirees still drawing
18 benefits, and the sources and amount of funding for such benefits; and -

19 (b) If such retirement plan is a defined benefit plan which was open
20 to new members on January 1, 2004, in addition to the reports required by
21 section 13-2402, the retirement committee shall cause to be prepared an
22 annual report and the chairperson shall file the same with the Public
23 Employees Retirement Board and the Nebraska Retirement Systems Committee
24 of the Legislature and submit to the Auditor of Public Accounts a copy of
25 such report. The Auditor of Public Accounts may prepare a review of such
26 report pursuant to section 84-304.02 but is not required to do so. If the
27 retirement committee does not submit a copy of the report to the Auditor
28 of Public Accounts within six months after the end of the plan year, the
29 Auditor of Public Accounts may audit, or cause to be audited, the city.
30 All costs of the audit shall be paid by the city. The report shall
31 consist of a full actuarial analysis of each such retirement plan

1 administered by a system established pursuant to sections 16-1020 to
2 16-1042. The analysis shall be prepared by an independent private
3 organization or public entity employing actuaries who are members in good
4 standing of the American Academy of Actuaries, and which organization or
5 entity has demonstrated expertise to perform this type of analysis and is
6 unrelated to any organization offering investment advice or which
7 provides investment management services to the retirement plan. The
8 report to the Nebraska Retirement Systems Committee shall be submitted
9 electronically.

10 (3)(a) Beginning December 31, 2018, and each December 31 thereafter,
11 for a defined benefit plan the chairperson of the retirement committee or
12 his or her designee shall prepare and electronically file an annual
13 report with the Auditor of Public Accounts and the Nebraska Retirement
14 Systems Committee of the Legislature. If such retirement plan is a
15 defined benefit plan which was open to new members on January 1, 2004,
16 the report shall be in addition to the reports required by section
17 13-2402. The report shall be on a form prescribed by the Auditor of
18 Public Accounts and shall include, but not be limited to, the following
19 information:

20 (i) The levels of benefits of participants in the plan, the number
21 of members who are eligible for a benefit, the total present value of
22 such members' benefits, and the funding sources which will pay for such
23 benefits; and

24 (ii) A copy of a full actuarial analysis of each such defined
25 benefit plan. The analysis shall be prepared by an independent private
26 organization or public entity employing actuaries who are members in good
27 standing of the American Academy of Actuaries, and which organization or
28 entity has demonstrated expertise to perform this type of analysis and is
29 unrelated to any organization which offers investment advice or provides
30 investment management services to the retirement plan.

31 (b) The Auditor of Public Accounts may prepare a review of such

1 report pursuant to section 84-304.02 but is not required to do so. If the
2 retirement committee does not submit a copy of the report to the Auditor
3 of Public Accounts within six months after the end of the plan year, the
4 Auditor of Public Accounts may audit, or cause to be audited, the
5 retirement committee. All costs of the audit shall be paid by the
6 retirement committee.

7 Sec. 9. Section 19-3501, Revised Statutes Cumulative Supplement,
8 2016, is amended to read:

9 19-3501 (1) The governing body of cities of the first and second
10 classes and villages may, by appropriate ordinance or proper resolution,
11 establish a pension plan designed and intended for the benefit of the
12 regularly employed or appointed full-time employees of the city. Any
13 recognized method of funding a pension plan may be employed. The plan
14 shall be established by appropriate ordinance or proper resolution, which
15 may provide for mandatory contribution by the employee. The city may also
16 contribute, in addition to any amounts contributed by the employee,
17 amounts to be used for the purpose of funding employee past service
18 benefits. Any two or more cities of the first and second classes and
19 villages may jointly establish such a pension plan by adoption of
20 appropriate ordinances or resolutions. Such a pension plan may be
21 integrated with old age and survivors insurance, otherwise generally
22 known as social security.

23 (2) ~~(2)(a)~~ Beginning December 31, 1998, through ~~and each~~ December
24 31, 2017:

25 (a) The thereafter, the clerk of a city or village with a retirement
26 plan established pursuant to this section and section 401(a) of the
27 Internal Revenue Code shall file with the Public Employees Retirement
28 Board an annual report on such plan and shall submit copies of such
29 report to the Auditor of Public Accounts. The Auditor of Public Accounts
30 may prepare a review of such report pursuant to section 84-304.02 but is
31 not required to do so. The annual report shall be in a form prescribed by

1 the Public Employees Retirement Board and shall contain the following
2 information for each such retirement plan:

- 3 (i) The number of persons participating in the retirement plan;
- 4 (ii) The contribution rates of participants in the plan;
- 5 (iii) Plan assets and liabilities;
- 6 (iv) The names and positions of persons administering the plan;
- 7 (v) The names and positions of persons investing plan assets;
- 8 (vi) The form and nature of investments;
- 9 (vii) For each defined contribution plan, a full description of
10 investment policies and options available to plan participants; and
- 11 (viii) For each defined benefit plan, the levels of benefits of
12 participants in the plan, the number of members who are eligible for a
13 benefit, and the total present value of such members' benefits, as well
14 as the funding sources which will pay for such benefits.

15 If a plan contains no current active participants, the city or
16 village clerk may file in place of such report a statement with the
17 Public Employees Retirement Board indicating the number of retirees still
18 drawing benefits, and the sources and amount of funding for such
19 benefits; and -

20 (b) If such retirement plan is a defined benefit plan which was open
21 to new members on January 1, 2004, in addition to the reports required by
22 section 13-2402, the city council or village board shall cause to be
23 prepared an annual report and shall file the same with the Public
24 Employees Retirement Board and the Nebraska Retirement Systems Committee
25 of the Legislature and submit to the Auditor of Public Accounts a copy of
26 each report. The Auditor of Public Accounts may prepare a review of such
27 report pursuant to section 84-304.02 but is not required to do so. If the
28 city council or village board does not submit a copy of the report to the
29 Auditor of Public Accounts within six months after the end of the plan
30 year, the Auditor of Public Accounts may audit, or cause to be audited,
31 the city or village. All costs of the audit shall be paid by the city or

1 village. The report shall consist of a full actuarial analysis of each
2 such retirement plan established pursuant to this section. The analysis
3 shall be prepared by an independent private organization or public entity
4 employing actuaries who are members in good standing of the American
5 Academy of Actuaries, and which organization or entity has demonstrated
6 expertise to perform this type of analysis and is unrelated to any
7 organization offering investment advice or which provides investment
8 management services to the retirement plan. The report to the Nebraska
9 Retirement Systems Committee shall be submitted electronically.

10 (3) Subsection (1) of this section shall not apply to firefighters
11 or police officers who are included under an existing pension or
12 retirement system established by the municipality employing such
13 firefighters or police officers or the Legislature. If a city of the
14 first class decreases in population to less than five thousand, as
15 determined by the latest federal census, any police officer or
16 firefighter employed by such city on or prior to the date such city
17 becomes a city of the second class shall retain the level of benefits
18 established by the Legislature for police officers or firefighters
19 employed by a city of the first class on the date such city becomes a
20 city of the second class.

21 Sec. 10. Section 23-1118, Revised Statutes Cumulative Supplement,
22 2016, is amended to read:

23 23-1118 (1)(a) Unless the county has adopted a retirement system
24 pursuant to section 23-2329, the county board of any county having a
25 population of one hundred fifty thousand inhabitants or more, as
26 determined by the most recent federal decennial census, may, in its
27 discretion and with the approval of the voters, provide retirement
28 benefits for present and future employees of the county. The cost of such
29 retirement benefits shall be funded in accordance with sound actuarial
30 principles with the necessary cost being treated in the county budget in
31 the same way as any other operating expense.

1 (b) Except as provided in subdivision (c) of this subsection, each
2 employee shall be required to contribute, or have contributed on his or
3 her behalf, an amount at least equal to the county's contribution to the
4 cost of any such retirement program as to service performed after the
5 adoption of such retirement program, but the cost of any benefits based
6 on prior service shall be borne solely by the county.

7 (c) In a county or municipal county having a population of two
8 hundred fifty thousand or more inhabitants but not more than five hundred
9 thousand inhabitants, as determined by the most recent federal decennial
10 census, the county or municipal county shall establish the employee and
11 employer contribution rates to the retirement program for each year after
12 July 15, 1992. The county or municipal county shall contribute one
13 hundred fifty percent of each employee's mandatory contribution, and for
14 an employee hired on or after July 1, 2012, the county or municipal
15 county shall contribute at least one hundred percent of each such
16 employee's mandatory contribution, except that an employee receiving a
17 one hundred fifty percent employer contribution under this subdivision
18 may irrevocably elect to switch to a one hundred percent contribution for
19 all future contributions. The combined contributions of the county or
20 municipal county and its employees to the cost of any such retirement
21 program shall not exceed sixteen percent of the employees' salaries.

22 (2) Before the county board or council provides retirement benefits
23 for the employees of the county or municipal county, such question shall
24 be submitted at a regular general or primary election held within the
25 county or municipal county, and in which election all persons eligible to
26 vote for the officials of the county or municipal county shall be
27 entitled to vote on such question, which shall be submitted in the
28 following language: Shall the county board or council provide retirement
29 benefits for present and future employees of the county or municipal
30 county? If a majority of the votes cast upon such question are in favor
31 of such question, then the county board or council shall be empowered to

1 provide retirement benefits for present and future employees as provided
2 in this section. If such retirement benefits for present and future
3 county and municipal county employees are approved by the voters and
4 authorized by the county board or council, then the funds of such
5 retirement system, in excess of the amount required for current
6 operations as determined by the county board or council, may be invested
7 and reinvested in the class of securities and investments described in
8 section 30-3209.

9 (3) As used in this section, employees shall mean all persons or
10 officers devoting more than twenty hours per week to employment by the
11 county or municipal county, all elected officers of the county or
12 municipal county, and such other persons or officers as are classified
13 from time to time as permanent employees by the county board or council.

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

1 (5) ~~(5)(a)~~ Beginning December 31, 1998, through ~~and~~ each December
2 31, 2017:

3 (a) ~~The thereafter,~~ the chairperson of the county board or council
4 with a retirement plan established pursuant to this section and section
5 401(a) of the Internal Revenue Code shall file with the Public Employees
6 Retirement Board a report on such plan and shall submit copies of such
7 report to the Auditor of Public Accounts. The Auditor of Public Accounts
8 may prepare a review of such report pursuant to section 84-304.02 but is
9 not required to do so. The report shall be in a form prescribed by the
10 Public Employees Retirement Board and shall contain the following
11 information for each such retirement plan:

- 12 (i) The number of persons participating in the retirement plan;
- 13 (ii) The contribution rates of participants in the plan;
- 14 (iii) Plan assets and liabilities;
- 15 (iv) The names and positions of persons administering the plan;
- 16 (v) The names and positions of persons investing plan assets;
- 17 (vi) The form and nature of investments;
- 18 (vii) For each defined contribution plan, a full description of
19 investment policies and options available to plan participants; and
- 20 (viii) For each defined benefit plan, the levels of benefits of
21 participants in the plan, the number of members who are eligible for a
22 benefit, and the total present value of such members' benefits, as well
23 as the funding sources which will pay for such benefits.

24 If a plan contains no current active participants, the chairperson
25 may file in place of such report a statement with the Public Employees
26 Retirement Board indicating the number of retirees still drawing
27 benefits, and the sources and amount of funding for such benefits; and -

28 (b) If such retirement plan is a defined benefit plan which was open
29 to new members on January 1, 2004, in addition to the reports required by
30 section 13-2402, the county board of a county or council of the municipal
31 county with a retirement plan established pursuant to this section shall

1 cause to be prepared an annual report and the chairperson shall file the
2 same with the Public Employees Retirement Board and the Nebraska
3 Retirement Systems Committee of the Legislature and submit to the Auditor
4 of Public Accounts a copy of such report. The Auditor of Public Accounts
5 may prepare a review of such report pursuant to section 84-304.02 but is
6 not required to do so. If the county board or council does not submit a
7 copy of the report to the Auditor of Public Accounts within six months
8 after the end of the plan year, the Auditor of Public Accounts may audit,
9 or cause to be audited, the county or municipal county. All costs of the
10 audit shall be paid by the county or municipal county. The report shall
11 consist of a full actuarial analysis of each such retirement plan
12 established pursuant to this section. The analysis shall be prepared by
13 an independent private organization or public entity employing actuaries
14 who are members in good standing of the American Academy of Actuaries,
15 and which organization or entity has demonstrated expertise to perform
16 this type of analysis and is unrelated to any organization offering
17 investment advice or which provides investment management services to the
18 retirement plan. The report to the Nebraska Retirement Systems Committee
19 shall be submitted electronically.

20 Sec. 11. Section 23-2301, Revised Statutes Cumulative Supplement,
21 2016, is amended to read:

22 23-2301 For purposes of the County Employees Retirement Act, unless
23 the context otherwise requires:

24 (1)(a) ~~(1)~~ Actuarial equivalent means the equality in value of the
25 aggregate amounts expected to be received under different forms of an
26 annuity payment.

27 (b) For a member hired prior to January 1, 2018, the ~~The~~ mortality
28 assumption used for purposes of converting the member cash balance
29 account shall be the 1994 Group Annuity Mortality Table using a unisex
30 rate that is fifty percent male and fifty percent female. For purposes of
31 converting the member cash balance account attributable to contributions

1 made prior to January 1, 1984, that were transferred pursuant to the act,
2 the 1994 Group Annuity Mortality Table for males shall be used. ÷

3 (c) For a member hired on or after January 1, 2018, or rehired on or
4 after January 1, 2018, after termination of employment and being paid a
5 retirement benefit or taking a refund of contributions, the mortality
6 assumption used for purposes of converting the member cash balance
7 account shall be a unisex mortality table that is recommended by the
8 actuary and approved by the board following an actuarial experience
9 study, a benefit adequacy study, or a plan valuation. The mortality table
10 and actuarial factors in effect on the member's retirement date will be
11 used to calculate the actuarial equivalency of any retirement benefit;

12 (2) Annuity means equal monthly payments provided by the retirement
13 system to a member or beneficiary under forms determined by the board
14 beginning the first day of the month after an annuity election is
15 received in the office of the Nebraska Public Employees Retirement
16 Systems or the first day of the month after the employee's termination of
17 employment, whichever is later. The last payment shall be at the end of
18 the calendar month in which the member dies or in accordance with the
19 payment option chosen by the member;

20 (3) Annuity start date means the date upon which a member's annuity
21 is first effective and shall be the first day of the month following the
22 member's termination or following the date the application is received by
23 the board, whichever is later;

24 (4) Cash balance benefit means a member's retirement benefit that is
25 equal to an amount based on annual employee contribution credits plus
26 interest credits and, if vested, employer contribution credits plus
27 interest credits and dividend amounts credited in accordance with
28 subdivision (4)(c) of section 23-2317;

29 (5)(a) Compensation means gross wages or salaries payable to the
30 member for personal services performed during the plan year. Compensation
31 does not include insurance premiums converted into cash payments,

1 reimbursement for expenses incurred, fringe benefits, per diems, or
2 bonuses for services not actually rendered, including, but not limited
3 to, early retirement inducements, cash awards, and severance pay, except
4 for retroactive salary payments paid pursuant to court order,
5 arbitration, or litigation and grievance settlements. Compensation
6 includes overtime pay, member retirement contributions, and amounts
7 contributed by the member to plans under sections 125, 403(b), and 457 of
8 the Internal Revenue Code or any other section of the code which defers
9 or excludes such amounts from income.

10 (b) Compensation in excess of the limitations set forth in section
11 401(a)(17) of the Internal Revenue Code shall be disregarded. For an
12 employee who was a member of the retirement system before the first plan
13 year beginning after December 31, 1995, the limitation on compensation
14 shall not be less than the amount which was allowed to be taken into
15 account under the retirement system as in effect on July 1, 1993;

16 (6) Date of adoption of the retirement system by each county means
17 the first day of the month next following the date of approval of the
18 retirement system by the county board or January 1, 1987, whichever is
19 earlier;

20 (7) Date of disability means the date on which a member is
21 determined by the board to be disabled;

22 (8) Defined contribution benefit means a member's retirement benefit
23 from a money purchase plan in which member benefits equal annual
24 contributions and earnings pursuant to section 23-2309 and, if vested,
25 employer contributions and earnings pursuant to section 23-2310;

26 (9) Disability means an inability to engage in any a substantially
27 gainful activity by reason of any medically determinable physical or
28 mental impairment which was initially diagnosed or became disabling while
29 the member was an active participant in the plan and which can be
30 expected to result in death or be of a long-continued long and indefinite
31 duration;

1 (10) Employee means all persons or officers who are employed by a
2 county of the State of Nebraska on a permanent basis, persons or officers
3 employed by or serving in a municipal county formed by at least one
4 county participating in the retirement system, persons employed as
5 provided in section 2-1608, all elected officers of a county, and such
6 other persons or officers as are classified from time to time as
7 permanent employees by the county board of the county by which they are
8 employed, except that employee does not include judges, employees or
9 officers of any county having a population in excess of two hundred fifty
10 thousand inhabitants as determined by the most recent federal decennial
11 census, or, except as provided in section 23-2306, persons making
12 contributions to the School Employees Retirement System of the State of
13 Nebraska;

14 (11) Employee contribution credit means an amount equal to the
15 member contribution amount required by section 23-2307;

16 (12) Employer contribution credit means an amount equal to the
17 employer contribution amount required by section 23-2308;

18 (13) Final account value means the value of a member's account on
19 the date the account is either distributed to the member or used to
20 purchase an annuity from the plan, which date shall occur as soon as
21 administratively practicable after receipt of a valid application for
22 benefits, but no sooner than forty-five days after the member's
23 termination;

24 (14) Five-year break in service means a period of five consecutive
25 one-year breaks in service;

26 (15) Full-time employee means an employee who is employed to work
27 one-half or more of the regularly scheduled hours during each pay period;

28 (16) Future service means service following the date of adoption of
29 the retirement system;

30 (17) Guaranteed investment contract means an investment contract or
31 account offering a return of principal invested plus interest at a

1 specified rate. For investments made after July 19, 1996, guaranteed
2 investment contract does not include direct obligations of the United
3 States or its instrumentalities, bonds, participation certificates or
4 other obligations of the Federal National Mortgage Association, the
5 Federal Home Loan Mortgage Corporation, or the Government National
6 Mortgage Association, or collateralized mortgage obligations and other
7 derivative securities. This subdivision shall not be construed to require
8 the liquidation of investment contracts or accounts entered into prior to
9 July 19, 1996;

10 (18) Hire date or date of hire means the first day of compensated
11 service subject to retirement contributions;

12 (19) ~~(18)~~ Interest credit rate means the greater of (a) five percent
13 or (b) the applicable federal mid-term rate, as published by the Internal
14 Revenue Service as of the first day of the calendar quarter for which
15 interest credits are credited, plus one and one-half percent, such rate
16 to be compounded annually;

17 (20) ~~(19)~~ Interest credits means the amounts credited to the
18 employee cash balance account and the employer cash balance account at
19 the end of each day. Such interest credit for each account shall be
20 determined by applying the daily portion of the interest credit rate to
21 the account balance at the end of the previous day. Such interest credits
22 shall continue to be credited to the employee cash balance account and
23 the employer cash balance account after a member ceases to be an
24 employee, except that no such credit shall be made with respect to the
25 employee cash balance account and the employer cash balance account for
26 any day beginning on or after the member's date of final account value.
27 If benefits payable to the member's surviving spouse or beneficiary are
28 delayed after the member's death, interest credits shall continue to be
29 credited to the employee cash balance account and the employer cash
30 balance account until such surviving spouse or beneficiary commences
31 receipt of a distribution from the plan;

1 (21) ~~(20)~~ Member cash balance account means an account equal to the
2 sum of the employee cash balance account and, if vested, the employer
3 cash balance account and dividend amounts credited in accordance with
4 subdivision (4)(c) of section 23-2317;

5 (22) ~~(21)~~ One-year break in service means a plan year during which
6 the member has not completed more than five hundred hours of service;

7 (23) ~~(22)~~ Participation means qualifying for and making the required
8 deposits to the retirement system during the course of a plan year;

9 (24) ~~(23)~~ Part-time employee means an employee who is employed to
10 work less than one-half of the regularly scheduled hours during each pay
11 period;

12 (25) ~~(24)~~ Plan year means the twelve-month period beginning on
13 January 1 and ending on December 31;

14 (26) ~~(25)~~ Prior service means service prior to the date of adoption
15 of the retirement system;

16 (27) ~~(26)~~ Regular interest means the rate of interest earned each
17 calendar year as determined by the retirement board in conformity with
18 actual and expected earnings on the investments through December 31,
19 1985;

20 (28) ~~(27)~~ Required contribution means the deduction to be made from
21 the compensation of employees as provided in the act;

22 (29) ~~(28)~~ Retirement means qualifying for and accepting the
23 retirement benefit granted under the act after terminating employment;

24 (30) ~~(29)~~ Retirement application means the form approved and
25 provided by the retirement system for acceptance of a member's request
26 for either regular or disability retirement;

27 (31) ~~(30)~~ Retirement board or board means the Public Employees
28 Retirement Board;

29 (32) ~~(31)~~ Retirement date means (a) the first day of the month
30 following the date upon which a member's request for retirement is
31 received on a retirement application if the member is eligible for

1 retirement and has terminated employment or (b) the first day of the
2 month following termination of employment if the member is eligible for
3 retirement and has filed an application but has not yet terminated
4 employment;

5 (33) ~~(32)~~ Retirement system means the Retirement System for Nebraska
6 Counties;

7 (34) ~~(33)~~ Service means the actual total length of employment as an
8 employee and is not deemed to be interrupted by (a) temporary or seasonal
9 suspension of service that does not terminate the employee's employment,
10 (b) leave of absence authorized by the employer for a period not
11 exceeding twelve months, (c) leave of absence because of disability, or
12 (d) military service, when properly authorized by the retirement board.
13 Service does not include any period of disability for which disability
14 retirement benefits are received under section 23-2315;

15 (35) ~~(34)~~ Surviving spouse means (a) the spouse married to the
16 member on the date of the member's death or (b) the spouse or former
17 spouse of the member if survivorship rights are provided under a
18 qualified domestic relations order filed with the board pursuant to the
19 Spousal Pension Rights Act. The spouse or former spouse shall supersede
20 the spouse married to the member on the date of the member's death as
21 provided under a qualified domestic relations order. If the benefits
22 payable to the spouse or former spouse under a qualified domestic
23 relations order are less than the value of benefits entitled to the
24 surviving spouse, the spouse married to the member on the date of the
25 member's death shall be the surviving spouse for the balance of the
26 benefits;

27 (36) ~~(35)~~ Termination of employment occurs on the date on which a
28 county which is a member of the retirement system determines that its
29 employer-employee relationship with an employee is dissolved. The county
30 shall notify the board of the date on which such a termination has
31 occurred. Termination of employment does not occur if an employee whose

1 employer-employee relationship with a county is dissolved enters into an
2 employer-employee relationship with the same or another county which
3 participates in the Retirement System for Nebraska Counties and there are
4 less than one hundred twenty days between the date when the employee's
5 employer-employee relationship ceased with the county and the date when
6 the employer-employee relationship commenced with the same or another
7 county which qualifies the employee for participation in the plan. It is
8 the responsibility of the employer that is involved in the termination of
9 employment to notify the board of such change in employment and provide
10 the board with such information as the board deems necessary. If the
11 board determines that termination of employment has not occurred and a
12 retirement benefit has been paid to a member of the retirement system
13 pursuant to section 23-2319, the board shall require the member who has
14 received such benefit to repay the benefit to the retirement system; and
15 (37) ~~(36)~~ Vesting credit means credit for years, or a fraction of a
16 year, of participation in another Nebraska governmental plan for purposes
17 of determining vesting of the employer account.

18 Sec. 12. Section 23-2308.01, Reissue Revised Statutes of Nebraska,
19 is amended to read:

20 23-2308.01 (1) It is the intent of the Legislature that, in order to
21 improve the competitiveness of the retirement plan for county employees,
22 a cash balance benefit shall be added to the County Employees Retirement
23 Act on and after January 1, 2003. Each member who is employed and
24 participating in the retirement system prior to January 1, 2003, may
25 either elect to continue participation in the defined contribution
26 benefit as provided in the act prior to January 1, 2003, or elect to
27 participate in the cash balance benefit as set forth in this section. An
28 active member shall make a one-time election beginning September 1, 2012,
29 through October 31, 2012, in order to participate in the cash balance
30 benefit. If no such election is made, the member shall be treated as
31 though he or she elected to continue participating in the defined

1 contribution benefit as provided in the act prior to January 1, 2003.
2 Members who elect to participate in the cash balance benefit beginning
3 September 1, 2012, through October 31, 2012, shall commence participation
4 in the cash balance benefit on January 2, 2013. Any member who made the
5 election prior to April 7, 2012, does not have to make another election
6 of the cash balance benefit beginning September 1, 2012, through October
7 31, 2012.

8 (2) For a member employed and participating in the retirement system
9 beginning on and after January 1, 2003, or a member employed and
10 participating in the retirement system on January 1, 2003, who, prior to
11 April 7, 2012, or beginning September 1, 2012, through October 31, 2012,
12 elects to convert his or her employee and employer accounts to the cash
13 balance benefit:

14 (a) Except as provided in subdivision (2)(b) of section 23-2319.01,
15 the employee cash balance account within the County Employees Retirement
16 Fund shall, at any time, be equal to the following:

17 (i) The initial employee account balance, if any, transferred from
18 the defined contribution plan account described in section 23-2309; plus

19 (ii) Employee contribution credits deposited in accordance with
20 section 23-2307; plus

21 (iii) Interest credits credited in accordance with subdivision (20)
22 ~~(19)~~ of section 23-2301; plus

23 (iv) Dividend amounts credited in accordance with subdivision (4)(c)
24 of section 23-2317; and

25 (b) The employer cash balance account shall, at any time, be equal
26 to the following:

27 (i) The initial employer account balance, if any, transferred from
28 the defined contribution plan account described in section 23-2310; plus

29 (ii) Employer contribution credits deposited in accordance with
30 section 23-2308; plus

31 (iii) Interest credits credited in accordance with subdivision (20)

1 ~~(19)~~ of section 23-2301; plus

2 (iv) Dividend amounts credited in accordance with subdivision (4)(c)
3 of section 23-2317.

4 (3) In order to carry out the provisions of this section, the board
5 may enter into administrative services agreements for accounting or
6 record-keeping services. No agreement shall be entered into unless the
7 board determines that it will result in administrative economy and will
8 be in the best interests of the counties and their participating
9 employees. The board may develop a schedule for the allocation of the
10 administrative services agreements costs for accounting or record-keeping
11 services and may assess the costs so that each member pays a reasonable
12 fee as determined by the board.

13 Sec. 13. Section 23-2315.01, Reissue Revised Statutes of Nebraska,
14 is amended to read:

15 23-2315.01 (1) Any member, disregarding the length of service, may
16 be retired as a result of disability either upon his or her own
17 application or upon the application of his or her employer or any person
18 acting in his or her behalf. Before any member may be so retired, a
19 medical examination shall be made at the expense of the retirement
20 system, which examination shall be conducted by a disinterested physician
21 legally authorized to practice medicine under the laws of the state in
22 which he or she practices, such physician to be selected by the
23 retirement board, and the physician shall certify to the board that the
24 member should be retired because he or she suffers from an inability to
25 engage in any a substantially gainful activity by reason of any medically
26 determinable physical or mental impairment ~~which began while the member~~
27 ~~was a participant in the plan and~~ which was initially diagnosed or became
28 disabling while the member was an active participant in the plan and
29 which can be expected to result in death or to be of long-continued and
30 indefinite duration. The medical examination may be waived if, in the
31 judgment of the retirement board, extraordinary circumstances exist which

1 preclude substantial gainful activity by the member. Such circumstances
2 shall include hospice placement or similar confinement for a terminal
3 illness or injury. The application for disability retirement shall be
4 made within one year of termination of employment.

5 (2) The retirement board may require any disability beneficiary who
6 has not attained the age of fifty-five years to undergo a medical
7 examination at the expense of the board once each year. Should any
8 disability beneficiary refuse to undergo such an examination, his or her
9 disability retirement benefit may be discontinued by the board.

10 (3) The retirement board may adopt and promulgate rules and
11 regulations and prescribe the necessary forms to carry out this section.

12 Sec. 14. Section 23-2317, Revised Statutes Cumulative Supplement,
13 2016, is amended to read:

14 23-2317 (1) The future service retirement benefit shall be an
15 annuity, payable monthly with the first payment made no earlier than the
16 annuity start date, which shall be the actuarial equivalent of the
17 retirement value as specified in section 23-2316 based on factors
18 determined by the board, except that gender shall not be a factor when
19 determining the amount of such payments pursuant to subsection (2) of
20 this section.

21 Except as provided in section 42-1107, at any time before the
22 annuity start date, the retiring employee may choose to receive his or
23 her annuity either in the form of an annuity as provided under subsection
24 (4) of this section or any optional form that is determined by the board.

25 Except as provided in section 42-1107, in lieu of the future service
26 retirement annuity, a retiring employee may receive a benefit not to
27 exceed the amount in his or her employer and employee accounts as of the
28 date of final account value payable in a lump sum and, if the employee
29 chooses not to receive the entire amount in such accounts, an annuity
30 equal to the actuarial equivalent of the remainder of the retirement
31 value, and the employee may choose any form of such annuity as provided

1 for by the board.

2 In any case, the amount of the monthly payment shall be such that
3 the annuity chosen shall be the actuarial equivalent of the retirement
4 value as specified in section 23-2316 except as provided in this section.

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

9 (2) Except as provided in subsection (4) of this section, the
10 monthly income payable to a member retiring on or after January 1, 1984,
11 shall be as follows:

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

18 (a) The income provided by the accumulated contributions made prior
19 to January 1, 1984, based on male annuity purchase rates in effect on the
20 date of purchase; and

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

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

28 (4)(a) The normal form of payment shall be a single life annuity
29 with five-year certain, which is an annuity payable monthly during the
30 remainder of the member's life with the provision that, in the event of
31 his or her death before sixty monthly payments have been made, the

1 monthly payments will be continued to his or her estate or to the
2 beneficiary he or she has designated until sixty monthly payments have
3 been made in total. Such annuity shall be equal to the actuarial
4 equivalent of the member cash balance account or the sum of the employee
5 and employer accounts, whichever is applicable, as of the date of final
6 account value. As a part of the annuity, the normal form of payment may
7 include a two and one-half percent cost-of-living adjustment purchased by
8 the member, if the member elects such a payment option.

9 Except as provided in section 42-1107, a member may elect a lump-sum
10 distribution of his or her member cash balance account as of the date of
11 final account value upon termination of service or retirement.

12 For a member employed and participating in the retirement system
13 prior to January 1, 2003, who has elected to participate in the cash
14 balance benefit pursuant to section 23-2308.01, or for a member employed
15 and participating in the retirement system beginning on and after January
16 1, 2003, the balance of his or her member cash balance account as of the
17 date of final account value shall be converted to an annuity using an
18 interest rate that is recommended by the actuary and approved by the
19 board following an actuarial experience study, a benefit adequacy study,
20 or a plan valuation. The interest rate and actuarial factors in effect on
21 the member's retirement date will be used to calculate actuarial
22 equivalency of any retirement benefit. Such interest rate may be, but is
23 not required to be, equal to the assumed rate of return used in the
24 actuarial valuation as recommended by the actuary and approved by the
25 board.

26 For an employee who is a member prior to January 1, 2003, who has
27 elected not to participate in the cash balance benefit pursuant to
28 section 23-2308.01, and who, at the time of retirement, chooses the
29 annuity option rather than the lump-sum option, his or her employee and
30 employer accounts as of the date of final account value shall be
31 converted to an annuity using an interest rate that is equal to the

1 lesser of (i) the Pension Benefit Guaranty Corporation initial interest
2 rate for valuing annuities for terminating plans as of the beginning of
3 the year during which payment begins plus three-fourths of one percent or
4 (ii) the interest rate used to calculate the retirement benefits for cash
5 balance plan members in the actuarial valuation as recommended by the
6 actuary and approved by the board.

7 (b) For the calendar year beginning January 1, 2003, and each
8 calendar year thereafter, the actuary for the board shall perform an
9 actuarial valuation of the system using the entry age actuarial cost
10 method. Under this method, the actuarially required funding rate is equal
11 to the normal cost rate plus the contribution rate necessary to amortize
12 the unfunded actuarial accrued liability on a level-payment basis. The
13 normal cost under this method shall be determined for each individual
14 member on a level percentage of salary basis. The normal cost amount is
15 then summed for all members. The initial unfunded actual accrued
16 liability as of January 1, 2003, if any, shall be amortized over a
17 twenty-five-year period. During each subsequent actuarial valuation,
18 changes in the unfunded actuarial accrued liability due to changes in
19 benefits, actuarial assumptions, the asset valuation method, or actuarial
20 gains or losses shall be measured and amortized over a twenty-five-year
21 period beginning on the valuation date of such change. If the unfunded
22 actuarial accrued liability under the entry age actuarial cost method is
23 zero or less than zero on an actuarial valuation date, then all prior
24 unfunded actuarial accrued liabilities shall be considered fully funded
25 and the unfunded actuarial accrued liability shall be reinitialized and
26 amortized over a twenty-five-year period as of the actuarial valuation
27 date. If the actuarially required contribution rate exceeds the rate of
28 all contributions required pursuant to the County Employees Retirement
29 Act, there shall be a supplemental appropriation sufficient to pay for
30 the difference between the actuarially required contribution rate and the
31 rate of all contributions required pursuant to the act.

1 (c) If the unfunded accrued actuarial liability under the entry age
2 actuarial cost method is less than zero on an actuarial valuation date,
3 and on the basis of all data in the possession of the retirement board,
4 including such mortality and other tables as are recommended by the
5 actuary engaged by the retirement board and adopted by the retirement
6 board, the retirement board may elect to pay a dividend to all members
7 participating in the cash balance option in an amount that would not
8 increase the actuarial contribution rate above ninety percent of the
9 actual contribution rate. Dividends shall be credited to the employee
10 cash balance account and the employer cash balance account based on the
11 account balances on the actuarial valuation date. In the event a dividend
12 is granted and paid after the actuarial valuation date, interest for the
13 period from the actuarial valuation date until the dividend is actually
14 paid shall be paid on the dividend amount. The interest rate shall be the
15 interest credit rate earned on regular contributions.

16 (5) At the option of the retiring member, any lump sum or annuity
17 provided under this section or section 23-2334 may be deferred to
18 commence at any time, except that no benefit shall be deferred later than
19 April 1 of the year following the year in which the employee has both
20 attained at least seventy and one-half years of age and has terminated
21 his or her employment with the county. Such election by the retiring
22 member may be made at any time prior to the commencement of the lump-sum
23 or annuity payments.

24 (6) A participant or beneficiary who would have been required to
25 receive required minimum distributions for 2009 but for the enactment of
26 section 401(a)(9)(H) of the Internal Revenue Code, and who would have
27 satisfied that requirement by receiving distributions that are either
28 equal to the 2009 required minimum distributions or one or more payments
29 in a series of substantially equal distributions, including the 2009
30 required minimum distribution, made at least annually and expected to
31 last for the life or life expectancy of the participant, the joint lives

1 or joint life expectancy of the participant and the participant's
2 designated beneficiary, or for a period of at least ten years, shall
3 receive those distributions for 2009 unless the participant or
4 beneficiary chooses not to receive such distributions. Participants and
5 beneficiaries shall be given the opportunity to elect to stop receiving
6 the distributions described in this subsection.

7 Sec. 15. Section 23-2323.01, Reissue Revised Statutes of Nebraska,
8 is amended to read:

9 23-2323.01 (1)(a) For military service beginning on or after
10 December 12, 1994, but before January 1, 2018, any ~~(1)~~ Any employee who,
11 while an employee, entered into and served in the armed forces of the
12 United States and who within ninety days after honorable discharge or
13 honorable separation from active duty again became an employee shall be
14 credited, for the purposes of section 23-2315, with all the time actually
15 served in the armed forces as if such person had been an employee
16 throughout such service in the armed forces pursuant to the terms and
17 conditions of subdivision (b) subsection (2) of this subsection ~~section~~.

18 (b) (2) Under such rules and regulations as the retirement board
19 adopts and promulgates, an employee who is reemployed on or after
20 December 12, 1994, pursuant to 38 U.S.C. 4301 et seq., may pay to the
21 retirement system an amount equal to the sum of all deductions which
22 would have been made from the employee's compensation during such period
23 of military service. Payment shall be made within the period required by
24 law, not to exceed five years. To the extent that payment is made, (i)
25 ~~(a)~~ the employee shall be treated as not having incurred a break in
26 service by reason of the employee's ~~his or her~~ period of military
27 service, (ii) (b) the period of military service shall be credited for
28 the purposes of determining the nonforfeitability of the employee's
29 ~~member's~~ accrued benefits and the accrual of benefits under the plan, and
30 (iii) (c) the employer shall allocate the amount of employer
31 contributions to the employee's ~~member's~~ employer account in the same

1 manner and to the same extent the allocation occurs for other employees
2 during the period of service. For purposes of employee member and
3 employer contributions under this section, the employee's member's
4 compensation during the period of military service shall be the rate the
5 employee member would have received but for the military service or, if
6 not reasonably determinable, the average rate the employee member
7 received during the twelve-month period immediately preceding military
8 service.

9 (c) ~~(3)~~ The employer shall pick up the employee member contributions
10 made through irrevocable payroll deduction authorizations pursuant to
11 this subsection section, and the contributions so picked up shall be
12 treated as employer contributions in the same manner as contributions
13 picked up under section 23-2307.

14 (2)(a) For military service beginning on or after January 1, 2018,
15 any employee who is reemployed pursuant to 38 U.S.C. 4301 et seq., shall
16 be treated as not having incurred a break in service by reason of the
17 employee's period of military service. Such military service shall be
18 credited for purposes of determining the nonforfeitability of the
19 employee's accrued benefits and the accrual of benefits under the plan.

20 (b) The county employing the employee shall be liable for funding
21 any obligation of the plan to provide benefits based upon such period of
22 military service. To satisfy the liability, the county employing the
23 employee shall pay to the retirement system an amount equal to:

24 (i) The sum of the employee and employer contributions that would
25 have been paid during such period of military service; and

26 (ii) Any actuarial costs necessary to fund the obligation of the
27 plan to provide benefits based upon such period of military service. For
28 the purposes of determining the amount of such liability and obligation
29 of the plan, earnings and forfeitures, gains and losses, regular
30 interest, interest credits, or dividends that would have accrued on the
31 employee and employer contributions that are paid by the employer

1 pursuant to this section shall not be included.

2 (c) The amount required pursuant to subdivision (b) of this
3 subsection shall be paid to the retirement system as soon as reasonably
4 practicable following the date of reemployment but must be paid within
5 eighteen months of the date the board notifies the employer of the amount
6 due. If the employer fails to pay the required amount within such
7 eighteen-month period, then the employer is also responsible for any
8 actuarial costs and interest on actuarial costs that accrue from eighteen
9 months after the date the employer is notified by the board until the
10 date the amount is paid.

11 (d) The retirement board may adopt and promulgate rules and
12 regulations to carry out this subsection, including, but not limited to,
13 rules and regulations on:

14 (i) How and when the employee and employer must notify the
15 retirement system of a period of military service;

16 (ii) The acceptable methods of payment;

17 (iii) Determining the service and compensation upon which the
18 contributions must be made;

19 (iv) Accelerating the payment from the employer due to unforeseen
20 circumstances that occur before payment is made pursuant to this section,
21 including, but not limited to, the employee's termination or retirement
22 or the employer's reorganization, consolidation, merger, or closing; and

23 (v) The documentation required to substantiate that the employee was
24 reemployed pursuant to 38 U.S.C. 4301 et seq.

25 (3) This section only applies to military service that falls within
26 the definition of uniformed service under 38 U.S.C. 4301 et seq. Military
27 service does not include service provided pursuant to sections 55-101 to
28 55-181.

29 Sec. 16. Section 23-2334, Reissue Revised Statutes of Nebraska, is
30 amended to read:

31 23-2334 The prior service retirement benefit shall be a straight

1 life annuity, payable monthly, quarterly, semiannually, or annually with
2 the first payment made as of the annuity start date, in an amount
3 determined in accordance with section 23-2333. ~~No , except that if the~~
4 ~~monthly payment would be less than ten dollars, payments shall be made~~
5 ~~annually in advance with each annual payment equal to 11.54 multiplied by~~
6 ~~the monthly payment that would have been made in the absence of this~~
7 ~~restriction on small monthly payments, and no prior service retirement~~
8 benefit shall be paid to any person who terminates his or her employment
9 unless such person has been continuously employed by the county for ten
10 or more years immediately prior to termination. An employee meeting such
11 requirement and who terminates his or her employment shall not receive a
12 prior service benefit determined in accordance with section 23-2333 prior
13 to attaining age sixty-five.

14 Prior service retirement benefits shall be paid directly by the
15 county to the retired employee.

16 Sec. 17. Section 23-3526, Revised Statutes Cumulative Supplement,
17 2016, is amended to read:

18 23-3526 (1) The board of trustees of each facility, as provided by
19 section 23-3501, shall, upon approval of the county board, have the power
20 and authority to establish and fund a retirement plan for the benefit of
21 its full-time employees. The plan may be funded by any actuarially
22 recognized method approved by the county board. Employees participating
23 in the plan may be required to contribute toward funding the benefits.
24 The facility shall pay all costs of establishing and maintaining the
25 plan. The plan may be integrated with old age and survivor's insurance.

26 (2) (2)(a) Beginning December 31, 1998, through ~~and each~~ December
27 31, 2017:

28 (a) ~~The thereafter,~~ the chairperson of the board of trustees of a
29 facility with a retirement plan established pursuant to this section and
30 section 401(a) of the Internal Revenue Code shall file with the Public
31 Employees Retirement Board an annual report on such plan and shall submit

1 copies of such report to the Auditor of Public Accounts. The Auditor of
2 Public Accounts may prepare a review of such report pursuant to section
3 84-304.02 but is not required to do so. The annual report shall be in a
4 form prescribed by the Public Employees Retirement Board and shall
5 contain the following information for each such retirement plan:

- 6 (i) The number of persons participating in the retirement plan;
- 7 (ii) The contribution rates of participants in the plan;
- 8 (iii) Plan assets and liabilities;
- 9 (iv) The names and positions of persons administering the plan;
- 10 (v) The names and positions of persons investing plan assets;
- 11 (vi) The form and nature of investments;
- 12 (vii) For each defined contribution plan which is not administered
13 by a retirement system under the County Employees Retirement Act, a full
14 description of investment policies and options available to plan
15 participants; and
- 16 (viii) For each defined benefit plan which is not administered by a
17 retirement system under the County Employees Retirement Act, the levels
18 of benefits of participants in the plan, the number of members who are
19 eligible for a benefit, and the total present value of such members'
20 benefits, as well as the funding sources which will pay for such
21 benefits.

22 If a plan which is not administered by a retirement system under the
23 County Employees Retirement Act contains no current active participants,
24 the chairperson may file in place of such report a statement with the
25 Public Employees Retirement Board indicating the number of retirees still
26 drawing benefits, and the sources and amount of funding for such
27 benefits; and -

28 (b) If such retirement plan is a defined benefit plan which was open
29 to new members on January 1, 2004, in addition to the reports required by
30 section 13-2402, the board of trustees shall cause to be prepared an
31 annual report for each retirement plan which is not administered by a

1 retirement system under the County Employees Retirement Act, and the
2 chairperson shall file the same with the Public Employees Retirement
3 Board and the Nebraska Retirement Systems Committee of the Legislature
4 and submit to the Auditor of Public Accounts a copy of such report. The
5 Auditor of Public Accounts may prepare a review of such report pursuant
6 to section 84-304.02 but is not required to do so. If the board of
7 trustees does not submit a copy of the report to the Auditor of Public
8 Accounts within six months after the end of the plan year, the Auditor of
9 Public Accounts may audit, or cause to be audited, the facility. All
10 costs of the audit shall be paid by the facility. The report shall
11 consist of a full actuarial analysis of each such retirement plan
12 established pursuant to this section which is not administered by a
13 retirement system under the County Employees Retirement Act. The analysis
14 shall be prepared by an independent private organization or public entity
15 employing actuaries who are members in good standing of the American
16 Academy of Actuaries, and which organization or entity has demonstrated
17 expertise to perform this type of analysis and is unrelated to any
18 organization offering investment advice or which provides investment
19 management services to the retirement plan. The report to the Nebraska
20 Retirement Systems Committee shall be submitted electronically.

21 Sec. 18. Section 24-701, Reissue Revised Statutes of Nebraska, is
22 amended to read:

23 24-701 For purposes of the Judges Retirement Act, unless the context
24 otherwise requires:

25 (1)(a) (1) Actuarial equivalence means the equality in value of the
26 aggregate amounts expected to be received under different forms of
27 payment.

28 (b) For a judge hired prior to July 1, 2017, the The determinations
29 are to be based on the 1994 Group Annuity Mortality Table reflecting sex-
30 distinct factors blended using seventy-five percent of the male table and
31 twenty-five percent of the female table. An interest rate of eight

1 percent per annum shall be reflected in making these determinations. ÷

2 (c) For a judge hired on or after July 1, 2017, or rehired on or
3 after July 1, 2017, after termination of employment and being paid a
4 retirement benefit, the determinations shall be based on a unisex
5 mortality table and an interest rate specified by the board. Both the
6 mortality table and the interest rate shall be recommended by the actuary
7 and approved by the board following an actuarial experience study, a
8 benefit adequacy study, or a plan valuation. The mortality table,
9 interest rate, and actuarial factors in effect on the judge's retirement
10 date will be used to calculate actuarial equivalency of any retirement
11 benefit. Such interest rate may be, but is not required to be, equal to
12 the assumed rate of return;

13 (2) Beneficiary means a person so designated by a judge in the last
14 designation of beneficiary on file with the board or, if no designated
15 person survives or if no designation is on file, the estate of such
16 judge;

17 (3) Board means the Public Employees Retirement Board;

18 (4)(a) Compensation means the statutory salary of a judge or the
19 salary being received by such judge pursuant to law. Compensation does
20 not include compensation for unused sick leave or unused vacation leave
21 converted to cash payments, insurance premiums converted into cash
22 payments, reimbursement for expenses incurred, fringe benefits, per
23 diems, or bonuses for services not actually rendered, including, but not
24 limited to, early retirement inducements, cash awards, and severance pay,
25 except for retroactive salary payments paid pursuant to court order,
26 arbitration, or litigation and grievance settlements. Compensation
27 includes overtime pay, member retirement contributions, and amounts
28 contributed by the member to plans under sections 125 and 457 of the
29 Internal Revenue Code as defined in section 49-801.01 or any other
30 section of the code which defers or excludes such amounts from income.

31 (b) Compensation in excess of the limitations set forth in section

1 401(a)(17) of the Internal Revenue Code as defined in section 49-801.01
2 shall be disregarded. For an employee who was a member of the retirement
3 system before the first plan year beginning after December 31, 1995, the
4 limitation on compensation shall not be less than the amount which was
5 allowed to be taken into account under the retirement system as in effect
6 on July 1, 1993;

7 (5) Creditable service means the total number of years served as a
8 judge, including prior service, military service, and current service,
9 computed to the nearest one-twelfth year. For current service prior to
10 the time that the member has contributed the required percentage of
11 salary until the maximum benefit as limited by section 24-710 has been
12 earned, creditable service does not include current service for which
13 member contributions are not made or are withdrawn and not repaid;

14 (6) Current benefit means the initial benefit increased by all
15 adjustments made pursuant to the Judges Retirement Act;

16 (7)(a) Current service means the period of service (i) any judge of
17 the Supreme Court or judge of the district court serves in such capacity
18 from and after January 3, 1957, (ii)(A) any judge of the Nebraska
19 Workmen's Compensation Court served in such capacity from and after
20 September 20, 1957, and prior to July 17, 1986, and (B) any judge of the
21 Nebraska Workers' Compensation Court serves in such capacity on and after
22 July 17, 1986, (iii) any county judge serves in such capacity from and
23 after January 5, 1961, (iv) any judge of a separate juvenile court serves
24 in such capacity, (v) any judge of the municipal court served in such
25 capacity subsequent to October 23, 1967, and prior to July 1, 1985, (vi)
26 any judge of the county court or associate county judge serves in such
27 capacity subsequent to January 4, 1973, (vii) any clerk magistrate, who
28 was an associate county judge and a member of the fund at the time of
29 appointment as a clerk magistrate, serves in such capacity from and after
30 July 1, 1986, and (viii) any judge of the Court of Appeals serves in such
31 capacity on or after September 6, 1991.

1 (b) Current service shall not be deemed to be interrupted by (i)
2 temporary or seasonal suspension of service that does not terminate the
3 employee's employment, (ii) leave of absence authorized by the employer
4 for a period not exceeding twelve months, (iii) leave of absence because
5 of disability, or (iv) military service, when properly authorized by the
6 board. Current service does not include any period of disability for
7 which disability retirement benefits are received under section 24-709;

8 (8) Final average compensation for a judge who becomes a member
9 prior to July 1, 2015, means the average monthly compensation for the
10 three twelve-month periods of service as a judge in which compensation
11 was the greatest or, in the event of a judge serving less than three
12 twelve-month periods, the average monthly compensation for such judge's
13 period of service. Final average compensation for a judge who becomes a
14 member on and after July 1, 2015, means the average monthly compensation
15 for the five twelve-month periods of service as a judge in which
16 compensation was the greatest or, in the event of a judge serving less
17 than five twelve-month periods, the average monthly compensation for such
18 judge's period of service;

19 (9) Fund means the Nebraska Retirement Fund for Judges;

20 (10) Future member means a judge who first served as a judge on or
21 after December 25, 1969, or means a judge who first served as a judge
22 prior to December 25, 1969, who elects to become a future member on or
23 before June 30, 1970, as provided in subsection (8) of section 24-703 or
24 section 24-710.01;

25 (11) Hire date or date of hire means the first day of compensated
26 service subject to retirement contributions;

27 (12) ~~(11)~~ Initial benefit means the retirement benefit calculated at
28 the time of retirement;

29 (13) ~~(12)~~ Judge means and includes (a) all duly elected or appointed
30 Chief Justices or judges of the Supreme Court and judges of the district
31 courts of Nebraska who serve in such capacity on and after January 3,

1 1957, (b)(i) all duly appointed judges of the Nebraska Workmen's
2 Compensation Court who served in such capacity on and after September 20,
3 1957, and prior to July 17, 1986, and (ii) judges of the Nebraska
4 Workers' Compensation Court who serve in such capacity on and after July
5 17, 1986, (c) judges of separate juvenile courts, (d) judges of the
6 county courts of the respective counties who serve in such capacity on
7 and after January 5, 1961, (e) judges of the county court and clerk
8 magistrates who were associate county judges and members of the fund at
9 the time of their appointment as clerk magistrates, (f) judges of
10 municipal courts established by Chapter 26, article 1, who served in such
11 capacity on and after October 23, 1967, and prior to July 1, 1985, and
12 (g) judges of the Court of Appeals;

13 (14) ~~(13)~~ Member means a judge eligible to participate in the
14 retirement system established under the Judges Retirement Act;

15 (15) ~~(14)~~ Military service means active service of (a) any judge of
16 the Supreme Court or judge of the district court in any of the armed
17 forces of the United States during a war or national emergency prior or
18 subsequent to September 18, 1955, if such service commenced while such
19 judge was holding the office of judge, (b) any judge of the Nebraska
20 Workmen's Compensation Court or the Nebraska Workers' Compensation Court
21 in any of the armed forces of the United States during a war or national
22 emergency prior or subsequent to September 20, 1957, if such service
23 commenced while such judge was holding the office of judge, (c) any judge
24 of the municipal court in any of the armed forces of the United States
25 during a war or national emergency prior or subsequent to October 23,
26 1967, and prior to July 1, 1985, if such service commenced while such
27 judge was holding the office of judge, (d) any judge of the county court
28 or associate county judge in any of the armed forces of the United States
29 during a war or national emergency prior or subsequent to January 4,
30 1973, if such service commenced while such judge was holding the office
31 of judge, (e) any clerk magistrate, who was an associate county judge and

1 a member of the fund at the time of appointment as a clerk magistrate, in
2 any of the armed forces of the United States during a war or national
3 emergency on or after July 1, 1986, if such service commenced while such
4 clerk magistrate was holding the office of clerk magistrate, and (f) any
5 judge of the Court of Appeals in any of the armed forces of the United
6 States during a war or national emergency on or after September 6, 1991,
7 if such service commenced while such judge was holding the office of
8 judge. The board shall have the power to determine when a national
9 emergency exists or has existed for the purpose of applying this
10 definition and provision;

11 (16) ~~(15)~~ Normal form annuity means a series of equal monthly
12 payments payable at the end of each calendar month during the life of a
13 retired judge as provided in sections 24-707 and 24-710, except as
14 provided in section 42-1107. The first payment shall include all amounts
15 accrued since the effective date of the award of the annuity. The last
16 payment shall be at the end of the calendar month in which such judge
17 dies. If at the time of death the amount of annuity payments such judge
18 has received is less than contributions to the fund made by such judge,
19 plus regular interest, the difference shall be paid to the beneficiary or
20 estate;

21 (17) ~~(16)~~ Normal retirement date means the first day of the month
22 following attainment of age sixty-five;

23 (18) ~~(17)~~ Original member means a judge who first served as a judge
24 prior to December 25, 1969, who does not elect to become a future member
25 pursuant to subsection (8) of section 24-703 or section 24-710.01, and
26 who was retired on or before December 31, 1992;

27 (19) ~~(18)~~ Plan year means the twelve-month period beginning on July
28 1 and ending on June 30 of the following year;

29 (20) ~~(19)~~ Prior service means all the periods of time any person has
30 served as a (a) judge of the Supreme Court or judge of the district court
31 prior to January 3, 1957, (b) judge of the county court prior to January

1 5, 1961, (c) judge of the Nebraska Workmen's Compensation Court prior to
2 September 20, 1957, (d) judge of the separate juvenile court, or (e)
3 judge of the municipal court prior to October 23, 1967;

4 (21) ~~(20)~~ Regular interest means interest fixed at a rate equal to
5 the daily treasury yield curve for one-year treasury securities, as
6 published by the Secretary of the Treasury of the United States, that
7 applies on July 1 of each year, which may be credited monthly, quarterly,
8 semiannually, or annually as the board may direct;

9 (22) ~~(21)~~ Retirement application means the form approved and
10 provided by the retirement system for acceptance of a member's request
11 for either regular or disability retirement;

12 (23) ~~(22)~~ Retirement date means (a) the first day of the month
13 following the date upon which a member's request for retirement is
14 received on a retirement application if the member is eligible for
15 retirement and has terminated employment or (b) the first day of the
16 month following termination of employment if the member is eligible for
17 retirement and has filed an application but has not yet terminated
18 employment;

19 (24) ~~(23)~~ Retirement system or system means the Nebraska Judges
20 Retirement System as provided in the Judges Retirement Act;

21 (25) ~~(24)~~ Surviving spouse means (a) the spouse married to the
22 member on the date of the member's death or (b) the spouse or former
23 spouse of the member if survivorship rights are provided under a
24 qualified domestic relations order filed with the board pursuant to the
25 Spousal Pension Rights Act. The spouse or former spouse shall supersede
26 the spouse married to the member on the date of the member's death as
27 provided under a qualified domestic relations order. If the benefits
28 payable to the spouse or former spouse under the qualified domestic
29 relations order are less than the value of benefits entitled to the
30 surviving spouse, the spouse married to the member on the date of the
31 member's death shall be the surviving spouse for the balance of the

1 benefits; and

2 ~~(26)~~ ~~(25)~~ Termination of employment occurs on the date on which the
3 State Court Administrator's office determines that the judge's employer-
4 employee relationship with the State of Nebraska is dissolved. The State
5 Court Administrator's office shall notify the board of the date on which
6 such a termination has occurred. Termination of employment does not
7 include ceasing employment as a judge if the judge returns to regular
8 employment as a judge or is employed on a regular basis by another agency
9 of the State of Nebraska and there are less than one hundred twenty days
10 between the date when the judge's employer-employee relationship ceased
11 and the date when the employer-employee relationship recommences. It is
12 the responsibility of the employer that is involved in the termination of
13 employment to notify the board of such change in employment and provide
14 the board with such information as the board deems necessary. If the
15 board determines that termination of employment has not occurred and a
16 retirement benefit has been paid to a member of the retirement system
17 pursuant to section 24-710, the board shall require the member who has
18 received such benefit to repay the benefit to the retirement system.

19 Sec. 19. Section 24-708, Reissue Revised Statutes of Nebraska, is
20 amended to read:

21 24-708 (1) Except as provided in section 24-721, a judge may retire
22 upon reaching the age of sixty-five years and upon making application to
23 the board. Upon retiring each such judge shall receive retirement
24 annuities as provided in section 24-710.

25 (2) Except as provided in section 24-721, a judge may retire upon
26 reaching the age of fifty-five years and elect to receive a reduced
27 monthly retirement income in lieu of a deferred vested annuity. The judge
28 may request that the reduced monthly retirement income commence at any
29 date, beginning on the first day of the month following the actual
30 retirement date and ending on the normal retirement date. The amount of
31 the reduced monthly retirement income shall be calculated based on the

1 length of creditable service and average compensation at the actual
2 retirement date. When a judge has elected to receive a reduced monthly
3 retirement income to commence at the age of sixty-four years, the monthly
4 payments shall be reduced by three percent. When a judge has elected to
5 receive a reduced monthly retirement income to commence at the age of
6 sixty-three years, the monthly payments shall be reduced by six percent.
7 When a judge has elected to receive a reduced monthly retirement income
8 to commence at the age of sixty-two years, the monthly payments shall be
9 reduced by nine percent. When a judge has elected to receive a reduced
10 monthly retirement income to commence prior to the age of sixty-two
11 years, the monthly payments shall be further reduced to an amount that is
12 actuarially equivalent to the amount payable at the age of sixty-two
13 years.

14 (3) Payment of any benefit provided under the Judges Retirement Act
15 may not be deferred later than April 1 of the year following the year in
16 which the judge has both attained at least age seventy and one-half years
17 and terminated his or her employment as a judge.

18 (4) The effective date of retirement payments shall be the first day
19 of the month following (a) the date a member qualifies for retirement as
20 provided in this section or (b) the date upon which a member's request
21 for retirement is received on an application form provided by the
22 retirement system, whichever is later. An application may be filed no
23 more than one hundred twenty ~~ninety~~ days in advance of qualifying for
24 retirement.

25 (5) The board shall make reasonable efforts to locate the member or
26 the member's beneficiary and distribute benefits by the required
27 beginning date as specified by section 401(a)(9) of the Internal Revenue
28 Code and the regulations issued thereunder. If the board is unable to
29 make such a distribution, the benefit shall be distributed pursuant to
30 the Uniform Disposition of Unclaimed Property Act and no amounts may be
31 applied to increase the benefits any member would otherwise receive under

1 the Judges Retirement Act.

2 Sec. 20. Section 24-710.01, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 24-710.01 Any original member, as defined in subdivision ~~(18)~~ ~~(17)~~
5 of section 24-701, who has not previously retired, may elect to make
6 contributions and receive benefits pursuant to subsection (2) of section
7 24-703 and subsection (2) of section 24-710, instead of those provided by
8 subsection (1) of section 24-703 and subsection (1) of section 24-710.
9 Such election shall be by written notice delivered to the board not later
10 than November 1, 1981. Such member shall thereafter be considered a
11 future member.

12 Sec. 21. Section 24-710.04, Reissue Revised Statutes of Nebraska, is
13 amended to read:

14 24-710.04 (1) Any ~~Under such rules and regulations as the~~
15 ~~retirement board adopts and promulgates, any judge who returns to service~~
16 ~~as a judge for the State of Nebraska is reemployed on or after December~~
17 ~~12, 1994, pursuant to 38 U.S.C. 4301 et seq. chapter 43, shall be treated~~
18 ~~as not having incurred a break in service by reason of the judge's his or~~
19 ~~her~~ period of military service. Such military service shall be credited
20 for purposes of determining the nonforfeitability of the member's accrued
21 benefits and the accrual of benefits under the plan.

22 (2) The state shall be liable for funding any obligation of the plan
23 to provide benefits based upon such period of military service. To
24 satisfy the liability, the state court administrator shall pay to the
25 retirement system an amount equal to:

26 (a) The sum of the judge's contributions that would have been paid
27 during such period of military service; and

28 (b) Any actuarial costs necessary to fund the obligation of the plan
29 to provide benefits based upon such period of military service. For the
30 purposes of determining the amount of such liability and obligation of
31 the plan, earnings and forfeitures, gains and losses, regular interest,

1 or interest credits that would have accrued on the judge's contributions
2 that are paid by the state court administrator pursuant to this section
3 shall not be included.

4 (3) The amount required in subsection (2) of this section shall be
5 paid to the retirement system as soon as reasonably practicable following
6 the date the judge returns to service as a judge for the State of
7 Nebraska, but must be paid within eighteen months of the date the board
8 notifies the state court administrator of the amount due. If the state
9 court administrator fails to pay the required amount within such
10 eighteen-month period, then the state court administrator is also
11 responsible for any actuarial costs and interest on actuarial costs that
12 accrue from eighteen months after the date the state court administrator
13 is notified by the board until the date the amount is paid.

14 (4) The board may adopt and promulgate rules and regulations to
15 carry out this section, including, but not limited to, rules and
16 regulations on:

17 (a) How and when the judge and state court administrator must notify
18 the retirement system of a period of military service;

19 (b) The acceptable methods of payment;

20 (c) Determining the service and compensation upon which the
21 contributions must be made;

22 (d) Accelerating the payment from the state court administrator due
23 to unforeseen circumstances that occur before payment is made pursuant to
24 this section, including, but not limited to, the judge's termination or
25 retirement or the court's reorganization, consolidation, or merger; and

26 (e) The documentation required to substantiate that the judge
27 returned to service as a judge for the State of Nebraska pursuant to 38
28 U.S.C. 4301 et seq.

29 (5) This section only applies to military service that falls within
30 the definition of uniformed service under 38 U.S.C. 4301 et seq. Military
31 service does not include service provided pursuant to sections 55-101 to

1 55-181.

2 Sec. 22. Section 24-710.15, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 24-710.15 (1) Beginning July 1, 2015, for judges who become members
5 on and after July 1, 2015, if the annual valuation made by the actuary,
6 as approved by the board, indicates that the system is fully funded and
7 has sufficient actuarial surplus to provide for a supplemental lump-sum
8 cost-of-living payment adjustment, the board may, in its discretion,
9 elect to pay a maximum one and one-half percent supplemental lump-sum
10 cost-of-living payment adjustment to each retired member or beneficiary
11 based on the retired member's or beneficiary's total monthly benefit
12 through June 30 of the year for which the supplemental lump-sum cost-of-
13 living payment adjustment is being calculated. The supplemental lump-sum
14 cost-of-living payment shall be paid within sixty days after the board's
15 decision. In no event shall the board declare a supplemental lump-sum
16 cost-of-living payment adjustment if such payment adjustment would cause
17 the plan to be less than fully funded.

18 (2) For purposes of this section, fully funded means the unfunded
19 actuarial accrued liability, based on the lesser of the actuarial value
20 and the market value, under the entry age actuarial cost method is less
21 than zero on the most recent actuarial valuation date.

22 (3) Any decision or determination by the board to declare or not
23 declare a cost-of-living payment adjustment or as to whether the annual
24 valuation indicates a sufficient actuarial surplus to provide for a cost-
25 of-living payment adjustment shall be made in the sole, absolute, and
26 final discretion of the board and shall not be subject to challenge by
27 any member or beneficiary. In no event shall the Legislature be
28 constrained or limited in amending the system notwithstanding the effect
29 of any such change upon the actuarial surplus of the system and the
30 ability of the board to declare future cost-of-living payments
31 adjustments.

1 Sec. 23. Section 71-1631.02, Revised Statutes Cumulative Supplement,
2 2016, is amended to read:

3 71-1631.02 (1) Beginning December 31, 1998, through December 31,
4 2017 and ~~each year thereafter~~, the health director of a board of health
5 with an independent retirement plan established pursuant to section
6 71-1631 and section 401(a) of the Internal Revenue Code shall file with
7 the Public Employees Retirement Board an annual report on such plan and
8 shall submit copies of such report to the Auditor of Public Accounts. The
9 Auditor of Public Accounts may prepare a review of such report pursuant
10 to section 84-304.02 but is not required to do so. The annual report
11 shall be in a form prescribed by the Public Employees Retirement Board
12 and shall contain the following information for each such retirement
13 plan:

- 14 (a) The number of persons participating in the retirement plan;
- 15 (b) The contribution rates of participants in the plan;
- 16 (c) Plan assets and liabilities;
- 17 (d) The names and positions of persons administering the plan;
- 18 (e) The names and positions of persons investing plan assets;
- 19 (f) The form and nature of investments;
- 20 (g) For each independent defined contribution plan, a full
21 description of investment policies and options available to plan
22 participants; and
- 23 (h) For each independent defined benefit plan, the levels of
24 benefits of participants in the plan, the number of members who are
25 eligible for a benefit, and the total present value of such members'
26 benefits, as well as the funding sources which will pay for such
27 benefits.

28 If an independent plan contains no current active participants, the
29 health director may file in place of such report a statement with the
30 Public Employees Retirement Board indicating the number of retirees still
31 drawing benefits, and the sources and amount of funding for such

1 benefits.

2 (2) Through December 31, 2017, if If such retirement plan is a
3 defined benefit plan which was open to new members on January 1, 2004, in
4 addition to the reports required by section 13-2402, a board of health
5 with an independent retirement plan established pursuant to section
6 71-1631 shall cause to be prepared an annual report and the health
7 director shall file the same with the Public Employees Retirement Board
8 and the Nebraska Retirement Systems Committee of the Legislature and
9 submit to the Auditor of Public Accounts a copy of such report. The
10 Auditor of Public Accounts may prepare a review of such report pursuant
11 to section 84-304.02 but is not required to do so. If the board of health
12 does not submit a copy of the report to the Auditor of Public Accounts
13 within six months after the end of the plan year, the Auditor of Public
14 Accounts may audit, or cause to be audited, the local public health
15 department. All costs of the audit shall be paid by the local public
16 health department. The report shall consist of a full actuarial analysis
17 of each such independent retirement plan established pursuant to section
18 71-1631. The analysis shall be prepared by an independent private
19 organization or public entity employing actuaries who are members in good
20 standing of the American Academy of Actuaries, and which organization or
21 entity has demonstrated expertise to perform this type of analysis and is
22 unrelated to any organization offering investment advice or which
23 provides investment management services to the retirement plan. The
24 report to the Nebraska Retirement Systems Committee shall be submitted
25 electronically.

26 (3)(a) Beginning December 31, 2018, and each December 31 thereafter,
27 for a defined benefit plan the health director of a board of health with
28 an independent retirement plan established pursuant to section 71-1631
29 and section 401(a) of the Internal Revenue Code or his or her designee
30 shall prepare and electronically file an annual report with the Auditor
31 of Public Accounts and the Nebraska Retirement Systems Committee of the

1 Legislature. If such retirement plan is a defined benefit plan which was
2 open to new members on January 1, 2004, the report shall be in addition
3 to the reports required by section 13-2402. The report shall be on a form
4 prescribed by the Auditor of Public Accounts and shall include, but not
5 be limited to, the following information:

6 (i) The levels of benefits of participants in the plan, the number
7 of members who are eligible for a benefit, the total present value of
8 such members' benefits, and the funding sources which will pay for such
9 benefits; and

10 (ii) A copy of a full actuarial analysis of each such defined
11 benefit plan. The analysis shall be prepared by an independent private
12 organization or public entity employing actuaries who are members in good
13 standing of the American Academy of Actuaries, and which organization or
14 entity has demonstrated expertise to perform this type of analysis and is
15 unrelated to any organization which offers investment advice or provides
16 investment management services to the retirement plan.

17 (b) The Auditor of Public Accounts may prepare a review of such
18 report pursuant to section 84-304.02 but is not required to do so. If the
19 board of health does not submit a copy of the report to the Auditor of
20 Public Accounts within six months after the end of the plan year, the
21 Auditor of Public Accounts may audit, or cause to be audited, the board
22 of health. All costs of the audit shall be paid by the board of health.

23 Sec. 24. Section 79-902, Revised Statutes Cumulative Supplement,
24 2016, is amended to read:

25 79-902 For purposes of the School Employees Retirement Act, unless
26 the context otherwise requires:

27 (1) Accumulated contributions means the sum of all amounts deducted
28 from the compensation of a member and credited to his or her individual
29 account in the School Retirement Fund together with regular interest
30 thereon, compounded monthly, quarterly, semiannually, or annually;

31 (2)(a) {2} Actuarial equivalent means the equality in value of the

1 aggregate amounts expected to be received under different forms of
2 payment.

3 (b) For a school employee hired before July 1, 2017, the The
4 determinations shall be based on the 1994 Group Annuity Mortality Table
5 reflecting sex-distinct factors blended using twenty-five percent of the
6 male table and seventy-five percent of the female table. An interest rate
7 of eight percent per annum shall be reflected in making these
8 determinations except when a lump-sum settlement is made to an estate.

9 (c) For a school employee hired on or after July 1, 2017, or rehired
10 on or after July 1, 2017, after termination of employment and being paid
11 a retirement benefit, the determinations shall be based on a unisex
12 mortality table and an interest rate specified by the board. Both the
13 mortality table and the interest rate shall be recommended by the actuary
14 and approved by the retirement board following an actuarial experience
15 study, a benefit adequacy study, or a plan valuation. The mortality
16 table, interest rate, and actuarial factors in effect on the school
17 employee's retirement date will be used to calculate actuarial
18 equivalency of any retirement benefit. Such interest rate may be, but is
19 not required to be, equal to the assumed rate.

20 (d) If the lump-sum settlement is made to an estate, the interest
21 rate will be determined by the AAA-rated segment of the Bloomberg
22 Barclays Long U.S. Corporate ~~Moody's Triple A~~ Bond Index as of the prior
23 June 30, rounded to the next lower quarter percent. If the AAA-rated
24 segment of the Bloomberg Barclays Long U.S. Corporate Bond Index is
25 discontinued or replaced, a substitute index shall be selected by the
26 board which shall be a reasonably representative index;

27 (3) Beneficiary means any person in receipt of a school retirement
28 allowance or other benefit provided by the act;

29 (4)(a) Compensation means gross wages or salaries payable to the
30 member for personal services performed during the plan year and includes
31 (i) overtime pay, (ii) member retirement contributions, (iii) retroactive

1 salary payments paid pursuant to court order, arbitration, or litigation
2 and grievance settlements, and (iv) amounts contributed by the member to
3 plans under sections 125, 403(b), and 457 of the Internal Revenue Code as
4 defined in section 49-801.01 or any other section of the code which
5 defers or excludes such amounts from income.

6 (b) Compensation does not include (i) fraudulently obtained amounts
7 as determined by the retirement board, (ii) amounts for accrued unused
8 sick leave or accrued unused vacation leave converted to cash payments,
9 (iii) insurance premiums converted into cash payments, (iv) reimbursement
10 for expenses incurred, (v) fringe benefits, (vi) per diems paid as
11 expenses, (vii) bonuses for services not actually rendered, (viii)
12 ~~including, but not limited to,~~ early retirement inducements, (ix) cash
13 awards, (x) and severance pay, or (xi) ~~(viii) beginning on September 4,~~
14 ~~2005,~~ employer contributions made for the purposes of separation payments
15 made at retirement ~~and early retirement inducements as provided for in~~
16 ~~section 79-514.~~

17 (c) Compensation in excess of the limitations set forth in section
18 401(a)(17) of the Internal Revenue Code as defined in section 49-801.01
19 shall be disregarded. For an employee who was a member of the retirement
20 system before the first plan year beginning after December 31, 1995, the
21 limitation on compensation shall not be less than the amount which was
22 allowed to be taken into account under the retirement system as in effect
23 on July 1, 1993;

24 (5) County school official means (a) until July 1, 2000, the county
25 superintendent or district superintendent and any person serving in his
26 or her office who is required by law to have a teacher's certificate and
27 (b) on or after July 1, 2000, the county superintendent, county school
28 administrator, or district superintendent and any person serving in his
29 or her office who is required by law to have a teacher's certificate;

30 (6)(a) ~~(6)~~ Creditable service means prior service for which credit
31 is granted under sections 79-926 to 79-929, service credit purchased

1 under sections 79-933.03 to 79-933.06 and 79-933.08, and all service
2 rendered while a contributing member of the retirement system; ~~+~~
3 ~~Creditable service~~

4 (b) For employees hired prior to July 1, 2018, creditable service
5 includes working days, sick days, vacation days, holidays, and any other
6 leave days for which the employee is paid regular wages as part of the
7 employee's agreement with the employer. Creditable service does not
8 include lump-sum payments to the employee upon termination or retirement
9 in lieu of accrued benefits for such days, eligibility and vesting
10 credit, ~~nor~~ service years for which member contributions are withdrawn
11 and not repaid by the member, ~~+~~ Creditable service also does not include
12 service rendered by a member for which the retirement board determines
13 that the member was paid less in compensation than the minimum wage as
14 provided in the Wage and Hour Act, or service which the board determines
15 was rendered with the intent to defraud the retirement system;

16 (c) For employees hired on or after July 1, 2018, creditable service
17 includes working days, used accrued sick days, used accrued vacation
18 days, federal and state holidays, and jury duty leave for which the
19 member is paid full compensation by the employer. Creditable service does
20 not include lump-sum payments to the employee upon termination or
21 retirement in lieu of accrued benefits for such days, eligibility and
22 vesting credit, service years for which member contributions are
23 withdrawn and not repaid by the member, service rendered for which the
24 retirement board determines that the member was paid less in compensation
25 than the minimum wage as provided in the Wage and Hour Act, service which
26 the board determines was rendered with the intent to defraud the
27 retirement system, or any other type of leave not expressly included in
28 this subdivision; and

29 (d) Creditable service does not include service provided to an
30 employer in the retirement system provided under the Class V School
31 Employees Retirement Act;

1 (7) Current benefit means the initial benefit increased by all
2 adjustments made pursuant to the School Employees Retirement Act;

3 (8) Disability means an inability to engage in any a substantially
4 gainful activity by reason of any medically determinable physical or
5 mental impairment which was initially diagnosed or became disabling while
6 the member was an active participant in the plan and which can be
7 expected to result in death or be of a long-continued long and indefinite
8 duration;

9 (9) Disability retirement allowance means the annuity paid to a
10 person upon retirement for disability under section 79-952;

11 (10) Disability retirement date means the first day of the month
12 following the date upon which a member's request for disability
13 retirement is received on a retirement application provided by the
14 retirement system if the member has terminated employment in the school
15 system and has complied with sections 79-951 to 79-954 as such sections
16 refer to disability retirement;

17 (11) Early retirement inducement means, but is not limited to:

18 (a) A benefit, bonus, or payment to a member in exchange for an
19 agreement by the member to terminate from employment;

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

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

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

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

1 retirement system and being awarded creditable service; and

2 (f) Any other form of separation payments made by an employer to a
3 member at termination, including, but not limited to, purchasing
4 retirement annuity contracts for the member pursuant to section 79-514,
5 depositing money for the member in an account established under section
6 403(b) of the Internal Revenue Code except for payments for accrued
7 unused leave, or purchasing service credit for the member pursuant to
8 section 79-933.08;

9 (12) ~~(11)~~ Eligibility and vesting credit means credit for years, or
10 a fraction of a year, of participation in a Nebraska government plan for
11 purposes of determining eligibility for benefits under the School
12 Employees Retirement Act. Such credit shall not be included as years of
13 creditable service in the benefit calculation;

14 (13) ~~(12)~~ Emeritus member means a person (a) who has entered
15 retirement under the provisions of the act, including those persons who
16 have retired since July 1, 1945, under any other regularly established
17 retirement or pension system as contemplated by section 79-916, (b) who
18 has thereafter been reemployed in any capacity by a public school, a
19 Class V school district, or a school under the control and management of
20 the Board of Trustees of the Nebraska State Colleges, the Board of
21 Regents of the University of Nebraska, or a community college board of
22 governors or has become a state school official or county school official
23 subsequent to such retirement, and (c) who has applied to the board for
24 emeritus membership in the retirement system. The school district or
25 agency shall certify to the retirement board on forms prescribed by the
26 retirement board that the annuitant was reemployed, rendered a service,
27 and was paid by the district or agency for such services;

28 (14) ~~(13)~~ Employer means the State of Nebraska or any subdivision
29 thereof or agency of the state or subdivision authorized by law to hire
30 school employees or to pay their compensation;

31 (15)(a) ~~(14)~~(a) Final average compensation means:

1 (i) Except as provided in subdivision (ii) of this subdivision:

2 (A) The sum of the member's total compensation during the three
3 twelve-month periods of service as a school employee in which such
4 compensation was the greatest divided by thirty-six; or

5 (B) If a member has such compensation for less than thirty-six
6 months, the sum of the member's total compensation in all months divided
7 by the total number of months of his or her creditable service therefor;
8 and

9 (ii) For an employee who became a member on or after July 1, 2013:

10 (A) The sum of the member's total compensation during the five
11 twelve-month periods of service as a school employee in which such
12 compensation was the greatest divided by sixty; or

13 (B) If a member has such compensation for less than sixty months,
14 the sum of the member's total compensation in all months divided by the
15 total number of months of his or her creditable service therefor.

16 (b) Payments under the Retirement Incentive Plan pursuant to section
17 79-855 and Staff Development Assistance pursuant to section 79-856 shall
18 not be included in the determination of final average compensation;

19 ~~(16)~~ ~~(15)~~ Fiscal year means any year beginning July 1 and ending
20 June 30 next following;

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

23 ~~(18)~~ ~~(16)~~ Initial benefit means the retirement benefit calculated at
24 the time of retirement;

25 ~~(19)~~ ~~(17)~~ Member means any person who has an account in the School
26 Retirement Fund;

27 ~~(20)~~ ~~(18)~~ Participation means qualifying for and making required
28 deposits to the retirement system during the course of a plan year;

29 ~~(21)~~ ~~(19)~~ Plan year means the twelve-month period beginning on July
30 1 and ending on June 30 of the following year;

31 ~~(22)~~ ~~(20)~~ Prior service means service rendered as a school employee

1 in the public schools of the State of Nebraska prior to July 1, 1945;

2 (23) ~~(21)~~ Public school means any and all schools offering
3 instruction in elementary or high school grades, as defined in section
4 79-101, which schools are supported by public funds and are wholly under
5 the control and management of the State of Nebraska or any subdivision
6 thereof, including (a) schools or other entities established, maintained,
7 and controlled by the school boards of local school districts, except
8 Class V school districts, (b) any educational service unit, and (c) any
9 other educational institution wholly supported by public funds, except
10 schools under the control and management of the Board of Trustees of the
11 Nebraska State Colleges, the Board of Regents of the University of
12 Nebraska, or the community college boards of governors for any community
13 college areas;

14 (24) ~~(22)~~ Regular employee means an employee hired by a public
15 school or under contract in a regular full-time or part-time position who
16 works a full-time or part-time schedule on an ongoing basis for twenty or
17 more hours per week. An employee hired as described in this subdivision
18 to provide service for less than twenty hours per week but who provides
19 service for an average of twenty hours or more per week in each calendar
20 month of any three calendar months of a plan year shall, beginning with
21 the next full payroll period, commence contributions and shall be deemed
22 a regular employee for all future employment with the same employer;

23 (25) ~~(23)~~ Regular interest means interest fixed at a rate equal to
24 the daily treasury yield curve for one-year treasury securities, as
25 published by the Secretary of the Treasury of the United States, that
26 applies on July 1 of each year, which may be credited monthly, quarterly,
27 semiannually, or annually as the board may direct;

28 (26) ~~(24)~~ Relinquished creditable service means, with respect to a
29 member who has withdrawn his or her accumulated contributions under
30 section 79-955, the total amount of creditable service which such member
31 has given up as a result of his or her election not to remain a member of

1 the retirement system;

2 ~~(27)~~ ~~(25)~~ Required deposit means the deduction from a member's
3 compensation as provided for in section 79-958 which shall be deposited
4 in the School Retirement Fund;

5 ~~(28)~~ ~~(26)~~ Retirement means qualifying for and accepting a school or
6 disability retirement allowance granted under the School Employees
7 Retirement Act;

8 ~~(29)~~ ~~(27)~~ Retirement application means the form approved and
9 provided by the retirement system for acceptance of a member's request
10 for either regular or disability retirement;

11 ~~(30)~~ ~~(28)~~ Retirement board or board means the Public Employees
12 Retirement Board;

13 ~~(31)~~ ~~(29)~~ Retirement date means (a) if the member has terminated
14 employment, the first day of the month following the date upon which a
15 member's request for retirement is received on a retirement application
16 provided by the retirement system or (b) if the member has filed a
17 retirement application but has not yet terminated employment, the first
18 day of the month following the date on which the member terminates
19 employment. An application may be filed no more than one hundred twenty
20 days prior to the effective date of the member's initial benefit;

21 ~~(32)~~ ~~(30)~~ Retirement system means the School Employees Retirement
22 System of the State of Nebraska;

23 ~~(33)~~ ~~(31)~~ Savings annuity means payments for life, made in equal
24 monthly payments, derived from the accumulated contributions of a member;

25 ~~(34)~~ ~~(32)~~ School employee means a contributing member who earns
26 service credit pursuant to section 79-927. For purposes of this section,
27 contributing member means the following persons who receive compensation
28 from a public school: (a) Regular employees; (b) regular employees having
29 retired pursuant to the School Employees Retirement Act who subsequently
30 provide compensated service on a regular basis in any capacity; and (c)
31 regular employees hired by a public school on an ongoing basis to assume

1 the duties of other regular employees who are temporarily absent.
2 Substitute employees, temporary employees, and employees who have not
3 attained the age of eighteen years shall not be considered school
4 employees;

5 (35) ~~(33)~~ School year means one fiscal year which includes not less
6 than one thousand instructional hours or, in the case of service in the
7 State of Nebraska prior to July 1, 1945, not less than seventy-five
8 percent of the then legal school year;

9 (36) ~~(34)~~ School retirement allowance means the total of the savings
10 annuity and the service annuity or formula annuity paid a person who has
11 retired under sections 79-931 to 79-935. The monthly payments shall be
12 payable at the end of each calendar month during the life of a retired
13 member. The first payment shall include all amounts accrued since the
14 effective date of the award of annuity. The last payment shall be at the
15 end of the calendar month in which such member dies or in accordance with
16 the payment option chosen by the member;

17 (37) ~~(35)~~ Service means employment as a school employee and shall
18 not be deemed interrupted by (a) termination at the end of the school
19 year of the contract of employment of an employee in a public school if
20 the employee enters into a contract of employment in any public school,
21 except a school in a Class V school district, for the following school
22 year, (b) temporary or seasonal suspension of service that does not
23 terminate the employee's employment, (c) leave of absence authorized by
24 the employer for a period not exceeding twelve months, (d) leave of
25 absence because of disability, or (e) military service when properly
26 authorized by the retirement board. Service does not include any period
27 of disability for which disability retirement benefits are received under
28 sections 79-951 to 79-953;

29 (38) ~~(36)~~ Service annuity means payments for life, made in equal
30 monthly installments, derived from appropriations made by the State of
31 Nebraska to the retirement system;

1 ~~(39)~~ ~~(37)~~ State deposit means the deposit by the state in the
2 retirement system on behalf of any member;

3 ~~(40)~~ ~~(38)~~ State school official means the Commissioner of Education
4 and his or her professional staff who are required by law or by the State
5 Department of Education to hold a certificate as such term is defined in
6 section 79-807;

7 ~~(41)~~ ~~(39)~~ Substitute employee means a person hired by a public
8 school as a temporary employee to assume the duties of regular employees
9 due to a temporary absence of any regular employees. Substitute employee
10 does not mean a person hired as a regular employee on an ongoing basis to
11 assume the duties of other regular employees who are temporarily absent;

12 ~~(42)~~ ~~(40)~~ Surviving spouse means (a) the spouse married to the
13 member on the date of the member's death or (b) the spouse or former
14 spouse of the member if survivorship rights are provided under a
15 qualified domestic relations order filed with the board pursuant to the
16 Spousal Pension Rights Act. The spouse or former spouse shall supersede
17 the spouse married to the member on the date of the member's death as
18 provided under a qualified domestic relations order. If the benefits
19 payable to the spouse or former spouse under a qualified domestic
20 relations order are less than the value of benefits entitled to the
21 surviving spouse, the spouse married to the member on the date of the
22 member's death shall be the surviving spouse for the balance of the
23 benefits;

24 ~~(43)~~ ~~(41)~~ Temporary employee means an employee hired by a public
25 school who is not a regular employee and who is hired to provide service
26 for a limited period of time to accomplish a specific purpose or task.
27 When such specific purpose or task is complete, the employment of such
28 temporary employee shall terminate and in no case shall the temporary
29 employment period exceed one year in duration;~~and~~

30 ~~(44)~~ ~~(42)~~ Termination of employment occurs on the date on which the
31 member experiences a bona fide separation from service of employment with

1 the member's employer, the date of which separation is determined by the
2 end of the member's contractual agreement or, if there is no contract or
3 only partial fulfillment of a contract, by the employer.

4 A member shall not be deemed to have terminated employment if the
5 member subsequently provides service to any employer participating in the
6 retirement system provided for in the School Employees Retirement Act
7 within one hundred eighty days after ceasing employment unless such
8 service:

9 (a) Is bona fide unpaid voluntary service or substitute service,
10 provided on an intermittent basis; or

11 (b) Is as provided in subsection (2) of section 79-920.

12 Nothing in this subdivision precludes an employer from adopting a
13 policy which limits or denies employees who have terminated employment
14 from providing voluntary or substitute service within one hundred eighty
15 days after termination.

16 A member shall not be deemed to have terminated employment if the
17 board determines that a claimed termination was not a bona fide
18 separation from service with the employer or that a member was
19 compensated for a full contractual period when the member terminated
20 prior to the end date of the contract; and -

21 (45) Voluntary service or volunteer means providing bona fide unpaid
22 service to any employer.

23 Sec. 25. Section 79-904.01, Revised Statutes Cumulative Supplement,
24 2016, is amended to read:

25 79-904.01 (1)(a) If the board determines that the retirement system
26 has previously received contributions or distributed benefits which for
27 any reason are not in accordance with the statutory provisions of the
28 School Employees Retirement Act, the board may refund contributions,
29 require additional contributions, adjust benefits, or require repayment
30 of benefits paid. In the event of an overpayment of a benefit, the board
31 may, in addition to other remedies, offset future benefit payments by the

1 amount of the prior overpayment, together with regular interest thereon.
2 In the event of a material underpayment of a benefit, the board shall
3 immediately make payment equal to the deficit amount plus regular
4 interest.

5 (b) The board shall have the power, through the director of the
6 Nebraska Public Employees Retirement Systems or the director's designee,
7 to make a thorough investigation of any overpayment of a benefit, when in
8 the judgment of the retirement system such investigation is necessary,
9 including, but not limited to, circumstances in which benefit payments
10 are made after the death of a member or beneficiary and the retirement
11 system is not made aware of such member's or beneficiary's death. In
12 connection with any such investigation, the board, through the director
13 or the director's designee, shall have the power to compel the attendance
14 of witnesses and the production of books, papers, records, and documents,
15 whether in hardcopy, electronic form, or otherwise, and issue subpoenas
16 for such purposes. Such subpoenas shall be served in the same manner and
17 have the same effect as subpoenas from district courts.

18 (2) If the board determines that termination of employment has not
19 occurred and a retirement benefit has been paid to a member of the
20 retirement system pursuant to section 79-933, such member shall repay the
21 benefit to the retirement system.

22 (3) The board shall adopt and promulgate rules and regulations
23 implementing this section, which shall include, but not be limited to,
24 the following: (a) The procedures for refunding contributions, adjusting
25 future contributions or benefit payments, and requiring additional
26 contributions or repayment of benefits; (b) the process for a member,
27 member's beneficiary, employee, or employer to dispute an adjustment of
28 contributions or benefits; and (c) notice provided to all affected
29 persons. All notices shall be sent at the time of or prior to an
30 adjustment and shall describe the process for disputing an adjustment of
31 contributions or benefits.

1 (4) The board shall not refund contributions made on compensation in
2 excess of the limitations imposed by subdivision (4) of section 79-902 or
3 subsection (9) ~~(7)~~ of section 79-934.

4 Sec. 26. Section 79-921, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 79-921 (1) The membership of any person in the retirement system
7 shall cease only if he or she (a) withdraws his or her accumulated
8 contributions under section 79-955, (b) retires on a school or formula or
9 disability retirement allowance, or (c) dies.

10 (2)(a) (2) The employer shall (i) notify the board in writing of the
11 date upon which a termination of employment has occurred and provide the
12 board with such information as the board deems necessary, (ii) notify the
13 board in writing whether or not a member accepted and received an early
14 retirement inducement, and (iii) submit in writing with the notice of
15 termination of employment and notice of receipt of an early retirement
16 inducement a completed certification by the employer and member under
17 penalty of prosecution pursuant to section 79-949 that, prior to the
18 member's termination, there was no prearranged written or verbal
19 agreement for the member to return to service in any capacity with the
20 same employer - It is the responsibility of the employer that is involved
21 in the termination of employment to notify the board of such change in
22 employment and provide the board with such information as the board deems
23 necessary.

24 (b) The member shall submit certification to the board on a form
25 prescribed by the board, under penalty of prosecution pursuant to section
26 79-949, whether or not the member accepted and received an early
27 retirement inducement from his or her employer.

28 (c) The board may adopt and promulgate rules and regulations and
29 prescribe forms as the board determines appropriate in order to carry out
30 this subsection and to ensure full disclosure and reporting by the
31 employer and member in order to minimize fraud and abuse and prevent the

1 filing of false or fraudulent claim or benefit applications.

2 (3)(a) A former member of the retirement system who has withdrawn
3 his or her accumulated contributions under section 79-955 shall be
4 reinstated to membership in the retirement system if such person again
5 becomes a school employee.

6 (b) The date of such membership shall relate back to the beginning
7 of his or her original membership in the retirement system only if such
8 school employee has repaid all amounts required in accordance with
9 subsection (4) of this section. Unless and until all such amounts are
10 repaid, the school employee shall be considered a new member, effective
11 as of the date he or she again becomes a school employee.

12 (4)(a) With respect to any person who is reinstated to membership in
13 the retirement system pursuant to subdivision (3)(a) of this section
14 prior to April 17, 2014, and who files a valid and complete one-time
15 application with the retirement board for the restoration of part or all
16 of his or her relinquished creditable service prior to six years after
17 April 17, 2014, but prior to termination, the following shall apply:

18 (i) Such member shall pay to the retirement system an amount equal
19 to the previously withdrawn contributions for the creditable service to
20 be restored, plus an amount equal to the actuarial assumed rate of return
21 on such amount to the date of repayment; and

22 (ii) Payment for restoration of such relinquished creditable service
23 must be completed within six years of April 17, 2014, or prior to
24 termination, whichever is earlier.

25 (b) With respect to any person who is reinstated to membership in
26 the retirement system pursuant to subdivision (3)(a) of this section on
27 and after April 17, 2014, and who files a valid and complete one-time
28 application with the retirement board for the restoration of part or all
29 of his or her relinquished creditable service within five years after the
30 date of such member's reinstatement to membership in the retirement
31 system but prior to termination, the following shall apply:

1 (i) Such member shall pay to the retirement system an amount equal
2 to the previously withdrawn contributions for the creditable service to
3 be restored, plus an amount equal to the actuarial assumed rate of return
4 on such amount to the date of repayment; and

5 (ii) Payment for restoration of such relinquished creditable service
6 must be completed within five years of the date of such member's
7 reinstatement to membership in the retirement system or prior to
8 termination, whichever is earlier.

9 (5) If less than full payment is made by the member, relinquished
10 creditable service shall be restored in proportion to the amounts repaid.
11 Repayment may be made through direct payment, installment payments, an
12 irrevocable payroll deduction authorization, cash rollover contributions
13 pursuant to section 79-933.02, or trustee-to-trustee transfers pursuant
14 to section 79-933.09.

15 Sec. 27. Section 79-926, Reissue Revised Statutes of Nebraska, is
16 amended to read:

17 79-926 (1) Under such rules and regulations as the retirement board
18 adopts and promulgates, each person who was a school employee at any time
19 prior to the establishment of the retirement system and who becomes a
20 member of the retirement system shall, within two years after becoming a
21 member, file a detailed statement of all service as a school employee
22 rendered by him or her prior to the date of establishment of the
23 retirement system. In order to qualify for prior service credit toward a
24 service annuity, a school employee, unless temporarily out of service for
25 further professional education, for service in the armed forces, or for
26 temporary disability, must have completed four years of service on a
27 part-time or full-time basis during the five calendar years immediately
28 preceding July 1, 1945, or have completed eighteen years out of the last
29 twenty-five years prior to July 1, 1945, full time or part time, and two
30 years out of the five years immediately preceding July 1, 1945, full time
31 or part time, or such school employee must complete, unless temporarily

1 out of service for further professional education, for service in the
2 armed forces, or for temporary disability, four years of service within
3 the five calendar years immediately following July 1, 1945. In order to
4 qualify for prior service credit toward a service annuity, a school
5 employee who becomes a member of the retirement system on or before
6 September 30, 1951, or from July 1, 1945, to the date of becoming a
7 member shall have been continuously employed in a public school in
8 Nebraska operating under any other regularly established retirement or
9 pension system.

10 ~~(2) Any person who, after having served or signing a contract to~~
11 ~~serve as a school employee, entered into and served or enters into and~~
12 ~~serves in the armed forces of the United States during a declared~~
13 ~~emergency or was drafted under a federal mandatory draft law into the~~
14 ~~armed forces of the United States during a time of peace, as described~~
15 ~~and prescribed under such rules and regulations as the retirement board~~
16 ~~adopts and promulgates, and who, within three calendar years after~~
17 ~~honorable discharge or honorable separation from active duty or within~~
18 ~~one year from the date of completion of training provided in the federal~~
19 ~~Servicemen's Readjustment Act of 1944 or the federal Veterans'~~
20 ~~Readjustment Assistance Act of 1952, became or becomes a school employee~~
21 ~~shall be credited, in determining benefits due such member from the~~
22 ~~retirement system, for a maximum of five years of the time actually~~
23 ~~served in the armed forces as if such person had been a school employee~~
24 ~~throughout such time.~~

25 ~~(2)(a) Any~~ (3) ~~Under such rules and regulations as the retirement~~
26 ~~board adopts and promulgates, any school employee who is reemployed on or~~
27 ~~after December 12, 1994, pursuant to 38 U.S.C. 4301 et seq., shall be~~
28 ~~treated as not having incurred a break in service by reason of his or her~~
29 ~~period of military service. Such military service shall be credited for~~
30 ~~purposes of determining the nonforfeitability of the member's accrued~~
31 ~~benefits and the accrual of benefits under the plan.~~

1 (b) The employer shall be liable for funding any obligation of the
2 plan to provide benefits based upon such period of military service. To
3 satisfy the liability, the employer shall pay to the retirement system an
4 amount equal to:

5 (i) The sum of the member and employer contributions that would have
6 been paid during such period of military service; and

7 (ii) Any actuarial costs necessary to fund the obligation of the
8 plan to provide benefits based upon such period of military service. For
9 the purposes of determining the amount of such liability and obligation
10 of the plan, earnings and forfeitures, gains and losses, regular
11 interest, or interest credits that would have accrued on the member and
12 employer contributions that are paid by the employer pursuant to this
13 section shall not be included.

14 (c) The amount required in subdivision (b) of this subsection shall
15 be paid to the retirement system as soon as reasonably practicable
16 following the date of reemployment, but must be paid within eighteen
17 months of the date the board notifies the employer of the amount due. If
18 the employer fails to pay the required amount within such eighteen-month
19 period, then the employer is also responsible for any actuarial costs and
20 interest on actuarial costs that accrue from eighteen months after the
21 date the employer is notified by the board until the date the amount is
22 paid.

23 (d) The retirement board may adopt and promulgate rules and
24 regulations to carry out this subsection, including, but not limited to,
25 rules and regulations on:

26 (i) How and when the member and employer must notify the retirement
27 system of a period of military service;

28 (ii) The acceptable methods of payment;

29 (iii) Determining the service and compensation upon which the
30 contributions must be made;

31 (iv) Accelerating the payment from the employer due to unforeseen

1 circumstances that occur before payment is made pursuant to this section,
2 including, but not limited to, the member's termination or retirement or
3 the employer's reorganization, consolidation, merger, or closing; and

4 (v) The documentation required to substantiate that the member was
5 reemployed pursuant to 38 U.S.C. 4301 et seq.

6 (3) This section only applies to military service that falls within
7 the definition of uniformed service under 38 U.S.C. 4301 et seq. Military
8 service does not include service provided pursuant to sections 55-101 to
9 55-181.

10 Sec. 28. Section 79-931, Revised Statutes Cumulative Supplement,
11 2016, is amended to read:

12 79-931 (1) A member hired prior to July 1, 2016, upon filing a
13 retirement application with the retirement system, may retire (a) at any
14 age if the member has completed thirty-five years of creditable service,
15 (b) if the member has completed at least five years of creditable service
16 plus eligibility and vesting credit and is at least sixty years of age,
17 (c) if the member is at least sixty-five years of age upon termination,
18 or (d) if the member is at least fifty-five years of age, has acquired
19 the equivalent of one-half year of service as a public school employee
20 under the retirement system following July 1, 1997, was a school employee
21 on or after March 4, 1998, and the sum of the member's attained age and
22 creditable service totals eighty-five.

23 (2) A member hired on or after July 1, 2016, and prior to July 1,
24 2018, or a member who has taken a ~~refund~~ or retirement or refund that
25 relinquished all prior service credit and who has not repaid the full
26 amount of the refund pursuant to section 79-921 and is rehired or hired
27 by any ~~a separate~~ employer covered by the retirement system on or after
28 July 1, 2016, and prior to July 1, 2018, upon filing a retirement
29 application with the retirement system, may retire (a) at any age if the
30 member has completed thirty-five years of creditable service, (b) if the
31 member is at least fifty-five years of age and the sum of the member's

1 attained age and creditable service totals eighty-five, or (c) if the
2 member is at least sixty years of age and has completed at least five
3 years of creditable service including eligibility and vesting credit.

4 (3) A member hired on or after July 1, 2018, or a member or former
5 member who has taken a retirement or refund that relinquished all prior
6 service credit and who has not repaid the full amount of the refund
7 pursuant to section 79-921 and is rehired or hired by any employer
8 covered by the retirement system on or after July 1, 2018, upon filing a
9 retirement application with the retirement system, may retire (a) if the
10 member is at least sixty years of age and the sum of the member's
11 attained age and creditable service totals eighty-five or (b) if the
12 member is at least sixty years of age and has completed at least five
13 years of creditable service including eligibility and vesting credit.

14 Sec. 29. Section 79-933.08, Reissue Revised Statutes of Nebraska, is
15 amended to read:

16 79-933.08 (1) ~~A An employer and a school employee who became a~~
17 ~~member before July 1, 2014, and who has completed at least five years of~~
18 ~~creditable service plus eligibility and vesting credit or a school~~
19 ~~employee who became a member for the first time on or after July 1, 2014,~~
20 ~~and who has completed ten or more years of creditable service may by~~
21 ~~agreement made in contemplation of retirement, to be effective within~~
22 ~~twelve months of the agreement, purchase service credit for up to such~~
23 ~~employee for not to exceed five years of creditable service. Such~~
24 ~~purchase an agreement may be executed up to twelve months prior to the~~
25 ~~employee's retirement date. The agreement shall specify whether the~~
26 ~~school employee shall pay for the service credits, whether the employer~~
27 ~~shall pay for the service credits, or whether both the employee and~~
28 ~~employer shall share the cost of the service credits. Such service~~
29 ~~credits shall be purchased by the employee for an amount equal to the~~
30 ~~actuarial cost to the retirement system for allowing such additional~~
31 ~~service credit to the employee.~~

1 (2) Payment for such service credits shall be completed prior to the
2 employee's termination of employment date and may be made through direct
3 payment, installment payments, or an irrevocable deduction authorization.
4 If payments are made on an installment basis, interest shall be charged
5 at the rate of regular interest.

6 (3) Compensation for the period of service purchased shall not be
7 included in determining the member's final average compensation.

8 (4) The retirement board shall credit funds collected pursuant to
9 this section to the Contingent Account pending the employee's retirement.
10 If the employee does not retire within twelve months after the execution
11 of the purchase ~~signing of the agreement~~ made pursuant to this section,
12 such funds shall be refunded, excluding interest earned, and the employee
13 shall not be given credit for the service credit attempted to be
14 purchased.

15 Sec. 30. Section 79-934, Revised Statutes Cumulative Supplement,
16 2016, is amended to read:

17 79-934 (1) In lieu of the school retirement allowance provided by
18 section 79-933, any member who is not an employee of a Class V school
19 district and who becomes eligible to make application for and receive a
20 school retirement allowance under section 79-931 may receive a formula
21 annuity retirement allowance if it is greater than the school retirement
22 allowance provided by section 79-933.

23 (2) Subject to the other provisions of this section, the monthly
24 formula annuity in the normal form shall be determined by multiplying the
25 number of years of creditable service for which such member would
26 otherwise receive the service annuity provided by section 79-933 by (a)
27 one and one-quarter percent of his or her final average compensation for
28 a member who has acquired the equivalent of one-half year of service or
29 more as a school employee under the retirement system following August
30 24, 1975, (b) one and one-half percent of his or her final average
31 compensation for a member who has acquired the equivalent of one-half

1 year of service or more as a school employee under the retirement system
2 following July 17, 1982, (c) one and sixty-five hundredths percent of his
3 or her final average compensation for a member who has acquired the
4 equivalent of one-half year of service or more as a school employee under
5 the retirement system following July 1, 1984, (d) one and seventy-three
6 hundredths percent of his or her final average compensation for a member
7 actively employed as a school employee under the retirement system or
8 under contract with an employer on or after June 5, 1993, (e) one and
9 eight-tenths percent of his or her final average compensation for a
10 member who has acquired the equivalent of one-half year of service or
11 more as a school employee under the retirement system following July 1,
12 1995, and was employed as a school employee under the retirement system
13 or under contract with an employer on or after April 10, 1996, (f) one
14 and nine-tenths percent of his or her final average compensation for a
15 member who has acquired the equivalent of one-half year of service or
16 more as a school employee under the retirement system following July 1,
17 1998, and was employed as a school employee under the retirement system
18 or under contract with an employer on or after April 29, 1999, (g) two
19 percent of his or her final average compensation for a member who has
20 acquired the equivalent of one-half year of service or more as a school
21 employee under the retirement system following July 1, 2000, who was
22 employed as a school employee under the retirement system or under
23 contract with an employer on or after May 2, 2001, and hired prior to
24 July 1, 2016, and who has not retired prior to May 2, 2001, or (h) two
25 percent of his or her final average compensation for a member initially
26 hired on or after July 1, 2016, or a member who has taken a refund or
27 retirement and is rehired or hired by a separate employer covered by the
28 retirement system on or after July 1, 2016, and has acquired the
29 equivalent of five years of service or more as a school employee under
30 the retirement system or under contract with an employer on or after July
31 1, 2016. Subdivision (2)(f) of this section shall not apply to a member

1 who is retired prior to April 29, 1999. Subdivision (2)(g) of this
2 section shall not apply to a member who is retired prior to May 2, 2001.

3 (3) If the annuity begins on or after the member's sixty-fifth
4 ~~birthday of a member~~, the annuity shall not be reduced.

5 ~~(4) If the annuity begins prior to the sixty fifth birthday of the~~
6 ~~member and the member has completed thirty or more years of creditable~~
7 ~~service and is at least sixty years of age, the annuity shall not be~~
8 ~~reduced.~~ If the annuity begins prior to the member's sixtieth birthday of
9 ~~the member~~ and the member has completed thirty-five or more years of
10 creditable service, the annuity shall be actuarially reduced on the basis
11 of age sixty-five.

12 ~~If the annuity begins on or after the sixtieth birthday of the~~
13 ~~member and the member has completed at least a total of five years of (a)~~
14 ~~creditable service plus (b) eligibility and vesting credit but less than~~
15 ~~thirty years of creditable service, the annuity shall be reduced by three~~
16 ~~percent for each year by which the member's age is less than the age at~~
17 ~~which the member's age plus years of creditable service would have~~
18 ~~totalled ninety or three percent for each year after the member's sixtieth~~
19 ~~birthday and prior to his or her sixty-fifth birthday, whichever provides~~
20 ~~the greater annuity.~~

21 ~~(5)(a) (4)(a) For retirements on or after March 4, 1998, for a~~
22 ~~member who has acquired the equivalent of one-half year of creditable~~
23 ~~service or more as a school employee under the retirement system~~
24 ~~following July 1, 1997, and who was a school employee on or after March~~
25 ~~4, 1998, and who was hired prior to July 1, 2016, if the annuity begins~~
26 ~~at a time when the sum of the member's attained age and creditable~~
27 ~~service totals eighty-five and the member is at least fifty-five years of~~
28 ~~age, the annuity shall not be reduced. This subdivision shall only apply~~
29 ~~to a member who has acquired the equivalent of one-half year of service~~
30 ~~or more as a public school employee under the retirement system following~~
31 ~~July 1, 1997, and who was a school employee on or after March 4, 1998.~~

1 This subdivision shall not apply to a member who is retired prior to
2 March 4, 1998.

3 (b) For ~~retirements for~~ a member hired on or after July 1, 2016, and
4 prior to July 1, 2018, or for a member who has taken a refund or
5 retirement or refund that relinquished all prior service credit and who
6 has not repaid the full amount of the refund pursuant to section 79-921
7 and is rehired or hired by any a separate employer covered by the
8 retirement system on or after July 1, 2016, and prior to July 1, 2018, if
9 the annuity begins at a time when the sum of the member's attained age
10 and creditable service totals eighty-five and the member is at least
11 fifty-five years of age, the annuity shall not be reduced.—This
12 subdivision shall only apply to a member who has acquired the equivalent
13 of five years of service or more as a school employee under the
14 retirement system.

15 (c) For a member hired on or after July 1, 2018, or for a member or
16 former member who has taken a retirement or refund that relinquished all
17 prior service credit and who has not repaid the full amount of the refund
18 pursuant to section 79-921 and is rehired or hired by any employer
19 covered by the retirement system on or after July 1, 2018, if the annuity
20 begins at a time when the sum of the member's attained age and creditable
21 service totals eighty-five and the member is at least sixty years of age,
22 the annuity shall not be reduced.

23 (6) If the annuity begins on or after the member's sixtieth birthday
24 and the member has completed at least a total of five years of creditable
25 service including eligibility and vesting credit but has not yet
26 qualified for an unreduced annuity as specified in this section, the
27 annuity shall be reduced by three percent for each year after the
28 member's sixtieth birthday and prior to his or her sixty-fifth birthday.

29 (7) ~~(5)~~ Except as provided in section 42-1107, the normal form of
30 the formula annuity shall be an annuity payable monthly during the
31 remainder of the member's life with the provision that in the event of

1 his or her death before sixty monthly payments have been made the monthly
2 payments will be continued to his or her estate or to the beneficiary he
3 or she has designated until sixty monthly payments have been made. Except
4 as provided in section 42-1107, a member may elect to receive in lieu of
5 the normal form of annuity an actuarially equivalent annuity in any
6 optional form provided by section 79-938.

7 (8) ~~(6)~~ All formula annuities shall be paid from the School
8 Retirement Fund.

9 (9)(a)(i) ~~(7)(a)(i)~~ For purposes of this section, in the
10 determination of compensation for members on or after July 1, 2005, that
11 part of a member's compensation for the plan year which exceeds the
12 member's compensation with the same employer for the preceding plan year
13 by more than seven percent of the compensation base during the sixty
14 months preceding the member's retirement shall be excluded unless (A) the
15 member experienced a substantial change in employment position, (B) as
16 verified by the school board, the excess compensation above seven percent
17 occurred as the result of a collective-bargaining agreement between the
18 employer and a recognized collective-bargaining unit or category of
19 school employee, and the percentage increase in compensation above seven
20 percent shall not be excluded for employees outside of a collective-
21 bargaining unit or within the same category of school employee, or (C)
22 the excess compensation occurred as the result of a districtwide
23 permanent benefit change made by the employer for a category of school
24 employee in accordance with subdivision (4)(a)(iv) of section 79-902.

25 (ii) For purposes of subdivision (9)(a) ~~(7)(a)~~ of this section:

26 (A) Category of school employee means either all employees of the
27 employer who are administrators or certificated teachers, or all
28 employees of the employer who are not administrators or certificated
29 teachers, or both;

30 (B) Compensation base means (I) for current members, employed with
31 the same employer, the member's compensation for the plan year ending

1 June 30, 2005, or (II) for members newly hired or hired by a separate
2 employer on or after July 1, 2005, the member's compensation for the
3 first full plan year following the member's date of hiring. Thereafter,
4 the member's compensation base shall be increased each plan year by the
5 lesser of seven percent of the member's preceding plan year's
6 compensation base or the member's actual annual compensation increase
7 during the preceding plan year; and

8 (C) Recognized collective-bargaining unit means a group of employees
9 similarly situated with a similar community of interest appropriate for
10 bargaining recognized as such by a school board.

11 (b)(i) In the determination of compensation for members whose
12 retirement date is on or after July 1, 2012, through June 30, 2013, that
13 part of a member's compensation for the plan year which exceeds the
14 member's compensation with the same employer for the preceding plan year
15 by more than nine percent of the compensation base shall be excluded.

16 (ii) For purposes of subdivision (9)(b) ~~(7)(b)~~ of this section,
17 compensation base means (A) for current members employed with the same
18 employer, the member's compensation for the plan year ending June 30,
19 2012, or (B) for members newly hired or hired by a separate employer on
20 or after July 1, 2012, the member's compensation for the first full plan
21 year following the member's date of hiring.

22 (c)(i) In the determination of compensation for members whose
23 retirement date is on or after July 1, 2013, that part of a member's
24 compensation for the plan year which exceeds the member's compensation
25 for the preceding plan year by more than eight percent during the capping
26 period shall be excluded. Such member's compensation for the first plan
27 year of the capping period shall be compared to the member's compensation
28 received for the plan year immediately preceding the capping period.

29 (ii) For purposes of subdivision (9)(c) ~~(7)(c)~~ of this section:

30 (A) Capping period means the five plan years preceding the later of
31 (I) such member's retirement date or (II) such member's final

1 compensation date; and

2 (B) Final compensation date means the later of (I) the date on which
3 a retiring member's final compensation is actually paid or (II) if a
4 retiring member's final compensation is paid in advance as a lump sum,
5 the date on which such final compensation would have been paid to the
6 member in the absence of such advance payment.

7 Sec. 31. Section 79-951, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 79-951 (1) Any member, disregarding the length of service, may be
10 retired as a result of disability either upon his or her own application
11 or upon the application of his or her employer or any person acting in
12 his or her behalf. Before any member may be so retired, a medical
13 examination shall be made at the expense of the retirement system, which
14 examination shall be conducted by a disinterested physician legally
15 authorized to practice medicine under the laws of the state in which he
16 or she practices, such physician to be selected by the retirement board,
17 and the physician shall certify to the board that the member should be
18 retired because he or she suffers from an inability to engage in any
19 substantially gainful activity by reason of any medically determinable
20 physical or mental impairment which was initially diagnosed or became
21 disabling while the member was an active participant in the plan and
22 which can be expected to result in death or to be of long-continued and
23 indefinite duration. The medical examination may be waived if, in the
24 judgment of the retirement board, extraordinary circumstances exist which
25 preclude substantial gainful activity by the member. Such circumstances
26 shall include hospice placement or similar confinement for a terminal
27 illness or injury. The application for disability retirement shall be
28 made within one year of termination of employment ~~A member shall be~~
29 ~~retired on account of disability, either upon his or her own application~~
30 ~~or the application of his or her employer or a person acting in his or~~
31 ~~her behalf, if a medical examination, made at the expense of the~~

1 ~~retirement system and conducted by a competent disinterested physician~~
2 ~~legally authorized to practice medicine under the laws of the state in~~
3 ~~which he or she practices, selected by the retirement board, shows and~~
4 ~~the physician certifies to the retirement board that the member is unable~~
5 ~~to engage in a substantially gainful activity by reason of any medically~~
6 ~~determinable physical or mental impairment which began while the member~~
7 ~~was a participant in the plan and which can be expected to result in~~
8 ~~death or be of a long and indefinite duration. The medical examination~~
9 ~~may be waived if, in the judgment of the retirement board, extraordinary~~
10 ~~circumstances exist which preclude substantial gainful activity by the~~
11 ~~member. Such circumstances shall include hospice placement or similar~~
12 ~~confinement for a terminal illness or injury.~~

13 ~~(2) The member shall have five years from the date he or she~~
14 ~~terminates employment in a public school located in Nebraska in which to~~
15 ~~make application for disability retirement benefits if the disability is~~
16 ~~related to employment in a public school located in Nebraska. If the~~
17 ~~disability is not related to a public school located in Nebraska, the~~
18 ~~member shall have one year from the date he or she terminates employment~~
19 ~~in which to make application for disability retirement benefits. Any~~
20 ~~application for retirement on account of disability shall be made on a~~
21 ~~retirement application provided by the retirement system. Upon approval~~
22 ~~by the board, benefits shall begin on the disability retirement date.~~

23 (2) The retirement board may adopt and promulgate rules and
24 regulations and prescribe the necessary forms to carry out this section.

25 Sec. 32. Section 79-954, Revised Statutes Cumulative Supplement,
26 2016, is amended to read:

27 79-954 If a disability beneficiary under the age of sixty-five years
28 is restored to active service as a school employee or if the examining
29 physician certifies that the person is no longer disabled for service as
30 a school employee, the ~~school or~~ disability retirement allowance shall
31 cease. If the beneficiary again becomes a school employee, he or she

1 shall become a member of the retirement system. Any prior service
2 certificate, on the basis of which his or her creditable service was
3 computed at the time of his or her retirement for disability, shall be
4 restored to full force and effect upon his or her again becoming a member
5 of such retirement system.

6 Sec. 33. Section 79-958, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 79-958 (1) Beginning on September 1, 2012, for the purpose of
9 providing the funds to pay for formula annuities, every employee shall be
10 required to deposit in the School Retirement Fund nine and seventy-eight
11 hundredths percent of compensation. Such deposits shall be transmitted at
12 the same time and in the same manner as required employer contributions.

13 (2) For the purpose of providing the funds to pay for formula
14 annuities, every employer shall be required to deposit in the School
15 Retirement Fund one hundred one percent of the required contributions of
16 the school employees of each employer. Such deposits shall be transmitted
17 to the retirement board at the same time and in the same manner as such
18 required employee contributions.

19 (3) The employer shall pick up the member contributions required by
20 this section for all compensation paid on or after January 1, 1986, and
21 the contributions so picked up shall be treated as employer contributions
22 pursuant to section 414(h)(2) of the Internal Revenue Code in determining
23 federal tax treatment under the code and shall not be included as gross
24 income of the member until such time as they are distributed or made
25 available. The contributions, although designated as member
26 contributions, shall be paid by the employer in lieu of member
27 contributions. The employer shall pay these member contributions from the
28 same source of funds which is used in paying earnings to the member. The
29 employer shall pick up these contributions by a compensation deduction
30 through a reduction in the cash compensation of the member. Member
31 contributions picked up shall be treated for all purposes of the School

1 Employees Retirement Act in the same manner and to the same extent as
2 member contributions made prior to the date picked up.

3 (4) The employer shall pick up the member contributions made through
4 irrevocable payroll deduction authorizations pursuant to sections 79-921,
5 and 79-933.03 to 79-933.06, ~~and 79-933.08,~~ and the contributions so
6 picked up shall be treated as employer contributions in the same manner
7 as contributions picked up under subsection (3) of this section.

8 Sec. 34. Section 79-978, Revised Statutes Cumulative Supplement,
9 2016, is amended to read:

10 79-978 For purposes of the Class V School Employees Retirement Act,
11 unless the context otherwise requires:

12 (1) Accumulated contributions means the sum of amounts contributed
13 by a member of the system together with regular interest credited
14 thereon;

15 (2) Actuarial equivalent means the equality in value of the
16 retirement allowance for early retirement or the retirement allowance for
17 an optional form of annuity, or both, with the normal form of the annuity
18 to be paid, as determined by the application of the appropriate actuarial
19 table, except that use of such actuarial tables shall not effect a
20 reduction in benefits accrued prior to September 1, 1985, as determined
21 by the actuarial tables in use prior to such date;

22 (3) Actuarial tables means:

23 (a) For determining the actuarial equivalent of any annuities other
24 than joint and survivorship annuities, a unisex mortality table using
25 twenty-five percent of the male mortality and seventy-five percent of the
26 female mortality from the 1994 Group Annuity Mortality Table with a One
27 Year Setback and using an interest rate of eight percent compounded
28 annually; and

29 (b) For joint and survivorship annuities, a unisex retiree mortality
30 table using sixty-five percent of the male mortality and thirty-five
31 percent of the female mortality from the 1994 Group Annuity Mortality

1 Table with a One Year Setback and using an interest rate of eight percent
2 compounded annually and a unisex joint annuitant mortality table using
3 thirty-five percent of the male mortality and sixty-five percent of the
4 female mortality from the 1994 Group Annuity Mortality Table with a One
5 Year Setback and using an interest rate of eight percent compounded
6 annually;

7 (4) Annuitant means any member receiving an allowance;

8 (5) Annuity means annual payments, for both prior service and
9 membership service, for life as provided in the Class V School Employees
10 Retirement Act;

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

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

19 (8) Board of education means the board of education of the school
20 district;

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

30 (b) Compensation does not include (i) fraudulently obtained amounts
31 as determined by the board, (ii) amounts for accrued unused sick leave or

1 accrued unused vacation leave converted to cash payments, (iii) insurance
2 premiums converted into cash payments, (iv) reimbursement for expenses
3 incurred, (v) fringe benefits, (vi) per diems paid as expenses, (vii)
4 bonuses for services not actually rendered, ~~(viii) including, but not~~
5 ~~limited to,~~ early retirement inducements, (ix) cash awards, (x) and
6 severance pay, or (xi) (viii) employer contributions made for the
7 purposes of separation payments made at retirement and early retirement
8 inducements as provided for in section 79-514.

9 (c) Compensation in excess of the limitations set forth in section
10 401(a)(17) of the Internal Revenue Code, as defined in section 49-801.01,
11 shall be disregarded;

12 (10) Council means the Nebraska Investment Council created and
13 acting pursuant to section 72-1237;

14 (11) Creditable service means the sum of the membership service and
15 the prior service, measured in one-tenth-year increments;

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

23 (13) Early retirement inducement means, but is not limited to:

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

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

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

30 (d) An additional salary or wage component of any kind that is being
31 paid as an incentive to leave employment and not for personal services

1 performed for which creditable service is granted;

2 (e) Partial or full employer payment of a member's health, dental,
3 life, or long-term disability insurance benefits or cash in lieu of such
4 insurance benefits that extend beyond the member's termination of
5 employment and contract of employment dates. This subdivision does not
6 apply to any period during which the member is contributing to the
7 retirement system and being awarded creditable service; and

8 (f) Any other form of separation payments made by an employer to a
9 member at termination, including, but not limited to, purchasing
10 retirement contracts for the member pursuant to section 79-514, or
11 depositing money for the member in an account established under section
12 403(b) of the Internal Revenue Code except for payments for accrued
13 unused leave;

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

20 (15) Employer means a school district participating in a retirement
21 system established pursuant to the Class V School Employees Retirement
22 Act;

23 ~~(16)~~ (14) Fiscal year means the period beginning September 1 in any
24 year and ending on August 31 of the next succeeding year;

25 (17) Hire date or date of hire means the first day of compensated
26 service subject to retirement contributions;

27 ~~(18)~~ (15) Interest means, for the purchase of service credit, the
28 purchase of prior service credit, restored refunds, and delayed payments,
29 the investment return assumption used in the most recent actuarial
30 valuation;

31 (19) ~~(16)~~ Member means any employee included in the membership of

1 the retirement system or any former employee who has made contributions
2 to the system and has not received a refund;

3 ~~(20)~~ ~~(17)~~ Membership service means service on or after September 1,
4 1951, as an employee of the school district and a member of the system
5 for which compensation is paid by the school district. Credit for more
6 than one year of membership service shall not be allowed for service
7 rendered in any fiscal year. Beginning September 1, 2005, a member shall
8 be credited with a year of membership service for each fiscal year in
9 which the member performs one thousand or more hours of compensated
10 service as an employee of the school district. For an employee who
11 becomes a member prior to July 1, 2018, an ~~An~~ hour of compensated service
12 shall include any hour for which the member is compensated by the school
13 district during periods when ~~where~~ no service is performed due to
14 vacation or approved leave. For an employee who becomes a member on or
15 after July 1, 2018, an hour of compensated service shall include any hour
16 for which the member is compensated by the school district during periods
17 when no service is performed due to used accrued sick days, used accrued
18 vacation days, federal and state holidays, and jury duty leave for which
19 the member is paid full compensation by the employer. If a member
20 performs less than one thousand hours of compensated service during a
21 fiscal year, one-tenth of a year of membership service shall be credited
22 for each one hundred hours of compensated service by the member in such
23 fiscal year. In determining a member's total membership service, all
24 periods of membership service, including fractional years of membership
25 service in one-tenth-year increments, shall be aggregated;

26 ~~(21)~~ ~~(18)~~ Military service means service in the uniformed services
27 as defined in 38 U.S.C. 4301 et seq., as such provision existed on March
28 27, 1997;

29 ~~(22)~~ ~~(19)~~ Normal retirement date means the end of the month during
30 which the member attains age sixty-five and has completed at least five
31 years of membership service;

1 ~~(23)~~ ~~(20)~~ Primary beneficiary means the person or persons entitled
2 to receive or receiving a benefit by reason of the death of a member;

3 ~~(24)~~ ~~(21)~~ Prior service means service rendered prior to September 1,
4 1951, for which credit is allowed under section 79-999, service rendered
5 by retired employees receiving benefits under preexisting systems, and
6 service for which credit is allowed under sections 79-990, 79-991,
7 79-994, 79-995, and 79-997;

8 ~~(25)~~ ~~(22)~~ Regular interest means interest (a) on the total
9 contributions of the member prior to the close of the last preceding
10 fiscal year, (b) compounded annually, and (c)(i) beginning September 1,
11 2016, at a rate equal to the daily treasury yield curve for one-year
12 treasury securities, as published by the Secretary of the Treasury of the
13 United States, that applies on September 1 of each year and (ii) prior to
14 September 1, 2016, at rates to be determined annually by the board, which
15 shall have the sole, absolute, and final discretionary authority to make
16 such determination, except that the rate for any given year in no event
17 shall exceed the actual percentage of net earnings of the system during
18 the last preceding fiscal year;

19 ~~(26)~~ ~~(23)~~ Retirement allowance means the total annual retirement
20 benefit payable to a member for service or disability;

21 ~~(27)~~ ~~(24)~~ Retirement date means the date of retirement of a member
22 for service or disability as fixed by the board of trustees;

23 ~~(28)~~ ~~(25)~~ 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 ~~(29)~~ ~~(26)~~ 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 ~~(30)~~ ~~(27)~~ State investment officer means the state investment

1 officer appointed pursuant to section 72-1240 and acting pursuant to the
2 Nebraska State Funds Investment Act;~~and~~

3 (31) Substitute employee means a person hired by an employer as a
4 temporary employee to assume the duties of an employee due to a temporary
5 absence of any employee. Substitute employee does not mean a person hired
6 as an employee on an ongoing basis to assume the duties of other
7 employees who are temporarily absent;

8 (32) Temporary employee means a person hired by an employer who is
9 not an employee and who is hired to provide service for a limited period
10 of time to accomplish a specific purpose or task. When such specific
11 purpose or task is complete, the employment of such temporary employee
12 shall terminate and in no case shall the temporary employment period
13 exceed one year in duration;

14 (33) ~~(28)~~ Trustee means a trustee provided for in section 79-980;
15 and -

16 (34) Voluntary service or volunteer means providing bona fide unpaid
17 service to an employer.

18 Sec. 35. Section 79-978.01, Revised Statutes Cumulative Supplement,
19 2016, is amended to read:

20 79-978.01 Sections 79-978 to 79-9,118 and sections 38 and 39 of this
21 act shall be known and may be cited as the Class V School Employees
22 Retirement Act.

23 Sec. 36. Section 79-987, Revised Statutes Cumulative Supplement,
24 2016, is amended to read:

25 79-987 (1) An annual audit of the affairs of the retirement system
26 shall be conducted in each fiscal year. At the option of the board of
27 trustees, such audit may be conducted by a certified public accountant or
28 the Auditor of Public Accounts. The costs of such audit shall be paid
29 from funds of the retirement system. A copy of such audit shall be filed
30 with the Auditor of Public Accounts.

31 (2) Each audit year an annual financial audit of the investments of

1 the retirement system shall be conducted. At the option of the council,
2 such audit may be conducted by a certified public accountant or the
3 Auditor of Public Accounts. The costs of such audit shall be paid from
4 funds of the retirement system. A copy of such audit shall be filed with
5 the board of trustees and the Auditor of Public Accounts.

6 (3) Beginning May 1, 2017, and until May 1, 2018 ~~each May 1~~
7 ~~thereafter~~, if such retirement plan is a defined benefit plan, the board
8 of trustees shall cause to be prepared an annual report and the
9 administrator shall file the same with the Public Employees Retirement
10 Board and submit to the members of the Nebraska Retirement Systems
11 Committee of the Legislature a copy of such report. Beginning May 1,
12 2018, the board of trustees shall cause to be prepared an annual report
13 and the administrator shall file the same with the Auditor of Public
14 Accounts and submit to the members of the Nebraska Retirement Systems
15 Committee of the Legislature a copy of such report. The report submitted
16 to the committee and the Auditor of Public Accounts shall be submitted
17 electronically. The report shall consist of a full actuarial analysis of
18 each such retirement plan established pursuant to section 79-979. The
19 analysis shall be prepared by an independent private organization or
20 public entity employing actuaries who are members of the American Academy
21 of Actuaries and meet the academy's qualification standards to render a
22 statement of actuarial opinion, and which organization or entity has
23 demonstrated expertise to perform this type of analysis and is unrelated
24 to any organization offering investment advice or which provides
25 investment management services to the retirement plan. The report shall
26 be presented to the Nebraska Retirement Systems Committee of the
27 Legislature at a public hearing.

28 Sec. 37. Section 79-992, Revised Statutes Cumulative Supplement,
29 2016, is amended to read:

30 79-992 (1) A member who has five years or more of creditable
31 service, excluding years of prior service acquired pursuant to section

1 79-990, 79-991, 79-994, 79-995, or 79-997, and who terminates ~~severs~~ his
2 or her employment may elect to leave his or her contributions in the
3 retirement system, in which event he or she shall receive a retirement
4 allowance at normal retirement age based on the annuity earned to the
5 date of such termination of employment ~~severance~~. Such member may elect
6 to receive a retirement allowance at early retirement age if such member
7 retires at an early retirement date. Such annuity shall be adjusted in
8 accordance with section 79-9,100. Upon termination ~~the severance~~ of
9 employment, except on account of retirement, a member shall be entitled
10 to receive refunds as follows: (a) An amount equal to the accumulated
11 contributions to the retirement system by the member; and (b) any
12 contributions made to a previously existing system which were refundable
13 under the terms of that system. Any member receiving a refund of
14 contributions shall thereby forfeit and relinquish all accrued rights in
15 the retirement system including all accumulated creditable service,
16 except that if any member who has withdrawn his or her contributions as
17 provided in this section reenters the service of the district and again
18 becomes a member of the retirement system, he or she may restore any or
19 all money previously received by him or her as a refund, including the
20 interest on the amount of the restored refund for the period of his or
21 her absence from the district's service as determined using the interest
22 rate for interest on such restored refunds, and he or she shall then
23 again receive credit for that portion of service which the restored money
24 represents. Such restoration may be made as the board of trustees may
25 direct through direct payments to the system or on an installment basis
26 pursuant to a binding irrevocable payroll deduction authorized between
27 the member and the school district over a period of not to exceed five
28 years from the date of reemployment. Interest on delayed payments shall
29 be at the rate of interest for determining interest on delayed payments
30 by members to the retirement system. Creditable service may be purchased
31 only in one-tenth-year increments, starting with the most recent years'

1 salary.

2 (2) Except as provided in section 38 of this act:

3 (a) (2) A retired member who returns to employment as an employee of
4 the school district shall again participate in the retirement system as a
5 new member and shall make contributions to the retirement system
6 commencing upon reemployment. The retirement annuity of a retired member
7 who returns to employment with the school district shall continue to be
8 paid by the retirement system. A retired member who returns to employment
9 as an employee of the school district shall receive creditable service
10 only for service performed after his or her return to employment and in
11 no event shall creditable service which accrues or the compensation paid
12 to the member after such return to employment after retirement increase
13 the amount of the member's original retirement annuity; and -

14 (b) (3) Upon termination of employment of the reemployed member, the
15 member shall receive in addition to the retirement annuity which
16 commenced at the time of the previous retirement (i) (a) if the member
17 has accrued five years or more of creditable service after his or her
18 return to employment, excluding years of prior service acquired pursuant
19 to section 79-990, 79-991, 79-994, 79-995, or 79-997, a retirement
20 annuity as provided in section 79-999 or 79-9,100, as applicable,
21 calculated solely on the basis of creditable service and final average
22 compensation accrued and earned after the member's return to employment
23 after his or her original retirement, and as adjusted to reflect any
24 payment in other than the normal form or (ii) (b) if the member has not
25 accrued five years or more of creditable service after his or her return
26 to employment, a refund equal to the member's accumulated contributions
27 which were credited to the member after the member's return to
28 employment. In no event shall the member's creditable service which
29 accrued prior to a previous retirement be considered as part of the
30 member's creditable service after his or her return to employment for any
31 purpose of the Class V School Employees Retirement Act.

1 (3) ~~(4)~~ In the event a member is entitled to receive a refund of
2 contributions pursuant to subsection (1) or subdivision ~~(2)(b)(ii)~~ ~~(3)(b)~~
3 of this section in an amount greater than one thousand dollars, if the
4 member does not elect to have the refund paid directly to himself or
5 herself or transferred to an eligible retirement plan designated by the
6 member as a direct rollover pursuant to section 79-998, then the refund
7 of contributions shall be paid in a direct rollover to an individual
8 retirement plan designated by the board of trustees.

9 Sec. 38. (1) An employer participating in a retirement system
10 established pursuant to the Class V School Employees Retirement Act
11 shall:

12 (a) Notify the board of trustees in writing of the date upon which a
13 termination of employment has occurred and provide the board of trustees
14 with such information as the board of trustees deems necessary;

15 (b) Notify the board of trustees in writing whether or not a member
16 accepted and received an early retirement inducement; and

17 (c) Submit in writing with the notice of termination of employment
18 and notice of receipt of an early retirement inducement a completed
19 certification by the employer and member under penalty of prosecution
20 pursuant to section 39 of this act that, prior to the member's
21 termination, there was no prearranged written or verbal agreement for the
22 member to return to service in any capacity with the same employer.

23 (2) The member shall submit to the board of trustees upon the
24 member's termination, under penalty of prosecution pursuant to section 39
25 of this act, completed certification on forms prescribed by the board of
26 trustees stating whether or not the member accepted and received an early
27 retirement inducement from his or her employer.

28 (3) The board of trustees may adopt and promulgate rules and
29 regulations and prescribe forms as the board determines appropriate in
30 order to carry out this section and to ensure full disclosure and
31 reporting by the employer and member in order to minimize fraud and abuse

1 and the filing of false or fraudulent claim or benefit applications.

2 Sec. 39. (1) Any person who, knowing it to be false or fraudulent,
3 presents or causes to be presented a false or fraudulent claim or benefit
4 application, any false or fraudulent proof in support of such a claim or
5 benefit, or false or fraudulent information which would affect a future
6 claim or benefit application to be paid under a retirement system for the
7 purpose of defrauding or attempting to defraud the retirement system
8 shall be guilty of a Class II misdemeanor. The board of trustees shall
9 deny any benefits that it determines are based on false or fraudulent
10 information and shall have a cause of action against the member to
11 recover any benefits already paid on the basis of such information.

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

18 Sec. 40. Section 79-9,100.01, Revised Statutes Cumulative
19 Supplement, 2016, is amended to read:

20 79-9,100.01 (1)(a) For employees who become members on or after
21 July 1, 2016, and prior to July 1, 2018, if ÷
22 ~~(1) If the annuity begins at a time when the sum of the member's attained~~
23 ~~age and creditable service totals eighty-five and the member is at least~~
24 ~~fifty-five years of age, the annuity shall not be reduced. ÷~~

25 (b) For employees who become members on or after July 1, 2018, if
26 the annuity begins at a time when the sum of the member's attained age
27 and creditable service totals eighty-five and the member is at least
28 sixty years of age, the annuity shall not be reduced.

29 (2)(a) For an employee who becomes a member prior to July 1, 2018,
30 if ~~(2) If the annuity begins on or after the sixtieth birthday of the~~
31 ~~member and the member has completed at least a total of five years of~~

1 creditable service, the annuity shall be reduced by twenty-five
2 hundredths percent for each month or partial month between the date the
3 annuity begins and the member's sixty-fifth birthday. ÷

4 (b) For a member hired or rehired on or after July 1, 2018, if the
5 annuity begins on or after the sixtieth birthday and the member has
6 completed at least a total of five years of creditable service including
7 eligibility and vesting credit but has not qualified for an unreduced
8 annuity as specified in this section, the annuity shall be reduced by
9 twenty-five hundredths percent for each month or partial month between
10 the date the annuity begins and the member's sixty-fifth birthday.

11 (3) A member's attained age shall be measured in one-half-year
12 increments. ÷

13 (4) Except as provided in section 42-1107, the normal form of the
14 formula retirement annuity based on final average compensation shall be
15 an annuity payable monthly during the remainder of the member's life with
16 the provision that, in the event of his or her death before sixty monthly
17 payments have been made, the monthly payments will be continued to his or
18 her estate or to the beneficiary he or she has designated until a total
19 of sixty monthly payments have been made. A member may elect to receive,
20 in lieu of the normal form of annuity, an actuarially equivalent annuity
21 in any optional form provided by section 79-9,101. ÷ ~~and~~

22 (5) All formula annuities shall be paid from the Class V School
23 Employees Retirement Fund.

24 Sec. 41. Section 79-9,105, Revised Statutes Cumulative Supplement,
25 2016, is amended to read:

26 79-9,105 (1) Any member with five or more years of creditable
27 service, excluding years of prior service acquired pursuant to section
28 79-990, 79-991, 79-994, 79-995, or 79-997, who becomes totally disabled
29 for further performance of duty on or after March 22, 2000, may be
30 approved for deferred disability retirement by the board of trustees. In
31 the case of such deferred disability retirement, the member, during the

1 period specified in subsection (3) of this section, shall be credited
2 with creditable service for each year or portion thereof, to be
3 determined in accordance with policies of the board of trustees governing
4 creditable service, that the member defers retirement, up to a maximum of
5 thirty-five years of total creditable service, including creditable
6 service accrued before the member became totally disabled. The member
7 approved for deferred disability retirement may at any time of the
8 member's choosing request the deferral to end and retirement annuity
9 payments to begin. The retirement annuity of such member shall be based
10 on the total number of years of the member's creditable service,
11 including the years credited to the member during his or her total
12 disability under this section, and the member's final average salary as
13 of the date that the member became totally disabled and as adjusted from
14 such date by a percentage equal to the cumulative percentage cost-of-
15 living adjustments that were made or declared for annuities in pay status
16 pursuant to section 79-9,103 after the date of the approval of the board
17 of trustees for deferred disability retirement and before the cessation
18 of the accrual of additional creditable service pursuant to subsection
19 (3) of this section. Except as provided in subsection (4) of this
20 section, the retirement annuity so determined for the member shall be
21 payable to the member without reduction due to any early commencement of
22 benefits, except that the retirement annuity shall be reduced by the
23 amount of any periodic payments to such employee as workers' compensation
24 benefits. Additional creditable service acquired through deferred
25 disability retirement shall apply to the service requirements specified
26 in section 79-9,106. The board of trustees shall consider a member to be
27 totally disabled when it has received an application by the member and a
28 statement by at least two licensed and practicing physicians designated
29 by the board of trustees certifying that the member is totally and
30 presumably permanently disabled and unable to perform his or her duties
31 as a consequence thereof.

1 (2) Notwithstanding the provisions of subsection (1) of this
 2 section, the payment of the retirement annuity of a member may not be
 3 deferred later than the member's required beginning date as defined in
 4 section 401(a)(9) of the Internal Revenue Code, as defined in section
 5 49-801.01. If the payment of a disabled member's retirement annuity is
 6 required to commence before the member has elected to end his or her
 7 deferred disability retirement, the amount of benefit that would have
 8 accrued pursuant to subsection (1) of this section in the fiscal year of
 9 the member's required beginning date, and in each subsequent fiscal year
 10 through the year of the member's election to end the deferred disability
 11 retirement period, shall be reduced, but not below zero, by the actuarial
 12 equivalent of the payments which were paid to the member during each such
 13 fiscal year and after the member's required beginning date. The
 14 retirement annuity of any member that commences before the end of the
 15 member's deferred disability retirement shall be adjusted as of each
 16 September 1 pursuant to the requirements of this subsection.

17 (3) The accrual of creditable service and any adjustment of final
 18 average salary provided in subsection (1) of this section shall begin
 19 from the first day of the month following the date of the first of the
 20 two examinations by which the member is determined by the board of
 21 trustees to be totally disabled, shall continue only so long as the
 22 member does not receive any wages or compensation for services, and shall
 23 end at the earlier of (a) the time total disability ceases as determined
 24 by the board of trustees or (b) the date the member elects to end the
 25 deferred disability retirement and begin to receive his or her retirement
 26 annuity. The board of trustees may require periodic proof of disability
 27 but not more frequently than semiannually.

28 ~~(4)(a) For an employee hired prior to July 1, 2018, the (4)~~ The
 29 payment of any retirement annuity to a disabled member, which begins to
 30 be paid under this section (i) ~~(a)~~ before the member's sixty-second
 31 birthday or (ii) ~~(b)~~ at a time before the sum of the member's attained

1 age and creditable service is eighty-five or more, shall be suspended if
2 the board of trustees determines at any time before the member's sixty-
3 second birthday that the member's total disability has ceased.

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

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

15 Sec. 42. Section 81-2014, Revised Statutes Cumulative Supplement,
16 2016, is amended to read:

17 81-2014 For purposes of the Nebraska State Patrol Retirement Act:

18 (1)(a) ~~(1)~~ Actuarial equivalent means the equality in value of the
19 aggregate amounts expected to be received under different forms of
20 payment or to be received at an earlier retirement age than the normal
21 retirement age.

22 (b) For an officer hired before July 1, 2017, the ~~The~~ determinations
23 shall be based on the 1994 Group Annuity Mortality Table reflecting sex-
24 distinct factors blended using seventy-five percent of the male table and
25 twenty-five percent of the female table. An interest rate of eight
26 percent per annum shall be reflected in making the determinations until
27 such percent is amended by the Legislature. ÷

28 (c) For an officer hired on or after July 1, 2017, or rehired on or
29 after July 1, 2017, after termination of employment and being paid a
30 retirement benefit, the determinations shall be based on a unisex
31 mortality table and an interest rate specified by the board. Both the

1 mortality table and the interest rate shall be recommended by the actuary
2 and approved by the board following an actuarial experience study, a
3 benefit adequacy study, or a plan valuation. The mortality table,
4 interest rate, and actuarial factors in effect on the officer's
5 retirement date will be used to calculate actuarial equivalency of any
6 retirement benefit. Such interest rate may be, but is not required to be,
7 equal to the assumed rate of return;

8 (2) Board means the Public Employees Retirement Board;

9 (3)(a)(i) Compensation means gross wages or salaries payable to the
10 member for personal services performed during the plan year. Compensation
11 does not include insurance premiums converted into cash payments,
12 reimbursement for expenses incurred, fringe benefits, per diems, or
13 bonuses for services not actually rendered, including, but not limited
14 to, early retirement inducements, cash awards, and severance pay, except
15 for retroactive salary payments paid pursuant to court order,
16 arbitration, or litigation and grievance settlements. Compensation
17 includes overtime pay, member retirement contributions, and amounts
18 contributed by the member to plans under sections 125 and 457 of the
19 Internal Revenue Code as defined in section 49-801.01 or any other
20 section of the code which defers or excludes such amounts from income.

21 (ii) For any officer employed on or prior to January 4, 1979,
22 compensation includes compensation for unused sick leave or unused
23 vacation leave converted to cash payments.

24 (iii) For any officer employed after January 4, 1979, and prior to
25 July 1, 2016, compensation does not include compensation for unused sick
26 leave or unused vacation leave converted to cash payments and includes
27 compensation for unused holiday compensatory time and unused compensatory
28 time converted to cash payments.

29 (iv) For any officer employed on or after July 1, 2016, compensation
30 does not include compensation for unused sick leave, unused vacation
31 leave, unused holiday compensatory time, unused compensatory time, or any

1 other type of unused leave, compensatory time, or similar benefits,
2 converted to cash payments.

3 (b) Compensation in excess of the limitations set forth in section
4 401(a)(17) of the Internal Revenue Code as defined in section 49-801.01
5 shall be disregarded. For an employee who was a member of the retirement
6 system before the first plan year beginning after December 31, 1995, the
7 limitation on compensation shall not be less than the amount which was
8 allowed to be taken into account under the retirement system as in effect
9 on July 1, 1993;

10 (4) Creditable service means service granted pursuant to section
11 81-2034 and all service rendered while a contributing member of the
12 retirement system. Creditable service includes working days, sick days,
13 vacation days, holidays, and any other leave days for which the officer
14 is paid regular wages except as specifically provided in the Nebraska
15 State Patrol Retirement Act. Creditable service does not include
16 eligibility and vesting credit nor service years for which member
17 contributions are withdrawn and not repaid;

18 (5) Current benefit means the initial benefit increased by all
19 adjustments made pursuant to the Nebraska State Patrol Retirement Act;

20 (6) DROP means the deferred retirement option plan as provided in
21 section 81-2041;

22 (7) DROP account means an individual DROP participant's defined
23 contribution account under section 414(k) of the Internal Revenue Code;

24 (8) DROP period means the amount of time the member elects to
25 participate in DROP which shall be for a period not to exceed five years
26 from and after the date of the member's DROP election;

27 (9) Eligibility and vesting credit means credit for years, or a
28 fraction of a year, of participation in a Nebraska government plan for
29 purposes of determining eligibility for benefits under the Nebraska State
30 Patrol Retirement Act. Such credit shall be used toward the vesting
31 percentage pursuant to subsection (2) of section 81-2031 but shall not be

1 included as years of service in the benefit calculation;

2 (10) Hire date or date of hire means the first day of compensated
3 service subject to retirement contributions;

4 (11) ~~(10)~~ Initial benefit means the retirement benefit calculated at
5 the time of retirement;

6 (12) ~~(11)~~ Officer means law enforcement an officer as defined in
7 section 81-1401 and as provided for in sections 81-2001 to 81-2009, but
8 does not include a law enforcement officer who has been granted an
9 appointment conditioned on satisfactory completion of a training program
10 approved by the Nebraska Police Standards Advisory Council;

11 (13) ~~(12)~~ Plan year means the twelve-month period beginning on July
12 1 and ending on June 30 of the following year;

13 (14) ~~(13)~~ Regular interest means interest fixed at a rate equal to
14 the daily treasury yield curve for one-year treasury securities, as
15 published by the Secretary of the Treasury of the United States, that
16 applies on July 1 of each year, which may be credited monthly, quarterly,
17 semiannually, or annually as the board may direct;

18 (15) ~~(14)~~ Retirement application means the form approved and
19 provided by the retirement system for acceptance of a member's request
20 for either regular or disability retirement;

21 (16) ~~(15)~~ Retirement date means (a) the first day of the month
22 following the date upon which a member's request for retirement is
23 received on a retirement application if the member is eligible for
24 retirement and has terminated employment or (b) the first day of the
25 month following termination of employment if the member is eligible for
26 retirement and has filed an application but has not yet terminated
27 employment;

28 (17) ~~(16)~~ Retirement system or system means the Nebraska State
29 Patrol Retirement System as provided in the act;

30 (18) ~~(17)~~ Service means employment as a member of the Nebraska State
31 Patrol and shall not be deemed to be interrupted by (a) temporary or

1 seasonal suspension of service that does not terminate the employee's
2 employment, (b) leave of absence authorized by the employer for a period
3 not exceeding twelve months, (c) leave of absence because of disability,
4 or (d) military service, when properly authorized by the board. Service
5 does not include any period of disability for which disability retirement
6 benefits are received under subsection (1) of section 81-2025;

7 (19) ~~(18)~~ Surviving spouse means (a) the spouse married to the
8 member on the date of the member's death if married for at least one year
9 prior to death or if married on the date of the member's retirement or
10 (b) the spouse or former spouse of the member if survivorship rights are
11 provided under a qualified domestic relations order filed with the board
12 pursuant to the Spousal Pension Rights Act. The spouse or former spouse
13 shall supersede the spouse married to the member on the date of the
14 member's death as provided under a qualified domestic relations order. If
15 the benefits payable to the spouse or former spouse under a qualified
16 domestic relations order are less than the value of benefits entitled to
17 the surviving spouse, the spouse married to the member on the date of the
18 member's death shall be the surviving spouse for the balance of the
19 benefits; and

20 (20) ~~(19)~~ Termination of employment occurs on the date on which the
21 Nebraska State Patrol determines that the officer's employer-employee
22 relationship with the patrol is dissolved. The Nebraska State Patrol
23 shall notify the board of the date on which such a termination has
24 occurred. Termination of employment does not include ceasing employment
25 with the Nebraska State Patrol if the officer returns to regular
26 employment with the Nebraska State Patrol or another agency of the State
27 of Nebraska and there are less than one hundred twenty days between the
28 date when the employee's employer-employee relationship ceased and the
29 date when the employer-employee relationship commenced with the Nebraska
30 State Patrol or another state agency. Termination of employment does not
31 occur upon an officer's participation in DROP pursuant to section

1 81-2041. It is the responsibility of the employer that is involved in the
2 termination of employment to notify the board of such change in
3 employment and provide the board with such information as the board deems
4 necessary. If the board determines that termination of employment has not
5 occurred and a retirement benefit has been paid to a member of the
6 retirement system pursuant to section 81-2026, the board shall require
7 the member who has received such benefit to repay the benefit to the
8 retirement system.

9 Sec. 43. Section 81-2025, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 81-2025 (1) Every officer who has been in the employ of the state as
12 such and who becomes disabled and physically unfit to perform the duties
13 of an officer shall be entitled to retire and receive an annuity as
14 provided by law.

15 (2) Every officer who has been in the employ of the state as such
16 for ten years or more, as calculated in section 81-2033, and has attained
17 the age of fifty years or more shall be entitled to retire and receive an
18 annuity as provided by law. The right to retire at the age of fifty years
19 shall be at the option of the officer but such retirement shall be
20 mandatory upon the officer attaining the age of sixty years.

21 (3) Any officer who has attained the age of sixty years upon his or
22 her separation from state service but who has not been in the employ of
23 the state for ten years as such shall be entitled to the annuity as
24 provided for in the Nebraska State Patrol Retirement Act.

25 (4) Every officer who has been in the employ of the state as such
26 for twenty-five years or more, as calculated in section 81-2033, and has
27 attained the age of fifty years shall be entitled to retire and receive
28 an annuity as provided by law. The right to retire at the age of fifty
29 years with twenty-five years or more of creditable service shall be at
30 the option of the officer but such retirement shall be mandatory upon the
31 officer attaining the age of sixty years.

1 (5) Every officer who has been in the employ of the state as such
2 for thirty years or more, as calculated in section 81-2033, shall be
3 entitled to retire and receive an annuity as provided by law. The right
4 to retire with thirty years or more of creditable service shall be at the
5 option of the officer but such retirement shall be mandatory upon the
6 officer attaining the age of sixty years.

7 (6) Payment of any benefit provided under the act may not be
8 deferred later than April 1 of the year following the year in which the
9 officer has both attained at least age seventy and one-half years and
10 terminated his or her employment with the Nebraska State Patrol.

11 (7) The effective date of retirement payments shall be the first day
12 of the month following (a) the date a member qualifies for retirement as
13 provided in this section or (b) the date upon which a member's request
14 for retirement is received on an application form provided by the system,
15 whichever is later. An application may be filed no more than one hundred
16 twenty ~~ninety~~ days in advance of qualifying for retirement.

17 (8) The board shall make reasonable efforts to locate the officer or
18 the officer's beneficiary and distribute benefits by the required
19 beginning date as specified by section 401(a)(9) of the Internal Revenue
20 Code and the regulations issued thereunder. If the board is unable to
21 make such a distribution, the account shall be distributed pursuant to
22 the Uniform Disposition of Unclaimed Property Act and no amounts may be
23 applied to increase the benefits any officer would otherwise receive
24 under the Nebraska State Patrol Retirement Act.

25 Sec. 44. Section 81-2034, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 ~~81-2034 (1) Any member of the Nebraska State Patrol who, while a~~
28 ~~member of the Nebraska State Patrol, entered into and served or shall~~
29 ~~enter into and serve in the armed forces of the United States during a~~
30 ~~declared emergency, as defined and prescribed under such rules and~~
31 ~~regulations as the board may adopt, and who, within six months after~~

~~1 honorable discharge or honorable separation from active duty, returned or
2 returns to the service of the state and again becomes a member of the
3 Nebraska State Patrol shall be credited, in determining benefits due such
4 member from the State Patrol Retirement Fund, for all the time actually
5 served in the armed forces as if such person had been in the service of
6 the Nebraska State Patrol throughout such declared emergency service in
7 the armed forces.~~

8 ~~(1)(a) Any officer~~ (2) Under such rules and regulations as the board
9 ~~adopts and promulgates,~~ any member of the Nebraska State Patrol who is
10 reemployed ~~on or after December 12, 1994,~~ pursuant to 38 U.S.C. 4301 et
11 seq. chapter 43, shall be treated as not having incurred a break in
12 service by reason of the officer's ~~his or her~~ period of military service.
13 Such military service shall be credited for purposes of determining the
14 nonforfeitability of the officer's ~~member's~~ accrued benefits and the
15 accrual of benefits under the plan.

16 (b) The state shall be liable for funding any obligation of the plan
17 to provide benefits based upon such period of military service. To
18 satisfy the liability, the Nebraska State Patrol shall pay to the
19 retirement system an amount equal to:

20 (i) The sum of the officer and employer contributions that would
21 have been paid during such period of military service; and

22 (ii) Any actuarial costs necessary to fund the obligation of the
23 plan to provide benefits based upon such period of military service. For
24 the purposes of determining the amount of such liability and obligation
25 of the plan, earnings and forfeitures, gains and losses, regular
26 interest, or interest credits that would have accrued on the officer and
27 employer contributions that are paid by the Nebraska State Patrol
28 pursuant to this section shall not be included.

29 (c) The amount required in subdivision (b) of this subsection shall
30 be paid to the retirement system as soon as reasonably practicable
31 following the date of reemployment, but must be paid within eighteen

1 months of the date the board notifies the Nebraska State Patrol of the
2 amount due. If the Nebraska State Patrol fails to pay the required amount
3 within such eighteen-month period, then the Nebraska State Patrol is also
4 responsible for any actuarial costs and interest on actuarial costs that
5 accrue from eighteen months after the date the Nebraska State Patrol is
6 notified by the board until the date the amount is paid.

7 (d) The board may adopt and promulgate rules and regulations to
8 carry out this subsection, including, but not limited to, rules and
9 regulations on:

10 (i) How and when the officer and Nebraska State Patrol must notify
11 the retirement system of a period of military service;

12 (ii) The acceptable methods of payment;

13 (iii) Determining the service and compensation upon which the
14 contributions must be made;

15 (iv) Accelerating the payment from the employer due to unforeseen
16 circumstances that occur before payment is made pursuant to this section,
17 including, but not limited to, the officer's termination or retirement or
18 the employer's reorganization, consolidation, merger, or closing; and

19 (v) The documentation required to substantiate that the officer was
20 reemployed pursuant to 38 U.S.C. 4301 et seq.

21 (2) This section only applies to military service that falls within
22 the definition of uniformed service under 38 U.S.C. 4301 et seq. Military
23 service does not include service provided pursuant to sections 55-101 to
24 55-181.

25 Sec. 45. Section 84-304, Revised Statutes Cumulative Supplement,
26 2016, is amended to read:

27 84-304 It shall be the duty of the Auditor of Public Accounts:

28 (1) To give information electronically to the Legislature, whenever
29 required, upon any subject relating to the fiscal affairs of the state or
30 with regard to any duty of his or her office;

31 (2) To furnish offices for himself or herself and all fuel, lights,

1 books, blanks, forms, paper, and stationery required for the proper
2 discharge of the duties of his or her office;

3 (3) To examine or cause to be examined, at such time as he or she
4 shall determine, books, accounts, vouchers, records, and expenditures of
5 all state officers, state bureaus, state boards, state commissioners, the
6 state library, societies and associations supported by the state, state
7 institutions, state colleges, and the University of Nebraska, except when
8 required to be performed by other officers or persons. Such examinations
9 shall be done in accordance with generally accepted government auditing
10 standards for financial audits and attestation engagements set forth in
11 Government Auditing Standards (2011 Revision), published by the
12 Comptroller General of the United States, Government Accountability
13 Office, and except as provided in subdivision (11) of this section,
14 subdivision (16) of section 50-1205, and section 84-322, shall not
15 include performance audits, whether conducted pursuant to attestation
16 engagements or performance audit standards as set forth in Government
17 Auditing Standards (2011 Revision), published by the Comptroller General
18 of the United States, Government Accountability Office;

19 (4)(a) To examine or cause to be examined, at the expense of the
20 political subdivision, when the Auditor of Public Accounts determines
21 such examination necessary or when requested by the political
22 subdivision, the books, accounts, vouchers, records, and expenditures of
23 any agricultural association formed under Chapter 2, article 20, any
24 county agricultural society, any joint airport authority formed under the
25 Joint Airport Authorities Act, any city or county airport authority, any
26 bridge commission created pursuant to section 39-868, any cemetery
27 district, any community redevelopment authority or limited community
28 redevelopment authority established under the Community Development Law,
29 any development district, any drainage district, any health district, any
30 local public health department as defined in section 71-1626, any
31 historical society, any hospital authority or district, any county

1 hospital, any housing agency as defined in section 71-1575, any
2 irrigation district, any county or municipal library, any community
3 mental health center, any railroad transportation safety district, any
4 rural water district, any township, Wyuka Cemetery, the Educational
5 Service Unit Coordinating Council, any entity created pursuant to the
6 Interlocal Cooperation Act, any educational service unit, any village,
7 any service contractor or subrecipient of state or federal funds, any
8 political subdivision with the authority to levy a property tax or a
9 toll, or any entity created pursuant to the Joint Public Agency Act.

10 For purposes of this subdivision, service contractor or subrecipient
11 means any nonprofit entity that expends state or federal funds to carry
12 out a state or federal program or function, but it does not include an
13 individual who is a direct beneficiary of such a program or function or a
14 licensed health care provider or facility receiving direct payment for
15 medical services provided for a specific individual.

16 (b) The Auditor of Public Accounts may waive the audit requirement
17 of subdivision (4)(a) of this section upon the submission by the
18 political subdivision of a written request in a form prescribed by the
19 auditor. The auditor shall notify the political subdivision in writing of
20 the approval or denial of the request for a waiver.

21 (c) Through December 31, 2017, the The Auditor of Public Accounts
22 may conduct audits under this subdivision for purposes of sections
23 2-3228, 12-101, 13-2402, 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017,
24 16-1037, 19-3501, 23-1118, 23-3526, ~~and~~ 71-1631.02, and 79-987. ÷

25 (d) Beginning on the effective date of this act, the Auditor of
26 Public Accounts may conduct audits under this subdivision for purposes of
27 sections 13-2402, 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037,
28 71-1631.02, and 79-987 and shall prescribe the form for the annual
29 reports required in each of such sections. Such annual reports shall be
30 published annually on the web site of the Auditor of Public Accounts;

31 (5) To report promptly to the Governor and the appropriate standing

1 committee of the Legislature the fiscal condition shown by such
2 examinations conducted by the auditor, including any irregularities or
3 misconduct of officers or employees, any misappropriation or misuse of
4 public funds or property, and any improper system or method of
5 bookkeeping or condition of accounts. The report submitted to the
6 committee shall be submitted electronically. In addition, if, in the
7 normal course of conducting an audit in accordance with subdivision (3)
8 of this section, the auditor discovers any potential problems related to
9 the effectiveness, efficiency, or performance of state programs, he or
10 she shall immediately report them electronically to the Legislative
11 Performance Audit Committee which may investigate the issue further,
12 report it electronically to the appropriate standing committee of the
13 Legislature, or both;

14 (6)(a) To examine or cause to be examined the books, accounts,
15 vouchers, records, and expenditures of a fire protection district. The
16 expense of the examination shall be paid by the political subdivision.

17 (b) Whenever the expenditures of a fire protection district are one
18 hundred fifty thousand dollars or less per fiscal year, the fire
19 protection district shall be audited no more than once every five years
20 except as directed by the board of directors of the fire protection
21 district or unless the auditor receives a verifiable report from a third
22 party indicating any irregularities or misconduct of officers or
23 employees of the fire protection district, any misappropriation or misuse
24 of public funds or property, or any improper system or method of
25 bookkeeping or condition of accounts of the fire protection district. In
26 the absence of such a report, the auditor may waive the five-year audit
27 requirement upon the submission of a written request by the fire
28 protection district in a form prescribed by the auditor. The auditor
29 shall notify the fire protection district in writing of the approval or
30 denial of a request for waiver of the five-year audit requirement. Upon
31 approval of the request for waiver of the five-year audit requirement, a

1 new five-year audit period shall begin.

2 (c) Whenever the expenditures of a fire protection district exceed
3 one hundred fifty thousand dollars in a fiscal year, the auditor may
4 waive the audit requirement upon the submission of a written request by
5 the fire protection district in a form prescribed by the auditor. The
6 auditor shall notify the fire protection district in writing of the
7 approval or denial of a request for waiver. Upon approval of the request
8 for waiver, a new five-year audit period shall begin for the fire
9 protection district if its expenditures are one hundred fifty thousand
10 dollars or less per fiscal year in subsequent years;

11 (7) To appoint two assistant deputies (a) whose entire time shall be
12 devoted to the service of the state as directed by the auditor, (b) who
13 shall be certified public accountants with at least five years'
14 experience, (c) who shall be selected without regard to party affiliation
15 or to place of residence at the time of appointment, (d) who shall
16 promptly report in duplicate to the auditor the fiscal condition shown by
17 each examination, including any irregularities or misconduct of officers
18 or employees, any misappropriation or misuse of public funds or property,
19 and any improper system or method of bookkeeping or condition of
20 accounts, and it shall be the duty of the auditor to file promptly with
21 the Governor a duplicate of such report, and (e) who shall qualify by
22 taking an oath which shall be filed in the office of the Secretary of
23 State;

24 (8) To conduct audits and related activities for state agencies,
25 political subdivisions of this state, or grantees of federal funds
26 disbursed by a receiving agency on a contractual or other basis for
27 reimbursement to assure proper accounting by all such agencies, political
28 subdivisions, and grantees for funds appropriated by the Legislature and
29 federal funds disbursed by any receiving agency. The auditor may contract
30 with any political subdivision to perform the audit of such political
31 subdivision required by or provided for in section 23-1608 or 79-1229 or

1 this section and charge the political subdivision for conducting the
2 audit. The fees charged by the auditor for conducting audits on a
3 contractual basis shall be in an amount sufficient to pay the cost of the
4 audit. The fees remitted to the auditor for such audits and services
5 shall be deposited in the Auditor of Public Accounts Cash Fund;

6 (9) To conduct all audits and examinations in a timely manner and in
7 accordance with the standards for audits of governmental organizations,
8 programs, activities, and functions published by the Comptroller General
9 of the United States;

10 (10) To develop and maintain an annual budget and actual financial
11 information reporting system for political subdivisions that is
12 accessible online by the public; and

13 (11) When authorized, to conduct joint audits with the Legislative
14 Performance Audit Committee as described in section 50-1205.

15 Sec. 46. Section 84-304.02, Revised Statutes Cumulative Supplement,
16 2016, is amended to read:

17 84-304.02 The Auditor of Public Accounts, or a person designated by
18 him or her, may prepare a written review of all audit, accounting, or
19 financial reports required to be filed by a political subdivision of the
20 state with the Auditor of Public Accounts and of public retirement system
21 plan reports required to be submitted to the Auditor of Public Accounts
22 pursuant to sections 2-3228, 12-101, 14-567, 14-1805.01, 14-2111,
23 15-1017, 16-1017, 16-1037, 19-3501, 23-1118, 23-3526, and 71-1631.02,
24 79-987, and 84-304 and cause one copy of such written review to be mailed
25 to the political subdivision involved and one copy to the accountant who
26 prepared the report. Such written review shall specifically set forth
27 wherein the audit, accounting, financial, or retirement system plan
28 report fails to comply with the applicable minimum standards and the
29 necessary action to be taken to bring the report into compliance with
30 such standards. The Auditor of Public Accounts may, upon continued
31 failure to comply with such standards, refuse to accept for filing an

1 audit, accounting, financial, or retirement system plan report or any
2 future report submitted for filing by any political subdivision.

3 Sec. 47. Section 84-1301, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 84-1301 For purposes of the State Employees Retirement Act, unless
6 the context otherwise requires:

7 (1)(a) (1) Actuarial equivalent means the equality in value of the
8 aggregate amounts expected to be received under different forms of an
9 annuity payment.

10 (b) For an employee hired prior to January 1, 2018, the The
11 mortality assumption used for purposes of converting the member cash
12 balance account shall be the 1994 Group Annuity Mortality Table using a
13 unisex rate that is fifty percent male and fifty percent female. For
14 purposes of converting the member cash balance account attributable to
15 contributions made prior to January 1, 1984, that were transferred
16 pursuant to the act, the 1994 Group Annuity Mortality Table for males
17 shall be used. ;

18 (c) For an employee hired on or after January 1, 2018, or rehired on
19 or after January 1, 2018, after termination of employment and being paid
20 a retirement benefit, the mortality assumption used for purposes of
21 converting the member cash balance account shall be a unisex mortality
22 table that is recommended by the actuary and approved by the board
23 following an actuarial experience study, a benefit adequacy study, or a
24 plan valuation. The mortality table and actuarial factors in effect on
25 the member's retirement date will be used to calculate the actuarial
26 equivalency of any retirement benefit;

27 (2) Annuity means equal monthly payments provided by the retirement
28 system to a member or beneficiary under forms determined by the board
29 beginning the first day of the month after an annuity election is
30 received in the office of the Nebraska Public Employees Retirement
31 Systems or the first day of the month after the employee's termination of

1 employment, whichever is later. The last payment shall be at the end of
2 the calendar month in which the member dies or in accordance with the
3 payment option chosen by the member;

4 (3) Annuity start date means the date upon which a member's annuity
5 is first effective and shall be the first day of the month following the
6 member's termination or following the date the application is received by
7 the board, whichever is later;

8 (4) Cash balance benefit means a member's retirement benefit that is
9 equal to an amount based on annual employee contribution credits plus
10 interest credits and, if vested, employer contribution credits plus
11 interest credits and dividend amounts credited in accordance with
12 subdivision (4)(c) of section 84-1319;

13 (5)(a) Compensation means gross wages or salaries payable to the
14 member for personal services performed during the plan year. Compensation
15 does not include insurance premiums converted into cash payments,
16 reimbursement for expenses incurred, fringe benefits, per diems, or
17 bonuses for services not actually rendered, including, but not limited
18 to, early retirement inducements, cash awards, and severance pay, except
19 for retroactive salary payments paid pursuant to court order,
20 arbitration, or litigation and grievance settlements. Compensation
21 includes overtime pay, member retirement contributions, and amounts
22 contributed by the member to plans under sections 125, 403(b), and 457 of
23 the Internal Revenue Code or any other section of the code which defers
24 or excludes such amounts from income.

25 (b) Compensation in excess of the limitations set forth in section
26 401(a)(17) of the Internal Revenue Code shall be disregarded. For an
27 employee who was a member of the retirement system before the first plan
28 year beginning after December 31, 1995, the limitation on compensation
29 shall not be less than the amount which was allowed to be taken into
30 account under the retirement system as in effect on July 1, 1993;

31 (6) Date of disability means the date on which a member is

1 determined to be disabled by the board;

2 (7) Defined contribution benefit means a member's retirement benefit
3 from a money purchase plan in which member benefits equal annual
4 contributions and earnings pursuant to section 84-1310 and, if vested,
5 employer contributions and earnings pursuant to section 84-1311;

6 (8) Disability means an inability to engage in any a substantially
7 gainful activity by reason of any medically determinable physical or
8 mental impairment which was initially diagnosed or became disabling while
9 the member was an active participant in the plan and which can be
10 expected to result in death or to be of long-continued and indefinite
11 duration;

12 (9) Employee means any employee of the State Board of Agriculture
13 who is a member of the state retirement system on July 1, 1982, and any
14 person or officer employed by the State of Nebraska whose compensation is
15 paid out of state funds or funds controlled or administered by a state
16 department through any of its executive or administrative officers when
17 acting exclusively in their respective official, executive, or
18 administrative capacities. Employee does not include (a) judges as
19 defined in section 24-701, (b) members of the Nebraska State Patrol,
20 except for those members of the Nebraska State Patrol who elected
21 pursuant to section 60-1304 to remain members of the State Employees
22 Retirement System of the State of Nebraska, (c) employees of the
23 University of Nebraska, (d) employees of the state colleges, (e)
24 employees of community colleges, (f) employees of the Department of Labor
25 employed prior to July 1, 1984, and paid from funds provided pursuant to
26 Title III of the federal Social Security Act or funds from other federal
27 sources, except that if the contributory retirement plan or contract let
28 pursuant to section 48-609 is terminated, such employees shall become
29 employees for purposes of the State Employees Retirement Act on the first
30 day of the first pay period following the termination of such
31 contributory retirement plan or contract, (g) employees of the State

1 Board of Agriculture who are not members of the state retirement system
2 on July 1, 1982, (h) the Nebraska National Guard air and army
3 technicians, (i) persons eligible for membership under the School
4 Employees Retirement System of the State of Nebraska who have not elected
5 to become members of the retirement system pursuant to section 79-920 or
6 been made members of the system pursuant to such section, except that
7 those persons so eligible and who as of September 2, 1973, are
8 contributing to the State Employees Retirement System of the State of
9 Nebraska shall continue as members of such system, or (j) employees of
10 the Coordinating Commission for Postsecondary Education who are eligible
11 for and have elected to become members of a qualified retirement program
12 approved by the commission which is commensurate with retirement programs
13 at the University of Nebraska. Any individual appointed by the Governor
14 may elect not to become a member of the State Employees Retirement System
15 of the State of Nebraska;

16 (10) Employee contribution credit means an amount equal to the
17 member contribution amount required by section 84-1308;

18 (11) Employer contribution credit means an amount equal to the
19 employer contribution amount required by section 84-1309;

20 (12) Final account value means the value of a member's account on
21 the date the account is either distributed to the member or used to
22 purchase an annuity from the plan, which date shall occur as soon as
23 administratively practicable after receipt of a valid application for
24 benefits, but no sooner than forty-five days after the member's
25 termination;

26 (13) Five-year break in service means five consecutive one-year
27 breaks in service;

28 (14) Full-time employee means an employee who is employed to work
29 one-half or more of the regularly scheduled hours during each pay period;

30 (15) Fund means the State Employees Retirement Fund created by
31 section 84-1309;

1 (16) Guaranteed investment contract means an investment contract or
2 account offering a return of principal invested plus interest at a
3 specified rate. For investments made after July 19, 1996, guaranteed
4 investment contract does not include direct obligations of the United
5 States or its instrumentalities, bonds, participation certificates or
6 other obligations of the Federal National Mortgage Association, the
7 Federal Home Loan Mortgage Corporation, or the Government National
8 Mortgage Association, or collateralized mortgage obligations and other
9 derivative securities. This subdivision shall not be construed to require
10 the liquidation of investment contracts or accounts entered into prior to
11 July 19, 1996;

12 (17) Hire date or date of hire means the first day of compensated
13 service subject to retirement contributions;

14 (18) ~~(17)~~ Interest credit rate means the greater of (a) five percent
15 or (b) the applicable federal mid-term rate, as published by the Internal
16 Revenue Service as of the first day of the calendar quarter for which
17 interest credits are credited, plus one and one-half percent, such rate
18 to be compounded annually;

19 (19) ~~(18)~~ Interest credits means the amounts credited to the
20 employee cash balance account and the employer cash balance account at
21 the end of each day. Such interest credit for each account shall be
22 determined by applying the daily portion of the interest credit rate to
23 the account balance at the end of the previous day. Such interest credits
24 shall continue to be credited to the employee cash balance account and
25 the employer cash balance account after a member ceases to be an
26 employee, except that no such credit shall be made with respect to the
27 employee cash balance account and the employer cash balance account for
28 any day beginning on or after the member's date of final account value.
29 If benefits payable to the member's surviving spouse or beneficiary are
30 delayed after the member's death, interest credits shall continue to be
31 credited to the employee cash balance account and the employer cash

1 balance account until such surviving spouse or beneficiary commences
2 receipt of a distribution from the plan;

3 (20) ~~(19)~~ Member cash balance account means an account equal to the
4 sum of the employee cash balance account and, if vested, the employer
5 cash balance account and dividend amounts credited in accordance with
6 subdivision (4)(c) of section 84-1319;

7 (21) ~~(20)~~ One-year break in service means a plan year during which
8 the member has not completed more than five hundred hours of service;

9 (22) ~~(21)~~ Participation means qualifying for and making the required
10 deposits to the retirement system during the course of a plan year;

11 (23) ~~(22)~~ Part-time employee means an employee who is employed to
12 work less than one-half of the regularly scheduled hours during each pay
13 period;

14 (24) ~~(23)~~ Plan year means the twelve-month period beginning on
15 January 1 and ending on December 31;

16 (25) ~~(24)~~ Prior service means service before January 1, 1964;

17 (26) ~~(25)~~ Regular interest means the rate of interest earned each
18 calendar year commencing January 1, 1975, as determined by the retirement
19 board in conformity with actual and expected earnings on the investments
20 through December 31, 1984;

21 (27) ~~(26)~~ Required contribution means the deduction to be made from
22 the compensation of employees as provided in section 84-1308;

23 (28) ~~(27)~~ Retirement means qualifying for and accepting the
24 retirement benefit granted under the State Employees Retirement Act after
25 terminating employment;

26 (29) ~~(28)~~ Retirement application means the form approved and
27 provided by the retirement system for acceptance of a member's request
28 for either regular or disability retirement;

29 (30) ~~(29)~~ Retirement board or board means the Public Employees
30 Retirement Board;

31 (31) ~~(30)~~ Retirement date means (a) the first day of the month

1 following the date upon which a member's request for retirement is
2 received on a retirement application if the member is eligible for
3 retirement and has terminated employment or (b) the first day of the
4 month following termination of employment if the member is eligible for
5 retirement and has filed an application but has not yet terminated
6 employment;

7 (32) ~~(31)~~ Retirement system means the State Employees Retirement
8 System of the State of Nebraska;

9 (33) ~~(32)~~ Service means the actual total length of employment as an
10 employee and shall not be deemed to be interrupted by (a) temporary or
11 seasonal suspension of service that does not terminate the employee's
12 employment, (b) leave of absence authorized by the employer for a period
13 not exceeding twelve months, (c) leave of absence because of disability,
14 or (d) military service, when properly authorized by the retirement
15 board. Service does not include any period of disability for which
16 disability retirement benefits are received under section 84-1317;

17 (34) ~~(33)~~ State department means any department, bureau, commission,
18 or other division of state government not otherwise specifically defined
19 or exempted in the act, the employees and officers of which are not
20 already covered by a retirement plan;

21 (35) ~~(34)~~ Surviving spouse means (a) the spouse married to the
22 member on the date of the member's death or (b) the spouse or former
23 spouse of the member if survivorship rights are provided under a
24 qualified domestic relations order filed with the board pursuant to the
25 Spousal Pension Rights Act. The spouse or former spouse shall supersede
26 the spouse married to the member on the date of the member's death as
27 provided under a qualified domestic relations order. If the benefits
28 payable to the spouse or former spouse under a qualified domestic
29 relations order are less than the value of benefits entitled to the
30 surviving spouse, the spouse married to the member on the date of the
31 member's death shall be the surviving spouse for the balance of the

1 benefits;

2 ~~(36)~~ (35) Termination of employment occurs on the date on which the
3 agency which employs the member determines that the member's employer-
4 employee relationship with the State of Nebraska is dissolved. The agency
5 which employs the member shall notify the board of the date on which such
6 a termination has occurred. Termination of employment does not occur if
7 an employee whose employer-employee relationship with the State of
8 Nebraska is dissolved enters into an employer-employee relationship with
9 the same or another agency of the State of Nebraska and there are less
10 than one hundred twenty days between the date when the employee's
11 employer-employee relationship ceased with the state and the date when
12 the employer-employee relationship commenced with the same or another
13 agency. It is the responsibility of the employer that is involved in the
14 termination of employment to notify the board of such change in
15 employment and provide the board with such information as the board deems
16 necessary. If the board determines that termination of employment has not
17 occurred and a retirement benefit has been paid to a member of the
18 retirement system pursuant to section 84-1321, the board shall require
19 the member who has received such benefit to repay the benefit to the
20 retirement system; and

21 ~~(37)~~ (36) Vesting credit means credit for years, or a fraction of a
22 year, of participation in another Nebraska governmental plan for purposes
23 of determining vesting of the employer account.

24 Sec. 48. Section 84-1309.02, Reissue Revised Statutes of Nebraska,
25 is amended to read:

26 84-1309.02 (1) It is the intent of the Legislature that, in order to
27 improve the competitiveness of the retirement plan for state employees, a
28 cash balance benefit shall be added to the State Employees Retirement Act
29 on and after January 1, 2003. Each member who is employed and
30 participating in the retirement system prior to January 1, 2003, may
31 either elect to continue participation in the defined contribution

1 benefit as provided in the act prior to January 1, 2003, or elect to
2 participate in the cash balance benefit as set forth in this section. An
3 active member shall make a one-time election beginning September 1, 2012,
4 through October 31, 2012, in order to participate in the cash balance
5 benefit. If no such election is made, the member shall be treated as
6 though he or she elected to continue participating in the defined
7 contribution benefit as provided in the act prior to January 1, 2003.
8 Members who elect to participate in the cash balance benefit beginning
9 September 1, 2012, through October 31, 2012, shall commence participation
10 in the cash balance benefit on January 2, 2013. Any member who made the
11 election prior to April 7, 2012, does not have to make another election
12 of the cash balance benefit beginning September 1, 2012, through October
13 31, 2012.

14 (2) For a member employed and participating in the retirement system
15 beginning on and after January 1, 2003, or a member employed and
16 participating in the retirement system on January 1, 2003, who, prior to
17 April 7, 2012, or beginning September 1, 2012, through October 31, 2012,
18 elects to convert his or her employee and employer accounts to the cash
19 balance benefit:

20 (a) Except as provided in subdivision (2)(b) of section 84-1321.01,
21 the employee cash balance account within the State Employees Retirement
22 Fund shall, at any time, be equal to the following:

23 (i) The initial employee account balance, if any, transferred from
24 the defined contribution plan account described in section 84-1310; plus

25 (ii) Employee contribution credits deposited in accordance with
26 section 84-1308; plus

27 (iii) Interest credits credited in accordance with subdivision (19)
28 ~~(18)~~ of section 84-1301; plus

29 (iv) Dividend amounts credited in accordance with subdivision (4)(c)
30 of section 84-1319; and

31 (b) The employer cash balance account shall, at any time, be equal

1 to the following:

2 (i) The initial employer account balance, if any, transferred from
3 the defined contribution plan account described in section 84-1311; plus

4 (ii) Employer contribution credits deposited in accordance with
5 section 84-1309; plus

6 (iii) Interest credits credited in accordance with subdivision (19)
7 ~~(18)~~ of section 84-1301; plus

8 (iv) Dividend amounts credited in accordance with subdivision (4)(c)
9 of section 84-1319.

10 (3) In order to carry out the provisions of this section, the board
11 may enter into administrative services agreements for accounting or
12 record-keeping services. No agreement shall be entered into unless the
13 board determines that it will result in administrative economy and will
14 be in the best interests of the state and its participating employees.
15 The board may develop a schedule for the allocation of the administrative
16 services agreements costs for accounting or record-keeping services and
17 may assess the costs so that each member pays a reasonable fee as
18 determined by the board.

19 Sec. 49. Section 84-1319, Reissue Revised Statutes of Nebraska, is
20 amended to read:

21 84-1319 (1) The future service retirement benefit shall be an
22 annuity, payable monthly with the first payment made no earlier than the
23 annuity start date, which shall be the actuarial equivalent of the
24 retirement value as specified in section 84-1318 based on factors
25 determined by the board, except that gender shall not be a factor when
26 determining the amount of such payments except as provided in this
27 section.

28 Except as provided in section 42-1107, at any time before the
29 annuity start date, the retiring employee may choose to receive his or
30 her annuity either in the form of an annuity as provided under subsection
31 (4) of this section or any optional form that is determined acceptable by

1 the board.

2 Except as provided in section 42-1107, in lieu of the future service
3 retirement annuity, a retiring employee may receive a benefit not to
4 exceed the amount in his or her employer and employee accounts as of the
5 date of final account value payable in a lump sum and, if the employee
6 chooses not to receive the entire amount in such accounts, an annuity
7 equal to the actuarial equivalent of the remainder of the retirement
8 value, and the employee may choose any form of such annuity as provided
9 for by the board.

10 In any case, the amount of the monthly payment shall be such that
11 the annuity chosen shall be the actuarial equivalent of the retirement
12 value as specified in section 84-1318 except as provided in this section.

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

17 (2) Except as provided in subsection (4) of this section, the
18 monthly annuity income payable to a member retiring on or after January
19 1, 1984, shall be as follows:

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

26 (a) The income provided by the accumulated contributions made prior
27 to January 1, 1984, based on male annuity purchase rates in effect on the
28 date of purchase; and

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

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

5 (4)(a) The normal form of payment shall be a single life annuity
6 with five-year certain, which is an annuity payable monthly during the
7 remainder of the member's life with the provision that, in the event of
8 his or her death before sixty monthly payments have been made, the
9 monthly payments will be continued to his or her estate or to the
10 beneficiary he or she has designated until sixty monthly payments have
11 been made in total. Such annuity shall be equal to the actuarial
12 equivalent of the member cash balance account or the sum of the employee
13 and employer accounts, whichever is applicable, as of the date of final
14 account value. As a part of the annuity, the normal form of payment may
15 include a two and one-half percent cost-of-living adjustment purchased by
16 the member, if the member elects such a payment option.

17 Except as provided in section 42-1107, a member may elect a lump-sum
18 distribution of his or her member cash balance account as of the date of
19 final account value upon termination of service or retirement.

20 For a member employed and participating in the retirement system
21 prior to January 1, 2003, who has elected to participate in the cash
22 balance benefit pursuant to section 84-1309.02, or for a member employed
23 and participating in the retirement system beginning on and after January
24 1, 2003, the balance of his or her member cash balance account as of the
25 date of final account value shall be converted to an annuity using an
26 interest rate that is recommended by the actuary and approved by the
27 board following an actuarial experience study, a benefit adequacy study,
28 or a plan valuation. The interest rate and actuarial factors in effect on
29 the member's retirement date will be used to calculate actuarial
30 equivalency of any retirement benefit. Such interest rate may be, but is
31 not required to be, equal to the assumed rate of return used in the

1 ~~actuarial valuation as recommended by the actuary and approved by the~~
2 ~~board.~~

3 For an employee who is a member prior to January 1, 2003, who has
4 elected not to participate in the cash balance benefit pursuant to
5 section 84-1309.02, and who, at the time of retirement, chooses the
6 annuity option rather than the lump-sum option, his or her employee and
7 employer accounts as of the date of final account value shall be
8 converted to an annuity using an interest rate that is equal to the
9 lesser of (i) the Pension Benefit Guaranty Corporation initial interest
10 rate for valuing annuities for terminating plans as of the beginning of
11 the year during which payment begins plus three-fourths of one percent or
12 (ii) the interest rate to calculate the retirement benefits for the cash
13 balance plan members used in the actuarial valuation as recommended by
14 ~~the actuary and approved by the board.~~

15 (b) For the calendar year beginning January 1, 2003, and each
16 calendar year thereafter, the actuary for the board shall perform an
17 actuarial valuation of the system using the entry age actuarial cost
18 method. Under this method, the actuarially required funding rate is equal
19 to the normal cost rate plus the contribution rate necessary to amortize
20 the unfunded actuarial accrued liability on a level-payment basis. The
21 normal cost under this method shall be determined for each individual
22 member on a level percentage of salary basis. The normal cost amount is
23 then summed for all members. The initial unfunded actual accrued
24 liability as of January 1, 2003, if any, shall be amortized over a
25 twenty-five-year period. During each subsequent actuarial valuation,
26 changes in the unfunded actuarial accrued liability due to changes in
27 benefits, actuarial assumptions, the asset valuation method, or actuarial
28 gains or losses shall be measured and amortized over a twenty-five-year
29 period beginning on the valuation date of such change. If the unfunded
30 actuarial accrued liability under the entry age actuarial cost method is
31 zero or less than zero on an actuarial valuation date, then all prior

1 unfunded actuarial accrued liabilities shall be considered fully funded
2 and the unfunded actuarial accrued liability shall be reinitialized and
3 amortized over a twenty-five-year period as of the actuarial valuation
4 date. If the actuarially required contribution rate exceeds the rate of
5 all contributions required pursuant to the State Employees Retirement
6 Act, there shall be a supplemental appropriation sufficient to pay for
7 the difference between the actuarially required contribution rate and the
8 rate of all contributions required pursuant to the act.

9 (c) If the unfunded accrued actuarial liability under the entry age
10 actuarial cost method is less than zero on an actuarial valuation date,
11 and on the basis of all data in the possession of the retirement board,
12 including such mortality and other tables as are recommended by the
13 actuary engaged by the retirement board and adopted by the retirement
14 board, the retirement board may elect to pay a dividend to all members
15 participating in the cash balance option in an amount that would not
16 increase the actuarial contribution rate above ninety percent of the
17 actual contribution rate. Dividends shall be credited to the employee
18 cash balance account and the employer cash balance account based on the
19 account balances on the actuarial valuation date. In the event a dividend
20 is granted and paid after the actuarial valuation date, interest for the
21 period from the actuarial valuation date until the dividend is actually
22 paid shall be paid on the dividend amount. The interest rate shall be the
23 interest credit rate earned on regular contributions.

24 (5) At the option of the retiring member, any lump sum or annuity
25 provided under this section or section 84-1320 may be deferred to
26 commence at any time, except that no benefit shall be deferred later than
27 April 1 of the year following the year in which the employee has both
28 attained at least seventy and one-half years of age and has terminated
29 his or her employment with the state. Such election by the retiring
30 member may be made at any time prior to the commencement of the lump-sum
31 or annuity payments.

1 (6) A participant or beneficiary who would have been required to
2 receive required minimum distributions for 2009 but for the enactment of
3 section 401(a)(9)(H) of the Internal Revenue Code, and who would have
4 satisfied that requirement by receiving distributions that are either
5 equal to the 2009 required minimum distributions or one or more payments
6 in a series of substantially equal distributions, including the 2009
7 required minimum distribution, made at least annually and expected to
8 last for the life or life expectancy of the participant, the joint lives
9 or joint life expectancy of the participant and the participant's
10 designated beneficiary, or for a period of at least ten years, shall
11 receive those distributions for 2009 unless the participant or
12 beneficiary chooses not to receive such distributions. Participants and
13 beneficiaries shall be given the opportunity to elect to stop receiving
14 the distributions described in this subsection.

15 Sec. 50. Section 84-1323.01, Reissue Revised Statutes of Nebraska,
16 is amended to read:

17 84-1323.01 (1) Any member who is an employee, disregarding the
18 length of service, may be retired as a result of disability either upon
19 the member's own application or upon the application of the member's
20 employer or any person acting in the member's behalf. Before any member
21 may be so retired, a medical examination shall be made at the expense of
22 the retirement system, which examination shall be conducted by a
23 disinterested physician legally authorized to practice medicine under the
24 laws of the state in which he or she practices, such physician to be
25 selected by the retirement board, and the physician shall certify to the
26 board that the member suffers from an inability to engage in any a
27 substantially gainful activity by reason of any medically determinable
28 physical or mental impairment which was initially diagnosed or became
29 disabling began while the member was an active a participant in the plan
30 and which can be expected to result in death or to be of long-continued
31 and indefinite duration. The medical examination may be waived if, in the

1 judgment of the retirement board, extraordinary circumstances exist which
 2 preclude substantial gainful activity by the member. Such circumstances
 3 shall include hospice placement or similar confinement for a terminal
 4 illness or injury and should be retired. The application for disability
 5 retirement shall be made within one year of termination of employment.

6 (2) The retirement board may require any disability beneficiary who
 7 has not attained the age of fifty-five years to undergo a medical
 8 examination at the expense of the board once each year. If any disability
 9 beneficiary refuses to undergo such an examination, the disability
 10 retirement benefit may be discontinued by the board.

11 (3) The retirement board may adopt and promulgate rules and
 12 regulations and prescribe the necessary forms to carry out this section.

13 Sec. 51. Section 84-1325, Reissue Revised Statutes of Nebraska, is
 14 amended to read:

15 84-1325 (1)(a) For military service beginning on or after December
 16 12, 1994, but before January 1, 2018, any (1) Any employee who, while an
 17 employee, entered into and served in the armed forces of the United
 18 States and who within ninety days after honorable discharge or honorable
 19 separation from active duty again became an employee shall be credited,
 20 for the purposes of the provisions of section 84-1317, with all the time
 21 actually served in the armed forces as if such person had been an
 22 employee throughout such service in the armed forces pursuant to the
 23 terms and conditions of subdivision (b) subsection (2) of this subsection
 24 section.

25 (b) ~~(2)~~ Under such rules and regulations as the retirement board
 26 adopts and promulgates, any employee who is reemployed ~~on or after~~
 27 ~~December 12, 1994,~~ pursuant to 38 U.S.C. 4301 et seq., may pay to the
 28 retirement system an amount equal to the sum of all deductions which
 29 would have been made from the employee's compensation during such period
 30 of military service. Payment shall be made within the period required by
 31 law, not to exceed five years. To the extent that payment is made, (i)

1 (a) the employee shall be treated as not having incurred a break in
2 service by reason of the employee's ~~his or her~~ period of military
3 service, (ii) ~~(b)~~ the period of military service shall be credited for
4 the purposes of determining the nonforfeitability of the employee's
5 ~~member's~~ accrued benefits and the accrual of benefits under the plan, and
6 (iii) ~~(c)~~ the employer shall allocate the amount of employer
7 contributions to the employee's ~~member's~~ employer account in the same
8 manner and to the same extent the allocation occurs for other employees
9 during the period of service. For purposes of employee ~~member~~ and
10 employer contributions under this subsection, the employee's ~~member's~~
11 compensation during the period of military service shall be the rate the
12 employee ~~member~~ would have received but for the military service or, if
13 not reasonably determinable, the average rate the employee ~~member~~
14 received during the twelve-month period immediately preceding military
15 service.

16 (c) ~~(3)~~ The employer shall pick up the employee ~~member~~ contributions
17 made through irrevocable payroll deduction authorizations pursuant to
18 this subsection ~~section~~, and the contributions so picked up shall be
19 treated as employer contributions in the same manner as contributions
20 picked up under subsection (1) of section 84-1308.

21 (2)(a) For military service beginning on or after January 1, 2018,
22 any employee who is reemployed pursuant to 38 U.S.C. 4301 et seq., shall
23 be treated as not having incurred a break in service by reason of the
24 employee's period of military service. Such military service shall be
25 credited for purposes of determining the nonforfeitability of the
26 employee's accrued benefits and the accrual of benefits under the plan.

27 (b) The agency employing the employee shall be liable for funding
28 any obligation of the plan to provide benefits based upon such period of
29 military service. To satisfy the liability, the agency employing the
30 employee shall pay to the retirement system an amount equal to:

31 (i) The sum of the employee and employer contributions that would

1 have been paid during such period of military service; and

2 (ii) Any actuarial costs necessary to fund the obligation of the
3 plan to provide benefits based upon such period of military service. For
4 the purposes of determining the amount of such liability and obligation
5 of the plan, earnings and forfeitures, gains and losses, regular
6 interest, interest credits, or dividends that would have accrued on the
7 employee and employer contributions that are paid by the employer
8 pursuant to this section shall not be included.

9 (c) The amount required pursuant to subdivision (b) of this
10 subsection shall be paid to the retirement system as soon as reasonably
11 practicable following the date of reemployment, but must be paid within
12 eighteen months of the date the board notifies the employer of the amount
13 due. If the employer fails to pay the required amount within such
14 eighteen-month period, then the employer is also responsible for any
15 actuarial costs and interest on actuarial costs that accrue from eighteen
16 months after the date the employer is notified by the board until the
17 date the amount is paid.

18 (d) The retirement board may adopt and promulgate rules and
19 regulations to carry out this subsection, including, but not limited to,
20 rules and regulations on:

21 (i) How and when the employee and employer must notify the
22 retirement system of a period of military service;

23 (ii) The acceptable methods of payment;

24 (iii) Determining the service and compensation upon which the
25 contributions must be made;

26 (iv) Accelerating the payment from the employer due to unforeseen
27 circumstances that occur before payment is made pursuant to this section,
28 including, but not limited to, the employee's termination or retirement
29 or the employer's reorganization, consolidation, merger, or closing; and

30 (v) The documentation required to substantiate that the individual
31 was reemployed pursuant to 38 U.S.C. 4301 et seq.

1 (3) This section only applies to military service that falls within
2 the definition of uniformed service under 38 U.S.C. 4301 et seq. Military
3 service does not include service provided pursuant to sections 55-101 to
4 55-181.

5 Sec. 52. Section 84-1503, Revised Statutes Cumulative Supplement,
6 2016, is amended to read:

7 84-1503 (1) It shall be the duty of the Public Employees Retirement
8 Board:

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

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

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

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

30 (e) To hire an attorney, admitted to the Nebraska State Bar
31 Association, to advise the board in the administration of the retirement

1 systems listed in subdivision (a) of this subsection;

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

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

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

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

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

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

27 (c) To adopt and promulgate rules and regulations for the management
28 of the board;

29 (d) To keep a complete record of all proceedings taken at any
30 meeting of the board;

31 (e) To obtain, by a competitive, formal, and sealed bidding process

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

28 (f) To direct the State Treasurer to transfer funds, as an expense
29 of the retirement systems, to the Legislative Council Retirement Study
30 Fund. Such transfer shall occur beginning on or after July 1, 2005, and
31 at intervals of not less than five years and not more than fifteen years

1 and shall be in such amounts as the Legislature shall direct;

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

7 (h) To obtain, by a competitive, formal, and sealed bidding process
8 through the materiel division of the Department of Administrative
9 Services, auditing services for a separate compliance audit of the
10 retirement systems to be completed by December 31, 2020, and from time to
11 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 for the adjustment
22 of contributions or benefits, which includes, but is not limited to: (i)
23 The procedures for refunding contributions, adjusting future
24 contributions or benefit payments, and requiring additional contributions
25 or repayment of benefits; (ii) the process for a member, member's
26 beneficiary, employee, or employer to dispute an adjustment to
27 contributions or benefits; (iii) establishing materiality and de minimus
28 amounts for agency transactions, adjustments, and inactive account
29 closures; and (iv) notice provided to all affected persons. Following an
30 adjustment, a timely notice shall be sent that describes the adjustment
31 and the process for disputing an adjustment to contributions or benefits;

1 (j) To make a thorough investigation through the director or the
2 director's designee, of any overpayment of a benefit, when in the
3 judgment of the director such investigation is necessary, including, but
4 not limited to, circumstances in which benefit payments are made after
5 the death of a member or beneficiary and the retirement system is not
6 made aware of such member's or beneficiary's death. In connection with
7 any such investigation, the board, through the director or the director's
8 designee, shall have the power to compel the attendance of witnesses and
9 the production of books, papers, records, and documents, whether in
10 hardcopy, electronic form, or otherwise, and issue subpoenas for such
11 purposes. Such subpoenas shall be served in the same manner and have the
12 same effect as subpoenas from district courts; and

13 (k) To administer all retirement system plans in a manner which will
14 maintain each plan's status as a qualified plan pursuant to the Internal
15 Revenue Code, as defined in section 49-801.01, including: Section 401(a)
16 (9) of the Internal Revenue Code relating to the time and manner in which
17 benefits are required to be distributed, including the incidental death
18 benefit distribution requirement of section 401(a)(9)(G) of the Internal
19 Revenue Code; section 401(a)(25) of the Internal Revenue Code relating to
20 the specification of actuarial assumptions; section 401(a)(31) of the
21 Internal Revenue Code relating to direct rollover distributions from
22 eligible retirement plans; section 401(a)(37) of the Internal Revenue
23 Code relating to the death benefit of a member whose death occurs while
24 performing qualified military service; and section 401(a) of the Internal
25 Revenue Code by meeting the requirements of section 414(d) of the
26 Internal Revenue Code relating to the establishment of retirement plans
27 for governmental employees of a state or political subdivision thereof.
28 The board shall adopt and promulgate rules and regulations necessary or
29 appropriate to maintain such status including, but not limited to, rules
30 or regulations which restrict discretionary or optional contributions to
31 a plan or which limit distributions from a plan.

1 (3) By March 31 of each year, the board shall prepare a written plan
2 of action and shall present such plan to the Nebraska Retirement Systems
3 Committee of the Legislature at a public hearing. The plan shall include,
4 but not be limited to, the board's funding policy, the administrative
5 costs and other fees associated with each fund and plan overseen by the
6 board, member education and informational programs, the director's duties
7 and limitations, an organizational structure of the office of the
8 Nebraska Public Employees Retirement Systems, and the internal control
9 structure of such office to ensure compliance with state and federal
10 laws.

11 (4)(a) Beginning in 2016, and at least every four years thereafter
12 in even-numbered years or at the request of the Nebraska Retirement
13 Systems Committee of the Legislature, the board shall obtain an
14 experience study. Within thirty business days after presentation of the
15 experience study to the board, the actuary shall present the study to the
16 Nebraska Retirement Systems Committee at a public hearing. If the board
17 does not adopt all of the recommendations in the experience study, the
18 board shall provide a written explanation of its decision to the Nebraska
19 Retirement Systems Committee and the Governor. The explanation shall be
20 delivered within ten business days after formal action by the board to
21 not adopt one or more of the recommendations.

22 (b) The director shall provide an electronic copy of the first draft
23 and a final draft of the experience study and annual valuation reports to
24 the Nebraska Retirement Systems Committee and the Governor when the
25 director receives the drafts from the actuary. The drafts shall be deemed
26 confidential information. The draft copies obtained by the Nebraska
27 Retirement Systems Committee and the Governor pursuant to this section
28 shall not be considered public records subject to sections 84-712 to
29 84-712.09.

30 (c) For purposes of this subsection, business days shall be computed
31 by excluding the day the request is received, after which the designated

1 period of time begins to run. A business day shall not include a Saturday
2 or a Sunday or a day during which the Nebraska Public Employees
3 Retirement Systems office is closed.

4 (5) It shall be the duty of the board to direct the State Treasurer
5 to transfer funds, as an expense of the retirement system provided for
6 under the Class V School Employees Retirement Act, to and from the Class
7 V Retirement System Payment Processing Fund and the Class V School
8 Employees Retirement Fund for the benefit of a retirement system provided
9 for under the Class V School Employees Retirement Act to implement the
10 provisions of section 79-986. The agency for the administration of this
11 provision and under the direction of the board shall be known and may be
12 cited as the Nebraska Public Employees Retirement Systems.

13 Sec. 53. If any section in this act or any part of any section is
14 declared invalid or unconstitutional, the declaration shall not affect
15 the validity or constitutionality of the remaining portions.

16 Sec. 54. Original sections 23-2308.01, 23-2315.01, 23-2323.01,
17 23-2334, 24-701, 24-708, 24-710.01, 24-710.04, 24-710.15, 79-921, 79-926,
18 79-933.08, 79-951, 79-958, 81-2025, 81-2034, 84-1301, 84-1309.02,
19 84-1319, 84-1323.01, and 84-1325, Reissue Revised Statutes of Nebraska,
20 and sections 2-3228, 12-101, 14-567, 14-1805.01, 14-2111, 15-1017,
21 16-1017, 16-1037, 19-3501, 23-1118, 23-2301, 23-2317, 23-3526,
22 71-1631.02, 79-902, 79-904.01, 79-931, 79-934, 79-954, 79-978, 79-978.01,
23 79-987, 79-992, 79-9,100.01, 79-9,105, 81-2014, 84-304, 84-304.02, and
24 84-1503, Revised Statutes Cumulative Supplement, 2016, are repealed.

25 Sec. 55. The following sections are outright repealed: Sections
26 79-918 and 79-923, Reissue Revised Statutes of Nebraska.

27 Sec. 56. Since an emergency exists, this act takes effect when
28 passed and approved according to law.