

LEGISLATURE OF NEBRASKA

ONE HUNDREDTH LEGISLATURE

FIRST SESSION

**LEGISLATIVE BILL 329**

Introduced by Nebraska Retirement Systems Committee: Synowiecki, 7,  
Chairperson; Erdman, 47; Heidemann, 1; Karpisek, 32;  
Louden, 49; White, 8;

Read first time January 11, 2007

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to the Public Employees Retirement Board;  
2 to amend section 84-1503, Revised Statutes Cumulative  
3 Supplement, 2006; to change provisions relating to  
4 the qualifications of the director; and to repeal the  
5 original section.  
6 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 84-1503, Revised Statutes Cumulative  
2 Supplement, 2006, is amended to read:

3           84-1503 (1) It shall be the duty of the Public Employees  
4 Retirement Board:

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

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

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

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

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

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

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

20           (h) To prescribe and furnish forms for the public  
21 retirement system plan reports required to be filed pursuant  
22 to sections 2-3228, 12-101, 14-567, 14-1805.01, 14-2111, 15-1017,  
23 16-1017, 16-1037, 19-3501, 23-1118, 23-3526, 71-1631.02, and 79-987  
24 and to notify the Nebraska Retirement Systems Committee of the  
25 Legislature of the failure of any governmental entity to file such

1 reports.

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

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

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

13 (c) To adopt and promulgate rules and regulations for the  
14 management of the board;

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

17 (e) To obtain, by a competitive, formal, and sealed  
18 bidding process through the materiel division of the Department  
19 of Administrative Services, actuarial services on behalf of the  
20 State of Nebraska as may be necessary in the administration and  
21 development of the retirement systems. Any contract for actuarial  
22 services shall contain a provision allowing the actuary, without  
23 prior approval of the board, to perform actuarial studies of the  
24 systems as requested by entities other than the board, if notice,  
25 which does not identify the entity or substance of the request, is

1 given to the board, all costs are paid by the requesting entity,  
2 results are provided to the board upon being made public, and  
3 such actuarial studies do not interfere with the actuary's ongoing  
4 responsibility to the board. The term of the contract shall be  
5 for up to three years. A competitive, formal, and sealed bidding  
6 process shall be completed at least once in every three years,  
7 unless the board determines that such a process would not be cost  
8 effective under the circumstances and that the actuarial services  
9 performed have been satisfactory, in which case the contract may  
10 also contain an option for renewal without a competitive, formal,  
11 and sealed bidding process for up to three additional years. An  
12 actuary under contract for the State of Nebraska shall be a member  
13 of the American Academy of Actuaries;

14 (f) To direct the State Treasurer to transfer funds, as  
15 an expense of the retirement systems, to the Legislative Council  
16 Retirement Study Fund. Such transfer shall occur beginning on or  
17 after July 1, 2005, and at intervals of not less than five years  
18 and not more than fifteen years and shall be in such amounts as the  
19 Legislature shall direct;

20 (g) To adopt and promulgate rules and regulations to  
21 carry out the provisions of each retirement system described in  
22 subdivision (1)(a) of this section, which shall include, but not  
23 be limited to, the crediting of military service, direct rollover  
24 distributions, and the acceptance of rollovers;

25 (h) To obtain, by a competitive, formal, and sealed

1 bidding process through the materiel division of the Department  
2 of Administrative Services, auditing services for a separate  
3 compliance audit of the retirement systems to be completed by  
4 December 31, 2007, and from time to time thereafter at the request  
5 of the Nebraska Retirement Systems Committee, to be completed not  
6 more than every four years but not less than every ten years.  
7 The compliance audit shall be in addition to the annual audit  
8 conducted by the Auditor of Public Accounts. The compliance audit  
9 shall include, but not be limited to, an examination of records,  
10 files, and other documents and an evaluation of all policies and  
11 procedures to determine compliance with all state and federal laws.  
12 A copy of the compliance audit shall be given to the Governor, the  
13 board, and the Nebraska Retirement Systems Committee and shall be  
14 presented to the committee at a public hearing;

15 (i) To adopt and promulgate rules and regulations for the  
16 adjustment of contributions or benefits, which shall include, but  
17 not be limited to: (i) The procedures for refunding contributions,  
18 adjusting future contributions or benefit payments, and requiring  
19 additional contributions or repayment of benefits; (ii) the process  
20 for a member, member's beneficiary, employee, or employer to  
21 dispute an adjustment to contributions or benefits; and (iii)  
22 notice provided to all affected persons. All notices shall be sent  
23 prior to an adjustment and shall describe the process for disputing  
24 an adjustment to contributions or benefits; and

25 (j) To administer all retirement system plans in a manner

1 which will maintain each plan's status as a qualified plan pursuant  
2 to the Internal Revenue Code. The board shall adopt and promulgate  
3 rules and regulations necessary or appropriate to maintain such  
4 status including, but not limited to, rules or regulations which  
5 restrict discretionary or optional contributions to a plan or which  
6 limit distributions from a plan.

7 (3) By March 15 of each year, the board shall prepare a  
8 written plan of action and shall present such plan to the Nebraska  
9 Retirement Systems Committee at a public hearing. The plan shall  
10 include, but not be limited to, the board's funding policy, the  
11 administrative costs and other fees associated with each fund and  
12 plan overseen by the board, member education and informational  
13 programs, the director's duties and limitations, an organizational  
14 structure of the office of the Nebraska Public Employees Retirement  
15 Systems, and the internal control structure of such office to  
16 ensure compliance with state and federal laws.

17 Sec. 2. Original section 84-1503, Revised Statutes  
18 Cumulative Supplement, 2006, is repealed.