

LEGISLATURE OF NEBRASKA

ONE HUNDRED SECOND LEGISLATURE

SECOND SESSION

**LEGISLATIVE BILL 1082**

Final Reading

Introduced by Karpisek, 32.

Read first time January 18, 2012

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to retirement; to amend sections 16-1001,  
2 16-1002, 16-1003, 16-1004, 16-1005, 16-1006, 16-1007,  
3 16-1009, 16-1010, 16-1012, 16-1013, 16-1014, 16-1016,  
4 16-1019, and 16-1038, Reissue Revised Statutes of  
5 Nebraska, section 18-1723, Revised Statutes Cumulative  
6 Supplement, 2010, and section 16-1017, Revised Statutes  
7 Supplement, 2011; to name the Police Officers Retirement  
8 Act; to redefine terms; to change provisions relating to  
9 employee and employer contributions and vesting; to  
10 change provisions relating to administration of police  
11 officer and firefighter retirement systems as prescribed;  
12 to eliminate obsolete provisions; to harmonize  
13 provisions; to repeal the original sections; and to  
14 declare an emergency.

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

1                   Section 1. Section 16-1001, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3                   16-1001 Sections 16-1001 to 16-1019 shall be known and  
4 may be cited as the Police Officers Retirement Act and shall apply to  
5 all police officers of a city of the first class.

6                   Sec. 2. Section 16-1002, Reissue Revised Statutes of  
7 Nebraska, is amended to read:

8                   16-1002 For purposes of ~~sections 16-1001 to 16-1019, the~~  
9 Police Officers Retirement Act, unless the context otherwise  
10 requires:

11                   (1) Actuarial equivalent ~~shall mean means~~ means equality in  
12 value of the aggregate amount of benefit expected to be received  
13 under different forms of benefit or at different times determined as  
14 of a given date as adopted by the city or the retirement committee  
15 for use by the retirement system. Actuarial equivalencies shall be  
16 specified in the funding medium established for the retirement  
17 system, except that if benefits under the retirement system are  
18 obtained through the purchase of an annuity contract, the actuarial  
19 equivalent of any such form of benefit shall be the amount of pension  
20 benefit which can be purchased or otherwise provided by the police  
21 officer's retirement value. All actuarial and mortality assumptions  
22 adopted by the city or retirement committee shall be on a sex-neutral  
23 basis;

24                   (2) Beneficiary ~~shall mean means~~ means the person or persons  
25 designated by a police officer, pursuant to a written instrument

1 filed with the retirement committee before the police officer's  
2 death, to receive death benefits which may be payable under the  
3 retirement system;

4 (3) Funding agent ~~shall mean~~ means any bank, trust  
5 company, life insurance company, thrift institution, credit union, or  
6 investment management firm selected by the city or retirement  
7 committee to hold or invest the funds of the retirement system;

8 (4) Regular interest ~~shall mean~~ means the rate of  
9 interest earned each calendar year ~~commencing January 1, 1984,~~ equal  
10 to the rate of net earnings realized for the calendar year from  
11 investments of the retirement fund. Net earnings ~~shall mean~~ means the  
12 amount by which income or gain realized from investments of the  
13 retirement fund exceeds the amount of any realized losses from such  
14 investments during the calendar year;

15 (5) Regular pay ~~shall mean the average salary of a police~~  
16 ~~officer for the five years preceding the date such police officer~~  
17 ~~elects to retire, the five years preceding his or her death, or the~~  
18 ~~five years preceding the date of disability, whichever is earliest,~~  
19 ~~except that for any police officer who retires, dies, or becomes~~  
20 ~~disabled after July 15, 1992, regular pay shall mean~~ means the  
21 average salary of the police officer for the period of five  
22 consecutive years preceding ~~such~~ elective retirement, death, or date  
23 of disability which produces the highest average;

24 (6) Salary ~~shall mean~~ means all amounts paid to a  
25 participating police officer by the employing city for personal

1 services as reported on the participant's federal income tax  
2 withholding statement, including the police officer's contributions  
3 picked up by the city as provided in subsection (2) of section  
4 16-1005 and any salary reduction contributions which are excludable  
5 from income for federal income tax purposes pursuant to section 125  
6 or 457 of the Internal Revenue Code;

7 (7) Retirement committee ~~shall mean~~ means the retirement  
8 committee created pursuant to section 16-1014;

9 (8) Retirement system ~~shall mean~~ means a retirement  
10 system established pursuant to ~~sections 16-1001 to 16-1019;~~ the act;

11 (9) Retirement value ~~shall mean~~ means the accumulated  
12 value of the police officer's employee account and employer account.  
13 The retirement value ~~shall consist~~ consists of the sum of the  
14 contributions made or transferred to such accounts by the police  
15 officer and by the city on the police officer's behalf and the  
16 regular interest credited to the accounts as of the date of  
17 computation, reduced by any realized losses which were not taken into  
18 account in determining regular interest in any year, and further  
19 adjusted each year to reflect the pro rata share for the accounts of  
20 the appreciation or depreciation of the fair market value of the  
21 assets of the retirement system as determined by the retirement  
22 committee. The retirement value shall be reduced by the amount of all  
23 distributions made to or on the behalf of the police officer from the  
24 retirement system. Such valuation shall be computed annually as of  
25 December 31. If separate investment accounts are established pursuant

1 to subsection (3) of section 16-1004, a police officer's retirement  
2 value with respect to such accounts shall be equal to the value of  
3 his or her separate investment accounts as determined under such  
4 subsection;

5 (10) Annuity contract ~~shall mean~~ means the contract or  
6 contracts issued by one or more life insurance companies and  
7 purchased by the retirement system in order to provide any of the  
8 benefits described in ~~sections 16-1001 to 16-1019.~~ the act. Annuity  
9 conversion rates contained in any such contract shall be specified on  
10 a sex-neutral basis; and

11 (11) Straight life annuity ~~shall mean~~ means an ordinary  
12 annuity payable for the life of the primary annuitant only and  
13 terminating at his or her death without refund or death benefit of  
14 any kind.

15 Sec. 3. Section 16-1003, Reissue Revised Statutes of  
16 Nebraska, is amended to read:

17 16-1003 A police officer shall be credited with all years  
18 of his or her service after the year 1965 for the purpose of  
19 determining vested retirement benefits under ~~sections 16-1001 to~~  
20 ~~16-1019.~~ the Police Officers Retirement Act.

21 Sec. 4. Section 16-1004, Reissue Revised Statutes of  
22 Nebraska, is amended to read:

23 16-1004 (1) ~~Commencing on January 1, 1984, each~~ Each city  
24 of the first class shall keep and maintain a Police Officers  
25 Retirement System Fund for the purpose of investing payroll

1 deductions and city contributions to the retirement system. The fund  
2 shall be maintained separate and apart from all city money and funds.  
3 The fund shall be administered under the direction of the city and  
4 the retirement committee exclusively for the purposes of the  
5 retirement system and for the benefit of participating police  
6 officers and their beneficiaries. The fund shall be established as a  
7 trust under the laws of this state for all purposes of section 401(a)  
8 of the Internal Revenue Code. ~~Upon the passage of sections 16-1001 to~~  
9 ~~16-1019 all of the contributions made by a police officer prior to~~  
10 ~~January 1, 1984, will be transferred to the police officer's employee~~  
11 ~~account without interest unless the city, at the time of the~~  
12 ~~transfer, credited interest on such contributions.~~ Regular interest  
13 shall ~~begin to accrue on the~~ any contributions transferred into the  
14 fund. ~~from January 1, 1984.~~ Such funds shall be invested in the  
15 manner prescribed in section 16-1016.

16 (2) The city shall establish a medium for funding of the  
17 retirement system, which may be a pension trust fund, custodial  
18 account, group annuity contract, or combination thereof, for the  
19 purpose of investing money for the retirement system in the manner  
20 prescribed by section 16-1016 and to provide the retirement, death,  
21 and disability benefits for police officers pursuant to ~~sections~~  
22 ~~16-1001 to 16-1019.~~ the Police Officers Retirement Act. The trustee  
23 or custodian of any trust fund may be a designated funding agent  
24 which is qualified to act as a fiduciary or custodian in this state,  
25 the city treasurer, a city officer authorized to administer funds of

1 the city, or a combination thereof.

2 (3) Upon direction of the city, there may be established  
3 separate investment accounts for each participating police officer  
4 for the purpose of allowing each police officer to direct the  
5 investment of all or a portion of his or her employee account or  
6 employer account subject to the requirements of section 16-1016 and  
7 any other rules or limitations that may be established by the city or  
8 the retirement committee. If separate investment accounts are  
9 established, each account shall be separately invested and  
10 reinvested, separately credited with all earnings and gains with  
11 respect to the investment of the assets of the investment account,  
12 and separately debited with the losses of the account. Each  
13 investment account shall be adjusted each year to reflect the  
14 appreciation or depreciation of the fair market value of the assets  
15 held in such account as determined by the retirement committee. The  
16 expenses incurred by the retirement system when a police officer  
17 directs the investment of all or a portion of his or her individual  
18 investment account shall be charged against the police officer's  
19 investment account and shall reduce the police officer's retirement  
20 value.

21 Sec. 5. Section 16-1005, Reissue Revised Statutes of  
22 Nebraska, is amended to read:

23 16-1005 ~~(1) Each~~ (1) Until October 1, 2013, each police  
24 officer participating in the retirement system shall contribute to  
25 the retirement system a sum equal to six percent of his or her

1 salary. Beginning October 1, 2013, until October 1, 2015, each police  
2 officer shall contribute to the retirement system a sum equal to six  
3 and one-half percent of his or her salary. Beginning October 1, 2015,  
4 each police officer shall contribute to the retirement system a sum  
5 equal to seven percent of his or her salary. Such payment shall be  
6 made by regular payroll deductions from ~~his or her~~ the police  
7 officer's periodic salary and shall be credited to his or her  
8 employee account on a monthly basis. Each such account shall also be  
9 credited with regular interest.

10 (2) Each city of the first class ~~with police officers~~  
11 ~~participating in a retirement system established pursuant to sections~~  
12 ~~16-1001 to 16-1019~~ shall pick up the police officers' contributions  
13 required by subsection (1) of this section, ~~for all compensation paid~~  
14 ~~on or after January 1, 1984,~~ and the contributions so picked up shall  
15 be treated as employer contributions in determining federal tax  
16 treatment under the Internal Revenue Code, except that the city shall  
17 continue to withhold federal income taxes based upon these  
18 contributions until the Internal Revenue Service or the federal  
19 courts rule that, pursuant to section 414(h) of the Internal Revenue  
20 Code, these contributions shall not be included as gross income of  
21 the employee until such time as they are distributed from the  
22 retirement system. The city shall pay these employee contributions  
23 from the same source of funds which is used in paying earnings to the  
24 employee. The city shall pick up these contributions by a salary  
25 deduction either through a reduction in the cash salary of the



1 employee or a combination of a reduction in salary and offset against  
2 a future salary increase. A police officer shall not be given an  
3 option to choose to receive the amount of the required contribution  
4 in lieu of having such contribution paid directly to the retirement  
5 system.

6 (3) Each police officer ~~participating in the retirement~~  
7 ~~system~~ shall be entitled to make voluntary cash contributions to the  
8 retirement system in an amount not to exceed the contribution  
9 limitations established by the Internal Revenue Code. Voluntary  
10 contributions shall be credited to the police officer's employee  
11 account and shall thereafter be credited with regular interest. A  
12 police officer's voluntary contribution shall become a part of the  
13 Police Officers Retirement System Fund and shall be held,  
14 administered, invested, and distributed in the same manner as any  
15 other employee contribution to the retirement system.

16 Sec. 6. Section 16-1006, Reissue Revised Statutes of  
17 Nebraska, is amended to read:

18 16-1006 ~~Beginning January 1, 1984, each~~ Each city of the  
19 first class ~~with police officers participating in a retirement system~~  
20 shall contribute to the retirement system a sum equal to ~~six~~ one  
21 hundred percent of the amounts deducted, in accordance with  
22 subsection (1) of section 16-1005, from each such participating  
23 police officer's periodic salary. Such payment shall be contributed  
24 as provided in subsection (1) of section 16-1005 for employee  
25 contributions and shall be credited to ~~his or her~~ the police

1 officer's employer account on a monthly basis. Each such account  
2 shall also be credited with regular interest. The city shall also  
3 contribute to the employer account of any police officer employed by  
4 the city on January 1, 1984, an amount equal to the employee  
5 contributions of such police officer that were made to the city prior  
6 to January 1, 1984, without interest, with such contribution to be  
7 made at the time the police officer retires or terminates employment  
8 with the city. The city may contribute such amount before the police  
9 officer's retirement or termination of employment or credit interest  
10 on such contribution.

11           Sec. 7. Section 16-1007, Reissue Revised Statutes of  
12 Nebraska, is amended to read:

13           16-1007 (1) At any time before the retirement date, the  
14 retiring police officer may elect to receive at his or her retirement  
15 date a pension benefit either in the form of a straight life annuity  
16 or any optional form of annuity benefit established by the retirement  
17 committee and provided under a purchased annuity contract. The  
18 optional annuity benefit shall be specified in the funding medium for  
19 the retirement system and shall include a straight life annuity with  
20 a guarantee of at least sixty monthly payments or an annuity payable  
21 for the life of the retiring police officer and, after the death of  
22 the retiree, monthly payments, as elected by the retiring police  
23 officer, of either one hundred percent, seventy-five percent, or  
24 fifty percent of the amount of annuity payable to the retiring police  
25 officer during his or her life, to the beneficiary selected by the

1 retiring police officer at the time of the original application for  
2 an annuity. ~~For any police officer whose retirement date is on or~~  
3 ~~after January 1, 1997, the~~ The optional benefit forms for the  
4 retirement system shall include a single lump-sum payment of the  
5 police officer's retirement value. ~~For police officers whose~~  
6 ~~retirement date is prior to January 1, 1997, a single lump sum~~  
7 ~~payment shall be available only if the city has adopted such~~  
8 ~~distribution option in the funding medium established for the~~  
9 ~~retirement system.~~ The retiring police officer may further elect to  
10 defer the date of the first annuity payment or lump-sum payment to  
11 the first day of any specified month prior to age seventy. If the  
12 retiring police officer elects to receive his or her pension benefit  
13 in the form of an annuity, the amount of annuity benefit shall be the  
14 amount paid by the annuity contract purchased or otherwise provided  
15 by his or her retirement value as of the date of the first payment.  
16 Any such annuity contract purchased by the retirement system may be  
17 distributed to the police officer and, upon such distribution, all  
18 obligations of the retirement system to pay retirement, death, or  
19 disability benefits to the police officer and his or her  
20 beneficiaries shall terminate, without exception.

21 ~~(2)-(2)(a)~~ (2)(a) For all officers employed on January 1, 1984,  
22 and continuously employed by the city from such date through the date  
23 of their retirement, the amount of the pension benefit, when  
24 determined on the straight life annuity basis, shall not be less than  
25 the following amounts:

1           ~~(a)-(i)~~ If retirement occurs following age sixty and with  
2 twenty-five years of service with the city, ~~or twenty-one years of~~  
3 ~~service if hired prior to November 18, 1965,~~ fifty percent of regular  
4 pay; or

5           ~~(b)-(ii)~~ If retirement occurs following age fifty-five  
6 but before age sixty and with twenty-five years of service with the  
7 city, forty percent of regular pay.

8           (b) A police officer entitled to a minimum pension  
9 benefit under this subsection may elect to receive such pension  
10 benefit in any form permitted by subsection (1) of this section,  
11 including a single lump-sum payment., ~~if the officer retires on or~~  
12 ~~after January 1, 1997, or if the city has adopted a lump sum~~  
13 ~~distribution option for officers retiring before January 1, 1997, in~~  
14 ~~the funding medium for the retirement system.~~ If the minimum pension  
15 benefit is paid in a form other than a straight life annuity, such  
16 benefit shall be the actuarial equivalent of the straight life  
17 annuity that would otherwise be paid to the officer pursuant to this  
18 subsection.

19           (c) If the police officer chooses the single lump-sum  
20 payment option, the officer can request that the actuarial equivalent  
21 be equal to the average of the cost of three annuity contracts  
22 purchased on the open market. Of the three annuity contracts used for  
23 comparison, one shall be chosen by the police officer, one shall be  
24 chosen by the retirement committee, and one shall be chosen by the  
25 city.

1           (3) If the retirement value of an officer entitled to a  
2 minimum pension benefit under subsection (2) of this section is not  
3 sufficient at the time of the first payment to purchase or provide  
4 the required pension benefit, the city shall transfer such funds as  
5 may be necessary to the employer account of the police officer so  
6 that the retirement value of such officer is sufficient to purchase  
7 or provide for the required pension benefit.

8           (4) Any retiring police officer whose pension benefit is  
9 less than twenty-five dollars per month on the straight life annuity  
10 option shall be paid a lump-sum settlement equal to the retirement  
11 value and shall not be entitled to elect to receive annuity benefits.

12           Sec. 8. Section 16-1009, Reissue Revised Statutes of  
13 Nebraska, is amended to read:

14           16-1009 (1) When prior to retirement any police officer  
15 ~~participating in the retirement system~~ dies other than in the line of  
16 duty and except as provided in subsection (2) of this section, the  
17 entire retirement value shall be payable to the beneficiary or  
18 beneficiaries specified by the deceased police officer prior to his  
19 or her death or to the deceased police officer's estate if no  
20 beneficiary was specified. The retirement value or portion thereof to  
21 be received by the beneficiary may be paid in the form of a single  
22 lump-sum payment, straight life annuity, or other optional form of  
23 benefit specified in the retirement system's funding medium. If  
24 benefits are paid in the form of an annuity, the annuity shall be the  
25 amount paid by the annuity contract purchased or otherwise provided

1 by the amount of the beneficiary's share of the retirement value as  
2 of the date of the first payment. Upon the purchase and distribution  
3 of such annuity contract to the beneficiary, all obligations of the  
4 retirement system to the beneficiary shall terminate, without  
5 exception.

6 (2) If any police officer employed by such city as a  
7 member of its paid police department on January 1, 1984, except those  
8 who ~~shall have been~~ were formerly employed in such department who are  
9 now in military service, dies while employed by the city as a police  
10 officer, other than in the line of duty, after becoming fifty-five  
11 years of age and before electing to retire, and after serving in the  
12 paid police department of such city for at least twenty-one years,  
13 then a pension of at least twenty-five percent of his or her regular  
14 pay in the form of a straight life annuity shall be paid to the  
15 surviving spouse of such deceased police officer. If the deceased  
16 police officer is not survived by a spouse or if the surviving spouse  
17 dies before the children of the police officer attain the age of  
18 majority, the pension benefit shall be paid to the police officer's  
19 minor children until they attain the age of majority. Each such child  
20 shall share equally in the total pension benefit to the age of his or  
21 her majority, except that as soon as a child attains the age of  
22 majority, such pension as to such child shall cease. To the extent  
23 that the retirement value at the date of death exceeds the amount  
24 required to purchase the specified pension, the excess shall be paid  
25 in the manner provided in subsection (1) of this section. If the

1 actuarial equivalent of the pension benefit payable under this  
2 subsection exceeds the retirement value at the time of the first  
3 payment, the city shall contribute such additional amounts as may be  
4 necessary to purchase or provide for the required pension benefit. If  
5 a deceased police officer described in this subsection is not  
6 survived by a spouse or minor children, his or her death benefits  
7 shall be provided under subsection (1) of this section as if such  
8 officer was not employed by the city on January 1, 1984.

9           (3) Any payments for the benefit of a minor child shall  
10 be made on behalf of the child to the surviving parent or, if there  
11 is no surviving parent, to the legal guardian of the child.

12           Sec. 9. Section 16-1010, Reissue Revised Statutes of  
13 Nebraska, is amended to read:

14           16-1010 When prior to retirement any police officer  
15 ~~participating in the retirement system~~ dies in the line of duty or ~~in~~  
16 ~~case his or her~~ death is caused by or is the result of injuries  
17 received while in the line of duty and if such police officer is not  
18 survived by a spouse or by minor children, the entire retirement  
19 value shall be payable to the beneficiary specified by the deceased  
20 police officer prior to his or her death or to the deceased police  
21 officer's estate if no beneficiary was specified. The retirement  
22 value or portion thereof to be received by the beneficiary may be  
23 paid in the form of a single lump-sum payment, straight life annuity,  
24 or other optional form of benefit specified in the retirement  
25 system's funding medium. For a police officer who is survived by a

1 spouse or minor children, a retirement pension of fifty percent of  
2 regular pay shall be paid to the surviving spouse or, upon his or her  
3 remarriage or death, to the minor children during each child's  
4 minority subject to deduction of the amounts paid as workers'  
5 compensation benefits on account of death as provided in section  
6 16-1012. Each such child shall share equally in the total pension  
7 benefit to the age of his or her majority, except that as soon as a  
8 child attains the age of majority, such pension as to such child  
9 shall cease. Any payments for the benefit of a minor child shall be  
10 made on behalf of such child to the surviving parent or, if there is  
11 no surviving parent, to the legal guardian of the child. To the  
12 extent that the retirement value at the date of death exceeds the  
13 amount required to purchase or provide the specified retirement  
14 pension, as reduced by any amounts paid as workers' compensation  
15 benefits, the excess shall be paid in the manner provided in  
16 subsection (1) of section 16-1009. If the actuarial equivalent of the  
17 pension benefit payable to a surviving spouse or minor children under  
18 this section exceeds the retirement value at the time of the first  
19 payment, the city shall contribute such additional amount as may be  
20 necessary to purchase or provide for the required pension benefit.

21           Sec. 10. Section 16-1012, Reissue Revised Statutes of  
22 Nebraska, is amended to read:

23           16-1012 No police officer shall be entitled during any  
24 period of temporary disability to receive in full both his or her  
25 salary and his or her benefits under the Nebraska Workers'



1 Compensation Act. All Nebraska workers' compensation benefits shall  
2 be payable in full to such police officer as provided in the Nebraska  
3 Workers' Compensation Act, but all amounts paid by the city or its  
4 insurer under the Nebraska Workers' Compensation Act to any disabled  
5 police officer entitled to receive a salary during such disability  
6 shall be considered as payments on account of such salary and shall  
7 be credited thereon. The remaining balance of such salary, if any,  
8 shall be payable as otherwise provided in ~~sections 16-1001 to~~  
9 ~~16-1019.~~ the Police Officers Retirement Act.

10 Sec. 11. Section 16-1013, Reissue Revised Statutes of  
11 Nebraska, is amended to read:

12 16-1013 (1) If a police officer quits or is discharged  
13 before his or her normal or early retirement date, the officer may  
14 request and receive as a lump-sum payment an amount equal to the  
15 retirement value of his or her employee account as determined at the  
16 valuation date preceding his or her termination of employment. Such  
17 police officer, if vested, shall also receive a deferred pension  
18 benefit in an amount purchased or provided by the retirement value at  
19 the date of retirement. The retirement value at such retirement date  
20 shall consist of the accumulated value of the police officer's  
21 employee account, as reduced by any lump-sum distributions received  
22 prior to retirement, together with a vested percentage of the  
23 accumulated value of the police officer's employer account at the  
24 date of retirement.

25 ~~The (2) Until July 1, 2012, the vesting schedule shall be~~

1 as follows:

2 ~~(1)–(a)~~ If the terminated police officer has been a  
3 member of the retirement system for less than four years, such  
4 vesting shall be nil;

5 ~~(2)–(b)~~ If the terminating officer has been a member of  
6 the paid department of the city of the first class for at least four  
7 years, such vesting percentage shall be forty percent. Such vesting  
8 percentage shall be fifty percent after five years, sixty percent  
9 after six years, seventy percent after seven years, eighty percent  
10 after eight years, ninety percent after nine years, and one hundred  
11 percent after ten years; and

12 ~~(3)–(c)~~ All police officers shall be one hundred percent  
13 vested upon attainment of age sixty while employed by the city as a  
14 police officer.

15 (3) Beginning July 1, 2012, the vesting schedule shall be  
16 as follows:

17 (a) If the terminated police officer has been a member of  
18 the retirement system for less than two years, such vesting shall be  
19 nil;

20 (b) If the terminating officer has been a member of the  
21 paid department of the city of the first class for at least two  
22 years, such vesting percentage shall be forty percent. Such vesting  
23 percentage shall be sixty percent after four years, eighty percent  
24 after five years, and one hundred percent after seven years; and

25 (c) All police officers shall be one hundred percent

1 vested upon attainment of age sixty while employed by the city as a  
2 police officer.

3           (4) The deferred pension benefit shall be payable on the  
4 first of the month immediately following the police officer's  
5 sixtieth birthday. At the option of the terminating police officer,  
6 such pension benefit may be paid as of the first of the month after  
7 such police officer attains the age of fifty-five. Such election may  
8 be made by the police officer any time prior to the payment of the  
9 pension benefits. The deferred pension benefit shall be paid in the  
10 form of the benefit options specified in subsection (1) of section  
11 16-1007 as elected by the police officer. If the police officer's  
12 vested retirement value at the date of his or her termination of  
13 employment is less than three thousand five hundred dollars, the city  
14 may elect to pay such police officer his or her vested retirement  
15 value in the form of a single lump-sum payment.

16           ~~Effective January 1, 1997, a~~ (5) A police officer may  
17 elect upon his or her termination of employment to receive his or her  
18 vested retirement value in the form of a single lump-sum payment. ~~For~~  
19 ~~a police officer whose termination of employment is prior to January~~  
20 ~~1, 1997, this election shall be available only if the city has~~  
21 ~~adopted a lump sum distribution option for terminating police~~  
22 ~~officers in the funding medium established for the retirement system.~~

23           (6) Upon any lump-sum payment of a terminating police  
24 officer's retirement value under this section, such police officer  
25 will not be entitled to any deferred pension benefit and the city and

1 the retirement system shall have no further obligation to pay such  
2 police officer or his or her beneficiaries any benefits under  
3 ~~sections 16-1001 to 16-1019.~~ the Police Officers Retirement Act.

4 (7) If the terminating police officer is not credited  
5 with one hundred percent of his or her employer account, the  
6 nonvested portion of the account shall be forfeited and first used to  
7 meet the expense charges incurred by the city in connection with  
8 administering the ~~police officers~~ retirement system and the remainder  
9 shall then be used to reduce the city contribution which would  
10 otherwise be required to fund pension benefits.

11 Sec. 12. Section 16-1014, Reissue Revised Statutes of  
12 Nebraska, is amended to read:

13 16-1014 A retirement committee shall be established to  
14 supervise the general operation of the retirement system established  
15 pursuant to ~~sections 16-1001 to 16-1019.~~ the Police Officers  
16 Retirement Act. The governing body of the city shall continue to be  
17 responsible for the general administration of such retirement system  
18 unless specific functions or all functions with regard to the  
19 administration of the retirement system are delegated, by ordinance,  
20 to the retirement committee. Whenever duties or powers are vested in  
21 the city or the retirement committee under ~~such sections~~ the act or  
22 whenever ~~such sections fail~~ the act fails to specifically allocate  
23 the duties or powers of administration of the retirement system, such  
24 powers or duties shall be vested in the city unless such powers or  
25 duties have been delegated by ordinance to the retirement committee.

1 The city and the retirement committee shall have all powers which are  
2 necessary for or appropriate to establishing, maintaining, managing,  
3 and administering the retirement system.

4 Sec. 13. Section 16-1016, Reissue Revised Statutes of  
5 Nebraska, is amended to read:

6 16-1016 The funds of the retirement system shall be  
7 invested under the general direction of the retirement committee. The  
8 city or the retirement committee if delegated such function by the  
9 city shall select and contract with a funding agent or agents to hold  
10 or invest the assets of the retirement system and to provide for the  
11 benefits provided by ~~sections 16-1001 to 16-1019.~~ the Police Officers  
12 Retirement Act. The city or committee may select and contract with  
13 investment managers registered under the federal Investment Advisers  
14 Act of 1940 to invest, reinvest, and otherwise manage such portion of  
15 the assets of the retirement system as may be assigned by the city or  
16 committee. All funds of the retirement system shall be invested  
17 pursuant to the policies established by the Nebraska Investment  
18 Council.

19 Sec. 14. Section 16-1017, Revised Statutes Supplement,  
20 2011, is amended to read:

21 16-1017 (1) It shall be the duty of the retirement  
22 committee to:

23 (a) Provide each employee a summary of plan eligibility  
24 requirements and benefit provisions;

25 (b) Provide, within thirty days after a request is made

1 by a participant, a statement describing the amount of benefits such  
2 participant is eligible to receive; and

3 (c) Make available for review an annual report of the  
4 retirement system's operations describing both (i) the amount of  
5 contributions to the retirement system from both employee and  
6 employer sources and (ii) an identification of the total assets of  
7 the retirement system.

8 (2)(a) Beginning December 31, 1998, and each December 31  
9 thereafter, the chairperson of the retirement committee shall file  
10 with the Public Employees Retirement Board ~~an annual a~~ report on each  
11 retirement plan established pursuant to section 401(a) of the  
12 Internal Revenue Code and administered by a retirement system  
13 established pursuant to ~~sections 16-1001 to 16-1019~~ the Police  
14 Officers Retirement Act and shall submit copies of such report to the  
15 Auditor of Public Accounts. The Auditor of Public Accounts may  
16 prepare a review of such report pursuant to section 84-304.02 but is  
17 not required to do so. The annual report shall be in a form  
18 prescribed by the Public Employees Retirement Board and shall contain  
19 the following information for each such retirement plan:

20 (i) The number of persons participating in the retirement  
21 plan;

22 (ii) The contribution rates of participants in the plan;

23 (iii) Plan assets and liabilities;

24 (iv) The names and positions of persons administering the  
25 plan;

1                   (v) The names and positions of persons investing plan  
2 assets;

3                   (vi) The form and nature of investments;

4                   (vii) For each defined contribution plan, a full  
5 description of investment policies and options available to plan  
6 participants; and

7                   (viii) For each defined benefit plan, the levels of  
8 benefits of participants in the plan, the number of members who are  
9 eligible for a benefit, and the total present value of such members'  
10 benefits, as well as the funding sources which will pay for such  
11 benefits.

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

17                   (b) Beginning December 31, 1998, and every four years  
18 thereafter, if such retirement plan is a defined benefit plan, the  
19 retirement committee shall cause to be prepared a quadrennial report  
20 and the chairperson shall file the same with the Public Employees  
21 Retirement Board and submit to the Auditor of Public Accounts a copy  
22 of such report. The Auditor of Public Accounts may prepare a review  
23 of such report pursuant to section 84-304.02 but is not required to  
24 do so. The report shall consist of a full actuarial analysis of each  
25 such retirement plan administered by a retirement system established

1 pursuant to ~~sections 16-1001 to 16-1019.~~ the act. The analysis shall  
2 be prepared by an independent private organization or public entity  
3 employing actuaries who are members in good standing of the American  
4 Academy of Actuaries, and which organization or entity has  
5 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.

8           Sec. 15. Section 16-1019, Reissue Revised Statutes of  
9 Nebraska, is amended to read:

10           16-1019 (1) The right to any benefits under the  
11 retirement system and the assets of any fund of the retirement system  
12 shall not be assignable or subject to execution, garnishment,  
13 attachment, or the operation of any bankruptcy or insolvency laws,  
14 except that the retirement system may comply with the directions set  
15 forth in a qualified domestic relations order meeting the  
16 requirements of section 414(p) of the Internal Revenue Code. The city  
17 or retirement committee may require appropriate releases from any  
18 person as a condition to complying with any such order. The  
19 retirement system shall not recognize any domestic relations order  
20 which alters or changes benefits, provides for a form of benefit not  
21 otherwise provided for by the retirement system, increases benefits  
22 not otherwise provided by the retirement system, or accelerates or  
23 defers the time of payment of benefits. No participant or beneficiary  
24 shall have any right to any specific portion of the assets of the  
25 retirement system.



1           (2) The retirement system shall be administered in a  
2 manner necessary to comply with the tax-qualification requirements  
3 applicable to government retirement plans under section 401(a) of the  
4 Internal Revenue Code, including section 401(a)(9) relating to the  
5 time and manner in which benefits are required to be distributed and  
6 section 401(a)(9)(G) relating to incidental death benefit  
7 requirements, section 401(a)(16) relating to compliance with the  
8 maximum limitation on the plan benefits or contributions under  
9 section 415, section 401(a)(17) which limits the amount of  
10 compensation which can be taken into account under a retirement plan,  
11 ~~and~~ section 401(a)(25) relating to the specification of actuarial  
12 assumptions, section 401(a)(31) relating to direct rollover  
13 distributions from eligible retirement plans, and section 401(a)(37)  
14 relating to the death benefit of a police officer who dies while  
15 performing qualified military service. Any requirements for  
16 compliance with section 401(a) of the Internal Revenue Code may be  
17 set forth in any trust or funding medium for the retirement system.  
18 This subsection shall be in full force and effect only so long as  
19 conformity with section 401(a) of the Internal Revenue Code is  
20 required for public retirement systems in order to secure the  
21 favorable income tax treatment extended to sponsors and beneficiaries  
22 of tax-qualified retirement plans.

23           (3) If the retirement committee determines that the  
24 retirement system has previously overpaid or underpaid a benefit  
25 payable under ~~sections 16-1001 to 16-1019,~~ the Police Officers

1 Retirement Act, it shall have the power to correct such error. In the  
2 event of an overpayment, the retirement system may, in addition to  
3 any other remedy that the retirement system may possess, offset  
4 future benefit payments by the amount of the prior overpayment,  
5 together with regular interest thereon.

6 (4) A police officer whose benefit payment is adjusted by  
7 the retirement committee pursuant to subsection (3) of this section  
8 may request a review by the city council of the adjustment made by  
9 the retirement committee.

10 (5) In order to provide the necessary amounts to pay for  
11 or fund a pension plan established under ~~sections 16-1001 to 16-1019,~~  
12 the act, the mayor and council may make a levy which is within the  
13 levy restrictions of section 77-3442.

14 Sec. 16. Section 16-1038, Reissue Revised Statutes of  
15 Nebraska, is amended to read:

16 16-1038 (1) The right to any benefits under the  
17 retirement system and the assets of any fund of the retirement system  
18 shall not be assignable or subject to execution, garnishment,  
19 attachment, or the operation of any bankruptcy or insolvency laws,  
20 except that the retirement system may comply with the directions set  
21 forth in a qualified domestic relations order meeting the  
22 requirements of section 414(p) of the Internal Revenue Code. The city  
23 or retirement committee may require appropriate releases from any  
24 person as a condition to complying with any such order. The  
25 retirement system shall not recognize any domestic relations order

1 which alters or changes benefits, provides for a form of benefit not  
2 otherwise provided for by the retirement system, increases benefits  
3 not otherwise provided by the retirement system, or accelerates or  
4 defers the time of payment of benefits. No participant or beneficiary  
5 shall have any right to any specific portion of the assets of the  
6 retirement system.

7 (2) The retirement system shall be administered in a  
8 manner necessary to comply with the tax-qualification requirements  
9 applicable to government retirement plans under section 401(a) of the  
10 Internal Revenue Code, including section 401(a)(9) relating to the  
11 time and manner in which benefits are required to be distributed and  
12 section 401(a)(9)(G) relating to incidental death benefit  
13 requirements, section 401(a)(16) relating to compliance with the  
14 maximum limitation on the plan benefits or contributions under  
15 section 415, section 401(a)(17) which limits the amount of  
16 compensation which can be taken into account under a retirement plan,  
17 section 401(a)(25) relating to the specification of actuarial  
18 assumptions, ~~and~~ section 401(a)(31) relating to direct rollover  
19 distribution from ~~qualified~~ eligible retirement plans, and section  
20 401(a)(37) relating to the death benefit of a firefighter who dies  
21 while performing qualified military service. Any requirements for  
22 compliance with section 401(a) of the Internal Revenue Code may be  
23 set forth in any trust or funding medium for the retirement system.  
24 This subsection shall be in full force and effect only so long as  
25 conformity with section 401(a) of the Internal Revenue Code is

1 required for public retirement systems in order to secure the  
2 favorable income tax treatment extended to sponsors and beneficiaries  
3 of tax-qualified retirement plans.

4 (3) If the retirement committee determines that the  
5 retirement system has previously overpaid or underpaid a benefit  
6 payable under sections 16-1020 to 16-1042, it shall have the power to  
7 correct such error. In the event of an overpayment, the retirement  
8 system may, in addition to any other remedy that the retirement  
9 system may possess, offset future benefit payments by the amount of  
10 the prior overpayment, together with regular interest thereon.

11 (4) A firefighter whose benefit payment is adjusted by  
12 the retirement committee pursuant to subsection (3) of this section  
13 may request a review by the city council of the adjustment made by  
14 the retirement committee.

15 (5) In order to provide the necessary amounts to pay for  
16 or fund a pension plan established under sections 16-1020 to 16-1042,  
17 the mayor and council may make a levy which is within the levy  
18 restrictions of section 77-3442.

19 Sec. 17. Section 18-1723, Revised Statutes Cumulative  
20 Supplement, 2010, is amended to read:

21 18-1723 Whenever any firefighter who has served a total  
22 of five years as a member of a paid fire department of any city in  
23 this state or any police officer of any city or village, including  
24 any city having a home rule charter, shall suffer death or disability  
25 as a result of hypertension or heart or respiratory defect or

1 disease, there shall be a rebuttable presumption that such death or  
2 disability resulted from accident or other cause while in the line of  
3 duty for all purposes of the Police Officers Retirement Act, Chapter  
4 15, article 10, sections ~~16-1001—16-1020~~ to 16-1042, and any  
5 firefighter's or police officer's pension plan established pursuant  
6 to any home rule charter, the Legislature specifically finding the  
7 subject of this section to be a matter of general statewide concern.  
8 The rebuttable presumption shall apply to death or disability as a  
9 result of hypertension or heart or respiratory defect or disease  
10 after the firefighter or police officer separates from his or her  
11 applicable employment if the death or disability occurs within three  
12 months after such separation. Such rebuttable presumption shall apply  
13 in any action or proceeding arising out of death or disability  
14 incurred prior to December 25, 1969, and which has not been processed  
15 to final administrative or judicial conclusion prior to such date.

16           Sec. 18. Original sections 16-1001, 16-1002, 16-1003,  
17 16-1004, 16-1005, 16-1006, 16-1007, 16-1009, 16-1010, 16-1012,  
18 16-1013, 16-1014, 16-1016, 16-1019, and 16-1038, Reissue Revised  
19 Statutes of Nebraska, section 18-1723, Revised Statutes Cumulative  
20 Supplement, 2010, and section 16-1017, Revised Statutes Supplement,  
21 2011, are repealed.

22           Sec. 19. Since an emergency exists, this act takes effect  
23 when passed and approved according to law.