

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 447

FINAL READING

Introduced by Mello, 5; Davis, 43; Groene, 42; Kolowski, 31; Kolterman,
24; Nordquist, 7.

Read first time January 20, 2015

Committee: Nebraska Retirement Systems

1 A BILL FOR AN ACT relating to retirement; to amend sections 72-1237,
2 72-1239, 72-1249, 72-1249.02, 79-916, 79-931, 79-935, 79-954,
3 79-966, 79-978.01, 79-979, 79-980, 79-981, 79-982, 79-983, 79-984,
4 79-985, 79-986, 79-987, 79-989, 79-990, 79-991, 79-992, 79-996,
5 79-998, 79-9,102, 79-9,103, 79-9,105, 79-9,107, 79-9,108, 79-9,109,
6 79-9,111, 79-9,113, 79-9,115, 79-9,117, 84-712.05, and 84-1501,
7 Reissue Revised Statutes of Nebraska, section 72-1243, Revised
8 Statutes Cumulative Supplement, 2014, and sections 13-2402,
9 72-1239.01, 79-934, 79-978, 79-9,100, and 84-1503, Revised Statutes
10 Supplement, 2015; to require certain political subdivisions to
11 conduct actuarial experience studies and file copies of actuarial
12 experience studies; to change provisions relating to the Nebraska
13 Investment Council, school employees' retirement provisions, and the
14 Public Employees Retirement Board; to define and redefine terms; to
15 create and name funds; to provide immunity from liability as
16 prescribed; to provide fiduciary duties; to provide for an annual
17 financial audit as prescribed; to change a formula retirement
18 annuity computation as prescribed; to require actuarial experience
19 studies for the Nebraska Public Employees Retirement Systems; to
20 eliminate obsolete provisions; to harmonize provisions; to provide
21 operative dates; to provide severability; to repeal the original

1 sections; to outright repeal section 79-988.01, Reissue Revised
2 Statutes of Nebraska; and to declare an emergency.
3 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 13-2402, Revised Statutes Supplement, 2015, is
2 amended to read:

3 13-2402 (1) On or before November 1, 2014, each political
4 subdivision which offers a defined benefit plan pursuant to section
5 401(a) of the Internal Revenue Code which was open to new members on or
6 after January 1, 2004, shall submit written notification to the Nebraska
7 Retirement Systems Committee of the Legislature that it offers such a
8 plan.

9 (2) Each political subdivision which offers such a defined benefit
10 plan shall conduct an experience study at least once every four years to
11 review the actuarial assumptions used to determine funding needs for its
12 defined benefit plan. Each such political subdivision shall
13 electronically file a copy of the most recent actuarial experience study
14 with the committee by October 15, 2016, and shall electronically file a
15 copy of each study completed pursuant to this subsection by the next
16 October 15 after completion of the study.

17 (3 2) Beginning November 15, 2014, and each October 15 thereafter,
18 the governing entity of the retirement plan of each political subdivision
19 that offers such a defined benefit retirement plan shall file with the
20 committee a copy of the most recent annual actuarial valuation of the
21 retirement plan. The valuation report shall be filed electronically.

22 (4)(a) ~~(3)(a)~~ Beginning November 15, 2014, and each October 15
23 thereafter, the governing entity of the retirement plan of each political
24 subdivision that offers such a defined benefit retirement plan shall file
25 a report with the committee if either of the following conditions exists
26 as of the latest annual actuarial valuation of the retirement plan: (i)
27 The contributions do not equal the actuarial requirement for funding; or
28 (ii) the funded ratio is less than eighty percent.

29 (b) The report shall include, but not be limited to, an analysis of
30 the conditions and a recommendation for the circumstances and timing of
31 any future benefit changes, contribution changes, or other corrective

1 action, or any combination of actions, to improve the conditions. The
2 committee may require a governing entity to present its report to the
3 committee at a public hearing. The report shall be submitted
4 electronically.

5 (5 4) If a governing entity does not file the reports required by
6 subsection (2), ~~or (3), or (4)~~ of this section with the committee by
7 October 15, the Auditor of Public Accounts may audit, or cause to be
8 audited, the political subdivision offering the retirement plan. All
9 costs of the audit shall be paid by the political subdivision.

10 (6 5) For purposes of this section, political subdivision means any
11 local governmental body formed and organized under state law and any
12 joint entity or joint public agency created under state law to act on
13 behalf of political subdivisions.

14 Sec. 2. Section 72-1237, Reissue Revised Statutes of Nebraska, is
15 amended to read:

16 72-1237 The Nebraska Investment Council is created. For purposes of
17 the Nebraska State Funds Investment Act, council means the Nebraska
18 Investment Council. The council shall consist of five members, appointed
19 by the Governor with the approval of the Legislature. ~~The~~ and the State
20 Treasurer, and the director of the Nebraska Public Employees Retirement
21 Systems, and beginning January 1, 2017, the administrator of each
22 retirement system provided for under the Class V School Employees
23 Retirement Act shall serve as nonvoting, ex officio members. One of the
24 appointed members shall be designated chairperson by the Governor.

25 ~~Each Prior to September 1, 2006, each of the appointed members of~~
26 ~~the council shall serve for a term of five years and may be removed by~~
27 ~~the Governor for cause after notice and an opportunity to be heard. The~~
28 ~~term of any appointed member shall be extended until the date on which~~
29 ~~his or her successor's appointment is effective. Beginning September 1,~~
30 ~~2006, each~~ of the appointed members of the council shall serve for a term
31 of five years that begins on January 1 and may be removed by the Governor

1 for cause after notice and an opportunity to be heard. A member may serve
2 until ~~Such term shall be extended until the date on which his or her~~
3 ~~successor's appointment is effective. For members serving on September 1,~~
4 ~~2006, and whose terms would otherwise end on September 18, such terms~~
5 ~~shall be extended until the following December 31, or until the date on~~
6 ~~which his or her successor's appointment is effective.~~ A member may be
7 reappointed. A successor shall be appointed in the same manner as
8 provided for the members first appointed, and in case of a vacancy caused
9 by death, resignation, or otherwise, the Governor shall appoint a
10 qualified person to fill the vacancy for the unexpired term.

11 No member of the council shall be personally liable, except in cases
12 of willful dishonesty, gross negligence, or intentional violation of law,
13 for actions relating to his or her duties as a member of the council.

14 Sec. 3. Section 72-1239, Reissue Revised Statutes of Nebraska, is
15 amended to read:

16 72-1239 The purpose of the council is to formulate and establish
17 such policies as it may deem necessary and proper which shall govern the
18 methods, practices, and procedures followed by the state investment
19 officer for the investment or reinvestment of state funds and funds
20 described in section 83-133 and the purchase, sale, or exchange of
21 securities as provided by the Nebraska State Funds Investment Act. The
22 council shall meet from time to time as directed by the Governor or the
23 chairperson or as requested by the state investment officer. The members
24 of the council, except the State Treasurer, ~~and~~ the director of the
25 Nebraska Public Employees Retirement Systems, and beginning January 1,
26 2017, each administrator of a retirement system provided for under the
27 Class V School Employees Retirement Act, shall be paid seventy-five
28 dollars per diem. The members shall be reimbursed for their actual and
29 necessary expenses incurred in connection with the performance of their
30 duties as members as provided in sections 81-1174 to 81-1177.

31 Sec. 4. Section 72-1239.01, Revised Statutes Supplement, 2015, is

1 amended to read:

2 72-1239.01 (1)(a) The appointed members of the council ~~Nebraska~~
3 ~~Investment Council~~ shall have the responsibility for the investment
4 management of the assets of the retirement systems administered by the
5 Public Employees Retirement Board as provided in section 84-1503, the
6 assets of the Nebraska educational savings plan trust created pursuant to
7 sections 85-1801 to 85-1814, ~~and~~ the assets of the achieving a better
8 life experience program pursuant to sections 77-1401 to 77-1409, and
9 beginning January 1, 2017, the assets of each retirement system provided
10 for under the Class V School Employees Retirement Act. Except as provided
11 in subsection (4) of this section, the ~~The~~ appointed members shall be
12 deemed fiduciaries with respect to the investment of the assets of the
13 retirement systems, of the Nebraska educational savings plan trust, and
14 of the achieving a better life experience program and shall be held to
15 the standard of conduct of a fiduciary specified in subsection (3) of
16 this section. The nonvoting, ex officio members of the council shall not
17 be deemed fiduciaries.

18 (b) As fiduciaries, the appointed members of the council and the
19 state investment officer shall discharge their duties with respect to the
20 assets of the retirement systems, of the Nebraska educational savings
21 plan trust, and of the achieving a better life experience program solely
22 in the interests of the members and beneficiaries of the retirement
23 systems or the interests of the participants and beneficiaries of the
24 Nebraska educational savings plan trust and the achieving a better life
25 experience program, as the case may be, for the exclusive purposes of
26 providing benefits to members, members' beneficiaries, participants, and
27 participants' beneficiaries and defraying reasonable expenses incurred
28 within the limitations and according to the powers, duties, and purposes
29 prescribed by law.

30 (2)(a) The appointed members of the council ~~Nebraska Investment~~
31 ~~Council~~ shall have the responsibility for the investment management of

1 the assets of state funds. The appointed members shall be deemed
2 fiduciaries with respect to the investment of the assets of state funds
3 and shall be held to the standard of conduct of a fiduciary specified in
4 subsection (3) of this section. The nonvoting, ex officio members of the
5 council shall not be deemed fiduciaries.

6 (b) As fiduciaries, the appointed members of the council and the
7 state investment officer shall discharge their duties with respect to the
8 assets of state funds solely in the interests of the citizens of the
9 state within the limitations and according to the powers, duties, and
10 purposes prescribed by law.

11 (3) The appointed members of the council shall act with the care,
12 skill, prudence, and diligence under the circumstances then prevailing
13 that a prudent person acting in like capacity and familiar with such
14 matters would use in the conduct of an enterprise of a like character and
15 with like aims by diversifying the investments of the assets of the
16 retirement systems, the Nebraska educational savings plan trust, the
17 achieving a better life experience program, and state funds so as to
18 minimize risk of large losses, unless in light of such circumstances it
19 is clearly prudent not to do so. No assets of the retirement systems, the
20 Nebraska educational savings plan trust, or the achieving a better life
21 experience program shall be invested or reinvested if the sole or primary
22 investment objective is for economic development or social purposes or
23 objectives.

24 (4) Neither the appointed members of the council nor the state
25 investment officer shall be deemed fiduciaries with respect to
26 investments of the assets of a retirement system provided for under the
27 Class V School Employees Retirement Act made by or on behalf of the board
28 of education as defined in section 79-978 or the board of trustees
29 provided for in section 79-980. Neither the council nor any member
30 thereof nor the state investment officer shall be liable for the action
31 or inaction of the board of education or the board of trustees with

1 respect to the investment of the assets of a retirement system provided
2 for under the Class V School Employees Retirement Act, the consequences
3 of any such action or inaction of the board of education or the board of
4 trustees, and any claims, suits, losses, damages, fees, and costs related
5 to such action or inaction or consequences thereof.

6 Sec. 5. Section 72-1243, Revised Statutes Cumulative Supplement,
7 2014, is amended to read:

8 72-1243 (1) Except as otherwise specifically provided by law, the
9 state investment officer shall direct the investment and reinvestment of
10 money in all state funds not currently needed and all funds described in
11 section 83-133 and order the purchase, sale, or exchange of securities
12 for such funds. He or she shall notify the State Treasurer of any
13 payment, receipt, or delivery that may be required as a result of any
14 investment decision, which notification shall be the authorization and
15 direction for the State Treasurer to make such disbursement, receipt, or
16 delivery from the appropriate fund.

17 (2) The council shall have an analysis made of the investment
18 returns that have been achieved on the assets of each retirement system
19 administered by the Public Employees Retirement Board as provided in
20 section 84-1503 and, beginning January 1, 2017, on the assets of each
21 retirement system provided for under the Class V School Employees
22 Retirement Act. By March 31 of each year, the analysis shall be presented
23 to the board and the Nebraska Retirement Systems Committee of the
24 Legislature. The analysis shall be prepared by an independent
25 organization which has demonstrated expertise to perform this type of
26 analysis and for which there exists no conflict of interest in the
27 analysis being provided. The analysis may be waived by the council for
28 any retirement system with assets of less than one million dollars.

29 (3) By March 31 of each year, the council shall prepare a written
30 plan of action and shall present such plan to the Nebraska Retirement
31 Systems Committee of the Legislature at a public hearing. The plan shall

1 include, but not be limited to, the council's investment portfolios,
2 investment strategies, the duties and limitations of the state investment
3 officer, and an organizational structure of the council's office.

4 Sec. 6. Section 72-1249, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 72-1249 (1) Any expenses with respect to the purchase, sale, or
7 exchange of any security shall be charged to the fund or funds on behalf
8 of which such purchase, sale, or exchange was made. All other expenses of
9 the state investment officer shall be paid out of appropriations for the
10 office of the state investment officer.

11 (2) Beginning on the operative date of this section, any expenses
12 with respect to the transfer to and assumption by the council and the
13 state investment officer of the duty and authority to invest the assets
14 of a retirement system provided for under the Class V School Employees
15 Retirement Act shall be charged to the Class V School Employees
16 Retirement Fund established in section 79-9,115. Such expenses shall be
17 paid without the approval of the board of education as defined in section
18 79-978 or the board of trustees provided for in section 79-980.

19 (3) The Class V School Employees Retirement Cash Fund is created.
20 The fund shall be administered by the council. The fund shall consist of
21 funds received for costs, fees, and expenses incurred by the council and
22 the state investment officer for duties and authority related to the
23 investment and reinvestment of the assets of a retirement system provided
24 for under the Class V School Employees Retirement Act. Any money in the
25 fund available for investment shall be invested by the state investment
26 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
27 State Funds Investment Act.

28 (4) Management, custodial, and service costs which are a direct
29 expense of investing the assets of a retirement system provided for under
30 the Class V School Employees Retirement Act may be paid from the income
31 of such assets when it is not prohibited by statute or the Constitution

1 of Nebraska. For purposes of this section, management, custodial, and
2 service costs include investment counsel fees for managing assets, real
3 estate mortgage loan service fees, real estate management fees, and
4 custody fees for fund securities. All such fees shall be approved by the
5 council and the state investment officer.

6 Sec. 7. Section 72-1249.02, Reissue Revised Statutes of Nebraska, is
7 amended to read:

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

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

19 Management, custodial, and service costs which are a direct expense
20 of state funds may be paid from the income of such funds when this is not
21 prohibited by statute or the Constitution of Nebraska ~~constitution~~. For
22 purposes of this section, management, custodial, and service costs shall
23 include, but not be limited to, investment counsel fees for managing
24 assets, real estate mortgage loan service fees, real estate management
25 fees, and custody fees for fund securities. All such fees shall be
26 approved by the council ~~Nebraska Investment Council~~ and the state
27 investment officer.

28 Beginning on the operative date of this section, a pro rata share of
29 the budget appropriated for the council shall be charged to the income of
30 the Class V School Employees Retirement Fund, and such charges shall be
31 transferred to the State Investment Officer's Cash Fund. The allocation

1 of charges among a retirement system provided for under the Class V
2 School Employees Retirement Act and the other funds managed by the
3 council may be made by any method determined to be reasonably related to
4 actual costs incurred by the council. Approval of the board of education
5 as defined in section 79-978 and the board of trustees provided for in
6 section 79-980 shall not be required.

7 Sec. 8. Section 79-916, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 79-916 (1)(a) On July 1, 2004, the board shall transfer from the
10 School Retirement Fund to the Service Annuity Fund an amount equal to the
11 funded ratio of the retirement system which is equal to the market value
12 of the retirement system assets divided by the actuarial accrued
13 liability of the retirement system, times the actuarial accrued liability
14 of the service annuity, as determined pursuant to section 79-966.01, of
15 the employees who are members of the retirement system established
16 pursuant to the Class V School Employees Retirement Act. Beginning July
17 1, 2013, such actuarial accrued liability shall be determined for each
18 employee on a level percentage of salary basis. On or before July 1 of
19 each fiscal year, the state shall deposit into the Service Annuity Fund
20 such amounts as may be necessary to pay the normal cost and amortize the
21 unfunded actuarial accrued liability of the service annuity, as
22 determined pursuant to section 79-966.01, as of the end of the previous
23 fiscal year of the employees who are members of the retirement system
24 established pursuant to the Class V School Employees Retirement Act.
25 Based on the fiscal year of the retirement system established pursuant to
26 the Class V School Employees Retirement Act, the administrator of such
27 system shall provide all membership information needed for the actuary
28 engaged by the retirement board to determine the normal cost and the
29 amortization payment of the unfunded actuarial accrued liability, as
30 determined pursuant to section 79-966.01, to be paid by the state to the
31 Service Annuity Fund each fiscal year as required by this subdivision.

1 (b) At the time of retirement of any employee who is a member of the
2 retirement system established pursuant to the Class V School Employees
3 Retirement Act and who was hired prior to July 1, 2016, the retirement
4 board shall, upon receipt of a certification of the administrator of such
5 retirement system of the name, identification number, date of birth,
6 retirement date, last date of employment, type of retirement, and number
7 of years of service credited to such eligible employee at the date of
8 retirement, transfer to such retirement system from the Service Annuity
9 Fund the actuarial accrued liability of the service annuity to be paid by
10 the state to the eligible employee for the years of service thus
11 certified as provided for members of the School Employees Retirement
12 System of the State of Nebraska under sections 79-933 and 79-952. Such
13 transfer of the actuarial accrued liability to the retirement system
14 established pursuant to the Class V School Employees Retirement Act shall
15 be in lieu of the payment of the service annuity to which the employee
16 would be entitled.

17 (c) The Service Annuity Fund is created. The fund shall consist of
18 the amounts paid by the state and transferred from the School Retirement
19 Fund pursuant to this section to pay the service annuity to be paid by
20 the state to employees who are members of the retirement system
21 established pursuant to the Class V School Employees Retirement Act. Any
22 money in the Service Annuity Fund available for investment shall be
23 invested by the state investment officer pursuant to the Nebraska Capital
24 Expansion Act and the Nebraska State Funds Investment Act.

25 (2) In addition to the transfer of the actuarial accrued liability
26 of the service annuity to be paid by the state, the state shall also
27 transfer to the funds of the Class V school district's retirement system
28 an amount determined by multiplying the compensation of all members of
29 such retirement system by the percent specified in subsection (2) of
30 section 79-966 for determining the amount of the state's payment to the
31 School Retirement Fund plus the amount determined under subdivision (1)

1 (b) of section 79-966. The transfer shall be made annually on or before
2 July 1 of each fiscal year.

3 Sec. 9. Section 79-931, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 79-931 (1) A member hired prior to July 1, 2016, upon filing a
6 retirement application with the retirement system, may retire (a) at any
7 age if the member has completed thirty-five years of creditable service,
8 (b) if the member has completed at least five years of creditable service
9 plus eligibility and vesting credit and is at least sixty years of age,
10 (c) if the member is at least sixty-five years of age upon termination,
11 or (d) if the member is at least fifty-five years of age, has acquired
12 the equivalent of one-half year of service as a public school employee
13 under the retirement system following July 1, 1997, was a school employee
14 on or after March 4, 1998, and the sum of the member's attained age and
15 creditable service totals eighty-five Upon filing a retirement
16 application with the retirement system, a member who has completed
17 thirty-five years of creditable service may retire at any age, a member
18 who has completed at least five years of (a) creditable service plus (b)
19 eligibility and vesting credit and is at least sixty years of age may
20 retire, or a member who is at least sixty-five years of age upon
21 termination may retire.

22 (2) A member hired on or after July 1, 2016, or a member who has
23 taken a refund or retirement and is rehired or hired by a separate
24 employer covered by the retirement system on or after July 1, 2016, upon
25 filing a retirement application with the retirement system, may retire
26 (a) at any age if the member has completed thirty-five years of
27 creditable service, (b) if the member is at least fifty-five years of age
28 and the sum of the member's attained age and creditable service totals
29 eighty-five, or (c) if the member is at least sixty years of age and has
30 completed at least five years of creditable service Upon filing a
31 retirement application with the retirement system, a member may retire

1 ~~upon termination if the member is at least fifty-five years of age, has~~
2 ~~acquired the equivalent of one-half year of service as a public school~~
3 ~~employee under the retirement system following July 1, 1997, and was a~~
4 ~~school employee on or after March 4, 1998, and the sum of the member's~~
5 ~~attained age and creditable service totals eighty-five.~~

6 Sec. 10. Section 79-934, Revised Statutes Supplement, 2015, is
7 amended to read:

8 79-934 (1) In lieu of the school retirement allowance provided by
9 section 79-933, any member who is not an employee of a Class V school
10 district and who becomes eligible to make application for and receive a
11 school retirement allowance under section 79-931 may receive a formula
12 annuity retirement allowance if it is greater than the school retirement
13 allowance provided by section 79-933.

14 (2) Subject to the other provisions of this section, the monthly
15 formula annuity in the normal form shall be determined by multiplying the
16 number of years of creditable service for which such member would
17 otherwise receive the service annuity provided by section 79-933 by (a)
18 one and one-quarter percent of his or her final average compensation for
19 a member who has acquired the equivalent of one-half year of service or
20 more as a ~~public~~ school employee under the retirement system following
21 August 24, 1975, (b) one and one-half percent of his or her final average
22 compensation for a member who has acquired the equivalent of one-half
23 year of service or more as a ~~public~~ school employee under the retirement
24 system following July 17, 1982, (c) one and sixty-five hundredths percent
25 of his or her final average compensation for a member who has acquired
26 the equivalent of one-half year of service or more as a ~~public~~ school
27 employee under the retirement system following July 1, 1984, (d) one and
28 seventy-three hundredths percent of his or her final average compensation
29 for a member actively employed as a ~~public~~ school employee under the
30 retirement system or under contract with an employer on or after June 5,
31 1993, (e) one and eight-tenths percent of his or her final average

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

26 (3) If the annuity begins on or after the sixty-fifth birthday of a
27 member, the annuity shall not be reduced. If the annuity begins prior to
28 the sixty-fifth birthday of the member and the member has completed
29 thirty or more years of creditable service and is at least sixty years of
30 age, the annuity shall not be reduced. If the annuity begins prior to the
31 sixtieth birthday of the member and the member has completed thirty-five

1 or more years of creditable service, the annuity shall be actuarially
2 reduced on the basis of age sixty-five. If the annuity begins on or after
3 the sixtieth birthday of the member and the member has completed at least
4 a total of five years of (a) creditable service plus (b) eligibility and
5 vesting credit but less than thirty years of creditable service, the
6 annuity shall be reduced by three percent for each year by which the
7 member's age is less than the age at which the member's age plus years of
8 creditable service would have totaled ninety or three percent for each
9 year after the member's sixtieth birthday and prior to his or her sixty-
10 fifth birthday, whichever provides the greater annuity.

11 (4)(a) For retirements on or after March 4, 1998, for a member hired
12 prior to July 1, 2016, if the annuity begins at a time when the sum of
13 the member's attained age and creditable service totals eighty-five and
14 the member is at least fifty-five years of age, the annuity shall not be
15 reduced. This subdivision ~~subsection~~ shall only apply to a member who has
16 acquired the equivalent of one-half year of service or more as a public
17 school employee under the retirement system following July 1, 1997, and
18 who was a school employee on or after March 4, 1998. This subdivision
19 ~~subsection~~ shall not apply to a member who is retired prior to March 4,
20 1998.

21 (b) For retirements for a member hired on or after July 1, 2016, or
22 for a member who has taken a refund or retirement and is rehired or hired
23 by a separate employer covered by the retirement system on or after July
24 1, 2016, if the annuity begins at a time when the sum of the member's
25 attained age and creditable service totals eighty-five and the member is
26 at least fifty-five years of age, the annuity shall not be reduced. This
27 subdivision shall only apply to a member who has acquired the equivalent
28 of five years of service or more as a school employee under the
29 retirement system.

30 (5) Except as provided in section 42-1107, the normal form of the
31 formula annuity shall be an annuity payable monthly during the remainder

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

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

10 (7)(a)(i) For purposes of this section, in the determination of
11 compensation for members on or after July 1, 2005, that part of a
12 member's compensation for the plan year which exceeds the member's
13 compensation with the same employer for the preceding plan year by more
14 than seven percent of the compensation base during the sixty months
15 preceding the member's retirement shall be excluded unless (A) the member
16 experienced a substantial change in employment position, (B) as verified
17 by the school board, the excess compensation above seven percent occurred
18 as the result of a collective-bargaining agreement between the employer
19 and a recognized collective-bargaining unit or category of school
20 employee, and the percentage increase in compensation above seven percent
21 shall not be excluded for employees outside of a collective-bargaining
22 unit or within the same category of school employee, or (C) the excess
23 compensation occurred as the result of a districtwide permanent benefit
24 change made by the employer for a category of school employee in
25 accordance with subdivision (35)(a)(iv) of section 79-902.

26 (ii) For purposes of subdivision (7)(a) of this section:

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

31 (B) Compensation base means (I) for current members, employed with

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

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

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

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

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

30 (ii) For purposes of subdivision (7)(c) of this section:

31 (A) Capping period means the five plan years preceding the later of

1 (I) such member's retirement date or (II) such member's final
2 compensation date; and

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

8 Sec. 11. Section 79-935, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 79-935 No provision of section 79-916, 79-934, 79-958, 79-960, or
11 79-966 which would result in an increase in benefits that would have been
12 payable prior to July 1, 1984, shall apply to any person until that
13 person has acquired the equivalent of one-half year of service or more as
14 a school employee under the retirement system following July 1, 1984.

15 No provision of section 79-934, 79-957, 79-958, or 79-960 which
16 would result in an increase in benefits that would have been payable
17 prior to July 1, 1986, shall apply to any person until that person has
18 acquired the equivalent of one-half year of service or more as a school
19 employee under the retirement system following July 1, 1986.

20 No provision of section 79-934, 79-957, 79-958, or 79-960 which
21 would result in an increase in benefits that would have been payable
22 prior to April 1, 1988, shall apply to any person unless he or she is
23 employed on such date and has acquired five hundred sixteen or more hours
24 as a school employee under the retirement system during or after fiscal
25 year 1987-88.

26 No provision of section 79-916, 79-934, 79-957, 79-958, 79-960, or
27 79-966 which would result in an increase in benefits that would have been
28 payable prior to July 1, 2016, shall apply to any person until that
29 person has acquired the equivalent of five years of service or more as a
30 school employee under the retirement system following July 1, 2016.

31 Sec. 12. Section 79-954, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 79-954 ~~If (1) Except as provided in subsection (2) of this section,~~
3 ~~if a disability beneficiary under the age of sixty-five years is restored~~
4 ~~to active service as a school employee or if the examining physician~~
5 ~~certifies that the person is no longer disabled for service as a school~~
6 ~~employee, the school or disability retirement allowance shall cease. If~~
7 ~~the beneficiary again becomes a school employee, he or she shall become a~~
8 ~~member of the retirement system. Any prior service certificate, on the~~
9 ~~basis of which his or her creditable service was computed at the time of~~
10 ~~his or her retirement for disability, shall be restored to full force and~~
11 ~~effect upon his or her again becoming a member of such retirement system.~~

12 ~~(2) If a disability beneficiary under the age of sixty-five years~~
13 ~~obtains employment as a school employee and the examining physician~~
14 ~~certifies that the beneficiary has a permanent disability, the~~
15 ~~beneficiary shall retain his or her disability retirement allowance if~~
16 ~~the beneficiary works fewer than twenty hours per week.~~

17 Sec. 13. Section 79-966, Reissue Revised Statutes of Nebraska, is
18 amended to read:

19 79-966 (1)(a) On the basis of all data in the possession of the
20 retirement board, including such mortality and other tables as are
21 recommended by the actuary engaged by the retirement board and adopted by
22 the retirement board, the retirement board shall annually, on or before
23 July 1, determine the state deposit to be made by the state in the School
24 Retirement Fund for that fiscal year. The amount of such state deposit
25 shall be determined pursuant to section 79-966.01. The retirement board
26 shall thereupon certify the amount of such state deposit, and on the
27 warrant of the Director of Administrative Services, the State Treasurer
28 shall, as of July 1 of such year, transfer from funds appropriated by the
29 state for that purpose to the School Retirement Fund the amount of such
30 state deposit.

31 (b) Beginning July 1, 2016, the contingent state deposit described

1 in this subsection shall be calculated as a percent of compensation of
2 all members of the retirement system. For any year in which a deposit is
3 made to the School Retirement Fund under this subsection, if the actuary
4 for a retirement system provided for under the Class V School Employees
5 Retirement Act determines that the actuarially required contribution
6 rate, for the fiscal year of the retirement system that begins before the
7 state deposit, exceeds the rate of all contributions required pursuant to
8 the Class V School Employees Retirement Act, using the thirty-year
9 amortization period specified in section 79-966.01, the Class V district
10 school board may request a public hearing of the Appropriations Committee
11 of the Legislature to ask the state to transfer to the funds of the
12 retirement system provided for under the Class V School Employees
13 Retirement Act an amount determined by multiplying the compensation of
14 all members of such retirement system by the lesser of the percent of
15 compensation deposited into the School Retirement Fund under this
16 subsection or the percent of compensation of the members of the
17 retirement system provided for under the Class V School Employees
18 Retirement Act needed to meet the actuarially required contribution rate
19 for such system, using the thirty-year amortization period specified in
20 section 79-966.01. Any additional amount of transfer so calculated,
21 recommended by the Appropriations Committee of the Legislature and
22 approved by the Legislature, shall be added to the two percent specified
23 in subsection (2) of this section for the amount required by subsection
24 (2) of section 79-916 to be transferred to the funds of the retirement
25 system provided for under the Class V School Employees Retirement Act.

26 ~~(2) For each fiscal year beginning July 1, 2009, until July 1, 2014,~~
27 ~~in addition to the state deposits required by subsections (1) and (3) of~~
28 ~~this section, the state shall deposit in the School Retirement Fund an~~
29 ~~amount equal to one percent of the compensation of all members of the~~
30 ~~retirement system. For each fiscal year beginning July 1, 2014, in~~
31 ~~addition to the state deposits required by subsections (1) and (3) of~~

1 this section, the state shall deposit in the School Retirement Fund an
2 amount equal to two percent of the compensation of all members of the
3 retirement system.

4 (3) In addition to the state deposits required by subsections (1)
5 and (2) of this section, beginning on July 1, 2005, and each fiscal year
6 thereafter for employees who become members prior to July 1, 2016, the
7 state shall deposit in the Service Annuity Fund such amounts as may be
8 necessary to pay the normal cost and amortize the unfunded actuarial
9 accrued liability of the service annuity benefit established pursuant to
10 sections 79-933 and 79-952 as accrued through the end of the previous
11 fiscal year of the school employees who are members of the retirement
12 system established pursuant to the Class V School Employees Retirement
13 Act.

14 Sec. 14. Section 79-978, Revised Statutes Supplement, 2015, is
15 amended to read:

16 79-978 For purposes of the Class V School Employees Retirement Act,
17 unless the context otherwise requires:

18 (1) Retirement system or system means the School Employees'
19 Retirement System of (corporate name of the school district as described
20 in section 79-405) as provided for by the act;

21 (2) Board of education means the board of education of the school
22 district;

23 (3) Trustee means a trustee provided for in section 79-980;

24 (4) Employee means the following enumerated persons receiving
25 compensation from the school district: (a) Regular teachers and
26 administrators employed on a written contract basis; and (b) regular
27 employees, not included in subdivision (4)(a) of this section, hired upon
28 a full-time basis, which basis shall contemplate a workweek of not less
29 than thirty hours;

30 (5) Member means any employee included in the membership of the
31 retirement system or any former employee who has made contributions to

1 the system and has not received a refund;

2 (6) Annuitant means any member receiving an allowance;

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

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

22 (9) Prior service means service rendered prior to September 1, 1951,
23 for which credit is allowed under section 79-999, service rendered by
24 retired employees receiving benefits under preexisting systems, and
25 service for which credit is allowed under sections 79-990, 79-991,
26 79-994, 79-995, and 79-997;

27 (10) Creditable service means the sum of the membership service and
28 the prior service, measured in one-tenth-year increments;

29 (11)(a) Compensation means gross wages or salaries payable to the
30 member during a fiscal year and includes (i) overtime pay, (ii) member
31 contributions to the retirement system that are picked up under section

1 414(h) of the Internal Revenue Code, as defined in section 49-801.01,
2 (iii) retroactive salary payments paid pursuant to court order,
3 arbitration, or litigation and grievance settlements, and (iv) amounts
4 contributed by the member to plans under sections 125, 403(b), and 457 of
5 the Internal Revenue Code, as defined in section 49-801.01, or any other
6 section of the code which defers or excludes such amounts from income.

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

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

23 (13) Accumulated contributions means the sum of amounts contributed
24 by a member of the system together with regular interest credited
25 thereon;

26 (14) Regular interest means interest (a) on the total contributions
27 of the member prior to the close of the last preceding fiscal year, (b)
28 compounded annually, and (c) (i) beginning September 1, 2016, at a rate
29 equal to the daily treasury yield curve for one-year treasury securities,
30 as published by the Secretary of Treasury of the United States, that
31 applies on September 1 of each year and (ii) prior to September 1, 2016,

1 at rates to be determined annually by the board, which shall have the
2 sole, absolute, and final discretionary authority to make such
3 determination, except that the rate for any given year in no event shall
4 exceed the actual percentage of net earnings of the system during the
5 last preceding fiscal year;

6 (15) Interest means, for the purchase of service credit, the
7 purchase of prior service credit, restored refunds, and delayed payments,
8 the investment return assumption used in the most recent actuarial
9 valuation;

10 (16 15) Retirement date means the date of retirement of a member for
11 service or disability as fixed by the board of trustees;

12 (17 16) Normal retirement date means the end of the month during
13 which the member attains age sixty-five and has completed at least five
14 years of membership service;

15 (18 17) Early retirement date means, for members hired prior to July
16 1, 2016, who have attained age fifty-five, that month and year selected
17 by a member having at least ten years of creditable service which
18 includes a minimum of five years of membership service. Early retirement
19 date means, for members hired on or after July 1, 2016, that month and
20 year selected by a member having at least five years of creditable
21 service and who has attained age sixty and who has attained age fifty-
22 five;

23 (19 18) Retirement allowance means the total annual retirement
24 benefit payable to a member for service or disability;

25 (20 19) Annuity means annual payments, for both prior service and
26 membership service, for life as provided in the Class V School Employees
27 Retirement Act;

28 (21 20) Actuarial tables means:

29 (a) For determining the actuarial equivalent of any annuities other
30 than joint and survivorship annuities, a unisex mortality table using
31 twenty-five percent of the male mortality and seventy-five percent of the

1 female mortality from the 1994 Group Annuity Mortality Table with a One
2 Year Setback and using an interest rate of eight percent compounded
3 annually; and

4 (b) For joint and survivorship annuities, a unisex retiree mortality
5 table using sixty-five percent of the male mortality and thirty-five
6 percent of the female mortality from the 1994 Group Annuity Mortality
7 Table with a One Year Setback and using an interest rate of eight percent
8 compounded annually and a unisex joint annuitant mortality table using
9 thirty-five percent of the male mortality and sixty-five percent of the
10 female mortality from the 1994 Group Annuity Mortality Table with a One
11 Year Setback and using an interest rate of eight percent compounded
12 annually;

13 (22 ~~21~~) Actuarial equivalent means the equality in value of the
14 retirement allowance for early retirement or the retirement allowance for
15 an optional form of annuity, or both, with the normal form of the annuity
16 to be paid, as determined by the application of the appropriate actuarial
17 table, except that use of such actuarial tables shall not effect a
18 reduction in benefits accrued prior to September 1, 1985, as determined
19 by the actuarial tables in use prior to such date;

20 (23 ~~22~~) Fiscal year means the period beginning September 1 in any
21 year and ending on August 31 of the next succeeding year;

22 (24) Audit year means the period beginning January 1 in any year and
23 ending on December 31 of that same year except for the initial audit year
24 which will begin September 1, 2016, and end on December 31, 2016.
25 Beginning September 1, 2016, the audit year will be the period of time
26 used in the preparation of the annual actuarial analysis and valuation
27 and a financial audit of the investments of the retirement system;

28 (25 ~~23~~) Primary beneficiary means the person or persons entitled to
29 receive or receiving a benefit by reason of the death of a member; ~~and~~

30 (26 ~~24~~) Secondary beneficiary means the person or persons entitled
31 to receive or receiving a benefit by reason of the death of all primary

1 beneficiaries prior to the death of the member. If no primary beneficiary
2 survives the member, secondary beneficiaries shall be treated in the same
3 manner as primary beneficiaries; -

4 (27) Council means the Nebraska Investment Council created and
5 acting pursuant to section 72-1237; and

6 (28) State investment officer means the state investment officer
7 appointed pursuant to section 72-1240 and acting pursuant to the Nebraska
8 State Funds Investment Act.

9 Sec. 15. Section 79-978.01, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 79-978.01 Sections 79-978 to 79-9,118 and sections 20, 21, and 34 of
12 this act shall be known and may be cited as the Class V School Employees
13 Retirement Act.

14 Sec. 16. Section 79-979, Reissue Revised Statutes of Nebraska, is
15 amended to read:

16 79-979 (1) Prior to September 13, 1997, in each Class V school
17 district in the State of Nebraska there is hereby established a separate
18 retirement system for all regular employees of such school district. Such
19 system shall be for the purpose of providing retirement benefits for all
20 regular employees of the school district as provided in the Class V
21 School Employees Retirement Act. The system shall be known as School
22 Employees' Retirement System of (corporate name of the school district as
23 described in section 79-405). All of its business shall be transacted,
24 all of its funds shall be invested, and all of its cash and securities
25 and other property shall be held in trust on behalf of the retirement
26 system ~~by such name~~ for the purposes set forth in the act. Such funds
27 shall be kept separate from all other funds of the school district and
28 shall be used for no other purpose.

29 (2) Except as provided in subsection (3) of this section, if any new
30 Class V school districts are formed after September 13, 1997, such new
31 Class V school district shall elect to become or remain a part of the

1 retirement system established pursuant to the School Employees Retirement
2 Act.

3 (3) Any new Class V school districts formed pursuant to the Learning
4 Community Reorganization Act shall continue to participate in the
5 retirement system established pursuant to the Class V School Employees
6 Retirement Act if such new Class V school district was formed at least in
7 part by territory that had been in a Class V school district that
8 participated in the retirement system established pursuant to the Class V
9 School Employees Retirement Act.

10 Sec. 17. Section 79-980, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 79-980 (1) At any time that the retirement system consists of only
13 one Class V school district, the general administration of the retirement
14 system is hereby vested in the board of trustees. Beginning July 1, 2016,
15 the board of trustees shall consist of the following individuals: (a) Two
16 members of the retirement system who are certificated staff elected by
17 the members of the retirement system who are certificated staff; (b) one
18 member of the retirement system who is classified staff elected by the
19 members of the retirement system who are classified staff; (c) one member
20 of the retirement system who is an annuitant elected by the members of
21 the retirement system who are annuitants; (d) the superintendent of
22 schools or his or her designee to serve as a voting, ex officio trustee;
23 and (e) two business persons approved by the board of education qualified
24 in financial affairs who are not members of the retirement system. The
25 business person trustees shall be recommended to four-year terms by the
26 trustees who are not business persons, and the appointments shall be
27 approved by the board of education. The elections of the trustees who are
28 members of the retirement system shall be arranged for, managed, and
29 conducted by the board of trustees and, after the initial terms as
30 otherwise designated, shall be for terms of four years. One certificated
31 staff trustee serving on the operative date of this section will continue

1 serving until an elected certificated staff trustee will take position
2 effective July 1, 2017; the second certificated staff trustee serving on
3 the operative date of this section will continue serving until a second
4 elected certificated staff trustee will take position July 1, 2018; the
5 classified staff trustee serving on the operative date of this section
6 will continue serving until an elected classified staff trustee will take
7 position July 1, 2019; the annuitant member trustee serving on the
8 operative date of this section will continue serving until an elected
9 annuitant member trustee will take position July 1, 2020; one business
10 member trustee serving on the operative date of this section will
11 continue serving until a new term of office begins effective July 1,
12 2018; and the second business member trustee serving on the operative
13 date of this section will continue serving until a new term of office
14 begins effective July 1, 2020. The terms of the elected trustees shall be
15 fixed so that one member trustee election shall be held each year. The
16 board of trustees shall appoint a qualified individual to fill any
17 vacancy on the board of trustees for the remainder of the unexpired term.
18 No vacancy or vacancies on the board of trustees shall impair the power
19 of the remaining trustees to administer the retirement system pending the
20 filling of such vacancy or vacancies. The trustees shall serve without
21 compensation, but shall be reimbursed from the funds of the retirement
22 system for expenses that they may incur through service on the board of
23 trustees as provided in sections 81-1174 to 81-1177. A trustee shall
24 serve until a successor qualifies, except that a trustee who is a member
25 of the retirement system shall be disqualified as a trustee immediately
26 upon ceasing to be a member of the retirement system. Each trustee shall
27 be entitled to one vote on the board of trustees, and four trustees shall
28 constitute a quorum for the transaction of any business. The board of
29 trustees and the administrator of the retirement system shall administer
30 the retirement system in compliance with the tax-qualification
31 requirements applicable to government retirement plans under section

1 401(a) of the Internal Revenue Code, as defined in section 49-801.01,
2 including: Section 401(a)(9) of the Internal Revenue Code relating to the
3 time and manner in which benefits are required to be distributed,
4 including the incidental death benefit distribution requirement of
5 section 401(a)(9)(G) of the Internal Revenue Code; section 401(a)(25) of
6 the Internal Revenue Code relating to the specification of actuarial
7 assumptions; section 401(a)(31) of the Internal Revenue Code relating to
8 direct rollover distributions from eligible retirement plans; and section
9 401(a)(37) of the Internal Revenue Code relating to the death benefit of
10 a member whose death occurs while performing qualified military service.
11 No member of the board of education or board of trustees shall be
12 personally liable, except in cases of willful dishonesty, gross
13 negligence, or intentional violations of law, for actions relating to his
14 or her retirement system duties. Beginning July 1, 2016, the board of
15 education shall not have any duty or responsibility for the general
16 administration of the retirement system, including the determination and
17 calculation of the benefits of any member or beneficiary, except as may
18 specifically be provided in the Class V School Employees Retirement Act
19 ~~At any time that the retirement system consists of only one Class V~~
20 ~~school district, the general administration of the retirement system is~~
21 ~~hereby vested in the board of education. The board shall appoint, by a~~
22 ~~majority of all its members, ten trustees to serve as executive officers~~
23 ~~to administer the Class V School Employees Retirement Act. Such trustees~~
24 ~~shall consist of (a) the superintendent of schools, as ex officio~~
25 ~~trustee, (b) four members of the retirement system, two from the~~
26 ~~certificated staff, one from the classified staff, and one from the~~
27 ~~annuitants, (c) three members of the board of education, and (d) two~~
28 ~~trustees who are business persons qualified in financial affairs and who~~
29 ~~are not members of the retirement system. The trustees shall serve~~
30 ~~without compensation, but they shall be reimbursed from the funds of the~~
31 ~~retirement system for expenses that they may incur through service on the~~

1 ~~board of trustees as provided in sections 81-1174 to 81-1177. A trustee~~
2 ~~shall serve until a successor qualifies, except that trustees who are~~
3 ~~members of the retirement system or members of the board of education~~
4 ~~shall be disqualified as trustees immediately upon ceasing to be a member~~
5 ~~of the retirement system or of the board of education. Each trustee shall~~
6 ~~be entitled to one vote on the board of trustees, and six trustees shall~~
7 ~~constitute a quorum for the transaction of any business. The trustees who~~
8 ~~are appointed from the board of education and the membership shall be~~
9 ~~appointed for each fiscal year. The two trustees who are not members of~~
10 ~~the board of education or of the retirement system shall be appointed for~~
11 ~~three fiscal years each. The trustees and the administrator of the~~
12 ~~retirement system shall administer the retirement system in compliance~~
13 ~~with the tax-qualification requirements applicable to government~~
14 ~~retirement plans under section 401(a) of the Internal Revenue Code, as~~
15 ~~defined in section 49-801.01, including: Section 401(a)(9) of the~~
16 ~~Internal Revenue Code relating to the time and manner in which benefits~~
17 ~~are required to be distributed, including the incidental death benefit~~
18 ~~distribution requirement of section 401(a)(9)(G) of the Internal Revenue~~
19 ~~Code; section 401(a)(25) of the Internal Revenue Code relating to the~~
20 ~~specification of actuarial assumptions; section 401(a)(31) of the~~
21 ~~Internal Revenue Code relating to direct rollover distributions from~~
22 ~~eligible retirement plans; and 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. No member of the board of~~
25 ~~education or trustee shall be personally liable, except in cases of~~
26 ~~willful dishonesty, gross negligence, or intentional violations of law,~~
27 ~~for actions relating to his or her retirement system duties.~~

28 (2) At any time that the retirement system consists of more than one
29 Class V school district, the general administration of the retirement
30 system is hereby vested in the board of trustees. The board of trustees
31 shall consist of the following individuals: (a) Two members of the

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

1 government retirement plans under section 401(a) of the Internal Revenue
2 Code, as defined in section 49-801.01, including: Section 401(a)(9) of
3 the Internal Revenue Code relating to the time and manner in which
4 benefits are required to be distributed, including the incidental death
5 benefit distribution requirement of section 401(a)(9)(G) of the Internal
6 Revenue Code; section 401(a)(25) of the Internal Revenue Code relating to
7 the specification of actuarial assumptions; section 401(a)(31) of the
8 Internal Revenue Code relating to direct rollover distributions from
9 eligible retirement plans; and section 401(a)(37) of the Internal Revenue
10 Code relating to the death benefit of a member whose death occurs while
11 performing qualified military service. No member of the board of
12 education or board of trustees shall be personally liable, except in
13 cases of willful dishonesty, gross negligence, or intentional violations
14 of law, for actions relating to his or her retirement system duties. The
15 board of education shall not have any duty or responsibility for the
16 general administration of the retirement system, including the
17 determination and calculation of the benefits of any member or
18 beneficiary, except as may specifically be provided in the Class V School
19 Employees Retirement Act ~~At any time that the retirement system consists~~
20 ~~of more than one Class V school district, the general administration of~~
21 ~~the retirement system is hereby vested in a Class V Retirement System~~
22 ~~Board composed of three members of the school board for each~~
23 ~~participating Class V school district. The board shall appoint, by a~~
24 ~~majority of all its members, trustees to serve as executive officers to~~
25 ~~administer the Class V School Employees Retirement Act. Such trustees~~
26 ~~shall consist of (a) the superintendent of each participating Class V~~
27 ~~school district, as ex officio trustees, (b) four members of the~~
28 ~~retirement system, two from the certificated staff, one from the~~
29 ~~classified staff, and one from the annuitants, (c) three members of the~~
30 ~~board, and (d) two trustees who are business persons qualified in~~
31 ~~financial affairs and who are not members of the retirement system. The~~

1 ~~trustees who are appointed from the board and the membership shall, to~~
2 ~~the extent feasible, be appointed equally from each participating Class V~~
3 ~~school district. The trustees shall serve without compensation, but they~~
4 ~~shall be reimbursed from the funds of the retirement system for expenses~~
5 ~~that they may incur through service on the board of trustees as provided~~
6 ~~in sections 81-1174 to 81-1177. A trustee shall serve until a successor~~
7 ~~qualifies, except that trustees who are members of the retirement system~~
8 ~~or members of the board shall be disqualified as trustees immediately~~
9 ~~upon ceasing to be a member of the retirement system or of the board.~~
10 ~~Each trustee shall be entitled to one vote on the board of trustees, and~~
11 ~~six trustees shall constitute a quorum for the transaction of any~~
12 ~~business. The trustees who are appointed from the board and the~~
13 ~~membership shall be appointed for each fiscal year. The two trustees who~~
14 ~~are not members of the board or of the retirement system shall be~~
15 ~~appointed for three fiscal years each. The trustees and the administrator~~
16 ~~of the retirement system shall administer the retirement system in~~
17 ~~compliance with the tax qualification requirements applicable to~~
18 ~~government retirement plans under section 401(a) of the Internal Revenue~~
19 ~~Code, as defined in section 49-801.01, including: Section 401(a)(9) of~~
20 ~~the Internal Revenue Code relating to the time and manner in which~~
21 ~~benefits are required to be distributed, including the incidental death~~
22 ~~benefit distribution requirement of section 401(a)(9)(G) of the Internal~~
23 ~~Revenue Code; section 401(a)(25) of the Internal Revenue Code relating to~~
24 ~~the specification of actuarial assumptions; section 401(a)(31) of the~~
25 ~~Internal Revenue Code relating to direct rollover distributions from~~
26 ~~eligible retirement plans; and section 401(a)(37) of the Internal Revenue~~
27 ~~Code relating to the death benefit of a member whose death occurs while~~
28 ~~performing qualified military service. No member of the Class V~~
29 ~~Retirement System Board or trustee shall be personally liable, except in~~
30 ~~cases of willful dishonesty, gross negligence, or intentional violations~~
31 ~~of law, for actions relating to his or her retirement system duties.~~

1 Sec. 18. Section 79-981, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 79-981 The board of trustees ~~education or Class V Retirement System~~
4 ~~Board~~ shall from time to time establish rules and regulations for the
5 administration of the retirement system and for the transaction of its
6 business and shall appoint an administrator of the retirement system. The
7 board of trustees may contract for such medical and other services as
8 shall be required to transact the business of the retirement system.
9 Beginning on the operative date of this section, neither the board of
10 education nor the board of trustees shall establish any further rules or
11 regulations related to the investment of the assets of the retirement
12 system without first consulting with the state investment officer.
13 Beginning January 1, 2017, all rules and regulations adopted and
14 promulgated under this section related to the investment of assets of the
15 retirement system terminate. Compensation for all persons employed by the
16 board of trustees and all other expenses of the board of trustees
17 necessary for the proper and efficient operation of the retirement system
18 shall be paid in such amounts as the board of trustees determines and
19 approves. Beginning January 1, 2017, all expenses related to the
20 investment of the assets of the retirement system shall be paid in such
21 amounts as the state investment officer determines and approves.

22 In addition to such duties and other duties arising out of the Class
23 V School Employees Retirement Act not specifically reserved or assigned
24 to others, the board of education shall maintain a separate account of
25 each member's retirement account information as indicated in section
26 79-989 contribution, the record of which shall be available in a timely
27 manner to the member and the board of trustees upon request. The board of
28 trustees shall compile such data as may be necessary for the required
29 actuarial valuation, consider and pass on all applications for annuities
30 or other benefits and have examinations made when advisable of persons
31 receiving disability benefits, and direct and determine all policies

1 necessary in the administration of the act.

2 Sec. 19. Section 79-982, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 79-982 The board of trustees shall (1) hold regular meetings
5 annually and such special meetings at such times as may be deemed
6 necessary, which ~~and all~~ meetings of the trustees shall be open to the
7 public, (2) keep a record of all the proceedings of such meetings, (3)
8 prior to January 1, 2017, and subject to the approval of the board of
9 education, invest all cash income not required for current payments in
10 securities of the type provided in section 79-9,107 and so reinvest the
11 proceeds from the sale or redemption of investments, and (4) supervise
12 the ~~financial~~ affairs of the retirement system related to the
13 administration of benefits and approve ~~recommend to the board of~~
14 ~~education~~ any changes in the administration of the retirement system
15 essential to the actuarial requirements of the retirement system fund.

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

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

1 of the board of trustees shall act with the care, skill, prudence, and
2 diligence under the circumstances then prevailing that a prudent person
3 acting in like capacity and familiar with such matters would use in the
4 conduct of an enterprise of a like character and with like aims.

5 Sec. 21. (1) Beginning January 1, 2017, the board of trustees and
6 the board of education shall not have the duty or authority to invest the
7 assets of the retirement system, and the council and the state investment
8 officer shall have the duty and authority to invest such assets in
9 accordance with the Nebraska State Funds Investment Act. The board of
10 trustees shall be responsible for administering the noninvestment affairs
11 of the retirement system, including the payment of plan benefits and
12 management of the actuarial requirements of the retirement system.

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

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

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

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

29 (d) The board of trustees shall assign investment authority and
30 responsibility for investment-related agreements and instruments to the
31 council by January 1, 2017, as determined by the state investment officer

1 in his or her sole discretion;

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

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

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

12 (3) All costs, fees, and expenses incurred after the operative date
13 of this section related to the transition of the investment authority
14 from the board of trustees and the board of education to the council and
15 the state investment officer shall be paid from the assets of a
16 retirement system provided for under the Class V School Employees
17 Retirement Act and to the extent such costs, fees, and expenses are
18 incurred by the council or the state investment officer, they shall be
19 paid in accordance with sections 72-1249 and 72-1249.02. The state
20 investment officer shall provide a quarterly report to the board of
21 trustees regarding the assets of the retirement system and related costs,
22 fees, and expenses.

23 Sec. 22. Section 79-983, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 79-983 The administrator of the retirement system shall be appointed
26 by the board of trustees and approved by the board of education. The
27 administrator of the retirement system shall serve at the pleasure of the
28 board of trustees. The administrator shall hire, dismiss, and otherwise
29 supervise the other staff of the retirement system, shall keep the
30 minutes and records of the retirement system, shall be the executive
31 officer in charge of the administration of the detailed affairs of the

1 retirement system, and shall perform such other duties as may be assigned
2 by the board of education, ~~the Class V Retirement System Board, or the~~
3 trustees. The administrator and retirement system staff shall be
4 employees of the Class V school district, with compensation and the
5 benefits as available to school district employees determined by the
6 board of trustees. The retirement system shall reimburse the Class V
7 school district for all employee costs of salary, employment taxes, and
8 benefits provided to the administrator and retirement system staff. The
9 administrator shall serve as a nonvoting, ex officio member of the
10 council and shall not be deemed a fiduciary of the council.

11 Sec. 23. Section 79-984, Reissue Revised Statutes of Nebraska, is
12 amended to read:

13 79-984 The board of trustees ~~education or Class V Retirement System~~
14 ~~Board~~ shall contract for the services of an actuary who shall be the
15 technical advisor of the board of ~~and the~~ trustees on matters regarding
16 the operation of the retirement system. The selection of the actuary
17 shall be approved by the board of education. The actuary shall (1) make a
18 general investigation of the operation of the retirement system annually,
19 which investigation shall cover mortality, retirement, disability,
20 employment, turnover, interest, and earnable compensation, and (2)
21 recommend tables to be used for all required actuarial calculations. The
22 actuary shall perform such other duties as may be assigned by the board
23 of trustees.

24 Sec. 24. Section 79-985, Reissue Revised Statutes of Nebraska, is
25 amended to read:

26 79-985 The board of trustees may contract for the services of a
27 legal advisor to the board of attorney for the board of education or
28 ~~Class V Retirement System Board shall be the legal advisor to the~~
29 trustees.

30 Sec. 25. Section 79-986, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 79-986 Prior to January 1, 2017, the ~~The~~ school district, if there
2 is only one Class V school district in the retirement system, or the
3 Class V school district designated by the Class V Retirement System
4 Board, if there is more than one Class V school district in the
5 retirement system, shall act as the treasurer of the system and the
6 official custodian of the cash and securities belonging to the retirement
7 system, shall provide adequate safe deposit facilities for the
8 preservation of such securities, and shall hold such cash and securities
9 subject to the order of the board of education or Class V Retirement
10 System Board.

11 Beginning January 1, 2017, the State Treasurer shall act as
12 treasurer of the retirement system and the official custodian of the cash
13 and securities belonging to the system, shall provide adequate safe
14 deposit facilities for the preservation of such securities, and shall
15 hold such cash and securities subject to the order of the council.

16 The school district or designated school district shall receive all
17 items of taxes or cash belonging to the retirement system and shall
18 deposit in banks approved by the board of education or Class V Retirement
19 System Board and, beginning January 1, 2017, banks approved by the State
20 Treasurer, all such amounts in trust or custodial accounts.
21 Notwithstanding any limitations elsewhere imposed by statute on the
22 location of the retirement system's depository bank, such limitations
23 shall not apply to the use of depository banks for the custody of the
24 system's cash, securities, and other investments.

25 Prior to January 1, 2017, the ~~The~~ school district or designated
26 school district, as treasurer of the system, shall make payments for
27 purposes specified in the Class V School Employees Retirement Act.

28 Beginning January 1, 2017, the State Treasurer as treasurer of the
29 retirement system shall make payments to the school district upon request
30 of the administrator of a retirement system provided for under the Class
31 V School Employees Retirement Act and as directed by the Nebraska Public

1 Employees Retirement Systems. The school district shall use payments
2 received from the State Treasurer to make payments for purposes specified
3 in the Class V School Employees Retirement Act. All banks and custodians
4 which receive and hold securities and investments for the retirement
5 system may hold and evidence such securities by book entry account rather
6 than obtaining and retaining the original certificate, indenture, or
7 governing instrument for such security.

8 Sec. 26. Section 79-987, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 79-987 (1) An annual audit of the affairs of the retirement system
11 shall be conducted in each fiscal year. At the option of the board of
12 trustees, such audit may be conducted by a certified public accountant or
13 the Auditor of Public Accounts. The costs of such audit shall be paid
14 from funds of the retirement system. A copy of such audit shall be filed
15 with the Auditor of Public Accounts.

16 (2) Each audit year an annual financial audit of the investments of
17 the retirement system shall be conducted. At the option of the council,
18 such audit may be conducted by a certified public accountant or the
19 Auditor of Public Accounts. The costs of such audit shall be paid from
20 funds of the retirement system. A copy of such audit shall be filed with
21 the board of trustees and the Auditor of Public Accounts.

22 (3) Beginning May 1, 2017, and each May 1 ~~(2) Beginning March 1,~~
23 ~~2015, and each March 1~~ thereafter, if such retirement plan is a defined
24 benefit plan, the board of trustees ~~education~~ shall cause to be prepared
25 an annual report and the administrator shall file the same with the
26 Public Employees Retirement Board and submit to the members of the
27 Nebraska Retirement Systems Committee of the Legislature a copy of such
28 report. The report submitted to the committee shall be submitted
29 electronically. The report shall consist of a full actuarial analysis of
30 each such retirement plan established pursuant to section 79-979. The
31 analysis shall be prepared by an independent private organization or

1 public entity employing actuaries who are members of the American Academy
2 of Actuaries and meet the academy's qualification standards to render a
3 statement of actuarial opinion, and which organization or entity has
4 demonstrated expertise to perform this type of analysis and is unrelated
5 to any organization offering investment advice or which provides
6 investment management services to the retirement plan. The report shall
7 be presented to the Nebraska Retirement Systems Committee of the
8 Legislature at a public hearing.

9 Sec. 27. Section 79-989, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 79-989 The board of education shall have available records showing
12 the name, address, title, social security number, beneficiary records,
13 annual compensation, sex, date of birth,—and length of creditable and
14 noncreditable service in hours, standard hours, and contract days,
15 bargaining unit, and annual contributions of each employee entitled to
16 membership in the retirement system and such other information as may be
17 reasonably requested by the board of trustees regarding such member as
18 may be necessary for actuarial study and valuation and the administration
19 of the retirement system. This information shall be available in a timely
20 manner to the board of trustees upon request.

21 Sec. 28. Section 79-990, Reissue Revised Statutes of Nebraska, is
22 amended to read:

23 79-990 (1) Any member who is eligible for reemployment on or after
24 December 12, 1994, pursuant to 38 U.S.C. 4301 et seq., as adopted under
25 section 55-161, or who is eligible for reemployment under section 55-160
26 may pay to the retirement system after the date of his or her return from
27 active military service, and within the period required by law, not to
28 exceed five years, an amount equal to the sum of all deductions which
29 would have been made from the salary which he or she would have received
30 during the period of military service for which creditable service is
31 desired. If such payment is made, the member shall be entitled to credit

1 for membership service in determining his or her annuity for the period
2 for which contributions have been made and the board of education shall
3 be responsible for any funding necessary to provide for the benefit which
4 is attributable to this increase in the member's creditable service. The
5 member's payments shall be paid as the board of trustees may direct,
6 through direct payments to the retirement system or on an installment
7 basis pursuant to a binding irrevocable payroll deduction authorization
8 between the member and the school district. Creditable service may be
9 purchased only in one-tenth-year increments, starting with the most
10 recent years' salary.

11 (2) Under such rules and regulations as the board of trustees may
12 prescribe, any member who was away from his or her position while on a
13 leave of absence from such position authorized by the board of education
14 of the school district by which he or she was employed at the time of
15 such leave of absence or pursuant to any contractual agreement entered
16 into by such school district may receive credit for any or all time he or
17 she was on leave of absence. Such time shall be included in creditable
18 service when determining eligibility for death, disability, termination,
19 and retirement benefits. The member who receives the credit shall earn
20 benefits during the leave based on salary at the level received
21 immediately prior to the leave of absence. Such credit shall be received
22 if such member pays into the retirement system (a) an amount equal to the
23 sum of the deductions from his or her salary for the portion of the leave
24 for which creditable service is desired, (b) any contribution which the
25 school district would have been required to make for the portion of the
26 leave for which creditable service is desired had he or she continued to
27 receive salary at the level received immediately prior to the leave of
28 absence, and (c) interest on these combined payments from the date such
29 deductions would have been made to the date of repayment determined by
30 using the rate of interest ~~established by the board~~ for interest on such
31 purchases of service credit. Such amounts shall be paid as the board of

1 trustees may direct, through direct payments to the retirement system or
2 on an installment basis pursuant to a binding irrevocable payroll
3 deduction authorization between the member and the school district over a
4 period not to exceed five years from the date of the termination of his
5 or her leave of absence. Interest on any delayed payment shall be at the
6 rate of interest ~~established by the board~~ for determining interest on
7 delayed payments by members to the retirement system. Creditable service
8 may be purchased only in one-tenth-year increments, starting with the
9 most recent years' salary, and if payments are made on an installment
10 basis, creditable service will be credited only as payment has been made
11 to the retirement system to purchase each additional one-tenth-year
12 increment. Leave of absence shall be construed to include, but not be
13 limited to, sabbaticals, maternity leave, exchange teaching programs,
14 full-time leave as an elected official of a professional association or
15 collective-bargaining unit, or leave of absence to pursue further
16 education or study. A leave of absence granted pursuant to this section
17 shall not exceed four years in length, and in order to receive credit for
18 the leave of absence, the member must have returned to employment with
19 the school district within one year after termination of the leave of
20 absence.

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

1 maternity purposes and the member complies with the payment provisions of
2 subsection (2) of this section before the one-year anniversary of May 2,
3 2001.

4 Sec. 29. Section 79-991, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 79-991 (1) An employee who becomes a member without prior service
7 credit may purchase prior service credit, not to exceed the lesser of ten
8 years or the member's years of membership service, for the period of
9 service the member was employed by a school district or by an educational
10 service unit and which is not used in the calculation of any retirement
11 or disability benefit having been paid, being paid, or payable in the
12 future to such member under any defined benefit retirement system or
13 program maintained by such other school district or educational service
14 unit. The purchase of prior service credit shall be made in accordance
15 with and subject to the following requirements:

16 (a) A member who desires to purchase prior service credit shall make
17 written application to the administrator of the retirement system that
18 includes all information and documentation determined by the
19 administrator as necessary to verify the member's prior service and
20 qualification to purchase the prior service credit. Such application
21 shall include the member's written authorization for the administrator to
22 request and receive from any of the member's former employers
23 verification of the member's prior service, salary, and other information
24 for determining the member's eligibility to purchase prior service
25 credit. Before prior service credit may be purchased, the administrator
26 shall have received verification of the member's salary in each year with
27 the other school district or educational service unit and confirmation
28 that the prior service to be purchased by the member is not also credited
29 in the calculation of a retirement or disability benefit for such member
30 under another defined benefit retirement system or program. The member's
31 application to purchase prior service credit may be made at any time

1 before the fifth anniversary of the member's membership in the retirement
2 system or, if earlier, the member's termination of employment with the
3 school district;

4 (b) The member shall pay to the retirement system the total amount
5 he or she would have contributed to the retirement system had he or she
6 been a member of the retirement system during the period for which prior
7 service is being purchased, together with interest thereon as determined
8 using the rate of interest for the purchase ~~established by the board for~~
9 ~~interest on such purchases~~ of prior service credit. Such payment shall be
10 based on the most recent years' salary the member earned in another
11 school district or educational service unit if the salary is verified by
12 the other school district or educational service unit or, if not, the
13 payment shall be based on the member's annual salary at the time he or
14 she became a member;

15 (c) Payments by the member for the purchase of the prior service
16 credit shall be paid as the board of trustees may direct through direct
17 payments to the retirement system or on an installment basis pursuant to
18 a binding irrevocable payroll deduction authorization between the member
19 and the school district over a period not to exceed five years from the
20 date of membership. Interest on delayed payments shall be at the rate of
21 interest ~~established by the board~~ for determining interest on delayed
22 payments by members to the retirement system. In the event the member
23 terminates employment with the school district for any reason before full
24 payment for the prior service has been made, the remaining installments
25 shall be immediately due and payable to the retirement system. Prior
26 service credit may be purchased only in one-tenth-year increments, and if
27 payments are made on an installment basis, the prior service will be
28 credited only as payment has been made to the retirement system. If the
29 prior service to be purchased by the member exceeds the member's
30 membership service at the time of application or any subsequent date,
31 such excess prior service shall be credited to the member only as the

1 member completes and is credited additional membership service, in one-
2 tenth-year increments, notwithstanding the member's payment for such
3 prior service credit. If the member retires or terminates employment
4 before completing sufficient membership service to permit all of the
5 excess prior service that has been purchased by the member to be credited
6 to such member, the retirement system shall refund to the member, or to
7 the member's beneficiary if the member's termination is due to his or her
8 death, the payments that have been made to the retirement system for such
9 uncredited prior service, together with regular interest on such refund;
10 and

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

14 (2) Any employee who became a member before July 1, 2014, and who
15 has five or more years of creditable service and any employee who became
16 a member for the first time on or after July 1, 2014, and who has ten or
17 more years of creditable service, excluding in either case years of prior
18 service acquired pursuant to section 79-990, 79-994, 79-995, or 79-997,
19 or subsection (1) of this section, may elect to purchase up to a total of
20 five years of additional creditable service under the retirement system,
21 and upon such purchase the member shall be given the same status as
22 though he or she had been a member of the retirement system for such
23 additional number of years, except as otherwise specifically provided in
24 the Class V School Employees Retirement Act. Creditable service may be
25 purchased only in one-tenth-year increments. The amount to be paid to the
26 retirement system for such creditable service shall be equal to the
27 actuarial cost to the retirement system of the increased benefits
28 attributable to such additional creditable service as determined by the
29 retirement system's actuary at the time of the purchase pursuant to
30 actuarial assumptions and methods adopted by the board of trustees for
31 this purpose. The election to purchase additional creditable service may

1 be made at any time before the member's termination of employment, and
2 all payments for the purchase of such creditable service must be
3 completed within five years after the election or before the member's
4 termination or retirement, whichever event occurs first. Payment shall be
5 made as the board of trustees may direct through a single payment to the
6 retirement system, on an installment basis, including payments pursuant
7 to a binding irrevocable payroll deduction authorization between the
8 member and the school district, or by such other method approved by the
9 board of trustees and permitted by law. If payments are made on an
10 installment basis, creditable service will be credited only as payment
11 has been made to the retirement system to purchase each additional one-
12 tenth-year increment. Interest shall be charged on installment payments
13 at the rate of interest ~~established by the board~~ for determining interest
14 on delayed payments by members to the retirement system.

15 Sec. 30. Section 79-992, Reissue Revised Statutes of Nebraska, is
16 amended to read:

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

1 in the retirement system including all accumulated creditable service,
2 except that if any member who has withdrawn his or her contributions as
3 provided in this section reenters the service of the district and again
4 becomes a member of the retirement system, he or she may restore any or
5 all money previously received by him or her as a refund, including the
6 interest on the amount of the restored refund for the period of his or
7 her absence from the district's service as determined using the interest
8 rate ~~established by the board~~ for interest on such restored refunds, and
9 he or she shall then again receive credit for that portion of service
10 which the restored money represents. Such restoration may be made as the
11 board of trustees may direct through direct payments to the system or on
12 an installment basis pursuant to a binding irrevocable payroll deduction
13 authorized between the member and the school district over a period of
14 not to exceed five years from the date of reemployment. Interest on
15 delayed payments shall be at the rate of interest ~~established by the~~
16 ~~board~~ for determining interest on delayed payments by members to the
17 retirement system. Creditable service may be purchased only in one-tenth-
18 year increments, starting with the most recent years' salary.

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

30 (3) Upon termination of the reemployed member, the member shall
31 receive in addition to the retirement annuity which commenced at the time

1 of the previous retirement (a) if the member has accrued five years or
2 more of creditable service after his or her return to employment,
3 excluding years of prior service acquired pursuant to section 79-990,
4 79-991, 79-994, 79-995, or 79-997, a retirement annuity as provided in
5 section 79-999 or 79-9,100, as applicable, calculated solely on the basis
6 of creditable service and final average compensation accrued and earned
7 after the member's return to employment after his or her original
8 retirement, and as adjusted to reflect any payment in other than the
9 normal form or (b) if the member has not accrued five years or more of
10 creditable service after his or her return to employment, a refund equal
11 to the member's accumulated contributions which were credited to the
12 member after the member's return to employment. In no event shall the
13 member's creditable service which accrued prior to a previous retirement
14 be considered as part of the member's creditable service after his or her
15 return to employment for any purpose of the Class V School Employees
16 Retirement Act.

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

25 Sec. 31. Section 79-996, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 79-996 ~~(1)~~—The payments provided for by sections 79-993, 79-994,
28 and 79-997 may be made in equal installments over a period of not to
29 exceed two years from the date of the election to make such payments. The
30 payments provided for by section 79-995 may be made in equal installments
31 over a period of not to exceed three years from the date of election to

1 make such payments. Any person who elects to make payments on an
2 installment basis shall be credited with prior service only in six-month
3 increments and only after payment has been made to the retirement system
4 to purchase each additional six-month increment.

5 ~~(2) The rate of interest for the purchase of additional service~~
6 ~~credit pursuant to sections 79-990 and 79-991 and for determining the~~
7 ~~interest on a restored refund pursuant to section 79-992 or on delayed~~
8 ~~payments by members to the retirement system shall be determined by the~~
9 ~~board from time to time, and such rate of interest shall be used to~~
10 ~~determine applicable interest for a member's purchase of additional~~
11 ~~service credit, restored refund, or delayed payments that are made while~~
12 ~~such rate of interest is in effect.~~

13 Sec. 32. Section 79-998, Reissue Revised Statutes of Nebraska, is
14 amended to read:

15 79-998 (1) The retirement system may accept as payment for
16 additional service credit that is purchased pursuant to sections 79-990
17 to 79-992 an eligible rollover distribution from or on behalf of the
18 member who is making payments for such service credit if the eligible
19 rollover distribution does not exceed the amount of payment required for
20 the service credit being purchased by the member. The eligible rollover
21 distribution may be contributed to the retirement system by the member or
22 directly transferred from the plan that is making the eligible rollover
23 distribution on behalf of the member. Contribution by a member pursuant
24 to this section may only be made in the form of a cash contribution. For
25 purposes of this section, an eligible rollover distribution means all or
26 any portion of an amount that qualifies as an eligible rollover
27 distribution under the Internal Revenue Code from:

28 (a) A plan of another employer which is qualified under section
29 401(a) or 403(a) of the Internal Revenue Code;

30 (b) An annuity contract or custodial account described in section
31 403(b) of the Internal Revenue Code;

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

4 (d) An individual retirement account or annuity described in section
5 408(a) or section 408(b) of the Internal Revenue Code that is eligible to
6 be rolled over to an employer plan under the Internal Revenue Code.

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

17 (3) The board of trustees may establish rules, regulations, and
18 limitations on the eligible rollover distributions and direct trustee-to-
19 trustee transfers that may be accepted by the retirement system pursuant
20 to this section, including restrictions on the type of assets that may be
21 transferred to the retirement system.

22 (4) Cash and other properties contributed or transferred to the
23 system pursuant to this section shall be deposited and held as a
24 commingled asset of the system and shall not be separately accounted for
25 or invested for the member's benefit. Contributions or direct transfers
26 made by or on behalf of any member pursuant to this section shall be
27 treated as qualifying payments under sections 79-990 to 79-992 and as
28 employee contributions for all other purposes of the Class V School
29 Employees Retirement Act except in determining federal and state tax
30 treatment of distributions from the system.

31 (5) The system, the board of education, the board of trustees, and

1 their respective members, officers, and employees shall have no
2 responsibility or liability with respect to the federal and state income
3 tax consequences of any contribution or transfer to the system pursuant
4 to this section, and the board of trustees may require as a condition to
5 the system's acceptance of any rollover contribution or transfer
6 satisfactory evidence that the proposed contribution or transfer is a
7 qualifying rollover contribution or trustee-to-trustee transfer under the
8 Internal Revenue Code and reasonable releases or indemnifications from
9 the member against any and all liabilities which may in any way be
10 connected with such contribution or transfer.

11 (6) Effective January 1, 1993, any member who is to receive an
12 eligible rollover distribution, as defined in the Internal Revenue Code,
13 from the system may, in accordance with such rules, regulations, and
14 limitations as may be established by the board of trustees, elect to have
15 such distribution made in the form of a direct transfer to a retirement
16 plan eligible to receive such transfer under the provisions of the
17 Internal Revenue Code. Any such election shall be made in the form and
18 within the time periods established by the board of trustees.

19 (7) A member's surviving spouse or former spouse who is an alternate
20 payee under a qualified domestic relations order and, on or after
21 September 1, 2010, any designated beneficiary of a member who is not a
22 surviving spouse or former spouse who is entitled to receive an eligible
23 rollover distribution from the system may, in accordance with such rules,
24 regulations, and limitations as may be established by the board of
25 trustees, elect to have such distribution made in the form of a direct
26 transfer to a retirement plan eligible to receive such transfer under the
27 provisions of the Internal Revenue Code.

28 (8) An eligible rollover distribution on behalf of a designated
29 beneficiary of a member who is not a surviving spouse or former spouse of
30 the member may be transferred to an individual retirement account or
31 annuity described in section 408(a) or section 408(b) of the Internal

1 Revenue Code that is established for the purpose of receiving the
2 distribution on behalf of the designated beneficiary and that will be
3 treated as an inherited individual retirement account or individual
4 retirement annuity described in section 408(d)(3)(C) of the Internal
5 Revenue Code.

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

8 Sec. 33. Section 79-9,100, Revised Statutes Supplement, 2015, is
9 amended to read:

10 79-9,100 (1) In lieu of the retirement annuity provided by section
11 79-999 or 79-9,113, any member who becomes eligible to receive a
12 retirement annuity after February 20, 1982, under the Class V School
13 Employees Retirement Act shall receive a formula retirement annuity based
14 on final average compensation, except that if the monthly formula
15 retirement annuity based on final average compensation is less than the
16 monthly retirement annuity specified in section 79-999 or 79-9,113,
17 accrued to the date of retirement or August 31, 1983, whichever first
18 occurs, the member shall receive the monthly retirement annuity specified
19 in section 79-999 or 79-9,113 accrued to the date of retirement or August
20 31, 1983, whichever first occurs.

21 (2) The monthly formula retirement annuity based on final average
22 compensation shall be determined by multiplying the number of years of
23 creditable service for which such member would otherwise receive the
24 retirement annuity provided by section 79-999 or 79-9,113 by one and one-
25 half percent of his or her final average compensation. For retirements
26 after June 15, 1989, and before April 18, 1992, the applicable percentage
27 shall be one and sixty-five hundredths percent of his or her final
28 average compensation. For retirements on or after April 18, 1992, and
29 before June 7, 1995, the applicable percentage shall be one and seventy-
30 hundredths percent of his or her final average compensation. For
31 retirements on or after June 7, 1995, and before March 4, 1998, the

1 applicable percentage shall be one and eighty-hundredths percent of his
2 or her final average compensation. For retirements on or after March 4,
3 1998, and before March 22, 2000, the applicable percentage shall be one
4 and eighty-five hundredths percent of his or her final average
5 compensation. For retirements on or after March 22, 2000, the applicable
6 percentage shall be two percent of his or her final average compensation.

7 (3) Final average compensation shall be determined:

8 (a) Except as provided in subdivision (3)(b) of this section, by
9 dividing the member's total compensation for the three fiscal years in
10 which such compensation was the highest by thirty-six; and

11 (b) For an employee who became a member on or after July 1, 2013, by
12 dividing the member's total compensation for the five fiscal years in
13 which such compensation was the highest by sixty.

14 (4)(a) In the determination of compensation for members whose
15 retirement date is on or after July 1, 2016, that part of a member's
16 compensation for the plan year which exceeds the member's compensation
17 for the preceding plan year by more than eight percent during the capping
18 period shall be excluded. If the compensation for the preceding plan year
19 was reduced as a result of unpaid absence from work, the compensation
20 used in the capping calculation will be the greater of (i) the annualized
21 compensation for the preceding year as if it had been fully received or
22 (ii) the most recent preceding plan year in which the member had no
23 unpaid absence from work. Such member's compensation for the first plan
24 year of the capping period shall be compared to the member's compensation
25 received for the plan year immediately preceding the capping period. If
26 the first plan year of the capping period is the member's first year of
27 membership service, these capping provisions shall not be applied to that
28 first plan year.

29 (b) For purposes of this subsection:

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

1 date; and

2 (ii) Final compensation date means the later of (A) the date on
3 which a retiring member's final compensation is actually paid or (B) 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 (5) This subsection does not apply to employees who become members
8 on or after July 1, 2016 ~~For retirements before June 7, 1995, if the~~
9 ~~annuity begins prior to the sixty-second birthday of the member and the~~
10 ~~member has not completed thirty-five or more years of creditable service,~~
11 ~~the annuity at the date it begins shall be the actuarial equivalent of~~
12 ~~the annuity deferred to the sixty-second birthday of the member. If the~~
13 ~~annuity begins prior to the sixty-second birthday of the member and the~~
14 ~~member has completed thirty-five or more years of creditable service, the~~
15 ~~annuity shall not be reduced. For retirements on or after June 7, 1995,~~
16 ~~any retirement annuity which begins prior to the sixty-second birthday of~~
17 ~~the member shall be reduced by twenty-five hundredths percent for each~~
18 ~~month or partial month between the date the annuity begins and the~~
19 ~~member's sixty-second birthday. If the annuity begins at a time when:~~

20 (a) The sum of the member's attained age and creditable service is
21 eighty-five or more, the annuity shall not be reduced;

22 (b) The sum of the member's attained age and creditable service
23 totals eighty-four, the annuity shall not be reduced by an amount greater
24 than three percent of the unreduced annuity;

25 (c) The sum of the member's attained age and creditable service
26 totals eighty-three, the annuity shall not be reduced by an amount
27 greater than six percent of the unreduced annuity; and

28 (d) The sum of the member's attained age and creditable service
29 totals eighty-two, the annuity shall not be reduced by an amount greater
30 than nine percent of the unreduced annuity.

31 (6) For purposes of this section, a member's creditable service and

1 attained age shall be measured in one-half-year increments.

2 (7) The normal form of the formula retirement annuity based on final
3 average compensation shall be an annuity payable monthly during the
4 remainder of the member's life with the provision that in the event of
5 his or her death before sixty monthly payments have been made the monthly
6 payments will be continued to his or her estate or to the beneficiary he
7 or she has designated until a total of sixty monthly payments have been
8 made. A member may elect to receive, in lieu of the normal form of
9 annuity, an actuarially equivalent annuity in any optional form provided
10 by section 79-9,101.

11 (8) Any member receiving a formula retirement annuity based on final
12 average compensation who is a member prior to July 1, 2016, shall also
13 receive the service annuity to be paid by the State of Nebraska as
14 provided in sections 79-933 to 79-935 and 79-951.

15 Sec. 34. For employees who become members on or after July 1, 2016:

16 (1) If the annuity begins at a time when the sum of the member's
17 attained age and creditable service totals eighty-five and the member is
18 at least fifty-five years of age, the annuity shall not be reduced;

19 (2) If the annuity begins on or after the sixtieth birthday of the
20 member and the member has completed at least a total of five years of
21 creditable service, the annuity shall be reduced by twenty-five
22 hundredths percent for each month or partial month between the date the
23 annuity begins and the member's sixty-fifth birthday;

24 (3) A member's attained age shall be measured in one-half-year
25 increments;

26 (4) Except as provided in section 42-1107, the normal form of the
27 formula retirement annuity based on final average compensation shall be
28 an annuity payable monthly during the remainder of the member's life with
29 the provision that, in the event of his or her death before sixty monthly
30 payments have been made, the monthly payments will be continued to his or
31 her estate or to the beneficiary he or she has designated until a total

1 of sixty monthly payments have been made. A member may elect to receive,
2 in lieu of the normal form of annuity, an actuarially equivalent annuity
3 in any optional form provided by section 79-9,101; and

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

6 Sec. 35. Section 79-9,102, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 79-9,102 (1) Notwithstanding any other provision of the Class V
9 School Employees Retirement Act, no member or beneficiary of the
10 retirement system shall receive in any calendar year an annuity or other
11 benefit which would exceed the maximum benefit permitted under section
12 415 of the Internal Revenue Code, or any successor provision and the
13 regulations issued thereunder, as they may be amended from time to time,
14 and as adjusted as of January 1 of each calendar year to the dollar
15 limitation as determined for such year by the Commissioner of Internal
16 Revenue pursuant to section 415(d) of the Internal Revenue Code to
17 reflect cost-of-living adjustments, and the amount of benefit to be paid
18 to any member or beneficiary by the retirement system shall be adjusted
19 each calendar year, if necessary, to conform with the maximum benefit
20 permitted under section 415 of the Internal Revenue Code. The cost-of-
21 living adjustment to the maximum benefit permitted under section 415 of
22 the Internal Revenue Code shall apply to determining the maximum benefit
23 of a member who severed employment or commenced receiving benefits prior
24 to the effective date of the adjustment.

25 (2) Any payments provided for by sections 79-990, 79-991, and 79-992
26 for the purchase or restoration of creditable service shall be subject to
27 the limitations of section 415 of the Internal Revenue Code on annual
28 additions to the system, and the board of trustees may suspend payments,
29 alter installment periods, or, if such suspension or alteration is not
30 possible, deny the purchase of all or a portion of the creditable service
31 desired to be purchased, as necessary to comply with the requirements of

1 section 415 of the Internal Revenue Code.

2 (3) This section is intended to meet and incorporate the
3 requirements of section 415 of the Internal Revenue Code and regulations
4 under that section that are applicable to governmental plans and shall be
5 construed in accordance with section 415 of the Internal Revenue Code and
6 the regulations issued thereunder and shall, by this reference,
7 incorporate any subsequent changes made to such section as the same may
8 apply to the retirement system.

9 Sec. 36. Section 79-9,103, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 79-9,103 (1) Any annuity paid on or after September 1, 1983, to a
12 member who retired prior to February 21, 1982, pursuant to the Class V
13 School Employees Retirement Act, or to such member's beneficiary, or to a
14 person who retired under the provisions of the retirement system
15 established by statute for employees of Class V school districts in
16 effect prior to September 1, 1951, or to such person's beneficiary, shall
17 be adjusted by the increase in the cost of living or wage levels between
18 the effective date of retirement and June 30, 1983, except that such
19 increase shall not exceed the sum of one dollar and fifty cents per month
20 for each year of creditable service and one dollar per month for each
21 completed year of retirement as measured from the effective date of
22 retirement to June 30, 1983. No separate adjustment in such annuity shall
23 be made as a result of the changes made in section 79-9,113 pursuant to
24 Laws 1983, LB 488. If a joint and survivor annuity was elected, the
25 increase shall be actuarially adjusted so that the joint and survivor
26 annuity remains the actuarial equivalent of the life annuity otherwise
27 payable.

28 (2) In addition to the cost-of-living adjustment provided in
29 subsection (1) of this section, any annuity paid on or after September 1,
30 1986, pursuant to the act or pursuant to the provisions of the retirement
31 system established by statute for employees of Class V school districts

1 in effect prior to September 1, 1951, and on which the first payment was
2 dated on or before September 1, 1985, shall be adjusted by the increase
3 in the cost of living or wage levels between the effective date of
4 retirement and June 30, 1986, except that such increase shall not exceed
5 (a) three and one-half percent for annuities first paid on or after
6 September 1, 1984, (b) seven percent for annuities first paid on or after
7 September 1, 1983, but before September 1, 1984, or (c) ten and one-half
8 percent for all other annuities.

9 (3) In addition to the cost-of-living adjustments ~~adjustment~~
10 provided in subsections (1) and (2) of this section, any annuity paid on
11 or after September 1, 1989, pursuant to the act or pursuant to the
12 provisions of the retirement system established by statute for employees
13 of Class V school districts in effect prior to September 1, 1951, and on
14 which the first payment was dated on or before September 1, 1988, shall
15 be adjusted by the increase in the cost of living or wage levels between
16 the effective date of retirement and June 30, 1989, except that such
17 increase shall not exceed (a) three percent for annuities first paid on
18 or after September 1, 1987, (b) six percent for annuities first paid on
19 or after September 1, 1986, but before September 1, 1987, or (c) nine
20 percent for all other annuities.

21 (4) In addition to the cost-of-living adjustments ~~adjustment~~
22 provided in subsections (1), (2), and (3) of this section, any annuity
23 paid on or after September 1, 1992, pursuant to the act or pursuant to
24 the provisions of the retirement system established by statute for
25 employees of Class V school districts in effect prior to September 1,
26 1951, and on which the first payment was dated on or before October 1,
27 1991, shall be adjusted by the increase in the cost of living or wage
28 levels between the effective date of retirement and June 30, 1992, except
29 that such increase shall not exceed (a) three percent for annuities first
30 paid after October 1, 1990, (b) six percent for annuities first paid
31 after October 1, 1989, but on or before October 1, 1990, or (c) nine

1 percent for all other annuities.

2 (5) In addition to the cost-of-living adjustments adjustment
3 provided in subsections (1), (2), (3), and (4) of this section, any
4 annuity paid on or after September 1, 1995, pursuant to the act or
5 pursuant to the provisions of the retirement system established by
6 statute for employees of Class V school districts in effect prior to
7 September 1, 1951, and on which the first payment was dated on or before
8 October 1, 1994, shall be adjusted by the increase in the cost of living
9 or wage levels between the effective date of retirement and June 30,
10 1995, except that such increase shall not exceed (a) three percent for
11 annuities first paid after October 1, 1993, (b) six percent for annuities
12 first paid after October 1, 1992, but on or before October 1, 1993, or
13 (c) nine percent for all other annuities.

14 (6) In addition to the cost-of-living adjustments adjustment
15 provided in subsections (1), (2), (3), (4), and (5) of this section, any
16 annuity paid pursuant to the act or pursuant to the provisions of the
17 retirement system established by statute for employees of Class V school
18 districts in effect prior to September 1, 1951, and on which the first
19 payment was dated on or before October 1, 1994, shall be subject to
20 adjustment to equal the greater of (a) the annuity payable to the member
21 or beneficiary as adjusted, if applicable, under the provisions of
22 subsection (1), (2), (3), (4), or (5) of this section or (b) ninety
23 percent of the annuity which results when the original annuity that was
24 paid to the member or beneficiary (before any cost-of-living adjustments
25 under this section), is adjusted by the increase in the cost of living or
26 wage levels between the commencement date of the annuity and June 30,
27 1995.

28 (7) In addition to the cost-of-living adjustments adjustment
29 provided in subsections (1), (2), (3), (4), (5), and (6) of this section,
30 any annuity paid on or after September 1, 1998, pursuant to the act or
31 pursuant to the provisions of the retirement system established by

1 statute for employees of Class V school districts in effect prior to
2 September 1, 1951, and on which the first payment was dated on or before
3 October 3, 1997, shall be adjusted by the increase in the cost of living
4 or wage levels between the effective date of retirement and June 30,
5 1998, except that such increase shall not exceed (a) three percent for
6 annuities first paid after October 1, 1996, (b) six percent for annuities
7 first paid after October 1, 1995, but on or before October 1, 1996, or
8 (c) nine percent for all other annuities.

9 (8) Beginning January 1, 2000, and on January 1 of every year
10 thereafter, for employees of Class V school districts who were members
11 prior to July 1, 2013, a cost-of-living adjustment shall be made for any
12 annuity being paid pursuant to the act, or pursuant to the provisions of
13 the retirement system established by statute for employees of Class V
14 school districts in effect prior to September 1, 1951, and on which the
15 first payment was dated on or before October 3 preceding such January 1
16 adjustment date. The cost-of-living adjustment for any such annuity shall
17 be the lesser of (a) one and one-half percent or (b) the increase in the
18 consumer price index from the date such annuity first became payable
19 through the August 31 preceding the January 1 adjustment date as reduced
20 by the aggregate cost-of-living adjustments previously made to the
21 annuity pursuant to this section.

22 (9) Beginning January 1, 2014, and on January 1 of every year
23 thereafter, for employees of Class V school districts who became members
24 on or after July 1, 2013, a cost-of-living adjustment shall be made for
25 any annuity being paid pursuant to the act and on which the first payment
26 was dated on or before October 3 preceding such January 1 adjustment
27 date. The cost-of-living adjustment for any such annuity shall be the
28 lesser of (a) one percent or (b) the increase in the consumer price index
29 from the date such annuity first became payable through the August 31
30 preceding the January 1 adjustment date as reduced by the aggregate cost-
31 of-living adjustments previously made to the annuity pursuant to this

1 section.

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

20 (11) Except for the adjustments pursuant to subsection (13) of this
21 section, the consumer price index to be used for determining any cost-of-
22 living adjustment under this section shall be the Consumer Price Index -
23 All Urban Consumers, as published by the Bureau of Labor Statistics of
24 the United States Department of Labor. If this consumer price index is
25 discontinued or replaced, a substitute index published by the United
26 States Department of Labor shall be selected by the board, ~~upon~~
27 ~~recommendation~~ of the trustees, which shall be a reasonable
28 representative measurement of the cost of living for retired employees.
29 An annuity as increased by any cost-of-living adjustment made under this
30 section shall be considered the base annuity amount for the purpose of
31 future adjustments pursuant to this section. In no event shall any cost-

1 of-living adjustment be deemed to affect or increase the amount of the
2 base retirement annuity of a member as determined under section 79-999 or
3 79-9,100.

4 (12) Any decision or determination by the board of trustees (a) to
5 declare or not declare a cost-of-living adjustment, (b) as to whether the
6 annual valuation indicates a sufficient actuarial surplus to provide for
7 a cost-of-living adjustment, or (c) pursuant to the selection of a
8 substitute index shall be made in the sole, absolute, and final
9 discretion of the board of trustees and shall not be subject to challenge
10 by any member or beneficiary. In no event shall the Legislature be
11 constrained or limited in amending the system or increasing the benefits
12 of members under the system, nor shall the board of education or board of
13 ~~of~~ trustees be constrained from supporting any such change to the system,
14 notwithstanding the effect of any such change upon the actuarial surplus
15 of the system and the ability of the board of trustees to declare future
16 cost-of-living adjustments.

17 (13) The Legislature finds and declares that there exists in this
18 state a pressing need to attract and retain qualified and dedicated
19 public school employees and that one of the factors prospective public
20 school employees consider when seeking or continuing public school
21 employment is the retirement system and benefits the employment provides.
22 The Legislature further finds that over the past decades, as reflected by
23 the Medical Price Index published by the United States Department of
24 Labor, the cost of medical care, including the cost of medications and
25 insurance coverages, has increased at a rate in excess of that by which
26 the Consumer Price Index - All Urban Consumers has increased. The
27 Legislature further finds and declares that there accordingly exists a
28 need to adjust the amount of retirement benefits paid to retired public
29 school employees in order to assist them in meeting the increased cost of
30 medical care. Therefor, in addition to the cost-of-living adjustments
31 provided in subsections (1) through (12) of this section, commencing on

1 October 3, 2001, and on October 3 of every year thereafter, a medical
2 cost-of-living adjustment shall be paid to any annuitant who became a
3 member prior to July 1, 2016, and has been paid an annuity from the
4 retirement system for at least ten years through the October 3 adjustment
5 date. The cost-of-living adjustment shall be paid in the form of a
6 supplemental annuity providing monthly payments equal to the amount which
7 results when (a) the fraction, not to exceed one, that results when the
8 annuitant's years of creditable service at his or her retirement date is
9 divided by twenty, is multiplied by (b) the product of ten dollars times
10 the number of years, including attained one-half years, that such
11 annuitant has received annuity payments from the retirement system
12 through the October 3 adjustment date. The supplemental annuity being
13 paid to an annuitant shall increase by ten dollars on October 3 of each
14 subsequent year to reflect the additional year of annuity payments to the
15 annuitant until the total amount of the supplemental annuity is two
16 hundred fifty dollars. In no event shall the medical cost-of-living
17 adjustment for any annuitant pursuant to this subsection result in the
18 payment of a supplemental annuity exceeding two hundred fifty dollars per
19 month. The supplemental annuity paid to an annuitant pursuant to this
20 subsection shall cease at the death of the annuitant regardless of the
21 form of retirement annuity being paid to the annuitant at the time of his
22 or her death.

23 Sec. 37. Section 79-9,105, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 79-9,105 (1) Any member with five or more years of creditable
26 service, excluding years of prior service acquired pursuant to section
27 79-990, 79-991, 79-994, 79-995, or 79-997, who becomes totally disabled
28 for further performance of duty on or after March 22, 2000, may be
29 approved for deferred disability retirement by the board of trustees. In
30 the case of such deferred disability retirement, the member, during the
31 period specified in subsection (3) of this section, shall be credited

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

31 (2) Notwithstanding the provisions of subsection (1) of this

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

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

27 (4) The payment of any retirement annuity to a disabled member,
28 which begins to be paid under this section (a) before the member's sixty-
29 second birthday or (b) at a time before the sum of the member's attained
30 age and creditable service is eighty-five or more, shall be suspended if
31 the board of trustees determines at any time before the member's sixty-

1 second birthday that the member's total disability has ceased. Payment of
2 the retirement annuity of such member as determined under this section
3 shall recommence at the member's early retirement date or normal
4 retirement date but shall be subject to reduction at such time as
5 specified in section 79-9,100.

6 Sec. 38. Section 79-9,107, Reissue Revised Statutes of Nebraska, is
7 amended to read:

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

25 Sec. 39. Section 79-9,108, Reissue Revised Statutes of Nebraska, is
26 amended to read:

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

1 officer in accordance with the Nebraska State Funds Investment Act.

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

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

23 Sec. 40. Section 79-9,109, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 79-9,109 Prior to January 1, 2017, in ~~In~~ the event of default in
26 the payment of principal of, or interest on, the investments made, the
27 board of trustees are authorized to institute the proper proceedings to
28 collect such matured principal or interest, and may, with approval of the
29 board of education or Class V Retirement System Board, accept for
30 exchange purposes, refunding bonds or other evidences of indebtedness
31 with interest rates to be agreed upon with the obligor. Prior to January

1 1, 2017, the board of The trustees, with the approval of the board of
2 education or Class V Retirement System Board, are further authorized to
3 make such compromises, adjustments, or disposition of the past-due
4 interest or principal as are in default, or to make such compromises and
5 adjustments as to future payments of interest or principal as deemed
6 advisable for the purpose of protecting the investment.

7 Sec. 41. Section 79-9,111, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 79-9,111 The board of trustees shall invest the funds of the
10 retirement system in investments of the nature which individuals of
11 prudence, discretion, and intelligence acquire or retain in dealing with
12 the property of another. Such investments shall not be made for
13 speculation but for investment, considering the probable safety of their
14 capital as well as the probable income to be derived. The board of
15 trustees shall not purchase investments on margin or enter into any
16 futures contract or other contract obligation which requires the payment
17 of margin or enter into any similar contractual arrangement which may
18 result in losses in excess of the amount paid or deposited with respect
19 to such investment or contract, unless such transaction constitutes a
20 hedging transaction or is incurred for the purpose of portfolio or risk
21 management for the funds and investments of the system. Prior to January
22 1, 2017, the board of The trustees may write covered call options or put
23 options. Prior to January 1, 2017, the board of The trustees shall
24 establish written guidelines for any such option, purchase, or contract
25 obligation. Any such option, purchase, or contract obligation shall be
26 governed by the prudent investment rule stated in this section for
27 investment of the funds of the system. The board of trustees may lend any
28 security if cash, United States Government obligations, or United States
29 Government agency obligations with a market value equal to or exceeding
30 the market value of the security lent are received as collateral. Prior
31 to January 1, 2017, if If shares of stock are purchased under this

1 section, all proxies may be voted by the board of trustees prior to
2 January 1, 2017. As of January 1, 2017, the funds of the retirement
3 system shall be invested solely by the council and the state investment
4 officer in accordance with the Nebraska State Funds Investment Act. The
5 state investment officer may lend securities and vote proxies in
6 accordance with the standard set forth in section 72-1246.

7 Sec. 42. Section 79-9,113, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 79-9,113 (1)(a) If, at any future time, a majority of the eligible
10 members of the retirement system votes to be included under an agreement
11 providing old age and survivors insurance under the Social Security Act
12 of the United States, the contributions to be made by the member and the
13 school district for membership service, from and after the effective date
14 of the agreement with respect to services performed subsequent to
15 December 31, 1954, shall each be reduced from five to three percent but
16 not less than three percent of the member's salary per annum, and the
17 credits for membership service under this system, as provided in section
18 79-999, shall thereafter be reduced from one and one-half percent to
19 nine-tenths of one percent and not less than nine-tenths of one percent
20 of salary or wage earned by the member during each fiscal year, and from
21 one and sixty-five hundredths percent to one percent and not less than
22 one percent of salary or wage earned by the member during each fiscal
23 year and from two percent to one and two-tenths percent of salary or wage
24 earned by the member during each fiscal year, and from two and four-
25 tenths percent to one and forty-four hundredths percent of salary or wage
26 earned by the member during each fiscal year, except that after September
27 1, 1963, and prior to September 1, 1969, all employees of the school
28 district shall contribute an amount equal to the membership contribution
29 which shall be two and three-fourths percent of salary covered by old age
30 and survivors insurance, and five percent above that amount. Commencing
31 September 1, 1969, all employees of the school district shall contribute

1 an amount equal to the membership contribution which shall be two and
2 three-fourths percent of the first seven thousand eight hundred dollars
3 of salary or wages earned each fiscal year and five percent of salary or
4 wages earned above that amount in the same fiscal year. Commencing
5 September 1, 1976, all employees of the school district shall contribute
6 an amount equal to the membership contribution which shall be two and
7 nine-tenths percent of the first seven thousand eight hundred dollars of
8 salary or wages earned each fiscal year and five and twenty-five
9 hundredths percent of salary or wages earned above that amount in the
10 same fiscal year. Commencing on September 1, 1982, all employees of the
11 school district shall contribute an amount equal to the membership
12 contribution which shall be four and nine-tenths percent of the
13 compensation earned in each fiscal year. Commencing September 1, 1989,
14 all employees of the school district shall contribute an amount equal to
15 the membership contribution which shall be five and eight-tenths percent
16 of the compensation earned in each fiscal year. Commencing September 1,
17 1995, all employees of the school district shall contribute an amount
18 equal to the membership contribution which shall be six and three-tenths
19 percent of the compensation earned in each fiscal year. Commencing
20 September 1, 2007, all employees of the school district shall contribute
21 an amount equal to the membership contribution which shall be seven and
22 three-tenths percent of the compensation paid in each fiscal year.
23 Commencing September 1, 2009, all employees of the school district shall
24 contribute an amount equal to the membership contribution which shall be
25 eight and three-tenths percent of the compensation paid in each fiscal
26 year. Commencing September 1, 2011, all employees of the school district
27 shall contribute an amount equal to the membership contribution which
28 shall be nine and three-tenths percent of the compensation paid in each
29 fiscal year. Commencing September 1, 2013, all employees of the school
30 district shall contribute an amount equal to the membership contribution
31 which shall be nine and seventy-eight hundredths percent of the

1 compensation paid in each fiscal year.

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

8 (c) The contributions by the school district in any fiscal year
9 beginning on or after September 1, 2007, shall be the greater of (i) one
10 hundred one percent of the contributions by the employees for such fiscal
11 year or (ii) such amount as may be necessary to maintain the solvency of
12 the system, as determined annually by the board of education upon
13 recommendation of the actuary and after considering any amounts that will
14 be, or are expected to be, transferred to the system pursuant to
15 subdivision (1)(b) of section 79-966. For purposes of this section,
16 solvency means the rate of all contributions required pursuant to the
17 Class V School Employees Retirement Act is equal to or greater than the
18 actuarially required contribution rate using a closed thirty-year
19 amortization period beginning on the current valuation date for any
20 unfunded actuarial accrued liability. The school district contributions
21 specified in subdivision (i) of this subdivision shall be made monthly
22 and shall be immediately transmitted to the account of the retirement
23 system and the trustees.

24 (d) The employee's contribution shall be made in the form of a
25 monthly deduction from compensation as provided in subsection (2) of this
26 section and shall be immediately transmitted to the account of the
27 retirement system. Every employee who is a member of the system shall be
28 deemed to consent and agree to such deductions and shall receipt in full
29 for compensation, and payment to such employee of compensation less such
30 deduction shall constitute a full and complete discharge of all claims
31 and demands whatsoever for services rendered by such employee during the

1 period covered by such payment except as to benefits provided under the
2 Class V School Employees Retirement Act.

3 (e) After September 1, 1963, and prior to September 1, 1969, all
4 employees shall be credited with a membership service annuity which shall
5 be nine-tenths of one percent of salary or wage covered by old age and
6 survivors insurance and one and one-half percent of salary or wages above
7 that amount, except that those employees who retire on or after August
8 31, 1969, shall be credited with a membership service annuity which shall
9 be one percent of salary or wages covered by old age and survivors
10 insurance and one and sixty-five hundredths percent of salary or wages
11 above that amount for service performed after September 1, 1963, and
12 prior to September 1, 1969. Commencing September 1, 1969, all employees
13 shall be credited with a membership service annuity which shall be one
14 percent of the first seven thousand eight hundred dollars of salary or
15 wages earned by the employee during each fiscal year and one and sixty-
16 five hundredths percent of salary or wages earned above that amount in
17 the same fiscal year, except that all employees retiring on or after
18 August 31, 1976, shall be credited with a membership service annuity
19 which shall be one and forty-four hundredths percent of the first seven
20 thousand eight hundred dollars of salary or wages earned by the employee
21 during such fiscal year and two and four-tenths percent of salary or
22 wages earned above that amount in the same fiscal year, and the
23 retirement annuities of employees who have not retired prior to September
24 1, 1963, and who elected under the provisions of section 79-988 as such
25 section existed immediately prior to February 20, 1982, not to become
26 members of the system shall not be less than they would have been had
27 they remained under any preexisting system to date of retirement.

28 (f) Members of this system having the service qualifications of
29 members of the School Employees Retirement System of the State of
30 Nebraska, as provided by section 79-926, who are members of the
31 retirement system established pursuant to the Class V School Employees

1 Retirement Act prior to July 1, 2016, shall receive the state service
2 annuity provided by sections 79-933 to 79-935 and 79-951.

3 (2) The school district shall pick up the employee contributions
4 required by this section for all compensation paid on or after January 1,
5 1985, and the contributions so picked up shall be treated as employer
6 contributions in determining federal tax treatment under the Internal
7 Revenue Code, except that the school district shall continue to withhold
8 federal income taxes based upon these contributions until the Internal
9 Revenue Service or the federal courts rule that, pursuant to section
10 414(h) of the Internal Revenue Code, these contributions shall not be
11 included as gross income of the employee until such time as they are
12 distributed or made available. The school district shall pay these
13 employee contributions from the same source of funds which is used in
14 paying earnings to the employee. The school district shall pick up these
15 contributions by a salary deduction either through a reduction in the
16 cash salary of the employee or a combination of a reduction in salary and
17 offset against a future salary increase. Beginning September 1, 1995, the
18 school district shall also pick up any contributions required by sections
19 79-990, 79-991, and 79-992 which are made under an irrevocable payroll
20 deduction authorization between the member and the school district, and
21 the contributions so picked up shall be treated as employer contributions
22 in determining federal tax treatment under the Internal Revenue Code,
23 except that the school district shall continue to withhold federal and
24 state income taxes based upon these contributions until the Internal
25 Revenue Service rules that, pursuant to section 414(h) of the Internal
26 Revenue Code, these contributions shall not be included as gross income
27 of the employee until such time as they are distributed from the system.
28 Employee contributions picked up shall be treated for all purposes of the
29 Class V School Employees Retirement Act in the same manner and to the
30 extent as employee contributions made prior to the date picked up.

31 Sec. 43. Section 79-9,115, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 79-9,115 (1) All allowances, annuities, or other benefits granted
3 under the Class V School Employees Retirement Act, and all expenses
4 incurred in connection with the administration of the act, except
5 clerical work incurred in connection with maintenance of records and
6 payment of benefits, shall be paid from the Class V School Employees
7 Retirement Fund which is ~~retirement~~ fund hereby established. Such
8 clerical work shall be performed by employees of the school district or
9 districts and paid for out of the general fund of the school district or
10 districts. The administrator and staff of the retirement system shall be
11 permitted reasonable office and records storage space in the central
12 office building of the Class V school district formed before September
13 13, 1997. All expenses for the retirement system office accommodations
14 and integrated pension benefit information management systems, including
15 all services, support, furniture, and equipment provided or by any
16 central office department of the school district, shall be charged to the
17 retirement system. The school district or districts shall not be liable
18 for acts or omissions in the administration of the act made at the
19 direction of the board of trustees or its employees.

20 (2) Beginning on the operative date of this section, any expenses
21 with respect to the transfer to and assumption by the council and the
22 state investment officer of the duty and authority to invest the assets
23 of a retirement system provided for under the Class V School Employees
24 Retirement Act shall be charged to the Class V School Employees
25 Retirement Cash Fund. Such expenses shall be paid without the approval of
26 the board of trustees.

27 Sec. 44. Section 79-9,117, Reissue Revised Statutes of Nebraska, is
28 amended to read:

29 79-9,117 (1) The board of trustees shall establish a comprehensive
30 preretirement planning program for school employees who are members of
31 the retirement system. The program shall provide information and advice

1 regarding the many changes employees face upon retirement, including, but
2 not limited to, changes in physical and mental health, housing, family
3 life, leisure activity, and retirement income.

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

8 (3) The preretirement planning program shall include information on
9 the federal and state income tax consequences of the various annuity or
10 retirement benefit options available to the employee, information on
11 social security benefits, information on various local, state, and
12 federal government programs and programs in the private sector designed
13 to assist elderly persons, and information and advice the board of
14 trustees deems valuable in assisting employees in the transition from
15 public employment to retirement.

16 (4) The board of trustees shall work with any governmental agency,
17 including political subdivisions or bodies whose services or expertise
18 may enhance the development or implementation of the preretirement
19 planning program.

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

22 (6) The employer shall provide each eligible employee leave with pay
23 to attend up to two preretirement planning programs. For purposes of this
24 subsection, leave with pay means a day off paid by the employer and does
25 not mean vacation, sick, personal, or compensatory time. An employee may
26 choose to attend a program more than twice, but such leave shall be at
27 the expense of the employee and shall be at the discretion of the
28 employer. An eligible employee shall not be entitled to attend more than
29 one preretirement planning program per fiscal year prior to actual
30 election of retirement.

31 (7) A nominal registration fee may be charged each person attending

1 a preretirement planning program to cover the costs for meals, meeting
2 rooms, or other expenses incurred under such program.

3 Sec. 45. Section 84-712.05, Reissue Revised Statutes of Nebraska, is
4 amended to read:

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

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

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

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

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

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

1 part of the examination, investigation, intelligence information, citizen
2 complaints or inquiries, informant identification, or strategic or
3 tactical information used in law enforcement training, except that this
4 subdivision shall not apply to records so developed or received relating
5 to the presence of and amount or concentration of alcohol or drugs in any
6 body fluid of any person;

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

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

12 (8) Information solely pertaining to protection of the security of
13 public property and persons on or within public property, such as
14 specific, unique vulnerability assessments or specific, unique response
15 plans, either of which is intended to prevent or mitigate criminal acts
16 the public disclosure of which would create a substantial likelihood of
17 endangering public safety or property; computer or communications network
18 schema, passwords, and user identification names; guard schedules; lock
19 combinations; or public utility infrastructure specifications or design
20 drawings the public disclosure of which would create a substantial
21 likelihood of endangering public safety or property, unless otherwise
22 provided by state or federal law;

23 (9) The security standards, procedures, policies, plans,
24 specifications, diagrams, access lists, and other security-related
25 records of the Lottery Division of the Department of Revenue and those
26 persons or entities with which the division has entered into contractual
27 relationships. Nothing in this subdivision shall allow the division to
28 withhold from the public any information relating to amounts paid persons
29 or entities with which the division has entered into contractual
30 relationships, amounts of prizes paid, the name of the prize winner, and
31 the city, village, or county where the prize winner resides;

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

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

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

19 (13) Records or portions of records kept by public bodies which
20 would reveal the location, character, or ownership of any known
21 archaeological, historical, or paleontological site in Nebraska when
22 necessary to protect the site from a reasonably held fear of theft,
23 vandalism, or trespass. This section shall not apply to the release of
24 information for the purpose of scholarly research, examination by other
25 public bodies for the protection of the resource or by recognized tribes,
26 the Unmarked Human Burial Sites and Skeletal Remains Protection Act, or
27 the federal Native American Graves Protection and Repatriation Act;

28 (14) Records or portions of records kept by public bodies which
29 maintain collections of archaeological, historical, or paleontological
30 significance which reveal the names and addresses of donors of such
31 articles of archaeological, historical, or paleontological significance

1 unless the donor approves disclosure, except as the records or portions
2 thereof may be needed to carry out the purposes of the Unmarked Human
3 Burial Sites and Skeletal Remains Protection Act or the federal Native
4 American Graves Protection and Repatriation Act;

5 (15) Job application materials submitted by applicants, other than
6 finalists, who have applied for employment by any public body as defined
7 in section 84-1409. For purposes of this subdivision, (a) job application
8 materials means employment applications, resumes, reference letters, and
9 school transcripts and (b) finalist means any applicant (i) who reaches
10 the final pool of applicants, numbering four or more, from which the
11 successful applicant is to be selected, (ii) who is an original applicant
12 when the final pool of applicants numbers less than four, or (iii) who is
13 an original applicant and there are four or fewer original applicants;

14 (16) Records obtained by the Public Employees Retirement Board
15 pursuant to section 84-1512;

16 (17) Social security numbers; credit card, charge card, or debit
17 card numbers and expiration dates; and financial account numbers supplied
18 to state and local governments by citizens; ~~and~~

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

21 (19) Draft records obtained by the Nebraska Retirement Systems
22 Committee of the Legislature and the Governor from Nebraska Public
23 Employees Retirement Systems pursuant to subsection (4) of section
24 84-1503.

25 Sec. 46. Section 84-1501, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 84-1501 (1) The Public Employees Retirement Board is hereby
28 established.

29 (2)(a) The board shall consist of eight appointed members as
30 described in this subsection and the state investment officer as a
31 nonvoting, ex officio member. Six of the appointed members shall be

1 active or retired participants in the retirement systems administered by
2 the board, and two of the appointed members (i) shall not be employees of
3 the State of Nebraska or any of its political subdivisions and (ii) shall
4 have at least ten years of experience in the management of a public or
5 private organization or have at least five years of experience in the
6 field of actuarial analysis or the administration of an employee benefit
7 plan.

8 (b) The six appointed members who are participants in the systems
9 shall be as follows:

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

13 (ii) One of the appointed members shall be a participant in the
14 Nebraska Judges Retirement System as provided in the Judges Retirement
15 Act;

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

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

20 (v) One of the appointed members shall be a participant in the State
21 Employees Retirement System of the State of Nebraska.

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

25 ~~(3)(a) Except as otherwise provided in this subsection, all~~ All
26 members shall serve for terms of five years or until a successor has been
27 appointed and qualified. The terms shall begin on January 1 of the
28 appropriate year. ~~The members of the board shall be reimbursed for their~~
29 ~~actual and necessary expenses as provided in sections 81-1174 to 81-1177.~~
30 ~~The appointed members of the board may be removed by the Governor for~~
31 ~~cause after notice and an opportunity to be heard.~~

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

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

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

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

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

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

19 (vi) The participant in the Nebraska State Patrol Retirement System
20 shall be appointed to serve for a three-year term which begins in 2020,
21 and his or her successor shall be appointed to serve for a five-year term
22 which begins in 2023.

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

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

28 (6) The members of the board shall be reimbursed for their actual
29 and necessary expenses as provided in sections 81-1174 to 81-1177.

30 Sec. 47. Section 84-1503, Revised Statutes Supplement, 2015, is
31 amended to read:

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

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

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

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

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

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

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

30 (g) To adopt and implement procedures for reporting information by
31 employers, as well as testing and monitoring procedures in order to

1 verify the accuracy of such information. The information necessary to
2 determine membership shall be provided by the employer. The board shall
3 adopt and promulgate rules and regulations and prescribe such forms
4 necessary to carry out this subdivision. Nothing in this subdivision
5 shall be construed to require the board to conduct onsite audits of
6 political subdivisions for compliance with statutes, rules, and
7 regulations governing the retirement systems listed in subdivision (1)(a)
8 of this section regarding membership and contributions; and

9 (h) To prescribe and furnish forms for the public retirement system
10 plan reports required to be filed pursuant to sections 2-3228, 12-101,
11 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037, 19-3501, 23-1118,
12 23-3526, 71-1631.02, and 79-987.

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

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

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

21 (c) To adopt and promulgate rules and regulations for the management
22 of the board;

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

25 (e) To obtain, by a competitive, formal, and sealed bidding process
26 through the materiel division of the Department of Administrative
27 Services, actuarial services on behalf of the State of Nebraska as may be
28 necessary in the administration and development of the retirement
29 systems, including, but not limited to, preparation of an annual
30 actuarial valuation report of each of the defined benefit and cash
31 balance plans administered by the board. Such annual valuation reports

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

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

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

1 (h) To obtain, by a competitive, formal, and sealed bidding process
2 through the materiel division of the Department of Administrative
3 Services, auditing services for a separate compliance audit of the
4 retirement systems to be completed by December 31, 2020, and from time to
5 time thereafter at the request of the Nebraska Retirement Systems
6 Committee of the Legislature, to be completed not more than every four
7 years but not less than every ten years. The compliance audit shall be in
8 addition to the annual audit conducted by the Auditor of Public Accounts.
9 The compliance audit shall include, but not be limited to, an examination
10 of records, files, and other documents and an evaluation of all policies
11 and procedures to determine compliance with all state and federal laws. A
12 copy of the compliance audit shall be given to the Governor, the board,
13 and the Nebraska Retirement Systems Committee of the Legislature and
14 shall be presented to the committee at a public hearing;

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

26 (j) To make a thorough investigation through the director or the
27 director's designee, of any overpayment of a benefit, when in the
28 judgment of the director such investigation is necessary, including, but
29 not limited to, circumstances in which benefit payments are made after
30 the death of a member or beneficiary and the retirement system is not
31 made aware of such member's or beneficiary's death. In connection with

1 any such investigation, the board, through the director or the director's
2 designee, shall have the power to compel the attendance of witnesses and
3 the production of books, papers, records, and documents, whether in
4 hardcopy, electronic form, or otherwise, and issue subpoenas for such
5 purposes. Such subpoenas shall be served in the same manner and have the
6 same effect as subpoenas from district courts; and

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

26 (3) By March 31 of each year, the board shall prepare a written plan
27 of action and shall present such plan to the Nebraska Retirement Systems
28 Committee of the Legislature at a public hearing. The plan shall include,
29 but not be limited to, the board's funding policy, the administrative
30 costs and other fees associated with each fund and plan overseen by the
31 board, member education and informational programs, the director's duties

1 and limitations, an organizational structure of the office of the
2 Nebraska Public Employees Retirement Systems, and the internal control
3 structure of such office to ensure compliance with state and federal
4 laws.

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

16 (b) The director shall provide an electronic copy of the first draft
17 and a final draft of the experience study and annual valuation reports to
18 the Nebraska Retirement Systems Committee and the Governor when the
19 director receives the drafts from the actuary. The drafts shall be deemed
20 confidential information. The draft copies obtained by the Nebraska
21 Retirement Systems Committee and the Governor pursuant to this section
22 shall not be considered public records subject to sections 84-712 to
23 84-712.09.

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

29 (5) It shall be the duty of the board to direct the State Treasurer
30 to transfer funds, as an expense of the retirement system provided for
31 under the Class V School Employees Retirement Act, to and from the Class

1 V Retirement System Payment Processing Fund and the Class V School
2 Employees Retirement Fund for the benefit of a retirement system provided
3 for under the Class V School Employees Retirement Act to implement the
4 provisions of section 79-986. The agency for the administration of this
5 provision and under the direction of the board shall be known and may be
6 cited as the Nebraska Public Employees Retirement Systems.

7 Sec. 48. The Class V Retirement System Payment Processing Fund is
8 created for the purpose of transferring funds as specified in section
9 79-986 and for paying expenses associated with the transfer of such
10 funds. The fund shall consist of the amounts transferred from the
11 custodial bank that holds the assets of a retirement system provided for
12 under the Class V School Employees Retirement Act to make payments for
13 purposes specified in the Class V School Employees Retirement Act and to
14 pay administrative expenses incurred under this section by the Public
15 Employees Retirement Board. The fund shall reside with the Nebraska
16 Public Employees Retirement Systems for the sole purpose of conducting
17 the transactions necessary to implement this section. Any money in the
18 fund available for investment shall be invested by the state investment
19 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
20 State Funds Investment Act.

21 The Nebraska Public Employees Retirement Systems, Public Employees
22 Retirement Board, State Treasurer, Nebraska Investment Council, and
23 employees of each of such agencies shall not have responsibility to
24 review or verify the accuracy of the requests for transfer of funds for
25 payments and shall not be liable for any claims, suits, losses, damages,
26 fees, and costs related to the payment of such benefits, refunds, and
27 expenses.

28 Sec. 49. Sections 17 and 52 of this act become operative on July 1,
29 2016. Sections 31 and 53 of this act become operative on September 1,
30 2016. The other sections of this act become operative on their effective
31 date.

1 Sec. 50. If any section in this act or any part of any section is
2 declared invalid or unconstitutional, the declaration shall not affect
3 the validity or constitutionality of the remaining portions.

4 Sec. 51. Original sections 72-1237, 72-1239, 72-1249, 72-1249.02,
5 79-916, 79-931, 79-935, 79-954, 79-966, 79-978.01, 79-979, 79-981,
6 79-982, 79-983, 79-984, 79-985, 79-986, 79-987, 79-989, 79-990, 79-991,
7 79-992, 79-998, 79-9,102, 79-9,103, 79-9,105, 79-9,107, 79-9,108,
8 79-9,109, 79-9,111, 79-9,113, 79-9,115, 79-9,117, 84-712.05, and 84-1501,
9 Reissue Revised Statutes of Nebraska, section 72-1243, Revised Statutes
10 Cumulative Supplement, 2014, and sections 13-2402, 72-1239.01, 79-934,
11 79-978, 79-9,100, and 84-1503, Revised Statutes Supplement, 2015, are
12 repealed.

13 Sec. 52. Original section 79-980, Reissue Revised Statutes of
14 Nebraska, is repealed.

15 Sec. 53. Original section 79-996, Reissue Revised Statutes of
16 Nebraska, is repealed.

17 Sec. 54. The following section is outright repealed: Section
18 79-988.01, Reissue Revised Statutes of Nebraska.

19 Sec. 55. Since an emergency exists, this act takes effect when
20 passed and approved according to law.