

AMENDMENTS TO LB219

Introduced by Nebraska Retirement Systems.

1 1. Strike the original sections and insert the following new
2 sections:

3 Section 1. Section 23-2301, Revised Statutes Cumulative Supplement,
4 2016, is amended to read:

5 23-2301 For purposes of the County Employees Retirement Act, unless
6 the context otherwise requires:

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

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

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

26 (2) Annuity means equal monthly payments provided by the retirement
27 system to a member or beneficiary under forms determined by the board

1 beginning the first day of the month after an annuity election is
2 received in the office of the Nebraska Public Employees Retirement
3 Systems or the first day of the month after the employee's termination of
4 employment, whichever is later. The last payment shall be at the end of
5 the calendar month in which the member dies or in accordance with the
6 payment option chosen by the member;

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

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

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

28 (b) Compensation in excess of the limitations set forth in section
29 401(a)(17) of the Internal Revenue Code shall be disregarded. For an
30 employee who was a member of the retirement system before the first plan
31 year beginning after December 31, 1995, the limitation on compensation

1 shall not be less than the amount which was allowed to be taken into
2 account under the retirement system as in effect on July 1, 1993;

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

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

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

13 (9) Disability means an inability to engage in a substantially
14 gainful activity by reason of any medically determinable physical or
15 mental impairment which can be expected to result in death or be of a
16 long and indefinite duration;

17 (10) Employee means all persons or officers who are employed by a
18 county of the State of Nebraska on a permanent basis, persons or officers
19 employed by or serving in a municipal county formed by at least one
20 county participating in the retirement system, persons employed as
21 provided in section 2-1608, all elected officers of a county, and such
22 other persons or officers as are classified from time to time as
23 permanent employees by the county board of the county by which they are
24 employed, except that employee does not include judges, employees or
25 officers of any county having a population in excess of two hundred fifty
26 thousand inhabitants as determined by the most recent federal decennial
27 census, or, except as provided in section 23-2306, persons making
28 contributions to the School Employees Retirement System of the State of
29 Nebraska;

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

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

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

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

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

13 (16) Future service means service following the date of adoption of
14 the retirement system;

15 (17) Guaranteed investment contract means an investment contract or
16 account offering a return of principal invested plus interest at a
17 specified rate. For investments made after July 19, 1996, guaranteed
18 investment contract does not include direct obligations of the United
19 States or its instrumentalities, bonds, participation certificates or
20 other obligations of the Federal National Mortgage Association, the
21 Federal Home Loan Mortgage Corporation, or the Government National
22 Mortgage Association, or collateralized mortgage obligations and other
23 derivative securities. This subdivision shall not be construed to require
24 the liquidation of investment contracts or accounts entered into prior to
25 July 19, 1996;

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

28 (19) ~~(18)~~ Interest credit rate means the greater of (a) five percent
29 or (b) the applicable federal mid-term rate, as published by the Internal
30 Revenue Service as of the first day of the calendar quarter for which
31 interest credits are credited, plus one and one-half percent, such rate

1 to be compounded annually;

2 ~~(20)~~ ~~(19)~~ Interest credits means the amounts credited to the
3 employee cash balance account and the employer cash balance account at
4 the end of each day. Such interest credit for each account shall be
5 determined by applying the daily portion of the interest credit rate to
6 the account balance at the end of the previous day. Such interest credits
7 shall continue to be credited to the employee cash balance account and
8 the employer cash balance account after a member ceases to be an
9 employee, except that no such credit shall be made with respect to the
10 employee cash balance account and the employer cash balance account for
11 any day beginning on or after the member's date of final account value.
12 If benefits payable to the member's surviving spouse or beneficiary are
13 delayed after the member's death, interest credits shall continue to be
14 credited to the employee cash balance account and the employer cash
15 balance account until such surviving spouse or beneficiary commences
16 receipt of a distribution from the plan;

17 ~~(21)~~ ~~(20)~~ Member cash balance account means an account equal to the
18 sum of the employee cash balance account and, if vested, the employer
19 cash balance account and dividend amounts credited in accordance with
20 subdivision (4)(c) of section 23-2317;

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

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

25 ~~(24)~~ ~~(23)~~ Part-time employee means an employee who is employed to
26 work less than one-half of the regularly scheduled hours during each pay
27 period;

28 ~~(25)~~ ~~(24)~~ Plan year means the twelve-month period beginning on
29 January 1 and ending on December 31;

30 ~~(26)~~ ~~(25)~~ Prior service means service prior to the date of adoption
31 of the retirement system;

1 (27) ~~(26)~~ Regular interest means the rate of interest earned each
2 calendar year as determined by the retirement board in conformity with
3 actual and expected earnings on the investments through December 31,
4 1985;

5 (28) ~~(27)~~ Required contribution means the deduction to be made from
6 the compensation of employees as provided in the act;

7 (29) ~~(28)~~ Retirement means qualifying for and accepting the
8 retirement benefit granted under the act after terminating employment;

9 (30) ~~(29)~~ Retirement application means the form approved and
10 provided by the retirement system for acceptance of a member's request
11 for either regular or disability retirement;

12 (31) ~~(30)~~ Retirement board or board means the Public Employees
13 Retirement Board;

14 (32) ~~(31)~~ Retirement date means (a) the first day of the month
15 following the date upon which a member's request for retirement is
16 received on a retirement application if the member is eligible for
17 retirement and has terminated employment or (b) the first day of the
18 month following termination of employment if the member is eligible for
19 retirement and has filed an application but has not yet terminated
20 employment;

21 (33) ~~(32)~~ Retirement system means the Retirement System for Nebraska
22 Counties;

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

31 (35) ~~(34)~~ Surviving spouse means (a) the spouse married to the

1 member on the date of the member's death or (b) the spouse or former
2 spouse of the member if survivorship rights are provided under a
3 qualified domestic relations order filed with the board pursuant to the
4 Spousal Pension Rights Act. The spouse or former spouse shall supersede
5 the spouse married to the member on the date of the member's death as
6 provided under a qualified domestic relations order. If the benefits
7 payable to the spouse or former spouse under a qualified domestic
8 relations order are less than the value of benefits entitled to the
9 surviving spouse, the spouse married to the member on the date of the
10 member's death shall be the surviving spouse for the balance of the
11 benefits;

12 (36) ~~(35)~~ Termination of employment occurs on the date on which a
13 county which is a member of the retirement system determines that its
14 employer-employee relationship with an employee is dissolved. The county
15 shall notify the board of the date on which such a termination has
16 occurred. Termination of employment does not occur if an employee whose
17 employer-employee relationship with a county is dissolved enters into an
18 employer-employee relationship with the same or another county which
19 participates in the Retirement System for Nebraska Counties and there are
20 less than one hundred twenty days between the date when the employee's
21 employer-employee relationship ceased with the county and the date when
22 the employer-employee relationship commenced with the same or another
23 county which qualifies the employee for participation in the plan. It is
24 the responsibility of the employer that is involved in the termination of
25 employment to notify the board of such change in employment and provide
26 the board with such information as the board deems necessary. If the
27 board determines that termination of employment has not occurred and a
28 retirement benefit has been paid to a member of the retirement system
29 pursuant to section 23-2319, the board shall require the member who has
30 received such benefit to repay the benefit to the retirement system; and

31 (37) ~~(36)~~ Vesting credit means credit for years, or a fraction of a

1 year, of participation in another Nebraska governmental plan for purposes
2 of determining vesting of the employer account.

3 Sec. 3. Section 23-2317, Revised Statutes Cumulative Supplement,
4 2016, is amended to read:

5 23-2317 (1) The future service retirement benefit shall be an
6 annuity, payable monthly with the first payment made no earlier than the
7 annuity start date, which shall be the actuarial equivalent of the
8 retirement value as specified in section 23-2316 based on factors
9 determined by the board, except that gender shall not be a factor when
10 determining the amount of such payments pursuant to subsection (2) of
11 this section.

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

16 Except as provided in section 42-1107, in lieu of the future service
17 retirement annuity, a retiring employee may receive a benefit not to
18 exceed the amount in his or her employer and employee accounts as of the
19 date of final account value payable in a lump sum and, if the employee
20 chooses not to receive the entire amount in such accounts, an annuity
21 equal to the actuarial equivalent of the remainder of the retirement
22 value, and the employee may choose any form of such annuity as provided
23 for by the board.

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

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

31 (2) Except as provided in subsection (4) of this section, the

1 monthly income payable to a member retiring on or after January 1, 1984,
2 shall be as follows:

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

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

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

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

19 (4)(a) The normal form of payment shall be a single life annuity
20 with five-year certain, which is an annuity payable monthly during the
21 remainder of the member's life with the provision that, in the event of
22 his or her death before sixty monthly payments have been made, the
23 monthly payments will be continued to his or her estate or to the
24 beneficiary he or she has designated until sixty monthly payments have
25 been made in total. Such annuity shall be equal to the actuarial
26 equivalent of the member cash balance account or the sum of the employee
27 and employer accounts, whichever is applicable, as of the date of final
28 account value. As a part of the annuity, the normal form of payment may
29 include a two and one-half percent cost-of-living adjustment purchased by
30 the member, if the member elects such a payment option.

31 Except as provided in section 42-1107, a member may elect a lump-sum

1 distribution of his or her member cash balance account as of the date of
2 final account value upon termination of service or retirement.

3 For a member employed and participating in the retirement system
4 prior to January 1, 2003, who has elected to participate in the cash
5 balance benefit pursuant to section 23-2308.01, or for a member employed
6 and participating in the retirement system beginning on and after January
7 1, 2003, the balance of his or her member cash balance account as of the
8 date of final account value shall be converted to an annuity using an
9 interest rate that is recommended by the actuary and approved by the
10 board following an actuarial experience study, a benefit adequacy study,
11 or a plan valuation. The interest rate and actuarial factors in effect on
12 the member's retirement date will be used to calculate actuarial
13 equivalency of any retirement benefit. Such interest rate may be, but is
14 not required to be, equal to the assumed rate of return used in the
15 actuarial valuation as recommended by the actuary and approved by the
16 board.

17 For an employee who is a member prior to January 1, 2003, who has
18 elected not to participate in the cash balance benefit pursuant to
19 section 23-2308.01, and who, at the time of retirement, chooses the
20 annuity option rather than the lump-sum option, his or her employee and
21 employer accounts as of the date of final account value shall be
22 converted to an annuity using an interest rate that is equal to the
23 lesser of (i) the Pension Benefit Guaranty Corporation initial interest
24 rate for valuing annuities for terminating plans as of the beginning of
25 the year during which payment begins plus three-fourths of one percent or
26 (ii) the interest rate used to calculate the retirement benefits for cash
27 balance plan members in the actuarial valuation as recommended by the
28 actuary and approved by the board.

29 (b) For the calendar year beginning January 1, 2003, and each
30 calendar year thereafter, the actuary for the board shall perform an
31 actuarial valuation of the system using the entry age actuarial cost

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

23 (c) If the unfunded accrued actuarial liability under the entry age
24 actuarial cost method is less than zero on an actuarial valuation date,
25 and on the basis of all data in the possession of the retirement board,
26 including such mortality and other tables as are recommended by the
27 actuary engaged by the retirement board and adopted by the retirement
28 board, the retirement board may elect to pay a dividend to all members
29 participating in the cash balance option in an amount that would not
30 increase the actuarial contribution rate above ninety percent of the
31 actual contribution rate. Dividends shall be credited to the employee

1 cash balance account and the employer cash balance account based on the
2 account balances on the actuarial valuation date. In the event a dividend
3 is granted and paid after the actuarial valuation date, interest for the
4 period from the actuarial valuation date until the dividend is actually
5 paid shall be paid on the dividend amount. The interest rate shall be the
6 interest credit rate earned on regular contributions.

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

15 (6) A participant or beneficiary who would have been required to
16 receive required minimum distributions for 2009 but for the enactment of
17 section 401(a)(9)(H) of the Internal Revenue Code, and who would have
18 satisfied that requirement by receiving distributions that are either
19 equal to the 2009 required minimum distributions or one or more payments
20 in a series of substantially equal distributions, including the 2009
21 required minimum distribution, made at least annually and expected to
22 last for the life or life expectancy of the participant, the joint lives
23 or joint life expectancy of the participant and the participant's
24 designated beneficiary, or for a period of at least ten years, shall
25 receive those distributions for 2009 unless the participant or
26 beneficiary chooses not to receive such distributions. Participants and
27 beneficiaries shall be given the opportunity to elect to stop receiving
28 the distributions described in this subsection.

29 Sec. 4. Section 24-701, Reissue Revised Statutes of Nebraska, is
30 amended to read:

31 24-701 For purposes of the Judges Retirement Act, unless the context

1 otherwise requires:

2 (1)(a) ~~(1)~~ Actuarial equivalence means the equality in value of the
3 aggregate amounts expected to be received under different forms of
4 payment.

5 (b) For a judge hired prior to July 1, 2017, the ~~The~~ determinations
6 are to be based on the 1994 Group Annuity Mortality Table reflecting sex-
7 distinct factors blended using seventy-five percent of the male table and
8 twenty-five percent of the female table. An interest rate of eight
9 percent per annum shall be reflected in making these determinations. ÷

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

21 (2) Beneficiary means a person so designated by a judge in the last
22 designation of beneficiary on file with the board or, if no designated
23 person survives or if no designation is on file, the estate of such
24 judge;

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

26 (4)(a) Compensation means the statutory salary of a judge or the
27 salary being received by such judge pursuant to law. Compensation does
28 not include compensation for unused sick leave or unused vacation leave
29 converted to cash payments, insurance premiums converted into cash
30 payments, reimbursement for expenses incurred, fringe benefits, per
31 diems, or bonuses for services not actually rendered, including, but not

1 limited to, early retirement inducements, cash awards, and severance pay,
2 except for retroactive salary payments paid pursuant to court order,
3 arbitration, or litigation and grievance settlements. Compensation
4 includes overtime pay, member retirement contributions, and amounts
5 contributed by the member to plans under sections 125 and 457 of the
6 Internal Revenue Code as defined in section 49-801.01 or any other
7 section of the code which defers or excludes such amounts from income.

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

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

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

24 (7)(a) Current service means the period of service (i) any judge of
25 the Supreme Court or judge of the district court serves in such capacity
26 from and after January 3, 1957, (ii)(A) any judge of the Nebraska
27 Workmen's Compensation Court served in such capacity from and after
28 September 20, 1957, and prior to July 17, 1986, and (B) any judge of the
29 Nebraska Workers' Compensation Court serves in such capacity on and after
30 July 17, 1986, (iii) any county judge serves in such capacity from and
31 after January 5, 1961, (iv) any judge of a separate juvenile court serves

1 in such capacity, (v) any judge of the municipal court served in such
2 capacity subsequent to October 23, 1967, and prior to July 1, 1985, (vi)
3 any judge of the county court or associate county judge serves in such
4 capacity subsequent to January 4, 1973, (vii) any clerk magistrate, who
5 was an associate county judge and a member of the fund at the time of
6 appointment as a clerk magistrate, serves in such capacity from and after
7 July 1, 1986, and (viii) any judge of the Court of Appeals serves in such
8 capacity on or after September 6, 1991.

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

16 (8) Final average compensation for a judge who becomes a member
17 prior to July 1, 2015, means the average monthly compensation for the
18 three twelve-month periods of service as a judge in which compensation
19 was the greatest or, in the event of a judge serving less than three
20 twelve-month periods, the average monthly compensation for such judge's
21 period of service. Final average compensation for a judge who becomes a
22 member on and after July 1, 2015, means the average monthly compensation
23 for the five twelve-month periods of service as a judge in which
24 compensation was the greatest or, in the event of a judge serving less
25 than five twelve-month periods, the average monthly compensation for such
26 judge's period of service;

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

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

1 section 24-710.01;

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

4 (12) ~~(11)~~ Initial benefit means the retirement benefit calculated at
5 the time of retirement;

6 (13) ~~(12)~~ Judge means and includes (a) all duly elected or appointed
7 Chief Justices or judges of the Supreme Court and judges of the district
8 courts of Nebraska who serve in such capacity on and after January 3,
9 1957, (b)(i) all duly appointed judges of the Nebraska Workmen's
10 Compensation Court who served in such capacity on and after September 20,
11 1957, and prior to July 17, 1986, and (ii) judges of the Nebraska
12 Workers' Compensation Court who serve in such capacity on and after July
13 17, 1986, (c) judges of separate juvenile courts, (d) judges of the
14 county courts of the respective counties who serve in such capacity on
15 and after January 5, 1961, (e) judges of the county court and clerk
16 magistrates who were associate county judges and members of the fund at
17 the time of their appointment as clerk magistrates, (f) judges of
18 municipal courts established by Chapter 26, article 1, who served in such
19 capacity on and after October 23, 1967, and prior to July 1, 1985, and
20 (g) judges of the Court of Appeals;

21 (14) ~~(13)~~ Member means a judge eligible to participate in the
22 retirement system established under the Judges Retirement Act;

23 (15) ~~(14)~~ Military service means active service of (a) any judge of
24 the Supreme Court or judge of the district court in any of the armed
25 forces of the United States during a war or national emergency prior or
26 subsequent to September 18, 1955, if such service commenced while such
27 judge was holding the office of judge, (b) any judge of the Nebraska
28 Workmen's Compensation Court or the Nebraska Workers' Compensation Court
29 in any of the armed forces of the United States during a war or national
30 emergency prior or subsequent to September 20, 1957, if such service
31 commenced while such judge was holding the office of judge, (c) any judge

1 of the municipal court in any of the armed forces of the United States
2 during a war or national emergency prior or subsequent to October 23,
3 1967, and prior to July 1, 1985, if such service commenced while such
4 judge was holding the office of judge, (d) any judge of the county court
5 or associate county judge in any of the armed forces of the United States
6 during a war or national emergency prior or subsequent to January 4,
7 1973, if such service commenced while such judge was holding the office
8 of judge, (e) any clerk magistrate, who was an associate county judge and
9 a member of the fund at the time of appointment as a clerk magistrate, in
10 any of the armed forces of the United States during a war or national
11 emergency on or after July 1, 1986, if such service commenced while such
12 clerk magistrate was holding the office of clerk magistrate, and (f) any
13 judge of the Court of Appeals in any of the armed forces of the United
14 States during a war or national emergency on or after September 6, 1991,
15 if such service commenced while such judge was holding the office of
16 judge. The board shall have the power to determine when a national
17 emergency exists or has existed for the purpose of applying this
18 definition and provision;

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

29 (17) ~~(16)~~ Normal retirement date means the first day of the month
30 following attainment of age sixty-five;

31 (18) ~~(17)~~ Original member means a judge who first served as a judge

1 prior to December 25, 1969, who does not elect to become a future member
2 pursuant to subsection (8) of section 24-703 or section 24-710.01, and
3 who was retired on or before December 31, 1992;

4 (19) ~~(18)~~ Plan year means the twelve-month period beginning on July
5 1 and ending on June 30 of the following year;

6 (20) ~~(19)~~ Prior service means all the periods of time any person has
7 served as a (a) judge of the Supreme Court or judge of the district court
8 prior to January 3, 1957, (b) judge of the county court prior to January
9 5, 1961, (c) judge of the Nebraska Workmen's Compensation Court prior to
10 September 20, 1957, (d) judge of the separate juvenile court, or (e)
11 judge of the municipal court prior to October 23, 1967;

12 (21) ~~(20)~~ Regular interest means interest fixed at a rate equal to
13 the daily treasury yield curve for one-year treasury securities, as
14 published by the Secretary of the Treasury of the United States, that
15 applies on July 1 of each year, which may be credited monthly, quarterly,
16 semiannually, or annually as the board may direct;

17 (22) ~~(21)~~ Retirement application means the form approved and
18 provided by the retirement system for acceptance of a member's request
19 for either regular or disability retirement;

20 (23) ~~(22)~~ Retirement date means (a) the first day of the month
21 following the date upon which a member's request for retirement is
22 received on a retirement application if the member is eligible for
23 retirement and has terminated employment or (b) the first day of the
24 month following termination of employment if the member is eligible for
25 retirement and has filed an application but has not yet terminated
26 employment;

27 (24) ~~(23)~~ Retirement system or system means the Nebraska Judges
28 Retirement System as provided in the Judges Retirement Act;

29 (25) ~~(24)~~ Surviving spouse means (a) the spouse married to the
30 member on the date of the member's death or (b) the spouse or former
31 spouse of the member if survivorship rights are provided under a

1 qualified domestic relations order filed with the board pursuant to the
2 Spousal Pension Rights Act. The spouse or former spouse shall supersede
3 the spouse married to the member on the date of the member's death as
4 provided under a qualified domestic relations order. If the benefits
5 payable to the spouse or former spouse under the qualified domestic
6 relations order are less than the value of benefits entitled to the
7 surviving spouse, the spouse married to the member on the date of the
8 member's death shall be the surviving spouse for the balance of the
9 benefits; and

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

27 Sec. 6. Section 79-902, Revised Statutes Cumulative Supplement,
28 2016, is amended to read:

29 79-902 For purposes of the School Employees Retirement Act, unless
30 the context otherwise requires:

31 (1) Accumulated contributions means the sum of all amounts deducted

1 from the compensation of a member and credited to his or her individual
2 account in the School Retirement Fund together with regular interest
3 thereon, compounded monthly, quarterly, semiannually, or annually;

4 (2)(a) (2) Actuarial equivalent means the equality in value of the
5 aggregate amounts expected to be received under different forms of
6 payment.

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

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

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

31 (3) Beneficiary means any person in receipt of a school retirement

1 allowance or other benefit provided by the act;

2 (4)(a) Compensation means gross wages or salaries payable to the
3 member for personal services performed during the plan year and includes
4 (i) overtime pay, (ii) member retirement contributions, (iii) retroactive
5 salary payments paid pursuant to court order, arbitration, or litigation
6 and grievance settlements, and (iv) amounts contributed by the member to
7 plans under sections 125, 403(b), and 457 of the Internal Revenue Code as
8 defined in section 49-801.01 or any other section of the code which
9 defers or excludes such amounts from income.

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

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

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

1 or her office who is required by law to have a teacher's certificate;

2 (6) Creditable service means prior service for which credit is
3 granted under sections 79-926 to 79-929, service credit purchased under
4 sections 79-933.03 to 79-933.06 and 79-933.08, and all service rendered
5 while a contributing member of the retirement system. Creditable service
6 includes working days, sick days, vacation days, holidays, and any other
7 leave days for which the employee is paid regular wages as part of the
8 employee's agreement with the employer. Creditable service does not
9 include lump-sum payments to the employee upon termination or retirement
10 in lieu of accrued benefits for such days, eligibility and vesting
11 credit, nor service years for which member contributions are withdrawn
12 and not repaid. Creditable service also does not include service rendered
13 by a member for which the retirement board determines that the member was
14 paid less in compensation than the minimum wage as provided in the Wage
15 and Hour Act or service which the board determines was rendered with the
16 intent to defraud the retirement system;

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

19 (8) Disability means an inability to engage in a substantially
20 gainful activity by reason of any medically determinable physical or
21 mental impairment which can be expected to result in death or be of a
22 long and indefinite duration;

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

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

31 (11) Eligibility and vesting credit means credit for years, or a

1 fraction of a year, of participation in a Nebraska government plan for
2 purposes of determining eligibility for benefits under the School
3 Employees Retirement Act. Such credit shall not be included as years of
4 creditable service in the benefit calculation;

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

19 (13) Employer means the State of Nebraska or any subdivision thereof
20 or agency of the state or subdivision authorized by law to hire school
21 employees or to pay their compensation;

22 (14)(a) Final average compensation means:

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

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

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

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

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

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

7 (b) Payments under the Retirement Incentive Plan pursuant to section
8 79-855 and Staff Development Assistance pursuant to section 79-856 shall
9 not be included in the determination of final average compensation;

10 (15) Fiscal year means any year beginning July 1 and ending June 30
11 next following;

12 (16) Initial benefit means the retirement benefit calculated at the
13 time of retirement;

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

16 (18) {17} Member means any person who has an account in the School
17 Retirement Fund;

18 (19) {18} Participation means qualifying for and making required
19 deposits to the retirement system during the course of a plan year;

20 (20) {19} Plan year means the twelve-month period beginning on July
21 1 and ending on June 30 of the following year;

22 (21) {20} Prior service means service rendered as a school employee
23 in the public schools of the State of Nebraska prior to July 1, 1945;

24 (22) {21} Public school means any and all schools offering
25 instruction in elementary or high school grades, as defined in section
26 79-101, which schools are supported by public funds and are wholly under
27 the control and management of the State of Nebraska or any subdivision
28 thereof, including (a) schools or other entities established, maintained,
29 and controlled by the school boards of local school districts, except
30 Class V school districts, (b) any educational service unit, and (c) any
31 other educational institution wholly supported by public funds, except

1 schools under the control and management of the Board of Trustees of the
2 Nebraska State Colleges, the Board of Regents of the University of
3 Nebraska, or the community college boards of governors for any community
4 college areas;

5 (23) ~~(22)~~ Regular employee means an employee hired by a public
6 school or under contract in a regular full-time or part-time position who
7 works a full-time or part-time schedule on an ongoing basis for twenty or
8 more hours per week. An employee hired as described in this subdivision
9 to provide service for less than twenty hours per week but who provides
10 service for an average of twenty hours or more per week in each calendar
11 month of any three calendar months of a plan year shall, beginning with
12 the next full payroll period, commence contributions and shall be deemed
13 a regular employee for all future employment with the same employer;

14 (24) ~~(23)~~ Regular interest means interest fixed at a rate equal to
15 the daily treasury yield curve for one-year treasury securities, as
16 published by the Secretary of the Treasury of the United States, that
17 applies on July 1 of each year, which may be credited monthly, quarterly,
18 semiannually, or annually as the board may direct;

19 (25) ~~(24)~~ Relinquished creditable service means, with respect to a
20 member who has withdrawn his or her accumulated contributions under
21 section 79-955, the total amount of creditable service which such member
22 has given up as a result of his or her election not to remain a member of
23 the retirement system;

24 (26) ~~(25)~~ Required deposit means the deduction from a member's
25 compensation as provided for in section 79-958 which shall be deposited
26 in the School Retirement Fund;

27 (27) ~~(26)~~ Retirement means qualifying for and accepting a school or
28 disability retirement allowance granted under the School Employees
29 Retirement Act;

30 (28) ~~(27)~~ Retirement application means the form approved and
31 provided by the retirement system for acceptance of a member's request

1 for either regular or disability retirement;

2 ~~(29)~~ ~~(28)~~ Retirement board or board means the Public Employees
3 Retirement Board;

4 ~~(30)~~ ~~(29)~~ Retirement date means (a) if the member has terminated
5 employment, the first day of the month following the date upon which a
6 member's request for retirement is received on a retirement application
7 provided by the retirement system or (b) if the member has filed a
8 retirement application but has not yet terminated employment, the first
9 day of the month following the date on which the member terminates
10 employment. An application may be filed no more than one hundred twenty
11 days prior to the effective date of the member's initial benefit;

12 ~~(31)~~ ~~(30)~~ Retirement system means the School Employees Retirement
13 System of the State of Nebraska;

14 ~~(32)~~ ~~(31)~~ Savings annuity means payments for life, made in equal
15 monthly payments, derived from the accumulated contributions of a member;

16 ~~(33)~~ ~~(32)~~ School employee means a contributing member who earns
17 service credit pursuant to section 79-927. For purposes of this section,
18 contributing member means the following persons who receive compensation
19 from a public school: (a) Regular employees; (b) regular employees having
20 retired pursuant to the School Employees Retirement Act who subsequently
21 provide compensated service on a regular basis in any capacity; and (c)
22 regular employees hired by a public school on an ongoing basis to assume
23 the duties of other regular employees who are temporarily absent.
24 Substitute employees, temporary employees, and employees who have not
25 attained the age of eighteen years shall not be considered school
26 employees;

27 ~~(34)~~ ~~(33)~~ School year means one fiscal year which includes not less
28 than one thousand instructional hours or, in the case of service in the
29 State of Nebraska prior to July 1, 1945, not less than seventy-five
30 percent of the then legal school year;

31 ~~(35)~~ ~~(34)~~ School retirement allowance means the total of the savings

1 annuity and the service annuity or formula annuity paid a person who has
2 retired under sections 79-931 to 79-935. The monthly payments shall be
3 payable at the end of each calendar month during the life of a retired
4 member. The first payment shall include all amounts accrued since the
5 effective date of the award of annuity. The last payment shall be at the
6 end of the calendar month in which such member dies or in accordance with
7 the payment option chosen by the member;

8 (36) ~~(35)~~ Service means employment as a school employee and shall
9 not be deemed interrupted by (a) termination at the end of the school
10 year of the contract of employment of an employee in a public school if
11 the employee enters into a contract of employment in any public school,
12 except a school in a Class V school district, for the following school
13 year, (b) temporary or seasonal suspension of service that does not
14 terminate the employee's employment, (c) leave of absence authorized by
15 the employer for a period not exceeding twelve months, (d) leave of
16 absence because of disability, or (e) military service when properly
17 authorized by the retirement board. Service does not include any period
18 of disability for which disability retirement benefits are received under
19 sections 79-951 to 79-953;

20 (37) ~~(36)~~ Service annuity means payments for life, made in equal
21 monthly installments, derived from appropriations made by the State of
22 Nebraska to the retirement system;

23 (38) ~~(37)~~ State deposit means the deposit by the state in the
24 retirement system on behalf of any member;

25 (39) ~~(38)~~ State school official means the Commissioner of Education
26 and his or her professional staff who are required by law or by the State
27 Department of Education to hold a certificate as such term is defined in
28 section 79-807;

29 (40) ~~(39)~~ Substitute employee means a person hired by a public
30 school as a temporary employee to assume the duties of regular employees
31 due to a temporary absence of any regular employees. Substitute employee

1 does not mean a person hired as a regular employee on an ongoing basis to
2 assume the duties of other regular employees who are temporarily absent;

3 ~~(41)~~ ~~(40)~~ Surviving spouse means (a) the spouse married to the
4 member on the date of the member's death or (b) the spouse or former
5 spouse of the member if survivorship rights are provided under a
6 qualified domestic relations order filed with the board pursuant to the
7 Spousal Pension Rights Act. The spouse or former spouse shall supersede
8 the spouse married to the member on the date of the member's death as
9 provided under a qualified domestic relations order. If the benefits
10 payable to the spouse or former spouse under a qualified domestic
11 relations order are less than the value of benefits entitled to the
12 surviving spouse, the spouse married to the member on the date of the
13 member's death shall be the surviving spouse for the balance of the
14 benefits;

15 ~~(42)~~ ~~(41)~~ Temporary employee means an employee hired by a public
16 school who is not a regular employee and who is hired to provide service
17 for a limited period of time to accomplish a specific purpose or task.
18 When such specific purpose or task is complete, the employment of such
19 temporary employee shall terminate and in no case shall the temporary
20 employment period exceed one year in duration; and

21 ~~(43)~~ ~~(42)~~ Termination of employment occurs on the date on which the
22 member experiences a bona fide separation from service of employment with
23 the member's employer, the date of which separation is determined by the
24 end of the member's contractual agreement or, if there is no contract or
25 only partial fulfillment of a contract, by the employer. A member shall
26 not be deemed to have terminated employment if the member subsequently
27 provides service to any employer participating in the retirement system
28 provided for in the School Employees Retirement Act within one hundred
29 eighty days after ceasing employment unless such service:

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

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

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

6 A member shall not be deemed to have terminated employment if the
7 board determines that a claimed termination was not a bona fide
8 separation from service with the employer or that a member was
9 compensated for a full contractual period when the member terminated
10 prior to the end date of the contract.

11 Sec. 7. Section 79-978, Revised Statutes Cumulative Supplement,
12 2016, is amended to read:

13 79-978 For purposes of the Class V School Employees Retirement Act,
14 unless the context otherwise requires:

15 (1) Accumulated contributions means the sum of amounts contributed
16 by a member of the system together with regular interest credited
17 thereon;

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

25 (3) Actuarial tables means:

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

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

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

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

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

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

22 (8) Board of education means the board of education of the school
23 district;

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

1 section of the code which defers or excludes such amounts from income.

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

12 (c) Compensation in excess of the limitations set forth in section
13 401(a)(17) of the Internal Revenue Code, as defined in section 49-801.01,
14 shall be disregarded;

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

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

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

26 (13) Employee means the following enumerated persons receiving
27 compensation from the school district: (a) Regular teachers and
28 administrators employed on a written contract basis; and (b) regular
29 employees, not included in subdivision (13)(a) of this section, hired
30 upon a full-time basis, which basis shall contemplate a workweek of not
31 less than thirty hours;

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

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

5 (16) ~~(15)~~ Interest means, for the purchase of service credit, the
6 purchase of prior service credit, restored refunds, and delayed payments,
7 the investment return assumption used in the most recent actuarial
8 valuation;

9 (17) ~~(16)~~ Member means any employee included in the membership of
10 the retirement system or any former employee who has made contributions
11 to the system and has not received a refund;

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

29 (19) ~~(18)~~ Military service means service in the uniformed services
30 as defined in 38 U.S.C. 4301 et seq., as such provision existed on March
31 27, 1997;

1 (20) ~~(19)~~ Normal retirement date means the end of the month during
2 which the member attains age sixty-five and has completed at least five
3 years of membership service;

4 (21) ~~(20)~~ Primary beneficiary means the person or persons entitled
5 to receive or receiving a benefit by reason of the death of a member;

6 (22) ~~(21)~~ Prior service means service rendered prior to September 1,
7 1951, for which credit is allowed under section 79-999, service rendered
8 by retired employees receiving benefits under preexisting systems, and
9 service for which credit is allowed under sections 79-990, 79-991,
10 79-994, 79-995, and 79-997;

11 (23) ~~(22)~~ Regular interest means interest (a) on the total
12 contributions of the member prior to the close of the last preceding
13 fiscal year, (b) compounded annually, and (c)(i) beginning September 1,
14 2016, at a rate equal to the daily treasury yield curve for one-year
15 treasury securities, as published by the Secretary of the Treasury of the
16 United States, that applies on September 1 of each year and (ii) prior to
17 September 1, 2016, at rates to be determined annually by the board, which
18 shall have the sole, absolute, and final discretionary authority to make
19 such determination, except that the rate for any given year in no event
20 shall exceed the actual percentage of net earnings of the system during
21 the last preceding fiscal year;

22 (24) ~~(23)~~ Retirement allowance means the total annual retirement
23 benefit payable to a member for service or disability;

24 (25) ~~(24)~~ Retirement date means the date of retirement of a member
25 for service or disability as fixed by the board of trustees;

26 (26) ~~(25)~~ Retirement system or system means the School Employees'
27 Retirement System of (corporate name of the school district as described
28 in section 79-405) as provided for by the act;

29 (27) ~~(26)~~ Secondary beneficiary means the person or persons entitled
30 to receive or receiving a benefit by reason of the death of all primary
31 beneficiaries prior to the death of the member. If no primary beneficiary

1 survives the member, secondary beneficiaries shall be treated in the same
2 manner as primary beneficiaries;

3 ~~(28)~~ ~~(27)~~ State investment officer means the state investment
4 officer appointed pursuant to section 72-1240 and acting pursuant to the
5 Nebraska State Funds Investment Act; and

6 ~~(29)~~ ~~(28)~~ Trustee means a trustee provided for in section 79-980.

7 Sec. 8. Section 81-2014, Revised Statutes Cumulative Supplement,
8 2016, is amended to read:

9 81-2014 For purposes of the Nebraska State Patrol Retirement Act:

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

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

20 (c) For an officer hired on or after July 1, 2017, or rehired on or
21 after July 1, 2017, after termination of employment and being paid a
22 retirement benefit, the determinations shall be based on a unisex
23 mortality table and an interest rate specified by the board. Both the
24 mortality table and the interest rate shall be recommended by the actuary
25 and approved by the board following an actuarial experience study, a
26 benefit adequacy study, or a plan valuation. The mortality table,
27 interest rate, and actuarial factors in effect on the officer's
28 retirement date will be used to calculate actuarial equivalency of any
29 retirement benefit. Such interest rate may be, but is not required to be,
30 equal to the assumed rate of return;

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

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

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

16 (iii) For any officer employed after January 4, 1979, and prior to
17 July 1, 2016, compensation does not include compensation for unused sick
18 leave or unused vacation leave converted to cash payments and includes
19 compensation for unused holiday compensatory time and unused compensatory
20 time converted to cash payments.

21 (iv) For any officer employed on or after July 1, 2016, compensation
22 does not include compensation for unused sick leave, unused vacation
23 leave, unused holiday compensatory time, unused compensatory time, or any
24 other type of unused leave, compensatory time, or similar benefits,
25 converted to cash payments.

26 (b) Compensation in excess of the limitations set forth in section
27 401(a)(17) of the Internal Revenue Code as defined in section 49-801.01
28 shall be disregarded. For an employee who was a member of the retirement
29 system before the first plan year beginning after December 31, 1995, the
30 limitation on compensation shall not be less than the amount which was
31 allowed to be taken into account under the retirement system as in effect

1 on July 1, 1993;

2 (4) Creditable service means service granted pursuant to section
3 81-2034 and all service rendered while a contributing member of the
4 retirement system. Creditable service includes working days, sick days,
5 vacation days, holidays, and any other leave days for which the officer
6 is paid regular wages except as specifically provided in the Nebraska
7 State Patrol Retirement Act. Creditable service does not include
8 eligibility and vesting credit nor service years for which member
9 contributions are withdrawn and not repaid;

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

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

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

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

19 (9) Eligibility and vesting credit means credit for years, or a
20 fraction of a year, of participation in a Nebraska government plan for
21 purposes of determining eligibility for benefits under the Nebraska State
22 Patrol Retirement Act. Such credit shall be used toward the vesting
23 percentage pursuant to subsection (2) of section 81-2031 but shall not be
24 included as years of service in the benefit calculation;

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

27 (11) (10) Initial benefit means the retirement benefit calculated at
28 the time of retirement;

29 (12) (11) Officer means an officer provided for in sections 81-2001
30 to 81-2009;

31 (13) (12) Plan year means the twelve-month period beginning on July

1 1 and ending on June 30 of the following year;

2 (14) ~~(13)~~ Regular interest means interest fixed at a rate equal to
3 the daily treasury yield curve for one-year treasury securities, as
4 published by the Secretary of the Treasury of the United States, that
5 applies on July 1 of each year, which may be credited monthly, quarterly,
6 semiannually, or annually as the board may direct;

7 (15) ~~(14)~~ Retirement application means the form approved and
8 provided by the retirement system for acceptance of a member's request
9 for either regular or disability retirement;

10 (16) ~~(15)~~ Retirement date means (a) the first day of the month
11 following the date upon which a member's request for retirement is
12 received on a retirement application if the member is eligible for
13 retirement and has terminated employment or (b) the first day of the
14 month following termination of employment if the member is eligible for
15 retirement and has filed an application but has not yet terminated
16 employment;

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

19 (18) ~~(17)~~ Service means employment as a member of the Nebraska State
20 Patrol and shall not be deemed to be interrupted by (a) temporary or
21 seasonal suspension of service that does not terminate the employee's
22 employment, (b) leave of absence authorized by the employer for a period
23 not exceeding twelve months, (c) leave of absence because of disability,
24 or (d) military service, when properly authorized by the board. Service
25 does not include any period of disability for which disability retirement
26 benefits are received under subsection (1) of section 81-2025;

27 (19) ~~(18)~~ Surviving spouse means (a) the spouse married to the
28 member on the date of the member's death if married for at least one year
29 prior to death or if married on the date of the member's retirement or
30 (b) the spouse or former spouse of the member if survivorship rights are
31 provided under a qualified domestic relations order filed with the board

1 pursuant to the Spousal Pension Rights Act. The spouse or former spouse
2 shall supersede the spouse married to the member on the date of the
3 member's death as provided under a qualified domestic relations order. If
4 the benefits payable to the spouse or former spouse under a qualified
5 domestic relations order are less than the value of benefits entitled to
6 the surviving spouse, the spouse married to the member on the date of the
7 member's death shall be the surviving spouse for the balance of the
8 benefits; and

9 (20) ~~(19)~~ Termination of employment occurs on the date on which the
10 Nebraska State Patrol determines that the officer's employer-employee
11 relationship with the patrol is dissolved. The Nebraska State Patrol
12 shall notify the board of the date on which such a termination has
13 occurred. Termination of employment does not include ceasing employment
14 with the Nebraska State Patrol if the officer returns to regular
15 employment with the Nebraska State Patrol or another agency of the State
16 of Nebraska and there are less than one hundred twenty days between the
17 date when the employee's employer-employee relationship ceased and the
18 date when the employer-employee relationship commenced with the Nebraska
19 State Patrol or another state agency. Termination of employment does not
20 occur upon an officer's participation in DROP pursuant to section
21 81-2041. It is the responsibility of the employer that is involved in the
22 termination of employment to notify the board of such change in
23 employment and provide the board with such information as the board deems
24 necessary. If the board determines that termination of employment has not
25 occurred and a retirement benefit has been paid to a member of the
26 retirement system pursuant to section 81-2026, the board shall require
27 the member who has received such benefit to repay the benefit to the
28 retirement system.

29 Sec. 9. Section 84-1301, Reissue Revised Statutes of Nebraska, is
30 amended to read:

31 84-1301 For purposes of the State Employees Retirement Act, unless

1 the context otherwise requires:

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

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

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

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

30 (3) Annuity start date means the date upon which a member's annuity
31 is first effective and shall be the first day of the month following the

1 member's termination or following the date the application is received by
2 the board, whichever is later;

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

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

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

26 (6) Date of disability means the date on which a member is
27 determined to be disabled by the board;

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

1 (8) Disability means an inability to engage in a substantially
2 gainful activity by reason of any medically determinable physical or
3 mental impairment which can be expected to result in death or to be of
4 long-continued and indefinite duration;

5 (9) Employee means any employee of the State Board of Agriculture
6 who is a member of the state retirement system on July 1, 1982, and any
7 person or officer employed by the State of Nebraska whose compensation is
8 paid out of state funds or funds controlled or administered by a state
9 department through any of its executive or administrative officers when
10 acting exclusively in their respective official, executive, or
11 administrative capacities. Employee does not include (a) judges as
12 defined in section 24-701, (b) members of the Nebraska State Patrol,
13 except for those members of the Nebraska State Patrol who elected
14 pursuant to section 60-1304 to remain members of the State Employees
15 Retirement System of the State of Nebraska, (c) employees of the
16 University of Nebraska, (d) employees of the state colleges, (e)
17 employees of community colleges, (f) employees of the Department of Labor
18 employed prior to July 1, 1984, and paid from funds provided pursuant to
19 Title III of the federal Social Security Act or funds from other federal
20 sources, except that if the contributory retirement plan or contract let
21 pursuant to section 48-609 is terminated, such employees shall become
22 employees for purposes of the State Employees Retirement Act on the first
23 day of the first pay period following the termination of such
24 contributory retirement plan or contract, (g) employees of the State
25 Board of Agriculture who are not members of the state retirement system
26 on July 1, 1982, (h) the Nebraska National Guard air and army
27 technicians, (i) persons eligible for membership under the School
28 Employees Retirement System of the State of Nebraska who have not elected
29 to become members of the retirement system pursuant to section 79-920 or
30 been made members of the system pursuant to such section, except that
31 those persons so eligible and who as of September 2, 1973, are

1 contributing to the State Employees Retirement System of the State of
2 Nebraska shall continue as members of such system, or (j) employees of
3 the Coordinating Commission for Postsecondary Education who are eligible
4 for and have elected to become members of a qualified retirement program
5 approved by the commission which is commensurate with retirement programs
6 at the University of Nebraska. Any individual appointed by the Governor
7 may elect not to become a member of the State Employees Retirement System
8 of the State of Nebraska;

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

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

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

19 (13) Five-year break in service means five consecutive one-year
20 breaks in service;

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

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

25 (16) Guaranteed investment contract means an investment contract or
26 account offering a return of principal invested plus interest at a
27 specified rate. For investments made after July 19, 1996, guaranteed
28 investment contract does not include direct obligations of the United
29 States or its instrumentalities, bonds, participation certificates or
30 other obligations of the Federal National Mortgage Association, the
31 Federal Home Loan Mortgage Corporation, or the Government National

1 Mortgage Association, or collateralized mortgage obligations and other
2 derivative securities. This subdivision shall not be construed to require
3 the liquidation of investment contracts or accounts entered into prior to
4 July 19, 1996;

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

7 (18) ~~(17)~~ Interest credit rate means the greater of (a) five percent
8 or (b) the applicable federal mid-term rate, as published by the Internal
9 Revenue Service as of the first day of the calendar quarter for which
10 interest credits are credited, plus one and one-half percent, such rate
11 to be compounded annually;

12 (19) ~~(18)~~ Interest credits means the amounts credited to the
13 employee cash balance account and the employer cash balance account at
14 the end of each day. Such interest credit for each account shall be
15 determined by applying the daily portion of the interest credit rate to
16 the account balance at the end of the previous day. Such interest credits
17 shall continue to be credited to the employee cash balance account and
18 the employer cash balance account after a member ceases to be an
19 employee, except that no such credit shall be made with respect to the
20 employee cash balance account and the employer cash balance account for
21 any day beginning on or after the member's date of final account value.
22 If benefits payable to the member's surviving spouse or beneficiary are
23 delayed after the member's death, interest credits shall continue to be
24 credited to the employee cash balance account and the employer cash
25 balance account until such surviving spouse or beneficiary commences
26 receipt of a distribution from the plan;

27 (20) ~~(19)~~ Member cash balance account means an account equal to the
28 sum of the employee cash balance account and, if vested, the employer
29 cash balance account and dividend amounts credited in accordance with
30 subdivision (4)(c) of section 84-1319;

31 (21) ~~(20)~~ One-year break in service means a plan year during which

1 the member has not completed more than five hundred hours of service;

2 (22) ~~(21)~~ Participation means qualifying for and making the required
3 deposits to the retirement system during the course of a plan year;

4 (23) ~~(22)~~ Part-time employee means an employee who is employed to
5 work less than one-half of the regularly scheduled hours during each pay
6 period;

7 (24) ~~(23)~~ Plan year means the twelve-month period beginning on
8 January 1 and ending on December 31;

9 (25) ~~(24)~~ Prior service means service before January 1, 1964;

10 (26) ~~(25)~~ Regular interest means the rate of interest earned each
11 calendar year commencing January 1, 1975, as determined by the retirement
12 board in conformity with actual and expected earnings on the investments
13 through December 31, 1984;

14 (27) ~~(26)~~ Required contribution means the deduction to be made from
15 the compensation of employees as provided in section 84-1308;

16 (28) ~~(27)~~ Retirement means qualifying for and accepting the
17 retirement benefit granted under the State Employees Retirement Act after
18 terminating employment;

19 (29) ~~(28)~~ Retirement application means the form approved and
20 provided by the retirement system for acceptance of a member's request
21 for either regular or disability retirement;

22 (30) ~~(29)~~ Retirement board or board means the Public Employees
23 Retirement Board;

24 (31) ~~(30)~~ Retirement date means (a) the first day of the month
25 following the date upon which a member's request for retirement is
26 received on a retirement application if the member is eligible for
27 retirement and has terminated employment or (b) the first day of the
28 month following termination of employment if the member is eligible for
29 retirement and has filed an application but has not yet terminated
30 employment;

31 (32) ~~(31)~~ Retirement system means the State Employees Retirement

1 System of the State of Nebraska;

2 (33) ~~(32)~~ Service means the actual total length of employment as an
3 employee and shall not be deemed to be interrupted by (a) temporary or
4 seasonal suspension of service that does not terminate the employee's
5 employment, (b) leave of absence authorized by the employer for a period
6 not exceeding twelve months, (c) leave of absence because of disability,
7 or (d) military service, when properly authorized by the retirement
8 board. Service does not include any period of disability for which
9 disability retirement benefits are received under section 84-1317;

10 (34) ~~(33)~~ State department means any department, bureau, commission,
11 or other division of state government not otherwise specifically defined
12 or exempted in the act, the employees and officers of which are not
13 already covered by a retirement plan;

14 (35) ~~(34)~~ Surviving spouse means (a) the spouse married to the
15 member on the date of the member's death or (b) the spouse or former
16 spouse of the member if survivorship rights are provided under a
17 qualified domestic relations order filed with the board pursuant to the
18 Spousal Pension Rights Act. The spouse or former spouse shall supersede
19 the spouse married to the member on the date of the member's death as
20 provided under a qualified domestic relations order. If the benefits
21 payable to the spouse or former spouse under a qualified domestic
22 relations order are less than the value of benefits entitled to the
23 surviving spouse, the spouse married to the member on the date of the
24 member's death shall be the surviving spouse for the balance of the
25 benefits;

26 (36) ~~(35)~~ Termination of employment occurs on the date on which the
27 agency which employs the member determines that the member's employer-
28 employee relationship with the State of Nebraska is dissolved. The agency
29 which employs the member shall notify the board of the date on which such
30 a termination has occurred. Termination of employment does not occur if
31 an employee whose employer-employee relationship with the State of

1 Nebraska is dissolved enters into an employer-employee relationship with
2 the same or another agency of the State of Nebraska and there are less
3 than one hundred twenty days between the date when the employee's
4 employer-employee relationship ceased with the state and the date when
5 the employer-employee relationship commenced with the same or another
6 agency. It is the responsibility of the employer that is involved in the
7 termination of employment to notify the board of such change in
8 employment and provide the board with such information as the board deems
9 necessary. If the board determines that termination of employment has not
10 occurred and a retirement benefit has been paid to a member of the
11 retirement system pursuant to section 84-1321, the board shall require
12 the member who has received such benefit to repay the benefit to the
13 retirement system; and

14 (37) ~~(36)~~ Vesting credit means credit for years, or a fraction of a
15 year, of participation in another Nebraska governmental plan for purposes
16 of determining vesting of the employer account.

17 Sec. 11. Section 84-1319, Reissue Revised Statutes of Nebraska, is
18 amended to read:

19 84-1319 (1) The future service retirement benefit shall be an
20 annuity, payable monthly with the first payment made no earlier than the
21 annuity start date, which shall be the actuarial equivalent of the
22 retirement value as specified in section 84-1318 based on factors
23 determined by the board, except that gender shall not be a factor when
24 determining the amount of such payments except as provided in this
25 section.

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

31 Except as provided in section 42-1107, in lieu of the future service

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

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

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

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

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

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

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

30 (3) Any amounts, in excess of contributions, which may be required
31 in order to purchase the retirement income specified in subsection (2) of

1 this section shall be withdrawn from the State Equal Retirement Benefit
2 Fund.

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

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

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

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

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

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

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

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

30 (6) A participant or beneficiary who would have been required to
31 receive required minimum distributions for 2009 but for the enactment of

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

13 Sec. 12. Original sections 23-2308.01, 24-701, 24-710.01, 84-1301,
14 84-1309.02, and 84-1319, Reissue Revised Statutes of Nebraska, and
15 sections 23-2301, 23-2317, 79-902, 79-978, and 81-2014, Revised Statutes
16 Cumulative Supplement, 2016, are repealed.

17 Sec. 13. Since an emergency exists, this act takes effect when
18 passed and approved according to law.