

E AND R AMENDMENTS TO LB 415

Introduced by Wishart, 27, Chairman Enrollment and Review

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

3           Section 1. Section 2-3228, Revised Statutes Cumulative Supplement,  
4 2016, is amended to read:

5           2-3228 (1) Each district shall have the power and authority to:

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

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

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

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

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

5 (f) Adopt and promulgate rules and regulations to carry out its  
6 authorized purposes; and

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

11 (2) ~~(2)(a)~~ Beginning December 31, 1998, through and ~~each~~ December  
12 31, 2017:

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

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

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

25 (iii) Plan assets and liabilities;

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

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

28 (vi) The form and nature of investments;

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

31 (viii) For each defined benefit plan, the levels of benefits of

1 participants in the plan, the number of members who are eligible for a  
2 benefit, and the total present value of such members' benefits, as well  
3 as the funding sources which will pay for such benefits.

4 If a plan contains no current active participants, the association  
5 may file in place of such report a statement with the Public Employees  
6 Retirement Board indicating the number of retirees still drawing  
7 benefits, and the sources and amount of funding for such benefits; and -

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

29 Sec. 2. Section 12-101, Revised Statutes Cumulative Supplement,  
30 2016, is amended to read:

31 12-101 (1) The cemetery in Lincoln, Nebraska, known as Wyuka

1 Cemetery, is hereby declared to be a public charitable corporation. The  
2 general control and management of the affairs of such cemetery shall be  
3 vested in a board of three trustees until July 1, 2009, and thereafter  
4 shall be vested in a board of five trustees. The trustees shall serve  
5 without compensation and shall be a body corporate to be known as Wyuka  
6 Cemetery, with power to sue and be sued, to contract and to be contracted  
7 with, and to acquire, hold, and convey both real and personal property  
8 for all purposes consistent with the provisions of sections 12-101 to  
9 12-105, and shall have the power of eminent domain to be exercised in the  
10 manner provided in section 12-201.

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

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

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

1 (5) The trustees of Wyuka Cemetery shall have the power to provide,  
2 in their discretion, retirement benefits for present and future employees  
3 of the cemetery, and to establish, participate in, and administer plans  
4 for the benefit of its employees or its employees and their dependents,  
5 which may provide disability, hospitalization, medical, surgical,  
6 accident, sickness and life insurance coverage, or any one or more  
7 coverages, and which shall be purchased from a corporation or  
8 corporations authorized and licensed by the Department of Insurance.

9 (6) ~~(6)(a)~~ Beginning December 31, 1998, through ~~and each~~ December  
10 31, 2017:

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

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

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

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

26           Sec. 3. Section 14-567, Revised Statutes Cumulative Supplement,  
27 2016, is amended to read:

28           14-567 (1) Beginning December 31, 1998, through ~~and~~ each December  
29 31, 2017 ~~thereafter~~, the pension board of a city of the metropolitan  
30 class shall file with the Public Employees Retirement Board an annual  
31 report on each retirement plan established by such city pursuant to

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

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

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

23 (2) Through December 31, 2017, if ~~If~~ such retirement plan is a  
24 defined benefit plan which was open to new members on January 1, 2004, in  
25 addition to the reports required by section 13-2402, the pension board of  
26 a city of the metropolitan class shall cause to be prepared an annual  
27 report and shall file the same with the Public Employees Retirement Board  
28 and the Nebraska Retirement Systems Committee of the Legislature and  
29 submit to the Auditor of Public Accounts a copy of such report. The  
30 Auditor of Public Accounts may prepare a review of such report pursuant  
31 to section 84-304.02 but is not required to do so. If the pension board

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

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

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

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



1 investment management services to the retirement plan.

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

8 Sec. 4. Section 14-1805.01, Revised Statutes Cumulative Supplement,  
9 2016, is amended to read:

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

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

21 (b) The contribution rates of participants in the plan;

22 (c) Plan assets and liabilities;

23 (d) The names and positions of persons administering the plan;

24 (e) The names and positions of persons investing plan assets;

25 (f) The form and nature of investments;

26 (g) For each defined contribution plan, a full description of  
27 investment policies and options available to plan participants; and

28 (h) For each defined benefit plan, the levels of benefits of  
29 participants in the plan, the number of members who are eligible for a  
30 benefit, and the total present value of such members' benefits, as well  
31 as the funding sources which will pay for such benefits.

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

5 (2) Through December 31, 2017, if ~~If~~ such retirement plan is a  
6 defined benefit plan which was open to new members on January 1, 2004, in  
7 addition to the reports required by section 13-2402, the authority shall  
8 cause to be prepared an annual report and the chairperson shall file the  
9 same with the Public Employees Retirement Board and the Nebraska  
10 Retirement Systems Committee of the Legislature and submit to the Auditor  
11 of Public Accounts a copy of such report. The Auditor of Public Accounts  
12 may prepare a review of such report pursuant to section 84-304.02 but is  
13 not required to do so. If the authority does not submit a copy of the  
14 report to the Auditor of Public Accounts within six months after the end  
15 of the plan year, the Auditor of Public Accounts may audit, or cause to  
16 be audited, the authority. All costs of the audit shall be paid by the  
17 authority. The report shall consist of a full actuarial analysis of each  
18 such retirement plan established pursuant to section 14-1805. The  
19 analysis shall be prepared by an independent private organization or  
20 public entity employing actuaries who are members in good standing of the  
21 American Academy of Actuaries, and which organization or entity has  
22 demonstrated expertise to perform this type of analysis and is unrelated  
23 to any organization offering investment advice or which provides  
24 investment management services to the retirement plan. The report to the  
25 Nebraska Retirement Systems Committee shall be submitted electronically.

26 (3)(a) Beginning December 31, 2018, and each December 31 thereafter,  
27 for a defined benefit plan the chairperson or his or her designee shall  
28 prepare and electronically file an annual report with the Auditor of  
29 Public Accounts and the Nebraska Retirement Systems Committee of the  
30 Legislature. If such retirement plan is a defined benefit plan which was  
31 open to new members on January 1, 2004, the report shall be in addition

1 to the reports required by section 13-2402. The report shall be on a form  
2 prescribed by the Auditor of Public Accounts and shall include, but not  
3 be limited to, the following information:

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

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

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

21 Sec. 5. Section 14-2111, Revised Statutes Cumulative Supplement,  
22 2016, is amended to read:

23 14-2111 (1) The board of directors of any metropolitan utilities  
24 district may also provide benefits for, insurance of, and annuities for  
25 the present and future employees and appointees of the district covering  
26 accident, disease, death, total and permanent disability, and retirement,  
27 all or any of them, under such terms and conditions as the board may deem  
28 proper and expedient from time to time. Any retirement plan adopted by  
29 the board of directors shall be upon some contributory basis requiring  
30 contributions by both the district and the employee or appointee, except  
31 that the district may pay the entire cost of the fund necessary to cover

1 service rendered prior to the adoption of any new retirement plan. Any  
2 retirement plan shall take into consideration the benefits provided for  
3 employees and appointees of metropolitan utilities districts under the  
4 Social Security Act, and any benefits provided under a contributory  
5 retirement plan shall be supplemental to the benefits provided under the  
6 Social Security Act as defined in section 68-602 if the employees  
7 entitled to vote in a referendum vote in favor of old age and survivors'  
8 insurance coverage. To effectuate any plan adopted pursuant to this  
9 authority, the board of directors of the district is empowered to  
10 establish and maintain reserves and funds, provide for insurance premiums  
11 and costs, and make such delegation as may be necessary to carry into  
12 execution the general powers granted by this section. Payments made to  
13 employees and appointees, under the authority in this section, shall be  
14 exempt from attachment or other legal process and shall not be  
15 assignable.

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

1 treated in the same manner and to the same extent as employee  
2 contributions made prior to the date picked up.

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

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

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

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

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

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

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

31 (i) The levels of benefits of participants in the plan, the number

1 of members who are eligible for a benefit, the total present value of  
2 such members' benefits, and the funding sources which will pay for such  
3 benefits; and

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

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

17 Sec. 6. Section 15-1017, Revised Statutes Cumulative Supplement,  
18 2016, is amended to read:

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

1 other provision of the laws of the State of Nebraska.

2 (2) ~~(2)(a)~~ Beginning December 31, 1998, through ~~and each~~ December  
3 31, 2017:

4 (a) The ~~thereafter,~~ the clerk of a city of the primary class shall  
5 file with the Public Employees Retirement Board an annual report on each  
6 retirement plan established pursuant to this section, section 15-1026,  
7 and section 401(a) of the Internal Revenue Code and shall submit copies  
8 of such report to the Auditor of Public Accounts. The Auditor of Public  
9 Accounts may prepare a review of such report pursuant to section  
10 84-304.02 but is not required to do so. The annual report shall be in a  
11 form prescribed by the Public Employees Retirement Board and shall  
12 contain the following information for each such retirement plan:

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

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

29 (b) Through December 31, 2017, if ~~If~~ such retirement plan is a  
30 defined benefit plan which was open to new members on January 1, 2004, in  
31 addition to the reports required by section 13-2402, the city council of



1 a city of the primary class shall cause to be prepared an annual report  
2 and shall file the same with the Public Employees Retirement Board and  
3 the Nebraska Retirement Systems Committee of the Legislature and submit  
4 to the Auditor of Public Accounts a copy of such report. The Auditor of  
5 Public Accounts may prepare a review of such report pursuant to section  
6 84-304.02 but is not required to do so. If the city council does not  
7 submit a copy of the report to the Auditor of Public Accounts within six  
8 months after the end of the plan year, the Auditor of Public Accounts may  
9 audit, or cause to be audited, the city. All costs of the audit shall be  
10 paid by the city. The report shall consist of a full actuarial analysis  
11 of each such retirement plan established pursuant to this section and  
12 section 15-1026. The analysis shall be prepared by an independent private  
13 organization or public entity employing actuaries who are members in good  
14 standing of the American Academy of Actuaries, and which organization or  
15 entity has demonstrated expertise to perform this type of analysis and is  
16 unrelated to any organization offering investment advice or which  
17 provides investment management services to the retirement plan. The  
18 report to the Nebraska Retirement Systems Committee shall be submitted  
19 electronically.

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

30 (i) The levels of benefits of participants in the plan, the number  
31 of members who are eligible for a benefit, the total present value of

1 such members' benefits, and the funding sources which will pay for such  
2 benefits; and

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

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

16 Sec. 7. Section 16-1017, Revised Statutes Cumulative Supplement,  
17 2016, is amended to read:

18 16-1017 (1) It shall be the duty of the retirement committee to:

19 (a) Provide each employee a summary of plan eligibility requirements  
20 and benefit provisions;

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

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

28 (2) ~~(2)(a)~~ Beginning December 31, 1998, through and each December  
29 31, 2017:

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

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

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

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

25 (b) Through December 31, 2017, if If such retirement plan is a  
26 defined benefit plan which was open to new members on January 1, 2004, in  
27 addition to the reports required by section 13-2402, the retirement  
28 committee shall cause to be prepared an annual report and the chairperson  
29 shall file the same with the Public Employees Retirement Board and the  
30 Nebraska Retirement Systems Committee of the Legislature and submit to  
31 the Auditor of Public Accounts a copy of such report. The Auditor of

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

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

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

30 (ii) A copy of a full actuarial analysis of each such defined  
31 benefit plan. The analysis shall be prepared by an independent private

1 organization or public entity employing actuaries who are members in good  
2 standing of the American Academy of Actuaries, and which organization or  
3 entity has demonstrated expertise to perform this type of analysis and is  
4 unrelated to any organization which offers investment advice or provides  
5 investment management services to the retirement plan.

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

13 Sec. 8. Section 16-1037, Revised Statutes Cumulative Supplement,  
14 2016, is amended to read:

15 16-1037 (1) It shall be the duty of the retirement committee to:

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

18 (b) Hold regular quarterly meetings and special meetings upon the  
19 call of the chairperson;

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

21 (d) Provide each employee a summary of plan eligibility  
22 requirements, benefit provisions, and investment options available to  
23 such employee;

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

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

31 (2) (2)(a) Beginning December 31, 1998, through and each December

1 31, 2017:

2 (a) ~~The thereafter,~~ the chairperson of the retirement committee  
3 shall file with the Public Employees Retirement Board an annual report on  
4 each retirement plan established pursuant to section 401(a) of the  
5 Internal Revenue Code and administered by a retirement system established  
6 pursuant to sections 16-1020 to 16-1042 and shall submit copies of such  
7 report to the Auditor of Public Accounts. The Auditor of Public Accounts  
8 may prepare a review of such report pursuant to section 84-304.02 but is  
9 not required to do so. The annual report shall be in a form prescribed by  
10 the Public Employees Retirement Board and shall contain the following  
11 information for each such retirement plan:

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

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

28 (b) ~~Through December 31, 2017, if~~ If such retirement plan is a  
29 defined benefit plan which was open to new members on January 1, 2004, in  
30 addition to the reports required by section 13-2402, the retirement  
31 committee shall cause to be prepared an annual report and the chairperson

1 shall file the same with the Public Employees Retirement Board and the  
2 Nebraska Retirement Systems Committee of the Legislature and submit to  
3 the Auditor of Public Accounts a copy of such report. The Auditor of  
4 Public Accounts may prepare a review of such report pursuant to section  
5 84-304.02 but is not required to do so. If the retirement committee does  
6 not submit a copy of the report to the Auditor of Public Accounts within  
7 six months after the end of the plan year, the Auditor of Public Accounts  
8 may audit, or cause to be audited, the city. All costs of the audit shall  
9 be paid by the city. The report shall consist of a full actuarial  
10 analysis of each such retirement plan administered by a system  
11 established pursuant to sections 16-1020 to 16-1042. The analysis shall  
12 be prepared by an independent private organization or public entity  
13 employing actuaries who are members in good standing of the American  
14 Academy of Actuaries, and which organization or entity has demonstrated  
15 expertise to perform this type of analysis and is unrelated to any  
16 organization offering investment advice or which provides investment  
17 management services to the retirement plan. The report to the Nebraska  
18 Retirement Systems Committee shall be submitted electronically.

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

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

1 benefits; and

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

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

16 Sec. 9. Section 19-3501, Revised Statutes Cumulative Supplement,  
17 2016, is amended to read:

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



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

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

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

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

29           (b) If such retirement plan is a defined benefit plan which was open  
30  to new members on January 1, 2004, in addition to the reports required by  
31  section 13-2402, the city council or village board shall cause to be

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

19 (3) Subsection (1) of this section shall not apply to firefighters  
20 or police officers who are included under an existing pension or  
21 retirement system established by the municipality employing such  
22 firefighters or police officers or the Legislature. If a city of the  
23 first class decreases in population to less than five thousand, as  
24 determined by the latest federal census, any police officer or  
25 firefighter employed by such city on or prior to the date such city  
26 becomes a city of the second class shall retain the level of benefits  
27 established by the Legislature for police officers or firefighters  
28 employed by a city of the first class on the date such city becomes a  
29 city of the second class.

30 Sec. 10. Section 23-1118, Revised Statutes Cumulative Supplement,  
31 2016, is amended to read:

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

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

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

31           (2) Before the county board or council provides retirement benefits

1 for the employees of the county or municipal county, such question shall  
2 be submitted at a regular general or primary election held within the  
3 county or municipal county, and in which election all persons eligible to  
4 vote for the officials of the county or municipal county shall be  
5 entitled to vote on such question, which shall be submitted in the  
6 following language: Shall the county board or council provide retirement  
7 benefits for present and future employees of the county or municipal  
8 county? If a majority of the votes cast upon such question are in favor  
9 of such question, then the county board or council shall be empowered to  
10 provide retirement benefits for present and future employees as provided  
11 in this section. If such retirement benefits for present and future  
12 county and municipal county employees are approved by the voters and  
13 authorized by the county board or council, then the funds of such  
14 retirement system, in excess of the amount required for current  
15 operations as determined by the county board or council, may be invested  
16 and reinvested in the class of securities and investments described in  
17 section 30-3209.

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

23 (4) The county or municipal county may pick up the member  
24 contributions required by this section for all compensation paid on or  
25 after January 1, 1985, and the contributions so picked up shall be  
26 treated as employer contributions in determining federal tax treatment  
27 under the Internal Revenue Code, except that the county or municipal  
28 county shall continue to withhold federal income taxes based upon these  
29 contributions until the Internal Revenue Service or the federal courts  
30 rule that, pursuant to section 414(h) of the Internal Revenue Code, these  
31 contributions shall not be included as gross income of the member until

1 such time as they are distributed or made available. The county or  
2 municipal county shall pay these member contributions from the same  
3 source of funds which is used in paying earnings to the member. The  
4 county or municipal county shall pick up these contributions by a salary  
5 deduction either through a reduction in the cash salary of the member or  
6 a combination of a reduction in salary and offset against a future salary  
7 increase. Member contributions picked up shall be treated in the same  
8 manner and to the same extent as member contributions made prior to the  
9 date picked up.

10 (5) ~~(5)(a)~~ Beginning December 31, 1998, through and ~~each~~ December  
11 31, 2017:

12 (a) ~~The thereafter,~~ the chairperson of the county board or council  
13 with a retirement plan established pursuant to this section and section  
14 401(a) of the Internal Revenue Code shall file with the Public Employees  
15 Retirement Board a report on such plan and shall submit copies of such  
16 report to the Auditor of Public Accounts. The Auditor of Public Accounts  
17 may prepare a review of such report pursuant to section 84-304.02 but is  
18 not required to do so. The report shall be in a form prescribed by the  
19 Public Employees Retirement Board and shall contain the following  
20 information for each such retirement plan:

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

1 as the funding sources which will pay for such benefits.

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

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

29 Sec. 11. Section 23-2301, Revised Statutes Cumulative Supplement,  
30 2016, is amended to read:

31 23-2301 For purposes of the County 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 a member hired prior to January 1, 2018, the The mortality  
6 assumption used for purposes of converting the member cash balance  
7 account shall be the 1994 Group Annuity Mortality Table using a unisex  
8 rate that is fifty percent male and fifty percent female. For purposes of  
9 converting the member cash balance account attributable to contributions  
10 made prior to January 1, 1984, that were transferred pursuant to the act,  
11 the 1994 Group Annuity Mortality Table for males shall be used. ;

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

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

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

1 the board, whichever is later;

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

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

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

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

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

31 (8) Defined contribution benefit means a member's retirement benefit



1 from a money purchase plan in which member benefits equal annual  
2 contributions and earnings pursuant to section 23-2309 and, if vested,  
3 employer contributions and earnings pursuant to section 23-2310;

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

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

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

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

27 (13) Final account value means the value of a member's account on  
28 the date the account is either distributed to the member or used to  
29 purchase an annuity from the plan, which date shall occur as soon as  
30 administratively practicable after receipt of a valid application for  
31 benefits, but no sooner than forty-five days after the member's

1 termination;

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

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

6 (16) Future service means service following the date of adoption of  
7 the retirement system;

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

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

21 (19) ~~(18)~~ Interest credit rate means the greater of (a) five percent  
22 or (b) the applicable federal mid-term rate, as published by the Internal  
23 Revenue Service as of the first day of the calendar quarter for which  
24 interest credits are credited, plus one and one-half percent, such rate  
25 to be compounded annually;

26 (20) ~~(19)~~ Interest credits means the amounts credited to the  
27 employee cash balance account and the employer cash balance account at  
28 the end of each day. Such interest credit for each account shall be  
29 determined by applying the daily portion of the interest credit rate to  
30 the account balance at the end of the previous day. Such interest credits  
31 shall continue to be credited to the employee cash balance account and

1 the employer cash balance account after a member ceases to be an  
2 employee, except that no such credit shall be made with respect to the  
3 employee cash balance account and the employer cash balance account for  
4 any day beginning on or after the member's date of final account value.  
5 If benefits payable to the member's surviving spouse or beneficiary are  
6 delayed after the member's death, interest credits shall continue to be  
7 credited to the employee cash balance account and the employer cash  
8 balance account until such surviving spouse or beneficiary commences  
9 receipt of a distribution from the plan;

10 (21) ~~(20)~~ Member cash balance account means an account equal to the  
11 sum of the employee cash balance account and, if vested, the employer  
12 cash balance account and dividend amounts credited in accordance with  
13 subdivision (4)(c) of section 23-2317;

14 (22) ~~(21)~~ One-year break in service means a plan year during which  
15 the member has not completed more than five hundred hours of service;

16 (23) ~~(22)~~ Participation means qualifying for and making the required  
17 deposits to the retirement system during the course of a plan year;

18 (24) ~~(23)~~ Part-time employee means an employee who is employed to  
19 work less than one-half of the regularly scheduled hours during each pay  
20 period;

21 (25) ~~(24)~~ Plan year means the twelve-month period beginning on  
22 January 1 and ending on December 31;

23 (26) ~~(25)~~ Prior service means service prior to the date of adoption  
24 of the retirement system;

25 (27) ~~(26)~~ Regular interest means the rate of interest earned each  
26 calendar year as determined by the retirement board in conformity with  
27 actual and expected earnings on the investments through December 31,  
28 1985;

29 (28) ~~(27)~~ Required contribution means the deduction to be made from  
30 the compensation of employees as provided in the act;

31 (29) ~~(28)~~ Retirement means qualifying for and accepting the

1 retirement benefit granted under the act after terminating employment;

2 (30) ~~(29)~~ Retirement application means the form approved and  
3 provided by the retirement system for acceptance of a member's request  
4 for either regular or disability retirement;

5 (31) ~~(30)~~ Retirement board or board means the Public Employees  
6 Retirement Board;

7 (32) ~~(31)~~ Retirement date means (a) the first day of the month  
8 following the date upon which a member's request for retirement is  
9 received on a retirement application if the member is eligible for  
10 retirement and has terminated employment or (b) the first day of the  
11 month following termination of employment if the member is eligible for  
12 retirement and has filed an application but has not yet terminated  
13 employment;

14 (33) ~~(32)~~ Retirement system means the Retirement System for Nebraska  
15 Counties;

16 (34) ~~(33)~~ Service means the actual total length of employment as an  
17 employee and is not deemed to be interrupted by (a) temporary or seasonal  
18 suspension of service that does not terminate the employee's employment,  
19 (b) leave of absence authorized by the employer for a period not  
20 exceeding twelve months, (c) leave of absence because of disability, or  
21 (d) military service, when properly authorized by the retirement board.  
22 Service does not include any period of disability for which disability  
23 retirement benefits are received under section 23-2315;

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

1 relations order are less than the value of benefits entitled to the  
2 surviving spouse, the spouse married to the member on the date of the  
3 member's death shall be the surviving spouse for the balance of the  
4 benefits;

5 (36) ~~(35)~~ Termination of employment occurs on the date on which a  
6 county which is a member of the retirement system determines that its  
7 employer-employee relationship with an employee is dissolved. The county  
8 shall notify the board of the date on which such a termination has  
9 occurred. Termination of employment does not occur if an employee whose  
10 employer-employee relationship with a county is dissolved enters into an  
11 employer-employee relationship with the same or another county which  
12 participates in the Retirement System for Nebraska Counties and there are  
13 less than one hundred twenty days between the date when the employee's  
14 employer-employee relationship ceased with the county and the date when  
15 the employer-employee relationship commenced with the same or another  
16 county which qualifies the employee for participation in the plan. It is  
17 the responsibility of the employer that is involved in the termination of  
18 employment to notify the board of such change in employment and provide  
19 the board with such information as the board deems necessary. If the  
20 board determines that termination of employment has not occurred and a  
21 retirement benefit has been paid to a member of the retirement system  
22 pursuant to section 23-2319, the board shall require the member who has  
23 received such benefit to repay the benefit to the retirement system; and

24 (37) ~~(36)~~ Vesting credit means credit for years, or a fraction of a  
25 year, of participation in another Nebraska governmental plan for purposes  
26 of determining vesting of the employer account.

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

29 23-2308.01 (1) It is the intent of the Legislature that, in order to  
30 improve the competitiveness of the retirement plan for county employees,  
31 a cash balance benefit shall be added to the County Employees Retirement

1 Act on and after January 1, 2003. Each member who is employed and  
2 participating in the retirement system prior to January 1, 2003, may  
3 either elect to continue participation in the defined contribution  
4 benefit as provided in the act prior to January 1, 2003, or elect to  
5 participate in the cash balance benefit as set forth in this section. An  
6 active member shall make a one-time election beginning September 1, 2012,  
7 through October 31, 2012, in order to participate in the cash balance  
8 benefit. If no such election is made, the member shall be treated as  
9 though he or she elected to continue participating in the defined  
10 contribution benefit as provided in the act prior to January 1, 2003.  
11 Members who elect to participate in the cash balance benefit beginning  
12 September 1, 2012, through October 31, 2012, shall commence participation  
13 in the cash balance benefit on January 2, 2013. Any member who made the  
14 election prior to April 7, 2012, does not have to make another election  
15 of the cash balance benefit beginning September 1, 2012, through October  
16 31, 2012.

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

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

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

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

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

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

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

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

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

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

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

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

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

24 23-2315.01 (1) Any member, disregarding the length of service, may  
25 be retired as a result of disability either upon his or her own  
26 application or upon the application of his or her employer or any person  
27 acting in his or her behalf. Before any member may be so retired, a  
28 medical examination shall be made at the expense of the retirement  
29 system, which examination shall be conducted by a disinterested physician  
30 legally authorized to practice medicine under the laws of the state in  
31 which he or she practices, such physician to be selected by the

1 retirement board, and the physician shall certify to the board that the  
2 member should be retired because he or she suffers from an inability to  
3 engage in any a substantially gainful activity by reason of any medically  
4 determinable physical or mental impairment ~~which began while the member~~  
5 ~~was a participant in the plan and~~ which was initially diagnosed or became  
6 disabling while the member was an active participant in the plan and  
7 which can be expected to result in death or to be of long-continued and  
8 indefinite duration. The medical examination may be waived if, in the  
9 judgment of the retirement board, extraordinary circumstances exist which  
10 preclude substantial gainful activity by the member. Such circumstances  
11 shall include hospice placement or similar confinement for a terminal  
12 illness or injury. The application for disability retirement shall be  
13 made within one year of termination of employment.

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

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

21 Sec. 14. Section 23-2317, Revised Statutes Cumulative Supplement,  
22 2016, is amended to read:

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

30 Except as provided in section 42-1107, at any time before the  
31 annuity start date, the retiring employee may choose to receive his or



1 her annuity either in the form of an annuity as provided under subsection  
2 (4) of this section or any optional form that is determined by the board.

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

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

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

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

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

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

30 (b) The income provided by the accumulated contributions made on and  
31 after January 1, 1984, based on the annuity purchase rates in effect on

1 the date of purchase which do not use gender as a factor.

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

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

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

21 For a member employed and participating in the retirement system  
22 prior to January 1, 2003, who has elected to participate in the cash  
23 balance benefit pursuant to section 23-2308.01, or for a member employed  
24 and participating in the retirement system beginning on and after January  
25 1, 2003, the balance of his or her member cash balance account as of the  
26 date of final account value shall be converted to an annuity using an  
27 interest rate that is recommended by the actuary and approved by the  
28 board following an actuarial experience study, a benefit adequacy study,  
29 or a plan valuation. The interest rate and actuarial factors in effect on  
30 the member's retirement date will be used to calculate actuarial  
31 equivalency of any retirement benefit. Such interest rate may be, but is

1 ~~not required to be, equal to the assumed rate of return used in the~~  
2 ~~actuarial valuation as recommended by the actuary and approved by the~~  
3 ~~board.~~

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

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

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

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

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

1 or annuity payments.

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

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

18 23-2323.01 (1)(a) For military service beginning on or after  
19 December 12, 1994, but before January 1, 2018, any ~~(1)~~ Any employee who,  
20 while an employee, entered into and served in the armed forces of the  
21 United States and who within ninety days after honorable discharge or  
22 honorable separation from active duty again became an employee shall be  
23 credited, for the purposes of section 23-2315, with all the time actually  
24 served in the armed forces as if such person had been an employee  
25 throughout such service in the armed forces pursuant to the terms and  
26 conditions of subdivision (b) subsection (2) of this subsection ~~section~~.

27 (b) (2) Under such rules and regulations as the retirement board  
28 adopts and promulgates, an employee who is reemployed on or after  
29 December 12, 1994, pursuant to 38 U.S.C. 4301 et seq., may pay to the  
30 retirement system an amount equal to the sum of all deductions which  
31 would have been made from the employee's compensation during such period

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

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

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

29 (b) The county employing the employee shall be liable for funding  
30 any obligation of the plan to provide benefits based upon such period of  
31 military service. To satisfy the liability, the county employing the

1 employee shall pay to the retirement system an amount equal to:

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

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

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

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

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

25 (ii) The acceptable methods of payment;

26 (iii) Determining the service and compensation upon which the  
27 contributions must be made;

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

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

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

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

9           23-2334 The prior service retirement benefit shall be a straight  
10 life annuity, payable monthly, quarterly, semiannually, or annually with  
11 the first payment made as of the annuity start date, in an amount  
12 determined in accordance with section 23-2333. ~~No , except that if the~~  
13 ~~monthly payment would be less than ten dollars, payments shall be made~~  
14 ~~annually in advance with each annual payment equal to 11.54 multiplied by~~  
15 ~~the monthly payment that would have been made in the absence of this~~  
16 ~~restriction on small monthly payments, and no prior service retirement~~  
17 benefit shall be paid to any person who terminates his or her employment  
18 unless such person has been continuously employed by the county for ten  
19 or more years immediately prior to termination. An employee meeting such  
20 requirement and who terminates his or her employment shall not receive a  
21 prior service benefit determined in accordance with section 23-2333 prior  
22 to attaining age sixty-five.

23           Prior service retirement benefits shall be paid directly by the  
24 county to the retired employee.

25           Sec. 17. Section 23-3526, Revised Statutes Cumulative Supplement,  
26 2016, is amended to read:

27           23-3526 (1) The board of trustees of each facility, as provided by  
28 section 23-3501, shall, upon approval of the county board, have the power  
29 and authority to establish and fund a retirement plan for the benefit of  
30 its full-time employees. The plan may be funded by any actuarially  
31 recognized method approved by the county board. Employees participating



1 in the plan may be required to contribute toward funding the benefits.  
2 The facility shall pay all costs of establishing and maintaining the  
3 plan. The plan may be integrated with old age and survivor's insurance.

4 (2) ~~(2)(a)~~ Beginning December 31, 1998, through and ~~each~~ December  
5 31, 2017:

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

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

31 If a plan which is not administered by a retirement system under the

1 County Employees Retirement Act contains no current active participants,  
2 the chairperson may file in place of such report a statement with the  
3 Public Employees Retirement Board indicating the number of retirees still  
4 drawing benefits, and the sources and amount of funding for such  
5 benefits; and -

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

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

1           24-701 For purposes of the Judges Retirement Act, unless the context  
2 otherwise requires:

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

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

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

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

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

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

1 diems, or bonuses for services not actually rendered, including, but not  
2 limited to, early retirement inducements, cash awards, and severance pay,  
3 except for retroactive salary payments paid pursuant to court order,  
4 arbitration, or litigation and grievance settlements. Compensation  
5 includes overtime pay, member retirement contributions, and amounts  
6 contributed by the member to plans under sections 125 and 457 of the  
7 Internal Revenue Code as defined in section 49-801.01 or any other  
8 section of the code which defers or excludes such amounts from income.

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

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

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

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

1 after January 5, 1961, (iv) any judge of a separate juvenile court serves  
2 in such capacity, (v) any judge of the municipal court served in such  
3 capacity subsequent to October 23, 1967, and prior to July 1, 1985, (vi)  
4 any judge of the county court or associate county judge serves in such  
5 capacity subsequent to January 4, 1973, (vii) any clerk magistrate, who  
6 was an associate county judge and a member of the fund at the time of  
7 appointment as a clerk magistrate, serves in such capacity from and after  
8 July 1, 1986, and (viii) any judge of the Court of Appeals serves in such  
9 capacity on or after September 6, 1991.

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

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

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

29 (10) Future member means a judge who first served as a judge on or  
30 after December 25, 1969, or means a judge who first served as a judge  
31 prior to December 25, 1969, who elects to become a future member on or

1 before June 30, 1970, as provided in subsection (8) of section 24-703 or  
2 section 24-710.01;

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

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

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

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

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

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

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

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

1            (18) ~~(17)~~ Original member means a judge who first served as a judge  
2 prior to December 25, 1969, who does not elect to become a future member  
3 pursuant to subsection (8) of section 24-703 or section 24-710.01, and  
4 who was retired on or before December 31, 1992;

5            (19) ~~(18)~~ Plan year means the twelve-month period beginning on July  
6 1 and ending on June 30 of the following year;

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

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

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

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

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

30           (25) ~~(24)~~ Surviving spouse means (a) the spouse married to the  
31 member on the date of the member's death or (b) the spouse or former



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

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

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

30 24-708 (1) Except as provided in section 24-721, a judge may retire  
31 upon reaching the age of sixty-five years and upon making application to

1 the board. Upon retiring each such judge shall receive retirement  
2 annuities as provided in section 24-710.

3 (2) Except as provided in section 24-721, a judge may retire upon  
4 reaching the age of fifty-five years and elect to receive a reduced  
5 monthly retirement income in lieu of a deferred vested annuity. The judge  
6 may request that the reduced monthly retirement income commence at any  
7 date, beginning on the first day of the month following the actual  
8 retirement date and ending on the normal retirement date. The amount of  
9 the reduced monthly retirement income shall be calculated based on the  
10 length of creditable service and average compensation at the actual  
11 retirement date. When a judge has elected to receive a reduced monthly  
12 retirement income to commence at the age of sixty-four years, the monthly  
13 payments shall be reduced by three percent. When a judge has elected to  
14 receive a reduced monthly retirement income to commence at the age of  
15 sixty-three years, the monthly payments shall be reduced by six percent.  
16 When a judge has elected to receive a reduced monthly retirement income  
17 to commence at the age of sixty-two years, the monthly payments shall be  
18 reduced by nine percent. When a judge has elected to receive a reduced  
19 monthly retirement income to commence prior to the age of sixty-two  
20 years, the monthly payments shall be further reduced to an amount that is  
21 actuarially equivalent to the amount payable at the age of sixty-two  
22 years.

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

27 (4) The effective date of retirement payments shall be the first day  
28 of the month following (a) the date a member qualifies for retirement as  
29 provided in this section or (b) the date upon which a member's request  
30 for retirement is received on an application form provided by the  
31 retirement system, whichever is later. An application may be filed no

1 more than one hundred twenty ~~ninety~~ days in advance of qualifying for  
2 retirement.

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

11 Sec. 20. Section 24-710.04, Reissue Revised Statutes of Nebraska, is  
12 amended to read:

13 24-710.04 (1) ~~Any~~ ~~Under such rules and regulations as the~~  
14 ~~retirement board adopts and promulgates, any judge who~~ returns to service  
15 as a judge for the State of Nebraska is reemployed on or after December  
16 12, 1994, pursuant to 38 U.S.C. 4301 et seq. chapter 43, shall be treated  
17 as not having incurred a break in service by reason of the judge's ~~his or~~  
18 ~~her~~ period of military service. Such military service shall be credited  
19 for purposes of determining the nonforfeitability of the member's accrued  
20 benefits and the accrual of benefits under the plan.

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

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

27 (b) Any actuarial costs necessary to fund the obligation of the plan  
28 to provide benefits based upon such period of military service. For the  
29 purposes of determining the amount of such liability and obligation of  
30 the plan, earnings and forfeitures, gains and losses, regular interest,  
31 or interest credits that would have accrued on the judge's contributions

1 that are paid by the state court administrator pursuant to this section  
2 shall not be included.

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

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

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

18 (b) The acceptable methods of payment;

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

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

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

28 (5) This section only applies to military service that falls within  
29 the definition of uniformed service under 38 U.S.C. 4301 et seq. Military  
30 service does not include service provided pursuant to sections 55-101 to  
31 55-181.

1           Sec. 21. Section 24-710.15, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3           24-710.15 (1) Beginning July 1, 2015, for judges who become members  
4 on and after July 1, 2015, if the annual valuation made by the actuary,  
5 as approved by the board, indicates that the system is fully funded and  
6 has sufficient actuarial surplus to provide for a supplemental lump-sum  
7 cost-of-living payment adjustment, the board may, in its discretion,  
8 elect to pay a maximum one and one-half percent supplemental lump-sum  
9 cost-of-living payment adjustment to each retired member or beneficiary  
10 based on the retired member's or beneficiary's total monthly benefit  
11 through June 30 of the year for which the supplemental lump-sum cost-of-  
12 living payment adjustment is being calculated. The supplemental lump-sum  
13 cost-of-living payment shall be paid within sixty days after the board's  
14 decision. In no event shall the board declare a supplemental lump-sum  
15 cost-of-living payment adjustment if such payment adjustment would cause  
16 the plan to be less than fully funded.

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

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

31           Sec. 22. Section 71-1631.02, Revised Statutes Cumulative Supplement,

1 2016, is amended to read:

2 71-1631.02 (1) Beginning December 31, 1998, through December 31,  
3 2017 and ~~each year thereafter~~, the health director of a board of health  
4 with an independent retirement plan established pursuant to section  
5 71-1631 and section 401(a) of the Internal Revenue Code shall file with  
6 the Public Employees Retirement Board an annual report on such plan and  
7 shall submit copies of such report to the Auditor of Public Accounts. The  
8 Auditor of Public Accounts may prepare a review of such report pursuant  
9 to section 84-304.02 but is not required to do so. The annual report  
10 shall be in a form prescribed by the Public Employees Retirement Board  
11 and shall contain the following information for each such retirement  
12 plan:

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

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

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

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

1 open to new members on January 1, 2004, the report shall be in addition  
2 to the reports required by section 13-2402. The report shall be on a form  
3 prescribed by the Auditor of Public Accounts and shall include, but not  
4 be limited to, the following information:

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

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

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

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

24 79-902 For purposes of the School Employees Retirement Act, unless  
25 the context otherwise requires:

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

30 (2)(a) ~~(2)~~ Actuarial equivalent means the equality in value of the  
31 aggregate amounts expected to be received under different forms of



1 payment.

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

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

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

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

28 (4)(a) Compensation means gross wages or salaries payable to the  
29 member for personal services performed during the plan year and includes  
30 (i) overtime pay, (ii) member retirement contributions, (iii) retroactive  
31 salary payments paid pursuant to court order, arbitration, or litigation

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

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

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

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

29 (6)(a) ~~(6)~~ Creditable service means prior service for which credit  
30 is granted under sections 79-926 to 79-929, service credit purchased  
31 under sections 79-933.03 to 79-933.06 and 79-933.08, and all service

1 rendered while a contributing member of the retirement system;  ~~-~~  
2 ~~Creditable service~~

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

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

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

31 (7) Current benefit means the initial benefit increased by all

1 adjustments made pursuant to the School Employees Retirement Act;

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

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

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

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

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

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

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

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

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

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

8           (12) ~~(11)~~ Eligibility and vesting credit means credit for years, or  
9 a fraction of a year, of participation in a Nebraska government plan for  
10 purposes of determining eligibility for benefits under the School  
11 Employees Retirement Act. Such credit shall not be included as years of  
12 creditable service in the benefit calculation;

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

27           (14) ~~(13)~~ Employer means the State of Nebraska or any subdivision  
28 thereof or agency of the state or subdivision authorized by law to hire  
29 school employees or to pay their compensation;

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

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

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

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

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

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

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

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

18 ~~(16)~~ ~~(15)~~ Fiscal year means any year beginning July 1 and ending  
19 June 30 next following;

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

22 ~~(18)~~ ~~(16)~~ Initial benefit means the retirement benefit calculated at  
23 the time of retirement;

24 ~~(19)~~ ~~(17)~~ Member means any person who has an account in the School  
25 Retirement Fund;

26 ~~(20)~~ ~~(18)~~ Participation means qualifying for and making required  
27 deposits to the retirement system during the course of a plan year;

28 ~~(21)~~ ~~(19)~~ Plan year means the twelve-month period beginning on July  
29 1 and ending on June 30 of the following year;

30 ~~(22)~~ ~~(20)~~ Prior service means service rendered as a school employee  
31 in the public schools of the State of Nebraska prior to July 1, 1945;

1            (23) ~~(21)~~ Public school means any and all schools offering  
2 instruction in elementary or high school grades, as defined in section  
3 79-101, which schools are supported by public funds and are wholly under  
4 the control and management of the State of Nebraska or any subdivision  
5 thereof, including (a) schools or other entities established, maintained,  
6 and controlled by the school boards of local school districts, except  
7 Class V school districts, (b) any educational service unit, and (c) any  
8 other educational institution wholly supported by public funds, except  
9 schools under the control and management of the Board of Trustees of the  
10 Nebraska State Colleges, the Board of Regents of the University of  
11 Nebraska, or the community college boards of governors for any community  
12 college areas;

13            (24) ~~(22)~~ Regular employee means an employee hired by a public  
14 school or under contract in a regular full-time or part-time position who  
15 works a full-time or part-time schedule on an ongoing basis for twenty or  
16 more hours per week. An employee hired as described in this subdivision  
17 to provide service for less than twenty hours per week but who provides  
18 service for an average of twenty hours or more per week in each calendar  
19 month of any three calendar months of a plan year shall, beginning with  
20 the next full payroll period, commence contributions and shall be deemed  
21 a regular employee for all future employment with the same employer;

22            (25) ~~(23)~~ Regular interest means interest fixed at a rate equal to  
23 the daily treasury yield curve for one-year treasury securities, as  
24 published by the Secretary of the Treasury of the United States, that  
25 applies on July 1 of each year, which may be credited monthly, quarterly,  
26 semiannually, or annually as the board may direct;

27            (26) ~~(24)~~ Relinquished creditable service means, with respect to a  
28 member who has withdrawn his or her accumulated contributions under  
29 section 79-955, the total amount of creditable service which such member  
30 has given up as a result of his or her election not to remain a member of  
31 the retirement system;

1           (27) ~~(25)~~ Required deposit means the deduction from a member's  
2 compensation as provided for in section 79-958 which shall be deposited  
3 in the School Retirement Fund;

4           (28) ~~(26)~~ Retirement means qualifying for and accepting a school or  
5 disability retirement allowance granted under the School Employees  
6 Retirement Act;

7           (29) ~~(27)~~ 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          (30) ~~(28)~~ Retirement board or board means the Public Employees  
11 Retirement Board;

12          (31) ~~(29)~~ Retirement date means (a) if the member has terminated  
13 employment, the first day of the month following the date upon which a  
14 member's request for retirement is received on a retirement application  
15 provided by the retirement system or (b) if the member has filed a  
16 retirement application but has not yet terminated employment, the first  
17 day of the month following the date on which the member terminates  
18 employment. An application may be filed no more than one hundred twenty  
19 days prior to the effective date of the member's initial benefit;

20          (32) ~~(30)~~ Retirement system means the School Employees Retirement  
21 System of the State of Nebraska;

22          (33) ~~(31)~~ Savings annuity means payments for life, made in equal  
23 monthly payments, derived from the accumulated contributions of a member;

24          (34) ~~(32)~~ School employee means a contributing member who earns  
25 service credit pursuant to section 79-927. For purposes of this section,  
26 contributing member means the following persons who receive compensation  
27 from a public school: (a) Regular employees; (b) regular employees having  
28 retired pursuant to the School Employees Retirement Act who subsequently  
29 provide compensated service on a regular basis in any capacity; and (c)  
30 regular employees hired by a public school on an ongoing basis to assume  
31 the duties of other regular employees who are temporarily absent.



1 Substitute employees, temporary employees, and employees who have not  
2 attained the age of eighteen years shall not be considered school  
3 employees;

4 (35) ~~(33)~~ School year means one fiscal year which includes not less  
5 than one thousand instructional hours or, in the case of service in the  
6 State of Nebraska prior to July 1, 1945, not less than seventy-five  
7 percent of the then legal school year;

8 (36) ~~(34)~~ School retirement allowance means the total of the savings  
9 annuity and the service annuity or formula annuity paid a person who has  
10 retired under sections 79-931 to 79-935. The monthly payments shall be  
11 payable at the end of each calendar month during the life of a retired  
12 member. The first payment shall include all amounts accrued since the  
13 effective date of the award of annuity. The last payment shall be at the  
14 end of the calendar month in which such member dies or in accordance with  
15 the payment option chosen by the member;

16 (37) ~~(35)~~ Service means employment as a school employee and shall  
17 not be deemed interrupted by (a) termination at the end of the school  
18 year of the contract of employment of an employee in a public school if  
19 the employee enters into a contract of employment in any public school,  
20 ~~except a school in a Class V school district,~~ for the following school  
21 year, (b) temporary or seasonal suspension of service that does not  
22 terminate the employee's employment, (c) leave of absence authorized by  
23 the employer for a period not exceeding twelve months, (d) leave of  
24 absence because of disability, or (e) military service when properly  
25 authorized by the retirement board. Service does not include any period  
26 of disability for which disability retirement benefits are received under  
27 sections 79-951 to 79-953;

28 (38) ~~(36)~~ Service annuity means payments for life, made in equal  
29 monthly installments, derived from appropriations made by the State of  
30 Nebraska to the retirement system;

31 (39) Service in any capacity means, but is not limited to, working

1 as (a) a volunteer, (b) a full-time or part-time employee, regular  
2 employee, school employee, substitute employee, temporary employee, or  
3 interim employee, (c) an independent contractor, a subcontractor, a  
4 consultant, or a third-party contractor who performs work for any  
5 employer in the retirement system, or (d) as defined in subdivision (30)  
6 of section 79-978 of the Class V School Employees Retirement System;

7 (40) (37) State deposit means the deposit by the state in the  
8 retirement system on behalf of any member;

9 (41) (38) State school official means the Commissioner of Education  
10 and his or her professional staff who are required by law or by the State  
11 Department of Education to hold a certificate as such term is defined in  
12 section 79-807;

13 (42) (39) Substitute employee means a person hired by a public  
14 school as a temporary employee to assume the duties of regular employees  
15 due to a temporary absence of any regular employees. Substitute employee  
16 does not mean a person hired as a regular employee on an ongoing basis to  
17 assume the duties of other regular employees who are temporarily absent;

18 (43) (40) Surviving spouse means (a) the spouse married to the  
19 member on the date of the member's death or (b) the spouse or former  
20 spouse of the member if survivorship rights are provided under a  
21 qualified domestic relations order filed with the board pursuant to the  
22 Spousal Pension Rights Act. The spouse or former spouse shall supersede  
23 the spouse married to the member on the date of the member's death as  
24 provided under a qualified domestic relations order. If the benefits  
25 payable to the spouse or former spouse under a qualified domestic  
26 relations order are less than the value of benefits entitled to the  
27 surviving spouse, the spouse married to the member on the date of the  
28 member's death shall be the surviving spouse for the balance of the  
29 benefits;

30 (44) (41) Temporary employee means an employee hired by a public  
31 school who is not a regular employee and who is hired to provide service

1 for a limited period of time to accomplish a specific purpose or task.  
2 When such specific purpose or task is complete, the employment of such  
3 temporary employee shall terminate and in no case shall the temporary  
4 employment period exceed one year in duration;~~and~~

5 (45)(a) (42) Termination of employment occurs, except as otherwise  
6 provided in subdivisions (b), (c), and (d) of this subdivision, on the  
7 date on which the member experiences a bona fide separation from service  
8 of employment with the member's employer, the date of which separation is  
9 determined by the end of the member's contractual agreement or, if there  
10 is no contract or only partial fulfillment of a contract, by the  
11 employer.

12 (b) A member shall not be deemed to have terminated employment for  
13 purposes of this subdivision if termination begins on or after July 1,  
14 2017, and if the member subsequently provides service in any capacity to  
15 any employer participating in the retirement system provided for in the  
16 School Employees Retirement Act or to any employer participating in a  
17 retirement system established pursuant to the Class V School Employees  
18 Retirement Act (i) within one hundred eighty days after ceasing  
19 employment unless such service is as provided in subsection (2) of  
20 section 79-920 or (ii) except as provided in subdivision (c) of this  
21 subdivision, within twenty-four months after the member's termination if  
22 the member accepts an early retirement inducement. ÷

23 (c) If a member accepts an early retirement inducement, the member  
24 may provide voluntary service one hundred eighty days after ceasing  
25 employment.

26 ~~(a) Is bona fide unpaid voluntary service or substitute service,~~  
27 ~~provided on an intermittent basis; or~~

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

29 ~~Nothing in this subdivision precludes an employer from adopting a~~  
30 ~~policy which limits or denies employees who have terminated employment~~  
31 ~~from providing voluntary or substitute service within one hundred eighty~~

1 ~~days after termination.~~

2 (d) A member shall not be deemed to have terminated employment if  
3 the board determines that a claimed termination was not a bona fide  
4 separation from service with the employer or that a member was  
5 compensated for a full contractual period when the member terminated  
6 prior to the end date of the contract.

7 (e) Nothing in this subdivision precludes an employer from adopting  
8 a policy which requires employees who have terminated employment from  
9 providing service in any capacity for longer than provided in this  
10 subdivision; and

11 (46) Voluntary service or volunteer means providing bona fide unpaid  
12 service to any employer.

13 Sec. 24. Section 79-904.01, Revised Statutes Cumulative Supplement,  
14 2016, is amended to read:

15 79-904.01 (1)(a) If the board determines that the retirement system  
16 has previously received contributions or distributed benefits which for  
17 any reason are not in accordance with the statutory provisions of the  
18 School Employees Retirement Act, the board may refund contributions,  
19 require additional contributions, adjust benefits, or require repayment  
20 of benefits paid. In the event of an overpayment of a benefit, the board  
21 may, in addition to other remedies, offset future benefit payments by the  
22 amount of the prior overpayment, together with regular interest thereon.  
23 In the event of a material underpayment of a benefit, the board shall  
24 immediately make payment equal to the deficit amount plus regular  
25 interest.

26 (b) The board shall have the power, through the director of the  
27 Nebraska Public Employees Retirement Systems or the director's designee,  
28 to make a thorough investigation of any overpayment of a benefit, when in  
29 the judgment of the retirement system such investigation is necessary,  
30 including, but not limited to, circumstances in which benefit payments  
31 are made after the death of a member or beneficiary and the retirement

1 system is not made aware of such member's or beneficiary's death. In  
2 connection with any such investigation, the board, through the director  
3 or the director's designee, shall have the power to compel the attendance  
4 of witnesses and the production of books, papers, records, and documents,  
5 whether in hardcopy, electronic form, or otherwise, and issue subpoenas  
6 for such purposes. Such subpoenas shall be served in the same manner and  
7 have the same effect as subpoenas from district courts.

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

12 (3) The board shall adopt and promulgate rules and regulations  
13 implementing this section, which shall include, but not be limited to,  
14 the following: (a) The procedures for refunding contributions, adjusting  
15 future contributions or benefit payments, and requiring additional  
16 contributions or repayment of benefits; (b) the process for a member,  
17 member's beneficiary, employee, or employer to dispute an adjustment of  
18 contributions or benefits; and (c) notice provided to all affected  
19 persons. All notices shall be sent at the time of or prior to an  
20 adjustment and shall describe the process for disputing an adjustment of  
21 contributions or benefits.

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

25 Sec. 25. Section 79-921, Reissue Revised Statutes of Nebraska, is  
26 amended to read:

27 79-921 (1) The membership of any person in the retirement system  
28 shall cease only if he or she (a) withdraws his or her accumulated  
29 contributions under section 79-955, (b) retires on a school or formula or  
30 disability retirement allowance, or (c) dies.

31 (2)(a) ~~(2)~~ The employer shall (i) notify the board in writing of the

1 date upon which a termination of employment has occurred and provide the  
2 board with such information as the board deems necessary, (ii) notify the  
3 board in writing whether or not a member accepted and received an early  
4 retirement inducement, and (iii) submit in writing with the notice of  
5 termination of employment and notice of receipt of an early retirement  
6 inducement a completed certification by the employer and member under  
7 penalty of prosecution pursuant to section 79-949 that, prior to the  
8 member's termination, there was no prearranged written or verbal  
9 agreement for the member to return to service in any capacity with the  
10 same employer . It is the responsibility of the employer that is involved  
11 in the termination of employment to notify the board of such change in  
12 employment and provide the board with such information as the board deems  
13 necessary.

14 (b) The member shall submit certification to the board on a form  
15 prescribed by the board, under penalty of prosecution pursuant to section  
16 79-949, (i) that prior to the member's termination there was no  
17 prearranged written or verbal agreement to provide service in any  
18 capacity to any employer participating in a retirement system established  
19 pursuant to the Class V School Employees Retirement Act and (ii) whether  
20 or not the member accepted and received an early retirement inducement  
21 from his or her employer.

22 (c) The board may adopt and promulgate rules and regulations and  
23 prescribe forms as the board determines appropriate in order to carry out  
24 this subsection and to ensure full disclosure and reporting by the  
25 employer and member in order to minimize fraud and abuse and prevent the  
26 filing of false or fraudulent claim or benefit applications.

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

31 (b) The date of such membership shall relate back to the beginning

1 of his or her original membership in the retirement system only if such  
2 school employee has repaid all amounts required in accordance with  
3 subsection (4) of this section. Unless and until all such amounts are  
4 repaid, the school employee shall be considered a new member, effective  
5 as of the date he or she again becomes a school employee.

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

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

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

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

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

30 (ii) Payment for restoration of such relinquished creditable service  
31 must be completed within five years of the date of such member's

1 reinstatement to membership in the retirement system or prior to  
2 termination, whichever is earlier.

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

9 Sec. 26. Section 79-926, Reissue Revised Statutes of Nebraska, is  
10 amended to read:

11 79-926 (1) Under such rules and regulations as the retirement board  
12 adopts and promulgates, each person who was a school employee at any time  
13 prior to the establishment of the retirement system and who becomes a  
14 member of the retirement system shall, within two years after becoming a  
15 member, file a detailed statement of all service as a school employee  
16 rendered by him or her prior to the date of establishment of the  
17 retirement system. In order to qualify for prior service credit toward a  
18 service annuity, a school employee, unless temporarily out of service for  
19 further professional education, for service in the armed forces, or for  
20 temporary disability, must have completed four years of service on a  
21 part-time or full-time basis during the five calendar years immediately  
22 preceding July 1, 1945, or have completed eighteen years out of the last  
23 twenty-five years prior to July 1, 1945, full time or part time, and two  
24 years out of the five years immediately preceding July 1, 1945, full time  
25 or part time, or such school employee must complete, unless temporarily  
26 out of service for further professional education, for service in the  
27 armed forces, or for temporary disability, four years of service within  
28 the five calendar years immediately following July 1, 1945. In order to  
29 qualify for prior service credit toward a service annuity, a school  
30 employee who becomes a member of the retirement system on or before  
31 September 30, 1951, or from July 1, 1945, to the date of becoming a



1 member shall have been continuously employed in a public school in  
2 Nebraska operating under any other regularly established retirement or  
3 pension system.

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

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

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

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

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

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

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

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

21       (ii) The acceptable methods of payment;

22       (iii) Determining the service and compensation upon which the  
23 contributions must be made;

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

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

30       (3) This section only applies to military service that falls within  
31 the definition of uniformed service under 38 U.S.C. 4301 et seq. Military

1 service does not include service provided pursuant to sections 55-101 to  
2 55-181.

3 Sec. 27. Section 79-931, Revised Statutes Cumulative Supplement,  
4 2016, is amended to read:

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

16 (2) A member hired on or after July 1, 2016, and prior to July 1,  
17 2018, or a member who has taken a ~~refund~~ or retirement or refund that  
18 relinquished all prior service credit and who has not repaid the full  
19 amount of the refund pursuant to section 79-921 and is rehired or hired  
20 by any ~~a separate~~ employer covered by the retirement system on or after  
21 July 1, 2016, and prior to July 1, 2018, upon filing a retirement  
22 application with the retirement system, may retire (a) at any age if the  
23 member has completed thirty-five years of creditable service, (b) if the  
24 member is at least fifty-five years of age and the sum of the member's  
25 attained age and creditable service totals eighty-five, or (c) if the  
26 member is at least sixty years of age and has completed at least five  
27 years of creditable service including eligibility and vesting credit.

28 (3) A member hired on or after July 1, 2018, or a member or former  
29 member who has taken a retirement or refund that relinquished all prior  
30 service credit and who has not repaid the full amount of the refund  
31 pursuant to section 79-921 and is rehired or hired by any employer

1 covered by the retirement system on or after July 1, 2018, upon filing a  
2 retirement application with the retirement system, may retire (a) if the  
3 member is at least sixty years of age and the sum of the member's  
4 attained age and creditable service totals eighty-five or (b) if the  
5 member is at least sixty years of age and has completed at least five  
6 years of creditable service including eligibility and vesting credit.

7       Sec. 28. Section 79-933.08, Reissue Revised Statutes of Nebraska, is  
8 amended to read:

9       79-933.08 (1) A ~~An employer and a~~ school employee who became a  
10 member before July 1, 2014, and who has completed at least five years of  
11 creditable service plus eligibility and vesting credit or a school  
12 employee who became a member for the first time on or after July 1, 2014,  
13 and who has completed ten or more years of creditable service may ~~by~~  
14 ~~agreement made in contemplation of retirement, to be effective within~~  
15 ~~twelve months of the agreement,~~ purchase service credit for up to such  
16 ~~employee for not to exceed~~ five years of creditable service. Such  
17 purchase an agreement may be executed up to twelve months prior to the  
18 employee's retirement date. ~~The agreement shall specify whether the~~  
19 ~~school employee shall pay for the service credits, whether the employer~~  
20 ~~shall pay for the service credits, or whether both the employee and~~  
21 ~~employer shall share the cost of the service credits.~~ Such service  
22 credits shall be purchased by the employee for an amount equal to the  
23 actuarial cost to the retirement system for allowing such additional  
24 service credit to the employee.

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

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

1 (4) The retirement board shall credit funds collected pursuant to  
2 this section to the Contingent Account pending the employee's retirement.  
3 If the employee does not retire within twelve months after the execution  
4 of the purchase ~~signing of the agreement~~ made pursuant to this section,  
5 such funds shall be refunded, excluding interest earned, and the employee  
6 shall not be given credit for the service credit attempted to be  
7 purchased.

8 Sec. 29. Section 79-934, Revised Statutes Cumulative Supplement,  
9 2016, is amended to read:

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

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

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

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

29 ~~(4) If the annuity begins prior to the sixty fifth birthday of the~~  
30 ~~member and the member has completed thirty or more years of creditable~~  
31 ~~service and is at least sixty years of age, the annuity shall not be~~

1 ~~reduced.~~ If the annuity begins prior to the member's sixtieth birthday of  
2 ~~the member~~ and the member has completed thirty-five or more years of  
3 creditable service, the annuity shall be actuarially reduced on the basis  
4 of age sixty-five.

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

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

27 (b) For ~~retirements for~~ a member hired on or after July 1, 2016, and  
28 prior to July 1, 2018, or for a member who has taken a ~~refund or~~  
29 ~~retirement or refund that relinquished all prior service credit and who~~  
30 has not repaid the full amount of the refund pursuant to section 79-921  
31 and is rehired or hired by any a ~~separate~~ employer covered by the

1 retirement system on or after July 1, 2016, and prior to July 1, 2018, if  
2 the annuity begins at a time when the sum of the member's attained age  
3 and creditable service totals eighty-five and the member is at least  
4 fifty-five years of age, the annuity shall not be reduced.—This  
5 ~~subdivision shall only apply to a member who has acquired the equivalent~~  
6 ~~of five years of service or more as a school employee under the~~  
7 ~~retirement system.~~

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

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

22 (7) (5) Except as provided in section 42-1107, the normal form of  
23 the formula annuity shall be an annuity payable monthly during the  
24 remainder of the member's life with the provision that in the event of  
25 his or her death before sixty monthly payments have been made the monthly  
26 payments will be continued to his or her estate or to the beneficiary he  
27 or she has designated until sixty monthly payments have been made. Except  
28 as provided in section 42-1107, a member may elect to receive in lieu of  
29 the normal form of annuity an actuarially equivalent annuity in any  
30 optional form provided by section 79-938.

31 (8) (6) All formula annuities shall be paid from the School



1 Retirement Fund.

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

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

19 (A) Category of school employee means either all employees of the  
20 employer who are administrators or certificated teachers, or all  
21 employees of the employer who are not administrators or certificated  
22 teachers, or both;

23 (B) Compensation base means (I) for current members, employed with  
24 the same employer, the member's compensation for the plan year ending  
25 June 30, 2005, or (II) for members newly hired or hired by a separate  
26 employer on or after July 1, 2005, the member's compensation for the  
27 first full plan year following the member's date of hiring. Thereafter,  
28 the member's compensation base shall be increased each plan year by the  
29 lesser of seven percent of the member's preceding plan year's  
30 compensation base or the member's actual annual compensation increase  
31 during the preceding plan year; and

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

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

9 (ii) For purposes of subdivision (9)(b) ~~(7)(b)~~ of this section,  
10 compensation base means (A) for current members employed with the same  
11 employer, the member's compensation for the plan year ending June 30,  
12 2012, or (B) for members newly hired or hired by a separate employer on  
13 or after July 1, 2012, the member's compensation for the first full plan  
14 year following the member's date of hiring.

15 (c)(i) In the determination of compensation for members whose  
16 retirement date is on or after July 1, 2013, that part of a member's  
17 compensation for the plan year which exceeds the member's compensation  
18 for the preceding plan year by more than eight percent during the capping  
19 period shall be excluded. Such member's compensation for the first plan  
20 year of the capping period shall be compared to the member's compensation  
21 received for the plan year immediately preceding the capping period.

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

23 (A) Capping period means the five plan years preceding the later of  
24 (I) such member's retirement date or (II) such member's final  
25 compensation date; and

26 (B) Final compensation date means the later of (I) the date on which  
27 a retiring member's final compensation is actually paid or (II) if a  
28 retiring member's final compensation is paid in advance as a lump sum,  
29 the date on which such final compensation would have been paid to the  
30 member in the absence of such advance payment.

31 Sec. 30. Section 79-951, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 79-951 (1) Any member, disregarding the length of service, may be  
3 retired as a result of disability either upon his or her own application  
4 or upon the application of his or her employer or any person acting in  
5 his or her behalf. Before any member may be so retired, a medical  
6 examination shall be made at the expense of the retirement system, which  
7 examination shall be conducted by a disinterested physician legally  
8 authorized to practice medicine under the laws of the state in which he  
9 or she practices, such physician to be selected by the retirement board,  
10 and the physician shall certify to the board that the member should be  
11 retired because he or she suffers from an inability to engage in any  
12 substantially gainful activity by reason of any medically determinable  
13 physical or mental impairment which was initially diagnosed or became  
14 disabling while the member was an active participant in the plan and  
15 which can be expected to result in death or to be of long-continued and  
16 indefinite duration. The medical examination may be waived if, in the  
17 judgment of the retirement board, extraordinary circumstances exist which  
18 preclude substantial gainful activity by the member. Such circumstances  
19 shall include hospice placement or similar confinement for a terminal  
20 illness or injury. The application for disability retirement shall be  
21 made within one year of termination of employment ~~A member shall be~~  
22 ~~retired on account of disability, either upon his or her own application~~  
23 ~~or the application of his or her employer or a person acting in his or~~  
24 ~~her behalf, if a medical examination, made at the expense of the~~  
25 ~~retirement system and conducted by a competent disinterested physician~~  
26 ~~legally authorized to practice medicine under the laws of the state in~~  
27 ~~which he or she practices, selected by the retirement board, shows and~~  
28 ~~the physician certifies to the retirement board that the member is unable~~  
29 ~~to engage in a substantially gainful activity by reason of any medically~~  
30 ~~determinable physical or mental impairment which began while the member~~  
31 ~~was a participant in the plan and which can be expected to result in~~

1 ~~death or be of a long and indefinite duration. The medical examination~~  
2 ~~may be waived if, in the judgment of the retirement board, extraordinary~~  
3 ~~circumstances exist which preclude substantial gainful activity by the~~  
4 ~~member. Such circumstances shall include hospice placement or similar~~  
5 ~~confinement for a terminal illness or injury.~~

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

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

18 Sec. 31. Section 79-954, Revised Statutes Cumulative Supplement,  
19 2016, is amended to read:

20 79-954 If a disability beneficiary under the age of sixty-five years  
21 is restored to active service as a school employee or if the examining  
22 physician certifies that the person is no longer disabled for service as  
23 a school employee, the ~~school~~ or disability retirement allowance shall  
24 cease. If the beneficiary again becomes a school employee, he or she  
25 shall become a member of the retirement system. Any prior service  
26 certificate, on the basis of which his or her creditable service was  
27 computed at the time of his or her retirement for disability, shall be  
28 restored to full force and effect upon his or her again becoming a member  
29 of such retirement system.

30 Sec. 32. Section 79-958, Reissue Revised Statutes of Nebraska, is  
31 amended to read:

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

6           (2) For the purpose of providing the funds to pay for formula  
7 annuities, every employer shall be required to deposit in the School  
8 Retirement Fund one hundred one percent of the required contributions of  
9 the school employees of each employer. Such deposits shall be transmitted  
10 to the retirement board at the same time and in the same manner as such  
11 required employee contributions.

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

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

1           Sec. 33. Section 79-978, Revised Statutes Cumulative Supplement,  
2 2016, is amended to read:

3           79-978 For purposes of the Class V School Employees Retirement Act,  
4 unless the context otherwise requires:

5           (1) Accumulated contributions means the sum of amounts contributed  
6 by a member of the system together with regular interest credited  
7 thereon;

8           (2) Actuarial equivalent means the equality in value of the  
9 retirement allowance for early retirement or the retirement allowance for  
10 an optional form of annuity, or both, with the normal form of the annuity  
11 to be paid, as determined by the application of the appropriate actuarial  
12 table, except that use of such actuarial tables shall not effect a  
13 reduction in benefits accrued prior to September 1, 1985, as determined  
14 by the actuarial tables in use prior to such date;

15           (3) Actuarial tables means:

16           (a) For determining the actuarial equivalent of any annuities other  
17 than joint and survivorship annuities, a unisex mortality table using  
18 twenty-five percent of the male mortality and seventy-five percent of the  
19 female mortality from the 1994 Group Annuity Mortality Table with a One  
20 Year Setback and using an interest rate of eight percent compounded  
21 annually; and

22           (b) For joint and survivorship annuities, a unisex retiree mortality  
23 table using sixty-five percent of the male mortality and thirty-five  
24 percent of the female mortality from the 1994 Group Annuity Mortality  
25 Table with a One Year Setback and using an interest rate of eight percent  
26 compounded annually and a unisex joint annuitant mortality table using  
27 thirty-five percent of the male mortality and sixty-five percent of the  
28 female mortality from the 1994 Group Annuity Mortality Table with a One  
29 Year Setback and using an interest rate of eight percent compounded  
30 annually;

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

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

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

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

12 (8) Board of education means the board of education of the school  
13 district;

14 (9)(a) Compensation means gross wages or salaries payable to the  
15 member during a fiscal year and includes (i) overtime pay, (ii) member  
16 contributions to the retirement system that are picked up under section  
17 414(h) of the Internal Revenue Code, as defined in section 49-801.01,  
18 (iii) retroactive salary payments paid pursuant to court order,  
19 arbitration, or litigation and grievance settlements, and (iv) amounts  
20 contributed by the member to plans under sections 125, 403(b), and 457 of  
21 the Internal Revenue Code, as defined in section 49-801.01, or any other  
22 section of the code which defers or excludes such amounts from income.

23 (b) Compensation does not include (i) fraudulently obtained amounts  
24 as determined by the board, (ii) amounts for accrued unused sick leave or  
25 accrued unused vacation leave converted to cash payments, (iii) insurance  
26 premiums converted into cash payments, (iv) reimbursement for expenses  
27 incurred, (v) fringe benefits, (vi) per diems paid as expenses, (vii)  
28 bonuses for services not actually rendered, ~~(viii) including, but not~~  
29 ~~limited to,~~ early retirement inducements, (ix) cash awards, (x) and  
30 severance pay, or (xi) ~~(viii)~~ employer contributions made for the  
31 purposes of separation payments made at retirement and early retirement

1 inducements as provided for in section 79-514.

2 (c) Compensation in excess of the limitations set forth in section  
3 401(a)(17) of the Internal Revenue Code, as defined in section 49-801.01,  
4 shall be disregarded;

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

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

9 (12) Early retirement date means, for members hired prior to July 1,  
10 2016, who have attained age fifty-five, that month and year selected by a  
11 member having at least ten years of creditable service which includes a  
12 minimum of five years of membership service. Early retirement date means,  
13 for members hired on or after July 1, 2016, that month and year selected  
14 by a member having at least five years of creditable service and who has  
15 attained age sixty;

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

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

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

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

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

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



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

7           (14) ~~(13)~~ Employee means the following enumerated persons receiving  
8 compensation from the school district: (a) Regular teachers and  
9 administrators employed on a written contract basis; and (b) regular  
10 employees, not included in subdivision (14)(a) ~~(13)(a)~~ of this section,  
11 hired upon a full-time basis, which basis shall contemplate a workweek of  
12 not less than thirty hours;

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

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

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

20           (18) ~~(15)~~ Interest means, for the purchase of service credit, the  
21 purchase of prior service credit, restored refunds, and delayed payments,  
22 the investment return assumption used in the most recent actuarial  
23 valuation;

24           (19) ~~(16)~~ Member means any employee included in the membership of  
25 the retirement system or any former employee who has made contributions  
26 to the system and has not received a refund;

27           (20) ~~(17)~~ Membership service means service on or after September 1,  
28 1951, as an employee of the school district and a member of the system  
29 for which compensation is paid by the school district. Credit for more  
30 than one year of membership service shall not be allowed for service  
31 rendered in any fiscal year. Beginning September 1, 2005, a member shall

1 be credited with a year of membership service for each fiscal year in  
2 which the member performs one thousand or more hours of compensated  
3 service as an employee of the school district. For an employee who  
4 becomes a member prior to July 1, 2018, an ~~an~~ hour of compensated service  
5 shall include any hour for which the member is compensated by the school  
6 district during periods when ~~where~~ no service is performed due to  
7 vacation or approved leave. For an employee who becomes a member on or  
8 after July 1, 2018, an hour of compensated service shall include any hour  
9 for which the member is compensated by the school district during periods  
10 when no service is performed due to used accrued sick days, used accrued  
11 vacation days, federal and state holidays, and jury duty leave for which  
12 the member is paid full compensation by the employer. If a member  
13 performs less than one thousand hours of compensated service during a  
14 fiscal year, one-tenth of a year of membership service shall be credited  
15 for each one hundred hours of compensated service by the member in such  
16 fiscal year. In determining a member's total membership service, all  
17 periods of membership service, including fractional years of membership  
18 service in one-tenth-year increments, shall be aggregated;

19 (21) ~~(18)~~ Military service means service in the uniformed services  
20 as defined in 38 U.S.C. 4301 et seq., as such provision existed on March  
21 27, 1997;

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

25 (23) ~~(20)~~ Primary beneficiary means the person or persons entitled  
26 to receive or receiving a benefit by reason of the death of a member;

27 (24) ~~(21)~~ Prior service means service rendered prior to September 1,  
28 1951, for which credit is allowed under section 79-999, service rendered  
29 by retired employees receiving benefits under preexisting systems, and  
30 service for which credit is allowed under sections 79-990, 79-991,  
31 79-994, 79-995, and 79-997;

1           ~~(25)~~ ~~(22)~~ Regular interest means interest (a) on the total  
2 contributions of the member prior to the close of the last preceding  
3 fiscal year, (b) compounded annually, and (c)(i) beginning September 1,  
4 2016, at a rate equal to the daily treasury yield curve for one-year  
5 treasury securities, as published by the Secretary of the Treasury of the  
6 United States, that applies on September 1 of each year and (ii) prior to  
7 September 1, 2016, at rates to be determined annually by the board, which  
8 shall have the sole, absolute, and final discretionary authority to make  
9 such determination, except that the rate for any given year in no event  
10 shall exceed the actual percentage of net earnings of the system during  
11 the last preceding fiscal year;

12           ~~(26)~~ ~~(23)~~ Retirement allowance means the total annual retirement  
13 benefit payable to a member for service or disability;

14           ~~(27)~~ ~~(24)~~ Retirement date means the date of retirement of a member  
15 for service or disability as fixed by the board of trustees;

16           ~~(28)~~ ~~(25)~~ Retirement system or system means the School Employees'  
17 Retirement System of (corporate name of the school district as described  
18 in section 79-405) as provided for by the act;

19           ~~(29)~~ ~~(26)~~ Secondary beneficiary means the person or persons entitled  
20 to receive or receiving a benefit by reason of the death of all primary  
21 beneficiaries prior to the death of the member. If no primary beneficiary  
22 survives the member, secondary beneficiaries shall be treated in the same  
23 manner as primary beneficiaries;

24           ~~(30)~~ Service in any capacity means, but is not limited to, working  
25 as (a) a volunteer, (b) a full-time or part-time employee, substitute  
26 employee, temporary employee, or interim employee, (c) an independent  
27 contractor, a subcontractor, a consultant, or a third-party contractor  
28 who performs work for any employer in the retirement system, or (d) as  
29 defined in subdivision (39) of section 79-902 of the School Employees  
30 Retirement System;

31           ~~(31)~~ ~~(27)~~ State investment officer means the state investment

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

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

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

14 (34)(a) Termination of employment occurs, except as otherwise  
15 provided in subdivisions (b), (c), and (d) of this subdivision, on the  
16 date on which the member experiences a bona fide separation from service  
17 of employment with the member's employer, the date of which separation is  
18 determined by the end of the member's contractual agreement or, if there  
19 is no contract or only partial fulfillment of a contract, by the  
20 employer;

21 (b) A member shall not be deemed to have terminated employment for  
22 purposes of this subdivision if termination begins on or after July 1,  
23 2017, and the member subsequently provides service in any capacity to any  
24 employer participating in a retirement system established pursuant to the  
25 Class V School Employees Retirement Act or to any employer participating  
26 in the retirement system provided for in the School Employees Retirement  
27 Act (i) within one hundred eighty days after ceasing employment or (ii)  
28 except as provided in subdivision (c) of this subdivision, within twenty-  
29 four months after the member's termination if the member accepts an early  
30 retirement inducement;

31 (c) If a member accepts an early retirement inducement, the member

1 may provide voluntary service one hundred eighty days after ceasing  
2 employment;

3 (d) If the board of trustees determines that termination of  
4 employment has not occurred and a retirement benefit has been paid to a  
5 member of the retirement system pursuant to section 79-999, 79-9,100, or  
6 79-9,100.01, the board of trustees shall require the member who has  
7 received such benefit to repay the benefit to the retirement system; and

8 (e) Nothing in this subdivision precludes an employer from adopting  
9 a policy which requires employees who have terminated employment from  
10 providing service in any capacity for longer than provided in this  
11 subdivision;

12 (35) ~~(28)~~ Trustee means a trustee provided for in section 79-980;  
13 and -

14 (36) Voluntary service or volunteer means providing bona fide unpaid  
15 service to an employer.

16 Sec. 34. Section 79-978.01, Revised Statutes Cumulative Supplement,  
17 2016, is amended to read:

18 79-978.01 Sections 79-978 to 79-9,118 and sections 37 and 38 of this  
19 act shall be known and may be cited as the Class V School Employees  
20 Retirement Act.

21 Sec. 35. Section 79-987, Revised Statutes Cumulative Supplement,  
22 2016, is amended to read:

23 79-987 (1) An annual audit of the affairs of the retirement system  
24 shall be conducted in each fiscal year. At the option of the board of  
25 trustees, such audit may be conducted by a certified public accountant or  
26 the Auditor of Public Accounts. The costs of such audit shall be paid  
27 from funds of the retirement system. A copy of such audit shall be filed  
28 with the Auditor of Public Accounts.

29 (2) Each audit year an annual financial audit of the investments of  
30 the retirement system shall be conducted. At the option of the council,  
31 such audit may be conducted by a certified public accountant or the

1 Auditor of Public Accounts. The costs of such audit shall be paid from  
2 funds of the retirement system. A copy of such audit shall be filed with  
3 the board of trustees and the Auditor of Public Accounts.

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

26 Sec. 36. Section 79-992, Revised Statutes Cumulative Supplement,  
27 2016, is amended to read:

28 79-992 (1) A member who has five years or more of creditable  
29 service, excluding years of prior service acquired pursuant to section  
30 79-990, 79-991, 79-994, 79-995, or 79-997, and who terminates ~~severs~~ his  
31 or her employment may elect to leave his or her contributions in the

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

31 (2) Except as provided in section 37 of this act:

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

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

30           (3) ~~(4)~~ In the event a member is entitled to receive a refund of  
31 contributions pursuant to subsection (1) or subdivision (2)(b)(ii) ~~(3)(b)~~



1 of this section in an amount greater than one thousand dollars, if the  
2 member does not elect to have the refund paid directly to himself or  
3 herself or transferred to an eligible retirement plan designated by the  
4 member as a direct rollover pursuant to section 79-998, then the refund  
5 of contributions shall be paid in a direct rollover to an individual  
6 retirement plan designated by the board of trustees.

7 Sec. 37. (1) An employer participating in a retirement system  
8 established pursuant to the Class V School Employees Retirement Act  
9 shall:

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

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

15 (c) Submit in writing with the notice of termination of employment  
16 and notice of receipt of an early retirement inducement a completed  
17 certification by the employer and member under penalty of prosecution  
18 pursuant to section 38 of this act that, prior to the member's  
19 termination, there was no prearranged written or verbal agreement for the  
20 member to return to service in any capacity with the same employer.

21 (2) The member shall submit to the board of trustees upon the  
22 member's termination, under penalty of prosecution pursuant to section 38  
23 of this act, completed certification on forms prescribed by the board of  
24 trustees:

25 (a) That prior to the member's termination there was no prearranged  
26 written or verbal agreement to provide service in any capacity to an  
27 employer participating in the retirement system pursuant to the School  
28 Employees Retirement Act; and

29 (b) Whether or not the member accepted and received an early  
30 retirement inducement from his or her employer.

31 (3) The board of trustees may adopt and promulgate rules and

1 regulations and prescribe forms as the board determines appropriate in  
2 order to carry out this section and to ensure full disclosure and  
3 reporting by the employer and member in order to minimize fraud and abuse  
4 and the filing of false or fraudulent claim or benefit applications.

5       Sec. 38. (1) Any person who, knowing it to be false or fraudulent,  
6 presents or causes to be presented a false or fraudulent claim or benefit  
7 application, any false or fraudulent proof in support of such a claim or  
8 benefit, or false or fraudulent information which would affect a future  
9 claim or benefit application to be paid under a retirement system for the  
10 purpose of defrauding or attempting to defraud the retirement system  
11 shall be guilty of a Class II misdemeanor. The board of trustees shall  
12 deny any benefits that it determines are based on false or fraudulent  
13 information and shall have a cause of action against the member to  
14 recover any benefits already paid on the basis of such information.

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

21       Sec. 39. Section 79-9,100.01, Revised Statutes Cumulative  
22 Supplement, 2016, is amended to read:

23       79-9,100.01 (1)(a) For employees who become members on or after  
24 July 1, 2016, and prior to July 1, 2018, if ÷

25 (1) If the annuity begins at a time when the sum of the member's attained  
26 age and creditable service totals eighty-five and the member is at least  
27 fifty-five years of age, the annuity shall not be reduced. ÷

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

1           (2)(a) For an employee who becomes a member prior to July 1, 2018,  
2 if ~~(2)~~ If the annuity begins on or after the sixtieth birthday of the  
3 member and the member has completed at least a total of five years of  
4 creditable service, the annuity shall be reduced by twenty-five  
5 hundredths percent for each month or partial month between the date the  
6 annuity begins and the member's sixty-fifth birthday. ÷

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

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

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

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

27           Sec. 40. Section 79-9,105, Revised Statutes Cumulative Supplement,  
28 2016, is amended to read:

29           79-9,105 (1) Any member with five or more years of creditable  
30 service, excluding years of prior service acquired pursuant to section  
31 79-990, 79-991, 79-994, 79-995, or 79-997, who becomes totally disabled

1 for further performance of duty on or after March 22, 2000, may be  
2 approved for deferred disability retirement by the board of trustees. In  
3 the case of such deferred disability retirement, the member, during the  
4 period specified in subsection (3) of this section, shall be credited  
5 with creditable service for each year or portion thereof, to be  
6 determined in accordance with policies of the board of trustees governing  
7 creditable service, that the member defers retirement, up to a maximum of  
8 thirty-five years of total creditable service, including creditable  
9 service accrued before the member became totally disabled. The member  
10 approved for deferred disability retirement may at any time of the  
11 member's choosing request the deferral to end and retirement annuity  
12 payments to begin. The retirement annuity of such member shall be based  
13 on the total number of years of the member's creditable service,  
14 including the years credited to the member during his or her total  
15 disability under this section, and the member's final average salary as  
16 of the date that the member became totally disabled and as adjusted from  
17 such date by a percentage equal to the cumulative percentage cost-of-  
18 living adjustments that were made or declared for annuities in pay status  
19 pursuant to section 79-9,103 after the date of the approval of the board  
20 of trustees for deferred disability retirement and before the cessation  
21 of the accrual of additional creditable service pursuant to subsection  
22 (3) of this section. Except as provided in subsection (4) of this  
23 section, the retirement annuity so determined for the member shall be  
24 payable to the member without reduction due to any early commencement of  
25 benefits, except that the retirement annuity shall be reduced by the  
26 amount of any periodic payments to such employee as workers' compensation  
27 benefits. Additional creditable service acquired through deferred  
28 disability retirement shall apply to the service requirements specified  
29 in section 79-9,106. The board of trustees shall consider a member to be  
30 totally disabled when it has received an application by the member and a  
31 statement by at least two licensed and practicing physicians designated

1 by the board of trustees certifying that the member is totally and  
2 presumably permanently disabled and unable to perform his or her duties  
3 as a consequence thereof.

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

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

31 (4)(a) For an employee hired prior to July 1, 2018, the (4) The

1 payment of any retirement annuity to a disabled member, which begins to  
2 be paid under this section (i) ~~(a)~~ before the member's sixty-second  
3 birthday or (ii) ~~(b)~~ at a time before the sum of the member's attained  
4 age and creditable service is eighty-five or more, shall be suspended if  
5 the board of trustees determines at any time before the member's sixty-  
6 second birthday that the member's total disability has ceased.

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

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

18 Sec. 41. Section 81-2014, Revised Statutes Cumulative Supplement,  
19 2016, is amended to read:

20 81-2014 For purposes of the Nebraska State Patrol Retirement Act:

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

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

31 (c) For an officer hired on or after July 1, 2017, or rehired on or

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

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

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

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

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

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

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

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

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

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

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

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

30 (9) Eligibility and vesting credit means credit for years, or a  
31 fraction of a year, of participation in a Nebraska government plan for



1 purposes of determining eligibility for benefits under the Nebraska State  
2 Patrol Retirement Act. Such credit shall be used toward the vesting  
3 percentage pursuant to subsection (2) of section 81-2031 but shall not be  
4 included as years of service in the benefit calculation;

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

7 (11) ~~(10)~~ Initial benefit means the retirement benefit calculated at  
8 the time of retirement;

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

14 (13) ~~(12)~~ Plan year means the twelve-month period beginning on July  
15 1 and ending on June 30 of the following year;

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

21 (15) ~~(14)~~ Retirement application means the form approved and  
22 provided by the retirement system for acceptance of a member's request  
23 for either regular or disability retirement;

24 (16) ~~(15)~~ 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 (17) ~~(16)~~ Retirement system or system means the Nebraska State

1 Patrol Retirement System as provided in the act;

2 (18) ~~(17)~~ Service means employment as a member of the Nebraska State  
3 Patrol 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 board. Service  
8 does not include any period of disability for which disability retirement  
9 benefits are received under subsection (1) of section 81-2025;

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

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

1 date when the employer-employee relationship commenced with the Nebraska  
2 State Patrol or another state agency. Termination of employment does not  
3 occur upon an officer's participation in DROP pursuant to section  
4 81-2041. It is the responsibility of the employer that is involved in the  
5 termination of employment to notify the board of such change in  
6 employment and provide the board with such information as the board deems  
7 necessary. If the board determines that termination of employment has not  
8 occurred and a retirement benefit has been paid to a member of the  
9 retirement system pursuant to section 81-2026, the board shall require  
10 the member who has received such benefit to repay the benefit to the  
11 retirement system.

12 Sec. 42. Section 81-2025, Reissue Revised Statutes of Nebraska, is  
13 amended to read:

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

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

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

28 (4) Every officer who has been in the employ of the state as such  
29 for twenty-five years or more, as calculated in section 81-2033, and has  
30 attained the age of fifty years shall be entitled to retire and receive  
31 an annuity as provided by law. The right to retire at the age of fifty

1 years with twenty-five years or more of creditable service shall be at  
2 the option of the officer but such retirement shall be mandatory upon the  
3 officer attaining the age of sixty years.

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

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

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

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

28 Sec. 43. Section 81-2034, Reissue Revised Statutes of Nebraska, is  
29 amended to read:

30 81-2034 ~~(1) Any member of the Nebraska State Patrol who, while a~~  
31 ~~member of the Nebraska State Patrol, entered into and served or shall~~

1 ~~enter into and serve in the armed forces of the United States during a~~  
2 ~~declared emergency, as defined and prescribed under such rules and~~  
3 ~~regulations as the board may adopt, and who, within six months after~~  
4 ~~honorable discharge or honorable separation from active duty, returned or~~  
5 ~~returns to the service of the state and again becomes a member of the~~  
6 ~~Nebraska State Patrol shall be credited, in determining benefits due such~~  
7 ~~member from the State Patrol Retirement Fund, for all the time actually~~  
8 ~~served in the armed forces as if such person had been in the service of~~  
9 ~~the Nebraska State Patrol throughout such declared emergency service in~~  
10 ~~the armed forces.~~

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

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

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

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

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

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

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

15           (ii) The acceptable methods of payment;

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

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

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

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

28           Sec. 44. Section 84-304, Revised Statutes Cumulative Supplement,  
29 2016, is amended to read:

30           84-304 It shall be the duty of the Auditor of Public Accounts:

31           (1) To give information electronically to the Legislature, whenever

1 required, upon any subject relating to the fiscal affairs of the state or  
2 with regard to any duty of his or her office;

3 (2) To furnish offices for himself or herself and all fuel, lights,  
4 books, blanks, forms, paper, and stationery required for the proper  
5 discharge of the duties of his or her office;

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

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

1 any development district, any drainage district, any health district, any  
2 local public health department as defined in section 71-1626, any  
3 historical society, any hospital authority or district, any county  
4 hospital, any housing agency as defined in section 71-1575, any  
5 irrigation district, any county or municipal library, any community  
6 mental health center, any railroad transportation safety district, any  
7 rural water district, any township, Wyuka Cemetery, the Educational  
8 Service Unit Coordinating Council, any entity created pursuant to the  
9 Interlocal Cooperation Act, any educational service unit, any village,  
10 any service contractor or subrecipient of state or federal funds, any  
11 political subdivision with the authority to levy a property tax or a  
12 toll, or any entity created pursuant to the Joint Public Agency Act.

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

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

24 (c) Through December 31, 2017, the The Auditor of Public Accounts  
25 may conduct audits under this subdivision for purposes of sections  
26 2-3228, 12-101, 13-2402, 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017,  
27 16-1037, 19-3501, 23-1118, 23-3526, and 71-1631.02, and 79-987. ÷

28 (d) Beginning on the operative date of this section, the Auditor of  
29 Public Accounts may conduct audits under this subdivision for purposes of  
30 sections 13-2402, 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037,  
31 71-1631.02, and 79-987 and shall prescribe the form for the annual



1 reports required in each of such sections. Such annual reports shall be  
2 published annually on the web site of the Auditor of Public Accounts;

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

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

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

1 shall notify the fire protection district in writing of the approval or  
2 denial of a request for waiver of the five-year audit requirement. Upon  
3 approval of the request for waiver of the five-year audit requirement, a  
4 new five-year audit period shall begin.

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

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

27 (8) To conduct audits and related activities for state agencies,  
28 political subdivisions of this state, or grantees of federal funds  
29 disbursed by a receiving agency on a contractual or other basis for  
30 reimbursement to assure proper accounting by all such agencies, political  
31 subdivisions, and grantees for funds appropriated by the Legislature and

1 federal funds disbursed by any receiving agency. The auditor may contract  
2 with any political subdivision to perform the audit of such political  
3 subdivision required by or provided for in section 23-1608 or 79-1229 or  
4 this section and charge the political subdivision for conducting the  
5 audit. The fees charged by the auditor for conducting audits on a  
6 contractual basis shall be in an amount sufficient to pay the cost of the  
7 audit. The fees remitted to the auditor for such audits and services  
8 shall be deposited in the Auditor of Public Accounts Cash Fund;

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

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

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

18 Sec. 45. Section 84-304.02, Revised Statutes Cumulative Supplement,  
19 2016, is amended to read:

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

1 necessary action to be taken to bring the report into compliance with  
2 such standards. The Auditor of Public Accounts may, upon continued  
3 failure to comply with such standards, refuse to accept for filing an  
4 audit, accounting, financial, or retirement system plan report or any  
5 future report submitted for filing by any political subdivision.

6 Sec. 46. Section 84-1301, Reissue Revised Statutes of Nebraska, is  
7 amended to read:

8 84-1301 For purposes of the State Employees Retirement Act, unless  
9 the context otherwise requires:

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

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

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

30 (2) Annuity means equal monthly payments provided by the retirement  
31 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 84-1319;

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 disability means the date on which a member is  
4 determined to be disabled by the board;

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

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

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

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

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

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

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

29 (13) Five-year break in service means five consecutive one-year  
30 breaks in service;

31 (14) Full-time employee means an employee who is employed to work

1 one-half or more of the regularly scheduled hours during each pay period;

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

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

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

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

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



1 If benefits payable to the member's surviving spouse or beneficiary are  
2 delayed after the member's death, interest credits shall continue to be  
3 credited to the employee cash balance account and the employer cash  
4 balance account until such surviving spouse or beneficiary commences  
5 receipt of a distribution from the plan;

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

10 (21) ~~(20)~~ One-year break in service means a plan year during which  
11 the member has not completed more than five hundred hours of service;

12 (22) ~~(21)~~ Participation means qualifying for and making the required  
13 deposits to the retirement system during the course of a plan year;

14 (23) ~~(22)~~ Part-time employee means an employee who is employed to  
15 work less than one-half of the regularly scheduled hours during each pay  
16 period;

17 (24) ~~(23)~~ Plan year means the twelve-month period beginning on  
18 January 1 and ending on December 31;

19 (25) ~~(24)~~ Prior service means service before January 1, 1964;

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

24 (27) ~~(26)~~ Required contribution means the deduction to be made from  
25 the compensation of employees as provided in section 84-1308;

26 (28) ~~(27)~~ Retirement means qualifying for and accepting the  
27 retirement benefit granted under the State Employees Retirement Act after  
28 terminating employment;

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

1           ~~(30)~~ ~~(29)~~ Retirement board or board means the Public Employees  
2 Retirement Board;

3           ~~(31)~~ ~~(30)~~ Retirement date means (a) the first day of the month  
4 following the date upon which a member's request for retirement is  
5 received on a retirement application if the member is eligible for  
6 retirement and has terminated employment or (b) the first day of the  
7 month following termination of employment if the member is eligible for  
8 retirement and has filed an application but has not yet terminated  
9 employment;

10          ~~(32)~~ ~~(31)~~ Retirement system means the State Employees Retirement  
11 System of the State of Nebraska;

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

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

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

1 relations order are less than the value of benefits entitled to the  
2 surviving spouse, the spouse married to the member on the date of the  
3 member's death shall be the surviving spouse for the balance of the  
4 benefits;

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

24 (37) ~~(36)~~ Vesting credit means credit for years, or a fraction of a  
25 year, of participation in another Nebraska governmental plan for purposes  
26 of determining vesting of the employer account.

27 Sec. 47. Section 84-1319, Reissue Revised Statutes of Nebraska, is  
28 amended to read:

29 84-1319 (1) The future service retirement benefit shall be an  
30 annuity, payable monthly with the first payment made no earlier than the  
31 annuity start date, which shall be the actuarial equivalent of the

1 retirement value as specified in section 84-1318 based on factors  
2 determined by the board, except that gender shall not be a factor when  
3 determining the amount of such payments except as provided in this  
4 section.

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

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

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

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

25 (2) Except as provided in subsection (4) of this section, the  
26 monthly annuity income payable to a member retiring on or after January  
27 1, 1984, shall be as follows:

28 He or she shall receive at retirement the amount which may be  
29 purchased by the accumulated contributions based on annuity rates in  
30 effect on the annuity start date which do not utilize gender as a factor,  
31 except that such amounts shall not be less than the retirement income

1 which can be provided by the sum of the amounts derived pursuant to  
2 subdivisions (a) and (b) of this subsection as follows:

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

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

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

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

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

28 For a member employed and participating in the retirement system  
29 prior to January 1, 2003, who has elected to participate in the cash  
30 balance benefit pursuant to section 84-1309.02, or for a member employed  
31 and participating in the retirement system beginning on and after January

1 1, 2003, the balance of his or her member cash balance account as of the  
2 date of final account value shall be converted to an annuity using an  
3 interest rate that is recommended by the actuary and approved by the  
4 board following an actuarial experience study, a benefit adequacy study,  
5 or a plan valuation. The interest rate and actuarial factors in effect on  
6 the member's retirement date will be used to calculate actuarial  
7 equivalency of any retirement benefit. Such interest rate may be, but is  
8 not required to be, equal to the assumed rate of return used in the  
9 actuarial valuation as recommended by the actuary and approved by the  
10 board.

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

23 (b) For the calendar year beginning January 1, 2003, and each  
24 calendar year thereafter, the actuary for the board shall perform an  
25 actuarial valuation of the system using the entry age actuarial cost  
26 method. Under this method, the actuarially required funding rate is equal  
27 to the normal cost rate plus the contribution rate necessary to amortize  
28 the unfunded actuarial accrued liability on a level-payment basis. The  
29 normal cost under this method shall be determined for each individual  
30 member on a level percentage of salary basis. The normal cost amount is  
31 then summed for all members. The initial unfunded actual accrued

1 liability as of January 1, 2003, if any, shall be amortized over a  
2 twenty-five-year period. During each subsequent actuarial valuation,  
3 changes in the unfunded actuarial accrued liability due to changes in  
4 benefits, actuarial assumptions, the asset valuation method, or actuarial  
5 gains or losses shall be measured and amortized over a twenty-five-year  
6 period beginning on the valuation date of such change. If the unfunded  
7 actuarial accrued liability under the entry age actuarial cost method is  
8 zero or less than zero on an actuarial valuation date, then all prior  
9 unfunded actuarial accrued liabilities shall be considered fully funded  
10 and the unfunded actuarial accrued liability shall be reinitialized and  
11 amortized over a twenty-five-year period as of the actuarial valuation  
12 date. If the actuarially required contribution rate exceeds the rate of  
13 all contributions required pursuant to the State Employees Retirement  
14 Act, there shall be a supplemental appropriation sufficient to pay for  
15 the difference between the actuarially required contribution rate and the  
16 rate of all contributions required pursuant to the act.

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

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

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

23 Sec. 48. Section 84-1323.01, Reissue Revised Statutes of Nebraska,  
24 is amended to read:

25 84-1323.01 (1) Any member who is an employee, disregarding the  
26 length of service, may be retired as a result of disability either upon  
27 the member's own application or upon the application of the member's  
28 employer or any person acting in the member's behalf. Before any member  
29 may be so retired, a medical examination shall be made at the expense of  
30 the retirement system, which examination shall be conducted by a  
31 disinterested physician legally authorized to practice medicine under the



1 laws of the state in which he or she practices, such physician to be  
2 selected by the retirement board, and the physician shall certify to the  
3 board that the member suffers from an inability to engage in any a  
4 substantially gainful activity by reason of any medically determinable  
5 physical or mental impairment which was initially diagnosed or became  
6 disabling ~~began~~ while the member was an active a participant in the plan  
7 and which can be expected to result in death or to be of long-continued  
8 and indefinite duration. The medical examination may be waived if, in the  
9 judgment of the retirement board, extraordinary circumstances exist which  
10 preclude substantial gainful activity by the member. Such circumstances  
11 shall include hospice placement or similar confinement for a terminal  
12 illness or injury and should be retired. The application for disability  
13 retirement shall be made within one year of termination of employment.

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

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

21 Sec. 49. Section 84-1325, Reissue Revised Statutes of Nebraska, is  
22 amended to read:

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

1 section.

2 (b) ~~(2)~~ Under such rules and regulations as the retirement board  
3 adopts and promulgates, any employee who is reemployed ~~on or after~~  
4 ~~December 12, 1994~~, pursuant to 38 U.S.C. 4301 et seq., may pay to the  
5 retirement system an amount equal to the sum of all deductions which  
6 would have been made from the employee's compensation during such period  
7 of military service. Payment shall be made within the period required by  
8 law, not to exceed five years. To the extent that payment is made, (i)  
9 ~~(a)~~ the employee shall be treated as not having incurred a break in  
10 service by reason of the employee's ~~his or her~~ period of military  
11 service, (ii) ~~(b)~~ the period of military service shall be credited for  
12 the purposes of determining the nonforfeitability of the employee's  
13 ~~member's~~ accrued benefits and the accrual of benefits under the plan, and  
14 (iii) ~~(c)~~ the employer shall allocate the amount of employer  
15 contributions to the employee's ~~member's~~ employer account in the same  
16 manner and to the same extent the allocation occurs for other employees  
17 during the period of service. For purposes of employee ~~member~~ and  
18 employer contributions under this subsection, the employee's ~~member's~~  
19 compensation during the period of military service shall be the rate the  
20 employee ~~member~~ would have received but for the military service or, if  
21 not reasonably determinable, the average rate the employee ~~member~~  
22 received during the twelve-month period immediately preceding military  
23 service.

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

29 (2)(a) For military service beginning on or after January 1, 2018,  
30 any employee who is reemployed pursuant to 38 U.S.C. 4301 et seq., shall  
31 be treated as not having incurred a break in service by reason of the

1 employee's period of military service. Such military service shall be  
2 credited for purposes of determining the nonforfeitability of the  
3 employee's accrued benefits and the accrual of benefits under the plan.

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

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

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

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

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

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

31 (ii) The acceptable methods of payment;

1        (iii) Determining the service and compensation upon which the  
2 contributions must be made;

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

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

9        (3) This section only applies to military service that falls within  
10 the definition of uniformed service under 38 U.S.C. 4301 et seq. Military  
11 service does not include service provided pursuant to sections 55-101 to  
12 55-181.

13        Sec. 50. Section 84-1503, Revised Statutes Cumulative Supplement,  
14 2016, is amended to read:

15        84-1503 (1) It shall be the duty of the Public Employees Retirement  
16 Board:

17        (a) To administer the retirement systems provided for in the County  
18 Employees Retirement Act, the Judges Retirement Act, the Nebraska State  
19 Patrol Retirement Act, the School Employees Retirement Act, and the State  
20 Employees Retirement Act. The agency for the administration of the  
21 retirement systems and under the direction of the board shall be known  
22 and may be cited as the Nebraska Public Employees Retirement Systems;

23        (b) To appoint a director to administer the systems under the  
24 direction of the board. The appointment shall be subject to the approval  
25 of the Governor and a majority of the Legislature. The director shall be  
26 qualified by training and have at least five years of experience in the  
27 administration of a qualified public or private employee retirement plan.  
28 The director shall not be a member of the board. The salary of the  
29 director shall be set by the board. The director shall serve without term  
30 and may be removed by the board;

31        (c) To provide for an equitable allocation of expenses among the

1 retirement systems administered by the board, and all expenses shall be  
2 provided from the investment income earned by the various retirement  
3 funds unless alternative sources of funds to pay expenses are specified  
4 by law;

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

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

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

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

23 (h) To prescribe and furnish forms for the public retirement system  
24 plan reports required to be filed pursuant to sections 2-3228, 12-101,  
25 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037, 19-3501, 23-1118,  
26 23-3526, 71-1631.02, and 79-987 through December 31, 2017.

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

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

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

4 (c) To adopt and promulgate rules and regulations for the management  
5 of the board;

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

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

1 to three additional years. An actuary under contract for the State of  
2 Nebraska shall be a member of the American Academy of Actuaries and meet  
3 the academy's qualification standards to render a statement of actuarial  
4 opinion;

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

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

15 (h) To obtain, by a competitive, formal, and sealed bidding process  
16 through the materiel division of the Department of Administrative  
17 Services, auditing services for a separate compliance audit of the  
18 retirement systems to be completed by December 31, 2020, and from time to  
19 time thereafter at the request of the Nebraska Retirement Systems  
20 Committee of the Legislature, to be completed not more than every four  
21 years but not less than every ten years. The compliance audit shall be in  
22 addition to the annual audit conducted by the Auditor of Public Accounts.  
23 The compliance audit shall include, but not be limited to, an examination  
24 of records, files, and other documents and an evaluation of all policies  
25 and procedures to determine compliance with all state and federal laws. A  
26 copy of the compliance audit shall be given to the Governor, the board,  
27 and the Nebraska Retirement Systems Committee of the Legislature and  
28 shall be presented to the committee at a public hearing;

29 (i) To adopt and promulgate rules and regulations for the adjustment  
30 of contributions or benefits, which includes, but is not limited to: (i)  
31 The procedures for refunding contributions, adjusting future

1 contributions or benefit payments, and requiring additional contributions  
2 or repayment of benefits; (ii) the process for a member, member's  
3 beneficiary, employee, or employer to dispute an adjustment to  
4 contributions or benefits; (iii) establishing materiality and de minimus  
5 amounts for agency transactions, adjustments, and inactive account  
6 closures; and (iv) notice provided to all affected persons. Following an  
7 adjustment, a timely notice shall be sent that describes the adjustment  
8 and the process for disputing an adjustment to contributions or benefits;

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

21 (k) To administer all retirement system plans in a manner which will  
22 maintain each plan's status as a qualified plan pursuant to the Internal  
23 Revenue Code, as defined in section 49-801.01, including: Section 401(a)  
24 (9) of the Internal Revenue Code relating to the time and manner in which  
25 benefits are required to be distributed, including the incidental death  
26 benefit distribution requirement of section 401(a)(9)(G) of the Internal  
27 Revenue Code; section 401(a)(25) of the Internal Revenue Code relating to  
28 the specification of actuarial assumptions; section 401(a)(31) of the  
29 Internal Revenue Code relating to direct rollover distributions from  
30 eligible retirement plans; section 401(a)(37) of the Internal Revenue  
31 Code relating to the death benefit of a member whose death occurs while



1 performing qualified military service; and section 401(a) of the Internal  
2 Revenue Code by meeting the requirements of section 414(d) of the  
3 Internal Revenue Code relating to the establishment of retirement plans  
4 for governmental employees of a state or political subdivision thereof.  
5 The board shall adopt and promulgate rules and regulations necessary or  
6 appropriate to maintain such status including, but not limited to, rules  
7 or regulations which restrict discretionary or optional contributions to  
8 a plan or which limit distributions from a plan.

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

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

30 (b) The director shall provide an electronic copy of the first draft  
31 and a final draft of the experience study and annual valuation reports to

1 the Nebraska Retirement Systems Committee and the Governor when the  
2 director receives the drafts from the actuary. The drafts shall be deemed  
3 confidential information. The draft copies obtained by the Nebraska  
4 Retirement Systems Committee and the Governor pursuant to this section  
5 shall not be considered public records subject to sections 84-712 to  
6 84-712.09.

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

12 (5) It shall be the duty of the board to direct the State Treasurer  
13 to transfer funds, as an expense of the retirement system provided for  
14 under the Class V School Employees Retirement Act, to and from the Class  
15 V Retirement System Payment Processing Fund and the Class V School  
16 Employees Retirement Fund for the benefit of a retirement system provided  
17 for under the Class V School Employees Retirement Act to implement the  
18 provisions of section 79-986. The agency for the administration of this  
19 provision and under the direction of the board shall be known and may be  
20 cited as the Nebraska Public Employees Retirement Systems.

21 Sec. 51. Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 13, 15, 16, 17,  
22 19, 20, 21, 22, 26, 28, 30, 31, 32, 35, 39, 40, 42, 43, 44, 45, 48, 49,  
23 50, and 53 of this act become operative three calendar months after the  
24 adjournment of this legislative session. The other sections of this act  
25 become operative on their effective date.

26 Sec. 52. If any section in this act or any part of any section is  
27 declared invalid or unconstitutional, the declaration shall not affect  
28 the validity or constitutionality of the remaining portions.

29 Sec. 53. Original sections 23-2315.01, 23-2323.01, 23-2334, 24-708,  
30 24-710.04, 24-710.15, 79-926, 79-933.08, 79-951, 79-958, 81-2025,  
31 81-2034, 84-1323.01, and 84-1325, Reissue Revised Statutes of Nebraska,

1 and sections 2-3228, 12-101, 14-567, 14-1805.01, 14-2111, 15-1017,  
2 16-1017, 16-1037, 19-3501, 23-1118, 23-3526, 71-1631.02, 79-954, 79-987,  
3 79-9,100.01, 79-9,105, 84-304, 84-304.02, and 84-1503, Revised Statutes  
4 Cumulative Supplement, 2016, are repealed.

5 Sec. 54. Original sections 23-2308.01, 24-701, 79-921, 84-1301, and  
6 84-1319, Reissue Revised Statutes of Nebraska, and sections 23-2301,  
7 23-2317, 79-902, 79-904.01, 79-931, 79-934, 79-978, 79-978.01, 79-992,  
8 and 81-2014, Revised Statutes Cumulative Supplement, 2016, are repealed.

9 Sec. 55. The following sections are outright repealed: Sections  
10 79-918 and 79-923, Reissue Revised Statutes of Nebraska.

11 Sec. 56. Since an emergency exists, this act takes effect when  
12 passed and approved according to law.

13 2. On page 1, strike beginning with "23-2320" in line 1 through line  
14 15 and insert "23-2308.01, 23-2315.01, 23-2323.01, 23-2334, 24-701,  
15 24-708, 24-710.04, 24-710.15, 79-921, 79-926, 79-933.08, 79-951, 79-958,  
16 81-2025, 81-2034, 84-1301, 84-1319, 84-1323.01, and 84-1325, Reissue  
17 Revised Statutes of Nebraska, and sections 2-3228, 12-101, 14-567,  
18 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037, 19-3501, 23-1118,  
19 23-2301, 23-2317, 23-3526, 71-1631.02, 79-902, 79-904.01, 79-931, 79-934,  
20 79-954, 79-978, 79-978.01, 79-987, 79-992, 79-9,100.01, 79-9,105,  
21 81-2014, 84-304, 84-304.02, and 84-1503, Revised Statutes Cumulative  
22 Supplement, 2016; to change duties and provisions relating to annual  
23 reporting requirements for certain retirement plans as prescribed; to  
24 define and redefine terms; to provide and change duties for the Auditor  
25 of Public Accounts and the Public Employees Retirement Board; to change  
26 disability retirement application and medical examination provisions as  
27 prescribed; to eliminate a requirement to provide tax information to  
28 county and state employees; to change provisions relating to authorized  
29 benefit elections, actuarial assumptions, military service credit, prior  
30 service retirement benefit payments, purchase of service credit for  
31 certain school employees, and retirement application timeframes for

1 judges and state patrol officers as prescribed; to change notification  
2 requirements, provide a duty for certification, and provide and change  
3 duties and benefits for retirement system members who are employed after  
4 retirement as prescribed; to change certain annuity and disability  
5 benefit provisions; to provide duties for certain school districts; to  
6 provide penalties as prescribed; to eliminate obsolete provisions; to  
7 harmonize provisions; to provide operative dates; to provide  
8 severability; to repeal the original sections; to outright repeal  
9 sections 79-918 and 79-923, Reissue Revised Statutes of Nebraska; and to  
10 declare an emergency."