

AMENDMENTS TO LB582

Introduced by Kolterman, 24.

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

3 Section 1. Section 79-978, Revised Statutes Cumulative Supplement,
4 2020, is amended to read:

5 79-978 For purposes of the Class V School Employees Retirement Act,
6 unless the context otherwise requires:

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

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

17 (3) Actuarial tables means:

18 (a) For determining the actuarial equivalent of any annuities other
19 than joint and survivorship annuities:

20 (i) For members hired before July 1, 2018, a unisex mortality table
21 using twenty-five percent of the male mortality and seventy-five percent
22 of the female mortality from the 1994 Group Annuity Mortality Table with
23 a One Year Setback and using an interest rate of eight percent compounded
24 annually; and

25 (ii) For members hired on or after July 1, 2018, or rehired on or
26 after July 1, 2018, after termination of employment and being paid a
27 retirement benefit, the determinations shall be based on a unisex

1 mortality table and an interest rate specified by the board of trustees
2 until July 1, 2021, and beginning July 1, 2021, by the board of
3 education. Both the mortality table and the interest rate shall be
4 recommended by the actuary as provided in section 79-984 ~~retained by the~~
5 ~~board of trustees~~ and approved by the board of trustees until July 1,
6 2021, and beginning July 1, 2021, by the board of education following an
7 actuarial experience study, a benefit adequacy study, or a plan
8 valuation. The mortality table, interest rate, and actuarial factors in
9 effect on the member's retirement date shall be used to calculate the
10 actuarial equivalency of any retirement benefit. Such interest rate may
11 be, but is not required to be, equal to the assumed rate; and

12 (b) For joint and survivorship annuities:

13 (i) For members hired before July 1, 2018, a unisex retiree
14 mortality table using sixty-five percent of the male mortality and
15 thirty-five percent of the female mortality from the 1994 Group Annuity
16 Mortality Table with a One Year Setback and using an interest rate of
17 eight percent compounded annually and a unisex joint annuitant mortality
18 table using thirty-five percent of the male mortality and sixty-five
19 percent of the female mortality from the 1994 Group Annuity Mortality
20 Table with a One Year Setback and using an interest rate of eight percent
21 compounded annually; and

22 (ii) For members hired on or after July 1, 2018, or rehired on or
23 after July 1, 2018, after termination of employment and being paid a
24 retirement benefit, the determinations shall be based on a unisex
25 mortality table and an interest rate specified by the board of trustees
26 until July 1, 2021, and beginning July 1, 2021, by the board of
27 education. Both the mortality table and the interest rate shall be
28 recommended by the actuary as provided in section 79-984 ~~retained by the~~
29 ~~board of trustees~~ and approved by the board of trustees until July 1,
30 2021, and beginning July 1, 2021, by the board of education following an
31 actuarial experience study, a benefit adequacy study, or a plan

1 valuation. The mortality table, interest rate, and actuarial factors in
2 effect on the member's retirement date shall be used to calculate the
3 actuarial equivalency of any retirement benefit. Such interest rate may
4 be, but is not required to be, equal to the assumed rate;

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

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

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

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

17 (8) Board of education means the board of education of the school
18 district;

19 (9) Board of trustees means (a) until July 1, 2021, the trustees
20 granted authority to administer the retirement system pursuant to section
21 79-980 and (b) beginning July 1, 2021, the persons appointed by the board
22 of education to serve as executive officers to administer the retirement
23 system as directed and approved by the board of education and to
24 facilitate the transition and transfer of the management and
25 administration of the retirement system to the Public Employees
26 Retirement Board effective September 1, 2024;

27 (10)(a) ~~(9)(a)~~ Compensation means gross wages or salaries payable to
28 the member during a fiscal year and includes (i) overtime pay, (ii)
29 member contributions to the retirement system that are picked up under
30 section 414(h) of the Internal Revenue Code, as defined in section
31 49-801.01, (iii) retroactive salary payments paid pursuant to court

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

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

15 (c) Compensation in excess of the limitations set forth in section
16 401(a)(17) of the Internal Revenue Code, as defined in section 49-801.01,
17 shall be disregarded;

18 (11) ~~(10)~~ Council means the Nebraska Investment Council created and
19 acting pursuant to section 72-1237;

20 (12) ~~(11)~~ Creditable service means the sum of the membership service
21 and the prior service, measured in one-tenth-year increments;

22 (13) ~~(12)~~ Early retirement date means, for members hired prior to
23 July 1, 2016, who have attained age fifty-five, that month and year
24 selected by a member having at least ten years of creditable service
25 which includes a minimum of five years of membership service. Early
26 retirement date means, for members hired on or after July 1, 2016, that
27 month and year selected by a member having at least five years of
28 creditable service and who has attained age sixty;

29 (14) ~~(13)~~ Early retirement inducement means, but is not limited to:

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

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

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

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

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

14 (f) Any other form of separation payments made by an employer to a
15 member at termination, including, but not limited to, purchasing
16 retirement contracts for the member pursuant to section 79-514, or
17 depositing money for the member in an account established under section
18 403(b) of the Internal Revenue Code except for payments for accrued
19 unused leave;

20 (15) ~~(14)~~ Employee means the following enumerated persons receiving
21 compensation from the school district: (a) Regular teachers and
22 administrators employed on a written contract basis; and (b) regular
23 employees, not included in subdivision (15)(a) ~~(14)(a)~~ of this section,
24 hired upon a full-time basis, which basis shall contemplate a workweek of
25 not less than thirty hours;

26 (16) ~~(15)~~ Employer means a school district participating in a
27 retirement system established pursuant to the Class V School Employees
28 Retirement Act;

29 (17) ~~(16)~~ Fiscal year means the period beginning September 1 in any
30 year and ending on August 31 of the next succeeding year;

31 (18) ~~(17)~~ Hire date or date of hire means the first day of

1 compensated service subject to retirement contributions;

2 ~~(19)~~ ~~(18)~~ Interest means, for the purchase of service credit, the
3 purchase of prior service credit, restored refunds, and delayed payments,
4 the investment return assumption used in the most recent actuarial
5 valuation;

6 ~~(20)~~ ~~(19)~~ Member means any employee included in the membership of
7 the retirement system or any former employee who has made contributions
8 to the system and has not received a refund;

9 ~~(21)~~ ~~(20)~~ Membership service means service on or after September 1,
10 1951, as an employee of the school district and a member of the system
11 for which compensation is paid by the school district. Credit for more
12 than one year of membership service shall not be allowed for service
13 rendered in any fiscal year. Beginning September 1, 2005, a member shall
14 be credited with a year of membership service for each fiscal year in
15 which the member performs one thousand or more hours of compensated
16 service as an employee of the school district. For an employee who
17 becomes a member prior to July 1, 2018, an hour of compensated service
18 shall include any hour for which the member is compensated by the school
19 district during periods when no service is performed due to vacation or
20 approved leave. For an employee who becomes a member on or after July 1,
21 2018, an hour of compensated service shall include any hour for which the
22 member is compensated by the school district during periods when no
23 service is performed due to used accrued sick days, used accrued vacation
24 days, federal and state holidays, and jury duty leave for which the
25 member is paid full compensation by the employer. If a member performs
26 less than one thousand hours of compensated service during a fiscal year,
27 one-tenth of a year of membership service shall be credited for each one
28 hundred hours of compensated service by the member in such fiscal year.
29 In determining a member's total membership service, all periods of
30 membership service, including fractional years of membership service in
31 one-tenth-year increments, shall be aggregated;

1 (22) ~~(21)~~ Military service means service in the uniformed services
2 as defined in 38 U.S.C. 4301 et seq., as such provision existed on March
3 27, 1997;

4 (23) ~~(22)~~ Normal retirement date means the end of the month during
5 which the member attains age sixty-five and has completed at least five
6 years of membership service;

7 (24) ~~(23)~~ Primary beneficiary means the person or persons entitled
8 to receive or receiving a benefit by reason of the death of a member;

9 (25) ~~(24)~~ Prior service means service rendered prior to September 1,
10 1951, for which credit is allowed under section 79-999, service rendered
11 by retired employees receiving benefits under preexisting systems, and
12 service for which credit is allowed under sections 79-990, 79-991,
13 79-994, 79-995, and 79-997;

14 (26) ~~(25)~~ Regular interest means interest (a) on the total
15 contributions of the member prior to the close of the last preceding
16 fiscal year, (b) compounded annually, and (c)(i) beginning September 1,
17 2016, at a rate equal to the daily treasury yield curve for one-year
18 treasury securities, as published by the Secretary of the Treasury of the
19 United States, that applies on September 1 of each year and (ii) prior to
20 September 1, 2016, at rates to be determined annually by the board, which
21 shall have the sole, absolute, and final discretionary authority to make
22 such determination, except that the rate for any given year in no event
23 shall exceed the actual percentage of net earnings of the system during
24 the last preceding fiscal year;

25 (27) ~~(26)~~ Retirement allowance means the total annual retirement
26 benefit payable to a member for service or disability;

27 (28) ~~(27)~~ Retirement date means the date of retirement of a member
28 for service or disability as fixed by the board of trustees prior to July
29 1, 2021, or the board of education beginning July 1, 2021 ~~described in~~
30 ~~section 79-980~~;

31 (29) ~~(28)~~ Retirement system or system means the School Employees'

1 Retirement System of (corporate name of the school district as described
2 in section 79-405) as provided for by the act;

3 ~~(30)~~ (29) Secondary beneficiary means the person or persons entitled
4 to receive or receiving a benefit by reason of the death of all primary
5 beneficiaries prior to the death of the member. If no primary beneficiary
6 survives the member, secondary beneficiaries shall be treated in the same
7 manner as primary beneficiaries;

8 ~~(31)~~ (30) Solvency means the rate of all contributions required
9 pursuant to the Class V School Employees Retirement Act is equal to or
10 greater than the actuarially required contribution rate as annotated in
11 the most recent valuation report prepared by the actuary retained by the
12 ~~board of trustees~~ as provided in section 79-984;

13 ~~(32)~~ (31) State investment officer means the state investment
14 officer appointed pursuant to section 72-1240 and acting pursuant to the
15 Nebraska State Funds Investment Act;

16 ~~(33)~~ (32) Substitute employee means a person hired by an employer as
17 a temporary employee to assume the duties of an employee due to a
18 temporary absence of any employee. Substitute employee does not mean a
19 person hired as an employee on an ongoing basis to assume the duties of
20 other employees who are temporarily absent;

21 ~~(34)~~ (33) Temporary employee means a person hired by an employer who
22 is not an employee and who is hired to provide service for a limited
23 period of time to accomplish a specific purpose or task. When such
24 specific purpose or task is complete, the employment of such temporary
25 employee shall terminate and in no case shall the temporary employment
26 period exceed one year in duration;

27 ~~(35)~~ (34) Trustee means a member of the board of trustees trustee
28 ~~provided for in section 79-980~~; and

29 ~~(36)~~ (35) Voluntary service or volunteer means providing bona fide
30 unpaid service to an employer.

31 Sec. 2. Section 79-980, Revised Statutes Cumulative Supplement,

1 2020, is amended to read:

2 79-980 (1) Until July 1, 2021:

3 (a) At any time that the retirement system consists of only one
4 Class V school district, the general administration of the retirement
5 system is hereby vested in the board of trustees.

6 (b) Beginning July 1, 2016, the board of trustees shall consist of
7 the following individuals: (i) ~~(a)~~ Two members of the retirement system
8 who are certificated staff elected by the members of the retirement
9 system who are certificated staff; (ii) ~~(b)~~ one member of the retirement
10 system who is classified staff elected by the members of the retirement
11 system who are classified staff; (iii) ~~(c)~~ one member of the retirement
12 system who is an annuitant elected by the members of the retirement
13 system who are annuitants; (iv) ~~(d)~~ the superintendent of schools or his
14 or her designee to serve as a voting, ex officio trustee; and (v) ~~(e)~~ two
15 business persons approved by the board of education qualified in
16 financial affairs who are not members of the retirement system. The
17 business person trustees shall be recommended to four-year terms by the
18 trustees who are not business persons, and the appointments shall be
19 approved by the board of education. The elections of the trustees who are
20 members of the retirement system shall be arranged for, managed, and
21 conducted by the board of trustees and, after the initial terms as
22 otherwise designated, shall be for terms of four years. One certificated
23 staff trustee serving on July 1, 2016, will continue serving until an
24 elected certificated staff trustee will take position effective July 1,
25 2017; the second certificated staff trustee serving on July 1, 2016, will
26 continue serving until a second elected certificated staff trustee will
27 take position July 1, 2018; the classified staff trustee serving on July
28 1, 2016, will continue serving until an elected classified staff trustee
29 will take position July 1, 2019; the annuitant member trustee serving on
30 July 1, 2016, will continue serving until an elected annuitant member
31 trustee will take position July 1, 2020; one business member trustee

1 serving on July 1, 2016, will continue serving until a new term of office
2 begins effective July 1, 2018; and the second business member trustee
3 serving on July 1, 2016, will continue serving until a new term of office
4 begins effective July 1, 2020. The terms of the elected trustees shall be
5 fixed so that one member trustee election shall be held each year. The
6 board of trustees shall appoint a qualified individual to fill any
7 vacancy on the board of trustees for the remainder of the unexpired term.
8 No vacancy or vacancies on the board of trustees shall impair the power
9 of the remaining trustees to administer the retirement system pending the
10 filling of such vacancy or vacancies. The trustees shall serve without
11 compensation, but shall be reimbursed from the funds of the retirement
12 system for expenses that they may incur through service on the board of
13 trustees as provided in sections 81-1174 to 81-1177. A trustee shall
14 serve until a successor qualifies, except that a trustee who is a member
15 of the retirement system shall be disqualified as a trustee immediately
16 upon ceasing to be a member of the retirement system. Each trustee shall
17 be entitled to one vote on the board of trustees, and four trustees shall
18 constitute a quorum for the transaction of any business. The board of
19 trustees and the administrator of the retirement system shall administer
20 the retirement system in compliance with the tax-qualification
21 requirements applicable to government retirement plans under section
22 401(a) of the Internal Revenue Code, as defined in section 49-801.01,
23 including: Section 401(a)(9) of the Internal Revenue Code relating to the
24 time and manner in which benefits are required to be distributed,
25 including the incidental death benefit distribution requirement of
26 section 401(a)(9)(G) of the Internal Revenue Code; section 401(a)(25) of
27 the Internal Revenue Code relating to the specification of actuarial
28 assumptions; section 401(a)(31) of the Internal Revenue Code relating to
29 direct rollover distributions from eligible retirement plans; and section
30 401(a)(37) of the Internal Revenue Code relating to the death benefit of
31 a member whose death occurs while performing qualified military service.

1 No member of the board of education or board of trustees shall be
2 personally liable, except in cases of willful dishonesty, gross
3 negligence, or intentional violations of law, for actions relating to his
4 or her retirement system duties.

5 (c) Beginning July 1, 2016, the board of education shall not have
6 any duty or responsibility for the general administration of the
7 retirement system, including the determination and calculation of the
8 benefits of any member or beneficiary, except as may specifically be
9 provided in the Class V School Employees Retirement Act.

10 (2) Beginning July 1, 2021:

11 (a) At any time that the retirement system consists of only one
12 Class V school district, the general administration of the retirement
13 system is hereby vested in the board of education;

14 (b)(i) The board of education shall appoint, by a majority of all
15 its members, seven trustees to serve as executive officers to administer
16 the Class V School Employees Retirement Act. Such trustees shall consist
17 of (A) the superintendent of schools, (B) two members of the retirement
18 system, one of whom shall be a teacher, (C) two members of the board of
19 education, and (D) two trustees who are business persons qualified in
20 financial affairs and who are not members of the retirement system. Each
21 trustee shall be entitled to one vote on the board of trustees. The board
22 of education shall take action within fifteen days of the effective date
23 of this act to appoint the new members of the board of trustees as
24 required in this section. The new members shall begin their service on
25 the board of trustees on July 1, 2021;

26 (ii) Except for the initial appointments made immediately following
27 the effective date of this act, the term of a trustee shall be one fiscal
28 year except the terms of the two trustees who are not members of the
29 board of education or the retirement system shall each be three fiscal
30 years or until September 1, 2024, whichever is later. A trustee shall
31 serve until a successor qualifies, except a trustee who is a member of

1 the board of education shall be disqualified as a trustee immediately
2 upon ceasing to be a member of the board of education. No vacancy on the
3 board of trustees shall impair the power of the remaining trustees to
4 administer the retirement system pending the filling of such vacancy; and
5 (iii) The trustees shall serve without compensation, but shall be
6 reimbursed from the funds of the retirement system for expenses that they
7 may incur through service as trustees as provided in sections 81-1174 to
8 81-1177;

9 (c) The board of education shall have the duty and responsibility
10 for the general administration of the retirement system except as
11 specifically provided in the Class V School Employees Retirement Act;

12 (d) In addition to duties and responsibilities as otherwise
13 described in the Class V School Employees Retirement Act, the board of
14 trustees shall, as directed by the board of education, facilitate the
15 transition and transfer of the general administration and management of
16 the retirement system effective September 1, 2024, to the Public
17 Employees Retirement Board; and

18 (e) No member of the board of education or board of trustees shall
19 be personally liable, except in cases of willful dishonesty, gross
20 negligence, or intentional violations of law, for actions relating to
21 such member's retirement system duties.

22 (3) The board of trustees and the administrator of the retirement
23 system, shall administer the retirement system in compliance with the
24 tax-qualification requirements applicable to government retirement plans
25 under section 401(a) of the Internal Revenue Code, as defined in section
26 49-801.01, including, but not limited to: Section 401(a)(9) of the
27 Internal Revenue Code relating to the time and manner in which benefits
28 are required to be distributed, including the incidental death benefit
29 distribution requirement of section 401(a)(9)(G) of the Internal Revenue
30 Code; section 401(a)(25) of the Internal Revenue Code relating to the
31 specification of actuarial assumptions; section 401(a)(31) of the

1 Internal Revenue Code relating to direct rollover distributions from
2 eligible retirement plans; and section 401(a)(37) of the Internal Revenue
3 Code relating to the death benefit of a member whose death occurs while
4 performing qualified military service.

5 (4) Effective September 1, 2024, the board of trustees described in
6 subsection (2) of this section shall terminate and the Public Employees
7 Retirement Board shall assume administration of the retirement system,
8 except for the investment of the funds.

9 ~~(2) At any time that the retirement system consists of more than one~~
10 ~~Class V school district, the general administration of the retirement~~
11 ~~system is hereby vested in the board of trustees. The board of trustees~~
12 ~~shall consist of the following individuals: (a) Two members of the~~
13 ~~retirement system who are certificated staff elected by the members of~~
14 ~~the retirement system who are certificated staff; (b) one member of the~~
15 ~~retirement system who is classified staff elected by the members of the~~
16 ~~retirement system who are classified staff; (c) one member of the~~
17 ~~retirement system who is an annuitant elected by the members of the~~
18 ~~retirement system who are annuitants; (d) the superintendent of each of~~
19 ~~the school districts represented in the retirement system or his or her~~
20 ~~designee to serve as a voting, ex officio trustee; and (e) two business~~
21 ~~persons approved by the board of education qualified in financial affairs~~
22 ~~who are not members of the retirement system. The elections of the~~
23 ~~trustees who are members of the retirement system shall be arranged for,~~
24 ~~managed, and conducted by the board of trustees and, after the initial~~
25 ~~terms as otherwise designated, shall be for terms of four years. The~~
26 ~~business person trustees shall be recommended to four year terms by the~~
27 ~~trustees who are not business persons, and the appointments shall be~~
28 ~~approved by the board of education. The board of trustees shall appoint a~~
29 ~~qualified individual to fill any vacancy on the board of trustees for the~~
30 ~~remainder of the unexpired term. No vacancy or vacancies on the board of~~
31 ~~trustees shall impair the power of the remaining trustees to administer~~

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

1 Sec. 3. Section 79-981, Revised Statutes Cumulative Supplement,
2 2020, is amended to read:

3 79-981 (1) Until July 1, 2021:

4 (a) The board of trustees shall from time to time establish rules
5 and regulations for the administration of the retirement system and for
6 the transaction of its business and shall appoint an administrator of the
7 retirement system. The board of trustees may contract for such medical
8 and other services as shall be required to transact the business of the
9 retirement system. Beginning on March 31, 2016, neither the board of
10 education nor the board of trustees shall establish any further rules or
11 regulations related to the investment of the assets of the retirement
12 system without first consulting with the state investment officer.
13 Beginning January 1, 2017, all rules and regulations adopted and
14 promulgated under this section related to the investment of assets of the
15 retirement system terminate. Compensation for all persons employed by the
16 board of trustees and all other expenses of the board of trustees
17 necessary for the proper and efficient operation of the retirement system
18 shall be paid in such amounts as the board of trustees determines and
19 approves. Beginning January 1, 2017, all expenses related to the
20 investment of the assets of the retirement system shall be paid in such
21 amounts as the state investment officer determines and approves.

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

1 necessary in the administration of the act.

2 (2) Beginning July 1, 2021:

3 (a) The board of education shall:

4 (i) Establish rules and regulations for the administration of the
5 retirement system, transaction of its business, and to facilitate the
6 transition and transfer of the management of the retirement system
7 effective September 1, 2024, to the Public Employees Retirement Board;

8 (ii) Direct the board of trustees to establish policies and rules
9 and regulations for the transaction of its business and to facilitate the
10 transition and transfer of the management of the retirement system
11 effective September 1, 2024, to the Public Employees Retirement Board;
12 and

13 (iii) Appoint an administrator of the retirement system;

14 (b) The board of education may contract for such medical and other
15 services as shall be required to transact the business of the retirement
16 system;

17 (c) Compensation for all persons employed by the board of education
18 and all other expenses of the board of trustees necessary for the proper
19 and efficient operation of the retirement system shall be paid in such
20 amounts as the board of education determines and approves; and

21 (d) In addition to such duties and other duties arising out of the
22 Class V School Employees Retirement Act not specifically reserved or
23 assigned to others, the board of education shall:

24 (i) Maintain a separate account of each member's contributions, the
25 record of which shall be available to the member upon request;

26 (ii) Compile such data as may be necessary for the required
27 actuarial valuation;

28 (iii) Consider and pass on all applications for annuities or other
29 benefits;

30 (iv) Have examinations made when advisable of persons receiving
31 disability benefits; and

1 (v) Direct and determine all policies necessary in the
2 administration of the Class V School Employees Retirement Act.

3 Sec. 4. Section 79-982, Revised Statutes Cumulative Supplement,
4 2020, is amended to read:

5 79-982 The board of trustees shall (1) hold regular meetings
6 annually and such special meetings at such times as may be deemed
7 necessary, which meetings shall be open to the public, (2) keep a record
8 of all the proceedings of such meetings, (3) prior to January 1, 2017,
9 and subject to the approval of the board of education, invest all cash
10 income not required for current payments in securities of the type
11 provided in section 79-9,107 and so reinvest the proceeds from the sale
12 or redemption of investments, ~~and~~ (4) supervise the affairs of the
13 retirement system related to the administration of benefits and until
14 July 1, 2021, approve any changes, and beginning July 1, 2021, recommend
15 to the board of education any changes, in the administration of the
16 retirement system essential to the actuarial requirements of the
17 retirement system, and (5) beginning July 1, 2021, as directed by the
18 board of education, facilitate the transition and transfer of the general
19 administration and management of the retirement system to the Public
20 Employees Retirement Board effective September 1, 2024.

21 Sec. 5. Section 79-982.01, Revised Statutes Cumulative Supplement,
22 2020, is amended to read:

23 79-982.01 Until July 1, 2021, (1) The members of the board of
24 trustees, and beginning July 1, 2021, the board of education and, until
25 September 1, 2024, the board of trustees as directed and approved by the
26 board of education shall (1) have the responsibility for the
27 administration of the retirement system pursuant to section 79-982, (2)
28 shall be deemed fiduciaries with respect to the administration of the
29 retirement system, (3) and shall be held to the standard of conduct of a
30 fiduciary specified in subdivision (4) subsection (2) of this section,
31 (4) . (2) As fiduciaries, the members of the board of trustees shall

1 discharge their duties with respect to the retirement system solely in
2 the interests of the members and beneficiaries of the retirement system
3 for the exclusive purposes of providing benefits to members and members'
4 beneficiaries and defraying reasonable expenses incurred within the
5 limitations and according to the powers, duties, and purposes prescribed
6 by law at the time such duties are discharged, (5) . ~~The members of the~~
7 ~~board of trustees shall~~ not have a duty in their official capacity to
8 seek the enhancement of plan benefits through the legislative process if
9 such benefits are not already contained within the plan documents, and
10 (6) . ~~The members of the board of trustees shall~~ act with the care,
11 skill, prudence, and diligence under the circumstances then prevailing
12 that a prudent person acting in like capacity and familiar with such
13 matters would use in the conduct of an enterprise of a like character and
14 with like aims.

15 Sec. 6. Section 79-982.02, Revised Statutes Cumulative Supplement,
16 2020, is amended to read:

17 79-982.02 (1) Beginning January 1, 2017, the board of trustees and
18 the board of education shall not have the duty or authority to invest the
19 assets of the retirement system, and the council and the state investment
20 officer shall have the duty and authority to invest such assets in
21 accordance with the Nebraska State Funds Investment Act. Until July 1,
22 2021, the ~~The~~ board of trustees, and beginning July 1, 2021, the board of
23 trustees as directed or approved by the board of education, shall be
24 responsible for administering the noninvestment affairs of the retirement
25 system, including the payment of plan benefits and management of the
26 actuarial requirements of the retirement system.

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

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

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

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

12 (d) The board of trustees shall assign investment authority and
13 responsibility for investment-related agreements and instruments to the
14 council by January 1, 2017, as determined by the state investment officer
15 in his or her sole discretion;

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

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

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

26 (3) All costs, fees, and expenses incurred after March 31, 2016,
27 related to the transition of the investment authority from the board of
28 trustees and the board of education to the council and the state
29 investment officer shall be paid from the assets of a retirement system
30 provided for under the Class V School Employees Retirement Act and to the
31 extent such costs, fees, and expenses are incurred by the council or the

1 state investment officer, they shall be paid in accordance with sections
2 72-1249 and 72-1249.02. The state investment officer shall provide a
3 quarterly report to the board of trustees regarding the assets of the
4 retirement system and related costs, fees, and expenses.

5 Sec. 7. Section 79-983, Revised Statutes Cumulative Supplement,
6 2020, is amended to read:

7 79-983 Until July 1, 2021, the ~~The~~ administrator of the retirement
8 system shall be appointed by the board of trustees and approved by the
9 board of education and ~~. The administrator of the retirement system~~ shall
10 serve at the pleasure of the board of trustees. Beginning July 1, 2021,
11 the administrator of the retirement system shall be appointed by the
12 board of education. The administrator shall hire, dismiss, and otherwise
13 supervise the other staff of the retirement system as approved and
14 directed by the board of education, shall keep the minutes and records of
15 the retirement system, shall be the executive officer in charge of the
16 administration of the detailed affairs of the retirement system, and
17 shall perform such other duties as may be assigned by the board of
18 trustees until July 1, 2021, and beginning July 1, 2021, by the board of
19 education. The administrator and retirement system staff shall be
20 employees of the Class V school district, with compensation and the
21 benefits as available to school district employees determined by the
22 board of trustees until July 1, 2021, and beginning July 1, 2021, by the
23 board of education. The retirement system shall reimburse the Class V
24 school district for all employee costs of salary, employment taxes, and
25 benefits provided to the administrator and retirement system staff. The
26 administrator shall serve as a nonvoting, ex officio member of the
27 council and shall not be deemed a fiduciary of the council.

28 Sec. 8. Section 79-984, Revised Statutes Cumulative Supplement,
29 2020, is amended to read:

30 79-984 (1) Until July 1, 2021, the ~~The~~ board of trustees shall
31 contract for the services of an actuary who shall be the technical

1 advisor of the board of trustees on matters regarding the operation of
2 the retirement system. The selection of the actuary shall be approved by
3 the board of education. The actuary shall (a) ~~(1)~~ make a general
4 investigation of the operation of the retirement system annually, which
5 investigation shall cover mortality, retirement, disability, employment,
6 turnover, interest, and earnable compensation, and (b) ~~(2)~~ recommend
7 tables to be used for all required actuarial calculations. The actuary
8 shall perform such other duties as may be assigned by the board of
9 trustees.

10 (2) Beginning July 1, 2021, the board of education shall contract
11 for the services of an actuary who shall be the technical advisor of the
12 board of education and the board of trustees on matters regarding the
13 operation of the retirement system. The actuary shall:

14 (a) Make a general investigation of the operation of the retirement
15 system annually, which investigation shall cover mortality, retirement,
16 disability, employment, turnover, interest, and earnable compensation;

17 (b) Recommend tables to be used for all required actuarial
18 calculations; and

19 (c) Perform such other duties as may be assigned by the board of
20 education.

21 Sec. 9. Section 79-985, Revised Statutes Cumulative Supplement,
22 2020, is amended to read:

23 79-985 Until July 1, 2021, the The board of trustees may contract
24 for the services of a legal advisor to the board of trustees.

25 Sec. 10. Section 79-9,102, Revised Statutes Cumulative Supplement,
26 2020, is amended to read:

27 79-9,102 (1) Notwithstanding any other provision of the Class V
28 School Employees Retirement Act, no member or beneficiary of the
29 retirement system shall receive in any calendar year an annuity or other
30 benefit which would exceed the maximum benefit permitted under section
31 415 of the Internal Revenue Code, or any successor provision and the

1 regulations issued thereunder, as they may be amended from time to time,
2 and as adjusted as of January 1 of each calendar year to the dollar
3 limitation as determined for such year by the Commissioner of Internal
4 Revenue pursuant to section 415(d) of the Internal Revenue Code to
5 reflect cost-of-living adjustments, and the amount of benefit to be paid
6 to any member or beneficiary by the retirement system shall be adjusted
7 each calendar year, if necessary, to conform with the maximum benefit
8 permitted under section 415 of the Internal Revenue Code. The cost-of-
9 living adjustment to the maximum benefit permitted under section 415 of
10 the Internal Revenue Code shall apply to determining the maximum benefit
11 of a member who severed employment or commenced receiving benefits prior
12 to the effective date of the adjustment.

13 (2) Any payments provided for by sections 79-990, 79-991, and 79-992
14 for the purchase or restoration of creditable service shall be subject to
15 the limitations of section 415 of the Internal Revenue Code on annual
16 additions to the system, and until July 1, 2021, the board of trustees,
17 and beginning July 1, 2021, the board of education, may suspend payments,
18 alter installment periods, or, if such suspension or alteration is not
19 possible, deny the purchase of all or a portion of the creditable service
20 desired to be purchased, as necessary to comply with the requirements of
21 section 415 of the Internal Revenue Code.

22 (3) This section is intended to meet and incorporate the
23 requirements of section 415 of the Internal Revenue Code and regulations
24 under that section that are applicable to governmental plans and shall be
25 construed in accordance with section 415 of the Internal Revenue Code and
26 the regulations issued thereunder and shall, by this reference,
27 incorporate any subsequent changes made to such section as the same may
28 apply to the retirement system.

29 Sec. 11. Section 79-9,103, Revised Statutes Cumulative Supplement,
30 2020, is amended to read:

31 79-9,103 (1) Any annuity paid on or after September 1, 1983, to a

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

17 (2) In addition to the cost-of-living adjustment provided in
18 subsection (1) of this section, any annuity paid on or after September 1,
19 1986, pursuant to the act or pursuant to the provisions of the retirement
20 system established by statute for employees of Class V school districts
21 in effect prior to September 1, 1951, and on which the first payment was
22 dated on or before September 1, 1985, shall be adjusted by the increase
23 in the cost of living or wage levels between the effective date of
24 retirement and June 30, 1986, except that such increase shall not exceed
25 (a) three and one-half percent for annuities first paid on or after
26 September 1, 1984, (b) seven percent for annuities first paid on or after
27 September 1, 1983, but before September 1, 1984, or (c) ten and one-half
28 percent for all other annuities.

29 (3) In addition to the cost-of-living adjustments provided in
30 subsections (1) and (2) of this section, any annuity paid on or after
31 September 1, 1989, pursuant to the act or pursuant to the provisions of

1 the retirement system established by statute for employees of Class V
2 school districts in effect prior to September 1, 1951, and on which the
3 first payment was dated on or before September 1, 1988, shall be adjusted
4 by the increase in the cost of living or wage levels between the
5 effective date of retirement and June 30, 1989, except that such increase
6 shall not exceed (a) three percent for annuities first paid on or after
7 September 1, 1987, (b) six percent for annuities first paid on or after
8 September 1, 1986, but before September 1, 1987, or (c) nine percent for
9 all other annuities.

10 (4) In addition to the cost-of-living adjustments provided in
11 subsections (1), (2), and (3) of this section, any annuity paid on or
12 after September 1, 1992, pursuant to the act or pursuant to the
13 provisions of the retirement system established by statute for employees
14 of Class V school districts in effect prior to September 1, 1951, and on
15 which the first payment was dated on or before October 1, 1991, shall be
16 adjusted by the increase in the cost of living or wage levels between the
17 effective date of retirement and June 30, 1992, except that such increase
18 shall not exceed (a) three percent for annuities first paid after October
19 1, 1990, (b) six percent for annuities first paid after October 1, 1989,
20 but on or before October 1, 1990, or (c) nine percent for all other
21 annuities.

22 (5) In addition to the cost-of-living adjustments provided in
23 subsections (1), (2), (3), and (4) of this section, any annuity paid on
24 or after September 1, 1995, pursuant to the act or pursuant to the
25 provisions of the retirement system established by statute for employees
26 of Class V school districts in effect prior to September 1, 1951, and on
27 which the first payment was dated on or before October 1, 1994, shall be
28 adjusted by the increase in the cost of living or wage levels between the
29 effective date of retirement and June 30, 1995, except that such increase
30 shall not exceed (a) three percent for annuities first paid after October
31 1, 1993, (b) six percent for annuities first paid after October 1, 1992,

1 but on or before October 1, 1993, or (c) nine percent for all other
2 annuities.

3 (6) In addition to the cost-of-living adjustments provided in
4 subsections (1), (2), (3), (4), and (5) of this section, any annuity paid
5 pursuant to the act or pursuant to the provisions of the retirement
6 system established by statute for employees of Class V school districts
7 in effect prior to September 1, 1951, and on which the first payment was
8 dated on or before October 1, 1994, shall be subject to adjustment to
9 equal the greater of (a) the annuity payable to the member or beneficiary
10 as adjusted, if applicable, under the provisions of subsection (1), (2),
11 (3), (4), or (5) of this section or (b) ninety percent of the annuity
12 which results when the original annuity that was paid to the member or
13 beneficiary (before any cost-of-living adjustments under this section),
14 is adjusted by the increase in the cost of living or wage levels between
15 the commencement date of the annuity and June 30, 1995.

16 (7) In addition to the cost-of-living adjustments provided in
17 subsections (1), (2), (3), (4), (5), and (6) of this section, any annuity
18 paid on or after September 1, 1998, pursuant to the act or pursuant to
19 the provisions of the retirement system established by statute for
20 employees of Class V school districts in effect prior to September 1,
21 1951, and on which the first payment was dated on or before October 3,
22 1997, shall be adjusted by the increase in the cost of living or wage
23 levels between the effective date of retirement and June 30, 1998, except
24 that such increase shall not exceed (a) three percent for annuities first
25 paid after October 1, 1996, (b) six percent for annuities first paid
26 after October 1, 1995, but on or before October 1, 1996, or (c) nine
27 percent for all other annuities.

28 (8) Beginning January 1, 2000, and on January 1 of every year
29 thereafter, for employees of Class V school districts who were members
30 prior to July 1, 2013, a cost-of-living adjustment shall be made for any
31 annuity being paid pursuant to the act, or pursuant to the provisions of

1 the retirement system established by statute for employees of Class V
2 school districts in effect prior to September 1, 1951, and on which the
3 first payment was dated on or before October 3 preceding such January 1
4 adjustment date. The cost-of-living adjustment for any such annuity shall
5 be the lesser of (a) one and one-half percent or (b) the increase in the
6 consumer price index from the date such annuity first became payable
7 through the August 31 preceding the January 1 adjustment date as reduced
8 by the aggregate cost-of-living adjustments previously made to the
9 annuity pursuant to this section.

10 (9) Beginning January 1, 2014, and on January 1 of every year
11 thereafter, for employees of Class V school districts who became members
12 on or after July 1, 2013, a cost-of-living adjustment shall be made for
13 any annuity being paid pursuant to the act and on which the first payment
14 was dated on or before October 3 preceding such January 1 adjustment
15 date. The cost-of-living adjustment for any such annuity shall be the
16 lesser of (a) one percent or (b) the increase in the consumer price index
17 from the date such annuity first became payable through the August 31
18 preceding the January 1 adjustment date as reduced by the aggregate cost-
19 of-living adjustments previously made to the annuity pursuant to this
20 section.

21 (10) Beginning September 1, 1999, the actuary shall make an annual
22 valuation of the assets and liabilities of the system. If the annual
23 valuation made by the actuary, as approved by the board of trustees until
24 July 1, 2021, and as approved by the board of education beginning July 1,
25 2021, indicates that the system has sufficient actuarial surplus to
26 provide for a cost-of-living adjustment in addition to the adjustment
27 made pursuant to subsection (8) or (9) of this section, the board of
28 trustees may, in its discretion, declare by resolution that each annuity
29 being paid pursuant to the act, or pursuant to the provisions of the
30 retirement system established by statute for employees of Class V school
31 districts in effect prior to September 1, 1951, and on which the first

1 payment was dated on or before October 3 of the year such resolution is
2 adopted, shall be increased beginning as of the January 1 following the
3 date of the board of trustees' resolution by such percentage as may be
4 declared by the board of trustees, except that such increase for any such
5 annuity shall not exceed the increase in the consumer price index from
6 the date such annuity first became payable through the applicable
7 valuation date as reduced by the aggregate cost-of-living adjustments
8 previously made to the annuity pursuant to this section.

9 (11) Except for the adjustments pursuant to subsection (13) of this
10 section, the consumer price index to be used for determining any cost-of-
11 living adjustment under this section shall be the Consumer Price Index -
12 All Urban Consumers, as published by the Bureau of Labor Statistics of
13 the United States Department of Labor. If this consumer price index is
14 discontinued or replaced, a substitute index published by the United
15 States Department of Labor shall be selected until July 1, 2021, by the
16 board of trustees, and beginning July 1, 2021, by the board of education,
17 which shall be a reasonable representative measurement of the cost of
18 living for retired employees. An annuity as increased by any cost-of-
19 living adjustment made under this section shall be considered the base
20 annuity amount for the purpose of future adjustments pursuant to this
21 section. In no event shall any cost-of-living adjustment be deemed to
22 affect or increase the amount of the base retirement annuity of a member
23 as determined under section 79-999 or 79-9,100.

24 (12) Any decision or determination by the board of trustees until
25 July 1, 2021, and the board of education beginning July 1, 2021, (a) to
26 declare or not declare a cost-of-living adjustment, (b) as to whether the
27 annual valuation indicates a sufficient actuarial surplus to provide for
28 a cost-of-living adjustment, or (c) pursuant to the selection of a
29 substitute index shall be made in the sole, absolute, and final
30 discretion of the board of trustees and shall not be subject to challenge
31 by any member or beneficiary. In no event shall the Legislature be

1 constrained or limited in amending the system or increasing the benefits
2 of members under the system, nor shall the board of education or board of
3 trustees be constrained from supporting any such change to the system,
4 notwithstanding the effect of any such change upon the actuarial surplus
5 of the system and the ability of the board of trustees to declare future
6 cost-of-living adjustments.

7 (13) The Legislature finds and declares that there exists in this
8 state a pressing need to attract and retain qualified and dedicated
9 public school employees and that one of the factors prospective public
10 school employees consider when seeking or continuing public school
11 employment is the retirement system and benefits the employment provides.
12 The Legislature further finds that over the past decades, as reflected by
13 the Medical Price Index published by the United States Department of
14 Labor, the cost of medical care, including the cost of medications and
15 insurance coverages, has increased at a rate in excess of that by which
16 the Consumer Price Index - All Urban Consumers has increased. The
17 Legislature further finds and declares that there accordingly exists a
18 need to adjust the amount of retirement benefits paid to retired public
19 school employees in order to assist them in meeting the increased cost of
20 medical care. Therefor, in addition to the cost-of-living adjustments
21 provided in subsections (1) through (12) of this section, commencing on
22 October 3, 2001, and on October 3 of every year thereafter, a medical
23 cost-of-living adjustment shall be paid to any annuitant who became a
24 member prior to July 1, 2016, and has been paid an annuity from the
25 retirement system for at least ten years through the October 3 adjustment
26 date. The cost-of-living adjustment shall be paid in the form of a
27 supplemental annuity providing monthly payments equal to the amount which
28 results when (a) the fraction, not to exceed one, that results when the
29 annuitant's years of creditable service at his or her retirement date is
30 divided by twenty, is multiplied by (b) the product of ten dollars times
31 the number of years, including attained one-half years, that such

1 annuitant has received annuity payments from the retirement system
2 through the October 3 adjustment date. The supplemental annuity being
3 paid to an annuitant shall increase by ten dollars on October 3 of each
4 subsequent year to reflect the additional year of annuity payments to the
5 annuitant until the total amount of the supplemental annuity is two
6 hundred fifty dollars. In no event shall the medical cost-of-living
7 adjustment for any annuitant pursuant to this subsection result in the
8 payment of a supplemental annuity exceeding two hundred fifty dollars per
9 month. The supplemental annuity paid to an annuitant pursuant to this
10 subsection shall cease at the death of the annuitant regardless of the
11 form of retirement annuity being paid to the annuitant at the time of his
12 or her death.

13 Sec. 12. Section 79-9,105, Revised Statutes Cumulative Supplement,
14 2020, is amended to read:

15 79-9,105 (1) Any member with five or more years of creditable
16 service, excluding years of prior service acquired pursuant to section
17 79-990, 79-991, 79-994, 79-995, or 79-997, who becomes totally disabled
18 for further performance of duty on or after March 22, 2000, may be
19 approved for deferred disability retirement by the board of trustees
20 until July 1, 2021, and by the board of education beginning July 1, 2021.
21 In the case of such deferred disability retirement, the member, during
22 the period specified in subsection (3) of this section, shall be credited
23 with creditable service for each year or portion thereof, to be
24 determined in accordance with policies of the board of trustees until
25 July 1, 2021, and in accordance with policies of the board of education
26 or, until September 1, 2024, in accordance with policies of the board of
27 trustees as directed and approved by the board of education beginning
28 July 1, 2021, governing creditable service, that the member defers
29 retirement, up to a maximum of thirty-five years of total creditable
30 service, including creditable service accrued before the member became
31 totally disabled. The member approved for deferred disability retirement

1 may at any time of the member's choosing request the deferral to end and
2 retirement annuity payments to begin. The retirement annuity of such
3 member shall be based on the total number of years of the member's
4 creditable service, including the years credited to the member during his
5 or her total disability under this section, and the member's final
6 average salary as of the date that the member became totally disabled and
7 as adjusted from such date by a percentage equal to the cumulative
8 percentage cost-of-living adjustments that were made or declared for
9 annuities in pay status pursuant to section 79-9,103 after the date of
10 the approval of the board of trustees until July 1, 2021, and after the
11 date at the approval of the board of education beginning July 1, 2021,
12 for deferred disability retirement and before the cessation of the
13 accrual of additional creditable service pursuant to subsection (3) of
14 this section. Except as provided in subsection (4) of this section, the
15 retirement annuity so determined for the member shall be payable to the
16 member without reduction due to any early commencement of benefits,
17 except that the retirement annuity shall be reduced by the amount of any
18 periodic payments to such employee as workers' compensation benefits.
19 Additional creditable service acquired through deferred disability
20 retirement shall apply to the service requirements specified in section
21 79-9,106. Until July 1, 2021, the ~~The~~ board of trustees, and beginning
22 July 1, 2021, the board of education, shall consider a member to be
23 totally disabled when it has received an application by the member and a
24 statement by at least two licensed and practicing physicians designated
25 by the board of trustees until July 1, 2021, and by the board of
26 education beginning July 1, 2021, certifying that the member is totally
27 and presumably permanently disabled and unable to perform his or her
28 duties as a consequence thereof.

29 (2) Notwithstanding the provisions of subsection (1) of this
30 section, the payment of the retirement annuity of a member may not be
31 deferred later than the member's required beginning date as defined in

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

14 (3) The accrual of creditable service and any adjustment of final
15 average salary provided in subsection (1) of this section shall begin
16 from the first day of the month following the date of the first of the
17 two examinations by which the member is determined by the board of
18 trustees until July 1, 2021, and by the board of education beginning July
19 1, 2021, to be totally disabled, shall continue only so long as the
20 member does not receive any wages or compensation for services, and shall
21 end at the earlier of (a) the time total disability ceases as determined
22 by the board of trustees until July 1, 2021, and by the board of
23 education beginning July 1, 2021, or (b) the date the member elects to
24 end the deferred disability retirement and begin to receive his or her
25 retirement annuity. The board of trustees until July 1, 2021, and the
26 board of education beginning July 1, 2021, may require periodic proof of
27 disability but not more frequently than semiannually.

28 (4)(a) For an employee hired prior to July 1, 2018, the payment of
29 any retirement annuity to a disabled member, which begins to be paid
30 under this section (i) before the member's sixty-second birthday or (ii)
31 at a time before the sum of the member's attained age and creditable

1 service is eighty-five or more, shall be suspended if the board of
2 trustees until July 1, 2021, and the board of education beginning July 1,
3 2021, determines at any time before the member's sixty-second birthday
4 that the member's total disability has ceased.

5 (b) For an employee hired on or after July 1, 2018, the payment of
6 any retirement annuity to a disabled member, which begins to be paid
7 under this section (i) before the member's sixty-fifth birthday or (ii)
8 at a time before the sum of the member's attained age and creditable
9 service is eighty-five or more, shall be suspended if the board of
10 trustees until July 1, 2021, and the board of education beginning July 1,
11 2021, determines at any time before the member's sixty-fifth birthday
12 that the member's total disability has ceased.

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

17 Sec. 13. Section 79-9,115, Revised Statutes Cumulative Supplement,
18 2020, is amended to read:

19 79-9,115 (1) All allowances, annuities, or other benefits granted
20 under the Class V School Employees Retirement Act, and all expenses
21 incurred in connection with the administration of the act, except
22 clerical work incurred in connection with maintenance of records and
23 payment of benefits, shall be paid from the Class V School Employees
24 Retirement Fund which is hereby established. Such clerical work shall be
25 performed by employees of the school district or districts. The
26 administrator and staff of the retirement system shall be permitted
27 reasonable office and records storage space in the central office
28 building of the Class V school district formed before September 13, 1997.
29 All expenses for the retirement system office accommodations and
30 integrated pension benefit information management systems, including all
31 services, support, furniture, and equipment provided to or by any central

1 office department of the school district, shall be charged to the
2 retirement system. ~~The school district or districts shall not be liable~~
3 ~~for acts or omissions in the administration of the act made at the~~
4 ~~direction of the board of trustees or its employees.~~

5 (2) Beginning on August 24, 2017, any expenses with respect to the
6 transfer to and assumption by the council and the state investment
7 officer of the duty and authority to invest the assets of a retirement
8 system provided for under the Class V School Employees Retirement Act
9 shall be charged to the Class V School Employees Retirement Fund. Such
10 expenses shall be paid without the approval of the board of trustees.

11 Sec. 14. If any section in this act or any part of any section is
12 declared invalid or unconstitutional, the declaration shall not affect
13 the validity or constitutionality of the remaining portions.

14 Sec. 15. Original sections 79-978, 79-980, 79-981, 79-982,
15 79-982.01, 79-982.02, 79-983, 79-984, 79-985, 79-9,102, 79-9,103,
16 79-9,105, and 79-9,115, Revised Statutes Cumulative Supplement, 2020, are
17 repealed.

18 Sec. 16. Since an emergency exists, this act takes effect when
19 passed and approved according to law.