

AMENDMENTS TO LB147

Introduced by Nebraska Retirement Systems.

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

3           Section 1. Section 72-1237, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5           72-1237   (1)(a) The Nebraska Investment Council is created. For  
6 purposes of the Nebraska State Funds Investment Act, council means the  
7 Nebraska Investment Council. The council shall consist of five members,  
8 appointed by the Governor with the approval of the Legislature. The State  
9 Treasurer, the director of the Nebraska Public Employees Retirement  
10 Systems, and except as provided in subdivision (1)(b) of this section,  
11 beginning January 1, 2017, the administrator of each retirement system  
12 provided for under the Class V School Employees Retirement Act shall  
13 serve as nonvoting, ex officio members. One of the appointed members  
14 shall be designated chairperson by the Governor.

15           (b) Beginning September 1, 2024, the director of the Nebraska Public  
16 Employees Retirement Systems shall also represent each retirement system  
17 provided for under the Class V School Employees Retirement Act.

18           (2) Each of the appointed members of the council shall serve for a  
19 term of five years that begins on January 1 and may be removed by the  
20 Governor for cause after notice and an opportunity to be heard. A member  
21 may serve until his or her successor's appointment is effective. A member  
22 may be reappointed. A successor shall be appointed in the same manner as  
23 provided for the members first appointed, and in case of a vacancy caused  
24 by death, resignation, or otherwise, the Governor shall appoint a  
25 qualified person to fill the vacancy for the unexpired term.

26           (3) No member of the council shall be personally liable, except in  
27 cases of willful dishonesty, gross negligence, or intentional violation

1 of law, for actions relating to his or her duties as a member of the  
2 council.

3 Sec. 2. Section 72-1249.02, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5 72-1249.02 The State Investment Officer's Cash Fund is created. A  
6 pro rata share of the budget appropriated for the council shall be  
7 charged to the income of each fund managed, and such charges shall be  
8 transferred to the State Investment Officer's Cash Fund. The allocation  
9 of charges may be made by any method determined to be reasonably related  
10 to actual costs incurred by the council. Approval of the agencies and  
11 boards administering these funds shall not be required.

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

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

23 Beginning on March 31, 2016, a pro rata share of the budget  
24 appropriated for the council shall be charged to the income of the Class  
25 V School Employees Retirement Fund, and such charges shall be transferred  
26 to the State Investment Officer's Cash Fund. The allocation of charges  
27 among a retirement system provided for under the Class V School Employees  
28 Retirement Act and the other funds managed by the council may be made by  
29 any method determined to be reasonably related to actual costs incurred  
30 by the council. Approval of the board of education, the board of  
31 trustees, or the retirement board, as defined in section 79-978 and as

1 ~~the board of trustees~~ provided for in section 79-980, shall not be  
2 required.

3 Sec. 3. Section 79-902, Revised Statutes Cumulative Supplement,  
4 2020, is amended to read:

5 79-902 For purposes of the School Employees Retirement Act, unless  
6 the context otherwise requires:

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

11 (2)(a) Actuarial equivalent means the equality in value of the  
12 aggregate amounts expected to be received under different forms of  
13 payment.

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

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

1 (d) If the lump-sum settlement is made to an estate, the interest  
2 rate will be determined by the AAA-rated segment of the Bloomberg  
3 Barclays Long U.S. Corporate Bond Index as of the prior June 30, rounded  
4 to the next lower quarter percent. If the AAA-rated segment of the  
5 Bloomberg Barclays Long U.S. Corporate Bond Index is discontinued or  
6 replaced, a substitute index shall be selected by the board which shall  
7 be a reasonably representative index;

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

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

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

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

1 allowed to be taken into account under the retirement system as in effect  
2 on July 1, 1993;

3 (5) County school official means (a) until July 1, 2000, the county  
4 superintendent or district superintendent and any person serving in his  
5 or her office who is required by law to have a teacher's certificate and  
6 (b) on or after July 1, 2000, the county superintendent, county school  
7 administrator, or district superintendent and any person serving in his  
8 or her office who is required by law to have a teacher's certificate;

9 (6)(a) Creditable service means prior service for which credit is  
10 granted under sections 79-926 to 79-929, service credit purchased under  
11 sections 79-933.03 to 79-933.06 and 79-933.08, and all service rendered  
12 while a contributing member of the retirement system; and

13 (b) Creditable service includes working days, sick days, vacation  
14 days, holidays, and any other leave days for which the employee is paid  
15 regular wages as part of the employee's agreement with the employer.  
16 Creditable service does not include lump-sum payments to the employee  
17 upon termination or retirement in lieu of accrued benefits for such days,  
18 eligibility and vesting credit, service years for which member  
19 contributions are withdrawn and not repaid by the member, service  
20 rendered for which the retirement board determines that the member was  
21 paid less in compensation than the minimum wage as provided in the Wage  
22 and Hour Act, service which the board determines was rendered with the  
23 intent to defraud the retirement system, or service provided to an  
24 employer in a retirement system established pursuant to the Class V  
25 School Employees Retirement Act;

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

28 (8) Disability means an inability to engage in any substantially  
29 gainful activity by reason of any medically determinable physical or  
30 mental impairment which was initially diagnosed or became disabling while  
31 the member was an active participant in the plan and which can be

1 expected to result in death or be of a long-continued and indefinite  
2 duration;

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

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

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

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

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

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

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

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

27 (f) Any other form of separation payments made by an employer to a  
28 member at termination, including, but not limited to, purchasing  
29 retirement annuity contracts for the member pursuant to section 79-514,  
30 depositing money for the member in an account established under section  
31 403(b) of the Internal Revenue Code except for payments for accrued

1 unused leave, or purchasing service credit for the member pursuant to  
2 section 79-933.08;

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

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

22 (14) Employer means the State of Nebraska or any subdivision thereof  
23 or agency of the state or subdivision authorized by law to hire school  
24 employees or to pay their compensation;

25 (15)(a) Final average compensation means:

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

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

30 (B) If a member has such compensation for less than thirty-six  
31 months, the sum of the member's total compensation in all months divided

1 by the total number of months of his or her creditable service therefor;  
2 and

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

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

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

10 (b) Payments under the Retirement Incentive Plan pursuant to section  
11 79-855 and Staff Development Assistance pursuant to section 79-856 shall  
12 not be included in the determination of final average compensation;

13 (16) Fiscal year means any year beginning July 1 and ending June 30  
14 next following;

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

17 (18) Initial benefit means the retirement benefit calculated at the  
18 time of retirement;

19 (19) Member means any person who has an account in the School  
20 Retirement Fund;

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

23 (21) Plan year means the twelve-month period beginning on July 1 and  
24 ending on June 30 of the following year;

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

27 (23) Public school means any and all schools offering instruction in  
28 elementary or high school grades, as defined in section 79-101, which  
29 schools are supported by public funds and are wholly under the control  
30 and management of the State of Nebraska or any subdivision thereof,  
31 including (a) schools or other entities established, maintained, and



1 controlled by the school boards of local school districts, except Class V  
2 school districts, (b) any educational service unit, and (c) any other  
3 educational institution wholly supported by public funds, except schools  
4 under the control and management of the Board of Trustees of the Nebraska  
5 State Colleges, the Board of Regents of the University of Nebraska, or  
6 the community college boards of governors for any community college  
7 areas;

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

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

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

27 (27) Required beginning date means, for purposes of the deferral of  
28 distributions, April 1 of the year following the calendar year in which a  
29 member has:

30 (a)(i) Terminated employment with all employers participating in the  
31 plan; and

1 (ii)(A) Attained at least seventy and one-half years of age for a  
2 member who attained seventy and one-half years of age on or before  
3 December 31, 2019; or

4 (B) Attained at least seventy-two years of age for a member who  
5 attained seventy and one-half years of age on or after January 1, 2020;  
6 or

7 (b)(i) Terminated employment with all employers participating in the  
8 plan; and

9 (ii) Otherwise reached the date specified by section 401(a)(9) of  
10 the Internal Revenue Code and the regulations issued thereunder;

11 (28) Required deposit means the deduction from a member's  
12 compensation as provided for in section 79-958 which shall be deposited  
13 in the School Retirement Fund;

14 (29) Retirement means qualifying for and accepting a school or  
15 disability retirement allowance granted under the School Employees  
16 Retirement Act;

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

20 (31) Retirement board or board means the Public Employees Retirement  
21 Board;

22 (32) Retirement date means (a) if the member has terminated  
23 employment, the first day of the month following the date upon which a  
24 member's request for retirement is received on a retirement application  
25 provided by the retirement system or (b) if the member has filed a  
26 retirement application but has not yet terminated employment, the first  
27 day of the month following the date on which the member terminates  
28 employment. An application may be filed no more than one hundred twenty  
29 days prior to the effective date of the member's initial benefit;

30 (33) Retirement system means the School Employees Retirement System  
31 of the State of Nebraska;

1 (34) Savings annuity means payments for life, made in equal monthly  
2 payments, derived from the accumulated contributions of a member;

3 (35) School employee means a contributing member who earns service  
4 credit pursuant to section 79-927. For purposes of this section,  
5 contributing member means the following persons who receive compensation  
6 from a public school: (a) Regular employees; (b) regular employees having  
7 retired pursuant to the School Employees Retirement Act who subsequently  
8 provide compensated service on a regular basis in any capacity; and (c)  
9 regular employees hired by a public school on an ongoing basis to assume  
10 the duties of other regular employees who are temporarily absent.  
11 Substitute employees, temporary employees, and employees who have not  
12 attained the age of eighteen years shall not be considered school  
13 employees;

14 (36) School year means one fiscal year which includes not less than  
15 one thousand instructional hours or, in the case of service in the State  
16 of Nebraska prior to July 1, 1945, not less than seventy-five percent of  
17 the then legal school year;

18 (37) School retirement allowance means the total of the savings  
19 annuity and the service annuity or formula annuity paid a person who has  
20 retired under sections 79-931 to 79-935. The monthly payments shall be  
21 payable at the end of each calendar month during the life of a retired  
22 member. The first payment shall include all amounts accrued since the  
23 effective date of the award of annuity. The last payment shall be at the  
24 end of the calendar month in which such member dies or in accordance with  
25 the payment option chosen by the member;

26 (38) Service means employment as a school employee and shall not be  
27 deemed interrupted by (a) termination at the end of the school year of  
28 the contract of employment of an employee in a public school if the  
29 employee enters into a contract of employment in any public school,  
30 except a school in a Class V school district, for the following school  
31 year, (b) temporary or seasonal suspension of service that does not

1 terminate the employee's employment, (c) leave of absence authorized by  
2 the employer for a period not exceeding twelve months, (d) leave of  
3 absence because of disability, or (e) military service when properly  
4 authorized by the retirement board. Service does not include any period  
5 of disability for which disability retirement benefits are received under  
6 sections 79-951 to 79-953;

7 (39) Service annuity means payments for life, made in equal monthly  
8 installments, derived from appropriations made by the State of Nebraska  
9 to the retirement system;

10 (40) State deposit means the deposit by the state in the retirement  
11 system on behalf of any member;

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

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

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

1           (44) Temporary employee means an employee hired by a public school  
2 who is not a regular employee and who is hired to provide service for a  
3 limited period of time to accomplish a specific purpose or task. When  
4 such specific purpose or task is complete, the employment of such  
5 temporary employee shall terminate and in no case shall the temporary  
6 employment period exceed one year in duration;

7           (45)(a) Termination of employment occurs on the date on which the  
8 member experiences a bona fide separation from service of employment with  
9 the member's employer, the date of which separation is determined by the  
10 end of the member's contractual agreement or, if there is no contract or  
11 only partial fulfillment of a contract, by the employer.

12           (b) A member shall not be deemed to have terminated employment if  
13 the member subsequently provides service to any employer participating in  
14 the retirement system provided for in the School Employees Retirement Act  
15 within one hundred eighty days after ceasing employment unless such  
16 service is:

17           (i) Bona fide unpaid voluntary service or substitute service,  
18 provided on an intermittent basis. For purposes of this subdivision, (A)  
19 intermittent basis means service provided on a day-to-day basis that is  
20 not greater than eight days of service during a calendar month and (B)  
21 day of service means any length of substitute service or unpaid voluntary  
22 service provided during a single calendar day; or

23           (ii) As provided in subsection (2) of section 79-920.

24           (c) A member shall not be deemed to have terminated employment if  
25 the board determines based on facts and circumstances (i) that a claimed  
26 termination was not a bona fide separation from service with the employer  
27 or (ii) that a member was compensated for a full contractual period when  
28 the member terminated prior to the end date of the contract.

29           (d) Nothing in this subdivision precludes an employer from adopting  
30 a 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; and

2 ~~(45) Termination of employment occurs on the date on which the~~  
3 ~~member experiences a bona fide separation from service of employment with~~  
4 ~~the member's employer, the date of which separation is determined by the~~  
5 ~~end of the member's contractual agreement or, if there is no contract or~~  
6 ~~only partial fulfillment of a contract, by the employer.~~

7 ~~A member shall not be deemed to have terminated employment if the~~  
8 ~~member subsequently provides service to any employer participating in the~~  
9 ~~retirement system provided for in the School Employees Retirement Act~~  
10 ~~within one hundred eighty days after ceasing employment unless such~~  
11 ~~service:~~

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

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

15 ~~Nothing in this subdivision precludes an employer from adopting a~~  
16 ~~policy which limits or denies employees who have terminated employment~~  
17 ~~from providing voluntary or substitute service within one hundred eighty~~  
18 ~~days after termination.~~

19 ~~A member shall not be deemed to have terminated employment if the~~  
20 ~~board determines that a claimed termination was not a bona fide~~  
21 ~~separation from service with the employer or that a member was~~  
22 ~~compensated for a full contractual period when the member terminated~~  
23 ~~prior to the end date of the contract; and~~

24 ~~(46) Voluntary service or volunteer means providing bona fide unpaid~~  
25 ~~service to any employer.~~

26 ~~Sec. 4. Section 79-916, Revised Statutes Cumulative Supplement,~~  
27 ~~2020, is amended to read:~~

28 ~~79-916 (1)(a) On July 1, 2004, the board shall transfer from the~~  
29 ~~School Retirement Fund to the Service Annuity Fund an amount equal to the~~  
30 ~~funded ratio of the retirement system which is equal to the market value~~  
31 ~~of the retirement system assets divided by the actuarial accrued~~

1 liability of the retirement system, times the actuarial accrued liability  
2 of the service annuity, as determined pursuant to section 79-966.01, of  
3 the employees who are members of the retirement system established  
4 pursuant to the Class V School Employees Retirement Act. Beginning July  
5 1, 2013, such actuarial accrued liability shall be determined for each  
6 employee on a level percentage of salary basis. On or before July 1 of  
7 each fiscal year, the state shall transfer ~~deposit~~ into the Service  
8 Annuity Fund such amounts as may be necessary to pay the normal cost and  
9 amortize the unfunded actuarial accrued liability of the service annuity,  
10 as determined pursuant to section 79-966.01, as of the end of the  
11 previous fiscal year of the employees who are members of the retirement  
12 system established pursuant to the Class V School Employees Retirement  
13 Act. Based on the fiscal year of the retirement system established  
14 pursuant to the Class V School Employees Retirement Act, the  
15 administrator of such system shall provide all membership information  
16 needed for the actuary engaged by the retirement board to determine the  
17 normal cost and the amortization payment of the unfunded actuarial  
18 accrued liability, as determined pursuant to section 79-966.01, to be  
19 paid by the state to the Service Annuity Fund each fiscal year as  
20 required by this subdivision.

21 (b) At the time of retirement of any employee who is a member of the  
22 retirement system established pursuant to the Class V School Employees  
23 Retirement Act and who was hired prior to July 1, 2016, the retirement  
24 board shall, upon receipt of a certification of the administrator of such  
25 retirement system of the name, identification number, date of birth,  
26 retirement date, last date of employment, type of retirement, and number  
27 of years of service credited to such eligible employee at the date of  
28 retirement, ~~transfer to such retirement system~~ from the Service Annuity  
29 Fund to the Class V school district for transfer to the retirement system  
30 the actuarial accrued liability of the service annuity to be paid to the  
31 Class V school district by the state for transfer to the eligible

1 employee for the years of service thus certified as provided for members  
2 of the School Employees Retirement System of the State of Nebraska under  
3 sections 79-933 and 79-952. Such transfer of the actuarial accrued  
4 liability to the Class V school district for transfer to the retirement  
5 system established pursuant to the Class V School Employees Retirement  
6 Act shall be in lieu of the payment of the service annuity to which the  
7 employee would be entitled.

8 (c) The Service Annuity Fund is created. The fund shall consist of  
9 the amounts paid by the state and transferred from the School Retirement  
10 Fund to the Class V school district for transfer to the retirement system  
11 pursuant to this section to pay the service annuity to the Class V school  
12 district for transfer to be paid by the state to employees who are  
13 members of the retirement system established pursuant to the Class V  
14 School Employees Retirement Act. Any money in the Service Annuity Fund  
15 available for investment shall be invested by the state investment  
16 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska  
17 State Funds Investment Act.

18 (2) In addition to the transfer of the actuarial accrued liability  
19 of the service annuity pursuant to subsection (1) of this section to be  
20 paid by the state, the state shall also transfer to the funds of the  
21 Class V school district for transfer to the district's retirement system  
22 an amount determined by multiplying the compensation of all members of  
23 such retirement system by the percent specified in subsection (2) of  
24 section 79-966 for determining the amount of the state's payment to the  
25 School Retirement Fund plus the amount determined under subdivision (1)  
26 (b) of section 79-966. The transfer shall be made annually on or before  
27 July 1 of each fiscal year.

28 Sec. 5. Section 79-966, Revised Statutes Cumulative Supplement,  
29 2020, is amended to read:

30 79-966 (1)(a) On the basis of all data in the possession of the  
31 retirement board, including such mortality and other tables as are



1 recommended by the actuary engaged by the retirement board and adopted by  
2 the retirement board, the retirement board shall annually, on or before  
3 July 1, determine the state deposit to be made by the state in the School  
4 Retirement Fund for that fiscal year. The amount of such state deposit  
5 shall be determined pursuant to section 79-966.01. The retirement board  
6 shall thereupon certify the amount of such state deposit, and on the  
7 warrant of the Director of Administrative Services, the State Treasurer  
8 shall, as of July 1 of such year, transfer from funds appropriated by the  
9 state for that purpose to the School Retirement Fund the amount of such  
10 state deposit.

11 (b) Beginning July 1, 2016, the contingent state transfer deposit  
12 described in this subsection shall be calculated as a percent of  
13 compensation of all members of the retirement system. For any year in  
14 which a deposit is made to the School Retirement Fund under this  
15 subsection, if the actuary for a retirement system provided for under the  
16 Class V School Employees Retirement Act determines that the actuarially  
17 required contribution rate, for the fiscal year of the retirement system  
18 that begins before the state deposit, exceeds the rate of all  
19 contributions required pursuant to the Class V School Employees  
20 Retirement Act, using the thirty-year amortization period specified in  
21 section 79-966.01, the Class V district school board may request a public  
22 hearing of the Appropriations Committee of the Legislature to ask the  
23 state to transfer to the Class V school district for transfer to the  
24 funds of the retirement system provided for under the Class V School  
25 Employees Retirement Act an amount determined by multiplying the  
26 compensation of all members of such retirement system by the lesser of  
27 the percent of compensation transferred deposited into the School  
28 Retirement Fund under this subsection or the percent of compensation of  
29 the members of the retirement system provided for under the Class V  
30 School Employees Retirement Act needed to meet the actuarially required  
31 contribution rate for such system, using the thirty-year amortization

1 period specified in section 79-966.01. Any additional amount of transfer  
2 so calculated, recommended by the Appropriations Committee of the  
3 Legislature, and approved by the Legislature, shall be added to the two  
4 percent specified in subsection (2) of this section for the amount  
5 required by subsection (2) of section 79-916 to be transferred to the  
6 Class V school district, which shall transfer such amount to the funds of  
7 the retirement system provided for under the Class V School Employees  
8 Retirement Act.

9 (2) For each fiscal year beginning July 1, 2014, in addition to the  
10 state transfers ~~deposits~~ required by subsections (1) and (3) of this  
11 section, the state shall transfer into ~~deposit in~~ the School Retirement  
12 Fund an amount equal to two percent of the compensation of all members of  
13 the retirement system.

14 (3) In addition to the state deposits required by subsections (1)  
15 and (2) of this section, beginning on July 1, 2005, and each fiscal year  
16 thereafter for employees who become members prior to July 1, 2016, the  
17 state shall transfer into ~~deposit in~~ the Service Annuity Fund such  
18 amounts as may be necessary to pay the normal cost and amortize the  
19 unfunded actuarial accrued liability of the service annuity benefit  
20 established pursuant to sections 79-933 and 79-952 as accrued through the  
21 end of the previous fiscal year of the school employees who are members  
22 of the retirement system established pursuant to the Class V School  
23 Employees Retirement Act.

24 Sec. 6. Section 79-972.01, Reissue Revised Statutes of Nebraska, is  
25 amended to read:

26 79-972.01 The School Retirement Fund is created. The required  
27 deposits of an ~~the~~ employer, the state, and the employees shall be  
28 credited to the fund and all savings annuities, service annuities, and  
29 formula annuities shall be paid from the fund as provided in the School  
30 Employees Retirement Act. Sub-funds may be established as necessary. Any  
31 unexpended balance existing on June 30, 2002, in the School Employers

1 Deposit Account, the Service Annuity Account, the School Employees  
2 Savings Account, the Annuity Reserve Account, and the School Employees  
3 Retirement System Reserve Fund shall be transferred to the School  
4 Retirement Fund.

5 Sec. 7. Section 79-978, Revised Statutes Cumulative Supplement,  
6 2020, is amended to read:

7 79-978 For purposes of the Class V School Employees Retirement Act,  
8 unless the context otherwise requires:

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

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

19 (3) Actuarial tables means:

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

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

27 (ii) For members hired on or after July 1, 2018, or rehired on or  
28 after July 1, 2018, after termination of employment and being paid a  
29 retirement benefit, the determinations shall be based on a unisex  
30 mortality table and an interest rate specified by (A) the board until  
31 September 1, 2024, or (B) the retirement board beginning on September 1,

1 ~~2024 of trustees~~. Both the mortality table and the interest rate shall be  
2 recommended by the actuary retained pursuant to section 79-984 by the  
3 ~~board of trustees and approved by the board of trustees~~ following an  
4 actuarial experience study, a benefit adequacy study, or a plan  
5 valuation. The mortality table, interest rate, and actuarial factors in  
6 effect on the member's retirement date shall be used to calculate the  
7 actuarial equivalency of any retirement benefit. Such interest rate may  
8 be, but is not required to be, equal to the assumed rate; and

9 (b) For joint and survivorship annuities:

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

19 (ii) For members hired on or after July 1, 2018, or rehired on or  
20 after July 1, 2018, after termination of employment and being paid a  
21 retirement benefit, the determinations shall be based on a unisex  
22 mortality table and an interest rate specified by (A) the board until  
23 September 1, 2024, or (B) the retirement board beginning on September 1,  
24 ~~2024 of trustees~~. Both the mortality table and the interest rate shall be  
25 recommended by the actuary retained pursuant to section 79-984 by the  
26 ~~board of trustees and approved by the board of trustees~~ following an  
27 actuarial experience study, a benefit adequacy study, or a plan  
28 valuation. The mortality table, interest rate, and actuarial factors in  
29 effect on the member's retirement date shall be used to calculate the  
30 actuarial equivalency of any retirement benefit. Such interest rate may  
31 be, but is not required to be, equal to the assumed rate;

1           (4) Administrator of the retirement system or administrator means  
2 (a) until September 1, 2024, the person administering the retirement  
3 system who is appointed by the board or (b) beginning on September 1,  
4 2024, the director appointed by the retirement board pursuant to section  
5 84-1503;

6           (5) (4) Annuitant means any member receiving an allowance;

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

10           (7) (6) Audit year means the period beginning January 1 in any year  
11 and ending on December 31 of that same year, which is except for the  
12 initial audit year which will begin September 1, 2016, and end on  
13 December 31, 2016. Beginning September 1, 2016, the audit year will be  
14 the period of time used in the preparation of (a) the annual actuarial  
15 analysis and valuation and (b) a financial audit of the investments of  
16 the retirement system, including the investments of the retirement  
17 system;

18           (8) (7) Beneficiary means any person entitled to receive or  
19 receiving a benefit by reason of the death of a member;

20           (9) Board means the board of trustees until July 1, 2021, and the  
21 board of education beginning July 1, 2021, and until September 1, 2024;

22           (10) (8) Board of education means the board or boards of education  
23 of a the school district or districts;

24           (11) Board of trustees means:

25           (a) Until September 1, 2024, the entity established pursuant to  
26 section 79-980; and

27           (b) Beginning September 1, 2024, the board of education shall be  
28 deemed to be the successor in interest for all liability associated with  
29 the actions or inactions of the entity identified under subdivision (11)  
30 (a) of this section and as specified in the Class V School Employees  
31 Retirement Act;

1           ~~(12)(a)~~ ~~(9)(a)~~ Compensation means gross wages or salaries payable to  
2 the member during a fiscal year and includes (i) overtime pay, (ii)  
3 member contributions to the retirement system that are picked up under  
4 section 414(h) of the Internal Revenue Code, as defined in section  
5 49-801.01, (iii) retroactive salary payments paid pursuant to court  
6 order, arbitration, or litigation and grievance settlements, and (iv)  
7 amounts contributed by the member to plans under sections 125, 403(b),  
8 and 457 of the Internal Revenue Code, as defined in section 49-801.01, or  
9 any other section of the code which defers or excludes such amounts from  
10 income.

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

20           (c) Compensation in excess of the limitations set forth in section  
21 401(a)(17) of the Internal Revenue Code, as defined in section 49-801.01,  
22 shall be disregarded;

23           ~~(13)~~ ~~(10)~~ Council means the Nebraska Investment Council created and  
24 acting pursuant to section 72-1237;

25           ~~(14)~~ ~~(11)~~ Creditable service means the sum of the membership service  
26 and the prior service, measured in one-tenth-year increments;

27           ~~(15)~~ ~~(12)~~ Early retirement date means, for members hired prior to  
28 July 1, 2016, who have attained age fifty-five, that month and year  
29 selected by a member having at least ten years of creditable service  
30 which includes a minimum of five years of membership service. Early  
31 retirement date means, for members hired on or after July 1, 2016, that

1 month and year selected by a member having at least five years of  
2 creditable service and who has attained age sixty;

3 ~~(16)~~ ~~(13)~~ Early retirement inducement means, but is not limited to:

4 (a) A benefit, bonus, or payment to a member by an employer in  
5 exchange for an agreement by the member to retire with a reduced  
6 retirement benefit;

7 (b) A benefit, bonus, or payment paid to a member by an employer in  
8 addition to the member's retirement benefit;

9 (c) Lump-sum or installment cash payments by an employer, except  
10 payments for accrued unused leave converted to cash payments;

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

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

20 (f) Any other form of separation payments made by an employer to a  
21 member at termination, including, but not limited to, purchasing  
22 retirement contracts for the member pursuant to section 79-514, or  
23 depositing money for the member in an account established under section  
24 403(b) of the Internal Revenue Code except for payments for accrued  
25 unused leave;

26 ~~(17)~~ ~~(14)~~ Employee means the following enumerated persons receiving  
27 compensation from the school district: (a) Teachers, other than  
28 substitutes, employed on a written contract basis; (b) administrators  
29 employed on a written contract, agreement, or document basis; and (c)  
30 regular employees ~~Regular teachers and administrators employed on a~~  
31 ~~written contract basis; and (b) regular employees, not included in~~

1 ~~subdivision (14)(a) of this section, hired upon a full-time basis, which~~  
2 ~~basis shall contemplate a workweek of not less than thirty hours;~~

3 (18) ~~(15)~~ Employer means a school district participating in a  
4 retirement system established pursuant to the Class V School Employees  
5 Retirement Act;

6 (19) ~~(16)~~ Fiscal year means the period beginning September 1 in any  
7 year and ending on August 31 of the next succeeding year;

8 (20) ~~(17)~~ Hire date or date of hire means the first day of  
9 compensated service subject to retirement contributions;

10 (21) ~~(18)~~ Interest means, for the purchase of service credit, the  
11 purchase of prior service credit, restored refunds, and delayed payments,  
12 the investment return assumption used in the most recent actuarial  
13 valuation;

14 (22) ~~(19)~~ Member means any employee included in the membership of  
15 the retirement system or any former employee who has made contributions  
16 to the system and has not received a refund;

17 (23) ~~(20)~~ Membership service means service on or after September 1,  
18 1951, as an employee of the school district and a member of the system  
19 for which compensation is paid by the school district. Credit for more  
20 than one year of membership service shall not be allowed for service  
21 rendered in any fiscal year. Beginning September 1, 2005, a member shall  
22 be credited with a year of membership service for each fiscal year in  
23 which the member performs one thousand or more hours of compensated  
24 service as an employee of the school district. For an employee who  
25 becomes a member prior to July 1, 2018, an hour of compensated service  
26 shall include any hour for which the member is compensated by the school  
27 district during periods when no service is performed due to vacation or  
28 approved leave. For an employee who becomes a member on or after July 1,  
29 2018, an hour of compensated service shall include any hour for which the  
30 member is compensated by the school district during periods when no  
31 service is performed due to used accrued sick days, used accrued vacation



1 days, federal and state holidays, and jury duty leave for which the  
2 member is paid full compensation by an ~~the~~ employer. If a member performs  
3 less than one thousand hours of compensated service during a fiscal year,  
4 one-tenth of a year of membership service shall be credited for each one  
5 hundred hours of compensated service by the member in such fiscal year.  
6 In determining a member's total membership service, all periods of  
7 membership service, including fractional years of membership service in  
8 one-tenth-year increments, shall be aggregated;

9 (24) ~~(21)~~ Military service means service in the uniformed services  
10 as defined in 38 U.S.C. 4301 et seq., as such provision existed on March  
11 27, 1997;

12 (25) ~~(22)~~ Normal retirement date means the end of the month during  
13 which the member attains age sixty-five and has completed at least five  
14 years of membership service;

15 (26) Participation means qualifying for and making required deposits  
16 to the retirement system during the course of a fiscal year;

17 (27) ~~(23)~~ Primary beneficiary means the person or persons entitled  
18 to receive or receiving a benefit by reason of the death of a member;

19 (28) ~~(24)~~ Prior service means service rendered prior to September 1,  
20 1951, for which credit is allowed under section 79-999, service rendered  
21 by retired employees receiving benefits under preexisting systems, and  
22 service for which credit is allowed under sections 79-990, 79-991,  
23 79-994, 79-995, and 79-997;

24 (29)(a) Regular employee means a person hired on a full-time basis,  
25 which basis shall contemplate a work week of not less than thirty hours,  
26 and who is not (i) a teacher employed on a written contract basis or (ii)  
27 an administrator employed on a written contract, agreement, or document  
28 basis; and

29 (b) Effective September 1, 2021, a person hired by an employer or  
30 under contract to provide service for less than thirty hours per week but  
31 who provides service for an average of thirty hours or more per week in

1 each calendar month of any three calendar months of a fiscal year shall,  
2 beginning with the next full payroll period, commence contributions and  
3 shall be deemed a regular employee;

4 ~~(30)~~ ~~(25)~~ Regular interest means interest (a) on the total  
5 contributions of the member prior to the close of the last preceding  
6 fiscal year, (b) compounded annually, and (c)(i) beginning September 1,  
7 2016, at a rate equal to the daily treasury yield curve for one-year  
8 treasury securities, as published by the Secretary of the Treasury of the  
9 United States, that applies on September 1 of each year and (ii) prior to  
10 September 1, 2016, at rates to be determined annually by the board, which  
11 shall have the sole, absolute, and final discretionary authority to make  
12 such determination, except that the rate for any given year in no event  
13 shall exceed the actual percentage of net earnings of the system during  
14 the last preceding fiscal year;

15 ~~(31)~~ ~~(26)~~ Retirement allowance means the total annual retirement  
16 benefit payable to a member for service or disability;

17 (32) Retirement application means beginning on and after September  
18 1, 2024, the form approved and provided by the retirement system for  
19 acceptance of a member's request for either regular or disability  
20 retirement;

21 (33) Retirement board means the Public Employees Retirement Board  
22 created and acting pursuant to section 84-1501;

23 ~~(34)~~ ~~(27)~~ Retirement date means the date of retirement of a member  
24 for service or disability as fixed by (a) the board for retirements  
25 occurring prior to September 1, 2024, or (b) the retirement board for  
26 retirements occurring on or after September 1, 2024 ~~of trustees described~~  
27 ~~in section 79-980;~~

28 ~~(35)~~ ~~(28)~~ Retirement system or system means the School Employees'  
29 Retirement System of (corporate name of the school district as described  
30 in section 79-405) as provided for by the act;

31 ~~(36)~~ ~~(29)~~ Secondary beneficiary means the person or persons entitled

1 to receive or receiving a benefit by reason of the death of all primary  
2 beneficiaries prior to the death of the member. If no primary beneficiary  
3 survives the member, secondary beneficiaries shall be treated in the same  
4 manner as primary beneficiaries;

5 (37) School district means an employer participating in a retirement  
6 system established pursuant to the Class V School Employees Retirement  
7 Act;

8 (38) ~~(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 for the  
12 retirement system by the board of trustees as provided in section 79-984;

13 (39) ~~(31)~~ State investment officer means the person state investment  
14 officer appointed by the council pursuant to section 72-1240 and acting  
15 pursuant to the Nebraska State Funds Investment Act;

16 (40) ~~(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 (41)(a) Termination of employment occurs on the date on which the  
22 member experiences a bona fide separation from service of employment with  
23 the member's employer, the date of which separation is determined by the  
24 end of the member's contractual agreement or, if there is no contract or  
25 only partial fulfillment of a contract, by an employer. A member shall  
26 not be deemed to have terminated employment if the member subsequently  
27 provides service to an employer within one hundred eighty days after  
28 ceasing employment unless such service is:

29 (i) Bona fide unpaid voluntary service;

30 (ii) Substitute service provided on an intermittent basis. For  
31 purposes of this subdivision, (A) intermittent basis means service

1 provided on a day-to-day basis that is not greater than eight days of  
2 service during a calendar month and (B) day of service means any length  
3 of substitute service provided during a single calendar day; or

4 (iii) Temporary service following a bona fide separation of service  
5 of not less than thirty calendar days and which is provided to accomplish  
6 a specific purpose or task for a limited period not to exceed one year.

7 (b) A member shall not be deemed to have terminated employment if  
8 the board determines that, based on the facts and circumstances, (i) a  
9 claimed termination was not a bona fide separation from service with the  
10 employer or (ii) a member was compensated for a full contractual period  
11 when the member terminated prior to the end date of the member's  
12 employment as determined by the member's contract or labor agreement.

13 (c) Nothing in this subdivision precludes an employer from adopting  
14 a policy which limits or denies employees who have terminated employment  
15 from providing voluntary or substitute service within one hundred eighty  
16 days after termination;

17 (42) ~~(33)~~ Temporary employee means a person hired by an employer who  
18 is not an employee and who is hired to provide service for a limited  
19 period of time to accomplish a specific purpose or task. When such  
20 specific purpose or task is complete, the employment of such temporary  
21 employee shall terminate and in no case shall the temporary employment  
22 period exceed one year in duration;

23 (43) Transfer of management means the transition and transfer of the  
24 general management, administration, and operation of the retirement  
25 system from the board of trustees, board of education, and school  
26 district to the retirement board as described in the Class V School  
27 Employees Retirement Act. Transfer of management does not include:

28 (a) Transfer of the school district's funding obligations described  
29 in the Class V School Employees Retirement Act or assumption of financial  
30 liability for such funding obligations by (i) the State of Nebraska, (ii)  
31 the retirement board, (iii) the Nebraska Public Employees Retirement

1 Systems, (iv) any other state entity with duties related to  
2 administration of the retirement system, or (v) the council for its  
3 investment duties regarding the assets of the retirement system; or

4 (b) Merger or consolidation of any Class V school employees  
5 retirement system established under the Class V School Employees  
6 Retirement Act with the School Employees Retirement System of the State  
7 of Nebraska or any other retirement system administered by the retirement  
8 board;

9 (44) (34) Trustee means a trustee provided for in section 79-980;  
10 and

11 (45) (35) Voluntary service or volunteer means providing bona fide  
12 unpaid service to an employer.

13 Sec. 8. Section 79-978.01, Revised Statutes Cumulative Supplement,  
14 2020, is amended to read:

15 79-978.01 Sections 79-978 to 79-9,123 and sections 16, 17, 23, 37,  
16 38, 39, and 43 of this act shall be known and may be cited as the Class V  
17 School Employees Retirement Act.

18 Sec. 9. Section 79-979, Revised Statutes Cumulative Supplement,  
19 2020, is amended to read:

20 79-979 (1) Prior to September 13, 1997, in each Class V school  
21 district in the State of Nebraska there is hereby established a separate  
22 retirement system for all ~~regular~~ employees of such school district. Such  
23 system shall be for the purpose of providing retirement benefits for all  
24 ~~regular~~ employees of the school district as provided in the Class V  
25 School Employees Retirement Act. The system shall be known as School  
26 Employees' Retirement System of (corporate name of the school district as  
27 described in section 79-405). All of its business shall be transacted,  
28 all of its funds shall be invested, and all of its cash and securities  
29 and other property shall be held in trust on behalf of the retirement  
30 system for the purposes set forth in the act. Such funds shall be kept  
31 separate from all other funds of the school district and shall be used

1 for no other purpose.

2 (2) Except as provided in subsection (3) of this section, if any new  
3 Class V school districts are formed after September 13, 1997, such new  
4 Class V school district shall elect to become or remain a part of the  
5 retirement system established pursuant to the School Employees Retirement  
6 Act.

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

14 Sec. 10. Section 79-980, Revised Statutes Cumulative Supplement,  
15 2020, is amended to read:

16 79-980 (1) Until July 1, 2021:

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

20 (b) Beginning July 1, 2016, the board of trustees shall consist of  
21 the following individuals: (i) ~~(a)~~ Two members of the retirement system  
22 who are certificated staff elected by the members of the retirement  
23 system who are certificated staff; (ii) ~~(b)~~ one member of the retirement  
24 system who is classified staff elected by the members of the retirement  
25 system who are classified staff; (iii) ~~(c)~~ one member of the retirement  
26 system who is an annuitant elected by the members of the retirement  
27 system who are annuitants; (iv) ~~(d)~~ the superintendent of schools or his  
28 or her designee to serve as a voting, ex officio trustee; and (v) ~~(e)~~ two  
29 business persons approved by the board of education qualified in  
30 financial affairs who are not members of the retirement system. The  
31 business person trustees shall be recommended to four-year terms by the

1 trustees who are not business persons, and the appointments shall be  
2 approved by the board of education. The elections of the trustees who are  
3 members of the retirement system shall be arranged for, managed, and  
4 conducted by the board of trustees and, after the initial terms as  
5 otherwise designated, shall be for terms of four years. One certificated  
6 staff trustee serving on July 1, 2016, will continue serving until an  
7 elected certificated staff trustee will take position effective July 1,  
8 2017; the second certificated staff trustee serving on July 1, 2016, will  
9 continue serving until a second elected certificated staff trustee will  
10 take position July 1, 2018; the classified staff trustee serving on July  
11 1, 2016, will continue serving until an elected classified staff trustee  
12 will take position July 1, 2019; the annuitant member trustee serving on  
13 July 1, 2016, will continue serving until an elected annuitant member  
14 trustee will take position July 1, 2020; one business member trustee  
15 serving on July 1, 2016, will continue serving until a new term of office  
16 begins effective July 1, 2018; and the second business member trustee  
17 serving on July 1, 2016, will continue serving until a new term of office  
18 begins effective July 1, 2020. The terms of the elected trustees shall be  
19 fixed so that one member trustee election shall be held each year. The  
20 board of trustees shall appoint a qualified individual to fill any  
21 vacancy on the board of trustees for the remainder of the unexpired term.  
22 No vacancy or vacancies on the board of trustees shall impair the power  
23 of the remaining trustees to administer the retirement system pending the  
24 filling of such vacancy or vacancies. The trustees shall serve without  
25 compensation, but shall be reimbursed from the funds of the retirement  
26 system for expenses that they may incur through service on the board of  
27 trustees as provided in sections 81-1174 to 81-1177. A trustee shall  
28 serve until a successor qualifies, except that a trustee who is a member  
29 of the retirement system shall be disqualified as a trustee immediately  
30 upon ceasing to be a member of the retirement system. The terms of all  
31 trustees under this subsection shall end on June 30, 2021. Each trustee

1 shall be entitled to one vote on the board of trustees, and four trustees  
2 shall constitute a quorum for the transaction of any business. The board  
3 of trustees and the administrator of the retirement system shall  
4 administer the retirement system in compliance with the tax-qualification  
5 requirements applicable to government retirement plans under section  
6 401(a) of the Internal Revenue Code, as defined in section 49-801.01,  
7 including: Section 401(a)(9) of the Internal Revenue Code relating to the  
8 time and manner in which benefits are required to be distributed,  
9 including the incidental death benefit distribution requirement of  
10 section 401(a)(9)(G) of the Internal Revenue Code; section 401(a)(25) of  
11 the Internal Revenue Code relating to the specification of actuarial  
12 assumptions; section 401(a)(31) of the Internal Revenue Code relating to  
13 direct rollover distributions from eligible retirement plans; and section  
14 401(a)(37) of the Internal Revenue Code relating to the death benefit of  
15 a member whose death occurs while performing qualified military service.  
16 No member of the board of education or board of trustees shall be  
17 personally liable, except in cases of willful dishonesty, gross  
18 negligence, or intentional violations of law, for actions relating to his  
19 or her retirement system duties.

20 (c) Beginning July 1, 2016, and until July 1, 2021, the board of  
21 education shall not have any duty or responsibility for the general  
22 administration of the retirement system, including the determination and  
23 calculation of the benefits of any member or beneficiary, except as may  
24 specifically be provided in the Class V School Employees Retirement Act.

25 (2) Beginning July 1, 2021, and until September 1, 2024:

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

29 (b)(i) The board of education, by a majority vote of all its  
30 members, shall appoint seven trustees to serve as executive officers to  
31 administer the Class V School Employees Retirement Act. Such trustees



1 shall consist of (A) the superintendent of the school district or his or  
2 her designee to serve as a voting, ex officio trustee, (B) two members of  
3 the retirement system, one of whom shall be a teacher, (C) two members of  
4 the board of education, and (D) two trustees who are business persons  
5 qualified in financial affairs and who are not members of the retirement  
6 system. Each trustee shall be entitled to one vote on the board of  
7 trustees. The board of education shall take action within fifteen days of  
8 the effective date of this act to appoint the new members of the board of  
9 trustees as required in this section. The new members shall begin their  
10 service on the board of trustees on July 1, 2021;

11 (ii) Except for the initial appointments made immediately following  
12 the effective date of this act, the term of a trustee shall be one fiscal  
13 year except the terms of the two trustees who are not members of the  
14 board of education or the retirement system shall each be three fiscal  
15 years or until September 1, 2024, whichever is later. A trustee shall  
16 serve until a successor qualifies, except a trustee who is a member of  
17 the board of education shall be disqualified as a trustee immediately  
18 upon ceasing to be a member of the board of education. No vacancy on the  
19 board of trustees shall impair the power of the remaining trustees to  
20 administer the retirement system pending the filling of such vacancy; and

21 (iii) The trustees shall serve without compensation, but shall be  
22 reimbursed from the funds of the retirement system for expenses that they  
23 may incur through service as trustees as provided in sections 81-1174 to  
24 81-1177;

25 (c) In addition to duties and responsibilities as otherwise  
26 described in the Class V School Employees Retirement Act, the board of  
27 trustees shall, as directed by the board of education, facilitate the  
28 transition and transfer of management and general administration of the  
29 retirement system effective September 1, 2024, to the retirement board;

30 (d) The board of trustees and the administrator of the retirement  
31 system, shall administer the retirement system in compliance with the

1 tax-qualification requirements applicable to government retirement plans  
2 under section 401(a) of the Internal Revenue Code, as defined in section  
3 49-801.01, including, but not limited to: Section 401(a)(9) of the  
4 Internal Revenue Code relating to the time and manner in which benefits  
5 are required to be distributed, including the incidental death benefit  
6 distribution requirement of section 401(a)(9)(G) of the Internal Revenue  
7 Code; section 401(a)(25) of the Internal Revenue Code relating to the  
8 specification of actuarial assumptions; section 401(a)(31) of the  
9 Internal Revenue Code relating to direct rollover distributions from  
10 eligible retirement plans; and section 401(a)(37) of the Internal Revenue  
11 Code relating to the death benefit of a member whose death occurs while  
12 performing qualified military service; and

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

17 (3)(a) Effective September 1, 2024, the board of trustees described  
18 in subsection (2) of this section shall terminate, the terms of the  
19 trustees shall end, and the retirement board shall assume administration  
20 of the retirement system. Administration by the retirement board does not  
21 include financial responsibility or liability of the funding obligation  
22 for the retirement system which remain with the school district as  
23 described in the Class V School Employees Retirement Act, nor does it  
24 include responsibility for investment of funds, which authority and  
25 responsibility shall be retained by the council and the state investment  
26 officer.

27 (b) On and after such date, the retirement board shall have the  
28 duties and authorities provided to the retirement board in section  
29 84-1503 for the administration of the retirement system, and its  
30 administrative duties shall be performed by the Nebraska Public Employees  
31 Retirement Systems under the direction of the retirement board.

1           (4) Until July 1, 2021:

2           (a) ~~(2)~~ At any time that the retirement system consists of more than  
3 one Class V school district, the general administration of the retirement  
4 system is hereby vested in the board of trustees.

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

1 trustee immediately upon ceasing to be a member of the retirement system.  
2 The terms of all trustees under this subsection shall end on June 30,  
3 2021. Each trustee shall be entitled to one vote on the board of  
4 trustees, and four trustees shall constitute a quorum for the transaction  
5 of any business. The board of trustees and the administrator of the  
6 retirement system shall administer the retirement system in compliance  
7 with the tax-qualification requirements applicable to government  
8 retirement plans under section 401(a) of the Internal Revenue Code, as  
9 defined in section 49-801.01, including: Section 401(a)(9) of the  
10 Internal Revenue Code relating to the time and manner in which benefits  
11 are required to be distributed, including the incidental death benefit  
12 distribution requirement of section 401(a)(9)(G) of the Internal Revenue  
13 Code; section 401(a)(25) of the Internal Revenue Code relating to the  
14 specification of actuarial assumptions; section 401(a)(31) of the  
15 Internal Revenue Code relating to direct rollover distributions from  
16 eligible retirement plans; and section 401(a)(37) of the Internal Revenue  
17 Code relating to the death benefit of a member whose death occurs while  
18 performing qualified military service. No member of the board of  
19 education or board of trustees shall be personally liable, except in  
20 cases of willful dishonesty, gross negligence, or intentional violations  
21 of law, for actions relating to his or her retirement system duties.

22 (c) The board of education shall not have any duty or responsibility  
23 for the general administration of the retirement system, including the  
24 determination and calculation of the benefits of any member or  
25 beneficiary, except as may specifically be provided in the Class V School  
26 Employees Retirement Act.

27 (5) Beginning July 1, 2021, and until September 1, 2024:

28 (a) At any time that the retirement system consists of more than one  
29 Class V school district, the general administration of the retirement  
30 system is hereby vested in the board of education;

31 (b)(i) The board of education, by a majority vote of all its

1 members, shall appoint seven trustees to serve as executive officers to  
2 administer the Class V School Employees Retirement Act. Such trustees  
3 shall consist of (A) the superintendent of such school district or his or  
4 her designee to serve as a voting, ex officio trustee, (B) two members of  
5 the retirement system, one of whom shall be a teacher, (C) two members of  
6 the board of education, and (D) two trustees who are business persons  
7 qualified in financial affairs and who are not members of the retirement  
8 system. Each trustee shall be entitled to one vote on the board of  
9 trustees. The board of education shall take action within fifteen days of  
10 the effective date of this act to appoint the new members of the board of  
11 trustees as required in this section. The new members shall begin their  
12 service on the board of trustees on July 1, 2021;

13 (ii) Except for the initial appointments made immediately following  
14 the effective date of this act, the term of a trustee shall be one fiscal  
15 year except the terms of the two trustees who are not members of the  
16 board of education or the retirement system shall each be three fiscal  
17 years or until September 1, 2024, whichever is later. A trustee shall  
18 serve until a successor qualifies, except a trustee who is a member of  
19 the board of education shall be disqualified as a trustee immediately  
20 upon ceasing to be a member of the board of education. No vacancy on the  
21 board of trustees shall impair the power of the remaining trustees to  
22 administer the retirement system pending the filling of such vacancy; and

23 (iii) The trustees shall serve without compensation, but shall be  
24 reimbursed from the funds of the retirement system for expenses that they  
25 may incur through service as trustees as provided in sections 81-1174 to  
26 81-1177;

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

30 (d) In addition to duties and responsibilities as otherwise  
31 described in the Class V School Employees Retirement Act, the board of

1 trustees shall, as directed by the board of education, facilitate the  
2 transition and transfer of management and general administration of the  
3 retirement system effective September 1, 2024, to the retirement board;

4 (e) The board of trustees and the administrator of the retirement  
5 system, shall administer the retirement system in compliance with the  
6 tax-qualification requirements applicable to government retirement plans  
7 under section 401(a) of the Internal Revenue Code, as defined in section  
8 49-801.01, including, but not limited to: Section 401(a)(9) of the  
9 Internal Revenue Code relating to the time and manner in which benefits  
10 are required to be distributed, including the incidental death benefit  
11 distribution requirement of section 401(a)(9)(G) of the Internal Revenue  
12 Code; section 401(a)(25) of the Internal Revenue Code relating to the  
13 specification of actuarial assumptions; section 401(a)(31) of the  
14 Internal Revenue Code relating to direct rollover distributions from  
15 eligible retirement plans; and section 401(a)(37) of the Internal Revenue  
16 Code relating to the death benefit of a member whose death occurs while  
17 performing qualified military service; and

18 (f) 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 (7)(a) Effective September 1, 2024, the board of trustees described  
23 in subsection (5) of this section shall terminate, the terms of the  
24 trustees shall end, and the retirement board shall assume administration  
25 of the retirement system. Administration by the retirement board does not  
26 include financial responsibility or liability of the funding obligation  
27 for the retirement system which remain with the school district as  
28 described in the Class V School Employees Retirement Act, nor does it  
29 include responsibility for investment of funds, which authority and  
30 responsibility shall be retained by the council and the state investment  
31 officer.

1           (b) On and after such date, the retirement board shall have the  
2 duties and authorities provided to the retirement board in section  
3 84-1503 for the administration of the retirement system, and its  
4 administrative duties shall be performed by the Nebraska Public Employees  
5 Retirement Systems under the direction of the retirement board.

6           Sec. 11. Section 79-981, Revised Statutes Cumulative Supplement,  
7 2020, is amended to read:

8           79-981 (1) Until July 1, 2021:

9           (a) The board of trustees shall from time to time establish rules  
10 and regulations for the administration of the retirement system and for  
11 the transaction of its business and shall appoint an administrator of the  
12 retirement system.

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

16           (c) Beginning on March 31, 2016, neither the board of education nor  
17 the board of trustees shall establish any further rules or regulations  
18 related to the investment of the assets of the retirement system without  
19 first consulting with the state investment officer. Beginning January 1,  
20 2017, all rules and regulations adopted and promulgated under this  
21 section related to the investment of assets of the retirement system  
22 terminate.

23           (d) Compensation for all persons employed by the board of trustees  
24 and all other expenses of the board of trustees necessary for the proper  
25 and efficient operation of the retirement system shall be paid in such  
26 amounts as the board of trustees determines and approves. ~~Beginning~~  
27 ~~January 1, 2017, all expenses related to the investment of the assets of~~  
28 ~~the retirement system shall be paid in such amounts as the state~~  
29 ~~investment officer determines and approves.~~

30           (e) In addition to such duties and other duties arising out of the  
31 Class V School Employees Retirement Act not specifically reserved or

1 assigned to others, the board of education shall maintain a separate  
2 account of each member's retirement account information as indicated in  
3 section 79-989, the record of which shall be available in a timely manner  
4 to the member and the board of trustees upon request. The board of  
5 trustees shall compile such data as may be necessary for the required  
6 actuarial valuation, consider and pass on all applications for annuities  
7 or other benefits and have examinations made when advisable of persons  
8 receiving disability benefits, and direct and determine all policies  
9 necessary in the administration of the act.

10 (2) Beginning July 1, 2021, and until September 1, 2024:

11 (a) The board of education shall:

12 (i) Establish rules and regulations for the administration of the  
13 retirement system, transaction of its business, and to facilitate the  
14 transition and transfer of management and general administration of the  
15 retirement system effective September 1, 2024, to the retirement board;

16 (ii) Direct the board of trustees to establish policies and rules  
17 and regulations for the transaction of its business and administration of  
18 the retirement system and to facilitate the transition and transfer of  
19 management and general administration of the retirement system effective  
20 September 1, 2024, to the retirement board; and

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

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

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

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



1       (i) Maintain a separate account of each member's contributions, the  
2 record of which shall be available to the member and the board of  
3 trustees in a timely manner upon request;

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

6       (iii) Consider and pass on all applications for annuities or other  
7 benefits;

8       (iv) Have examinations made when advisable of persons receiving  
9 disability benefits; and

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

12       (3) Beginning September 1, 2024, the retirement board shall:

13       (a) Administer the retirement system pursuant to its duties in  
14 section 84-1503 and the provisions of the Class V School Employees  
15 Retirement Act;

16       (b) Maintain a separate account of each member's retirement account  
17 information as indicated in section 79-989, which shall be available to  
18 the member;

19       (c) Compile such data as may be necessary for the required actuarial  
20 valuation;

21       (d) Consider and vote on all applications for annuities or other  
22 benefits;

23       (e) Have examinations made when advisable of persons receiving  
24 disability benefits; and

25       (f) Direct and determine all policies and procedures necessary in  
26 the administration of the Class V School Employees Retirement Act.

27       (4) All expenses on and after January 1, 2017, related to the  
28 investment of the assets of the retirement system shall be paid in such  
29 amounts as the state investment officer determines and approves.

30       Sec. 12. Section 79-982, Revised Statutes Cumulative Supplement,  
31 2020, is amended to read:

1           79-982 ~~(1) Until July 1, 2021, the~~ The board of trustees shall (a)  
2 ~~(1)~~ hold regular meetings annually and such special meetings at such  
3 times as may be deemed necessary, which meetings shall be open to the  
4 public, (b) ~~(2)~~ keep a record of all the proceedings of such meetings,  
5 ~~(c)~~ ~~(3)~~ prior to January 1, 2017, and subject to the approval of the  
6 board of education, invest all cash income not required for current  
7 payments in securities of the type provided in section 79-9,107 and so  
8 reinvest the proceeds from the sale or redemption of investments, and (d)  
9 ~~(4)~~ supervise the affairs of the retirement system related to the  
10 administration of benefits and approve any changes in the administration  
11 of the retirement system essential to the actuarial requirements of the  
12 retirement system.

13           (2) Beginning July 1, 2021, until September 1, 2024, the board of  
14 trustees, as directed by the board of education shall (a) hold regular  
15 meetings annually and such special meetings at such times as may be  
16 deemed necessary, which meetings shall be open to the public, (b) keep a  
17 record of all the proceedings of such meetings, (c) supervise the affairs  
18 of the retirement system related to the administration of benefits and  
19 recommend to the board of education any changes in the administration of  
20 the retirement system essential to the actuarial requirements of the  
21 retirement system, and (d) facilitate the transition and transfer of  
22 management and general administration of the retirement system to the  
23 retirement board effective September 1, 2024.

24           (3) Effective September 1, 2024, the board of trustees shall not  
25 have any duty or responsibility for the general administration of the  
26 retirement system, and the board of trustees and the terms of the members  
27 shall terminate.

28           Sec. 13. Section 79-982.01, Revised Statutes Cumulative Supplement,  
29 2020, is amended to read:

30           79-982.01 (1) The members of the board of trustees shall have the  
31 responsibility for the administration of the retirement system pursuant

1 to section 79-982, until September 1, 2024.

2 (2)(a) Until September 1, 2024, the board of trustees shall be  
3 deemed fiduciaries with respect to the administration of the retirement  
4 system, and shall be held to the standard of conduct of a fiduciary  
5 specified in subdivision (b) subsection (2) of this subsection section.

6 (b) (2) As fiduciaries, the members of the board of trustees shall:

7 (i) Discharge ~~discharge~~ their duties with respect to the retirement  
8 system solely in the interests of the members and beneficiaries of the  
9 retirement system for the exclusive purposes of providing benefits to  
10 members and members' beneficiaries and defraying reasonable expenses  
11 incurred within the limitations and according to the powers, duties, and  
12 purposes prescribed by law at the time such duties are discharged;

13 (ii) Not ~~. The members of the board of trustees shall not~~ have a  
14 duty in their official capacity to seek the enhancement of plan benefits  
15 through the legislative process if such benefits are not already  
16 contained within the plan documents; and

17 (iii) Act ~~. The members of the board of trustees shall act~~ with the  
18 care, skill, prudence, and diligence under the circumstances then  
19 prevailing that a prudent person acting in like capacity and familiar  
20 with such matters would use in the conduct of an enterprise of a like  
21 character and with like aims.

22 (3)(a) Beginning July 1, 2021, and until September 1, 2024, the  
23 members of the board of education shall:

24 (i) Have the responsibility for the administration of the retirement  
25 system pursuant to section 79-982;

26 (ii) Be deemed fiduciaries with respect to the administration of the  
27 retirement system; and

28 (iii) Be held to the standard of conduct of a fiduciary specified in  
29 subdivision (b) of this subsection.

30 (b) As fiduciaries, the members of the board of education shall:

31 (i) Discharge their duties with respect to the retirement system

1 solely in the interests of the members and beneficiaries of the  
2 retirement system for the exclusive purposes of providing benefits to  
3 members and members' beneficiaries and defraying reasonable expenses  
4 incurred within the limitations and according to the powers, duties, and  
5 purposes prescribed by law at the time such duties are discharged;

6 (ii) Not have a duty in their official capacity to seek the  
7 enhancement of plan benefits through the legislative process if such  
8 benefits are not already contained within the plan documents; and

9 (iii) Act with the care, skill, prudence, and diligence under the  
10 circumstances then prevailing that a prudent person acting in like  
11 capacity and familiar with such matters would use in the conduct of an  
12 enterprise of a like character and with like aims.

13 Sec. 14. Section 79-982.02, Revised Statutes Cumulative Supplement,  
14 2020, is amended to read:

15 79-982.02 (1)(a) ~~(1)~~ Beginning January 1, 2017, the board of  
16 trustees, and the board of education, and beginning September 1, 2024,  
17 the retirement board shall not have the duty or authority to invest the  
18 assets of the retirement system, and the council and the state investment  
19 officer shall have the duty and authority to invest such assets in  
20 accordance with the Nebraska State Funds Investment Act. Until September  
21 1, 2024, the ~~The board of trustees~~ shall be responsible for administering  
22 the noninvestment affairs of the retirement system, including the payment  
23 of plan benefits and management of the actuarial requirements of the  
24 retirement system.

25 (b) Beginning September 1, 2024, the retirement board shall be  
26 responsible for administering the noninvestment affairs of the retirement  
27 system including the disbursement of plan benefits and management of the  
28 actuarial requirements of the retirement system. Administration does not  
29 include financial responsibility or liability for the funding obligation  
30 for the retirement system which remain with the school district as  
31 described in this act.

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

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

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

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

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

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

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

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

31           (3) All costs, fees, and expenses incurred after March 31, 2016,

1 related to the transition of the investment authority on January 1, 2017,  
2 from the board of trustees and the board of education to the council and  
3 the state investment officer shall be paid from the assets of a  
4 retirement system provided for under the Class V School Employees  
5 Retirement Act and to the extent such costs, fees, and expenses are  
6 incurred by the council or the state investment officer, they shall be  
7 paid in accordance with sections 72-1249 and 72-1249.02.

8 (4) The state investment officer shall provide a quarterly report to  
9 the board until September 1, 2024, and beginning September 1, 2024, to  
10 the retirement board of trustees regarding the assets of the retirement  
11 system and related costs, fees, and expenses.

12 Sec. 15. Section 79-983, Revised Statutes Cumulative Supplement,  
13 2020, is amended to read:

14 79-983 (1) Until July 1, 2021, the The administrator of the  
15 retirement system shall be appointed by the board of trustees and  
16 approved by the board of education and ~~. The administrator of the~~  
17 ~~retirement system~~ shall serve at the pleasure of the board of trustees.  
18 Beginning July 1, 2021, the administrator of the retirement system shall  
19 be appointed by the board of education. The administrator shall hire,  
20 dismiss, and otherwise supervise the other staff of the retirement system  
21 as approved and directed by the board, shall keep the minutes and records  
22 of the retirement system, shall be the executive officer in charge of the  
23 administration of the detailed affairs of the retirement system, and  
24 shall perform such other duties as may be assigned by the board ~~of~~  
25 ~~trustees~~. The administrator and retirement system staff shall be  
26 employees of the Class V school district, with compensation and the  
27 benefits as available to school district employees determined by the  
28 board ~~of trustees~~. The retirement system shall reimburse the Class V  
29 school district for all employee costs of salary, employment taxes, and  
30 benefits provided to the administrator and retirement system staff. The  
31 administrator shall serve as a nonvoting, ex officio member of the

1 council and shall not be deemed a fiduciary of the council.

2 (2) Effective September 1, 2024, the position of the administrator  
3 and all retirement system staff positions shall terminate. The  
4 administrator duties shall be assumed by the director appointed by the  
5 retirement board pursuant to section 84-1503.

6 Sec. 16. (1)(a) The board of trustees or its designee, the school  
7 district, the board of education or its designee, and the retirement  
8 board shall enter into a plan for the transition and transfer of  
9 management and general administration of the retirement system from the  
10 board of trustees, the school district, and board of education to the  
11 retirement board.

12 (b) The plan shall be consistent with the applicable requirements  
13 and recommendations of the work plan submitted to the Clerk of the  
14 Legislature as required by section 79-9,121. The plan shall be completed  
15 no later than December 31, 2021, and shall also address additional  
16 duties, obligations, and examinations related to the transition and  
17 transfer of management of the retirement system to the retirement board  
18 as described in the Class V School Employees Retirement Act as amended by  
19 this legislative bill. A copy of the plan described in this section shall  
20 be filed with the Nebraska Retirement Systems Committee of the  
21 Legislature and the Governor upon completion.

22 (2) The board of trustees, the school district, and board of  
23 education shall timely provide to the retirement board all records,  
24 documents, member and annuitant data, agreements, accounting and  
25 recordkeeping systems, information technology, and other information  
26 related to the administration of the retirement system as may be  
27 necessary or appropriate for the performance and completion of the work  
28 plan required by section 79-9,121, the plan described in subsection (1)  
29 of this section, and any other duties and obligations related to the  
30 transition and transfer of management and general administration of the  
31 retirement system requested by the director of the Nebraska Public

1 Employees Retirement Systems.

2 (3)(a) All costs, fees, and expenses incurred by the retirement  
3 board on or after the effective date of this act until September 1, 2025,  
4 related to the transition and transfer of management and general  
5 administration of the retirement system to the retirement board shall be  
6 paid by an employer of the retirement system.

7 (b) The retirement board may bill an employer of the retirement  
8 system monthly for all services and expenses relating to the work  
9 performed as required in the Class V School Employees Retirement Act by  
10 the retirement board and the Nebraska Public Employees Retirement Systems  
11 staff, consultants, and contractors. An employer shall remit payment as  
12 provided in section 79-9,122 and within the time period and in the manner  
13 negotiated in the transition and transfer of management and  
14 administration plan entered into pursuant to this section.

15 (4) No later than September 1, 2024, except for information  
16 technology stabilization work performed until September 1, 2025, the  
17 retirement board or its designee shall complete the applicable  
18 requirements and carry out recommendations consistent with the work plan  
19 and the plan entered into as described in subsection (1) of this section  
20 for the transition and transfer of management and general administration  
21 of the retirement system to the retirement board that was submitted to  
22 the Clerk of the Legislature as required by section 79-9,121. The  
23 retirement board is authorized to perform such tasks, enter into  
24 contracts for services, access and copy administrative and computer  
25 systems and records of the retirement system, and generally perform and  
26 take all other action it determines necessary or appropriate to transfer  
27 the management and general administration of the retirement system to the  
28 retirement board.

29 (5)(a) Beginning September 1, 2024, the school district and board of  
30 education shall not have any duty or authority for management, operation,  
31 or general administration of the retirement system except for reporting



1 requirements and funding obligations as described in the Class V School  
2 Employees Retirement Act.

3 (b) On and after such date, the retirement board, acting through the  
4 director of the Nebraska Public Employees Retirement Systems, shall have  
5 the duty and authority for the management, operation, and general  
6 administration of the retirement system. Such duty and authority of the  
7 retirement board and its officers, employees, or assigns does not include  
8 financial responsibility or liability for funding obligations of the  
9 retirement system which remain the responsibility of the school district  
10 as described in the Class V School Employees Retirement Act.

11 Sec. 17. (1) Beginning September 1, 2024, the State of Nebraska,  
12 the retirement board, the Nebraska Public Employees Retirement Systems,  
13 and their respective officers, members, employees, and agents shall be  
14 indemnified and held harmless by the school district and board of  
15 education from any and all liabilities, claims, suits, losses, damages,  
16 and costs that arise from, or are reasonably related to, any conduct,  
17 decision, action, inaction, or omission of the board of trustees, the  
18 board of education, or the school district or any consequences arising  
19 thereof during the course of performing their respective duties and  
20 responsibilities for, or actions or services related to or in support of,  
21 the retirement system under the Class V School Employees Retirement Act  
22 prior to September 1, 2024.

23 (2) The school district of a retirement system described under the  
24 Class V School Employees Retirement Act shall remain at all times and in  
25 all circumstances solely liable for all funding obligations and  
26 responsibilities as described in the act.

27 (3) At no time and under no circumstances shall the State of  
28 Nebraska, the Nebraska Public Employees Retirement Systems, the  
29 retirement board, or any other state entity or its officers, employees,  
30 or assigns with duties related to the Class V retirement system be liable  
31 for any funding obligations of any Class V school employees retirement

1 system.

2 (4) The retirement board shall not be liable for any acts or  
3 omissions occurring prior to September 1, 2024, in the administration of  
4 the Class V School Employees Retirement Act and made at the direction of  
5 or by the board of trustees or its employees, the school district or its  
6 employees, or the board of education.

7 (5) A member of the board of education, board of trustees, or  
8 retirement board shall not be personally liable for any action related to  
9 such board member's retirement duties except in cases of willful  
10 dishonesty, gross negligence, or intentional violation of law.

11 (6) Except as otherwise provided in this section, the school  
12 district shall not be liable for any act or omission in the  
13 administration of the Class V School Employees Retirement Act made at the  
14 direction of the retirement board or the administrator of the Nebraska  
15 Public Employees Retirement Systems or its employees on and after  
16 September 1, 2024.

17 Sec. 18. Section 79-984, Revised Statutes Cumulative Supplement,  
18 2020, is amended to read:

19 79-984 (1) Until July 1, 2021, the ~~The~~ board of trustees shall  
20 contract for the services of an actuary who shall be the technical  
21 advisor of the board of trustees on matters regarding the operation of  
22 the retirement system. The selection of the actuary shall be approved by  
23 the board of education. The actuary shall (a) (1) ~~(a) (1)~~ make a general  
24 investigation of the operation of the retirement system annually, which  
25 investigation shall cover mortality, retirement, disability, employment,  
26 turnover, interest, and earnable compensation, and (b) (2) ~~(b) (2)~~ recommend  
27 tables to be used for all required actuarial calculations. The actuary  
28 shall perform such other duties as may be assigned by the board of  
29 trustees.

30 (2) Beginning July 1, 2021, and until September 1, 2024, the board  
31 of education shall contract for the services of an actuary who shall be

1 the technical advisor of the board of education and the board of trustees  
2 on matters regarding the operation of the retirement system. The actuary  
3 shall:

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

7 (b) Recommend tables to be used for all required actuarial  
8 calculations; and

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

11 (3) Beginning September 1, 2024, the retirement board shall select  
12 and appoint the actuary for the retirement system pursuant to section  
13 84-1503.

14 Sec. 19. Section 79-985, Revised Statutes Cumulative Supplement,  
15 2020, is amended to read:

16 79-985 The board ~~of trustees~~ may contract for the services of a  
17 legal advisor to the board of trustees until September 1, 2024. Beginning  
18 September 1, 2024, the attorney hired by the retirement board pursuant to  
19 section 84-1503 shall also advise such board regarding the administration  
20 of the retirement system.

21 Sec. 20. Section 79-986, Revised Statutes Cumulative Supplement,  
22 2020, is amended to read:

23 ~~79-986 Prior to January 1, 2017, the school district, if there is~~  
24 ~~only one Class V school district in the retirement system, or the Class V~~  
25 ~~school district designated by the Class V Retirement System Board, if~~  
26 ~~there is more than one Class V school district in the retirement system,~~  
27 ~~shall act as the treasurer of the system and the official custodian of~~  
28 ~~the cash and securities belonging to the retirement system, shall provide~~  
29 ~~adequate safe deposit facilities for the preservation of such securities,~~  
30 ~~and shall hold such cash and securities subject to the order of the board~~  
31 ~~of education or Class V Retirement System Board.~~

1           ~~(1) The Beginning January 1, 2017, the State Treasurer shall (a) act~~  
2 as treasurer of the retirement system and the official custodian of the  
3 cash and securities belonging to such retirement the system, ~~(b) shall~~  
4 provide adequate safe deposit facilities for the preservation of such  
5 securities, and ~~(c) shall~~ hold such cash and securities subject to the  
6 order of the council.

7           ~~(2) The school district and the Nebraska Public Employees Retirement~~  
8 ~~Systems, as applicable, or designated school district~~ shall receive all  
9 items of taxes or cash belonging to the retirement system as specified in  
10 the Class V School Employees Retirement Act and shall deposit in banks  
11 ~~approved by the board of education or Class V Retirement System Board~~  
12 ~~and, beginning January 1, 2017,~~ banks approved by the State Treasurer,  
13 all such amounts in trust or custodial accounts. Notwithstanding any  
14 limitations elsewhere imposed by statute on the location of the  
15 retirement system's depository bank, such limitations shall not apply to  
16 the use of depository banks for the custody of the system's cash,  
17 securities, and other investments.

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

21           ~~(3) The Beginning January 1, 2017, the State Treasurer as treasurer~~  
22 of the retirement system shall make payments to the school district upon  
23 request of the administrator of a retirement system provided for under  
24 the Class V School Employees Retirement Act and as directed by the  
25 Nebraska Public Employees Retirement Systems. The school district shall  
26 use payments received from the State Treasurer to make payments for  
27 purposes specified in the Class V School Employees Retirement Act.~~All~~  
28 ~~banks and custodians which receive and hold securities and investments~~  
29 ~~for the retirement system may hold and evidence such securities by book~~  
30 ~~entry account rather than obtaining and retaining the original~~  
31 ~~certificate, indenture, or governing instrument for such security.~~

1           (4) Beginning September 1, 2024, the State Treasurer as treasurer of  
2 the retirement system shall disburse money from funds in his or her  
3 custody belonging to the retirement system for the purposes specified in  
4 the Class V School Employees Retirement Act. The State Treasurer, along  
5 with the Director of Administrative Services, shall make such  
6 disbursements upon vouchers signed by a person authorized by the  
7 retirement board.

8           (5) All banks and custodians which receive and hold securities and  
9 investments for the retirement system may hold and evidence such  
10 securities by book entry account rather than obtaining and retaining the  
11 original certificate, indenture, or governing instrument for such  
12 security.

13           Sec. 21. Section 79-987, Revised Statutes Cumulative Supplement,  
14 2020, is amended to read:

15           79-987 (1)(a) Until January 1, 2022, an annual audit of the affairs  
16 of the retirement system shall be conducted in each fiscal year. At the  
17 option of the board of trustees, such audit may be conducted by a  
18 certified public accountant or the Auditor of Public Accounts; ~~(1) An~~  
19 annual audit of the affairs of the retirement system shall be conducted  
20 in each fiscal year. At the option of the board of trustees, such audit  
21 may be conducted by a certified public accountant or the Auditor of  
22 Public Accounts. The costs of such audit shall be paid from funds of the  
23 retirement system. A copy of such audit shall be filed with the Auditor  
24 of Public Accounts.

25           (b) Beginning January 1, 2022, and each January 1 through January 1,  
26 2024, it shall be the duty of the Auditor of Public Accounts to make an  
27 annual audit of the immediately preceding audit year of the condition of  
28 the retirement system. The auditor shall report such audit no later than  
29 July 1, 2022, and on each July 1 through July 1, 2024, and shall  
30 electronically submit the audit report to the board of trustees, the  
31 board of education, the retirement board, the Nebraska Retirement Systems

1 Committee of the Legislature, and the Clerk of the Legislature. The cost  
2 of each such annual audit shall be charged to the retirement system. At  
3 the request of the Nebraska Retirement Systems Committee of the  
4 Legislature, the Auditor of Public Accounts, or the auditor's designee,  
5 shall present the audit report to the committee at a public hearing.

6 (c) Following transfer of management of the retirement system to the  
7 Public Employees Retirement Board on September 1, 2024, the Auditor of  
8 Public Accounts shall make an annual audit of the retirement system  
9 beginning January 1, 2025, and electronically submit an annual report to  
10 the Clerk of the Legislature of its condition. Expenses of the audits  
11 shall be paid from the Class V School Expense Fund.

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

18 ~~(2)(a) (3) Beginning May 1, 2017, and until May 1, 2018, if such~~  
19 ~~retirement plan is a defined benefit plan, the board of trustees shall~~  
20 ~~cause to be prepared an annual report and the administrator shall file~~  
21 ~~the same with the Public Employees Retirement Board and submit to the~~  
22 ~~members of the Nebraska Retirement Systems Committee of the Legislature a~~  
23 ~~copy of such report. Beginning May 1, 2018, and until July 1, 2021, the~~  
24 ~~board of trustees shall cause to be prepared an annual report and the~~  
25 ~~administrator shall file the same with the Auditor of Public Accounts and~~  
26 ~~submit to the members of the Nebraska Retirement Systems Committee of the~~  
27 ~~Legislature a copy of such report. The report submitted to the committee~~  
28 ~~and the Auditor of Public Accounts shall be submitted electronically. The~~  
29 ~~report shall consist of a full actuarial analysis of each such retirement~~  
30 ~~plan established pursuant to section 79-979. The analysis shall be~~  
31 ~~prepared by an independent private organization or public entity~~

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

9 (b) Beginning July 1, 2021, through July 1, 2024, the board shall  
10 file with the Auditor of Public Accounts an electronic copy of the annual  
11 actuarial investigation of the retirement system prepared pursuant to  
12 section 79-984 and submit electronically a copy of such investigation to  
13 the Nebraska Retirement Systems Committee of the Legislature.

14 (3) Beginning July 1, 2021, each school district with a retirement  
15 system under the Class V School Employees Retirement Act shall comply  
16 with the reporting and filing requirements set forth in section 13-2402.

17 Sec. 22. Section 79-989, Revised Statutes Cumulative Supplement,  
18 2020, is amended to read:

19 79-989 (1) The board of education shall have available records  
20 showing the name, address, title, social security number, beneficiary  
21 records, annual compensation, sex, date of birth, length of creditable  
22 and noncreditable service in hours, standard hours, and contract days,  
23 bargaining unit, and annual contributions of each employee entitled to  
24 membership in the retirement system and such other information as may be  
25 reasonably requested by the board of trustees until September 1, 2024,  
26 and by the retirement board beginning September 1, 2024, regarding such  
27 member as may be necessary for actuarial study and valuation and the  
28 administration of the retirement system. This information shall be  
29 available in a timely manner to the board or retirement board, as  
30 applicable, of trustees upon request.

31 (2) Beginning September 1, 2024:

1       (a)(i) The administrator of the retirement system shall keep a  
2 complete record of all members with respect to name, current address,  
3 age, contributions, and any other facts and information as may be  
4 necessary in the administration of the Class V School Employees  
5 Retirement Act. The information in the records shall be provided by an  
6 employer in an accurate and verifiable form, as specified by the  
7 administrator; and

8       (ii) The administrator shall, from time to time, carry out testing  
9 procedures pursuant to section 84-1512 to verify the accuracy of such  
10 facts and information. For the purpose of obtaining such facts and  
11 information, the administrator shall have access to the records of an  
12 employer and the holder of the records shall comply with a request by the  
13 administrator for access by providing such facts and information to the  
14 administrator in a timely manner. A certified copy of a birth certificate  
15 or delayed birth certificate shall be prima facie evidence of the age of  
16 the person named in the certificate.

17       (b) An employer and every employee shall send to the director of the  
18 Nebraska Public Employees Retirement Systems, as specified in section  
19 79-989, upon request and in the manner required by the director, such  
20 information as he or she may require (i) for the identification of  
21 employees and (ii) for the determination of the membership of the  
22 retirement system and the obligations of an employer and employee to the  
23 retirement system.

24       (c) The administrator shall develop and implement an employer  
25 education program using principles generally accepted by public employee  
26 retirement systems so an employer has the knowledge and information  
27 necessary to prepare and file reports as the retirement board requires.

28       (3) ~~(2)~~ The information maintained by the board of education and  
29 obtained from the board by the board of trustees or information obtained  
30 and maintained by the retirement board for the administration of the  
31 retirement system pursuant to this section shall not be considered public



1 records subject to sections 84-712 to 84-712.09, except that the  
2 following information shall be considered public records: The member's  
3 name, the date the member's participation in the retirement system  
4 commenced, and the date the member's participation in the retirement  
5 system ended, if applicable.

6       Sec. 23. Beginning January 1, 2023, every contract of employment  
7 with an employee shall specify (1) the contractual period of employment,  
8 including the starting and ending dates of the contract, and (2) that it  
9 is subject to the provisions of the Class V School Employees Retirement  
10 Act.

11       Sec. 24. Section 79-990, Revised Statutes Cumulative Supplement,  
12 2020, is amended to read:

13       79-990 (1) Any member who is eligible for reemployment on or after  
14 December 12, 1994, pursuant to 38 U.S.C. 4301 et seq., as adopted under  
15 section 55-161, or who is eligible for reemployment under section 55-160  
16 may pay to the retirement system after the date of his or her return from  
17 active military service, and within the period required by law, not to  
18 exceed five years, an amount equal to the sum of all deductions which  
19 would have been made from the salary which he or she would have received  
20 during the period of military service for which creditable service is  
21 desired. If such payment is made, the member shall be entitled to credit  
22 for membership service in determining his or her annuity for the period  
23 for which contributions have been made and the board of education shall  
24 be responsible for any funding necessary to provide for the benefit which  
25 is attributable to this increase in the member's creditable service. The  
26 member's payments shall be paid as the board ~~of trustees~~ may direct until  
27 September 1, 2024, and as the retirement board may direct beginning  
28 September 1, 2024, through direct payments to the retirement system or on  
29 an installment basis pursuant to a binding irrevocable payroll deduction  
30 authorization between the member and the school district. Creditable  
31 service may be purchased only in one-tenth-year increments, starting with

1 the most recent years' salary.

2 (2) Under such rules and regulations as the board of ~~trustees~~ may  
3 direct until September 1, 2024, and as the retirement board may direct  
4 beginning September 1, 2024 ~~prescribe~~, any member who was away from his  
5 or her position while on a leave of absence from such position authorized  
6 by the board of education of the school district by which he or she was  
7 employed at the time of such leave of absence or pursuant to any  
8 contractual agreement entered into by such school district may receive  
9 credit for any or all time he or she was on leave of absence. Such time  
10 shall be included in creditable service when determining eligibility for  
11 death, disability, termination, and retirement benefits. The member who  
12 receives the credit shall earn benefits during the leave based on salary  
13 at the level received immediately prior to the leave of absence. Such  
14 credit shall be received if such member pays into the retirement system  
15 (a) an amount equal to the sum of the deductions from his or her salary  
16 for the portion of the leave for which creditable service is desired, (b)  
17 any contribution which the school district would have been required to  
18 make for the portion of the leave for which creditable service is desired  
19 had he or she continued to receive salary at the level received  
20 immediately prior to the leave of absence, and (c) interest on these  
21 combined payments from the date such deductions would have been made to  
22 the date of repayment determined by using the rate of interest for  
23 interest on such purchases of service credit. Such amounts shall be paid  
24 as the board of ~~trustees~~ may direct until September 1, 2024, and as the  
25 retirement board may direct beginning September 1, 2024, through direct  
26 payments to the retirement system or on an installment basis pursuant to  
27 a binding irrevocable payroll deduction authorization between the member  
28 and the school district over a period not to exceed five years from the  
29 date of the termination of his or her leave of absence. Interest on any  
30 delayed payment shall be at the rate of interest for determining interest  
31 on delayed payments by members to the retirement system. Creditable

1 service may be purchased only in one-tenth-year increments, starting with  
2 the most recent years' salary, and if payments are made on an installment  
3 basis, creditable service will be credited only as payment has been made  
4 to the retirement system to purchase each additional one-tenth-year  
5 increment. Leave of absence shall be construed to include, but not be  
6 limited to, sabbaticals, maternity leave, exchange teaching programs,  
7 full-time leave as an elected official of a professional association or  
8 collective-bargaining unit, or leave of absence to pursue further  
9 education or study. A leave of absence granted pursuant to this section  
10 shall not exceed four years in length, and in order to receive credit for  
11 the leave of absence, the member must have returned to employment with  
12 the school district within one year after termination of the leave of  
13 absence.

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

28 Sec. 25. Section 79-991, Revised Statutes Cumulative Supplement,  
29 2020, is amended to read:

30 79-991 (1) An employee who becomes a member without prior service  
31 credit may purchase prior service credit, not to exceed the lesser of ten

1 years or the member's years of membership service, for the period of  
2 service the member was employed by a school district or by an educational  
3 service unit and which is not used in the calculation of any retirement  
4 or disability benefit having been paid, being paid, or payable in the  
5 future to such member under any defined benefit retirement system or  
6 program maintained by such other school district or educational service  
7 unit. The purchase of prior service credit shall be made in accordance  
8 with and subject to the following requirements:

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

28 (b) The member shall pay to the retirement system the total amount  
29 he or she would have contributed to the retirement system had he or she  
30 been a member of the retirement system during the period for which prior  
31 service is being purchased, together with interest thereon as determined

1 using the rate of interest for the purchase of prior service credit. Such  
2 payment shall be based on the most recent years' salary the member earned  
3 in another school district or educational service unit if the salary is  
4 verified by the other school district or educational service unit or, if  
5 not, the payment shall be based on the member's annual salary at the time  
6 he or she became a member;

7 (c) Payments by the member for the purchase of the prior service  
8 credit shall be paid as the board ~~of trustees~~ may direct until September  
9 1, 2024, and as the retirement board may direct beginning September 1,  
10 2024, through direct payments to the retirement system or on an  
11 installment basis pursuant to a binding irrevocable payroll deduction  
12 authorization between the member and the school district over a period  
13 not to exceed five years from the date of membership. Interest on delayed  
14 payments shall be at the rate of interest for determining interest on  
15 delayed payments by members to the retirement system. In the event the  
16 member terminates employment with the school district for any reason  
17 before full payment for the prior service has been made, the remaining  
18 installments shall be immediately due and payable to the retirement  
19 system. Prior service credit may be purchased only in one-tenth-year  
20 increments, and if payments are made on an installment basis, the prior  
21 service will be credited only as payment has been made to the retirement  
22 system. If the prior service to be purchased by the member exceeds the  
23 member's membership service at the time of application or any subsequent  
24 date, such excess prior service shall be credited to the member only as  
25 the member completes and is credited additional membership service, in  
26 one-tenth-year increments, notwithstanding the member's payment for such  
27 prior service credit. If the member retires or terminates employment  
28 before completing sufficient membership service to permit all of the  
29 excess prior service that has been purchased by the member to be credited  
30 to such member, the retirement system shall refund to the member, or to  
31 the member's beneficiary if the member's termination is due to his or her

1 death, the payments that have been made to the retirement system for such  
2 uncredited prior service, together with regular interest on such refund;  
3 and

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

7 (2) Any employee who became a member before July 1, 2014, and who  
8 has five or more years of creditable service and any employee who became  
9 a member for the first time on or after July 1, 2014, and who has ten or  
10 more years of creditable service, excluding in either case years of prior  
11 service acquired pursuant to section 79-990, 79-994, 79-995, or 79-997,  
12 or subsection (1) of this section, may elect to purchase up to a total of  
13 five years of additional creditable service under the retirement system,  
14 and upon such purchase the member shall be given the same status as  
15 though he or she had been a member of the retirement system for such  
16 additional number of years, except as otherwise specifically provided in  
17 the Class V School Employees Retirement Act. Creditable service may be  
18 purchased only in one-tenth-year increments. The amount to be paid to the  
19 retirement system for such creditable service shall be equal to the  
20 actuarial cost to the retirement system of the increased benefits  
21 attributable to such additional creditable service as determined by the  
22 retirement system's actuary at the time of the purchase pursuant to  
23 actuarial assumptions and methods adopted by the board until September 1,  
24 2024, and as adopted by the retirement board beginning September 1, 2024  
25 ~~of trustees for this purpose.~~ The election to purchase additional  
26 creditable service may be made at any time before the member's  
27 termination of employment, and all payments for the purchase of such  
28 creditable service must be completed within five years after the election  
29 or before the member's termination or retirement, whichever event occurs  
30 first. Payment shall be made as the board ~~of trustees~~ may direct until  
31 September 1, 2024, and as the retirement board may direct beginning

1 September 1, 2024, through a single payment to the retirement system, on  
2 an installment basis, including payments pursuant to a binding  
3 irrevocable payroll deduction authorization between the member and the  
4 school district, or by such other method approved by the board or the  
5 retirement board, as applicable, ~~of trustees~~ and permitted by law. If  
6 payments are made on an installment basis, creditable service will be  
7 credited only as payment has been made to the retirement system to  
8 purchase each additional one-tenth-year increment. Interest shall be  
9 charged on installment payments at the rate of interest for determining  
10 interest on delayed payments by members to the retirement system.

11 Sec. 26. Section 79-992, Revised Statutes Cumulative Supplement,  
12 2020, is amended to read:

13 79-992 (1) A member who has five years or more of creditable  
14 service, excluding years of prior service acquired pursuant to section  
15 79-990, 79-991, 79-994, 79-995, or 79-997, and who terminates his or her  
16 employment may elect to leave his or her contributions in the retirement  
17 system, in which event he or she shall receive a retirement allowance at  
18 normal retirement age based on the annuity earned to the date of such  
19 termination of employment. Such member may elect to receive a retirement  
20 allowance at early retirement age if such member retires at an early  
21 retirement date. Such annuity shall be adjusted in accordance with  
22 section 79-9,100. Upon termination of employment, except on account of  
23 retirement, a member shall be entitled to receive refunds as follows: (a)  
24 An amount equal to the accumulated contributions to the retirement system  
25 by the member; and (b) any contributions made to a previously existing  
26 system which were refundable under the terms of that system. Any member  
27 receiving a refund of contributions shall thereby forfeit and relinquish  
28 all accrued rights in the retirement system including all accumulated  
29 creditable service, except that if any member who has withdrawn his or  
30 her contributions as provided in this section reenters the service of the  
31 district and again becomes a member of the retirement system, he or she

1 may restore any or all money previously received by him or her as a  
2 refund, including the interest on the amount of the restored refund for  
3 the period of his or her absence from the district's service as  
4 determined using the interest rate for interest on such restored refunds,  
5 and he or she shall then again receive credit for that portion of service  
6 which the restored money represents. Such restoration may be made as the  
7 board of ~~trustees~~ may direct until September 1, 2024, and as the  
8 retirement board may direct beginning September 1, 2024, through direct  
9 payments to the system or on an installment basis pursuant to a binding  
10 irrevocable payroll deduction authorized between the member and the  
11 school district over a period of not to exceed five years from the date  
12 of reemployment. Interest on delayed payments shall be at the rate of  
13 interest for determining interest on delayed payments by members to the  
14 retirement system. Creditable service may be purchased only in one-tenth-  
15 year increments, starting with the most recent years' salary.

16 (2) Except as provided in section 79-992.01:

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

28 (b) Upon termination of employment of the reemployed member, the  
29 member shall receive in addition to the retirement annuity which  
30 commenced at the time of the previous retirement (i) if the member has  
31 accrued five years or more of creditable service after his or her return



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

15 (3) In the event a member is entitled to receive a refund of  
16 contributions pursuant to subsection (1) or subdivision (2)(b)(ii) of  
17 this section in an amount greater than one thousand dollars, if the  
18 member does not elect to have the refund paid directly to himself or  
19 herself or transferred to an eligible retirement plan designated by the  
20 member as a direct rollover pursuant to section 79-998, then the refund  
21 of contributions shall be paid in a direct rollover to an individual  
22 retirement plan as designated by the board until September 1, 2024, and  
23 as designated by the retirement board beginning September 1, 2024 ~~of~~  
24 ~~trustees.~~

25 Sec. 27. Section 79-992.01, Revised Statutes Cumulative Supplement,  
26 2020, is amended to read:

27 79-992.01 (1) An employer participating in a retirement system  
28 established pursuant to the Class V School Employees Retirement Act  
29 shall:

30 (a)(i) Until September 1, 2024, notify ~~(a) Notify~~ the administrator  
31 and the board of trustees in writing of the date upon which a termination

1 of employment has occurred and provide the administrator and the board of  
2 trustees with such information as the board of trustees deems necessary;  
3 and

4 (ii) Beginning September 1, 2024, notify the retirement board in  
5 writing of the date upon which a termination of employment has occurred  
6 and provide the administrator and the board with such information as the  
7 administrator and the board deems necessary;

8 (b)(i) Until September 1, 2024, notify (b) Notify the administrator  
9 and the board of trustees in writing whether or not a member accepted and  
10 received an early retirement inducement; and

11 (ii) Beginning September 1, 2024, notify the retirement board in  
12 writing whether or not a member accepted and received an early retirement  
13 inducement; and

14 (c) Submit in writing with the notice of termination of employment  
15 and notice of receipt of an early retirement inducement a completed  
16 certification by an the employer and member under penalty of prosecution  
17 pursuant to section 79-992.02 that, prior to the member's termination,  
18 there was no prearranged written or verbal agreement for the member to  
19 return to service in any capacity with the same employer.

20 (2) The member shall submit (a) to the administrator and the board  
21 of trustees until September 1, 2024, and (b) to the retirement board  
22 beginning September 1, 2024, of trustees upon the member's termination,  
23 under penalty of prosecution pursuant to section 79-992.02, completed  
24 certification on forms prescribed by the administrator and the board of  
25 trustees or the retirement board, as applicable, stating whether or not  
26 the member accepted and received an early retirement inducement from his  
27 or her employer.

28 (3) Until September 1, 2024, and except as provided in section  
29 79-981, the The board of trustees, and, beginning September 1, 2024, the  
30 retirement board, may adopt and promulgate rules and regulations and  
31 prescribe forms as the board of trustees or the retirement board, as

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

5 Sec. 28. Section 79-992.02, Revised Statutes Cumulative Supplement,  
6 2020, is amended to read:

7 79-992.02 (1) Any person who, knowing it to be false or fraudulent,  
8 presents or causes to be presented a false or fraudulent claim or benefit  
9 application, any false or fraudulent proof in support of such a claim or  
10 benefit, or false or fraudulent information which would affect a future  
11 claim or benefit application to be paid under a retirement system for the  
12 purpose of defrauding or attempting to defraud the retirement system  
13 shall be guilty of a Class II misdemeanor. The (a) administrator and the  
14 board until September 1, 2024, and (b) retirement board beginning  
15 September 1, 2024, of trustees shall deny any benefits that it determines  
16 are based on false or fraudulent information and shall have a cause of  
17 action against the member to recover any benefits already paid on the  
18 basis of such information.

19 (2) Any employee, member of a board of education, or agent of any  
20 employer who willfully fails or refuses to furnish to the (a)  
21 administrator and the board of trustees until September 1, 2024, and (b)  
22 retirement board beginning September 1, 2024, upon its request and in the  
23 manner prescribed by it such information, data, or records, as may be  
24 necessary for carrying into effect the Class V School Employees  
25 Retirement Act, shall be guilty of a Class V misdemeanor.

26 Sec. 29. Section 79-998, Revised Statutes Cumulative Supplement,  
27 2020, is amended to read:

28 79-998 (1) The retirement system may accept as payment for  
29 additional service credit that is purchased pursuant to sections 79-990  
30 to 79-992 an eligible rollover distribution from or on behalf of the  
31 member who is making payments for such service credit if the eligible

1 rollover distribution does not exceed the amount of payment required for  
2 the service credit being purchased by the member. The eligible rollover  
3 distribution may be contributed to the retirement system by the member or  
4 directly transferred from the plan that is making the eligible rollover  
5 distribution on behalf of the member. Contribution by a member pursuant  
6 to this section may only be made in the form of a cash contribution. For  
7 purposes of this section, an eligible rollover distribution means all or  
8 any portion of an amount that qualifies as an eligible rollover  
9 distribution under the Internal Revenue Code from:

10 (a) A plan of another employer which is qualified under section  
11 401(a) or 403(a) of the Internal Revenue Code;

12 (b) An annuity contract or custodial account described in section  
13 403(b) of the Internal Revenue Code;

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

17 (d) An individual retirement account or annuity described in section  
18 408(a) or section 408(b) of the Internal Revenue Code that is eligible to  
19 be rolled over to an employer plan under the Internal Revenue Code.

20 (2) The retirement system may accept as payment for service credit  
21 that is purchased pursuant to sections 79-990 to 79-992 a direct trustee-  
22 to-trustee transfer from an eligible deferred compensation plan as  
23 described in section 457(e)(17) of the Internal Revenue Code on behalf of  
24 a member who is making payments for such service credit if the amount  
25 transferred from the eligible deferred compensation plan does not exceed  
26 the amount of payment required for the service credit being purchased and  
27 the purchase of such service credit qualifies as the purchase of  
28 permissive service credit by the member as defined in section 415(n)(3)  
29 of the Internal Revenue Code.

30 (3) Until September 1, 2024, the ~~The board, and, beginning September~~  
31 1, 2024, the retirement board, of ~~trustees~~ may establish rules,

1 regulations, and limitations on the eligible rollover distributions and  
2 direct trustee-to-trustee transfers that may be accepted by the  
3 retirement system pursuant to this section, including restrictions on the  
4 type of assets that may be transferred to the retirement system.

5 (4) Cash and other properties contributed or transferred to the  
6 retirement system pursuant to this section shall be deposited and held as  
7 a commingled asset of the retirement system and shall not be separately  
8 accounted for or invested for the member's benefit. Contributions or  
9 direct transfers made by or on behalf of any member pursuant to this  
10 section shall be treated as qualifying payments under sections 79-990 to  
11 79-992 and as employee contributions for all other purposes of the Class  
12 V School Employees Retirement Act except in determining federal and state  
13 tax treatment of distributions from the system.

14 (5) The retirement system, the board of education, the board of  
15 trustees, the retirement board, and their respective members, officers,  
16 and employees shall have no responsibility or liability with respect to  
17 the federal and state income tax consequences of any contribution or  
18 transfer to the retirement system pursuant to this section. Until  
19 September 1, 2024, and the board, and, beginning September 1, 2024, the  
20 retirement board, of trustees may require as a condition to the  
21 retirement system's acceptance of any rollover contribution or transfer  
22 satisfactory evidence that the proposed contribution or transfer is a  
23 qualifying rollover contribution or trustee-to-trustee transfer under the  
24 Internal Revenue Code and reasonable releases or indemnifications from  
25 the member against any and all liabilities which may in any way be  
26 connected with such contribution or transfer.

27 (6) Effective January 1, 1993, any member who is to receive an  
28 eligible rollover distribution, as defined in the Internal Revenue Code,  
29 from the retirement system may, in accordance with such rules,  
30 regulations, and limitations as may be established by the board or the  
31 retirement board, as applicable of trustees, elect to have such

1 distribution made in the form of a direct transfer to a retirement plan  
2 eligible to receive such transfer under the provisions of the Internal  
3 Revenue Code. Any such election shall be made in the form and within the  
4 time periods established by the board or the retirement board, as  
5 applicable of trustees.

6 (7) A member's surviving spouse or former spouse who is an alternate  
7 payee under a qualified domestic relations order and, on or after  
8 September 1, 2010, any designated beneficiary of a member who is not a  
9 surviving spouse or former spouse who is entitled to receive an eligible  
10 rollover distribution from the retirement system may, in accordance with  
11 such rules, regulations, and limitations as may be established by the  
12 board or the retirement board, as applicable of trustees, elect to have  
13 such distribution made in the form of a direct transfer to a retirement  
14 plan eligible to receive such transfer under the provisions of the  
15 Internal Revenue Code.

16 (8) An eligible rollover distribution on behalf of a designated  
17 beneficiary of a member who is not a surviving spouse or former spouse of  
18 the member may be transferred to an individual retirement account or  
19 annuity described in section 408(a) or section 408(b) of the Internal  
20 Revenue Code that is established for the purpose of receiving the  
21 distribution on behalf of the designated beneficiary and that will be  
22 treated as an inherited individual retirement account or individual  
23 retirement annuity described in section 408(d)(3)(C) of the Internal  
24 Revenue Code.

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

27 Sec. 30. Section 79-9,102, Revised Statutes Cumulative Supplement,  
28 2020, is amended to read:

29 79-9,102 (1) Notwithstanding any other provision of the Class V  
30 School Employees Retirement Act, no member or beneficiary of the  
31 retirement system shall receive in any calendar year an annuity or other

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

15 (2) Any payments provided for by sections 79-990, 79-991, and 79-992  
16 for the purchase or restoration of creditable service shall be subject to  
17 the limitations of section 415 of the Internal Revenue Code on annual  
18 additions to the retirement system. Until September 1, 2024,~~and the~~  
19 board, and, beginning September 1, 2024, the retirement board, ~~of~~  
20 ~~trustees~~ may suspend payments, alter installment periods, or, if such  
21 suspension or alteration is not possible, deny the purchase of all or a  
22 portion of the creditable service desired to be purchased, as necessary  
23 to comply with the requirements of section 415 of the Internal Revenue  
24 Code.

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

1           Sec. 31. Section 79-9,103, Revised Statutes Cumulative Supplement,  
2   2020, is amended to read:

3           79-9,103 (1) Any annuity paid on or after September 1, 1983, to a  
4   member who retired prior to February 21, 1982, pursuant to the Class V  
5   School Employees Retirement Act, or to such member's beneficiary, or to a  
6   person who retired under the provisions of the retirement system  
7   established by statute for employees of Class V school districts in  
8   effect prior to September 1, 1951, or to such person's beneficiary, shall  
9   be adjusted by the increase in the cost of living or wage levels between  
10  the effective date of retirement and June 30, 1983, except that such  
11  increase shall not exceed the sum of one dollar and fifty cents per month  
12  for each year of creditable service and one dollar per month for each  
13  completed year of retirement as measured from the effective date of  
14  retirement to June 30, 1983. No separate adjustment in such annuity shall  
15  be made as a result of the changes made in section 79-9,113 pursuant to  
16  Laws 1983, LB 488. If a joint and survivor annuity was elected, the  
17  increase shall be actuarially adjusted so that the joint and survivor  
18  annuity remains the actuarial equivalent of the life annuity otherwise  
19  payable.

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



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

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

25           (5) In addition to the cost-of-living adjustments provided in  
26 subsections (1), (2), (3), and (4) of this section, any annuity paid on  
27 or after September 1, 1995, pursuant to the act or pursuant to the  
28 provisions of the retirement system established by statute for employees  
29 of Class V school districts in effect prior to September 1, 1951, and on  
30 which the first payment was dated on or before October 1, 1994, shall be  
31 adjusted by the increase in the cost of living or wage levels between the

1 effective date of retirement and June 30, 1995, except that such increase  
2 shall not exceed (a) three percent for annuities first paid after October  
3 1, 1993, (b) six percent for annuities first paid after October 1, 1992,  
4 but on or before October 1, 1993, or (c) nine percent for all other  
5 annuities.

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

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

31 (8) Beginning January 1, 2000, and on January 1 of every year

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

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

24 (10) Beginning September 1, 1999, the actuary shall make an annual  
25 valuation of the assets and liabilities of the system. If the annual  
26 valuation made by the actuary, as approved by the board of trustees,  
27 indicates that the system has sufficient actuarial surplus to provide for  
28 a cost-of-living adjustment in addition to the adjustment made pursuant  
29 to subsection (8) or (9) of this section, the board of trustees may, in  
30 its discretion, declare by resolution that each annuity being paid  
31 pursuant to the act, or pursuant to the provisions of the retirement

1 system established by statute for employees of Class V school districts  
2 in effect prior to September 1, 1951, and on which the first payment was  
3 dated on or before October 3 of the year such resolution is adopted,  
4 shall be increased beginning as of the January 1 following the date of  
5 the board of trustees' resolution by such percentage as may be declared  
6 by the board of trustees, except that such increase for any such annuity  
7 shall not exceed the increase in the consumer price index from the date  
8 such annuity first became payable through the applicable valuation date  
9 as reduced by the aggregate cost-of-living adjustments previously made to  
10 the annuity pursuant to this section.

11 (11) Except for the adjustments pursuant to subsection (13) of this  
12 section, the consumer price index to be used for determining any cost-of-  
13 living adjustment under this section shall be the Consumer Price Index -  
14 All Urban Consumers, as published by the Bureau of Labor Statistics of  
15 the United States Department of Labor. If this consumer price index is  
16 discontinued or replaced, a substitute index published by the United  
17 States Department of Labor shall be selected by the board if before  
18 September 1, 2024, or by the retirement board if on or after September 1,  
19 2024. Any substitute index selected ~~of trustees, which~~ shall be a  
20 reasonable representative measurement of the cost of living for retired  
21 employees. An annuity as increased by any cost-of-living adjustment made  
22 under this section shall be considered the base annuity amount for the  
23 purpose of future adjustments pursuant to this section. In no event shall  
24 any cost-of-living adjustment be deemed to affect or increase the amount  
25 of the base retirement annuity of a member as determined under section  
26 79-999 or 79-9,100.

27 (12) Any decision or determination by the board or retirement board,  
28 as applicable, ~~of trustees~~ (a) to declare or not declare a cost-of-living  
29 adjustment, (b) as to whether the annual valuation indicates a sufficient  
30 actuarial surplus to provide for a cost-of-living adjustment, or (c)  
31 pursuant to the selection of a substitute index shall be made in the

1 sole, absolute, and final discretion of the board or retirement board, as  
2 applicable, of trustees and shall not be subject to challenge by any  
3 member or beneficiary. In no event shall the Legislature be constrained  
4 or limited in amending the system or increasing the benefits of members  
5 under the system, nor shall the board or retirement board, as applicable,  
6 of education or board of trustees be constrained from supporting any such  
7 change to the system, notwithstanding the effect of any such change upon  
8 the actuarial surplus of the system and the ability of the board or  
9 retirement board, as applicable, of trustees to declare future cost-of-  
10 living adjustments.

11 (13) The Legislature finds and declares that there exists in this  
12 state a pressing need to attract and retain qualified and dedicated  
13 public school employees and that one of the factors prospective public  
14 school employees consider when seeking or continuing public school  
15 employment is the retirement system and benefits the employment provides.  
16 The Legislature further finds that over the past decades, as reflected by  
17 the Medical Price Index published by the United States Department of  
18 Labor, the cost of medical care, including the cost of medications and  
19 insurance coverages, has increased at a rate in excess of that by which  
20 the Consumer Price Index - All Urban Consumers has increased. The  
21 Legislature further finds and declares that there accordingly exists a  
22 need to adjust the amount of retirement benefits paid to retired public  
23 school employees in order to assist them in meeting the increased cost of  
24 medical care. Therefor, in addition to the cost-of-living adjustments  
25 provided in subsections (1) through (12) of this section, commencing on  
26 October 3, 2001, and on October 3 of every year thereafter, a medical  
27 cost-of-living adjustment shall be paid to any annuitant who became a  
28 member prior to July 1, 2016, and has been paid an annuity from the  
29 retirement system for at least ten years through the October 3 adjustment  
30 date. The cost-of-living adjustment shall be paid in the form of a  
31 supplemental annuity providing monthly payments equal to the amount which

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

17 Sec. 32. Section 79-9,105, Revised Statutes Cumulative Supplement,  
18 2020, is amended to read:

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

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

28 (2) Notwithstanding the provisions of subsection (1) of this  
29 section, the payment of the retirement annuity of a member may not be  
30 deferred later than the member's required beginning date as defined in  
31 section 401(a)(9) of the Internal Revenue Code, as defined in section

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

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

26 (4)(a) For an employee hired prior to July 1, 2018, the payment of  
27 any retirement annuity to a disabled member, which begins to be paid  
28 under this section (i) before the member's sixty-second birthday or (ii)  
29 at a time before the sum of the member's attained age and creditable  
30 service is eighty-five or more, shall be suspended if the board or the  
31 retirement board, as applicable, of trustees determines at any time



1 before the member's sixty-second birthday that the member's total  
2 disability has ceased.

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

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

15 Sec. 33. Section 79-9,107, Revised Statutes Cumulative Supplement,  
16 2020, is amended to read:

17 79-9,107 The funds of the retirement system which are not required  
18 for current operations shall be invested and reinvested (1) before  
19 January 1, 2017, by the board of trustees subject to the approval of the  
20 board of education or Class V Retirement System Board as provided in  
21 sections 79-9,108 to 79-9,111 and (2) on and after January 1, 2017, by  
22 the council and the state investment officer in accordance with the  
23 Nebraska State Funds Investment Act without the approval of the board of  
24 education, ~~or board of trustees, or retirement board, as applicable.~~

25 Except as otherwise provided in the Class V School Employees Retirement  
26 Act, no trustee and no member of the board of education shall have any  
27 direct interest in the income, gains, or profits of any investment made  
28 by the board of trustees, nor shall any such person receive any pay or  
29 emolument for services in connection with any such investment. Neither  
30 the state investment officer nor any trustee, member of the board of  
31 education, member of the retirement board, nor member of the council

1 shall become an endorser or surety or in any manner an obligor for money  
2 loaned by or borrowed from the retirement system. Any person who violates  
3 any of these restrictions shall be guilty of a Class II misdemeanor.

4 Sec. 34. Section 79-9,108, Revised Statutes Cumulative Supplement,  
5 2020, is amended to read:

6 79-9,108 (1) Prior to January 1, 2017, the board of trustees, with  
7 approval of the board of education or Class V Retirement System Board,  
8 shall invest and reinvest funds of the retirement system. Beginning  
9 January 1, 2017, the funds of the retirement system shall be invested and  
10 reinvested solely by the council and the state investment officer in  
11 accordance with the Nebraska State Funds Investment Act.

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

29 (3) Beginning January 1, 2017, the board of trustees, ~~and~~ the board  
30 of education, and the retirement board shall not have any duty,  
31 responsibility, or authority for the investment and reinvestment of the

1 funds of the retirement system, or any investment decision, contract,  
2 rule, or regulation related thereto.

3 Sec. 35. Section 79-9,113, Revised Statutes Cumulative Supplement,  
4 2020, is amended to read:

5 ~~79-9,113 (1)(a) If, at any future time, a majority of the eligible~~  
6 ~~members of the retirement system votes to be included under an agreement~~  
7 ~~providing old age and survivors insurance under the Social Security Act~~  
8 ~~of the United States, the contributions to be made by the member and the~~  
9 ~~school district for membership service, from and after the effective date~~  
10 ~~of the agreement with respect to services performed subsequent to~~  
11 ~~December 31, 1954, shall each be reduced from five to three percent but~~  
12 ~~not less than three percent of the member's salary per annum, and the~~  
13 ~~credits for membership service under this system, as provided in section~~  
14 ~~79-999, shall thereafter be reduced from one and one-half percent to~~  
15 ~~nine-tenths of one percent and not less than nine-tenths of one percent~~  
16 ~~of salary or wage earned by the member during each fiscal year, and from~~  
17 ~~one and sixty-five hundredths percent to one percent and not less than~~  
18 ~~one percent of salary or wage earned by the member during each fiscal~~  
19 ~~year and from two percent to one and two-tenths percent of salary or wage~~  
20 ~~earned by the member during each fiscal year, and from two and four-~~  
21 ~~tenths percent to one and forty-four hundredths percent of salary or wage~~  
22 ~~earned by the member during each fiscal year, except that after September~~  
23 ~~1, 1963, and prior to September 1, 1969, all employees of the school~~  
24 ~~district shall contribute an amount equal to the membership contribution~~  
25 ~~which shall be two and three-fourths percent of salary covered by old age~~  
26 ~~and survivors insurance, and five percent above that amount. Commencing~~  
27 ~~September 1, 1969, all employees of the school district shall contribute~~  
28 ~~an amount equal to the membership contribution which shall be two and~~  
29 ~~three-fourths percent of the first seven thousand eight hundred dollars~~  
30 ~~of salary or wages earned each fiscal year and five percent of salary or~~  
31 ~~wages earned above that amount in the same fiscal year. Commencing~~

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

29 (b) The contributions by the school district in any fiscal year  
30 beginning on or after September 1, 1999, shall be the greater of (i) one  
31 hundred percent of the contributions by the employees for such fiscal

1 year or (ii) such amount as may be necessary to maintain the solvency of  
2 the system, as determined annually by the board of education upon  
3 recommendation of the actuary and the board of trustees.

4 (c) The contributions by the school district in any fiscal year  
5 beginning on or after September 1, 2007, and prior to September 1, 2018,  
6 shall be the greater of (i) one hundred one percent of the contributions  
7 by the employees for such fiscal year or (ii) such amount as may be  
8 necessary to maintain the solvency of the system, as determined annually  
9 by the board of education upon recommendation of the actuary retained by  
10 the board of trustees and after considering any amounts that will be, or  
11 are expected to be, transferred to the system pursuant to subdivision (1)  
12 (b) of section 79-966. The amount necessary to maintain the solvency of  
13 the system as determined in subdivision (ii) of this subdivision (c)  
14 shall be transmitted by the school district to the account of the  
15 retirement system no later than August 31, 2018. The school district  
16 contributions specified in subdivision (i) of this subdivision (c) shall  
17 be made monthly and shall be immediately transmitted to the account of  
18 the retirement system.

19 (d) The contributions by the school district in any fiscal year  
20 beginning on or after September 1, 2018, and prior to and each September  
21 1, 2024 thereafter, shall be the greater of (i) one hundred one percent  
22 of the contributions by the employees for such fiscal year or (ii) such  
23 amount as may be necessary to maintain the solvency of the system, as  
24 determined annually by the board of education upon recommendation of the  
25 actuary retained by the board of trustees and after considering any  
26 amounts pursuant to subdivision (1)(b) of section 79-966 that will be, or  
27 are expected to be, transferred to the school district by the State  
28 Treasurer system ~~pursuant to subdivision (1)(b) of section 79-966~~. The  
29 amount necessary to maintain the solvency of the system as determined in  
30 subdivision (ii) of this subdivision (d) shall be transmitted by the  
31 school district to the account of the retirement system no later than

1 August 31, 2019, and each August 31 thereafter. The school district  
2 contributions specified in subdivision (i) of this subdivision (d) shall  
3 be made monthly and shall be immediately transmitted to the account of  
4 the retirement system.

5 (e) The contributions by the school district in any fiscal year  
6 beginning on or after September 1, 2024, shall be the greater of:

7 (i) One hundred one percent of the contributions by the employees  
8 for such fiscal year; or

9 (ii) Such amount as may be necessary to maintain the solvency of the  
10 system, as determined annually by the board of education upon  
11 recommendation of the actuary retained by the retirement board pursuant  
12 to section 79-984 and after considering any amounts pursuant to  
13 subdivision (1)(b) of section 79-966 that will be, or are expected to be,  
14 transferred to the school district by the State Treasurer for transfer by  
15 the school district to the retirement system.

16 (f) The amount necessary to maintain the solvency of the system as  
17 determined in subdivision (1)(e)(ii) of this section shall be transmitted  
18 by the school district to the Class V School Employees Retirement Fund no  
19 later than August 31, 2025, and each August 31 thereafter.

20 (g) The school district contributions specified in subdivision (1)  
21 (e)(i) of this section shall be made monthly and shall be immediately  
22 transmitted to the Class V School Employees Retirement Fund.

23 (h) (e) Nothing in this section prohibits the school district from  
24 making other contributions in addition to the contributions required  
25 pursuant to this section.

26 (i) (f) The employee's contribution shall be made in the form of a  
27 monthly deduction from compensation as provided in subsection (2) of this  
28 section and shall be immediately transmitted to the account of the  
29 retirement system. Every employee who is a member of the system shall be  
30 deemed to consent and agree to such deductions and shall receipt in full  
31 for compensation, and payment to such employee of compensation less such

1 deduction shall constitute a full and complete discharge of all claims  
2 and demands whatsoever for services rendered by such employee during the  
3 period covered by such payment except as to benefits provided under the  
4 Class V School Employees Retirement Act.

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

30       (k) (~~h~~) Members of this system having the service qualifications of  
31 members of the School Employees Retirement System of the State of

1 Nebraska, as provided by section 79-926, who are members of the  
2 retirement system established pursuant to the Class V School Employees  
3 Retirement Act prior to July 1, 2016, shall receive the state service  
4 annuity provided by sections 79-933 to 79-935 and 79-951.

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



1 extent as employee contributions made prior to the date picked up.

2 Sec. 36. Section 79-9,115, Revised Statutes Cumulative Supplement,  
3 2020, is amended to read:

4 79-9,115 (1) The Class V School Employees Retirement Fund is  
5 created.

6 (2) Until September 1, 2024, except as provided in this section:

7 (a) ~~(1)~~ All allowances, annuities, or other benefits granted under  
8 the Class V School Employees Retirement Act, and all expenses incurred in  
9 connection with the administration of the act, except clerical work  
10 incurred in connection with maintenance of records and payment of  
11 benefits, shall be paid from the Class V School Employees Retirement  
12 Fund; ~~which is hereby established.~~

13 (b) Such clerical work shall be performed by employees of the school  
14 district or districts; -

15 (c) The administrator and staff of the retirement system shall be  
16 permitted reasonable office and records storage space in the central  
17 office building of the Class V school district formed before September  
18 13, 1997; and -

19 (d) All expenses for the retirement system office accommodations and  
20 integrated pension benefit information management systems, including all  
21 services, support, furniture, and equipment provided to or by any central  
22 office department of the school district, shall be charged to the  
23 retirement system.

24 (3)(a) Beginning September 1, 2024, the required deposits of the  
25 school district and the amounts transferred to the school district by the  
26 State Treasurer for transmission to the retirement system and required  
27 deposits of the employees shall be credited to the Class V School  
28 Employees Retirement Fund and all allowances, annuities, and other  
29 benefits shall be paid from such fund as directed by the retirement board  
30 as provided in the Class V School Employees Retirement Act.

31 (b) The account of each member in the Class V School Employees

1 Retirement Fund shall be credited with regular interest earned monthly,  
2 quarterly, semiannually, or annually as the retirement board may direct.

3 ~~The school district or districts shall not be liable for acts or~~  
4 ~~omissions in the administration of the act made at the direction of the~~  
5 ~~board of trustees or its employees.~~

6 (4) (2) Beginning on August 24, 2017, any expenses with respect to  
7 the transfer to and assumption by the council and the state investment  
8 officer of the duty and authority to invest the assets of a retirement  
9 system provided for under the Class V School Employees Retirement Act  
10 shall be charged to the Class V School Employees Retirement Fund. Such  
11 expenses shall be paid without the approval of the board of trustees or  
12 the retirement board, as applicable.

13 Sec. 37. The Class V School Expense Fund is created. Beginning  
14 September 1, 2024, the fund shall be credited with money from the  
15 retirement system assets and income sufficient to pay the pro rata share  
16 of administrative expenses incurred as directed by the retirement board  
17 for the proper administration of the Class V School Employees Retirement  
18 Act and as necessary in connection with the administration and operation  
19 of the retirement system.

20 Sec. 38. (1) An employer shall deduct and withhold an amount  
21 pursuant to section 79-9,113 from the compensation of an employee on each  
22 payroll period after such employee becomes a member of the retirement  
23 system. An employer shall transmit periodically, as directed by and in  
24 such form as is approved by the retirement board, such amounts and any  
25 information required by the retirement board. The retirement board shall  
26 immediately transmit to the State Treasurer all payments received.

27 (2) The retirement board may charge an employer a late  
28 administrative processing fee not to exceed twenty-five dollars if the  
29 information required by this section and the contributions from an  
30 employer consistent with the dates and frequency of transmittal as  
31 specified in section 79-9,113 are delinquent or are not timely received

1 by the retirement board. In addition, the retirement board may charge an  
2 employer a late fee of thirty-eight thousandths of one percent of the  
3 amount required to be submitted pursuant to this section for each day  
4 such amount has not been received. The late fee may be used to make a  
5 member's account whole for any costs that may have been incurred by the  
6 member due to the late receipt of contributions. The retirement board  
7 shall charge an employer an amount equal to the interest which would have  
8 accrued if the delinquent report causes the employee to lose interest on  
9 his or her account. The proceeds of the interest charge shall be used to  
10 reimburse the account of each employee deprived of interest by the delay.

11 Sec. 39. Beginning September 1, 2024, all assets of the retirement  
12 system shall be credited, according to the purpose for which they are  
13 held, to the Class V School Expense Fund or to the Class V School  
14 Employees Retirement Fund. Any money in the funds available for  
15 investment shall be invested by the state investment officer pursuant to  
16 the Nebraska Capital Expansion Act and the Nebraska State Funds  
17 Investment Act.

18 Sec. 40. Section 79-9,117, Revised Statutes Cumulative Supplement,  
19 2020, is amended to read:

20 79-9,117 (1) Until September 1, 2024, the ~~The~~ board of trustees, and  
21 beginning September 1, 2024, the retirement board, shall establish a  
22 comprehensive preretirement planning program for school employees who are  
23 members of the retirement system. The program shall provide information  
24 and advice regarding the many changes employees face upon retirement,  
25 including, but not limited to, changes in physical and mental health,  
26 housing, family life, leisure activity, and retirement income.

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

31 (3) The preretirement planning program shall include information on

1 the federal and state income tax consequences of the various annuity or  
2 retirement benefit options available to the employee, information on  
3 social security benefits, information on various local, state, and  
4 federal government programs and programs in the private sector designed  
5 to assist elderly persons, and information and advice the board of  
6 trustees or retirement board, as applicable, deems valuable in assisting  
7 employees in the transition from public employment to retirement.

8 (4) The board of trustees or retirement board, as applicable, shall  
9 work with any governmental agency, including political subdivisions or  
10 bodies whose services or expertise may enhance the development or  
11 implementation of the preretirement planning program.

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

14 (6) ~~An~~ The employer shall provide each eligible employee leave with  
15 pay to attend up to two preretirement planning programs. For purposes of  
16 this subsection, leave with pay means a day off paid by an ~~the~~ employer  
17 and does not mean vacation, sick, personal, or compensatory time. An  
18 employee may choose to attend a program more than twice, but such leave  
19 shall be at the expense of the employee and shall be at the discretion of  
20 the employer. An eligible employee shall not be entitled to attend more  
21 than one preretirement planning program per fiscal year prior to actual  
22 election of retirement.

23 (7) A nominal registration fee may be charged each person attending  
24 a preretirement planning program to cover the costs for meals, meeting  
25 rooms, or other expenses incurred under such program.

26 Sec. 41. Section 79-9,122, Revised Statutes Cumulative Supplement,  
27 2020, is amended to read:

28 79-9,122 (1) The Class V School Employees Retirement System  
29 Management Work Plan Fund is created. The purpose of the fund is to  
30 transfer funds as specified in this section. The fund shall consist of  
31 the amounts transferred from an ~~the~~ employer of any Class V school

1 employees retirement system established under the Class V School  
2 Employees Retirement Act ~~and which existed on January 1, 2019,~~ for all  
3 work performed by the Public Employees Retirement Board for services and  
4 related expenses in completion of the work described in section 79-9,121  
5 and sections 16 and 43 of this act. The fund shall be administered by the  
6 Nebraska Public Employees Retirement Systems. Any money in the fund  
7 available for investment shall be invested by the state investment  
8 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska  
9 State Funds Investment Act.

10 (2) ~~An~~ The employer of any Class V school employees retirement  
11 system established under the Class V School Employees Retirement Act ~~and~~  
12 ~~which existed on January 1, 2019,~~ shall remit the payments ~~payment~~  
13 described in subsection (3) of section 79-9,121, subsection (3) of  
14 section 16 of this act, and section 43 of this act to the State Treasurer  
15 for credit to the Class V School Employees Retirement System Management  
16 Work Plan Fund for all work performed by the retirement board ~~Public~~  
17 ~~Employees Retirement Board~~ for (a) services and related expenses in  
18 completion of the work plan, (b) additional identification and  
19 examination of issues as required under section 43 of this act, and (c)  
20 the transfer of management of the retirement system to the retirement  
21 board.

22 Sec. 42. Section 79-9,123, Revised Statutes Cumulative Supplement,  
23 2020, is amended to read:

24 79-9,123 (1) The administrator and board of trustees of any Class V  
25 school employees retirement system established under the Class V School  
26 Employees Retirement Act ~~and which existed on January 1, 2019,~~ may  
27 quarterly bill the employer of such Class V school employees retirement  
28 system for all work performed and expenses incurred by the administrator,  
29 staff, and any consultants of the Class V school employees retirement  
30 system in response to requests for records, documents, data, or other  
31 information from the Nebraska Public Employees Retirement Systems or the

1 retirement board ~~Public Employees Retirement Board~~ in completion of the  
2 work plan described in section 79-9,121.

3 (2)(a) The retirement board may bill an employer of any Class V  
4 school employees retirement system monthly for all work performed and  
5 expenses incurred pursuant to section 43 of this act.

6 (b) The administrator and board of trustees of any Class V school  
7 employees retirement system established under the Class V School  
8 Employees Retirement Act may bill the employer of such Class V school  
9 employees retirement system monthly for all work performed and expenses  
10 incurred by the administrator, staff, and any consultants of the Class V  
11 school employees retirement system for the transition and transfer of  
12 management and general administration of such retirement system to the  
13 retirement board as described in section 16 of this act.

14 (3) An ~~Such~~ employer of a retirement system shall remit payment  
15 pursuant to this section to the board of trustees within forty-five  
16 calendar days after receipt of each ~~monthly~~ quarterly bill and to the  
17 retirement board within the time period and in the manner negotiated in  
18 the transition and transfer of management and administration plan entered  
19 into pursuant to section 16 of this act ~~to such Class V school employees~~  
20 retirement system.

21 Sec. 43. (1) The Legislature finds that following completion and  
22 submission of the work plan by the retirement board pursuant to section  
23 79-9,121, additional issues have emerged related to transfer of the  
24 management of the Class V School Employees Retirement System to the  
25 retirement board. Further examination and evaluation are necessary and  
26 shall be completed by the entities described in this section. Such  
27 additional examination and evaluation shall include, but not be limited  
28 to:

29 (a) Completion of a compliance audit of the retirement system as  
30 described in this section;

31 (b) Completion of the audits of the retirement system by the Auditor

1 of Public Accounts pursuant to subsection (1)(b) of section 79-987; and  
2 (c) Identification and examination of issues by the retirement board  
3 as described in subsection (8) of this section.

4 (2) The board of trustees shall obtain a compliance audit of the  
5 retirement system to be completed no later than November 15, 2021. The  
6 compliance audit shall be in addition to the annual audit conducted by  
7 the Auditor of Public Accounts pursuant to subsection (1)(b) of section  
8 79-987.

9 (3) The compliance audit shall include an examination of records,  
10 files, and any other documents or resources of the retirement system and  
11 an evaluation of all policies and procedures of the retirement system,  
12 the school district, the board of education, and the board of trustees  
13 related to the administration and operation of the retirement system to  
14 determine compliance with all state and federal laws. The compliance  
15 audit shall also include, but not be limited to, an examination and  
16 evaluation of:

17 (a) Eligibility and enrollment to ensure eligible individuals are  
18 properly and timely enrolled in the plan;

19 (b) Contributions, compensation, service hours, and other records to  
20 ensure that members are making the correct contributions, that only  
21 eligible compensation and eligible service hours are reported at the time  
22 and in the manner specified in plan documents, and that only the  
23 authorized interest is being recorded;

24 (c) Termination of employment to ensure that only terminated members  
25 are taking distributions from the plan at the time and in the manner  
26 specified in the plan documents;

27 (d) Reemployment after retirement to ensure that retirees and  
28 members who have terminated employment who reemploy have complied with  
29 plan documents;

30 (e) Benefit calculations and benefit payments to ensure that the  
31 correct benefits are calculated for members and paid on a timely basis;

1 and

2 (f) Disability retirements to ensure:

3 (i) The determination of the member's disability status and any  
4 accrual of additional disability benefits due to deferred distribution of  
5 such benefits are conducted in accordance with the act; and

6 (ii) The amount of the disability retirement benefits is correctly  
7 calculated for members and paid on a timely basis.

8 (4) The examination of each of the issues listed in subsection (3)  
9 of this section shall also include, but not be limited to, a review of:

10 (a) The plan documents and training that the retirement system has  
11 provided to the staff of the retirement system and employees who provide  
12 services to the retirement system to ensure proper compliance with the  
13 procedures and processes;

14 (b) Oversight practices or processes used by the board of trustees  
15 and administrator of the retirement system to identify whether the  
16 employer properly followed the plan documents; and

17 (c) Practices and processes used by the board of trustees and  
18 administrator of the retirement system to correct any errors made.

19 (5) The board of trustees, board of education, school district, and  
20 retirement system shall provide:

21 (a) The compliance auditors with the documents identified in this  
22 section and access to personnel who perform or have knowledge of duties  
23 related to the practices, procedures, operations, and administration of  
24 the retirement system to facilitate timely completion of the compliance  
25 audit; and

26 (b) The Auditor of Public Accounts with documents and access to  
27 personnel as requested by the auditor to facilitate timely completion of  
28 the audit required by subsection (1)(b) of section 79-987.

29 (6) Expenses related to obtaining the compliance audit shall be  
30 charged to the retirement system.

31 (7) The board of trustees shall submit an electronic copy of the



1 compliance audit report to the Clerk of the Legislature, the board of  
2 education, the Nebraska Retirement Systems Committee of the Legislature,  
3 the Governor, and the retirement board no later than November 15, 2021.  
4 The compliance audit report shall be presented to the Nebraska Retirement  
5 Systems Committee of the Legislature at a public hearing.

6 (8)(a) The Public Employees Retirement Board shall identify and  
7 examine additional issues which have emerged since the completion of the  
8 work plan conducted pursuant to section 79-9,121. Such identification and  
9 examination shall include, but are not limited to, issues related to the  
10 transition and transfer of management of the Class V School Employees  
11 Retirement System to the retirement board and the board's duties to  
12 administer such retirement system pursuant to section 84-1503 in a manner  
13 which will maintain the transferred retirement system plan's status as a  
14 qualified plan and address any concerns in meeting the retirement board's  
15 fiduciary duties and responsibilities pursuant to section 84-1503.02.

16 (b) The retirement board may retain the services of consultants, if  
17 necessary, to carry out its responsibilities under this subsection.

18 (c) The retirement board shall timely respond to any written  
19 communications from the Nebraska Retirement Systems Committee of the  
20 Legislature regarding its ongoing examinations under this subsection and  
21 advise the committee if additional areas of examination related to the  
22 transfer of management as required under this section should be  
23 addressed.

24 (d) The retirement board may bill an employer of any Class V school  
25 employees retirement system established under the Class V School  
26 Employees Retirement Act on a monthly basis as provided in section  
27 79-9,123 for all services and related expenses incurred in carrying out  
28 its responsibilities under this section.

29 Sec. 44. Section 84-712.05, Revised Statutes Cumulative Supplement,  
30 2020, is amended to read:

31 84-712.05 The following records, unless publicly disclosed in an

1 open court, open administrative proceeding, or open meeting or disclosed  
2 by a public entity pursuant to its duties, may be withheld from the  
3 public by the lawful custodian of the records:

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

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

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

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

24 (5) Records developed or received by law enforcement agencies and  
25 other public bodies charged with duties of investigation or examination  
26 of persons, institutions, or businesses, when the records constitute a  
27 part of the examination, investigation, intelligence information, citizen  
28 complaints or inquiries, informant identification, or strategic or  
29 tactical information used in law enforcement training, except that this  
30 subdivision shall not apply to records so developed or received:

31 (a) Relating to the presence of and amount or concentration of

1 alcohol or drugs in any body fluid of any person; or

2 (b) Relating to the cause of or circumstances surrounding the death  
3 of an employee arising from or related to his or her employment if, after  
4 an investigation is concluded, a family member of the deceased employee  
5 makes a request for access to or copies of such records. This subdivision  
6 does not require access to or copies of informant identification, the  
7 names or identifying information of citizens making complaints or  
8 inquiries, other information which would compromise an ongoing criminal  
9 investigation, or information which may be withheld from the public under  
10 another provision of law. For purposes of this subdivision, family member  
11 means a spouse, child, parent, sibling, grandchild, or grandparent by  
12 blood, marriage, or adoption;

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

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

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

29 (9) Information that relates details of physical and cyber assets of  
30 critical energy infrastructure or critical electric infrastructure,  
31 including (a) specific engineering, vulnerability, or detailed design

1 information about proposed or existing critical energy infrastructure or  
2 critical electric infrastructure that (i) relates details about the  
3 production, generation, transportation, transmission, or distribution of  
4 energy, (ii) could be useful to a person in planning an attack on such  
5 critical infrastructure, and (iii) does not simply give the general  
6 location of the critical infrastructure and (b) the identity of personnel  
7 whose primary job function makes such personnel responsible for (i)  
8 providing or granting individuals access to physical or cyber assets or  
9 (ii) operating and maintaining physical or cyber assets, if a reasonable  
10 person, knowledgeable of the electric utility or energy industry, would  
11 conclude that the public disclosure of such identity could create a  
12 substantial likelihood of risk to such physical or cyber assets.  
13 Subdivision (9)(b) of this section shall not apply to the identity of a  
14 chief executive officer, general manager, vice president, or board member  
15 of a public entity that manages critical energy infrastructure or  
16 critical electric infrastructure. The lawful custodian of the records  
17 must provide a detailed job description for any personnel whose identity  
18 is withheld pursuant to subdivision (9)(b) of this section. For purposes  
19 of subdivision (9) of this section, critical energy infrastructure and  
20 critical electric infrastructure mean existing and proposed systems and  
21 assets, including a system or asset of the bulk-power system, whether  
22 physical or virtual, the incapacity or destruction of which would  
23 negatively affect security, economic security, public health or safety,  
24 or any combination of such matters;

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

1 relationships, amounts of prizes paid, the name of the prize winner, and  
2 the city, village, or county where the prize winner resides;

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

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

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

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

30 (15) Records or portions of records kept by public bodies which  
31 maintain collections of archaeological, historical, or paleontological

1 significance which reveal the names and addresses of donors of such  
2 articles of archaeological, historical, or paleontological significance  
3 unless the donor approves disclosure, except as the records or portions  
4 thereof may be needed to carry out the purposes of the Unmarked Human  
5 Burial Sites and Skeletal Remains Protection Act or the federal Native  
6 American Graves Protection and Repatriation Act;

7 (16) Library, archive, and museum materials acquired from  
8 nongovernmental entities and preserved solely for reference, research, or  
9 exhibition purposes, for the duration specified in subdivision (16)(b) of  
10 this section, if:

11 (a) Such materials are received by the public custodian as a gift,  
12 purchase, bequest, or transfer; and

13 (b) The donor, seller, testator, or transferor conditions such gift,  
14 purchase, bequest, or transfer on the materials being kept confidential  
15 for a specified period of time;

16 (17) Job application materials submitted by applicants, other than  
17 finalists or a priority candidate for a position described in section  
18 85-106.06 selected using the enhanced public scrutiny process in section  
19 85-106.06, who have applied for employment by any public body as defined  
20 in section 84-1409. For purposes of this subdivision, (a) job application  
21 materials means employment applications, resumes, reference letters, and  
22 school transcripts and (b) finalist means any applicant who is not an  
23 applicant for a position described in section 85-106.06 and (i) who  
24 reaches the final pool of applicants, numbering four or more, from which  
25 the successful applicant is to be selected, (ii) who is an original  
26 applicant when the final pool of applicants numbers less than four, or  
27 (iii) who is an original applicant and there are four or fewer original  
28 applicants;

29 (18)(a) Records obtained by the Public Employees Retirement Board  
30 pursuant to section 84-1512 and (b) records maintained by the board of  
31 education of a Class V school district and obtained by the board of

1 trustees or the Public Employees Retirement Board for the administration  
2 of a retirement system provided for under the Class V School Employees  
3 Retirement Act pursuant to section 79-989;

4 (19) Social security numbers; credit card, charge card, or debit  
5 card numbers and expiration dates; and financial account numbers supplied  
6 to state and local governments by citizens;

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

9 (21) Draft records obtained by the Nebraska Retirement Systems  
10 Committee of the Legislature and the Governor from Nebraska Public  
11 Employees Retirement Systems pursuant to subsection (4) of section  
12 84-1503;

13 (22) All prescription drug information submitted pursuant to section  
14 71-2454, all data contained in the prescription drug monitoring system,  
15 and any report obtained from data contained in the prescription drug  
16 monitoring system; and

17 (23) Information obtained by any government entity, whether federal,  
18 state, county, or local, regarding firearm registration, possession,  
19 sale, or use that is obtained for purposes of an application permitted or  
20 required by law or contained in a permit or license issued by such  
21 entity. Such information shall be available upon request to any federal,  
22 state, county, or local law enforcement agency.

23 Sec. 45. Section 84-1501, Revised Statutes Cumulative Supplement,  
24 2020, is amended to read:

25 84-1501 (1) The Public Employees Retirement Board is hereby  
26 established.

27 (2)(a) The board shall consist of eight appointed members until  
28 September 1, 2024, and nine appointed members beginning September 1,  
29 2024, as described in this subsection, and the state investment officer  
30 as a nonvoting, ex officio member. Six of the appointed members until  
31 September 1, 2024, and seven of the appointed members beginning September

1 1, 2024, shall be active or retired participants in the retirement  
2 systems administered by the board, and two of the appointed members (i)  
3 shall not be employees of the State of Nebraska or any of its political  
4 subdivisions and (ii) shall have at least ten years of experience in the  
5 management of a public or private organization or have at least five  
6 years of experience in the field of actuarial analysis or the  
7 administration of an employee benefit plan.

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

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

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

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

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

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

22 (vi) Beginning September 1, 2024, one of the appointed members shall  
23 be a participant who is a teacher in a retirement system established  
24 under the Class V School Employees Retirement Act.

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

28 (3)(a) Except as otherwise provided in this subsection, all members  
29 shall serve for terms of five years or until a successor has been  
30 appointed and qualified. The terms shall begin on January 1 of the  
31 appropriate year.



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

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

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

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

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

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

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

23 (vii) The participant in a retirement system established under the  
24 Class V School Employees Retirement Act shall be appointed to serve for a  
25 fifty-two month term which begins September 1, 2024, and his or her  
26 successor shall be appointed to serve for a five-year term which begins  
27 in 2029.

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

31 (5) The appointed members of the board may be removed by the

1 Governor for cause after notice and an opportunity to be heard.

2 Sec. 46. Section 84-1503, Revised Statutes Cumulative Supplement,  
3 2020, is amended to read:

4 84-1503 (1) It shall be the duty of the Public Employees Retirement  
5 Board:

6 (a) To administer the retirement systems provided for in the County  
7 Employees Retirement Act, the Judges Retirement Act, the Nebraska State  
8 Patrol Retirement Act, the School Employees Retirement Act, ~~and~~ the State  
9 Employees Retirement Act, and, beginning September 1, 2024, the Class V  
10 School Employees Retirement Act. The agency for the administration of the  
11 retirement systems and under the direction of the board shall be known  
12 and may be cited as the Nebraska Public Employees Retirement Systems;

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

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

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

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

31 (f) To hire an internal auditor to perform the duties described in

1 section 84-1503.04 who meets the minimum standards as described in  
2 section 84-304.03;

3 (g) To adopt and implement procedures for reporting information by  
4 employers, as well as testing and monitoring procedures in order to  
5 verify the accuracy of such information. The information necessary to  
6 determine membership shall be provided by the employer. The board may  
7 adopt and promulgate rules and regulations and prescribe such forms  
8 necessary to carry out this subdivision. Nothing in this subdivision  
9 shall be construed to require the board to conduct onsite audits of  
10 political subdivisions for compliance with statutes, rules, and  
11 regulations governing the retirement systems listed in subdivision (1)(a)  
12 of this section regarding membership and contributions; and

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

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

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

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

25 (c) To adopt and promulgate rules and regulations, as the board may  
26 deem necessary, for the management of the board;

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

29 (e) To obtain, by a competitive, formal, and sealed bidding process  
30 through the materiel division of the Department of Administrative  
31 Services, actuarial services on behalf of the State of Nebraska as may be

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

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

31 (g) To adopt and promulgate rules and regulations, as the board may

1 deem necessary, to carry out the provisions of each retirement system  
2 described in subdivision (1)(a) of this section, which includes, but is  
3 not limited to, the crediting of military service, direct rollover  
4 distributions, and the acceptance of rollovers;

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

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

29 (j)(i) To amend the deferred compensation plan to require that in  
30 the event of a member's death, except as provided in section 42-1107, the  
31 death benefit shall be paid to the following, in order of priority:

1 (A) To the member's surviving designated beneficiary on file with  
2 the board;

3 (B) To the spouse married to the member on the member's date of  
4 death if there is no surviving designated beneficiary on file with the  
5 board; or

6 (C) To the member's estate if the member is not married on the  
7 member's date of death and there is no surviving designated beneficiary  
8 on file with the board; and

9 (ii) The priority designations described in subdivision (2)(j)(i) of  
10 this section shall not apply if the member has retired under a joint and  
11 survivor benefit option;

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

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

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

12 (3) By March 31 of each year prior to 2020, and by April 10 of each  
13 year beginning in 2020, the board shall prepare a written plan of action  
14 and shall present such plan to the Nebraska Retirement Systems Committee  
15 of the Legislature at a public hearing. The plan shall include, but not  
16 be limited to, the board's funding policy, the administrative costs and  
17 other fees associated with each fund and plan overseen by the board,  
18 member education and informational programs, the director's duties and  
19 limitations, an organizational structure of the office of the Nebraska  
20 Public Employees Retirement Systems, and the internal control structure  
21 of such office to ensure compliance with state and federal laws.

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

1 not adopt one or more of the recommendations.

2 (b) The director shall provide an electronic copy of the first draft  
3 and a final draft of the experience study and annual valuation reports to  
4 the Nebraska Retirement Systems Committee and the Governor when the  
5 director receives the drafts from the actuary. The drafts shall be deemed  
6 confidential information. The draft copies obtained by the Nebraska  
7 Retirement Systems Committee and the Governor pursuant to this section  
8 shall not be considered public records subject to sections 84-712 to  
9 84-712.09.

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

15 (5) It shall be the duty of the board to direct the State Treasurer  
16 to transfer funds, as an expense of the retirement system provided for  
17 under the Class V School Employees Retirement Act, to and from the Class  
18 V Retirement System Payment Processing Fund and the Class V School  
19 Employees Retirement Fund for the benefit of a retirement system provided  
20 for under the Class V School Employees Retirement Act to implement the  
21 provisions of section 79-986. The agency for the administration of this  
22 provision and under the direction of the board shall be known and may be  
23 cited as the Nebraska Public Employees Retirement Systems.

24 (6) Pursuant to section 79-9,121, it shall be the duty of the board  
25 to carry out the work plan, file the report, and contract with, bill, and  
26 receive payment from an the employer of any Class V school employees  
27 retirement system established under the Class V School Employees  
28 Retirement Act ~~and which existed on January 1, 2019,~~ for all services  
29 performed in the conduct, completion, and report of such work plan  
30 regarding the transfer of management of any such Class V school employees  
31 retirement system.



1           (7) It shall be the duty of the board to complete the additional  
2 identification and examination of issues pursuant to section 43 of this  
3 act, to enter and carry out the plan for the transfer and transition of  
4 the management and administration of any Class V school employees  
5 retirement system established under the Class V School Employees  
6 Retirement Act pursuant to section 16 of this act, and to bill and  
7 receive payment from an employer of any such retirement system for the  
8 costs and expenses of the board in carrying out the plan and the transfer  
9 of the management and administration of the Class V school employees  
10 retirement system to the board.

11           Sec. 47. This act is a complete act and its provisions inseverable.  
12 If any provision is declared unconstitutional, the entire act is invalid.

13           Sec. 48. Original sections 72-1237, 72-1249.02, and 79-972.01,  
14 Reissue Revised Statutes of Nebraska, and sections 79-902, 79-916,  
15 79-966, 79-978, 79-978.01, 79-979, 79-980, 79-981, 79-982, 79-982.01,  
16 79-982.02, 79-983, 79-984, 79-985, 79-986, 79-987, 79-989, 79-990,  
17 79-991, 79-992, 79-992.01, 79-992.02, 79-998, 79-9,102, 79-9,103,  
18 79-9,105, 79-9,107, 79-9,108, 79-9,113, 79-9,115, 79-9,117, 79-9,122,  
19 79-9,123, 84-712.05, 84-1501, and 84-1503, Revised Statutes Cumulative  
20 Supplement, 2020, are repealed.

21           Sec. 49. Since an emergency exists, this act takes effect when  
22 passed and approved according to law.