

Transcript Prepared by Clerk of the Legislature Transcribers Office

Nebraska Retirement Systems Committee January 23, 2026

Rough Draft

BALLARD: --Retirement Systems Committee. My name is Senator Beau Ballard. I represent the 21st District in northwest Lincoln and northern Lancaster County, and I serve as Chair, Chair of the committee. We will start off having members of the Committee introduce themselves and committee staff do self-introduction, starting on my far left with Senator Sorrentino.

SORRENTINO: Tony Sorrentino, Legislative District 39: Elkhorn and Waterloo.

TREVOR FITZGERALD: Trevor Fitzgerald, committee legal counsel.

CLEMENTS: Rob Clements from Elmwood, District 2: Cass County and eastern Lancaster.

BALLARD: Also assisting the committee is committee clerk, Connie Thomas, and our committee page, Lexi Bodlak, from Pender, Nebraska, who is a senior at UNL majoring in agricultural communications. This afternoon we'll be hearing one confirmation hearing and hearings for LB820 and LB821. We'll be taking them in the order listed outside the room. On the table near the entrance, you will find green testifier sheets-- sheets. If you're planning to testify today, please fill out one of those and hand it to the page when you come up. This will help us keep an accurate record of the hearing. Please note that if you wish to have your position listed on the committee statement for a particular bill, you must testify in the position during the bill's hearing. If you do not wish to testify but would like the record of your position on the bill, please fill out the yellow sheet near the entrance. Also note the Legislature's policy for all letters of the record must be received via an online comment portal by the committee by 10:00 a.m. the day of the hearing. Any handouts submitted by testifiers will also be included as part of the records as exhibits. We'd ask you if you have any handouts that you bring 12 copies and give them to the page. Testimony for each bill will begin with the introducer's opening statement. After the opening statement we hear from supporters of the bills-- the bill, those in opposition, followed by those speaking in a neutral capacity. The introducer of the bill will be then given the opportunity to make closing statements if they wish to do so. We ask that you begin with your testimony, giving us your first and last name and please spell it for the record. Because this committee meets over the noon hour and members have other

hearings beginning at 1:30, we'll be using the 3-minute light system today. When you begin your testimony, the, the light on the table will turn green. Yellow light will mark your one-minute warning. And when the red light comes on, on, we'll ask you to finish your final thoughts. We'll start today with the confirmation hearing with Keith Ols-- Olson. Welcome up.

KEITH OLSON: Yeah, good afternoon, everyone. My name is Keith Olson, spelled K-e-i-t-h, Olson, O-l-s-o-n. I am currently working at Creighton University's business school. I'm a professor there teaching investment courses and financial [INAUDIBLE] courses, both at the undergrad and the graduate level. Anything else?

BALLARD: We'll see if-- are there--

KEITH OLSON: Well, I've served one term, and this is the confirmation for the second term.

BALLARD: OK, thank you. Thank you, Mr. Olson. Are there any questions? Any questions? Yes, Senator Sorrentino.

SORRENTINO: Thank you, Chair Ballard. I have not-- do not have a question, but I am also a member of the Creighton University faculty on an adjunct basis. But I used to teach in the undergrad in the business school a million years ago. Welcome.

KEITH OLSON: What do you teach?

SORRENTINO: What do I teach now? It's a riveting course, federal compliance for group health plans.

KEITH OLSON: Oh.

SORRENTINO: I have six students, and that's probably four that didn't even want to be there. It's, it's tremendously interesting.

KEITH OLSON: Is that during the day, or is that a night course?

SORRENTINO: It is-- or in the fall only, because I'm here during the spring. And it's one day for three long hours.

KEITH OLSON: Yeah.

SORRENTINO: Yeah, so I'm sure your students enjoy your class more than mine.

KEITH OLSON: That's fun. I'm sure you enjoy it.

SORRENTINO: Pardon me?

KEITH OLSON: I'm sure you enjoy it.

SORRENTINO: Oh, I do. It's fun to be around young people.

BALLARD: Thank you, Senator Sorrentino. I-- if there's no-- I have one question. Can you tell me a little about the, the-- your time in Hong Kong as environmental-- during the environmental investment services? Just curious about that, that experience.

KEITH OLSON: Yes, I, I was at a boutique investment management company managing all of Asia. And during 2008 for a great financial crisis. Investment management companies were poorly organized from a budget standpoint because clients could withdraw monthly and their assets under management. A cost that Bloomberg machines, rent, all the other costs were two-year contracts. So during the great financ-- and then we, we had a gate. Most money managers have a gate, so only 10% of the assets can come out. But we opened, because we had European assets, funded funds, and Madoff was around. They had Madoff-- they had money with Madoff, and the whole thing blew up. So a colleague and I spun out of that boutique shop, investment management company, and started our investment-- our investment management company, which is Environmental Investment Management Services. Our first meeting was interesting, because our first meeting we didn't talk anything about investing. Our first meeting to set up our investment company was about integrity. So we, we said we want to have the top-tier, highest integrity investment management company ever created, and then we built from there. Oh, so Environmental Investment Services, China was toxic, India was toxic. Australia had businesses to address the toxic environmental situations, not in China and India, but a lot of other countries. So did Japan, had a lot of businesses to handle that-- not handle that, take care of the toxic pollution, air, water, soil in China, in India and other places. So that's why we started it. We were a bit earlier.

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BALLARD: Interesting. Any additional questions? Seeing none, thank you for being here.

KEITH OLSON: All right.

BALLARD: I appreciate it. Thank you.

KEITH OLSON: [INAUDIBLE]. Thanks guys.

BALLARD: All right, are there anyone in support of this confirmation? Anyone opposed to the confirmation? Anyone in the neutral capacity? Seeing none, we had no letters for the record on the confirmation. That will end our hearing on the confirmation of Mr. Olson, and we'll begin our hearing on LB820, the committee bill as the legal counsel.

TREVOR FITZGERALD: Good afternoon, Chairman Ballard and members of the Nebraska Retirement Systems Committee. For the record, my name is Trevor Fitzgerald, that's T-r-e-v-o-r F-i-t-z-g-e-r-a-l-d, and I'm introducing LB820 on behalf of the committee. LB820 is a cleanup bill introduced in coordination with the Nebraska Public Employees Retirement Systems, or NPERS. The bill amends various sections of statute governing state, county, and school retirement plans administered by NPERS, as well as statutes governing the Public Employees Retirement Board, or PERB, and the Nebraska Investment Council, or NIC. There are generally five key changes contained in the bill. First, LB820 would consolidate statutory language regarding approved identification documents for state retirement plan purposes. Under current law, only those individuals who are United States citizens or who are lawfully present are eligible to participate in state retirement systems. Currently, the list of eligible documents for state retirement plan purposes, it's respect-- repetitively listed out in each of the statutes governing the various retirement plans. LB820 would consolidate this list in a single statute and then cross-reference the list in the statutes governing the various retirement plans. Consolidating the language prevents a situation where the list might be updated for one or more retirement plans but inadvertently not updated for other plans. And this was actually a recommendation from the Revisor of Statutes over the interim. Second, the bill changes the title of the NPERS director to the NPERS executive Director. This change was made at the request of NPERS, and generally their researchers found that agency heads for sister agencies in other states generally hold the title of executive

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director. Third, the bill clarifies language regarding state contributions to the school retirement fund and the Omaha School Employees Retirement System, or OSERS, plan. As committee members may recall last session, the committee addressed an issue with the judges' plan that had been identified by the Auditor of Public Accounts as part of a regular audit of NPERS. The statutory language governing state contributions to the judges' plan that was addressed last year, it provided for the contribution to occur by way of an administrative transfer by the State Treasurer, which led to a duplicate appropriations request when the amount of the state contribution was also included in the NPERS biennial budget request. So LB820 simply seeks to address similar transfer language that occurs in the school plan and the OSERS plan, making it clear that those state contributions are referred to as contributions and not as administrative transfers. Fourth, the bill includes language in Section 43 that would provide for the tax treatment of contributions under the deferred compensation plan in designated Roth IRA accounts under the Internal Revenue Code. Recent changes at the federal level provide that certain highly compensated employees cannot make certain types of contributions to deferred compensation plans unless those contributions are made as Roth contributions, meaning that unlike traditional retirement contributions, they are taxable at the time the contribution is made. While the state does not have the technical capabilities necessarily to allow for Roth contributions as part of the deferred compensation plan currently, Section 43 of the bill would provide for the tax treatment of those contributions should the ability to make Roth contributions become available in the near future. And someone from NPERS can discuss that if there are any questions. Finally, the bill eliminates a number of obsolete provisions related to the transfer of management for the, for the OSERS plan. As committee members may recall, management of the OSERS plan was transferred to the PERB board effective September 1st, 2024. So much of the language regarding the interim governance of the plan during that time is now obsolete and would be repealed in a number of sections of the bill. There is a representative of NPERS here to testify behind me, but I would be happy to answer any questions the committee may have at this time.

BALLARD: Thank you, Mr. Fitzgerald. Are there any questions? Senator Sorrentino.

SORRENTINO: Thank you, Chairman Ballard. And I could ask this of someone else, but do you know is there a plan to allow Roth contributions to the best of your knowledge? I'm not aware of one.

TREVOR FITZGERALD: I will defer that question to, to NPERS.

SORRENTINO: OK.

BALLARD: Any additional questions? Seeing none, thank you. All right, anyone in support, proponents of LB820? Good afternoon.

TAG HERBEK: Chairman-- Chairperson Ballard, members of the Retirement Systems Committee, I am Tag Herbek, T-a-g H-e-r-b-e-k, I am agency legal counsel for the Public Employees Retirement Board and the Nebraska Public Employees Retirement Systems, here to speak on LB820. There are two parts of LB820 that I will briefly comment on today. Section 43, starting on page 93 of the bill, pertains to the voluntary state employees' deferred compensation program administered by NPERS as allowed under 26 United States Code 457(b) and applicable treasury regulations. Currently the state employees' deferred compensation program allows members to contribute wages or salary to the program on a traditional pre-tax basis so those members can subsequently withdraw funds from their program account and potentially pay a lower income tax rate on such withdrawals in retirement. While not currently part of deferred compensation program, at some point in the future we do anticipate being able to offer a Roth retirement account option where members can contribute wages or salary on an after-tax basis so that no federal or state income taxes will be due on the subsequent withdrawal of those contributions. To be able to offer a Roth account option in the deferred compensation program, language does need to be added into the plan statutes to provide for Roth accounts. In this regard, I believe the language provided in LB820 will allow Roth accounts to be offered with the appropriate-- when the appropriate infrastructure becomes available. Also in LB820, there are numerous sections which change the NPERS position title of director to executive director. We believe this change aligns the position with industry standards regarding the executive director position and will differentiate the executive, executive director position from, from assistant director positions or similar positions that may exist in the future. Thank you for your consideration.

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BALLARD: Thank you, Mr. Herbek. Are there any questions? Senator Sorrentino.

SORRENTINO: Thank you, Chairman. I know we're asking you to look into the future, but these-- if we have Roth contributions into the future, would that be available to all state employees or a certain class, for instance, highly compensated employees?

TAG HERBEK: I mean, we would make it available to anybody in the-- who chooses to participate in the deferred compensation program.

SORRENTINO: As a-- you would have-- as a precursor, you'd have to participate in the, in the deferred compensation program?

TAG HERBEK: Yes.

SORRENTINO: And that's not necessarily just for highly compensated employees, is it?

TAG HERBEK: Correct.

SORRENTINO: OK, thank you.

BALLARD: Thank you, Senator Sorrentino. Additional questions? Seeing none, thank you for your time. Any additional proponents for LB820? Anyone in opposition to LB820? Anyone in the neutral capacity? Seeing none, that will end our hearing on LB820. We did have one letter for the record in opposition. That will close our hearing LB820 and open up our hearing on LB821. Good afternoon.

TREVOR FITZGERALD: Good afternoon, Chairman Ballard and members of the Nebraska Retirement Systems Committee. Again, for the record, my name is Trevor Fitzgerald, that's T-r-e-v-o-r F-i-t-z-g-e-r-a-l-d, and I'm introducing LB821 on behalf of the committee. LB821 would update and modernize language governing annual reports by the Nebraska Public Employees Retirement Systems, or NPERS, and the Nebraska Investment Council, or NIC, to the Nebraska Retirement Systems Committee. Under current statute, both NPERS and NIC are required to prepare, quote, written plans of action and present them to the committee at a public hearing. These requirements date back to legislation passed in 1995 when a number of structural changes were made to both agencies. Historically, these written plans of action have, have colloquially been referred to as annual reports by the committee. LB821 would

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change the terminology and statute from "written plans of action" to "annual reports." In addition, the bill would consolidate what are currently two separate reporting requirements in statute for the NIC into a single annual report requirement, giving the NIC a slightly longer timeframe for presenting their report to the committee. Currently they're required to present a report to the committee on or before March 31st. This would give them until April 10th, which is a slightly longer window, yet still while the Legislature is in session and during a short session. Finally, on page 3 of the bill, LB821 would repeal antiquated language requiring that the PERB board verify information regarding the investment of the assets of the retirement systems. Because it's the NIC that actually manages the investment to plan assets, current language is effectively asking the PERB board to verify information that they don't actually have. Representatives from both NPERS and NIC are behind me if there are any other questions, but I'd be happy to answer any questions as well at this time.

BALLARD: Thank you, Mr. Fitzgerald. Are there any questions? Seeing none, thank you. Any proponents for LB821? Anyone in opposition to LB821? Anyone in the neutral capacity to LB821? Seeing none, that will end our hear-- there was no letters for the record on LB821, and that will end our hearing for LB821. Thank you all.