

## LEGISLATIVE BILL 411

Approved by the Governor March 9, 1979

Introduced by Nebraska Retirement Systems Committee,  
Hasebroock, 18, Chmn.; Cullan, 49; Lewis, 45;  
Fowler, 27; Goodrich, 20

AN ACT relating to the deferred compensation plan for state employees; to provide an alternative method for disbursing of payments or benefits as prescribed; to amend section 84-1506, Reissue Revised Statutes of Nebraska, 1943; and to repeal the original section.

Be it enacted by the people of the State of Nebraska,

Section 1. The disbursement of payments or benefits under sections 84-1504 to 84-1506 may be made in either of two methods as provided in section 84-1506 or in sections 3 and 4 of this act.

Sec. 2. That section 84-1506, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

84-1506. The Under the first method of disbursement mentioned in section 1 of this act, the Public Employees Retirement Board shall receive payments or benefits of any insurance policies or annuity contracts purchased under the provisions of sections 84-1504 to 84-1506. The payments and benefits shall be deposited in the Deferred Compensation Fund which is hereby created. The State Treasurer shall make payments to the employees from the Deferred Compensation Fund.

Sec. 3. Under the second method of disbursement mentioned in section 1 of this act, the Public Employees Retirement Board may enter into an administrative services agreement with the life insurance or annuity contract carrier. No such agreement shall be entered into unless the board determines that it will result in administrative economy and will be in the best interests of the state and its participating employees.

Sec. 4. The agreement authorized by section 3 of this act shall provide:

(1) That the carrier shall make all disbursements under the contract or contracts issued by it, such disbursements to be made in such manner and amounts as directed by the state whether on account of retirement, termination of services, total disability, or death;

(2) That the carrier, based on information supplied by the state, shall compute and deduct from disbursements all state and federal income taxes, forwarding the proceeds of such deductions to the state for consolidation with other deposits and reports being made to the applicable taxing authority;

(3) That the carrier shall include with each disbursement a statement showing the gross payment, any taxes withheld, and the net amount paid and an annual statement of account;

(4) That the carrier shall furnish to the board a monthly statement of all disbursements and withholdings as stipulated in the agreement;

(5) Hold-harmless clauses protecting each party thereto from the negligent acts of the other or for any loss or claim against one party resulting from release of incorrect or misleading information furnished by the other party;

(6) For the right of the state, either directly or through independent auditors, to examine and audit the carrier's records and accounts relating to disbursements made under the agreement;

(7) Protection to the state against assignment of the agreement or the subletting of work done or services furnished under the agreement;

(8) For termination of the agreement; and

(9) Such other terms as may be agreed upon and which the board determines to be in the best interest of the state and its participating employees.

Sec. 5. That original section 84-1506, Reissue Revised Statutes of Nebraska, 1943, is repealed.