

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 31

Introduced by Kolterman, 24.

Read first time January 05, 2017

Committee: Nebraska Retirement Systems

1 A BILL FOR AN ACT relating to school retirement plans; to amend sections
2 79-933.08 and 79-958, Reissue Revised Statutes of Nebraska, and
3 sections 79-902 and 79-978, Revised Statutes Cumulative Supplement,
4 2016; to redefine terms; to change provisions relating to the
5 purchase of service credit within twelve months of retirement; to
6 harmonize provisions; to repeal the original sections; and to
7 declare an emergency.
8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-902, Revised Statutes Cumulative Supplement,
2 2016, is amended to read:

3 79-902 For purposes of the School Employees Retirement Act, unless
4 the context otherwise requires:

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

9 (2) Actuarial equivalent means the equality in value of the
10 aggregate amounts expected to be received under different forms of
11 payment. The determinations shall be based on the 1994 Group Annuity
12 Mortality Table reflecting sex-distinct factors blended using twenty-five
13 percent of the male table and seventy-five percent of the female table.
14 An interest rate of eight percent per annum shall be reflected in making
15 these determinations except when a lump-sum settlement is made to an
16 estate. If the lump-sum settlement is made to an estate, the interest
17 rate will be determined by the Moody's Triple A Bond Index as of the
18 prior June 30, rounded to the next lower quarter percent;

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

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

29 (b) Compensation does not include (i) fraudulently obtained amounts
30 as determined by the retirement board, (ii) amounts for unused sick leave
31 or unused vacation leave converted to cash payments, (iii) insurance

1 premiums converted into cash payments, (iv) reimbursement for expenses
2 incurred, (v) fringe benefits, (vi) per diems paid as expenses, (vii)
3 bonuses for services not actually rendered, including, but not limited
4 to, early retirement inducements, cash awards, and severance pay, or
5 (viii) beginning on September 4, 2005, employer contributions made for
6 the purposes of separation payments made at retirement and early
7 retirement inducements as provided for in section 79-514.

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

15 (5) County school official means (a) until July 1, 2000, the county
16 superintendent or district superintendent and any person serving in his
17 or her office who is required by law to have a teacher's certificate and
18 (b) on or after July 1, 2000, the county superintendent, county school
19 administrator, or district superintendent and any person serving in his
20 or her office who is required by law to have a teacher's certificate;

21 (6)(a) Creditable service means prior service for which credit is
22 granted under sections 79-926 to 79-929, service credit purchased under
23 sections 79-933.03 to 79-933.06 and 79-933.08, and all service rendered
24 while a contributing member of the retirement system; ~~—Creditable~~
25 ~~service includes~~

26 (b) For employees hired prior to July 1, 2017, creditable service
27 includes working days, sick days, vacation days, holidays, and any other
28 leave days for which the employee is paid regular wages as part of the
29 employee's agreement with the employer. Creditable service does not
30 include lump-sum payments to the employee upon termination or retirement
31 in lieu of accrued benefits for such days, eligibility and vesting

1 credit, ~~not~~ service years for which member contributions are withdrawn
2 and not repaid by the member, ~~. Creditable service also does not include~~
3 ~~service rendered by a member~~ for which the retirement board determines
4 that the member was paid less in compensation than the minimum wage as
5 provided in the Wage and Hour Act, or service which the board determines
6 was rendered with the intent to defraud the retirement system; and

7 (c) For employees hired on or after July 1, 2017, creditable service
8 includes working days, used accrued sick days, used accrued vacation
9 days, federal and state holidays, and jury duty leave for which the
10 member is paid full compensation by the employer. Creditable service does
11 not include lump-sum payments to the employee upon termination or
12 retirement in lieu of accrued benefits for such days, eligibility and
13 vesting credit, service years for which member contributions are
14 withdrawn and not repaid by the member, service rendered for which the
15 retirement board determines that the member was paid less in compensation
16 than the minimum wage as provided in the Wage and Hour Act, service which
17 the board determines was rendered with the intent to defraud the
18 retirement system, or any other type of leave not expressly included in
19 this subdivision;

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

22 (8) Disability means an inability to engage in a substantially
23 gainful activity by reason of any medically determinable physical or
24 mental impairment which can be expected to result in death or be of a
25 long and indefinite duration;

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

28 (10) Disability retirement date means the first day of the month
29 following the date upon which a member's request for disability
30 retirement is received on a retirement application provided by the
31 retirement system if the member has terminated employment in the school

1 system and has complied with sections 79-951 to 79-954 as such sections
2 refer to disability retirement;

3 (11) 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 (12) 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 (13) 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 (14)(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 (15) Fiscal year means any year beginning July 1 and ending June 30
14 next following;

15 (16) Initial benefit means the retirement benefit calculated at the
16 time of retirement;

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

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

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

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

25 (21) Public school means any and all schools offering instruction in
26 elementary or high school grades, as defined in section 79-101, which
27 schools are supported by public funds and are wholly under the control
28 and management of the State of Nebraska or any subdivision thereof,
29 including (a) schools or other entities established, maintained, and
30 controlled by the school boards of local school districts, except Class V
31 school districts, (b) any educational service unit, and (c) any other

1 educational institution wholly supported by public funds, except schools
2 under the control and management of the Board of Trustees of the Nebraska
3 State Colleges, the Board of Regents of the University of Nebraska, or
4 the community college boards of governors for any community college
5 areas;

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

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

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

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

28 (26) Retirement means qualifying for and accepting a school or
29 disability retirement allowance granted under the School Employees
30 Retirement Act;

31 (27) Retirement application means the form approved and provided by

1 the retirement system for acceptance of a member's request for either
2 regular or disability retirement;

3 (28) Retirement board or board means the Public Employees Retirement
4 Board;

5 (29) Retirement date means (a) if the member has terminated
6 employment, the first day of the month following the date upon which a
7 member's request for retirement is received on a retirement application
8 provided by the retirement system or (b) if the member has filed a
9 retirement application but has not yet terminated employment, the first
10 day of the month following the date on which the member terminates
11 employment. An application may be filed no more than one hundred twenty
12 days prior to the effective date of the member's initial benefit;

13 (30) Retirement system means the School Employees Retirement System
14 of the State of Nebraska;

15 (31) Savings annuity means payments for life, made in equal monthly
16 payments, derived from the accumulated contributions of a member;

17 (32) School employee means a contributing member who earns service
18 credit pursuant to section 79-927. For purposes of this section,
19 contributing member means the following persons who receive compensation
20 from a public school: (a) Regular employees; (b) regular employees having
21 retired pursuant to the School Employees Retirement Act who subsequently
22 provide compensated service on a regular basis in any capacity; and (c)
23 regular employees hired by a public school on an ongoing basis to assume
24 the duties of other regular employees who are temporarily absent.
25 Substitute employees, temporary employees, and employees who have not
26 attained the age of eighteen years shall not be considered school
27 employees;

28 (33) School year means one fiscal year which includes not less than
29 one thousand instructional hours or, in the case of service in the State
30 of Nebraska prior to July 1, 1945, not less than seventy-five percent of
31 the then legal school year;

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

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

21 (36) Service annuity means payments for life, made in equal monthly
22 installments, derived from appropriations made by the State of Nebraska
23 to the retirement system;

24 (37) State deposit means the deposit by the state in the retirement
25 system on behalf of any member;

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

30 (39) Substitute employee means a person hired by a public school as
31 a temporary employee to assume the duties of regular employees due to a

1 temporary absence of any regular employees. Substitute employee does not
2 mean a person hired as a regular employee on an ongoing basis to assume
3 the duties of other regular employees who are temporarily absent;

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

15 (41) Temporary employee means an employee hired by a public school
16 who is not a regular employee and who is hired to provide service for a
17 limited period of time to accomplish a specific purpose or task. When
18 such specific purpose or task is complete, the employment of such
19 temporary employee shall terminate and in no case shall the temporary
20 employment period exceed one year in duration; and

21 (42) 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 the employer. A member shall
26 not be deemed to have terminated employment if the member subsequently
27 provides service to any employer participating in the retirement system
28 provided for in the School Employees Retirement Act within one hundred
29 eighty days after ceasing employment unless such service:

30 (a) Is bona fide unpaid voluntary service or substitute service,
31 provided on an intermittent basis; or

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

2 Nothing in this subdivision precludes an employer from adopting a
3 policy which limits or denies employees who have terminated employment
4 from providing voluntary or substitute service within one hundred eighty
5 days after termination.

6 A member shall not be deemed to have terminated employment if the
7 board determines that a claimed termination was not a bona fide
8 separation from service with the employer or that a member was
9 compensated for a full contractual period when the member terminated
10 prior to the end date of the contract.

11 Sec. 2. Section 79-933.08, Reissue Revised Statutes of Nebraska, is
12 amended to read:

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

29 (2) Payment for such service credits shall be completed prior to the
30 employee's termination of employment date and may be made through direct
31 payment, installment payments, or an irrevocable deduction authorization.

1 If payments are made on an installment basis, interest shall be charged
2 at the rate of regular interest.

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

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

12 Sec. 3. Section 79-958, Reissue Revised Statutes of Nebraska, is
13 amended to read:

14 79-958 (1) Beginning on September 1, 2012, for the purpose of
15 providing the funds to pay for formula annuities, every employee shall be
16 required to deposit in the School Retirement Fund nine and seventy-eight
17 hundredths percent of compensation. Such deposits shall be transmitted at
18 the same time and in the same manner as required employer contributions.

19 (2) For the purpose of providing the funds to pay for formula
20 annuities, every employer shall be required to deposit in the School
21 Retirement Fund one hundred one percent of the required contributions of
22 the school employees of each employer. Such deposits shall be transmitted
23 to the retirement board at the same time and in the same manner as such
24 required employee contributions.

25 (3) The employer shall pick up the member contributions required by
26 this section for all compensation paid on or after January 1, 1986, and
27 the contributions so picked up shall be treated as employer contributions
28 pursuant to section 414(h)(2) of the Internal Revenue Code in determining
29 federal tax treatment under the code and shall not be included as gross
30 income of the member until such time as they are distributed or made
31 available. The contributions, although designated as member

1 contributions, shall be paid by the employer in lieu of member
2 contributions. The employer shall pay these member contributions from the
3 same source of funds which is used in paying earnings to the member. The
4 employer shall pick up these contributions by a compensation deduction
5 through a reduction in the cash compensation of the member. Member
6 contributions picked up shall be treated for all purposes of the School
7 Employees Retirement Act in the same manner and to the same extent as
8 member contributions made prior to the date picked up.

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

14 Sec. 4. Section 79-978, Revised Statutes Cumulative Supplement,
15 2016, is amended to read:

16 79-978 For purposes of the Class V School Employees Retirement Act,
17 unless the context otherwise requires:

18 (1) Accumulated contributions means the sum of amounts contributed
19 by a member of the system together with regular interest credited
20 thereon;

21 (2) Actuarial equivalent means the equality in value of the
22 retirement allowance for early retirement or the retirement allowance for
23 an optional form of annuity, or both, with the normal form of the annuity
24 to be paid, as determined by the application of the appropriate actuarial
25 table, except that use of such actuarial tables shall not effect a
26 reduction in benefits accrued prior to September 1, 1985, as determined
27 by the actuarial tables in use prior to such date;

28 (3) Actuarial tables means:

29 (a) For determining the actuarial equivalent of any annuities other
30 than joint and survivorship annuities, a unisex mortality table using
31 twenty-five percent of the male mortality and seventy-five percent of the

1 female mortality from the 1994 Group Annuity Mortality Table with a One
2 Year Setback and using an interest rate of eight percent compounded
3 annually; and

4 (b) For joint and survivorship annuities, a unisex retiree mortality
5 table using sixty-five percent of the male mortality and thirty-five
6 percent of the female mortality from the 1994 Group Annuity Mortality
7 Table with a One Year Setback and using an interest rate of eight percent
8 compounded annually and a unisex joint annuitant mortality table using
9 thirty-five percent of the male mortality and sixty-five percent of the
10 female mortality from the 1994 Group Annuity Mortality Table with a One
11 Year Setback and using an interest rate of eight percent compounded
12 annually;

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

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

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

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

25 (8) Board of education means the board of education of the school
26 district;

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

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

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

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

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

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

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

29 (13) Employee means the following enumerated persons receiving
30 compensation from the school district: (a) Regular teachers and
31 administrators employed on a written contract basis; and (b) regular

1 employees, not included in subdivision (13)(a) of this section, hired
2 upon a full-time basis, which basis shall contemplate a workweek of not
3 less than thirty hours;

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

6 (15) Interest means, for the purchase of service credit, the
7 purchase of prior service credit, restored refunds, and delayed payments,
8 the investment return assumption used in the most recent actuarial
9 valuation;

10 (16) Member means any employee included in the membership of the
11 retirement system or any former employee who has made contributions to
12 the system and has not received a refund;

13 (17) Membership service means service on or after September 1, 1951,
14 as an employee of the school district and a member of the system for
15 which compensation is paid by the school district. Credit for more than
16 one year of membership service shall not be allowed for service rendered
17 in any fiscal year. Beginning September 1, 2005, a member shall be
18 credited with a year of membership service for each fiscal year in which
19 the member performs one thousand or more hours of compensated service as
20 an employee of the school district. For an employee who becomes a member
21 prior to July 1, 2017, an hour of compensated service shall include
22 any hour for which the member is compensated by the school district
23 during periods when ~~where~~ no service is performed due to vacation or
24 approved leave. For an employee who becomes a member on or after July 1,
25 2017, an hour of compensated service shall include any hour for which the
26 member is compensated by the school district during periods when no
27 service is performed due to used accrued sick days, used accrued vacation
28 days, federal and state holidays, and jury duty leave for which the
29 member is paid full compensation by the employer. If a member performs
30 less than one thousand hours of compensated service during a fiscal year,
31 one-tenth of a year of membership service shall be credited for each one

1 hundred hours of compensated service by the member in such fiscal year.
2 In determining a member's total membership service, all periods of
3 membership service, including fractional years of membership service in
4 one-tenth-year increments, shall be aggregated;

5 (18) Military service means service in the uniformed services as
6 defined in 38 U.S.C. 4301 et seq., as such provision existed on March 27,
7 1997;

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

11 (20) Primary beneficiary means the person or persons entitled to
12 receive or receiving a benefit by reason of the death of a member;

13 (21) Prior service means service rendered prior to September 1,
14 1951, for which credit is allowed under section 79-999, service rendered
15 by retired employees receiving benefits under preexisting systems, and
16 service for which credit is allowed under sections 79-990, 79-991,
17 79-994, 79-995, and 79-997;

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

29 (23) Retirement allowance means the total annual retirement benefit
30 payable to a member for service or disability;

31 (24) Retirement date means the date of retirement of a member for

1 service or disability as fixed by the board of trustees;

2 (25) Retirement system or system means the School Employees'
3 Retirement System of (corporate name of the school district as described
4 in section 79-405) as provided for by the act;

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

10 (27) State investment officer means the state investment officer
11 appointed pursuant to section 72-1240 and acting pursuant to the Nebraska
12 State Funds Investment Act; and

13 (28) Trustee means a trustee provided for in section 79-980.

14 Sec. 5. Original sections 79-933.08 and 79-958, Reissue Revised
15 Statutes of Nebraska, and sections 79-902 and 79-978, Revised Statutes
16 Cumulative Supplement, 2016, are repealed.

17 Sec. 6. Since an emergency exists, this act takes effect when
18 passed and approved according to law.