

E AND R AMENDMENTS TO LB 147

Introduced by McKinney, 11, Chairman Enrollment and Review

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

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; and -

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 and -

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

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

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

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

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

24 (iii) The trustees shall serve without compensation, but shall be
25 reimbursed from the funds of the retirement system for expenses that they
26 may incur through service as trustees as provided in sections 81-1174 to
27 81-1177;

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

31 (d) In addition to duties and responsibilities as otherwise

1 described in the Class V School Employees Retirement Act, the board of
2 trustees shall, as directed by the board of education, facilitate the
3 transition and transfer of management and general administration of the
4 retirement system effective September 1, 2024, to the retirement board;

5 (e) The board of trustees and the administrator of the retirement
6 system, shall administer the retirement system in compliance with the
7 tax-qualification requirements applicable to government retirement plans
8 under section 401(a) of the Internal Revenue Code, as defined in section
9 49-801.01, including, but not limited to: 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; and

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

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

1 officer.

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

7 Sec. 11. Section 79-981, Revised Statutes Cumulative Supplement,
8 2020, is amended to read:

9 79-981 (1) Until July 1, 2021:

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

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

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

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

31 (e) In addition to such duties and other duties arising out of the

1 Class V School Employees Retirement Act not specifically reserved or
2 assigned to others, the board of education shall maintain a separate
3 account of each member's retirement account information as indicated in
4 section 79-989, the record of which shall be available in a timely manner
5 to the member and the board of trustees upon request. The board of
6 trustees shall compile such data as may be necessary for the required
7 actuarial valuation, consider and pass on all applications for annuities
8 or other benefits and have examinations made when advisable of persons
9 receiving disability benefits, and direct and determine all policies
10 necessary in the administration of the act.

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

12 (a) The board of education shall:

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

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

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

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

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

30 (d) 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:

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

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

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

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

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

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

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

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

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

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

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

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

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

31 Sec. 12. Section 79-982, Revised Statutes Cumulative Supplement,

1 2020, is amended to read:

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

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

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

29 Sec. 13. Section 79-982.01, Revised Statutes Cumulative Supplement,
30 2020, is amended to read:

31 79-982.01 (1) The members of the board of trustees shall have the

1 responsibility for the administration of the retirement system pursuant
2 to section 79-982, until September 1, 2024.

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

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

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

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

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

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

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

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

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

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

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

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

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

14 Sec. 14. Section 79-982.02, Revised Statutes Cumulative Supplement,
15 2020, is amended to read:

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

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

1 described in the Class V School Employees Retirement Act.

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

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

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

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

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

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

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

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

1 (3) All costs, fees, and expenses incurred after March 31, 2016,
2 related to the transition of the investment authority on January 1, 2017,
3 from the board of trustees and the board of education to the council and
4 the state investment officer shall be paid from the assets of a
5 retirement system provided for under the Class V School Employees
6 Retirement Act and to the extent such costs, fees, and expenses are
7 incurred by the council or the state investment officer, they shall be
8 paid in accordance with sections 72-1249 and 72-1249.02.

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

13 Sec. 15. Section 79-983, Revised Statutes Cumulative Supplement,
14 2020, is amended to read:

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

1 administrator shall serve as a nonvoting, ex officio member of the
2 council and shall not be deemed a fiduciary of the council.

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

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

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

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

1 retirement system requested by the director of the Nebraska Public
2 Employees Retirement Systems.

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

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

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

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

1 or general administration of the retirement system except for reporting
2 requirements and funding obligations as described in the Class V School
3 Employees Retirement Act.

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

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

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

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

1 system be liable for any funding obligations of any Class V school
2 employees retirement system.

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

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

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

18 Sec. 18. Section 79-984, Revised Statutes Cumulative Supplement,
19 2020, is amended to read:

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

31 (2) Beginning July 1, 2021, and until September 1, 2024, the board

1 of education shall contract for the services of an actuary who shall be
2 the technical advisor of the board of education and the board of trustees
3 on matters regarding the operation of the retirement system. The actuary
4 shall:

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

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

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

12 (3) Beginning September 1, 2024, the retirement board shall select
13 and appoint the actuary for the retirement system pursuant to section
14 84-1503.

15 Sec. 19. Section 79-985, Revised Statutes Cumulative Supplement,
16 2020, is amended to read:

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

22 Sec. 20. Section 79-986, Revised Statutes Cumulative Supplement,
23 2020, is amended to read:

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

1 ~~of education or Class V Retirement System Board.~~

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

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

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

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

1 ~~certificate, indenture, or governing instrument for such security.~~

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

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

14 Sec. 21. Section 79-987, Revised Statutes Cumulative Supplement,
15 2020, is amended to read:

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

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

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

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

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

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

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

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

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

18 Sec. 22. Section 79-989, Revised Statutes Cumulative Supplement,
19 2020, is amended to read:

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

1 (2) Beginning September 1, 2024:

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

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

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

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

29 (3) ~~(2)~~ The information maintained by the board of education and
30 obtained from the board by the board of trustees or information obtained
31 and maintained by the retirement board for the administration of the

1 retirement system pursuant to this section shall not be considered public
2 records subject to sections 84-712 to 84-712.09, except that the
3 following information shall be considered public records: The member's
4 name, the date the member's participation in the retirement system
5 commenced, and the date the member's participation in the retirement
6 system ended, if applicable.

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

12 Sec. 24. Section 79-990, Revised Statutes Cumulative Supplement,
13 2020, is amended to read:

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

1 service may be purchased only in one-tenth-year increments, starting with
2 the most recent years' salary.

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

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

15 (3) Until one year after May 2, 2001, any member currently employed
16 by the school district who resigned from full-time employment with the
17 school district for maternity purposes prior to September 1, 1979, and
18 was reemployed as a full-time employee by the school district before the
19 end of the school year following the school year of such member's
20 resignation may have such absence treated as though the absence was a
21 leave of absence described in subsection (2) of this section. The period
22 of such absence for maternity purposes shall be included in creditable
23 service when determining the member's eligibility for death, disability,
24 termination, and retirement benefits if the member submits satisfactory
25 proof to the board of education that the prior resignation was for
26 maternity purposes and the member complies with the payment provisions of
27 subsection (2) of this section before the one-year anniversary of May 2,
28 2001.

29 Sec. 25. Section 79-991, Revised Statutes Cumulative Supplement,
30 2020, is amended to read:

31 79-991 (1) An employee who becomes a member without prior service

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

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

29 (b) The member shall pay to the retirement system the total amount
30 he or she would have contributed to the retirement system had he or she
31 been a member of the retirement system during the period for which prior

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

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

1 the member's beneficiary if the member's termination is due to his or her
2 death, the payments that have been made to the retirement system for such
3 uncredited prior service, together with regular interest on such refund;
4 and

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

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

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

12 Sec. 26. Section 79-992, Revised Statutes Cumulative Supplement,
13 2020, is amended to read:

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

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

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

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

29 (b) Upon termination of employment of the reemployed member, the
30 member shall receive in addition to the retirement annuity which
31 commenced at the time of the previous retirement (i) if the member has

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

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

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

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

31 (a)(i) Until September 1, 2024, notify ~~(a) Notify~~ the administrator

1 and the board of trustees in writing of the date upon which a termination
2 of employment has occurred and provide the administrator and the board of
3 trustees with such information as the board of trustees deems necessary;
4 and

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

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

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

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

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

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

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

6 Sec. 28. Section 79-992.02, Revised Statutes Cumulative Supplement,
7 2020, is amended to read:

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

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

27 Sec. 29. Section 79-998, Revised Statutes Cumulative Supplement,
28 2020, is amended to read:

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

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

11 (a) A plan of another employer which is qualified under section
12 401(a) or 403(a) of the Internal Revenue Code;

13 (b) An annuity contract or custodial account described in section
14 403(b) of the Internal Revenue Code;

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

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

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

31 (3) Until September 1, 2024, the board, and, beginning September

1 1, 2024, the retirement board, of trustees may establish rules,
2 regulations, and limitations on the eligible rollover distributions and
3 direct trustee-to-trustee transfers that may be accepted by the
4 retirement system pursuant to this section, including restrictions on the
5 type of assets that may be transferred to the retirement system.

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

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

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

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

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

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

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

28 Sec. 30. Section 79-9,102, Revised Statutes Cumulative Supplement,
29 2020, is amended to read:

30 79-9,102 (1) Notwithstanding any other provision of the Class V
31 School Employees Retirement Act, no member or beneficiary of the

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

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

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

1 apply to the retirement system.

2 Sec. 31. Section 79-9,103, Revised Statutes Cumulative Supplement,
3 2020, is amended to read:

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

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

1 percent for all other annuities.

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

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

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

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

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

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

1 (8) Beginning January 1, 2000, and on January 1 of every year
2 thereafter, for employees of Class V school districts who were members
3 prior to July 1, 2013, a cost-of-living adjustment shall be made for any
4 annuity being paid pursuant to the act, or pursuant to the provisions of
5 the retirement system established by statute for employees of Class V
6 school districts in effect prior to September 1, 1951, and on which the
7 first payment was dated on or before October 3 preceding such January 1
8 adjustment date. The cost-of-living adjustment for any such annuity shall
9 be the lesser of (a) one and one-half percent or (b) the increase in the
10 consumer price index from the date such annuity first became payable
11 through the August 31 preceding the January 1 adjustment date as reduced
12 by the aggregate cost-of-living adjustments previously made to the
13 annuity pursuant to this section.

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

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

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

12 (11) Except for the adjustments pursuant to subsection (13) of this
13 section, the consumer price index to be used for determining any cost-of-
14 living adjustment under this section shall be the Consumer Price Index -
15 All Urban Consumers, as published by the Bureau of Labor Statistics of
16 the United States Department of Labor. If this consumer price index is
17 discontinued or replaced, a substitute index published by the United
18 States Department of Labor shall be selected by the board if before
19 September 1, 2024, or by the retirement board if on or after September 1,
20 2024. Any substitute index selected of trustees, which shall be a
21 reasonable representative measurement of the cost of living for retired
22 employees. An annuity as increased by any cost-of-living adjustment made
23 under this section shall be considered the base annuity amount for the
24 purpose of future adjustments pursuant to this section. In no event shall
25 any cost-of-living adjustment be deemed to affect or increase the amount
26 of the base retirement annuity of a member as determined under section
27 79-999 or 79-9,100.

28 (12) Any decision or determination by the board or retirement board,
29 as applicable, of trustees (a) to declare or not declare a cost-of-living
30 adjustment, (b) as to whether the annual valuation indicates a sufficient
31 actuarial surplus to provide for a cost-of-living adjustment, or (c)

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

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

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

18 Sec. 32. Section 79-9,105, Revised Statutes Cumulative Supplement,
19 2020, is amended to read:

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

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

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

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

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

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

1 retirement board, as applicable, of trustees determines at any time
2 before the member's sixty-second birthday that the member's total
3 disability has ceased.

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

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

16 Sec. 33. Section 79-9,107, Revised Statutes Cumulative Supplement,
17 2020, is amended to read:

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

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

1 education, member of the retirement board, nor member of the council
2 shall become an endorser or surety or in any manner an obligor for money
3 loaned by or borrowed from the retirement system. Any person who violates
4 any of these restrictions shall be guilty of a Class II misdemeanor.

5 Sec. 34. Section 79-9,108, Revised Statutes Cumulative Supplement,
6 2020, is amended to read:

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

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

30 (3) Beginning January 1, 2017, the board of trustees, ~~and~~ the board
31 of education, and the retirement board shall not have any duty,

1 responsibility, or authority for the investment and reinvestment of the
2 funds of the retirement system, or any investment decision, contract,
3 rule, or regulation related thereto.

4 Sec. 35. Section 79-9,113, Revised Statutes Cumulative Supplement,
5 2020, is amended to read:

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

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

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

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

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

20 (d) The contributions by the school district in any fiscal year
21 beginning on or after September 1, 2018, and prior to and each September
22 1, 2024 thereafter, shall be the greater of (i) one hundred one percent
23 of the contributions by the employees for such fiscal year or (ii) such
24 amount as may be necessary to maintain the solvency of the system, as
25 determined annually by the board of education upon recommendation of the
26 actuary retained by the board of trustees and after considering any
27 amounts pursuant to subdivision (1)(b) of section 79-966 that will be, or
28 are expected to be, transferred to the school district by the State
29 Treasurer system ~~pursuant to subdivision (1)(b) of section 79-966~~. The
30 amount necessary to maintain the solvency of the system as determined in
31 subdivision (ii) of this subdivision (d) shall be transmitted by the

1 school district to the account of the retirement system no later than
2 August 31, 2019, and each August 31 thereafter. The school district
3 contributions specified in subdivision (i) of this subdivision (d) shall
4 be made monthly and shall be immediately transmitted to the account of
5 the retirement system.

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

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

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

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

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

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

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

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

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

31 (k) ~~(h)~~ Members of this system having the service qualifications of

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

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

1 Class V School Employees Retirement Act in the same manner and to the
2 extent as employee contributions made prior to the date picked up.

3 Sec. 36. Section 79-9,115, Revised Statutes Cumulative Supplement,
4 2020, is amended to read:

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

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

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

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

16 (c) The administrator and staff of the retirement system shall be
17 permitted reasonable office and records storage space in the central
18 office building of the Class V school district formed before September
19 13, 1997; and ~~-~~

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

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

1 (b) The account of each member in the Class V School Employees
2 Retirement Fund shall be credited with regular interest earned monthly,
3 quarterly, semiannually, or annually as the retirement board may direct.

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

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

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

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

28 (2) The retirement board may charge an employer a late
29 administrative processing fee not to exceed twenty-five dollars if the
30 information required by this section and the contributions from an
31 employer consistent with the dates and frequency of transmittal as

1 specified in section 79-9,113 are delinquent or are not timely received
2 by the retirement board. In addition, the retirement board may charge an
3 employer a late fee of thirty-eight thousandths of one percent of the
4 amount required to be submitted pursuant to this section for each day
5 such amount has not been received. The late fee may be used to make a
6 member's account whole for any costs that may have been incurred by the
7 member due to the late receipt of contributions. The retirement board
8 shall charge an employer an amount equal to the interest which would have
9 accrued if the delinquent report causes the employee to lose interest on
10 his or her account. The proceeds of the interest charge shall be used to
11 reimburse the account of each employee deprived of interest by the delay.

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

19 Sec. 40. Section 79-9,117, Revised Statutes Cumulative Supplement,
20 2020, is amended to read:

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

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

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

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

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

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

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

27 Sec. 41. Section 79-9,122, Revised Statutes Cumulative Supplement,
28 2020, is amended to read:

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

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

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

23 Sec. 42. Section 79-9,123, Revised Statutes Cumulative Supplement,
24 2020, is amended to read:

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

1 information from the Nebraska Public Employees Retirement Systems or the
2 retirement board Public Employees Retirement Board in completion of the
3 work plan described in section 79-9,121.

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

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

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

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

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

1 (b) Completion of the audits of the retirement system by the Auditor
2 of Public Accounts pursuant to subsection (1)(b) of section 79-987; and

3 (c) Identification and examination of issues by the retirement board
4 as described in subsection (8) of this section.

5 (2) The board of trustees shall obtain a compliance audit of the
6 retirement system to be completed no later than November 15, 2021. The
7 compliance audit shall be in addition to the annual audit conducted by
8 the Auditor of Public Accounts pursuant to subsection (1)(b) of section
9 79-987.

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

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

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

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

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

31 (e) Benefit calculations and benefit payments to ensure that the

1 correct benefits are calculated for members and paid on a timely basis;
2 and

3 (f) Disability retirements to ensure:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 Sec. 44. Section 84-712.05, Revised Statutes Cumulative Supplement,
31 2020, is amended to read:

1 84-712.05 The following records, unless publicly disclosed in an
2 open court, open administrative proceeding, or open meeting or disclosed
3 by a public entity pursuant to its duties, may be withheld from the
4 public by the lawful custodian of the records:

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

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

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

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

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

1 (a) Relating to the presence of and amount or concentration of
2 alcohol or drugs in any body fluid of any person; or

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

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

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

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

30 (9) Information that relates details of physical and cyber assets of
31 critical energy infrastructure or critical electric infrastructure,

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

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

1 or entities with which the division has entered into contractual
2 relationships, amounts of prizes paid, the name of the prize winner, and
3 the city, village, or county where the prize winner resides;

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

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

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

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

31 (15) Records or portions of records kept by public bodies which

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

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

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

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

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

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

1 education of a Class V school district and obtained by the board of
2 trustees or the Public Employees Retirement Board for the administration
3 of a retirement system provided for under the Class V School Employees
4 Retirement Act pursuant to section 79-989;

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

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

10 (21) Draft records obtained by the Nebraska Retirement Systems
11 Committee of the Legislature and the Governor from Nebraska Public
12 Employees Retirement Systems pursuant to subsection (4) of section
13 84-1503;

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

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

24 Sec. 45. Section 84-1501, Revised Statutes Cumulative Supplement,
25 2020, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

1 appropriate year.

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

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

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

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

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

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

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

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

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

1 (5) The appointed members of the board may be removed by the
2 Governor for cause after notice and an opportunity to be heard.

3 Sec. 46. Section 84-1503, Revised Statutes Cumulative Supplement,
4 2020, is amended to read:

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

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

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

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

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

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

1 (f) To hire an internal auditor to perform the duties described in
2 section 84-1503.04 who meets the minimum standards as described in
3 section 84-304.03;

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

14 (h) To prescribe and furnish forms for the public retirement system
15 plan reports required to be filed pursuant to sections 2-3228, 12-101,
16 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037, 19-3501, 23-1118,
17 23-3526, 71-1631.02, and 79-987 through December 31, 2017.

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

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

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

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

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

30 (e) To obtain, by a competitive, formal, and sealed bidding process
31 through the materiel division of the Department of Administrative

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

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

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

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

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

30 (j)(i) To amend the deferred compensation plan to require that in
31 the event of a member's death, except as provided in section 42-1107, the

1 death benefit shall be paid to the following, in order of priority:

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

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

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

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

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

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

1 the specification of actuarial assumptions; section 401(a)(31) of the
2 Internal Revenue Code relating to direct rollover distributions from
3 eligible retirement plans; section 401(a)(37) of the Internal Revenue
4 Code relating to the death benefit of a member whose death occurs while
5 performing qualified military service; and section 401(a) of the Internal
6 Revenue Code by meeting the requirements of section 414(d) of the
7 Internal Revenue Code relating to the establishment of retirement plans
8 for governmental employees of a state or political subdivision thereof.
9 The board may adopt and promulgate rules and regulations necessary or
10 appropriate to maintain such status including, but not limited to, rules
11 or regulations which restrict discretionary or optional contributions to
12 a plan or which limit distributions from a plan.

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

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

1 delivered within ten business days after formal action by the board to
2 not adopt one or more of the recommendations.

3 (b) The director shall provide an electronic copy of the first draft
4 and a final draft of the experience study and annual valuation reports to
5 the Nebraska Retirement Systems Committee and the Governor when the
6 director receives the drafts from the actuary. The drafts shall be deemed
7 confidential information. The draft copies obtained by the Nebraska
8 Retirement Systems Committee and the Governor pursuant to this section
9 shall not be considered public records subject to sections 84-712 to
10 84-712.09.

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

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

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

1 retirement system.

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

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

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

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

24 2. On page 1, strike beginning with "section" in line 1 through line
25 23 and insert "sections 72-1237, 72-1249.02, and 79-972.01, Reissue
26 Revised Statutes of Nebraska, and sections 79-902, 79-916, 79-966,
27 79-978, 79-978.01, 79-979, 79-980, 79-981, 79-982, 79-982.01, 79-982.02,
28 79-983, 79-984, 79-985, 79-986, 79-987, 79-989, 79-990, 79-991, 79-992,
29 79-992.01, 79-992.02, 79-998, 79-9,102, 79-9,103, 79-9,105, 79-9,107,
30 79-9,108, 79-9,113, 79-9,115, 79-9,117, 79-9,122, 79-9,123, 84-712.05,
31 84-1501, and 84-1503, Revised Statutes Cumulative Supplement, 2020; to

1 change provisions of the Nebraska State Funds Investment Act, the School
2 Employees Retirement Act, and the Class V School Employees Retirement
3 Act; to define and redefine terms; to change provisions relating to
4 duties, responsibilities, and termination of certain boards; to provide
5 powers, duties, and responsibilities for the Public Employees Retirement
6 Board, the director of the Nebraska Public Employees Retirement Systems,
7 the State Treasurer, and the Auditor of Public Accounts; to change annual
8 audits of a Class V school employees retirement system as prescribed; to
9 change provisions relating to appointment of an administrator, an
10 actuary, and a legal advisor; to change certain work billing, payment,
11 contract, and contributions provisions; to provide for the transition and
12 transfer of management of a Class V school employees retirement system as
13 prescribed; to provide for indemnity and liability; to change provisions
14 relating to the use and operation of the Class V School Employees
15 Retirement Fund; to create the Class V School Expense Fund; to provide
16 for a late fee; to change provisions relating to the Class V School
17 Employees Retirement System Management Work Plan Fund; to change
18 provisions relating to public records and membership and terms on the
19 Public Employees Retirement Board; to eliminate obsolete provisions; to
20 harmonize provisions; to provide inseverability; to repeal the original
21 sections; and to declare an emergency."

22 3. On page 2, strike lines 1 through 3.