

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1103

Introduced by Bostar, 29.

Read first time January 16, 2026

Committee: Nebraska Retirement Systems

- 1 A BILL FOR AN ACT relating to the Nebraska State Patrol Retirement Act;
- 2 to amend sections 81-2025 and 81-2041, Reissue Revised Statutes of
- 3 Nebraska; to raise the mandatory retirement age as prescribed; to
- 4 change provisions relating to deferred retirement option plans; and
- 5 to repeal the original sections.
- 6 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 81-2025, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 81-2025 (1) Every officer who has been in the employ of the state as
4 such and who becomes disabled and physically unfit to perform the duties
5 of an officer shall be entitled to retire and receive an annuity as
6 provided by law.

7 (2) Every officer who has been in the employ of the state as such
8 for ten years or more, as calculated in section 81-2033, and has attained
9 the age of fifty years or more shall be entitled to retire and receive an
10 annuity as provided by law. The right to retire at the age of fifty years
11 shall be at the option of the officer but such retirement shall be
12 mandatory upon the officer attaining the age of sixty-five ~~sixty~~ years.

13 (3) Any officer who has attained the age of sixty-five ~~sixty~~ years
14 upon his or her separation from state service but who has not been in the
15 employ of the state for ten years as such shall be entitled to the
16 annuity as provided for in the Nebraska State Patrol Retirement Act.

17 (4) Every officer who has been in the employ of the state as such
18 for twenty-five years or more, as calculated in section 81-2033, and has
19 attained the age of fifty years shall be entitled to retire and receive
20 an annuity as provided by law. The right to retire at the age of fifty
21 years with twenty-five years or more of creditable service shall be at
22 the option of the officer but such retirement shall be mandatory upon the
23 officer attaining the age of sixty-five ~~sixty~~ years.

24 (5) Every officer who has been in the employ of the state as such
25 for thirty years or more, as calculated in section 81-2033, shall be
26 entitled to retire and receive an annuity as provided by law. The right
27 to retire with thirty years or more of creditable service shall be at the
28 option of the officer but such retirement shall be mandatory upon the
29 officer attaining the age of sixty-five ~~sixty~~ years.

30 (6) Payment of any benefit provided under the act shall not be
31 deferred later than the required beginning date.

1 (7) The effective date of retirement payments shall be the first day
2 of the month following (a) the date a member qualifies for retirement as
3 provided in this section or (b) the date upon which a member's request
4 for retirement is received on an application form provided by the system,
5 whichever is later. An application may be filed no more than one hundred
6 twenty days in advance of qualifying for retirement.

7 (8) The board shall make reasonable efforts to locate the officer or
8 the officer's beneficiary and distribute benefits by the required
9 beginning date. If the board is unable to make such a distribution, the
10 account shall be distributed pursuant to the Uniform Disposition of
11 Unclaimed Property Act and no amounts may be applied to increase the
12 benefits any officer would otherwise receive under the Nebraska State
13 Patrol Retirement Act.

14 **Sec. 2.** Section 81-2041, Reissue Revised Statutes of Nebraska, is
15 amended to read:

16 81-2041 (1) Any officer ~~who became a member prior to July 1, 2016,~~
17 ~~and~~ who meets the participation requirements of subsection (2) of this
18 section may participate in DROP. DROP provides that subsequent to
19 attaining normal age and service retirement eligibility, a member may
20 voluntarily choose to participate in DROP upon its adoption which, for
21 purposes of this section, shall be the earlier of September 1, 2008, or
22 the first of the month following a favorable letter determination by the
23 Internal Revenue Service. If the member chooses to participate in DROP,
24 the member shall be deemed to have retired but shall not be deemed to be
25 terminated, and the member may continue in active employment for up to a
26 five-year period. During the DROP period, the member's retirement benefit
27 payments shall be deposited into the DROP account for the benefit of the
28 member until the member actually retires from active employment at or
29 before the expiration of the DROP period. Thereafter, future retirement
30 benefit payments shall be made directly to the member, and the member
31 shall have access to all funds in the DROP account designated for the

1 benefit of the member. DROP funds shall be held and invested in a defined
2 contribution account under section 414(k) of the Internal Revenue Code
3 and shall meet the limitations in section 415 of the code.

4 (2) To participate in the DROP program, a member shall meet the
5 following requirements:

6 (a) A member shall be eligible to enter DROP at any time subsequent
7 to the date when the member has (i) attained normal retirement age and
8 (ii) completed twenty-five years of service. Members having attained
9 normal retirement age and completed twenty-five years of service on or
10 before the date of adoption of DROP shall be eligible to enter DROP at
11 any future date;

12 (b) A member who elects to enter DROP shall be entitled to receive
13 regular age and service retirement benefits in accordance with section
14 81-2026. A member is entitled to remain in DROP for a maximum of five
15 years subsequent to the date of the member's DROP election. A member may
16 separate from service and thereby exit DROP at any time during the DROP
17 period. On or before the completion of the DROP period, the member must
18 separate from active employment and exit DROP. During the DROP period, a
19 member's retirement benefit shall be payable to the DROP account vendor
20 designated in the member's name. Amounts transferred or paid to a
21 participating member's DROP account shall not constitute annual additions
22 under section 415 of the Internal Revenue Code;

23 (c) A member electing to enter DROP shall choose an annuity payment
24 option. After the option is chosen, the member shall not be entitled to
25 any retirement benefit changes, for reasons including, but not limited
26 to, wage increases, promotions, and demotions, except that the
27 restriction on retirement benefit changes shall not apply in the event of
28 duty-related death or duty-related disability. The benefit amount shall
29 be fixed as of the date of election and shall be payable as if the
30 employee retired on that date and separated from active employment. Upon
31 the death of a member during the DROP period, monthly benefits shall be

1 provided as a percentage of the amount of the member's annuity as set
2 forth in subsection (3) of section 81-2026 based upon the annuity benefit
3 calculation made at commencement of the DROP period. In addition, the
4 balance of the DROP account, if any, shall be provided to the beneficiary
5 or beneficiaries of the member in accordance with subsection (6) of
6 section 81-2026 or, if no beneficiary is provided, to the estate of the
7 member. Upon the disability of a member during the DROP period, the
8 member shall be deemed to have completed the DROP period, shall begin
9 receiving the annuity benefit as calculated at the commencement of the
10 DROP period, and shall be paid the balance of the DROP account, if any;

11 (d) No member shall be allowed to continue making the required
12 contributions while the member is enrolled in DROP;

13 (e) During the DROP period, the Nebraska State Patrol shall not be
14 assessed the amount required under subsection (2) of section 81-2017 nor
15 shall such amount be credited to the State Patrol Retirement Fund;

16 (f) The member shall be paid the balance of the DROP account upon
17 the member's separation from active employment or at the expiration of
18 the DROP period thereby ending the member's participation in DROP. If a
19 member has not voluntarily separated from active employment on or before
20 the completion of the DROP period, the member's retirement benefit shall
21 be paid directly to the member thereby ending the member's active
22 employment. The member's DROP account shall consist of accrued retirement
23 benefits and interest on such benefits;

24 (g) Any member that is enrolled in DROP shall be responsible for
25 directing the DROP account designated for the benefit of the member by
26 investing the account in any DROP investment options. There shall be no
27 guaranteed rate of investment return on DROP account assets. Any losses,
28 charges, or expenses incurred by the participating DROP member in such
29 member's DROP account by virtue of the investment options selected by the
30 participating DROP member shall not be made up by the retirement system
31 but all of the same shall be borne by the participating DROP member. The

1 retirement system, the state, the board, and the state investment officer
2 shall not be responsible for any investment results under the DROP
3 agreement. Transfers between investment options shall be in accordance
4 with the rules and regulations of DROP. A DROP account shall be
5 established for each participating DROP member. Such DROP account shall
6 be adjusted no less frequently than annually for the member's retirement
7 benefit distributions and net investment earnings and losses;

8 (h) If the DROP account is subject to administrative or other fees
9 or charges, such fees or charges shall be charged to the participating
10 DROP member's DROP account; and

11 (i) Cost-of-living adjustments or payments as provided for in
12 section 81-2027.08 or 81-2027.09 and 81-2027.10 shall not be applied to
13 retirement benefits during the DROP period. ~~÷ and~~

14 ~~(j) Any officer who became a member on or after July 1, 2016, is~~
15 ~~specifically prohibited from participating in DROP.~~

16 **Sec. 3.** Original sections 81-2025 and 81-2041, Reissue Revised
17 Statutes of Nebraska, are repealed.