

AMENDMENTS TO LB415

Introduced by Nebraska Retirement Systems.

1 1. Strike the original sections and insert the following new
2 sections:

3 Section 1. Section 2-3228, Revised Statutes Cumulative Supplement,
4 2016, is amended to read:

5 2-3228 (1) Each district shall have the power and authority to:

6 (a) Receive and accept donations, gifts, grants, bequests,
7 appropriations, or other contributions in money, services, materials, or
8 otherwise from the United States or any of its agencies, from the state
9 or any of its agencies or political subdivisions, or from any person as
10 defined in section 49-801 and use or expend all such contributions in
11 carrying on its operations;

12 (b) Establish advisory groups by appointing persons within the
13 district, pay necessary and proper expenses of such groups as the board
14 shall determine, and dissolve such groups;

15 (c) Employ such persons as are necessary to carry out its authorized
16 purposes and, in addition to other compensation provided, establish and
17 fund a pension plan designed and intended for the benefit of all
18 permanent full-time employees of the district. Any recognized method of
19 funding a pension plan may be employed. Employee contributions shall be
20 required to fund at least fifty percent of the benefits, and past service
21 benefits may be included. The district shall pay all costs of any such
22 past service benefits, which may be retroactive to July 1, 1972, and the
23 plan may be integrated with old age and survivors' insurance, generally
24 known as social security. A uniform pension plan, including the method
25 for jointly funding such plan, shall be established for all districts in
26 the state. A district may elect not to participate in such a plan but
27 shall not establish an independent plan;

1 (d) Purchase liability, property damage, workers' compensation, and
2 other types of insurance as in the judgment of the board are necessary to
3 protect the assets of the district;

4 (e) Borrow money to carry out its authorized purposes;

5 (f) Adopt and promulgate rules and regulations to carry out its
6 authorized purposes; and

7 (g) Invite the local governing body of any municipality or county to
8 designate a representative to advise and counsel with the board on
9 programs and policies that may affect the property, water supply, or
10 other interests of such municipality or county.

11 (2) ~~(2)(a)~~ Beginning December 31, 1998, through and ~~each~~ December
12 31, 2017:

13 (a) ~~The thereafter,~~ the Nebraska Association of Resources Districts
14 as organized under the Interlocal Cooperation Act shall file with the
15 Public Employees Retirement Board an annual report on each retirement
16 plan established pursuant to this section and section 401(a) of the
17 Internal Revenue Code and shall submit copies of such report to the
18 Auditor of Public Accounts. The Auditor of Public Accounts may prepare a
19 review of such report pursuant to section 84-304.02 but is not required
20 to do so. The annual report shall be in a form prescribed by the Public
21 Employees Retirement Board and shall contain the following information
22 for each such retirement plan:

23 (i) The number of persons participating in the retirement plan;

24 (ii) The contribution rates of participants in the plan;

25 (iii) Plan assets and liabilities;

26 (iv) The names and positions of persons administering the plan;

27 (v) The names and positions of persons investing plan assets;

28 (vi) The form and nature of investments;

29 (vii) For each defined contribution plan, a full description of
30 investment policies and options available to plan participants; and

31 (viii) For each defined benefit plan, the levels of benefits of

1 participants in the plan, the number of members who are eligible for a
2 benefit, and the total present value of such members' benefits, as well
3 as the funding sources which will pay for such benefits.

4 If a plan contains no current active participants, the association
5 may file in place of such report a statement with the Public Employees
6 Retirement Board indicating the number of retirees still drawing
7 benefits, and the sources and amount of funding for such benefits.

8 (b) If such retirement plan is a defined benefit plan which was open
9 to new members on January 1, 2004, in addition to the reports required by
10 section 13-2402, the association shall cause to be prepared an annual
11 report and shall file the same with the Public Employees Retirement Board
12 and the Nebraska Retirement Systems Committee of the Legislature and
13 submit to the Auditor of Public Accounts a copy of such report. The
14 Auditor of Public Accounts may prepare a review of such report pursuant
15 to section 84-304.02 but is not required to do so. If the association
16 does not submit a copy of the report to the Auditor of Public Accounts
17 within six months after the end of the plan year, the Auditor of Public
18 Accounts may audit, or cause to be audited, the association. All costs of
19 the audit shall be paid by the association. The report shall consist of a
20 full actuarial analysis of each such retirement plan established pursuant
21 to this section. The analysis shall be prepared by an independent private
22 organization or public entity employing actuaries who are members in good
23 standing of the American Academy of Actuaries, and which organization or
24 entity has demonstrated expertise to perform this type of analysis and is
25 unrelated to any organization offering investment advice or which
26 provides investment management services to the retirement plan. The
27 report to the Nebraska Retirement Systems Committee shall be submitted
28 electronically.

29 Sec. 2. Section 12-101, Revised Statutes Cumulative Supplement,
30 2016, is amended to read:

31 12-101 (1) The cemetery in Lincoln, Nebraska, known as Wyuka

1 Cemetery, is hereby declared to be a public charitable corporation. The
2 general control and management of the affairs of such cemetery shall be
3 vested in a board of three trustees until July 1, 2009, and thereafter
4 shall be vested in a board of five trustees. The trustees shall serve
5 without compensation and shall be a body corporate to be known as Wyuka
6 Cemetery, with power to sue and be sued, to contract and to be contracted
7 with, and to acquire, hold, and convey both real and personal property
8 for all purposes consistent with the provisions of sections 12-101 to
9 12-105, and shall have the power of eminent domain to be exercised in the
10 manner provided in section 12-201.

11 (2) The trustees of Wyuka Cemetery shall have the power, by
12 resolution duly adopted by a majority vote, to authorize one of their
13 number to sign a petition for paving, repaving, curbing, recurbing,
14 grading, changing grading, guttering, resurfacing, relaying existing
15 pavement, or otherwise improving any street, streets, alley, alleys, or
16 public ways or grounds abutting cemetery property. When such improvements
17 have been ordered, the trustees shall pay, from funds of the cemetery,
18 such special taxes or assessments as may be properly determined.

19 (3) The trustees of Wyuka Cemetery shall be appointed by the
20 Governor of the State of Nebraska at the expiration of each trustee's
21 term of office. The two trustees appointed for their initial terms of
22 office beginning July 1, 2009, shall be appointed by the Governor to
23 serve a five-year term and a six-year term, respectively. Thereafter,
24 each of the five trustees shall be appointed by the Governor for a term
25 of six years. In the event of a vacancy occurring among the members of
26 the board, the vacancy shall be filled by appointment by the Governor,
27 and such appointment shall continue for the unexpired term.

28 (4) The board of trustees of Wyuka Cemetery shall file with the
29 Auditor of Public Accounts, on or before the second Tuesday in June of
30 each year, an itemized report of all the receipts and expenditures in
31 connection with its management and control of the cemetery.

1 (5) The trustees of Wyuka Cemetery shall have the power to provide,
2 in their discretion, retirement benefits for present and future employees
3 of the cemetery, and to establish, participate in, and administer plans
4 for the benefit of its employees or its employees and their dependents,
5 which may provide disability, hospitalization, medical, surgical,
6 accident, sickness and life insurance coverage, or any one or more
7 coverages, and which shall be purchased from a corporation or
8 corporations authorized and licensed by the Department of Insurance.

9 (6) ~~(6)(a)~~ Beginning December 31, 1998, through ~~and each~~ December
10 31, 2017:

11 (a) ~~The thereafter,~~ the trustees shall file with the Public
12 Employees Retirement Board an annual report on each retirement plan
13 established pursuant to this section and section 401(a) of the Internal
14 Revenue Code and shall submit copies of such report to the Auditor of
15 Public Accounts. The Auditor of Public Accounts may prepare a review of
16 such report pursuant to section 84-304.02 but is not required to do so.
17 The annual report shall be in a form prescribed by the Public Employees
18 Retirement Board and shall contain the following information for each
19 such retirement plan:

- 20 (i) The number of persons participating in the retirement plan;
- 21 (ii) The contribution rates of participants in the plan;
- 22 (iii) Plan assets and liabilities;
- 23 (iv) The names and positions of persons administering the plan;
- 24 (v) The names and positions of persons investing plan assets;
- 25 (vi) The form and nature of investments;
- 26 (vii) For each defined contribution plan, a full description of
27 investment policies and options available to plan participants; and
- 28 (viii) For each defined benefit plan, the levels of benefits of
29 participants in the plan, the number of members who are eligible for a
30 benefit, and the total present value of such members' benefits, as well
31 as the funding sources which will pay for such benefits.

1 If a plan contains no current active participants, the trustees may
2 file in place of such report a statement with the Public Employees
3 Retirement Board indicating the number of retirees still drawing
4 benefits, and the sources and amount of funding for such benefits.

5 (b) If such retirement plan is a defined benefit plan which was open
6 to new members on January 1, 2004, in addition to the reports required by
7 section 13-2402, the trustees shall cause to be prepared an annual report
8 and shall file the same with the Public Employees Retirement Board and
9 the Nebraska Retirement Systems Committee of the Legislature and submit
10 to the Auditor of Public Accounts a copy of such report. The Auditor of
11 Public Accounts may prepare a review of such report pursuant to section
12 84-304.02 but is not required to do so. If the trustees do not submit a
13 copy of the report to the Auditor of Public Accounts within six months
14 after the end of the plan year, the Auditor of Public Accounts may audit,
15 or cause to be audited, Wyuka Cemetery. All costs of the audit shall be
16 paid by Wyuka Cemetery. The report shall consist of a full actuarial
17 analysis of each such retirement plan established pursuant to this
18 section. The analysis shall be prepared by an independent private
19 organization or public entity employing actuaries who are members in good
20 standing of the American Academy of Actuaries, and which organization or
21 entity has demonstrated expertise to perform this type of analysis and is
22 unrelated to any organization offering investment advice or which
23 provides investment management services to the retirement plan. The
24 report to the Nebraska Retirement Systems Committee shall be submitted
25 electronically.

26 Sec. 3. Section 14-567, Revised Statutes Cumulative Supplement,
27 2016, is amended to read:

28 14-567 (1) Beginning December 31, 1998, through and ~~each~~ December
29 31, 2017 thereafter, the pension board of a city of the metropolitan
30 class shall file with the Public Employees Retirement Board an annual
31 report on each retirement plan established by such city pursuant to

1 section 401(a) of the Internal Revenue Code and shall submit copies of
2 such report to the Auditor of Public Accounts. The Auditor of Public
3 Accounts may prepare a review of such report pursuant to section
4 84-304.02 but is not required to do so. The annual report shall be in a
5 form prescribed by the Public Employees Retirement Board and shall
6 contain the following information for each such retirement plan:

- 7 (a) The number of persons participating in the retirement plan;
- 8 (b) The contribution rates of participants in the plan;
- 9 (c) Plan assets and liabilities;
- 10 (d) The names and positions of persons administering the plan;
- 11 (e) The names and positions of persons investing plan assets;
- 12 (f) The form and nature of investments;
- 13 (g) For each defined contribution plan, a full description of
14 investment policies and options available to plan participants; and
- 15 (h) For each defined benefit plan, the levels of benefits of
16 participants in the plan, the number of members who are eligible for a
17 benefit, and the total present value of such members' benefits, as well
18 as the funding sources which will pay for such benefits.

19 If a plan contains no current active participants, the pension board
20 may file in place of such report a statement with the Public Employees
21 Retirement Board indicating the number of retirees still drawing
22 benefits, and the sources and amount of funding for such benefits.

23 (2) Through December 31, 2017, if ~~If~~ such retirement plan is a
24 defined benefit plan which was open to new members on January 1, 2004, in
25 addition to the reports required by section 13-2402, the pension board of
26 a city of the metropolitan class shall cause to be prepared an annual
27 report and shall file the same with the Public Employees Retirement Board
28 and the Nebraska Retirement Systems Committee of the Legislature and
29 submit to the Auditor of Public Accounts a copy of such report. The
30 Auditor of Public Accounts may prepare a review of such report pursuant
31 to section 84-304.02 but is not required to do so. If the pension board

1 does not submit a copy of the report to the Auditor of Public Accounts
2 within six months after the end of the plan year, the Auditor of Public
3 Accounts may audit, or cause to be audited, the city. All costs of the
4 audit shall be paid by the city. The report shall consist of a full
5 actuarial analysis of each such retirement plan established by the city.
6 The analysis shall be prepared by an independent private organization or
7 public entity employing actuaries who are members in good standing of the
8 American Academy of Actuaries, and which organization or entity has
9 demonstrated expertise to perform this type of analysis and is unrelated
10 to any organization offering investment advice or which provides
11 investment management services to the retirement plan. The report to the
12 Nebraska Retirement Systems Committee shall be submitted electronically.

13 (3)(a) Beginning December 31, 2018, and each December 31 thereafter,
14 for a defined benefit plan the pension board or its designee shall
15 prepare and electronically file an annual report with the Auditor of
16 Public Accounts and the Nebraska Retirement Systems Committee of the
17 Legislature. If such retirement plan is a defined benefit plan which was
18 open to new members on January 1, 2004, the report shall be in addition
19 to the reports required by section 13-2402. The report shall be on a form
20 prescribed by the Auditor of Public Accounts and shall include, but not
21 be limited to, the following information:

22 (i) The levels of benefits of participants in the plan, the number
23 of members who are eligible for a benefit, the total present value of
24 such members' benefits, and the funding sources which will pay for such
25 benefits; and

26 (ii) A copy of a full actuarial analysis of each such defined
27 benefit plan. The analysis shall be prepared by an independent private
28 organization or public entity employing actuaries who are members in good
29 standing of the American Academy of Actuaries, and which organization or
30 entity has demonstrated expertise to perform this type of analysis and is
31 unrelated to any organization which offers investment advice or provides

1 investment management services to the retirement plan.

2 (b) The Auditor of Public Accounts may prepare a review of such
3 report pursuant to section 84-304.02 but is not required to do so. If the
4 association does not submit a copy of the report to the Auditor of Public
5 Accounts within six months after the end of the plan year, the Auditor of
6 Public Accounts may audit, or cause to be audited, the pension board. All
7 costs of the audit shall be paid by the pension board.

8 Sec. 4. Section 14-1805.01, Revised Statutes Cumulative Supplement,
9 2016, is amended to read:

10 14-1805.01 (1) Beginning December 31, 1998, through and—each
11 December 31, 2017 thereafter, the chairperson of the board shall file
12 with the Public Employees Retirement Board an annual report on each
13 retirement plan established pursuant to section 14-1805 and section
14 401(a) of the Internal Revenue Code and shall submit copies of such
15 report to the Auditor of Public Accounts. The Auditor of Public Accounts
16 may prepare a review of such report pursuant to section 84-304.02 but is
17 not required to do so. The annual report shall be in a form prescribed by
18 the Public Employees Retirement Board and shall contain the following
19 information for each such retirement plan:

20 (a) The number of persons participating in the retirement plan;

21 (b) The contribution rates of participants in the plan;

22 (c) Plan assets and liabilities;

23 (d) The names and positions of persons administering the plan;

24 (e) The names and positions of persons investing plan assets;

25 (f) The form and nature of investments;

26 (g) For each defined contribution plan, a full description of
27 investment policies and options available to plan participants; and

28 (h) For each defined benefit plan, the levels of benefits of
29 participants in the plan, the number of members who are eligible for a
30 benefit, and the total present value of such members' benefits, as well
31 as the funding sources which will pay for such benefits.

1 If a plan contains no current active participants, the chairperson
2 may file in place of such report a statement with the Public Employees
3 Retirement Board indicating the number of retirees still drawing
4 benefits, and the sources and amount of funding for such benefits.

5 (2) Through December 31, 2017, if ~~If~~ such retirement plan is a
6 defined benefit plan which was open to new members on January 1, 2004, in
7 addition to the reports required by section 13-2402, the authority shall
8 cause to be prepared an annual report and the chairperson shall file the
9 same with the Public Employees Retirement Board and the Nebraska
10 Retirement Systems Committee of the Legislature and submit to the Auditor
11 of Public Accounts a copy of such report. The Auditor of Public Accounts
12 may prepare a review of such report pursuant to section 84-304.02 but is
13 not required to do so. If the authority does not submit a copy of the
14 report to the Auditor of Public Accounts within six months after the end
15 of the plan year, the Auditor of Public Accounts may audit, or cause to
16 be audited, the authority. All costs of the audit shall be paid by the
17 authority. The report shall consist of a full actuarial analysis of each
18 such retirement plan established pursuant to section 14-1805. The
19 analysis shall be prepared by an independent private organization or
20 public entity employing actuaries who are members in good standing of the
21 American Academy of Actuaries, and which organization or entity has
22 demonstrated expertise to perform this type of analysis and is unrelated
23 to any organization offering investment advice or which provides
24 investment management services to the retirement plan. The report to the
25 Nebraska Retirement Systems Committee shall be submitted electronically.

26 (3)(a) Beginning December 31, 2018, and each December 31 thereafter,
27 for a defined benefit plan the chairperson or his or her designee shall
28 prepare and electronically file an annual report with the Auditor of
29 Public Accounts and the Nebraska Retirement Systems Committee of the
30 Legislature. If such retirement plan is a defined benefit plan which was
31 open to new members on January 1, 2004, the report shall be in addition

1 to the reports required by section 13-2402. The report shall be on a form
2 prescribed by the Auditor of Public Accounts and shall include, but not
3 be limited to, the following information:

4 (i) The levels of benefits of participants in the plan, the number
5 of members who are eligible for a benefit, the total present value of
6 such members' benefits, and the funding sources which will pay for such
7 benefits; and

8 (ii) A copy of a full actuarial analysis of each such defined
9 benefit plan. The analysis shall be prepared by an independent private
10 organization or public entity employing actuaries who are members in good
11 standing of the American Academy of Actuaries, and which organization or
12 entity has demonstrated expertise to perform this type of analysis and is
13 unrelated to any organization which offers investment advice or provides
14 investment management services to the retirement plan.

15 (b) The Auditor of Public Accounts may prepare a review of such
16 report pursuant to section 84-304.02 but is not required to do so. If the
17 association does not submit a copy of the report to the Auditor of Public
18 Accounts within six months after the end of the plan year, the Auditor of
19 Public Accounts may audit, or cause to be audited, the authority. All
20 costs of the audit shall be paid by the authority.

21 Sec. 5. Section 14-2111, Revised Statutes Cumulative Supplement,
22 2016, is amended to read:

23 14-2111 (1) The board of directors of any metropolitan utilities
24 district may also provide benefits for, insurance of, and annuities for
25 the present and future employees and appointees of the district covering
26 accident, disease, death, total and permanent disability, and retirement,
27 all or any of them, under such terms and conditions as the board may deem
28 proper and expedient from time to time. Any retirement plan adopted by
29 the board of directors shall be upon some contributory basis requiring
30 contributions by both the district and the employee or appointee, except
31 that the district may pay the entire cost of the fund necessary to cover

1 service rendered prior to the adoption of any new retirement plan. Any
2 retirement plan shall take into consideration the benefits provided for
3 employees and appointees of metropolitan utilities districts under the
4 Social Security Act, and any benefits provided under a contributory
5 retirement plan shall be supplemental to the benefits provided under the
6 Social Security Act as defined in section 68-602 if the employees
7 entitled to vote in a referendum vote in favor of old age and survivors'
8 insurance coverage. To effectuate any plan adopted pursuant to this
9 authority, the board of directors of the district is empowered to
10 establish and maintain reserves and funds, provide for insurance premiums
11 and costs, and make such delegation as may be necessary to carry into
12 execution the general powers granted by this section. Payments made to
13 employees and appointees, under the authority in this section, shall be
14 exempt from attachment or other legal process and shall not be
15 assignable.

16 (2) Any retirement plan adopted by the board of directors of any
17 metropolitan utilities district may allow the district to pick up the
18 employee contribution required by this section for all compensation paid
19 on or after January 1, 1986, and the contributions so picked up shall be
20 treated as employer contributions in determining federal tax treatment
21 under the Internal Revenue Code, except that the employer shall continue
22 to withhold federal income taxes based upon such contributions until the
23 Internal Revenue Service or the federal courts rule that, pursuant to
24 section 414(h) of the Internal Revenue Code, such contributions shall not
25 be included as gross income of the employee until such time as they are
26 distributed or made available. The employer shall pay the employee
27 contributions from the same source of funds which is used in paying
28 earnings to the employees. The employer shall pick up the contributions
29 by a salary deduction either through a reduction in the cash salary of
30 the employee or a combination of a reduction in salary and offset against
31 a future salary increase. Employee contributions picked up shall be

1 treated in the same manner and to the same extent as employee
2 contributions made prior to the date picked up.

3 ~~(3) (3)(a)~~ Beginning December 31, 1998, through ~~and each~~ December
4 31, 2017:

5 ~~(a) The thereafter,~~ the chairperson of the board shall file with the
6 Public Employees Retirement Board an annual report on each retirement
7 plan established pursuant to this section and section 401(a) of the
8 Internal Revenue Code and shall submit copies of such report to the
9 Auditor of Public Accounts. The Auditor of Public Accounts may prepare a
10 review of such report pursuant to section 84-304.02 but is not required
11 to do so. The annual report shall be in a form prescribed by the Public
12 Employees Retirement Board and shall contain the following information
13 for each such retirement plan:

- 14 (i) The number of persons participating in the retirement plan;
- 15 (ii) The contribution rates of participants in the plan;
- 16 (iii) Plan assets and liabilities;
- 17 (iv) The names and positions of persons administering the plan;
- 18 (v) The names and positions of persons investing plan assets;
- 19 (vi) The form and nature of investments;
- 20 (vii) For each defined contribution plan, a full description of
21 investment policies and options available to plan participants; and
- 22 (viii) For each defined benefit plan, the levels of benefits of
23 participants in the plan, the number of members who are eligible for a
24 benefit, and the total present value of such members' benefits, as well
25 as the funding sources which will pay for such benefits.

26 If a plan contains no current active participants, the chairperson
27 may file in place of such report a statement with the Public Employees
28 Retirement Board indicating the number of retirees still drawing
29 benefits, and the sources and amount of funding for such benefits.

30 (b) Through December 31, 2017, if ~~If~~ such retirement plan is a
31 defined benefit plan which was open to new members on January 1, 2004, in

1 addition to the reports required by section 13-2402, the board of
2 directors of any metropolitan utilities district shall cause to be
3 prepared an annual report and shall file the same with the Public
4 Employees Retirement Board and the Nebraska Retirement Systems Committee
5 of the Legislature and submit to the Auditor of Public Accounts a copy of
6 such report. The Auditor of Public Accounts may prepare a review of such
7 report pursuant to section 84-304.02 but is not required to do so. If the
8 board of directors does not submit a copy of the report to the Auditor of
9 Public Accounts within six months after the end of the plan year, the
10 Auditor of Public Accounts may audit, or cause to be audited, the
11 metropolitan utilities district. All costs of the audit shall be paid by
12 the metropolitan utilities district. The report shall consist of a full
13 actuarial analysis of each such retirement plan established pursuant to
14 this section. The analysis shall be prepared by an independent private
15 organization or public entity employing actuaries who are members in good
16 standing of the American Academy of Actuaries, and which organization or
17 entity has demonstrated expertise to perform this type of analysis and is
18 unrelated to any organization offering investment advice or which
19 provides investment management services to the retirement plan. The
20 report to the Nebraska Retirement Systems Committee shall be submitted
21 electronically.

22 (4)(a) Beginning December 31, 2018, and each December 31 thereafter,
23 for a defined benefit plan the chairperson or his or her designee shall
24 prepare and electronically file an annual report with the Auditor of
25 Public Accounts and the Nebraska Retirement Systems Committee of the
26 Legislature. If such retirement plan is a defined benefit plan which was
27 open to new members on January 1, 2004, the report shall be in addition
28 to the reports required by section 13-2402. The report shall be on a form
29 prescribed by the Auditor of Public Accounts and shall include, but not
30 be limited to, the following information:

31 (i) The levels of benefits of participants in the plan, the number

1 of members who are eligible for a benefit, the total present value of
2 such members' benefits, and the funding sources which will pay for such
3 benefits; and

4 (ii) A copy of a full actuarial analysis of each such defined
5 benefit plan. The analysis shall be prepared by an independent private
6 organization or public entity employing actuaries who are members in good
7 standing of the American Academy of Actuaries, and which organization or
8 entity has demonstrated expertise to perform this type of analysis and is
9 unrelated to any organization which offers investment advice or provides
10 investment management services to the retirement plan.

11 (b) The Auditor of Public Accounts may prepare a review of such
12 report pursuant to section 84-304.02 but is not required to do so. If the
13 association does not submit a copy of the report to the Auditor of Public
14 Accounts within six months after the end of the plan year, the Auditor of
15 Public Accounts may audit, or cause to be audited, the district. All
16 costs of the audit shall be paid by the district.

17 Sec. 6. Section 15-1017, Revised Statutes Cumulative Supplement,
18 2016, is amended to read:

19 15-1017 (1) A city of the primary class which has a city pension and
20 retirement plan or fund, or a city fire and police pension plan or fund,
21 or both, may provide by ordinance as authorized by its home rule charter,
22 and not prohibited by the Constitution of Nebraska, for the investment of
23 any plan or fund, and it may provide that (a) such a city shall place in
24 trust any part of such plan or fund, (b) it shall place in trust any part
25 of any such plan or fund with a corporate trustee in Nebraska, or (c) it
26 shall purchase any part of any such plan from a life insurance company
27 licensed to do business in the State of Nebraska. The powers conferred by
28 this section shall be independent of and in addition and supplemental to
29 any other provisions of the laws of the State of Nebraska with reference
30 to the matters covered hereby and this section shall be considered as a
31 complete and independent act and not as amendatory of or limited by any

1 other provision of the laws of the State of Nebraska.

2 (2) ~~(2)(a)~~ Beginning December 31, 1998, through and ~~each~~ December
3 31, 2017:

4 (a) The thereafter, the clerk of a city of the primary class shall
5 file with the Public Employees Retirement Board an annual report on each
6 retirement plan established pursuant to this section, section 15-1026,
7 and section 401(a) of the Internal Revenue Code and shall submit copies
8 of such report to the Auditor of Public Accounts. The Auditor of Public
9 Accounts may prepare a review of such report pursuant to section
10 84-304.02 but is not required to do so. The annual report shall be in a
11 form prescribed by the Public Employees Retirement Board and shall
12 contain the following information for each such retirement plan:

13 (i) The number of persons participating in the retirement plan;

14 (ii) The contribution rates of participants in the plan;

15 (iii) Plan assets and liabilities;

16 (iv) The names and positions of persons administering the plan;

17 (v) The names and positions of persons investing plan assets;

18 (vi) The form and nature of investments;

19 (vii) For each defined contribution plan, a full description of
20 investment policies and options available to plan participants; and

21 (viii) For each defined benefit plan, the levels of benefits of
22 participants in the plan, the number of members who are eligible for a
23 benefit, and the total present value of such members' benefits, as well
24 as the funding sources which will pay for such benefits.

25 If a plan contains no current active participants, the city clerk
26 may file in place of such report a statement with the Public Employees
27 Retirement Board indicating the number of retirees still drawing
28 benefits, and the sources and amount of funding for such benefits.

29 (b) Through December 31, 2017, if ~~if~~ such retirement plan is a
30 defined benefit plan which was open to new members on January 1, 2004, in
31 addition to the reports required by section 13-2402, the city council of

1 a city of the primary class shall cause to be prepared an annual report
2 and shall file the same with the Public Employees Retirement Board and
3 the Nebraska Retirement Systems Committee of the Legislature and submit
4 to the Auditor of Public Accounts a copy of such report. The Auditor of
5 Public Accounts may prepare a review of such report pursuant to section
6 84-304.02 but is not required to do so. If the city council does not
7 submit a copy of the report to the Auditor of Public Accounts within six
8 months after the end of the plan year, the Auditor of Public Accounts may
9 audit, or cause to be audited, the city. All costs of the audit shall be
10 paid by the city. The report shall consist of a full actuarial analysis
11 of each such retirement plan established pursuant to this section and
12 section 15-1026. The analysis shall be prepared by an independent private
13 organization or public entity employing actuaries who are members in good
14 standing of the American Academy of Actuaries, and which organization or
15 entity has demonstrated expertise to perform this type of analysis and is
16 unrelated to any organization offering investment advice or which
17 provides investment management services to the retirement plan. The
18 report to the Nebraska Retirement Systems Committee shall be submitted
19 electronically.

20 (3)(a) Beginning December 31, 2018, and each December 31 thereafter,
21 for a defined benefit plan, the clerk of a city of the primary class or
22 his or her designee shall prepare and electronically file an annual
23 report with the Auditor of Public Accounts and the Nebraska Retirement
24 Systems Committee of the Legislature. If such retirement plan is a
25 defined benefit plan which was open to new members on January 1, 2004,
26 the report shall be in addition to the reports required by section
27 13-2402. The report shall be on a form prescribed by the Auditor of
28 Public Accounts and shall include, but not be limited to, the following
29 information:

30 (i) The levels of benefits of participants in the plan, the number
31 of members who are eligible for a benefit, the total present value of

1 such members' benefits, and the funding sources which will pay for such
2 benefits; and

3 (ii) A copy of a full actuarial analysis of each such defined
4 benefit plan. The analysis shall be prepared by an independent private
5 organization or public entity employing actuaries who are members in good
6 standing of the American Academy of Actuaries, and which organization or
7 entity has demonstrated expertise to perform this type of analysis and is
8 unrelated to any organization which offers investment advice or provides
9 investment management services to the retirement plan.

10 (b) The Auditor of Public Accounts may prepare a review of such
11 report pursuant to section 84-304.02 but is not required to do so. If the
12 association does not submit a copy of the report to the Auditor of Public
13 Accounts within six months after the end of the plan year, the Auditor of
14 Public Accounts may audit, or cause to be audited, the city. All costs of
15 the audit shall be paid by the city.

16 Sec. 7. Section 16-1017, Revised Statutes Cumulative Supplement,
17 2016, is amended to read:

18 16-1017 (1) It shall be the duty of the retirement committee to:

19 (a) Provide each employee a summary of plan eligibility requirements
20 and benefit provisions;

21 (b) Provide, within thirty days after a request is made by a
22 participant, a statement describing the amount of benefits such
23 participant is eligible to receive; and

24 (c) Make available for review an annual report of the retirement
25 system's operations describing both (i) the amount of contributions to
26 the retirement system from both employee and employer sources and (ii) an
27 identification of the total assets of the retirement system.

28 (2) ~~(2)(a)~~ Beginning December 31, 1998, through and each December
29 31, 2017:

30 (a) The thereafter, the chairperson of the retirement committee
31 shall file with the Public Employees Retirement Board a report on each

1 retirement plan established pursuant to section 401(a) of the Internal
2 Revenue Code and administered by a retirement system established pursuant
3 to the Police Officers Retirement Act and shall submit copies of such
4 report to the Auditor of Public Accounts. The Auditor of Public Accounts
5 may prepare a review of such report pursuant to section 84-304.02 but is
6 not required to do so. The annual report shall be in a form prescribed by
7 the Public Employees Retirement Board and shall contain the following
8 information for each such retirement plan:

- 9 (i) The number of persons participating in the retirement plan;
- 10 (ii) The contribution rates of participants in the plan;
- 11 (iii) Plan assets and liabilities;
- 12 (iv) The names and positions of persons administering the plan;
- 13 (v) The names and positions of persons investing plan assets;
- 14 (vi) The form and nature of investments;
- 15 (vii) For each defined contribution plan, a full description of
16 investment policies and options available to plan participants; and
- 17 (viii) For each defined benefit plan, the levels of benefits of
18 participants in the plan, the number of members who are eligible for a
19 benefit, and the total present value of such members' benefits, as well
20 as the funding sources which will pay for such benefits.

21 If a plan contains no current active participants, the chairperson
22 may file in place of such report a statement with the Public Employees
23 Retirement Board indicating the number of retirees still drawing benefits
24 and the sources and amount of funding for such benefits.

25 (b) Through December 31, 2017, if If such retirement plan is a
26 defined benefit plan which was open to new members on January 1, 2004, in
27 addition to the reports required by section 13-2402, the retirement
28 committee shall cause to be prepared an annual report and the chairperson
29 shall file the same with the Public Employees Retirement Board and the
30 Nebraska Retirement Systems Committee of the Legislature and submit to
31 the Auditor of Public Accounts a copy of such report. The Auditor of

1 Public Accounts may prepare a review of such report pursuant to section
2 84-304.02 but is not required to do so. If the retirement committee does
3 not submit a copy of the report to the Auditor of Public Accounts within
4 six months after the end of the plan year, the Auditor of Public Accounts
5 may audit, or cause to be audited, the city. All costs of the audit shall
6 be paid by the city. The report shall consist of a full actuarial
7 analysis of each such retirement plan administered by a retirement system
8 established pursuant to the act. The analysis shall be prepared by an
9 independent private organization or public entity employing actuaries who
10 are members in good standing of the American Academy of Actuaries, and
11 which organization or entity has demonstrated expertise to perform this
12 type of analysis and is unrelated to any organization offering investment
13 advice or which provides investment management services to the retirement
14 plan. The report to the Nebraska Retirement Systems Committee shall be
15 submitted electronically.

16 (3)(a) Beginning December 31, 2018, and each December 31 thereafter,
17 for a defined benefit plan the chairperson of the retirement committee or
18 his or her designee shall prepare and electronically file an annual
19 report with the Auditor of Public Accounts and the Nebraska Retirement
20 Systems Committee of the Legislature. If such retirement plan is a
21 defined benefit plan which was open to new members on January 1, 2004,
22 the report shall be in addition to the reports required by section
23 13-2402. The report shall be on a form prescribed by the Auditor of
24 Public Accounts and shall include, but not be limited to, the following
25 information:

26 (i) The levels of benefits of participants in the plan, the number
27 of members who are eligible for a benefit, the total present value of
28 such members' benefits, and the funding sources which will pay for such
29 benefits; and

30 (ii) A copy of a full actuarial analysis of each such defined
31 benefit plan. The analysis shall be prepared by an independent private

1 organization or public entity employing actuaries who are members in good
2 standing of the American Academy of Actuaries, and which organization or
3 entity has demonstrated expertise to perform this type of analysis and is
4 unrelated to any organization which offers investment advice or provides
5 investment management services to the retirement plan.

6 (b) The Auditor of Public Accounts may prepare a review of such
7 report pursuant to section 84-304.02 but is not required to do so. If the
8 association does not submit a copy of the report to the Auditor of Public
9 Accounts within six months after the end of the plan year, the Auditor of
10 Public Accounts may audit, or cause to be audited, the retirement
11 committee. All costs of the audit shall be paid by the retirement
12 committee.

13 Sec. 8. Section 16-1037, Revised Statutes Cumulative Supplement,
14 2016, is amended to read:

15 16-1037 (1) It shall be the duty of the retirement committee to:

16 (a) Elect a chairperson, a vice-chairperson, and such other officers
17 as the committee deems appropriate;

18 (b) Hold regular quarterly meetings and special meetings upon the
19 call of the chairperson;

20 (c) Conduct meetings pursuant to the Open Meetings Act;

21 (d) Provide each employee a summary of plan eligibility
22 requirements, benefit provisions, and investment options available to
23 such employee;

24 (e) Provide, within thirty days after a request is made by a
25 participant, a statement describing the amount of benefits such
26 participant is eligible to receive; and

27 (f) Make available for review an annual report of the system's
28 operations describing both (i) the amount of contributions to the system
29 from both employee and employer sources and (ii) an identification of the
30 total assets of the retirement system.

31 (2) ~~(2)(a)~~ Beginning December 31, 1998, through and ~~each~~ December

1 31, 2017:

2 (a) ~~The thereafter,~~ the chairperson of the retirement committee
3 shall file with the Public Employees Retirement Board an annual report on
4 each retirement plan established pursuant to section 401(a) of the
5 Internal Revenue Code and administered by a retirement system established
6 pursuant to sections 16-1020 to 16-1042 and shall submit copies of such
7 report to the Auditor of Public Accounts. The Auditor of Public Accounts
8 may prepare a review of such report pursuant to section 84-304.02 but is
9 not required to do so. The annual report shall be in a form prescribed by
10 the Public Employees Retirement Board and shall contain the following
11 information for each such retirement plan:

- 12 (i) The number of persons participating in the retirement plan;
- 13 (ii) The contribution rates of participants in the plan;
- 14 (iii) Plan assets and liabilities;
- 15 (iv) The names and positions of persons administering the plan;
- 16 (v) The names and positions of persons investing plan assets;
- 17 (vi) The form and nature of investments;
- 18 (vii) For each defined contribution plan, a full description of
19 investment policies and options available to plan participants; and
- 20 (viii) For each defined benefit plan, the levels of benefits of
21 participants in the plan, the number of members who are eligible for a
22 benefit, and the total present value of such members' benefits, as well
23 as the funding sources which will pay for such benefits.

24 If a plan contains no current active participants, the chairperson
25 may file in place of such report a statement with the Public Employees
26 Retirement Board indicating the number of retirees still drawing
27 benefits, and the sources and amount of funding for such benefits.

28 (b) Through December 31, 2017, if If such retirement plan is a
29 defined benefit plan which was open to new members on January 1, 2004, in
30 addition to the reports required by section 13-2402, the retirement
31 committee shall cause to be prepared an annual report and the chairperson

1 shall file the same with the Public Employees Retirement Board and the
2 Nebraska Retirement Systems Committee of the Legislature and submit to
3 the Auditor of Public Accounts a copy of such report. The Auditor of
4 Public Accounts may prepare a review of such report pursuant to section
5 84-304.02 but is not required to do so. If the retirement committee does
6 not submit a copy of the report to the Auditor of Public Accounts within
7 six months after the end of the plan year, the Auditor of Public Accounts
8 may audit, or cause to be audited, the city. All costs of the audit shall
9 be paid by the city. The report shall consist of a full actuarial
10 analysis of each such retirement plan administered by a system
11 established pursuant to sections 16-1020 to 16-1042. The analysis shall
12 be prepared by an independent private organization or public entity
13 employing actuaries who are members in good standing of the American
14 Academy of Actuaries, and which organization or entity has demonstrated
15 expertise to perform this type of analysis and is unrelated to any
16 organization offering investment advice or which provides investment
17 management services to the retirement plan. The report to the Nebraska
18 Retirement Systems Committee shall be submitted electronically.

19 (3)(a) Beginning December 31, 2018, and each December 31 thereafter,
20 for a defined benefit plan the chairperson of the retirement committee or
21 his or her designee shall prepare and electronically file an annual
22 report with the Auditor of Public Accounts and the Nebraska Retirement
23 Systems Committee of the Legislature. If such retirement plan is a
24 defined benefit plan which was open to new members on January 1, 2004,
25 the report shall be in addition to the reports required by section
26 13-2402. The report shall be on a form prescribed by the Auditor of
27 Public Accounts and shall include, but not be limited to, the following
28 information:

29 (i) The levels of benefits of participants in the plan, the number
30 of members who are eligible for a benefit, the total present value of
31 such members' benefits, and the funding sources which will pay for such

1 benefits; and

2 (ii) A copy of a full actuarial analysis of each such defined
3 benefit plan. The analysis shall be prepared by an independent private
4 organization or public entity employing actuaries who are members in good
5 standing of the American Academy of Actuaries, and which organization or
6 entity has demonstrated expertise to perform this type of analysis and is
7 unrelated to any organization which offers investment advice or provides
8 investment management services to the retirement plan.

9 (b) The Auditor of Public Accounts may prepare a review of such
10 report pursuant to section 84-304.02 but is not required to do so. If the
11 association does not submit a copy of the report to the Auditor of Public
12 Accounts within six months after the end of the plan year, the Auditor of
13 Public Accounts may audit, or cause to be audited, the retirement
14 committee. All costs of the audit shall be paid by the retirement
15 committee.

16 Sec. 9. Section 19-3501, Revised Statutes Cumulative Supplement,
17 2016, is amended to read:

18 19-3501 (1) The governing body of cities of the first and second
19 classes and villages may, by appropriate ordinance or proper resolution,
20 establish a pension plan designed and intended for the benefit of the
21 regularly employed or appointed full-time employees of the city. Any
22 recognized method of funding a pension plan may be employed. The plan
23 shall be established by appropriate ordinance or proper resolution, which
24 may provide for mandatory contribution by the employee. The city may also
25 contribute, in addition to any amounts contributed by the employee,
26 amounts to be used for the purpose of funding employee past service
27 benefits. Any two or more cities of the first and second classes and
28 villages may jointly establish such a pension plan by adoption of
29 appropriate ordinances or resolutions. Such a pension plan may be
30 integrated with old age and survivors insurance, otherwise generally
31 known as social security.

1 (2) ~~(2)(a)~~ Beginning December 31, 1998, through ~~and each~~ December
2 31, 2017:

3 (a) ~~The thereafter,~~ the clerk of a city or village with a retirement
4 plan established pursuant to this section and section 401(a) of the
5 Internal Revenue Code shall file with the Public Employees Retirement
6 Board an annual report on such plan and shall submit copies of such
7 report to the Auditor of Public Accounts. The Auditor of Public Accounts
8 may prepare a review of such report pursuant to section 84-304.02 but is
9 not required to do so. The annual report shall be in a form prescribed by
10 the Public Employees Retirement Board and shall contain the following
11 information for each such retirement plan:

- 12 (i) The number of persons participating in the retirement plan;
- 13 (ii) The contribution rates of participants in the plan;
- 14 (iii) Plan assets and liabilities;
- 15 (iv) The names and positions of persons administering the plan;
- 16 (v) The names and positions of persons investing plan assets;
- 17 (vi) The form and nature of investments;
- 18 (vii) For each defined contribution plan, a full description of
19 investment policies and options available to plan participants; and
- 20 (viii) For each defined benefit plan, the levels of benefits of
21 participants in the plan, the number of members who are eligible for a
22 benefit, and the total present value of such members' benefits, as well
23 as the funding sources which will pay for such benefits.

24 If a plan contains no current active participants, the city or
25 village clerk may file in place of such report a statement with the
26 Public Employees Retirement Board indicating the number of retirees still
27 drawing benefits, and the sources and amount of funding for such
28 benefits.

29 (b) If such retirement plan is a defined benefit plan which was open
30 to new members on January 1, 2004, in addition to the reports required by
31 section 13-2402, the city council or village board shall cause to be

1 prepared an annual report and shall file the same with the Public
2 Employees Retirement Board and the Nebraska Retirement Systems Committee
3 of the Legislature and submit to the Auditor of Public Accounts a copy of
4 each report. The Auditor of Public Accounts may prepare a review of such
5 report pursuant to section 84-304.02 but is not required to do so. If the
6 city council or village board does not submit a copy of the report to the
7 Auditor of Public Accounts within six months after the end of the plan
8 year, the Auditor of Public Accounts may audit, or cause to be audited,
9 the city or village. All costs of the audit shall be paid by the city or
10 village. The report shall consist of a full actuarial analysis of each
11 such retirement plan established pursuant to this section. The analysis
12 shall be prepared by an independent private organization or public entity
13 employing actuaries who are members in good standing of the American
14 Academy of Actuaries, and which organization or entity has demonstrated
15 expertise to perform this type of analysis and is unrelated to any
16 organization offering investment advice or which provides investment
17 management services to the retirement plan. The report to the Nebraska
18 Retirement Systems Committee shall be submitted electronically.

19 (3) Subsection (1) of this section shall not apply to firefighters
20 or police officers who are included under an existing pension or
21 retirement system established by the municipality employing such
22 firefighters or police officers or the Legislature. If a city of the
23 first class decreases in population to less than five thousand, as
24 determined by the latest federal census, any police officer or
25 firefighter employed by such city on or prior to the date such city
26 becomes a city of the second class shall retain the level of benefits
27 established by the Legislature for police officers or firefighters
28 employed by a city of the first class on the date such city becomes a
29 city of the second class.

30 Sec. 10. Section 23-1118, Revised Statutes Cumulative Supplement,
31 2016, is amended to read:

1 23-1118 (1)(a) Unless the county has adopted a retirement system
2 pursuant to section 23-2329, the county board of any county having a
3 population of one hundred fifty thousand inhabitants or more, as
4 determined by the most recent federal decennial census, may, in its
5 discretion and with the approval of the voters, provide retirement
6 benefits for present and future employees of the county. The cost of such
7 retirement benefits shall be funded in accordance with sound actuarial
8 principles with the necessary cost being treated in the county budget in
9 the same way as any other operating expense.

10 (b) Except as provided in subdivision (c) of this subsection, each
11 employee shall be required to contribute, or have contributed on his or
12 her behalf, an amount at least equal to the county's contribution to the
13 cost of any such retirement program as to service performed after the
14 adoption of such retirement program, but the cost of any benefits based
15 on prior service shall be borne solely by the county.

16 (c) In a county or municipal county having a population of two
17 hundred fifty thousand or more inhabitants but not more than five hundred
18 thousand inhabitants, as determined by the most recent federal decennial
19 census, the county or municipal county shall establish the employee and
20 employer contribution rates to the retirement program for each year after
21 July 15, 1992. The county or municipal county shall contribute one
22 hundred fifty percent of each employee's mandatory contribution, and for
23 an employee hired on or after July 1, 2012, the county or municipal
24 county shall contribute at least one hundred percent of each such
25 employee's mandatory contribution, except that an employee receiving a
26 one hundred fifty percent employer contribution under this subdivision
27 may irrevocably elect to switch to a one hundred percent contribution for
28 all future contributions. The combined contributions of the county or
29 municipal county and its employees to the cost of any such retirement
30 program shall not exceed sixteen percent of the employees' salaries.

31 (2) Before the county board or council provides retirement benefits

1 for the employees of the county or municipal county, such question shall
2 be submitted at a regular general or primary election held within the
3 county or municipal county, and in which election all persons eligible to
4 vote for the officials of the county or municipal county shall be
5 entitled to vote on such question, which shall be submitted in the
6 following language: Shall the county board or council provide retirement
7 benefits for present and future employees of the county or municipal
8 county? If a majority of the votes cast upon such question are in favor
9 of such question, then the county board or council shall be empowered to
10 provide retirement benefits for present and future employees as provided
11 in this section. If such retirement benefits for present and future
12 county and municipal county employees are approved by the voters and
13 authorized by the county board or council, then the funds of such
14 retirement system, in excess of the amount required for current
15 operations as determined by the county board or council, may be invested
16 and reinvested in the class of securities and investments described in
17 section 30-3209.

18 (3) As used in this section, employees shall mean all persons or
19 officers devoting more than twenty hours per week to employment by the
20 county or municipal county, all elected officers of the county or
21 municipal county, and such other persons or officers as are classified
22 from time to time as permanent employees by the county board or council.

23 (4) The county or municipal county may pick up the member
24 contributions required by this section for all compensation paid on or
25 after January 1, 1985, and the contributions so picked up shall be
26 treated as employer contributions in determining federal tax treatment
27 under the Internal Revenue Code, except that the county or municipal
28 county shall continue to withhold federal income taxes based upon these
29 contributions until the Internal Revenue Service or the federal courts
30 rule that, pursuant to section 414(h) of the Internal Revenue Code, these
31 contributions shall not be included as gross income of the member until

1 such time as they are distributed or made available. The county or
2 municipal county shall pay these member contributions from the same
3 source of funds which is used in paying earnings to the member. The
4 county or municipal county shall pick up these contributions by a salary
5 deduction either through a reduction in the cash salary of the member or
6 a combination of a reduction in salary and offset against a future salary
7 increase. Member contributions picked up shall be treated in the same
8 manner and to the same extent as member contributions made prior to the
9 date picked up.

10 (5) ~~(5)(a)~~ Beginning December 31, 1998, through and ~~each~~ December
11 31, 2017:

12 (a) ~~The thereafter,~~ the chairperson of the county board or council
13 with a retirement plan established pursuant to this section and section
14 401(a) of the Internal Revenue Code shall file with the Public Employees
15 Retirement Board a report on such plan and shall submit copies of such
16 report to the Auditor of Public Accounts. The Auditor of Public Accounts
17 may prepare a review of such report pursuant to section 84-304.02 but is
18 not required to do so. The report shall be in a form prescribed by the
19 Public Employees Retirement Board and shall contain the following
20 information for each such retirement plan:

- 21 (i) The number of persons participating in the retirement plan;
- 22 (ii) The contribution rates of participants in the plan;
- 23 (iii) Plan assets and liabilities;
- 24 (iv) The names and positions of persons administering the plan;
- 25 (v) The names and positions of persons investing plan assets;
- 26 (vi) The form and nature of investments;
- 27 (vii) For each defined contribution plan, a full description of
28 investment policies and options available to plan participants; and
- 29 (viii) For each defined benefit plan, the levels of benefits of
30 participants in the plan, the number of members who are eligible for a
31 benefit, and the total present value of such members' benefits, as well

1 as the funding sources which will pay for such benefits.

2 If a plan contains no current active participants, the chairperson
3 may file in place of such report a statement with the Public Employees
4 Retirement Board indicating the number of retirees still drawing
5 benefits, and the sources and amount of funding for such benefits.

6 (b) If such retirement plan is a defined benefit plan which was open
7 to new members on January 1, 2004, in addition to the reports required by
8 section 13-2402, the county board of a county or council of the municipal
9 county with a retirement plan established pursuant to this section shall
10 cause to be prepared an annual report and the chairperson shall file the
11 same with the Public Employees Retirement Board and the Nebraska
12 Retirement Systems Committee of the Legislature and submit to the Auditor
13 of Public Accounts a copy of such report. The Auditor of Public Accounts
14 may prepare a review of such report pursuant to section 84-304.02 but is
15 not required to do so. If the county board or council does not submit a
16 copy of the report to the Auditor of Public Accounts within six months
17 after the end of the plan year, the Auditor of Public Accounts may audit,
18 or cause to be audited, the county or municipal county. All costs of the
19 audit shall be paid by the county or municipal county. The report shall
20 consist of a full actuarial analysis of each such retirement plan
21 established pursuant to this section. The analysis shall be prepared by
22 an independent private organization or public entity employing actuaries
23 who are members in good standing of the American Academy of Actuaries,
24 and which organization or entity has demonstrated expertise to perform
25 this type of analysis and is unrelated to any organization offering
26 investment advice or which provides investment management services to the
27 retirement plan. The report to the Nebraska Retirement Systems Committee
28 shall be submitted electronically.

29 Sec. 11. Section 23-2301, Revised Statutes Cumulative Supplement,
30 2016, is amended to read:

31 23-2301 For purposes of the County Employees Retirement Act, unless

1 the context otherwise requires:

2 (1)(a) ~~(1)~~ Actuarial equivalent means the equality in value of the
3 aggregate amounts expected to be received under different forms of an
4 annuity payment.

5 (b) For a member hired prior to January 1, 2018, the The mortality
6 assumption used for purposes of converting the member cash balance
7 account shall be the 1994 Group Annuity Mortality Table using a unisex
8 rate that is fifty percent male and fifty percent female. For purposes of
9 converting the member cash balance account attributable to contributions
10 made prior to January 1, 1984, that were transferred pursuant to the act,
11 the 1994 Group Annuity Mortality Table for males shall be used. ;

12 (c) For a member hired on or after January 1, 2018, or rehired on or
13 after January 1, 2018, after termination of employment and being paid a
14 retirement benefit or taking a refund of contributions, the mortality
15 assumption used for purposes of converting the member cash balance
16 account shall be a unisex mortality table that is recommended by the
17 actuary and approved by the board following an actuarial experience
18 study, a benefit adequacy study, or a plan valuation. The mortality table
19 and actuarial factors in effect on the member's retirement date will be
20 used to calculate the actuarial equivalency of any retirement benefit;

21 (2) Annuity means equal monthly payments provided by the retirement
22 system to a member or beneficiary under forms determined by the board
23 beginning the first day of the month after an annuity election is
24 received in the office of the Nebraska Public Employees Retirement
25 Systems or the first day of the month after the employee's termination of
26 employment, whichever is later. The last payment shall be at the end of
27 the calendar month in which the member dies or in accordance with the
28 payment option chosen by the member;

29 (3) Annuity start date means the date upon which a member's annuity
30 is first effective and shall be the first day of the month following the
31 member's termination or following the date the application is received by

1 the board, whichever is later;

2 (4) Cash balance benefit means a member's retirement benefit that is
3 equal to an amount based on annual employee contribution credits plus
4 interest credits and, if vested, employer contribution credits plus
5 interest credits and dividend amounts credited in accordance with
6 subdivision (4)(c) of section 23-2317;

7 (5)(a) Compensation means gross wages or salaries payable to the
8 member for personal services performed during the plan year. Compensation
9 does not include insurance premiums converted into cash payments,
10 reimbursement for expenses incurred, fringe benefits, per diems, or
11 bonuses for services not actually rendered, including, but not limited
12 to, early retirement inducements, cash awards, and severance pay, except
13 for retroactive salary payments paid pursuant to court order,
14 arbitration, or litigation and grievance settlements. Compensation
15 includes overtime pay, member retirement contributions, and amounts
16 contributed by the member to plans under sections 125, 403(b), and 457 of
17 the Internal Revenue Code or any other section of the code which defers
18 or excludes such amounts from income.

19 (b) Compensation in excess of the limitations set forth in section
20 401(a)(17) of the Internal Revenue Code shall be disregarded. For an
21 employee who was a member of the retirement system before the first plan
22 year beginning after December 31, 1995, the limitation on compensation
23 shall not be less than the amount which was allowed to be taken into
24 account under the retirement system as in effect on July 1, 1993;

25 (6) Date of adoption of the retirement system by each county means
26 the first day of the month next following the date of approval of the
27 retirement system by the county board or January 1, 1987, whichever is
28 earlier;

29 (7) Date of disability means the date on which a member is
30 determined by the board to be disabled;

31 (8) Defined contribution benefit means a member's retirement benefit

1 from a money purchase plan in which member benefits equal annual
2 contributions and earnings pursuant to section 23-2309 and, if vested,
3 employer contributions and earnings pursuant to section 23-2310;

4 (9) Disability means an inability to engage in any a substantially
5 gainful activity by reason of any medically determinable physical or
6 mental impairment which was initially diagnosed or became disabling while
7 the member was an active participant in the plan and which can be
8 expected to result in death or be of a long-continued ~~long~~ and indefinite
9 duration;

10 (10) Employee means all persons or officers who are employed by a
11 county of the State of Nebraska on a permanent basis, persons or officers
12 employed by or serving in a municipal county formed by at least one
13 county participating in the retirement system, persons employed as
14 provided in section 2-1608, all elected officers of a county, and such
15 other persons or officers as are classified from time to time as
16 permanent employees by the county board of the county by which they are
17 employed, except that employee does not include judges, employees or
18 officers of any county having a population in excess of two hundred fifty
19 thousand inhabitants as determined by the most recent federal decennial
20 census, or, except as provided in section 23-2306, persons making
21 contributions to the School Employees Retirement System of the State of
22 Nebraska;

23 (11) Employee contribution credit means an amount equal to the
24 member contribution amount required by section 23-2307;

25 (12) Employer contribution credit means an amount equal to the
26 employer contribution amount required by section 23-2308;

27 (13) Final account value means the value of a member's account on
28 the date the account is either distributed to the member or used to
29 purchase an annuity from the plan, which date shall occur as soon as
30 administratively practicable after receipt of a valid application for
31 benefits, but no sooner than forty-five days after the member's

1 termination;

2 (14) Five-year break in service means a period of five consecutive
3 one-year breaks in service;

4 (15) Full-time employee means an employee who is employed to work
5 one-half or more of the regularly scheduled hours during each pay period;

6 (16) Future service means service following the date of adoption of
7 the retirement system;

8 (17) Guaranteed investment contract means an investment contract or
9 account offering a return of principal invested plus interest at a
10 specified rate. For investments made after July 19, 1996, guaranteed
11 investment contract does not include direct obligations of the United
12 States or its instrumentalities, bonds, participation certificates or
13 other obligations of the Federal National Mortgage Association, the
14 Federal Home Loan Mortgage Corporation, or the Government National
15 Mortgage Association, or collateralized mortgage obligations and other
16 derivative securities. This subdivision shall not be construed to require
17 the liquidation of investment contracts or accounts entered into prior to
18 July 19, 1996;

19 (18) Hire date or date of hire means the first day of compensated
20 service subject to retirement contributions;

21 (19) ~~(18)~~ Interest credit rate means the greater of (a) five percent
22 or (b) the applicable federal mid-term rate, as published by the Internal
23 Revenue Service as of the first day of the calendar quarter for which
24 interest credits are credited, plus one and one-half percent, such rate
25 to be compounded annually;

26 (20) ~~(19)~~ Interest credits means the amounts credited to the
27 employee cash balance account and the employer cash balance account at
28 the end of each day. Such interest credit for each account shall be
29 determined by applying the daily portion of the interest credit rate to
30 the account balance at the end of the previous day. Such interest credits
31 shall continue to be credited to the employee cash balance account and

1 the employer cash balance account after a member ceases to be an
2 employee, except that no such credit shall be made with respect to the
3 employee cash balance account and the employer cash balance account for
4 any day beginning on or after the member's date of final account value.
5 If benefits payable to the member's surviving spouse or beneficiary are
6 delayed after the member's death, interest credits shall continue to be
7 credited to the employee cash balance account and the employer cash
8 balance account until such surviving spouse or beneficiary commences
9 receipt of a distribution from the plan;

10 (21) ~~(20)~~ Member cash balance account means an account equal to the
11 sum of the employee cash balance account and, if vested, the employer
12 cash balance account and dividend amounts credited in accordance with
13 subdivision (4)(c) of section 23-2317;

14 (22) ~~(21)~~ One-year break in service means a plan year during which
15 the member has not completed more than five hundred hours of service;

16 (23) ~~(22)~~ Participation means qualifying for and making the required
17 deposits to the retirement system during the course of a plan year;

18 (24) ~~(23)~~ Part-time employee means an employee who is employed to
19 work less than one-half of the regularly scheduled hours during each pay
20 period;

21 (25) ~~(24)~~ Plan year means the twelve-month period beginning on
22 January 1 and ending on December 31;

23 (26) ~~(25)~~ Prior service means service prior to the date of adoption
24 of the retirement system;

25 (27) ~~(26)~~ Regular interest means the rate of interest earned each
26 calendar year as determined by the retirement board in conformity with
27 actual and expected earnings on the investments through December 31,
28 1985;

29 (28) ~~(27)~~ Required contribution means the deduction to be made from
30 the compensation of employees as provided in the act;

31 (29) ~~(28)~~ Retirement means qualifying for and accepting the

1 retirement benefit granted under the act after terminating employment;

2 ~~(30)~~ ~~(29)~~ Retirement application means the form approved and
3 provided by the retirement system for acceptance of a member's request
4 for either regular or disability retirement;

5 ~~(31)~~ ~~(30)~~ Retirement board or board means the Public Employees
6 Retirement Board;

7 ~~(32)~~ ~~(31)~~ Retirement date means (a) the first day of the month
8 following the date upon which a member's request for retirement is
9 received on a retirement application if the member is eligible for
10 retirement and has terminated employment or (b) the first day of the
11 month following termination of employment if the member is eligible for
12 retirement and has filed an application but has not yet terminated
13 employment;

14 ~~(33)~~ ~~(32)~~ Retirement system means the Retirement System for Nebraska
15 Counties;

16 ~~(34)~~ ~~(33)~~ Service means the actual total length of employment as an
17 employee and is not deemed to be interrupted by (a) temporary or seasonal
18 suspension of service that does not terminate the employee's employment,
19 (b) leave of absence authorized by the employer for a period not
20 exceeding twelve months, (c) leave of absence because of disability, or
21 (d) military service, when properly authorized by the retirement board.
22 Service does not include any period of disability for which disability
23 retirement benefits are received under section 23-2315;

24 ~~(35)~~ ~~(34)~~ Surviving spouse means (a) the spouse married to the
25 member on the date of the member's death or (b) the spouse or former
26 spouse of the member if survivorship rights are provided under a
27 qualified domestic relations order filed with the board pursuant to the
28 Spousal Pension Rights Act. The spouse or former spouse shall supersede
29 the spouse married to the member on the date of the member's death as
30 provided under a qualified domestic relations order. If the benefits
31 payable to the spouse or former spouse under a qualified domestic

1 relations order are less than the value of benefits entitled to the
2 surviving spouse, the spouse married to the member on the date of the
3 member's death shall be the surviving spouse for the balance of the
4 benefits;

5 (36) ~~(35)~~ Termination of employment occurs on the date on which a
6 county which is a member of the retirement system determines that its
7 employer-employee relationship with an employee is dissolved. The county
8 shall notify the board of the date on which such a termination has
9 occurred. Termination of employment does not occur if an employee whose
10 employer-employee relationship with a county is dissolved enters into an
11 employer-employee relationship with the same or another county which
12 participates in the Retirement System for Nebraska Counties and there are
13 less than one hundred twenty days between the date when the employee's
14 employer-employee relationship ceased with the county and the date when
15 the employer-employee relationship commenced with the same or another
16 county which qualifies the employee for participation in the plan. It is
17 the responsibility of the employer that is involved in the termination of
18 employment to notify the board of such change in employment and provide
19 the board with such information as the board deems necessary. If the
20 board determines that termination of employment has not occurred and a
21 retirement benefit has been paid to a member of the retirement system
22 pursuant to section 23-2319, the board shall require the member who has
23 received such benefit to repay the benefit to the retirement system; and

24 (37) ~~(36)~~ Vesting credit means credit for years, or a fraction of a
25 year, of participation in another Nebraska governmental plan for purposes
26 of determining vesting of the employer account.

27 Sec. 12. Section 23-2308.01, Reissue Revised Statutes of Nebraska,
28 is amended to read:

29 23-2308.01 (1) It is the intent of the Legislature that, in order to
30 improve the competitiveness of the retirement plan for county employees,
31 a cash balance benefit shall be added to the County Employees Retirement

1 Act on and after January 1, 2003. Each member who is employed and
2 participating in the retirement system prior to January 1, 2003, may
3 either elect to continue participation in the defined contribution
4 benefit as provided in the act prior to January 1, 2003, or elect to
5 participate in the cash balance benefit as set forth in this section. An
6 active member shall make a one-time election beginning September 1, 2012,
7 through October 31, 2012, in order to participate in the cash balance
8 benefit. If no such election is made, the member shall be treated as
9 though he or she elected to continue participating in the defined
10 contribution benefit as provided in the act prior to January 1, 2003.
11 Members who elect to participate in the cash balance benefit beginning
12 September 1, 2012, through October 31, 2012, shall commence participation
13 in the cash balance benefit on January 2, 2013. Any member who made the
14 election prior to April 7, 2012, does not have to make another election
15 of the cash balance benefit beginning September 1, 2012, through October
16 31, 2012.

17 (2) For a member employed and participating in the retirement system
18 beginning on and after January 1, 2003, or a member employed and
19 participating in the retirement system on January 1, 2003, who, prior to
20 April 7, 2012, or beginning September 1, 2012, through October 31, 2012,
21 elects to convert his or her employee and employer accounts to the cash
22 balance benefit:

23 (a) Except as provided in subdivision (2)(b) of section 23-2319.01,
24 the employee cash balance account within the County Employees Retirement
25 Fund shall, at any time, be equal to the following:

26 (i) The initial employee account balance, if any, transferred from
27 the defined contribution plan account described in section 23-2309; plus

28 (ii) Employee contribution credits deposited in accordance with
29 section 23-2307; plus

30 (iii) Interest credits credited in accordance with subdivision (20)
31 ~~(19)~~ of section 23-2301; plus

1 (iv) Dividend amounts credited in accordance with subdivision (4)(c)
2 of section 23-2317; and

3 (b) The employer cash balance account shall, at any time, be equal
4 to the following:

5 (i) The initial employer account balance, if any, transferred from
6 the defined contribution plan account described in section 23-2310; plus

7 (ii) Employer contribution credits deposited in accordance with
8 section 23-2308; plus

9 (iii) Interest credits credited in accordance with subdivision (20)
10 ~~(19)~~ of section 23-2301; plus

11 (iv) Dividend amounts credited in accordance with subdivision (4)(c)
12 of section 23-2317.

13 (3) In order to carry out the provisions of this section, the board
14 may enter into administrative services agreements for accounting or
15 record-keeping services. No agreement shall be entered into unless the
16 board determines that it will result in administrative economy and will
17 be in the best interests of the counties and their participating
18 employees. The board may develop a schedule for the allocation of the
19 administrative services agreements costs for accounting or record-keeping
20 services and may assess the costs so that each member pays a reasonable
21 fee as determined by the board.

22 Sec. 13. Section 23-2315.01, Reissue Revised Statutes of Nebraska,
23 is amended to read:

24 23-2315.01 (1) Any member, disregarding the length of service, may
25 be retired as a result of disability either upon his or her own
26 application or upon the application of his or her employer or any person
27 acting in his or her behalf. Before any member may be so retired, a
28 medical examination shall be made at the expense of the retirement
29 system, which examination shall be conducted by a disinterested physician
30 legally authorized to practice medicine under the laws of the state in
31 which he or she practices, such physician to be selected by the

1 retirement board, and the physician shall certify to the board that the
2 member should be retired because he or she suffers from an inability to
3 engage in any a substantially gainful activity by reason of any medically
4 determinable physical or mental impairment ~~which began while the member~~
5 ~~was a participant in the plan and~~ which was initially diagnosed or became
6 disabling while the member was an active participant in the plan and
7 which can be expected to result in death or to be of long-continued and
8 indefinite duration. The medical examination may be waived if, in the
9 judgment of the retirement board, extraordinary circumstances exist which
10 preclude substantial gainful activity by the member. Such circumstances
11 shall include hospice placement or similar confinement for a terminal
12 illness or injury. The application for disability retirement shall be
13 made within one year of termination of employment.

14 (2) The retirement board may require any disability beneficiary who
15 has not attained the age of fifty-five years to undergo a medical
16 examination at the expense of the board once each year. Should any
17 disability beneficiary refuse to undergo such an examination, his or her
18 disability retirement benefit may be discontinued by the board.

19 (3) The retirement board may adopt and promulgate rules and
20 regulations and prescribe the necessary forms to carry out this section.

21 Sec. 14. Section 23-2317, Revised Statutes Cumulative Supplement,
22 2016, is amended to read:

23 23-2317 (1) The future service retirement benefit shall be an
24 annuity, payable monthly with the first payment made no earlier than the
25 annuity start date, which shall be the actuarial equivalent of the
26 retirement value as specified in section 23-2316 based on factors
27 determined by the board, except that gender shall not be a factor when
28 determining the amount of such payments pursuant to subsection (2) of
29 this section.

30 Except as provided in section 42-1107, at any time before the
31 annuity start date, the retiring employee may choose to receive his or

1 her annuity either in the form of an annuity as provided under subsection
2 (4) of this section or any optional form that is determined by the board.

3 Except as provided in section 42-1107, in lieu of the future service
4 retirement annuity, a retiring employee may receive a benefit not to
5 exceed the amount in his or her employer and employee accounts as of the
6 date of final account value payable in a lump sum and, if the employee
7 chooses not to receive the entire amount in such accounts, an annuity
8 equal to the actuarial equivalent of the remainder of the retirement
9 value, and the employee may choose any form of such annuity as provided
10 for by the board.

11 In any case, the amount of the monthly payment shall be such that
12 the annuity chosen shall be the actuarial equivalent of the retirement
13 value as specified in section 23-2316 except as provided in this section.

14 ~~The board shall provide to any county employee who is eligible for~~
15 ~~retirement, prior to his or her selecting any of the retirement options~~
16 ~~provided by this section, information on the federal and state income tax~~
17 ~~consequences of the various annuity or retirement benefit options.~~

18 (2) Except as provided in subsection (4) of this section, the
19 monthly income payable to a member retiring on or after January 1, 1984,
20 shall be as follows:

21 He or she shall receive at retirement the amount which may be
22 purchased by the accumulated contributions based on annuity rates in
23 effect on the annuity start date which do not utilize gender as a factor,
24 except that such amounts shall not be less than the retirement income
25 which can be provided by the sum of the amounts derived pursuant to
26 subdivisions (a) and (b) of this subsection as follows:

27 (a) The income provided by the accumulated contributions made prior
28 to January 1, 1984, based on male annuity purchase rates in effect on the
29 date of purchase; and

30 (b) The income provided by the accumulated contributions made on and
31 after January 1, 1984, based on the annuity purchase rates in effect on

1 the date of purchase which do not use gender as a factor.

2 (3) Any amount, in excess of contributions, which may be required in
3 order to purchase the retirement income specified in subsection (2) of
4 this section shall be withdrawn from the County Equal Retirement Benefit
5 Fund.

6 (4)(a) The normal form of payment shall be a single life annuity
7 with five-year certain, which is an annuity payable monthly during the
8 remainder of the member's life with the provision that, in the event of
9 his or her death before sixty monthly payments have been made, the
10 monthly payments will be continued to his or her estate or to the
11 beneficiary he or she has designated until sixty monthly payments have
12 been made in total. Such annuity shall be equal to the actuarial
13 equivalent of the member cash balance account or the sum of the employee
14 and employer accounts, whichever is applicable, as of the date of final
15 account value. As a part of the annuity, the normal form of payment may
16 include a two and one-half percent cost-of-living adjustment purchased by
17 the member, if the member elects such a payment option.

18 Except as provided in section 42-1107, a member may elect a lump-sum
19 distribution of his or her member cash balance account as of the date of
20 final account value upon termination of service or retirement.

21 For a member employed and participating in the retirement system
22 prior to January 1, 2003, who has elected to participate in the cash
23 balance benefit pursuant to section 23-2308.01, or for a member employed
24 and participating in the retirement system beginning on and after January
25 1, 2003, the balance of his or her member cash balance account as of the
26 date of final account value shall be converted to an annuity using an
27 interest rate that is recommended by the actuary and approved by the
28 board following an actuarial experience study, a benefit adequacy study,
29 or a plan valuation. The interest rate and actuarial factors in effect on
30 the member's retirement date will be used to calculate actuarial
31 equivalency of any retirement benefit. Such interest rate may be, but is

1 ~~not required to be, equal to the assumed rate of return used in the~~
2 ~~actuarial valuation as recommended by the actuary and approved by the~~
3 ~~board.~~

4 For an employee who is a member prior to January 1, 2003, who has
5 elected not to participate in the cash balance benefit pursuant to
6 section 23-2308.01, and who, at the time of retirement, chooses the
7 annuity option rather than the lump-sum option, his or her employee and
8 employer accounts as of the date of final account value shall be
9 converted to an annuity using an interest rate that is equal to the
10 lesser of (i) the Pension Benefit Guaranty Corporation initial interest
11 rate for valuing annuities for terminating plans as of the beginning of
12 the year during which payment begins plus three-fourths of one percent or
13 (ii) the interest rate used to calculate the retirement benefits for cash
14 balance plan members in the actuarial valuation as recommended by the
15 actuary and approved by the board.

16 (b) For the calendar year beginning January 1, 2003, and each
17 calendar year thereafter, the actuary for the board shall perform an
18 actuarial valuation of the system using the entry age actuarial cost
19 method. Under this method, the actuarially required funding rate is equal
20 to the normal cost rate plus the contribution rate necessary to amortize
21 the unfunded actuarial accrued liability on a level-payment basis. The
22 normal cost under this method shall be determined for each individual
23 member on a level percentage of salary basis. The normal cost amount is
24 then summed for all members. The initial unfunded actual accrued
25 liability as of January 1, 2003, if any, shall be amortized over a
26 twenty-five-year period. During each subsequent actuarial valuation,
27 changes in the unfunded actuarial accrued liability due to changes in
28 benefits, actuarial assumptions, the asset valuation method, or actuarial
29 gains or losses shall be measured and amortized over a twenty-five-year
30 period beginning on the valuation date of such change. If the unfunded
31 actuarial accrued liability under the entry age actuarial cost method is

1 zero or less than zero on an actuarial valuation date, then all prior
2 unfunded actuarial accrued liabilities shall be considered fully funded
3 and the unfunded actuarial accrued liability shall be reinitialized and
4 amortized over a twenty-five-year period as of the actuarial valuation
5 date. If the actuarially required contribution rate exceeds the rate of
6 all contributions required pursuant to the County Employees Retirement
7 Act, there shall be a supplemental appropriation sufficient to pay for
8 the difference between the actuarially required contribution rate and the
9 rate of all contributions required pursuant to the act.

10 (c) If the unfunded accrued actuarial liability under the entry age
11 actuarial cost method is less than zero on an actuarial valuation date,
12 and on the basis of all data in the possession of the retirement board,
13 including such mortality and other tables as are recommended by the
14 actuary engaged by the retirement board and adopted by the retirement
15 board, the retirement board may elect to pay a dividend to all members
16 participating in the cash balance option in an amount that would not
17 increase the actuarial contribution rate above ninety percent of the
18 actual contribution rate. Dividends shall be credited to the employee
19 cash balance account and the employer cash balance account based on the
20 account balances on the actuarial valuation date. In the event a dividend
21 is granted and paid after the actuarial valuation date, interest for the
22 period from the actuarial valuation date until the dividend is actually
23 paid shall be paid on the dividend amount. The interest rate shall be the
24 interest credit rate earned on regular contributions.

25 (5) At the option of the retiring member, any lump sum or annuity
26 provided under this section or section 23-2334 may be deferred to
27 commence at any time, except that no benefit shall be deferred later than
28 April 1 of the year following the year in which the employee has both
29 attained at least seventy and one-half years of age and has terminated
30 his or her employment with the county. Such election by the retiring
31 member may be made at any time prior to the commencement of the lump-sum

1 or annuity payments.

2 (6) A participant or beneficiary who would have been required to
3 receive required minimum distributions for 2009 but for the enactment of
4 section 401(a)(9)(H) of the Internal Revenue Code, and who would have
5 satisfied that requirement by receiving distributions that are either
6 equal to the 2009 required minimum distributions or one or more payments
7 in a series of substantially equal distributions, including the 2009
8 required minimum distribution, made at least annually and expected to
9 last for the life or life expectancy of the participant, the joint lives
10 or joint life expectancy of the participant and the participant's
11 designated beneficiary, or for a period of at least ten years, shall
12 receive those distributions for 2009 unless the participant or
13 beneficiary chooses not to receive such distributions. Participants and
14 beneficiaries shall be given the opportunity to elect to stop receiving
15 the distributions described in this subsection.

16 Sec. 15. Section 23-2323.01, Reissue Revised Statutes of Nebraska,
17 is amended to read:

18 23-2323.01 (1)(a) For military service rendered on or after
19 December 12, 1994, but before January 1, 2018, any ~~(1)~~ Any employee who,
20 while an employee, entered into and served in the armed forces of the
21 United States and who within ninety days after honorable discharge or
22 honorable separation from active duty again became an employee shall be
23 credited, for the purposes of section 23-2315, with all the time actually
24 served in the armed forces as if such person had been an employee
25 throughout such service in the armed forces pursuant to the terms and
26 conditions of subdivision (b) subsection (2) of this subsection ~~section~~.

27 (b) (2) Under such rules and regulations as the retirement board
28 adopts and promulgates, an employee who is reemployed on or after
29 December 12, 1994, pursuant to 38 U.S.C. 4301 et seq., may pay to the
30 retirement system an amount equal to the sum of all deductions which
31 would have been made from the employee's compensation during such period

1 of military service. Payment shall be made within the period required by
2 law, not to exceed five years. To the extent that payment is made, (i)
3 ~~(a)~~ the employee shall be treated as not having incurred a break in
4 service by reason of his or her period of military service, (ii) ~~(b)~~ the
5 period of military service shall be credited for the purposes of
6 determining the nonforfeitability of the employee's member's accrued
7 benefits and the accrual of benefits under the plan, and (iii) ~~(c)~~ the
8 employer shall allocate the amount of employer contributions to the
9 employee's member's employer account in the same manner and to the same
10 extent the allocation occurs for other employees during the period of
11 service. For purposes of employee member and employer contributions under
12 this section, the employee's member's compensation during the period of
13 military service shall be the rate the employee member would have
14 received but for the military service or, if not reasonably determinable,
15 the average rate the employee member received during the twelve-month
16 period immediately preceding military service.

17 (c) (3) The employer shall pick up the employee member contributions
18 made through irrevocable payroll deduction authorizations pursuant to
19 this subsection section, and the contributions so picked up shall be
20 treated as employer contributions in the same manner as contributions
21 picked up under section 23-2307.

22 (2)(a) For military service rendered on or after January 1, 2018,
23 any employee who is reemployed pursuant to 38 U.S.C. 4301 et seq., shall
24 be treated as not having incurred a break in service by reason of his or
25 her period of military service. Such military service shall be credited
26 for purposes of determining the nonforfeitability of the employee's
27 accrued benefits and the accrual of benefits under the plan.

28 (b) The county employing the employee shall be liable for funding
29 any obligation of the plan to provide benefits based upon such period of
30 military service. To satisfy the liability, the county employing the
31 employee shall pay to the retirement system an amount equal to:

1 (i) The sum of the employee and employer contributions that would
2 have been paid during such period of military service; and

3 (ii) Any actuarial costs necessary to fund the obligation of the
4 plan to provide benefits based upon such period of military service. For
5 the purposes of determining the amount of such liability and obligation
6 of the plan, earnings and forfeitures, gains and losses, regular
7 interest, interest credits, or dividends that would have accrued on the
8 employee and employer contributions that are paid by the employer
9 pursuant to this section, shall not be included.

10 (c) The amount required pursuant to subdivision (b) of this
11 subsection shall be paid to the retirement system as soon as reasonably
12 practicable following the date of reemployment but must be paid within
13 eighteen months of the date the board notifies the employer of the amount
14 due. If the employer fails to pay the required amount within such
15 eighteen-month period, then the employer is also responsible for any
16 actuarial costs and interest on actuarial costs that accrue from eighteen
17 months after the date the employer is notified by the board until the
18 date the amount is paid.

19 (d) The retirement board may adopt and promulgate rules and
20 regulations to carry out this subsection, including, but not limited to,
21 rules and regulations on:

22 (i) How and when the employee and employer must notify the
23 retirement system of a period of military service;

24 (ii) The acceptable methods of payment;

25 (iii) Determining the compensation upon which the contributions must
26 be made; and

27 (iv) The documentation required to substantiate that the employee
28 was reemployed pursuant to 38 U.S.C. 4301 et seq.

29 (3) This section only applies to military service that falls within
30 the definition of uniformed service under 38 U.S.C. 4301 et seq. Military
31 service does not include service provided pursuant to sections 55-101 to

1 55-181.

2 Sec. 16. Section 23-2334, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 23-2334 The prior service retirement benefit shall be a straight
5 life annuity, payable monthly, quarterly, semiannually, or annually with
6 the first payment made as of the annuity start date, in an amount
7 determined in accordance with section 23-2333. No , ~~except that if the~~
8 ~~monthly payment would be less than ten dollars, payments shall be made~~
9 ~~annually in advance with each annual payment equal to 11.54 multiplied by~~
10 ~~the monthly payment that would have been made in the absence of this~~
11 ~~restriction on small monthly payments, and no~~ prior service retirement
12 benefit shall be paid to any person who terminates his or her employment
13 unless such person has been continuously employed by the county for ten
14 or more years immediately prior to termination. An employee meeting such
15 requirement and who terminates his or her employment shall not receive a
16 prior service benefit determined in accordance with section 23-2333 prior
17 to attaining age sixty-five.

18 Prior service retirement benefits shall be paid directly by the
19 county to the retired employee.

20 Sec. 17. Section 23-3526, Revised Statutes Cumulative Supplement,
21 2016, is amended to read:

22 23-3526 (1) The board of trustees of each facility, as provided by
23 section 23-3501, shall, upon approval of the county board, have the power
24 and authority to establish and fund a retirement plan for the benefit of
25 its full-time employees. The plan may be funded by any actuarially
26 recognized method approved by the county board. Employees participating
27 in the plan may be required to contribute toward funding the benefits.
28 The facility shall pay all costs of establishing and maintaining the
29 plan. The plan may be integrated with old age and survivor's insurance.

30 (2) ~~(2)(a)~~ Beginning December 31, 1998, through ~~and each~~ December
31 31, 2017:

1 ~~(a) The thereafter,~~ the chairperson of the board of trustees of a
2 facility with a retirement plan established pursuant to this section and
3 section 401(a) of the Internal Revenue Code shall file with the Public
4 Employees Retirement Board an annual report on such plan and shall submit
5 copies of such report to the Auditor of Public Accounts. The Auditor of
6 Public Accounts may prepare a review of such report pursuant to section
7 84-304.02 but is not required to do so. The annual report shall be in a
8 form prescribed by the Public Employees Retirement Board and shall
9 contain the following information for each such retirement plan:

- 10 (i) The number of persons participating in the retirement plan;
- 11 (ii) The contribution rates of participants in the plan;
- 12 (iii) Plan assets and liabilities;
- 13 (iv) The names and positions of persons administering the plan;
- 14 (v) The names and positions of persons investing plan assets;
- 15 (vi) The form and nature of investments;
- 16 (vii) For each defined contribution plan which is not administered
17 by a retirement system under the County Employees Retirement Act, a full
18 description of investment policies and options available to plan
19 participants; and
- 20 (viii) For each defined benefit plan which is not administered by a
21 retirement system under the County Employees Retirement Act, the levels
22 of benefits of participants in the plan, the number of members who are
23 eligible for a benefit, and the total present value of such members'
24 benefits, as well as the funding sources which will pay for such
25 benefits.

26 If a plan which is not administered by a retirement system under the
27 County Employees Retirement Act contains no current active participants,
28 the chairperson may file in place of such report a statement with the
29 Public Employees Retirement Board indicating the number of retirees still
30 drawing benefits, and the sources and amount of funding for such
31 benefits.

1 (b) If such retirement plan is a defined benefit plan which was open
2 to new members on January 1, 2004, in addition to the reports required by
3 section 13-2402, the board of trustees shall cause to be prepared an
4 annual report for each retirement plan which is not administered by a
5 retirement system under the County Employees Retirement Act, and the
6 chairperson shall file the same with the Public Employees Retirement
7 Board and the Nebraska Retirement Systems Committee of the Legislature
8 and submit to the Auditor of Public Accounts a copy of such report. The
9 Auditor of Public Accounts may prepare a review of such report pursuant
10 to section 84-304.02 but is not required to do so. If the board of
11 trustees does not submit a copy of the report to the Auditor of Public
12 Accounts within six months after the end of the plan year, the Auditor of
13 Public Accounts may audit, or cause to be audited, the facility. All
14 costs of the audit shall be paid by the facility. The report shall
15 consist of a full actuarial analysis of each such retirement plan
16 established pursuant to this section which is not administered by a
17 retirement system under the County Employees Retirement Act. The analysis
18 shall be prepared by an independent private organization or public entity
19 employing actuaries who are members in good standing of the American
20 Academy of Actuaries, and which organization or entity has demonstrated
21 expertise to perform this type of analysis and is unrelated to any
22 organization offering investment advice or which provides investment
23 management services to the retirement plan. The report to the Nebraska
24 Retirement Systems Committee shall be submitted electronically.

25 Sec. 18. Section 24-701, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 24-701 For purposes of the Judges Retirement Act, unless the context
28 otherwise requires:

29 (1)(a) ~~(1)~~ Actuarial equivalence means the equality in value of the
30 aggregate amounts expected to be received under different forms of
31 payment.

1 (b) For a judge hired prior to July 1, 2017, the The determinations
2 are to be based on the 1994 Group Annuity Mortality Table reflecting sex-
3 distinct factors blended using seventy-five percent of the male table and
4 twenty-five percent of the female table. An interest rate of eight
5 percent per annum shall be reflected in making these determinations. ;

6 (c) For a judge hired on or after July 1, 2017, or rehired on or
7 after July 1, 2017, after termination of employment and being paid a
8 retirement benefit, the determinations shall be based on a unisex
9 mortality table and an interest rate specified by the board. Both the
10 mortality table and the interest rate shall be recommended by the actuary
11 and approved by the board following an actuarial experience study, a
12 benefit adequacy study, or a plan valuation. The mortality table,
13 interest rate, and actuarial factors in effect on the judge's retirement
14 date will be used to calculate actuarial equivalency of any retirement
15 benefit. Such interest rate may be, but is not required to be, equal to
16 the assumed rate of return;

17 (2) Beneficiary means a person so designated by a judge in the last
18 designation of beneficiary on file with the board or, if no designated
19 person survives or if no designation is on file, the estate of such
20 judge;

21 (3) Board means the Public Employees Retirement Board;

22 (4)(a) Compensation means the statutory salary of a judge or the
23 salary being received by such judge pursuant to law. Compensation does
24 not include compensation for unused sick leave or unused vacation leave
25 converted to cash payments, insurance premiums converted into cash
26 payments, reimbursement for expenses incurred, fringe benefits, per
27 diems, or bonuses for services not actually rendered, including, but not
28 limited to, early retirement inducements, cash awards, and severance pay,
29 except for retroactive salary payments paid pursuant to court order,
30 arbitration, or litigation and grievance settlements. Compensation
31 includes overtime pay, member retirement contributions, and amounts

1 contributed by the member to plans under sections 125 and 457 of the
2 Internal Revenue Code as defined in section 49-801.01 or any other
3 section of the code which defers or excludes such amounts from income.

4 (b) Compensation in excess of the limitations set forth in section
5 401(a)(17) of the Internal Revenue Code as defined in section 49-801.01
6 shall be disregarded. For an employee who was a member of the retirement
7 system before the first plan year beginning after December 31, 1995, the
8 limitation on compensation shall not be less than the amount which was
9 allowed to be taken into account under the retirement system as in effect
10 on July 1, 1993;

11 (5) Creditable service means the total number of years served as a
12 judge, including prior service, military service, and current service,
13 computed to the nearest one-twelfth year. For current service prior to
14 the time that the member has contributed the required percentage of
15 salary until the maximum benefit as limited by section 24-710 has been
16 earned, creditable service does not include current service for which
17 member contributions are not made or are withdrawn and not repaid;

18 (6) Current benefit means the initial benefit increased by all
19 adjustments made pursuant to the Judges Retirement Act;

20 (7)(a) Current service means the period of service (i) any judge of
21 the Supreme Court or judge of the district court serves in such capacity
22 from and after January 3, 1957, (ii)(A) any judge of the Nebraska
23 Workmen's Compensation Court served in such capacity from and after
24 September 20, 1957, and prior to July 17, 1986, and (B) any judge of the
25 Nebraska Workers' Compensation Court serves in such capacity on and after
26 July 17, 1986, (iii) any county judge serves in such capacity from and
27 after January 5, 1961, (iv) any judge of a separate juvenile court serves
28 in such capacity, (v) any judge of the municipal court served in such
29 capacity subsequent to October 23, 1967, and prior to July 1, 1985, (vi)
30 any judge of the county court or associate county judge serves in such
31 capacity subsequent to January 4, 1973, (vii) any clerk magistrate, who

1 was an associate county judge and a member of the fund at the time of
2 appointment as a clerk magistrate, serves in such capacity from and after
3 July 1, 1986, and (viii) any judge of the Court of Appeals serves in such
4 capacity on or after September 6, 1991.

5 (b) Current service shall not be deemed to be interrupted by (i)
6 temporary or seasonal suspension of service that does not terminate the
7 employee's employment, (ii) leave of absence authorized by the employer
8 for a period not exceeding twelve months, (iii) leave of absence because
9 of disability, or (iv) military service, when properly authorized by the
10 board. Current service does not include any period of disability for
11 which disability retirement benefits are received under section 24-709;

12 (8) Final average compensation for a judge who becomes a member
13 prior to July 1, 2015, means the average monthly compensation for the
14 three twelve-month periods of service as a judge in which compensation
15 was the greatest or, in the event of a judge serving less than three
16 twelve-month periods, the average monthly compensation for such judge's
17 period of service. Final average compensation for a judge who becomes a
18 member on and after July 1, 2015, means the average monthly compensation
19 for the five twelve-month periods of service as a judge in which
20 compensation was the greatest or, in the event of a judge serving less
21 than five twelve-month periods, the average monthly compensation for such
22 judge's period of service;

23 (9) Fund means the Nebraska Retirement Fund for Judges;

24 (10) Future member means a judge who first served as a judge on or
25 after December 25, 1969, or means a judge who first served as a judge
26 prior to December 25, 1969, who elects to become a future member on or
27 before June 30, 1970, as provided in subsection (8) of section 24-703 or
28 section 24-710.01;

29 (11) Hire date or date of hire means the first day of compensated
30 service subject to retirement contributions;

31 (12) ~~(11)~~ Initial benefit means the retirement benefit calculated at

1 the time of retirement;

2 (13) ~~(12)~~ Judge means and includes (a) all duly elected or appointed
3 Chief Justices or judges of the Supreme Court and judges of the district
4 courts of Nebraska who serve in such capacity on and after January 3,
5 1957, (b)(i) all duly appointed judges of the Nebraska Workmen's
6 Compensation Court who served in such capacity on and after September 20,
7 1957, and prior to July 17, 1986, and (ii) judges of the Nebraska
8 Workers' Compensation Court who serve in such capacity on and after July
9 17, 1986, (c) judges of separate juvenile courts, (d) judges of the
10 county courts of the respective counties who serve in such capacity on
11 and after January 5, 1961, (e) judges of the county court and clerk
12 magistrates who were associate county judges and members of the fund at
13 the time of their appointment as clerk magistrates, (f) judges of
14 municipal courts established by Chapter 26, article 1, who served in such
15 capacity on and after October 23, 1967, and prior to July 1, 1985, and
16 (g) judges of the Court of Appeals;

17 (14) ~~(13)~~ Member means a judge eligible to participate in the
18 retirement system established under the Judges Retirement Act;

19 (15) ~~(14)~~ Military service means active service of (a) any judge of
20 the Supreme Court or judge of the district court in any of the armed
21 forces of the United States during a war or national emergency prior or
22 subsequent to September 18, 1955, if such service commenced while such
23 judge was holding the office of judge, (b) any judge of the Nebraska
24 Workmen's Compensation Court or the Nebraska Workers' Compensation Court
25 in any of the armed forces of the United States during a war or national
26 emergency prior or subsequent to September 20, 1957, if such service
27 commenced while such judge was holding the office of judge, (c) any judge
28 of the municipal court in any of the armed forces of the United States
29 during a war or national emergency prior or subsequent to October 23,
30 1967, and prior to July 1, 1985, if such service commenced while such
31 judge was holding the office of judge, (d) any judge of the county court

1 or associate county judge in any of the armed forces of the United States
2 during a war or national emergency prior or subsequent to January 4,
3 1973, if such service commenced while such judge was holding the office
4 of judge, (e) any clerk magistrate, who was an associate county judge and
5 a member of the fund at the time of appointment as a clerk magistrate, in
6 any of the armed forces of the United States during a war or national
7 emergency on or after July 1, 1986, if such service commenced while such
8 clerk magistrate was holding the office of clerk magistrate, and (f) any
9 judge of the Court of Appeals in any of the armed forces of the United
10 States during a war or national emergency on or after September 6, 1991,
11 if such service commenced while such judge was holding the office of
12 judge. The board shall have the power to determine when a national
13 emergency exists or has existed for the purpose of applying this
14 definition and provision;

15 (16) ~~(15)~~ Normal form annuity means a series of equal monthly
16 payments payable at the end of each calendar month during the life of a
17 retired judge as provided in sections 24-707 and 24-710, except as
18 provided in section 42-1107. The first payment shall include all amounts
19 accrued since the effective date of the award of the annuity. The last
20 payment shall be at the end of the calendar month in which such judge
21 dies. If at the time of death the amount of annuity payments such judge
22 has received is less than contributions to the fund made by such judge,
23 plus regular interest, the difference shall be paid to the beneficiary or
24 estate;

25 (17) ~~(16)~~ Normal retirement date means the first day of the month
26 following attainment of age sixty-five;

27 (18) ~~(17)~~ Original member means a judge who first served as a judge
28 prior to December 25, 1969, who does not elect to become a future member
29 pursuant to subsection (8) of section 24-703 or section 24-710.01, and
30 who was retired on or before December 31, 1992;

31 (19) ~~(18)~~ Plan year means the twelve-month period beginning on July

1 1 and ending on June 30 of the following year;

2 (20) ~~(19)~~ Prior service means all the periods of time any person has
3 served as a (a) judge of the Supreme Court or judge of the district court
4 prior to January 3, 1957, (b) judge of the county court prior to January
5 5, 1961, (c) judge of the Nebraska Workmen's Compensation Court prior to
6 September 20, 1957, (d) judge of the separate juvenile court, or (e)
7 judge of the municipal court prior to October 23, 1967;

8 (21) ~~(20)~~ Regular interest means interest fixed at a rate equal to
9 the daily treasury yield curve for one-year treasury securities, as
10 published by the Secretary of the Treasury of the United States, that
11 applies on July 1 of each year, which may be credited monthly, quarterly,
12 semiannually, or annually as the board may direct;

13 (22) ~~(21)~~ Retirement application means the form approved and
14 provided by the retirement system for acceptance of a member's request
15 for either regular or disability retirement;

16 (23) ~~(22)~~ Retirement date means (a) the first day of the month
17 following the date upon which a member's request for retirement is
18 received on a retirement application if the member is eligible for
19 retirement and has terminated employment or (b) the first day of the
20 month following termination of employment if the member is eligible for
21 retirement and has filed an application but has not yet terminated
22 employment;

23 (24) ~~(23)~~ Retirement system or system means the Nebraska Judges
24 Retirement System as provided in the Judges Retirement Act;

25 (25) ~~(24)~~ Surviving spouse means (a) the spouse married to the
26 member on the date of the member's death or (b) the spouse or former
27 spouse of the member if survivorship rights are provided under a
28 qualified domestic relations order filed with the board pursuant to the
29 Spousal Pension Rights Act. The spouse or former spouse shall supersede
30 the spouse married to the member on the date of the member's death as
31 provided under a qualified domestic relations order. If the benefits

1 payable to the spouse or former spouse under the qualified domestic
2 relations order are less than the value of benefits entitled to the
3 surviving spouse, the spouse married to the member on the date of the
4 member's death shall be the surviving spouse for the balance of the
5 benefits; and

6 (26) ~~(25)~~ Termination of employment occurs on the date on which the
7 State Court Administrator's office determines that the judge's employer-
8 employee relationship with the State of Nebraska is dissolved. The State
9 Court Administrator's office shall notify the board of the date on which
10 such a termination has occurred. Termination of employment does not
11 include ceasing employment as a judge if the judge returns to regular
12 employment as a judge or is employed on a regular basis by another agency
13 of the State of Nebraska and there are less than one hundred twenty days
14 between the date when the judge's employer-employee relationship ceased
15 and the date when the employer-employee relationship recommences. It is
16 the responsibility of the employer that is involved in the termination of
17 employment to notify the board of such change in employment and provide
18 the board with such information as the board deems necessary. If the
19 board determines that termination of employment has not occurred and a
20 retirement benefit has been paid to a member of the retirement system
21 pursuant to section 24-710, the board shall require the member who has
22 received such benefit to repay the benefit to the retirement system.

23 Sec. 19. Section 24-708, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 24-708 (1) Except as provided in section 24-721, a judge may retire
26 upon reaching the age of sixty-five years and upon making application to
27 the board. Upon retiring each such judge shall receive retirement
28 annuities as provided in section 24-710.

29 (2) Except as provided in section 24-721, a judge may retire upon
30 reaching the age of fifty-five years and elect to receive a reduced
31 monthly retirement income in lieu of a deferred vested annuity. The judge

1 may request that the reduced monthly retirement income commence at any
2 date, beginning on the first day of the month following the actual
3 retirement date and ending on the normal retirement date. The amount of
4 the reduced monthly retirement income shall be calculated based on the
5 length of creditable service and average compensation at the actual
6 retirement date. When a judge has elected to receive a reduced monthly
7 retirement income to commence at the age of sixty-four years, the monthly
8 payments shall be reduced by three percent. When a judge has elected to
9 receive a reduced monthly retirement income to commence at the age of
10 sixty-three years, the monthly payments shall be reduced by six percent.
11 When a judge has elected to receive a reduced monthly retirement income
12 to commence at the age of sixty-two years, the monthly payments shall be
13 reduced by nine percent. When a judge has elected to receive a reduced
14 monthly retirement income to commence prior to the age of sixty-two
15 years, the monthly payments shall be further reduced to an amount that is
16 actuarially equivalent to the amount payable at the age of sixty-two
17 years.

18 (3) Payment of any benefit provided under the Judges Retirement Act
19 may not be deferred later than April 1 of the year following the year in
20 which the judge has both attained at least age seventy and one-half years
21 and terminated his or her employment as a judge.

22 (4) The effective date of retirement payments shall be the first day
23 of the month following (a) the date a member qualifies for retirement as
24 provided in this section or (b) the date upon which a member's request
25 for retirement is received on an application form provided by the
26 retirement system, whichever is later. An application may be filed no
27 more than one hundred twenty ~~ninety~~ days in advance of qualifying for
28 retirement.

29 (5) The board shall make reasonable efforts to locate the member or
30 the member's beneficiary and distribute benefits by the required
31 beginning date as specified by section 401(a)(9) of the Internal Revenue

1 Code and the regulations issued thereunder. If the board is unable to
2 make such a distribution, the benefit shall be distributed pursuant to
3 the Uniform Disposition of Unclaimed Property Act and no amounts may be
4 applied to increase the benefits any member would otherwise receive under
5 the Judges Retirement Act.

6 Sec. 20. Section 24-710.04, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 24-710.04 (1) Any ~~Under such rules and regulations as the~~
9 ~~retirement board adopts and promulgates, any judge who returns to service~~
10 ~~as a judge for the State of Nebraska is reemployed on or after December~~
11 ~~12, 1994, pursuant to 38 U.S.C. 4301 et seq. chapter 43, shall be treated~~
12 as not having incurred a break in service by reason of his or her period
13 of military service. Such military service shall be credited for purposes
14 of determining the nonforfeitability of the member's accrued benefits and
15 the accrual of benefits under the plan.

16 (2) The state shall be liable for funding any obligation of the plan
17 to provide benefits based upon such period of military service. To
18 satisfy the liability, the state court administrator shall pay to the
19 retirement system an amount equal to:

20 (a) The sum of the judge's contributions that would have been paid
21 during such period of military service; and

22 (b) Any actuarial costs necessary to fund the obligation of the plan
23 to provide benefits based upon such period of military service. For the
24 purposes of determining the amount of such liability and obligation of
25 the plan, earnings and forfeitures, gains and losses, regular interest,
26 or interest credits that would have accrued on the judge's contributions
27 that are paid by the state court administrator pursuant to subdivision
28 (2) of this section shall not be included.

29 (3) The amount required in subsection (2) shall be paid to the
30 retirement system as soon as reasonably practicable following the date he
31 or she returns to service as a judge for the State of Nebraska, but must

1 be paid within eighteen months of the date the board notifies the court
2 of the amount due. If the court fails to pay the required amount within
3 such eighteen-month period, then the court is also responsible for any
4 actuarial costs and interest on actuarial costs that accrue from eighteen
5 months after the date the employer is notified by the board until the
6 date the amount is paid.

7 (4) The board may adopt and promulgate rules and regulations to
8 carry out this section, including, but not limited to, rules and
9 regulations on:

10 (a) How and when the judge and court must notify the retirement
11 system of a period of military service;

12 (b) The acceptable methods of payment;

13 (c) Determining the compensation upon which the contributions must
14 be made; and

15 (d) The documentation required to substantiate that the judge
16 returned to service as a judge for the State of Nebraska pursuant to 38
17 U.S.C. 4301 et seq.

18 (5) This section only applies to military service that falls within
19 the definition of uniformed service under 38 U.S.C. 4301 et seq. Military
20 service does not include service provided pursuant to sections 55-101 to
21 55-181.

22 Sec. 21. Section 24-710.15, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 24-710.15 (1) Beginning July 1, 2015, for judges who become members
25 on and after July 1, 2015, if the annual valuation made by the actuary,
26 as approved by the board, indicates that the system is fully funded and
27 has sufficient actuarial surplus to provide for a supplemental lump-sum
28 cost-of-living payment adjustment, the board may, in its discretion,
29 elect to pay a maximum one and one-half percent supplemental lump-sum
30 cost-of-living payment adjustment to each retired member or beneficiary
31 based on the retired member's or beneficiary's total monthly benefit

1 through June 30 of the year for which the supplemental lump-sum cost-of-
2 living payment adjustment is being calculated. The supplemental lump-sum
3 cost-of-living payment shall be paid within sixty days after the board's
4 decision. In no event shall the board declare a supplemental lump-sum
5 cost-of-living payment adjustment if such payment adjustment would cause
6 the plan to be less than fully funded.

7 (2) For purposes of this section, fully funded means the unfunded
8 actuarial accrued liability, based on the lesser of the actuarial value
9 and the market value, under the entry age actuarial cost method is less
10 than zero on the most recent actuarial valuation date.

11 (3) Any decision or determination by the board to declare or not
12 declare a cost-of-living payment adjustment or as to whether the annual
13 valuation indicates a sufficient actuarial surplus to provide for a cost-
14 of-living payment adjustment shall be made in the sole, absolute, and
15 final discretion of the board and shall not be subject to challenge by
16 any member or beneficiary. In no event shall the Legislature be
17 constrained or limited in amending the system notwithstanding the effect
18 of any such change upon the actuarial surplus of the system and the
19 ability of the board to declare future cost-of-living payments
20 adjustments.

21 Sec. 22. Section 71-1631.02, Revised Statutes Cumulative Supplement,
22 2016, is amended to read:

23 71-1631.02 (1) Beginning December 31, 1998, through December 31,
24 2017 ~~and each year thereafter~~, the health director of a board of health
25 with an independent retirement plan established pursuant to section
26 71-1631 and section 401(a) of the Internal Revenue Code shall file with
27 the Public Employees Retirement Board an annual report on such plan and
28 shall submit copies of such report to the Auditor of Public Accounts. The
29 Auditor of Public Accounts may prepare a review of such report pursuant
30 to section 84-304.02 but is not required to do so. The annual report
31 shall be in a form prescribed by the Public Employees Retirement Board

1 and shall contain the following information for each such retirement
2 plan:

3 (a) The number of persons participating in the retirement plan;

4 (b) The contribution rates of participants in the plan;

5 (c) Plan assets and liabilities;

6 (d) The names and positions of persons administering the plan;

7 (e) The names and positions of persons investing plan assets;

8 (f) The form and nature of investments;

9 (g) For each independent defined contribution plan, a full
10 description of investment policies and options available to plan
11 participants; and

12 (h) For each independent defined benefit plan, the levels of
13 benefits of participants in the plan, the number of members who are
14 eligible for a benefit, and the total present value of such members'
15 benefits, as well as the funding sources which will pay for such
16 benefits.

17 If an independent plan contains no current active participants, the
18 health director may file in place of such report a statement with the
19 Public Employees Retirement Board indicating the number of retirees still
20 drawing benefits, and the sources and amount of funding for such
21 benefits.

22 (2) Through December 31, 2017, if If such retirement plan is a
23 defined benefit plan which was open to new members on January 1, 2004, in
24 addition to the reports required by section 13-2402, a board of health
25 with an independent retirement plan established pursuant to section
26 71-1631 shall cause to be prepared an annual report and the health
27 director shall file the same with the Public Employees Retirement Board
28 and the Nebraska Retirement Systems Committee of the Legislature and
29 submit to the Auditor of Public Accounts a copy of such report. The
30 Auditor of Public Accounts may prepare a review of such report pursuant
31 to section 84-304.02 but is not required to do so. If the board of health

1 does not submit a copy of the report to the Auditor of Public Accounts
2 within six months after the end of the plan year, the Auditor of Public
3 Accounts may audit, or cause to be audited, the local public health
4 department. All costs of the audit shall be paid by the local public
5 health department. The report shall consist of a full actuarial analysis
6 of each such independent retirement plan established pursuant to section
7 71-1631. The analysis shall be prepared by an independent private
8 organization or public entity employing actuaries who are members in good
9 standing of the American Academy of Actuaries, and which organization or
10 entity has demonstrated expertise to perform this type of analysis and is
11 unrelated to any organization offering investment advice or which
12 provides investment management services to the retirement plan. The
13 report to the Nebraska Retirement Systems Committee shall be submitted
14 electronically.

15 (3)(a) Beginning December 31, 2018, and each December 31 thereafter,
16 for a defined benefit plan the health director of a board of health with
17 an independent retirement plan established pursuant to section 71-1631
18 and section 401(a) of the Internal Revenue Code or his or her designee
19 shall prepare and electronically file an annual report with the Auditor
20 of Public Accounts and the Nebraska Retirement Systems Committee of the
21 Legislature. If such retirement plan is a defined benefit plan which was
22 open to new members on January 1, 2004, the report shall be in addition
23 to the reports required by section 13-2402. The report shall be on a form
24 prescribed by the Auditor of Public Accounts and shall include, but not
25 be limited to, the following information:

26 (i) The levels of benefits of participants in the plan, the number
27 of members who are eligible for a benefit, the total present value of
28 such members' benefits, and the funding sources which will pay for such
29 benefits; and

30 (ii) A copy of a full actuarial analysis of each such defined
31 benefit plan. The analysis shall be prepared by an independent private

1 organization or public entity employing actuaries who are members in good
2 standing of the American Academy of Actuaries, and which organization or
3 entity has demonstrated expertise to perform this type of analysis and is
4 unrelated to any organization which offers investment advice or provides
5 investment management services to the retirement plan.

6 (b) The Auditor of Public Accounts may prepare a review of such
7 report pursuant to section 84-304.02 but is not required to do so. If the
8 association does not submit a copy of the report to the Auditor of Public
9 Accounts within six months after the end of the plan year, the Auditor of
10 Public Accounts may audit, or cause to be audited, the board of health.
11 All costs of the audit shall be paid by the board of health.

12 Sec. 23. Section 79-902, Revised Statutes Cumulative Supplement,
13 2016, is amended to read:

14 79-902 For purposes of the School Employees Retirement Act, unless
15 the context otherwise requires:

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

20 (2)(a) ~~(2)~~ Actuarial equivalent means the equality in value of the
21 aggregate amounts expected to be received under different forms of
22 payment.

23 (b) For a school employee hired before July 1, 2017, the The
24 determinations shall be based on the 1994 Group Annuity Mortality Table
25 reflecting sex-distinct factors blended using twenty-five percent of the
26 male table and seventy-five percent of the female table. An interest rate
27 of eight percent per annum shall be reflected in making these
28 determinations except when a lump-sum settlement is made to an estate.

29 (c) For a school employee hired on or after July 1, 2017, or rehired
30 on or after July 1, 2017, after termination of employment and being paid
31 a retirement benefit, the determinations shall be based on a unisex

1 mortality table and an interest rate specified by the board. Both the
2 mortality table and the interest rate shall be recommended by the actuary
3 and approved by the retirement board following an actuarial experience
4 study, a benefit adequacy study, or a plan valuation. The mortality
5 table, interest rate, and actuarial factors in effect on the school
6 employee's retirement date will be used to calculate actuarial
7 equivalency of any retirement benefit. Such interest rate may be, but is
8 not required to be, equal to the assumed rate.

9 (d) If the lump-sum settlement is made to an estate, the interest
10 rate will be determined by the AAA-rated segment of the Bloomberg
11 Barclays Long U.S. Corporate ~~Moody's Triple A~~ Bond Index as of the prior
12 June 30, rounded to the next lower quarter percent. If the AAA-rated
13 segment of the Bloomberg Barclays Long U.S. Corporate Bond Index is
14 discontinued or replaced, a substitute index shall be selected by the
15 board which shall be a reasonably representative index;

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

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

26 (b) Compensation does not include (i) fraudulently obtained amounts
27 as determined by the retirement board, (ii) amounts for accrued unused
28 sick leave or accrued unused vacation leave converted to cash payments,
29 (iii) insurance premiums converted into cash payments, (iv) reimbursement
30 for expenses incurred, (v) fringe benefits, (vi) per diems paid as
31 expenses, (vii) bonuses for services not actually rendered, (viii)

1 ~~including, but not limited to,~~ early retirement inducements, (ix) cash
2 awards, (x) and severance pay, or (xi) ~~(viii) beginning on September 4,~~
3 ~~2005,~~ employer contributions made for the purposes of separation payments
4 made at retirement ~~and early retirement inducements as provided for in~~
5 ~~section 79-514.~~

6 (c) Compensation in excess of the limitations set forth in section
7 401(a)(17) of the Internal Revenue Code as defined in section 49-801.01
8 shall be disregarded. For an employee who was a member of the retirement
9 system before the first plan year beginning after December 31, 1995, the
10 limitation on compensation shall not be less than the amount which was
11 allowed to be taken into account under the retirement system as in effect
12 on July 1, 1993;

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

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

24 (b) For employees hired prior to July 1, 2018, creditable service
25 includes working days, sick days, vacation days, holidays, and any other
26 leave days for which the employee is paid regular wages as part of the
27 employee's agreement with the employer. Creditable service does not
28 include lump-sum payments to the employee upon termination or retirement
29 in lieu of accrued benefits for such days, eligibility and vesting
30 credit, ~~nor~~ service years for which member contributions are withdrawn
31 and not repaid by the member, ~~- Creditable service also does not include~~

1 service rendered ~~by a member~~ for which the retirement board determines
2 that the member was paid less in compensation than the minimum wage as
3 provided in the Wage and Hour Act, or service which the board determines
4 was rendered with the intent to defraud the retirement system; and

5 (c) For employees hired on or after July 1, 2018, creditable service
6 includes working days, used accrued sick days, used accrued vacation
7 days, federal and state holidays, and jury duty leave for which the
8 member is paid full compensation by the employer. Creditable service does
9 not include lump-sum payments to the employee upon termination or
10 retirement in lieu of accrued benefits for such days, eligibility and
11 vesting credit, service years for which member contributions are
12 withdrawn and not repaid by the member, service rendered for which the
13 retirement board determines that the member was paid less in compensation
14 than the minimum wage as provided in the Wage and Hour Act, service which
15 the board determines was rendered with the intent to defraud the
16 retirement system, or any other type of leave not expressly included in
17 this subdivision;

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

20 (8) Disability means an inability to engage in any a substantially
21 gainful activity by reason of any medically determinable physical or
22 mental impairment which was initially diagnosed or became disabling while
23 the member was an active participant in the plan and which can be
24 expected to result in death or be of a long-continued ~~long~~ and indefinite
25 duration;

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

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

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

3 (11) Early retirement inducement means, but is not limited to:

4 (a) A benefit, bonus, or payment to a member in exchange for an
5 agreement by the member to terminate from employment;

6 (b) A benefit, bonus, or payment paid to a member in addition to the
7 member's unreduced retirement benefit;

8 (c) Lump-sum or installment cash payments, except payments for
9 accrued unused vacation leave or accrued unused sick leave converted to
10 cash payments;

11 (d) An additional salary or wage component of any kind that is being
12 paid as an incentive to leave employment and not for personal services
13 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 retirement, including, but not limited to, purchasing
22 retirement annuity contracts for the member pursuant to section 79-514,
23 depositing money for the member in an account established under section
24 403(b) of the Internal Revenue Code, or purchasing service credit for the
25 member pursuant to section 79-933.08;

26 (12) ~~(11)~~ Eligibility and vesting credit means credit for years, or
27 a fraction of a year, of participation in a Nebraska government plan for
28 purposes of determining eligibility for benefits under the School
29 Employees Retirement Act. Such credit shall not be included as years of
30 creditable service in the benefit calculation;

31 (13) ~~(12)~~ Emeritus member means a person (a) who has entered

1 retirement under the provisions of the act, including those persons who
2 have retired since July 1, 1945, under any other regularly established
3 retirement or pension system as contemplated by section 79-916, (b) who
4 has thereafter been reemployed in any capacity by a public school, a
5 Class V school district, or a school under the control and management of
6 the Board of Trustees of the Nebraska State Colleges, the Board of
7 Regents of the University of Nebraska, or a community college board of
8 governors or has become a state school official or county school official
9 subsequent to such retirement, and (c) who has applied to the board for
10 emeritus membership in the retirement system. The school district or
11 agency shall certify to the retirement board on forms prescribed by the
12 retirement board that the annuitant was reemployed, rendered a service,
13 and was paid by the district or agency for such services;

14 (14) ~~(13)~~ Employer means the State of Nebraska or any subdivision
15 thereof or agency of the state or subdivision authorized by law to hire
16 school employees or to pay their compensation;

17 (15)(a) ~~(14)(a)~~ Final average compensation means:

18 (i) Except as provided in subdivision (ii) of this subdivision:

19 (A) The sum of the member's total compensation during the three
20 twelve-month periods of service as a school employee in which such
21 compensation was the greatest divided by thirty-six; or

22 (B) If a member has such compensation for less than thirty-six
23 months, the sum of the member's total compensation in all months divided
24 by the total number of months of his or her creditable service therefor;
25 and

26 (ii) For an employee who became a member on or after July 1, 2013:

27 (A) The sum of the member's total compensation during the five
28 twelve-month periods of service as a school employee in which such
29 compensation was the greatest divided by sixty; or

30 (B) If a member has such compensation for less than sixty months,
31 the sum of the member's total compensation in all months divided by the

1 total number of months of his or her creditable service therefor.

2 (b) Payments under the Retirement Incentive Plan pursuant to section
3 79-855 and Staff Development Assistance pursuant to section 79-856 shall
4 not be included in the determination of final average compensation;

5 (16) ~~(15)~~ Fiscal year means any year beginning July 1 and ending
6 June 30 next following;

7 (17) Hire date or date of hire means the first day of compensated
8 service subject to retirement contributions;

9 (18) ~~(16)~~ Initial benefit means the retirement benefit calculated at
10 the time of retirement;

11 (19) ~~(17)~~ Member means any person who has an account in the School
12 Retirement Fund;

13 (20) ~~(18)~~ Participation means qualifying for and making required
14 deposits to the retirement system during the course of a plan year;

15 (21) ~~(19)~~ Plan year means the twelve-month period beginning on July
16 1 and ending on June 30 of the following year;

17 (22) ~~(20)~~ Prior service means service rendered as a school employee
18 in the public schools of the State of Nebraska prior to July 1, 1945;

19 (23) ~~(21)~~ Public school means any and all schools offering
20 instruction in elementary or high school grades, as defined in section
21 79-101, which schools are supported by public funds and are wholly under
22 the control and management of the State of Nebraska or any subdivision
23 thereof, including (a) schools or other entities established, maintained,
24 and controlled by the school boards of local school districts, except
25 Class V school districts, (b) any educational service unit, and (c) any
26 other educational institution wholly supported by public funds, except
27 schools under the control and management of the Board of Trustees of the
28 Nebraska State Colleges, the Board of Regents of the University of
29 Nebraska, or the community college boards of governors for any community
30 college areas;

31 (24) ~~(22)~~ Regular employee means an employee hired by a public

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

9 (25) ~~(23)~~ Regular interest means interest fixed at a rate equal to
10 the daily treasury yield curve for one-year treasury securities, as
11 published by the Secretary of the Treasury of the United States, that
12 applies on July 1 of each year, which may be credited monthly, quarterly,
13 semiannually, or annually as the board may direct;

14 (26) ~~(24)~~ Relinquished creditable service means, with respect to a
15 member who has withdrawn his or her accumulated contributions under
16 section 79-955, the total amount of creditable service which such member
17 has given up as a result of his or her election not to remain a member of
18 the retirement system;

19 (27) ~~(25)~~ Required deposit means the deduction from a member's
20 compensation as provided for in section 79-958 which shall be deposited
21 in the School Retirement Fund;

22 (28) ~~(26)~~ Retirement means qualifying for and accepting a school or
23 disability retirement allowance granted under the School Employees
24 Retirement Act;

25 (29) ~~(27)~~ Retirement application means the form approved and
26 provided by the retirement system for acceptance of a member's request
27 for either regular or disability retirement;

28 (30) ~~(28)~~ Retirement board or board means the Public Employees
29 Retirement Board;

30 (31) ~~(29)~~ Retirement date means (a) if the member has terminated
31 employment, the first day of the month following the date upon which a

1 member's request for retirement is received on a retirement application
2 provided by the retirement system or (b) if the member has filed a
3 retirement application but has not yet terminated employment, the first
4 day of the month following the date on which the member terminates
5 employment. An application may be filed no more than one hundred twenty
6 days prior to the effective date of the member's initial benefit;

7 (32) ~~(30)~~ Retirement system means the School Employees Retirement
8 System of the State of Nebraska;

9 (33) ~~(31)~~ Savings annuity means payments for life, made in equal
10 monthly payments, derived from the accumulated contributions of a member;

11 (34) ~~(32)~~ School employee means a contributing member who earns
12 service credit pursuant to section 79-927. For purposes of this section,
13 contributing member means the following persons who receive compensation
14 from a public school: (a) Regular employees; (b) regular employees having
15 retired pursuant to the School Employees Retirement Act who subsequently
16 provide compensated service on a regular basis in any capacity; and (c)
17 regular employees hired by a public school on an ongoing basis to assume
18 the duties of other regular employees who are temporarily absent.
19 Substitute employees, temporary employees, and employees who have not
20 attained the age of eighteen years shall not be considered school
21 employees;

22 (35) ~~(33)~~ School year means one fiscal year which includes not less
23 than one thousand instructional hours or, in the case of service in the
24 State of Nebraska prior to July 1, 1945, not less than seventy-five
25 percent of the then legal school year;

26 (36) ~~(34)~~ School retirement allowance means the total of the savings
27 annuity and the service annuity or formula annuity paid a person who has
28 retired under sections 79-931 to 79-935. The monthly payments shall be
29 payable at the end of each calendar month during the life of a retired
30 member. The first payment shall include all amounts accrued since the
31 effective date of the award of annuity. The last payment shall be at the

1 end of the calendar month in which such member dies or in accordance with
2 the payment option chosen by the member;

3 (37) ~~(35)~~ Service means employment as a school employee and shall
4 not be deemed interrupted by (a) termination at the end of the school
5 year of the contract of employment of an employee in a public school if
6 the employee enters into a contract of employment in any public school,
7 except a school in a Class V school district, for the following school
8 year, (b) temporary or seasonal suspension of service that does not
9 terminate the employee's employment, (c) leave of absence authorized by
10 the employer for a period not exceeding twelve months, (d) leave of
11 absence because of disability, or (e) military service when properly
12 authorized by the retirement board. Service does not include any period
13 of disability for which disability retirement benefits are received under
14 sections 79-951 to 79-953;

15 (38) ~~(36)~~ Service annuity means payments for life, made in equal
16 monthly installments, derived from appropriations made by the State of
17 Nebraska to the retirement system;

18 (39) Service in any capacity means, but is not limited to, (a)
19 voluntary service, (b) interim service, (c) service as a full-time or
20 part-time employee, regular employee, school employee, substitute
21 employee, or temporary employee, (d) service as an independent
22 contractor, a subcontractor, a consultant, or a contractor with a third
23 party, or (e) any other category of service;

24 (40) ~~(37)~~ State deposit means the deposit by the state in the
25 retirement system on behalf of any member;

26 (41) ~~(38)~~ State school official means the Commissioner of Education
27 and his or her professional staff who are required by law or by the State
28 Department of Education to hold a certificate as such term is defined in
29 section 79-807;

30 (42) ~~(39)~~ Substitute employee means a person hired by a public
31 school as a temporary employee to assume the duties of regular employees

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

4 (43) ~~(40)~~ Surviving spouse means (a) the spouse married to the
5 member on the date of the member's death or (b) the spouse or former
6 spouse of the member if survivorship rights are provided under a
7 qualified domestic relations order filed with the board pursuant to the
8 Spousal Pension Rights Act. The spouse or former spouse shall supersede
9 the spouse married to the member on the date of the member's death as
10 provided under a qualified domestic relations order. If the benefits
11 payable to the spouse or former spouse under a qualified domestic
12 relations order are less than the value of benefits entitled to the
13 surviving spouse, the spouse married to the member on the date of the
14 member's death shall be the surviving spouse for the balance of the
15 benefits;

16 (44) ~~(41)~~ Temporary employee means an employee hired by a public
17 school who is not a regular employee and who is hired to provide service
18 for a limited period of time to accomplish a specific purpose or task.
19 When such specific purpose or task is complete, the employment of such
20 temporary employee shall terminate and in no case shall the temporary
21 employment period exceed one year in duration; and

22 (45)(a) ~~(42)~~ Termination of employment occurs, except as otherwise
23 provided in subdivisions (b) and (c) of this subdivision, on the date on
24 which the member experiences a bona fide separation from service of
25 employment with the member's employer, the date of which separation is
26 determined by the end of the member's contractual agreement or, if there
27 is no contract or only partial fulfillment of a contract, by the
28 employer.

29 (b) A member shall not be deemed to have terminated employment if
30 the member subsequently provides service in any capacity to any employer
31 participating in the retirement system provided for in the School

1 Employees Retirement Act or to any employer participating in a retirement
2 system established pursuant to the Class V School Employees Retirement
3 Act (i) within one hundred eighty days after ceasing employment unless
4 such service is as provided in subsection (2) of section 79-920 or (ii)
5 within thirty-six months after the member's retirement date if the member
6 accepts an early retirement inducement. ÷

7 ~~(a) Is bona fide unpaid voluntary service or substitute service,~~
8 ~~provided on an intermittent basis; or~~

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

10 ~~Nothing in this subdivision precludes an employer from adopting a~~
11 ~~policy which limits or denies employees who have terminated employment~~
12 ~~from providing voluntary or substitute service within one hundred eighty~~
13 ~~days after termination.~~

14 (c) A member shall not be deemed to have terminated employment if
15 the board determines that a claimed termination was not a bona fide
16 separation from service with the employer or that a member was
17 compensated for a full contractual period when the member terminated
18 prior to the end date of the contract.

19 ~~(d) Nothing in this subdivision precludes an employer from adopting~~
20 ~~a policy which requires employees who have terminated employment from~~
21 ~~providing service in any capacity for longer than provided in this~~
22 ~~subdivision.~~

23 Sec. 24. Section 79-904.01, Revised Statutes Cumulative Supplement,
24 2016, is amended to read:

25 79-904.01 (1)(a) If the board determines that the retirement system
26 has previously received contributions or distributed benefits which for
27 any reason are not in accordance with the statutory provisions of the
28 School Employees Retirement Act, the board may refund contributions,
29 require additional contributions, adjust benefits, or require repayment
30 of benefits paid. In the event of an overpayment of a benefit, the board
31 may, in addition to other remedies, offset future benefit payments by the

1 amount of the prior overpayment, together with regular interest thereon.
2 In the event of a material underpayment of a benefit, the board shall
3 immediately make payment equal to the deficit amount plus regular
4 interest.

5 (b) The board shall have the power, through the director of the
6 Nebraska Public Employees Retirement Systems or the director's designee,
7 to make a thorough investigation of any overpayment of a benefit, when in
8 the judgment of the retirement system such investigation is necessary,
9 including, but not limited to, circumstances in which benefit payments
10 are made after the death of a member or beneficiary and the retirement
11 system is not made aware of such member's or beneficiary's death. In
12 connection with any such investigation, the board, through the director
13 or the director's designee, shall have the power to compel the attendance
14 of witnesses and the production of books, papers, records, and documents,
15 whether in hardcopy, electronic form, or otherwise, and issue subpoenas
16 for such purposes. Such subpoenas shall be served in the same manner and
17 have the same effect as subpoenas from district courts.

18 (2) If the board determines that termination of employment has not
19 occurred and a retirement benefit has been paid to a member of the
20 retirement system pursuant to section 79-933, such member shall repay the
21 benefit to the retirement system.

22 (3) The board shall adopt and promulgate rules and regulations
23 implementing this section, which shall include, but not be limited to,
24 the following: (a) The procedures for refunding contributions, adjusting
25 future contributions or benefit payments, and requiring additional
26 contributions or repayment of benefits; (b) the process for a member,
27 member's beneficiary, employee, or employer to dispute an adjustment of
28 contributions or benefits; and (c) notice provided to all affected
29 persons. All notices shall be sent at the time of or prior to an
30 adjustment and shall describe the process for disputing an adjustment of
31 contributions or benefits.

1 (4) The board shall not refund contributions made on compensation in
2 excess of the limitations imposed by subdivision (4) of section 79-902 or
3 subsection (9) ~~(7)~~ of section 79-934.

4 Sec. 25. Section 79-921, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 79-921 (1) The membership of any person in the retirement system
7 shall cease only if he or she (a) withdraws his or her accumulated
8 contributions under section 79-955, (b) retires on a school or formula or
9 disability retirement allowance, or (c) dies.

10 (2)(a) (2) The employer shall (i) notify the board in writing of the
11 date upon which a termination of employment has occurred and provide the
12 board with such information as the board deems necessary, (ii) notify the
13 board in writing whether or not a member accepted and received an early
14 retirement inducement, and (iii) submit in writing with the notice of
15 termination of employment and notice of receipt of an early retirement
16 inducement a completed certification by the employer and member under
17 penalty of prosecution pursuant to section 79-949 that, prior to the
18 member's retirement, there was no prearranged written or verbal agreement
19 for the member to return to service in any capacity with the same
20 employer . It is the responsibility of the employer that is involved in
21 the termination of employment to notify the board of such change in
22 employment and provide the board with such information as the board deems
23 necessary.

24 (b) The member shall submit certification to the board on a form
25 prescribed by the board, under penalty of prosecution pursuant to section
26 79-949, (i) that prior to the member's retirement there was no
27 prearranged written or verbal agreement to provide service in any
28 capacity to an employer participating in a retirement system established
29 pursuant to the Class V School Employees Retirement Act and (ii) whether
30 or not the member accepted and received an early retirement inducement
31 from his or her employer.

1 (c) The board may adopt and promulgate rules and regulations and
2 prescribe forms as the board determines appropriate in order to carry out
3 this subsection and to ensure full disclosure and reporting by the
4 employer and member in order to minimize fraud and abuse and prevent the
5 filing of false or fraudulent claim or benefit applications.

6 (3)(a) A former member of the retirement system who has withdrawn
7 his or her accumulated contributions under section 79-955 shall be
8 reinstated to membership in the retirement system if such person again
9 becomes a school employee.

10 (b) The date of such membership shall relate back to the beginning
11 of his or her original membership in the retirement system only if such
12 school employee has repaid all amounts required in accordance with
13 subsection (4) of this section. Unless and until all such amounts are
14 repaid, the school employee shall be considered a new member, effective
15 as of the date he or she again becomes a school employee.

16 (4)(a) With respect to any person who is reinstated to membership in
17 the retirement system pursuant to subdivision (3)(a) of this section
18 prior to April 17, 2014, and who files a valid and complete one-time
19 application with the retirement board for the restoration of part or all
20 of his or her relinquished creditable service prior to six years after
21 April 17, 2014, but prior to termination, the following shall apply:

22 (i) Such member shall pay to the retirement system an amount equal
23 to the previously withdrawn contributions for the creditable service to
24 be restored, plus an amount equal to the actuarial assumed rate of return
25 on such amount to the date of repayment; and

26 (ii) Payment for restoration of such relinquished creditable service
27 must be completed within six years of April 17, 2014, or prior to
28 termination, whichever is earlier.

29 (b) With respect to any person who is reinstated to membership in
30 the retirement system pursuant to subdivision (3)(a) of this section on
31 and after April 17, 2014, and who files a valid and complete one-time

1 application with the retirement board for the restoration of part or all
2 of his or her relinquished creditable service within five years after the
3 date of such member's reinstatement to membership in the retirement
4 system but prior to termination, the following shall apply:

5 (i) Such member shall pay to the retirement system an amount equal
6 to the previously withdrawn contributions for the creditable service to
7 be restored, plus an amount equal to the actuarial assumed rate of return
8 on such amount to the date of repayment; and

9 (ii) Payment for restoration of such relinquished creditable service
10 must be completed within five years of the date of such member's
11 reinstatement to membership in the retirement system or prior to
12 termination, whichever is earlier.

13 (5) If less than full payment is made by the member, relinquished
14 creditable service shall be restored in proportion to the amounts repaid.
15 Repayment may be made through direct payment, installment payments, an
16 irrevocable payroll deduction authorization, cash rollover contributions
17 pursuant to section 79-933.02, or trustee-to-trustee transfers pursuant
18 to section 79-933.09.

19 Sec. 26. Section 79-926, Reissue Revised Statutes of Nebraska, is
20 amended to read:

21 79-926 (1) Under such rules and regulations as the retirement board
22 adopts and promulgates, each person who was a school employee at any time
23 prior to the establishment of the retirement system and who becomes a
24 member of the retirement system shall, within two years after becoming a
25 member, file a detailed statement of all service as a school employee
26 rendered by him or her prior to the date of establishment of the
27 retirement system. In order to qualify for prior service credit toward a
28 service annuity, a school employee, unless temporarily out of service for
29 further professional education, for service in the armed forces, or for
30 temporary disability, must have completed four years of service on a
31 part-time or full-time basis during the five calendar years immediately

1 preceding July 1, 1945, or have completed eighteen years out of the last
2 twenty-five years prior to July 1, 1945, full time or part time, and two
3 years out of the five years immediately preceding July 1, 1945, full time
4 or part time, or such school employee must complete, unless temporarily
5 out of service for further professional education, for service in the
6 armed forces, or for temporary disability, four years of service within
7 the five calendar years immediately following July 1, 1945. In order to
8 qualify for prior service credit toward a service annuity, a school
9 employee who becomes a member of the retirement system on or before
10 September 30, 1951, or from July 1, 1945, to the date of becoming a
11 member shall have been continuously employed in a public school in
12 Nebraska operating under any other regularly established retirement or
13 pension system.

14 ~~(2) Any person who, after having served or signing a contract to~~
15 ~~serve as a school employee, entered into and served or enters into and~~
16 ~~serves in the armed forces of the United States during a declared~~
17 ~~emergency or was drafted under a federal mandatory draft law into the~~
18 ~~armed forces of the United States during a time of peace, as described~~
19 ~~and prescribed under such rules and regulations as the retirement board~~
20 ~~adopts and promulgates, and who, within three calendar years after~~
21 ~~honorable discharge or honorable separation from active duty or within~~
22 ~~one year from the date of completion of training provided in the federal~~
23 ~~Servicemen's Readjustment Act of 1944 or the federal Veterans'~~
24 ~~Readjustment Assistance Act of 1952, became or becomes a school employee~~
25 ~~shall be credited, in determining benefits due such member from the~~
26 ~~retirement system, for a maximum of five years of the time actually~~
27 ~~served in the armed forces as if such person had been a school employee~~
28 ~~throughout such time.~~

29 ~~(2)(a) Any (3) Under such rules and regulations as the retirement~~
30 ~~board adopts and promulgates, any school employee who is reemployed on or~~
31 ~~after December 12, 1994, pursuant to 38 U.S.C. 4301 et seq., shall be~~

1 treated as not having incurred a break in service by reason of his or her
2 period of military service. Such military service shall be credited for
3 purposes of determining the nonforfeitability of the member's accrued
4 benefits and the accrual of benefits under the plan.

5 (b) The employer shall be liable for funding any obligation of the
6 plan to provide benefits based upon such period of military service. To
7 satisfy the liability, the employer shall pay to the retirement system an
8 amount equal to:

9 (i) The sum of the member and employer contributions that would have
10 been paid during such period of military service; and

11 (ii) Any actuarial costs necessary to fund the obligation of the
12 plan to provide benefits based upon such period of military service. For
13 the purposes of determining the amount of such liability and obligation
14 of the plan, earnings and forfeitures, gains and losses, regular
15 interest, or interest credits that would have accrued on the member and
16 employer contributions that are paid by the employer pursuant to this
17 section, shall not be included.

18 (c) The amount required in subsection (2) shall be paid to the
19 retirement system as soon as reasonably practicable following the date of
20 reemployment, but must be paid within eighteen months of the date the
21 board notifies the employer of the amount due. If the employer fails to
22 pay the required amount within such eighteen-month period, then the
23 employer is also responsible for any actuarial costs and interest on
24 actuarial costs that accrue from eighteen months after the date the
25 employer is notified by the board until the date the amount is paid.

26 (d) The retirement board may adopt and promulgate rules and
27 regulations to carry out this subsection, including, but not limited to,
28 rules and regulations on:

29 (i) How and when the member and employer must notify the retirement
30 system of a period of military service;

31 (ii) The acceptable methods of payment;

1 (iii) Determining the compensation upon which the contributions must
2 be made; and

3 (iv) The documentation required to substantiate that the member was
4 reemployed pursuant to 38 U.S.C. 4301 et seq.

5 (3) This section only applies to military service that falls within
6 the definition of uniformed service under 38 U.S.C. 4301 et seq. Military
7 service does not include service provided pursuant to sections 55-101 to
8 55-181.

9 Sec. 27. Section 79-931, Revised Statutes Cumulative Supplement,
10 2016, is amended to read:

11 79-931 (1) A member hired prior to July 1, 2016, upon filing a
12 retirement application with the retirement system, may retire (a) at any
13 age if the member has completed thirty-five years of creditable service,
14 (b) if the member has completed at least five years of creditable service
15 plus eligibility and vesting credit and is at least sixty years of age,
16 (c) if the member is at least sixty-five years of age upon termination,
17 or (d) if the member is at least fifty-five years of age, has acquired
18 the equivalent of one-half year of service as a public school employee
19 under the retirement system following July 1, 1997, was a school employee
20 on or after March 4, 1998, and the sum of the member's attained age and
21 creditable service totals eighty-five.

22 (2) A member hired on or after July 1, 2016, and prior to July 1,
23 2018, or a member who has taken a ~~refund~~ or retirement or refund that
24 relinquished all prior service credit and who has not repaid the full
25 amount of the refund pursuant to section 79-921 and is rehired or hired
26 by any ~~a separate~~ employer covered by the retirement system on or after
27 July 1, 2016, and prior to July 1, 2018, upon filing a retirement
28 application with the retirement system, may retire (a) at any age if the
29 member has completed thirty-five years of creditable service, (b) if the
30 member is at least fifty-five years of age and the sum of the member's
31 attained age and creditable service totals eighty-five, or (c) if the

1 member is at least sixty years of age and has completed at least five
2 years of creditable service including eligibility and vesting credit.

3 (3) A member hired on or after July 1, 2018, or a member who has
4 taken a retirement or refund that relinquished all prior service credit
5 and who has not repaid the full amount of the refund pursuant to section
6 79-921 and is rehired or hired by any employer covered by the retirement
7 system on or after July 1, 2018, upon filing a retirement application
8 with the retirement system, may retire (a) if the member is at least
9 sixty years of age and the sum of the member's attained age and
10 creditable service totals eighty-five or (b) if the member is at least
11 sixty years of age and has completed at least five years of creditable
12 service including eligibility and vesting credit.

13 Sec. 28. Section 79-933.08, Reissue Revised Statutes of Nebraska, is
14 amended to read:

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

31 (2) Payment for such service credits shall be completed prior to the

1 employee's termination of employment date and may be made through direct
2 payment, installment payments, or an irrevocable deduction authorization.
3 If payments are made on an installment basis, interest shall be charged
4 at the rate of regular interest.

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

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

14 Sec. 29. Section 79-934, Revised Statutes Cumulative Supplement,
15 2016, is amended to read:

16 79-934 (1) In lieu of the school retirement allowance provided by
17 section 79-933, any member who is not an employee of a Class V school
18 district and who becomes eligible to make application for and receive a
19 school retirement allowance under section 79-931 may receive a formula
20 annuity retirement allowance if it is greater than the school retirement
21 allowance provided by section 79-933.

22 (2) Subject to the other provisions of this section, the monthly
23 formula annuity in the normal form shall be determined by multiplying the
24 number of years of creditable service for which such member would
25 otherwise receive the service annuity provided by section 79-933 by (a)
26 one and one-quarter percent of his or her final average compensation for
27 a member who has acquired the equivalent of one-half year of service or
28 more as a school employee under the retirement system following August
29 24, 1975, (b) one and one-half percent of his or her final average
30 compensation for a member who has acquired the equivalent of one-half
31 year of service or more as a school employee under the retirement system

1 following July 17, 1982, (c) one and sixty-five hundredths percent of his
2 or her final average compensation for a member who has acquired the
3 equivalent of one-half year of service or more as a school employee under
4 the retirement system following July 1, 1984, (d) one and seventy-three
5 hundredths percent of his or her final average compensation for a member
6 actively employed as a school employee under the retirement system or
7 under contract with an employer on or after June 5, 1993, (e) one and
8 eight-tenths percent of his or her final average compensation for a
9 member who has acquired the equivalent of one-half year of service or
10 more as a school employee under the retirement system following July 1,
11 1995, and was employed as a school employee under the retirement system
12 or under contract with an employer on or after April 10, 1996, (f) one
13 and nine-tenths percent of his or her final average compensation for a
14 member who has acquired the equivalent of one-half year of service or
15 more as a school employee under the retirement system following July 1,
16 1998, and was employed as a school employee under the retirement system
17 or under contract with an employer on or after April 29, 1999, (g) two
18 percent of his or her final average compensation for a member who has
19 acquired the equivalent of one-half year of service or more as a school
20 employee under the retirement system following July 1, 2000, who was
21 employed as a school employee under the retirement system or under
22 contract with an employer on or after May 2, 2001, and hired prior to
23 July 1, 2016, and who has not retired prior to May 2, 2001, or (h) two
24 percent of his or her final average compensation for a member initially
25 hired on or after July 1, 2016, or a member who has taken a refund or
26 retirement and is rehired or hired by a separate employer covered by the
27 retirement system on or after July 1, 2016, and has acquired the
28 equivalent of five years of service or more as a school employee under
29 the retirement system or under contract with an employer on or after July
30 1, 2016. Subdivision (2)(f) of this section shall not apply to a member
31 who is retired prior to April 29, 1999. Subdivision (2)(g) of this

1 section shall not apply to a member who is retired prior to May 2, 2001.

2 (3) If the annuity begins on or after the member's sixty-fifth
3 ~~birthday of a member~~, the annuity shall not be reduced.

4 ~~(4) If the annuity begins prior to the sixty-fifth birthday of the~~
5 ~~member and the member has completed thirty or more years of creditable~~
6 ~~service and is at least sixty years of age, the annuity shall not be~~
7 ~~reduced.~~ If the annuity begins prior to the member's sixtieth birthday of
8 the ~~member~~ and the member has completed thirty-five or more years of
9 creditable service, the annuity shall be actuarially reduced on the basis
10 of age sixty-five.

11 ~~If the annuity begins on or after the sixtieth birthday of the~~
12 ~~member and the member has completed at least a total of five years of (a)~~
13 ~~creditable service plus (b) eligibility and vesting credit but less than~~
14 ~~thirty years of creditable service, the annuity shall be reduced by three~~
15 ~~percent for each year by which the member's age is less than the age at~~
16 ~~which the member's age plus years of creditable service would have~~
17 ~~totalled ninety or three percent for each year after the member's sixtieth~~
18 ~~birthday and prior to his or her sixty-fifth birthday, whichever provides~~
19 ~~the greater annuity.~~

20 ~~(5)(a) (4)(a) For retirements on or after March 4, 1998, for a~~
21 ~~member who has acquired the equivalent of one-half year of creditable~~
22 ~~service or more as a school employee under the retirement system~~
23 ~~following July 1, 1997, and who was a school employee on or after March~~
24 ~~4, 1998, and who was hired prior to July 1, 2016, if the annuity begins~~
25 ~~at a time when the sum of the member's attained age and creditable~~
26 ~~service totals eighty-five and the member is at least fifty-five years of~~
27 ~~age, the annuity shall not be reduced. This subdivision shall only apply~~
28 ~~to a member who has acquired the equivalent of one-half year of service~~
29 ~~or more as a public school employee under the retirement system following~~
30 ~~July 1, 1997, and who was a school employee on or after March 4, 1998.~~
31 This subdivision shall not apply to a member who is retired prior to

1 March 4, 1998.

2 (b) For ~~retirements for~~ a member hired on or after July 1, 2016, and
3 prior to July 1, 2018, or for a member who has taken a refund or
4 retirement or refund that relinquished all prior service credit and who
5 has not repaid the full amount of the refund pursuant to section 79-921
6 and is rehired or hired by any a separate employer covered by the
7 retirement system on or after July 1, 2016, and prior to July 1, 2018, if
8 the annuity begins at a time when the sum of the member's attained age
9 and creditable service totals eighty-five and the member is at least
10 fifty-five years of age, the annuity shall not be reduced.—This
11 subdivision shall only apply to a member who has acquired the equivalent
12 of five years of service or more as a school employee under the
13 retirement system.

14 (c) For a member hired on or after July 1, 2018, or for a member who
15 has taken a retirement or refund that relinquished all prior service
16 credit and who has not repaid the full amount of the refund pursuant to
17 section 79-921 and is rehired or hired by any employer covered by the
18 retirement system on or after July 1, 2018, if the annuity begins at a
19 time when the sum of the member's attained age and creditable service
20 totals eighty-five and the member is at least sixty years of age, the
21 annuity shall not be reduced.

22 (6) If the annuity begins on or after the member's sixtieth birthday
23 and the member has completed at least a total of five years of creditable
24 service including eligibility and vesting credit but has not yet
25 qualified for an unreduced annuity as specified in this section, the
26 annuity shall be reduced by three percent for each year after the
27 member's sixtieth birthday and prior to his or her sixty-fifth birthday.

28 (7) ~~(5)~~ Except as provided in section 42-1107, the normal form of
29 the formula annuity shall be an annuity payable monthly during the
30 remainder of the member's life with the provision that in the event of
31 his or her death before sixty monthly payments have been made the monthly

1 payments will be continued to his or her estate or to the beneficiary he
2 or she has designated until sixty monthly payments have been made. Except
3 as provided in section 42-1107, a member may elect to receive in lieu of
4 the normal form of annuity an actuarially equivalent annuity in any
5 optional form provided by section 79-938.

6 (8) ~~(6)~~ All formula annuities shall be paid from the School
7 Retirement Fund.

8 (9)(a)(i) ~~(7)(a)(i)~~ For purposes of this section, in the
9 determination of compensation for members on or after July 1, 2005, that
10 part of a member's compensation for the plan year which exceeds the
11 member's compensation with the same employer for the preceding plan year
12 by more than seven percent of the compensation base during the sixty
13 months preceding the member's retirement shall be excluded unless (A) the
14 member experienced a substantial change in employment position, (B) as
15 verified by the school board, the excess compensation above seven percent
16 occurred as the result of a collective-bargaining agreement between the
17 employer and a recognized collective-bargaining unit or category of
18 school employee, and the percentage increase in compensation above seven
19 percent shall not be excluded for employees outside of a collective-
20 bargaining unit or within the same category of school employee, or (C)
21 the excess compensation occurred as the result of a districtwide
22 permanent benefit change made by the employer for a category of school
23 employee in accordance with subdivision (4)(a)(iv) of section 79-902.

24 (ii) For purposes of subdivision (9)(a) ~~(7)(a)~~ of this section:

25 (A) Category of school employee means either all employees of the
26 employer who are administrators or certificated teachers, or all
27 employees of the employer who are not administrators or certificated
28 teachers, or both;

29 (B) Compensation base means (I) for current members, employed with
30 the same employer, the member's compensation for the plan year ending
31 June 30, 2005, or (II) for members newly hired or hired by a separate

1 employer on or after July 1, 2005, the member's compensation for the
2 first full plan year following the member's date of hiring. Thereafter,
3 the member's compensation base shall be increased each plan year by the
4 lesser of seven percent of the member's preceding plan year's
5 compensation base or the member's actual annual compensation increase
6 during the preceding plan year; and

7 (C) Recognized collective-bargaining unit means a group of employees
8 similarly situated with a similar community of interest appropriate for
9 bargaining recognized as such by a school board.

10 (b)(i) In the determination of compensation for members whose
11 retirement date is on or after July 1, 2012, through June 30, 2013, that
12 part of a member's compensation for the plan year which exceeds the
13 member's compensation with the same employer for the preceding plan year
14 by more than nine percent of the compensation base shall be excluded.

15 (ii) For purposes of subdivision (9)(b) ~~(7)(b)~~ of this section,
16 compensation base means (A) for current members employed with the same
17 employer, the member's compensation for the plan year ending June 30,
18 2012, or (B) for members newly hired or hired by a separate employer on
19 or after July 1, 2012, the member's compensation for the first full plan
20 year following the member's date of hiring.

21 (c)(i) In the determination of compensation for members whose
22 retirement date is on or after July 1, 2013, that part of a member's
23 compensation for the plan year which exceeds the member's compensation
24 for the preceding plan year by more than eight percent during the capping
25 period shall be excluded. Such member's compensation for the first plan
26 year of the capping period shall be compared to the member's compensation
27 received for the plan year immediately preceding the capping period.

28 (ii) For purposes of subdivision (9)(c) ~~(7)(e)~~ of this section:

29 (A) Capping period means the five plan years preceding the later of
30 (I) such member's retirement date or (II) such member's final
31 compensation date; and

1 (B) Final compensation date means the later of (I) the date on which
2 a retiring member's final compensation is actually paid or (II) if a
3 retiring member's final compensation is paid in advance as a lump sum,
4 the date on which such final compensation would have been paid to the
5 member in the absence of such advance payment.

6 Sec. 30. Section 79-951, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 79-951 (1) Any member, disregarding the length of service, may be
9 retired as a result of disability either upon his or her own application
10 or upon the application of his or her employer or any person acting in
11 his or her behalf. Before any member may be so retired, a medical
12 examination shall be made at the expense of the retirement system, which
13 examination shall be conducted by a disinterested physician legally
14 authorized to practice medicine under the laws of the state in which he
15 or she practices, such physician to be selected by the retirement board,
16 and the physician shall certify to the board that the member should be
17 retired because he or she suffers from an inability to engage in any
18 substantially gainful activity by reason of any medically determinable
19 physical or mental impairment which was initially diagnosed or became
20 disabling while the member was an active participant in the plan and
21 which can be expected to result in death or to be of long-continued and
22 indefinite duration. The medical examination may be waived if, in the
23 judgment of the retirement board, extraordinary circumstances exist which
24 preclude substantial gainful activity by the member. Such circumstances
25 shall include hospice placement or similar confinement for a terminal
26 illness or injury. The application for disability retirement shall be
27 made within one year of termination of employment ~~A member shall be~~
28 ~~retired on account of disability, either upon his or her own application~~
29 ~~or the application of his or her employer or a person acting in his or~~
30 ~~her behalf, if a medical examination, made at the expense of the~~
31 ~~retirement system and conducted by a competent disinterested physician~~

1 ~~legally authorized to practice medicine under the laws of the state in~~
2 ~~which he or she practices, selected by the retirement board, shows and~~
3 ~~the physician certifies to the retirement board that the member is unable~~
4 ~~to engage in a substantially gainful activity by reason of any medically~~
5 ~~determinable physical or mental impairment which began while the member~~
6 ~~was a participant in the plan and which can be expected to result in~~
7 ~~death or be of a long and indefinite duration. The medical examination~~
8 ~~may be waived if, in the judgment of the retirement board, extraordinary~~
9 ~~circumstances exist which preclude substantial gainful activity by the~~
10 ~~member. Such circumstances shall include hospice placement or similar~~
11 ~~confinement for a terminal illness or injury.~~

12 ~~(2) The member shall have five years from the date he or she~~
13 ~~terminates employment in a public school located in Nebraska in which to~~
14 ~~make application for disability retirement benefits if the disability is~~
15 ~~related to employment in a public school located in Nebraska. If the~~
16 ~~disability is not related to a public school located in Nebraska, the~~
17 ~~member shall have one year from the date he or she terminates employment~~
18 ~~in which to make application for disability retirement benefits. Any~~
19 ~~application for retirement on account of disability shall be made on a~~
20 ~~retirement application provided by the retirement system. Upon approval~~
21 ~~by the board, benefits shall begin on the disability retirement date.~~

22 (2) The retirement board may adopt and promulgate rules and
23 regulations and prescribe the necessary forms to carry out this section.

24 Sec. 31. Section 79-954, Revised Statutes Cumulative Supplement,
25 2016, is amended to read:

26 79-954 If a disability beneficiary under the age of sixty-five years
27 is restored to active service as a school employee or if the examining
28 physician certifies that the person is no longer disabled for service as
29 a school employee, the ~~school~~ or disability retirement allowance shall
30 cease. If the beneficiary again becomes a school employee, he or she
31 shall become a member of the retirement system. Any prior service

1 certificate, on the basis of which his or her creditable service was
2 computed at the time of his or her retirement for disability, shall be
3 restored to full force and effect upon his or her again becoming a member
4 of such retirement system.

5 Sec. 32. Section 79-958, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 79-958 (1) Beginning on September 1, 2012, for the purpose of
8 providing the funds to pay for formula annuities, every employee shall be
9 required to deposit in the School Retirement Fund nine and seventy-eight
10 hundredths percent of compensation. Such deposits shall be transmitted at
11 the same time and in the same manner as required employer contributions.

12 (2) For the purpose of providing the funds to pay for formula
13 annuities, every employer shall be required to deposit in the School
14 Retirement Fund one hundred one percent of the required contributions of
15 the school employees of each employer. Such deposits shall be transmitted
16 to the retirement board at the same time and in the same manner as such
17 required employee contributions.

18 (3) The employer shall pick up the member contributions required by
19 this section for all compensation paid on or after January 1, 1986, and
20 the contributions so picked up shall be treated as employer contributions
21 pursuant to section 414(h)(2) of the Internal Revenue Code in determining
22 federal tax treatment under the code and shall not be included as gross
23 income of the member until such time as they are distributed or made
24 available. The contributions, although designated as member
25 contributions, shall be paid by the employer in lieu of member
26 contributions. The employer shall pay these member contributions from the
27 same source of funds which is used in paying earnings to the member. The
28 employer shall pick up these contributions by a compensation deduction
29 through a reduction in the cash compensation of the member. Member
30 contributions picked up shall be treated for all purposes of the School
31 Employees Retirement Act in the same manner and to the same extent as

1 member contributions made prior to the date picked up.

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

7 Sec. 33. Section 79-978, Revised Statutes Cumulative Supplement,
8 2016, is amended to read:

9 79-978 For purposes of the Class V School Employees Retirement Act,
10 unless the context otherwise requires:

11 (1) Accumulated contributions means the sum of amounts contributed
12 by a member of the system together with regular interest credited
13 thereon;

14 (2) Actuarial equivalent means the equality in value of the
15 retirement allowance for early retirement or the retirement allowance for
16 an optional form of annuity, or both, with the normal form of the annuity
17 to be paid, as determined by the application of the appropriate actuarial
18 table, except that use of such actuarial tables shall not effect a
19 reduction in benefits accrued prior to September 1, 1985, as determined
20 by the actuarial tables in use prior to such date;

21 (3) Actuarial tables means:

22 (a) For determining the actuarial equivalent of any annuities other
23 than joint and survivorship annuities, a unisex mortality table using
24 twenty-five percent of the male mortality and seventy-five percent of the
25 female mortality from the 1994 Group Annuity Mortality Table with a One
26 Year Setback and using an interest rate of eight percent compounded
27 annually; and

28 (b) For joint and survivorship annuities, a unisex retiree mortality
29 table using sixty-five percent of the male mortality and thirty-five
30 percent of the female mortality from the 1994 Group Annuity Mortality
31 Table with a One Year Setback and using an interest rate of eight percent

1 compounded annually and a unisex joint annuitant mortality table using
2 thirty-five percent of the male mortality and sixty-five percent of the
3 female mortality from the 1994 Group Annuity Mortality Table with a One
4 Year Setback and using an interest rate of eight percent compounded
5 annually;

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

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

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

18 (8) Board of education means the board of education of the school
19 district;

20 (9)(a) Compensation means gross wages or salaries payable to the
21 member during a fiscal year and includes (i) overtime pay, (ii) member
22 contributions to the retirement system that are picked up under section
23 414(h) of the Internal Revenue Code, as defined in section 49-801.01,
24 (iii) retroactive salary payments paid pursuant to court order,
25 arbitration, or litigation and grievance settlements, and (iv) amounts
26 contributed by the member to plans under sections 125, 403(b), and 457 of
27 the Internal Revenue Code, as defined in section 49-801.01, or any other
28 section of the code which defers or excludes such amounts from income.

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

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

8 (c) Compensation in excess of the limitations set forth in section
9 401(a)(17) of the Internal Revenue Code, as defined in section 49-801.01,
10 shall be disregarded;

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

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

15 (12) Early retirement date means, for members hired prior to July 1,
16 2016, who have attained age fifty-five, that month and year selected by a
17 member having at least ten years of creditable service which includes a
18 minimum of five years of membership service. Early retirement date means,
19 for members hired on or after July 1, 2016, that month and year selected
20 by a member having at least five years of creditable service and who has
21 attained age sixty;

22 (13) Early retirement inducement means, but is not limited to:

23 (a) A benefit, bonus, or payment to a member in exchange for an
24 agreement by the member to retire with a reduced retirement benefit;

25 (b) A benefit, bonus, or payment paid to a member in addition to the
26 member's unreduced retirement benefit;

27 (c) Lump-sum or installment cash payments, except payments for
28 accrued unused vacation leave or accrued unused sick leave converted to
29 cash payments;

30 (d) An additional salary or wage component of any kind that is being
31 paid as an incentive to leave employment and not for personal services

1 performed for which creditable service is granted;

2 (e) Partial or full employer payment of a member's health, dental,
3 life, or long-term disability insurance benefits or cash in lieu of such
4 insurance benefits that extend beyond the member's termination of
5 employment and contract of employment dates. This subdivision does not
6 apply to any period during which the member is contributing to the
7 retirement system and being awarded creditable service; and

8 (f) Any other form of separation payments made by an employer to a
9 member at retirement, including, but not limited to, purchasing
10 retirement contracts for the member pursuant to section 79-514, or
11 depositing money for the member in an account established under section
12 403(b) of the Internal Revenue Code;

13 (14) ~~(13)~~ Employee means the following enumerated persons receiving
14 compensation from the school district: (a) Regular teachers and
15 administrators employed on a written contract basis; and (b) regular
16 employees, not included in subdivision (14)(a) ~~(13)(a)~~ of this section,
17 hired upon a full-time basis, which basis shall contemplate a workweek of
18 not less than thirty hours;

19 (15) Employer means a school district participating in a retirement
20 system established pursuant to the Class V School Employees Retirement
21 Act;

22 (16) ~~(14)~~ Fiscal year means the period beginning September 1 in any
23 year and ending on August 31 of the next succeeding year;

24 (17) Hire date or date of hire means the first day of compensated
25 service subject to retirement contributions;

26 (18) ~~(15)~~ Interest means, for the purchase of service credit, the
27 purchase of prior service credit, restored refunds, and delayed payments,
28 the investment return assumption used in the most recent actuarial
29 valuation;

30 (19) ~~(16)~~ Member means any employee included in the membership of
31 the retirement system or any former employee who has made contributions

1 to the system and has not received a refund;

2 (20) ~~(17)~~ Membership service means service on or after September 1,
3 1951, as an employee of the school district and a member of the system
4 for which compensation is paid by the school district. Credit for more
5 than one year of membership service shall not be allowed for service
6 rendered in any fiscal year. Beginning September 1, 2005, a member shall
7 be credited with a year of membership service for each fiscal year in
8 which the member performs one thousand or more hours of compensated
9 service as an employee of the school district. For an employee who
10 becomes a member prior to July 1, 2018, an ~~An~~ hour of compensated service
11 shall include any hour for which the member is compensated by the school
12 district during periods when ~~where~~ no service is performed due to
13 vacation or approved leave. For an employee who becomes a member on or
14 after July 1, 2018, an hour of compensated service shall include any hour
15 for which the member is compensated by the school district during periods
16 when no service is performed due to used accrued sick days, used accrued
17 vacation days, federal and state holidays, and jury duty leave for which
18 the member is paid full compensation by the employer. If a member
19 performs less than one thousand hours of compensated service during a
20 fiscal year, one-tenth of a year of membership service shall be credited
21 for each one hundred hours of compensated service by the member in such
22 fiscal year. In determining a member's total membership service, all
23 periods of membership service, including fractional years of membership
24 service in one-tenth-year increments, shall be aggregated;

25 (21) ~~(18)~~ Military service means service in the uniformed services
26 as defined in 38 U.S.C. 4301 et seq., as such provision existed on March
27 27, 1997;

28 (22) ~~(19)~~ Normal retirement date means the end of the month during
29 which the member attains age sixty-five and has completed at least five
30 years of membership service;

31 (23) ~~(20)~~ Primary beneficiary means the person or persons entitled

1 to receive or receiving a benefit by reason of the death of a member;

2 ~~(24)~~ ~~(21)~~ Prior service means service rendered prior to September 1,
3 1951, for which credit is allowed under section 79-999, service rendered
4 by retired employees receiving benefits under preexisting systems, and
5 service for which credit is allowed under sections 79-990, 79-991,
6 79-994, 79-995, and 79-997;

7 ~~(25)~~ ~~(22)~~ Regular interest means interest (a) on the total
8 contributions of the member prior to the close of the last preceding
9 fiscal year, (b) compounded annually, and (c)(i) beginning September 1,
10 2016, at a rate equal to the daily treasury yield curve for one-year
11 treasury securities, as published by the Secretary of the Treasury of the
12 United States, that applies on September 1 of each year and (ii) prior to
13 September 1, 2016, at rates to be determined annually by the board, which
14 shall have the sole, absolute, and final discretionary authority to make
15 such determination, except that the rate for any given year in no event
16 shall exceed the actual percentage of net earnings of the system during
17 the last preceding fiscal year;

18 ~~(26)~~ ~~(23)~~ Retirement allowance means the total annual retirement
19 benefit payable to a member for service or disability;

20 ~~(27)~~ ~~(24)~~ Retirement date means the date of retirement of a member
21 for service or disability as fixed by the board of trustees;

22 ~~(28)~~ ~~(25)~~ Retirement system or system means the School Employees'
23 Retirement System of (corporate name of the school district as described
24 in section 79-405) as provided for by the act;

25 ~~(29)~~ ~~(26)~~ Secondary beneficiary means the person or persons entitled
26 to receive or receiving a benefit by reason of the death of all primary
27 beneficiaries prior to the death of the member. If no primary beneficiary
28 survives the member, secondary beneficiaries shall be treated in the same
29 manner as primary beneficiaries;

30 (30) Service in any capacity means, but is not limited to, (a)
31 voluntary service, (b) interim service, (c) service as a full-time or

1 part-time employee, substitute employee, or temporary employee, (d)
2 service as an independent contractor, a subcontractor, a consultant, or a
3 contractor with a third party, or (e) any other category of service;

4 (31) (27) State investment officer means the state investment
5 officer appointed pursuant to section 72-1240 and acting pursuant to the
6 Nebraska State Funds Investment Act;—and

7 (32) Substitute employee means a person hired by an employer as a
8 temporary employee to assume the duties of an employee due to a temporary
9 absence of any employee. Substitute employee does not mean a person hired
10 as an employee on an ongoing basis to assume the duties of other
11 employees who are temporarily absent;

12 (33) Temporary employee means a person hired by an employer who is
13 not an employee and who is hired to provide service for a limited period
14 of time to accomplish a specific purpose or task. When such specific
15 purpose or task is complete, the employment of such temporary employee
16 shall terminate and in no case shall the temporary employment period
17 exceed one year in duration;

18 (34)(a) Termination of employment occurs, except as otherwise
19 provided in subdivisions (b) and (c) of this subdivision, on the date on
20 which the member experiences a bona fide separation from service of
21 employment with the member's employer, the date of which separation is
22 determined by the end of the member's contractual agreement or, if there
23 is no contract or only partial fulfillment of a contract, by the
24 employer;

25 (b) A member shall not be deemed to have terminated employment if
26 the member subsequently provides service in any capacity to any employer
27 participating in a retirement system established pursuant to the Class V
28 School Employees Retirement Act or to any employer participating in the
29 retirement system provided for in the School Employees Retirement Act (i)
30 within one hundred eighty days after ceasing employment or (ii) within
31 thirty-six months after the member's retirement date if the member

1 accepts an early retirement inducement;

2 (c) If the board of trustees determines that termination of
3 employment has not occurred and a retirement benefit has been paid to a
4 member of the retirement system pursuant to section 79-999, 79-9,100, or
5 79-9,100.01, the board of trustees shall require the member who has
6 received such benefit to repay the benefit to the retirement system; and

7 (d) Nothing in this subdivision precludes an employer from adopting
8 a policy which requires employees who have terminated employment from
9 providing service in any capacity for longer than provided in this
10 subdivision; and

11 (35) ~~(28)~~ Trustee means a trustee provided for in section 79-980.

12 Sec. 34. Section 79-978.01, Revised Statutes Cumulative Supplement,
13 2016, is amended to read:

14 79-978.01 Sections 79-978 to 79-9,118 and sections 37 and 38 of this
15 act shall be known and may be cited as the Class V School Employees
16 Retirement Act.

17 Sec. 35. Section 79-987, Revised Statutes Cumulative Supplement,
18 2016, is amended to read:

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

25 (2) Each audit year an annual financial audit of the investments of
26 the retirement system shall be conducted. At the option of the council,
27 such audit may be conducted by a certified public accountant or the
28 Auditor of Public Accounts. The costs of such audit shall be paid from
29 funds of the retirement system. A copy of such audit shall be filed with
30 the board of trustees and the Auditor of Public Accounts.

31 (3) Beginning May 1, 2017, and until May 1, 2018 ~~each May 1~~

1 thereafter, if such retirement plan is a defined benefit plan, the board
2 of trustees shall cause to be prepared an annual report and the
3 administrator shall file the same with the Public Employees Retirement
4 Board and submit to the members of the Nebraska Retirement Systems
5 Committee of the Legislature a copy of such report. Beginning May 1,
6 2018, the board of trustees shall cause to be prepared an annual report
7 and the administrator shall file the same with the Auditor of Public
8 Accounts and submit to the members of the Nebraska Retirement Systems
9 Committee of the Legislature a copy of such report. The report submitted
10 to the committee and the Auditor of Public Accounts shall be submitted
11 electronically. The report shall consist of a full actuarial analysis of
12 each such retirement plan established pursuant to section 79-979. The
13 analysis shall be prepared by an independent private organization or
14 public entity employing actuaries who are members of the American Academy
15 of Actuaries and meet the academy's qualification standards to render a
16 statement of actuarial opinion, and which organization or entity has
17 demonstrated expertise to perform this type of analysis and is unrelated
18 to any organization offering investment advice or which provides
19 investment management services to the retirement plan. The report shall
20 be presented to the Nebraska Retirement Systems Committee of the
21 Legislature at a public hearing.

22 Sec. 36. Section 79-992, Revised Statutes Cumulative Supplement,
23 2016, is amended to read:

24 79-992 (1) A member who has five years or more of creditable
25 service, excluding years of prior service acquired pursuant to section
26 79-990, 79-991, 79-994, 79-995, or 79-997, and who terminates ~~severs~~ his
27 or her employment may elect to leave his or her contributions in the
28 retirement system, in which event he or she shall receive a retirement
29 allowance at normal retirement age based on the annuity earned to the
30 date of such termination of employment ~~severance~~. Such member may elect
31 to receive a retirement allowance at early retirement age if such member

1 retires at an early retirement date. Such annuity shall be adjusted in
2 accordance with section 79-9,100. Upon termination ~~the severance~~ of
3 employment, except on account of retirement, a member shall be entitled
4 to receive refunds as follows: (a) An amount equal to the accumulated
5 contributions to the retirement system by the member; and (b) any
6 contributions made to a previously existing system which were refundable
7 under the terms of that system. Any member receiving a refund of
8 contributions shall thereby forfeit and relinquish all accrued rights in
9 the retirement system including all accumulated creditable service,
10 except that if any member who has withdrawn his or her contributions as
11 provided in this section reenters the service of the district and again
12 becomes a member of the retirement system, he or she may restore any or
13 all money previously received by him or her as a refund, including the
14 interest on the amount of the restored refund for the period of his or
15 her absence from the district's service as determined using the interest
16 rate for interest on such restored refunds, and he or she shall then
17 again receive credit for that portion of service which the restored money
18 represents. Such restoration may be made as the board of trustees may
19 direct through direct payments to the system or on an installment basis
20 pursuant to a binding irrevocable payroll deduction authorized between
21 the member and the school district over a period of not to exceed five
22 years from the date of reemployment. Interest on delayed payments shall
23 be at the rate of interest for determining interest on delayed payments
24 by members to the retirement system. Creditable service may be purchased
25 only in one-tenth-year increments, starting with the most recent years'
26 salary.

27 (2) Except as provided in section 37 of this act:

28 (a) (2) A retired member who returns to employment as an employee of
29 the school district shall again participate in the retirement system as a
30 new member and shall make contributions to the retirement system
31 commencing upon reemployment. The retirement annuity of a retired member

1 who returns to employment with the school district shall continue to be
2 paid by the retirement system. A retired member who returns to employment
3 as an employee of the school district shall receive creditable service
4 only for service performed after his or her return to employment and in
5 no event shall creditable service which accrues or the compensation paid
6 to the member after such return to employment after retirement increase
7 the amount of the member's original retirement annuity; and -

8 (b) ~~(3)~~ Upon termination of employment of the reemployed member, the
9 member shall receive in addition to the retirement annuity which
10 commenced at the time of the previous retirement (i) ~~(a)~~ if the member
11 has accrued five years or more of creditable service after his or her
12 return to employment, excluding years of prior service acquired pursuant
13 to section 79-990, 79-991, 79-994, 79-995, or 79-997, a retirement
14 annuity as provided in section 79-999 or 79-9,100, as applicable,
15 calculated solely on the basis of creditable service and final average
16 compensation accrued and earned after the member's return to employment
17 after his or her original retirement, and as adjusted to reflect any
18 payment in other than the normal form or (ii) ~~(b)~~ if the member has not
19 accrued five years or more of creditable service after his or her return
20 to employment, a refund equal to the member's accumulated contributions
21 which were credited to the member after the member's return to
22 employment. In no event shall the member's creditable service which
23 accrued prior to a previous retirement be considered as part of the
24 member's creditable service after his or her return to employment for any
25 purpose of the Class V School Employees Retirement Act.

26 (3) ~~(4)~~ In the event a member is entitled to receive a refund of
27 contributions pursuant to subsection (1) or subdivision (2)(b)(ii) ~~(3)(b)~~
28 of this section in an amount greater than one thousand dollars, if the
29 member does not elect to have the refund paid directly to himself or
30 herself or transferred to an eligible retirement plan designated by the
31 member as a direct rollover pursuant to section 79-998, then the refund

1 of contributions shall be paid in a direct rollover to an individual
2 retirement plan designated by the board of trustees.

3 Sec. 37. (1) An employer participating in a retirement system
4 established pursuant to the Class V School Employees Retirement Act
5 shall:

6 (a) Notify the board of trustees in writing of the date upon which a
7 termination of employment has occurred and provide the board of trustees
8 with such information as the board of trustees deems necessary;

9 (b) Notify the board of trustees in writing whether or not a member
10 accepted and received an early retirement inducement; and

11 (c) Submit in writing with the notice of termination of employment
12 and notice of receipt of an early retirement inducement a completed
13 certification by the employer and member under penalty of prosecution
14 pursuant to section 38 of this act that, prior to the member's
15 retirement, there was no prearranged written or verbal agreement for the
16 member to return to service in any capacity with the same employer.

17 (2) The member shall submit to the board of trustees upon the
18 member's termination, under penalty of prosecution pursuant to section 38
19 of this act, completed certification on forms prescribed by the board of
20 trustees:

21 (a) That prior to the member's retirement there was no prearranged
22 written or verbal agreement to provide service in any capacity to an
23 employer participating in the retirement system pursuant to the School
24 Employees Retirement Act; and

25 (b) Whether or not the member accepted and received an early
26 retirement inducement from his or her employer.

27 (3) The board of trustees may adopt and promulgate rules and
28 regulations and prescribe forms as the board determines appropriate in
29 order to carry out this section and to ensure full disclosure and
30 reporting by the employer and member in order to minimize fraud and abuse
31 and the filing of false or fraudulent claim or benefit applications.

1 Sec. 38. (1) Any person who, knowing it to be false or fraudulent,
2 presents or causes to be presented a false or fraudulent claim or benefit
3 application, any false or fraudulent proof in support of such a claim or
4 benefit, or false or fraudulent information which would affect a future
5 claim or benefit application to be paid under a retirement system for the
6 purpose of defrauding or attempting to defraud the retirement system
7 shall be guilty of a Class II misdemeanor. The board of trustees shall
8 deny any benefits that it determines are based on false or fraudulent
9 information and shall have a cause of action against the member to
10 recover any benefits already paid on the basis of such information.

11 (2) Any employee, member of a board of education, or agent of any
12 employer who willfully fails or refuses to furnish to the board of
13 trustees upon its request and in the manner prescribed by it such
14 information, data, or records, as may be necessary for carrying into
15 effect the Class V School Employees Retirement Act, shall be guilty of a
16 Class V misdemeanor.

17 Sec. 39. Section 79-9,100.01, Revised Statutes Cumulative
18 Supplement, 2016, is amended to read:

19 79-9,100.01 (1)(a) For employees who become members on or after
20 July 1, 2016, and prior to July 1, 2018, if ÷

21 (1) If the annuity begins at a time when the sum of the member's attained
22 age and creditable service totals eighty-five and the member is at least
23 fifty-five years of age, the annuity shall not be reduced. ÷

24 (b) For employees who become members on or after July 1, 2018, if
25 the annuity begins at a time when the sum of the member's attained age
26 and creditable service totals eighty-five and the member is at least
27 sixty years of age, the annuity shall not be reduced.

28 (2)(a) For an employee who becomes a member prior to July 1, 2018,
29 if (2) If the annuity begins on or after the sixtieth birthday of the
30 member and the member has completed at least a total of five years of
31 creditable service, the annuity shall be reduced by twenty-five

1 hundredths percent for each month or partial month between the date the
2 annuity begins and the member's sixty-fifth birthday. ÷

3 (b) For a member hired or rehired on or after July 1, 2018, if the
4 annuity begins on or after the sixtieth birthday and the member has
5 completed at least a total of five years of creditable service including
6 eligibility and vesting credit but has not qualified for an unreduced
7 annuity as specified in this section, the annuity shall be reduced by
8 twenty-five hundredths percent for each month or partial month between
9 the date the annuity begins and the member's sixty-fifth birthday.

10 (3) A member's attained age shall be measured in one-half-year
11 increments. ÷

12 (4) Except as provided in section 42-1107, the normal form of the
13 formula retirement annuity based on final average compensation shall be
14 an annuity payable monthly during the remainder of the member's life with
15 the provision that, in the event of his or her death before sixty monthly
16 payments have been made, the monthly payments will be continued to his or
17 her estate or to the beneficiary he or she has designated until a total
18 of sixty monthly payments have been made. A member may elect to receive,
19 in lieu of the normal form of annuity, an actuarially equivalent annuity
20 in any optional form provided by section 79-9,101. ÷ ~~and~~

21 (5) All formula annuities shall be paid from the Class V School
22 Employees Retirement Fund.

23 Sec. 40. Section 79-9,105, Revised Statutes Cumulative Supplement,
24 2016, is amended to read:

25 79-9,105 (1) Any member with five or more years of creditable
26 service, excluding years of prior service acquired pursuant to section
27 79-990, 79-991, 79-994, 79-995, or 79-997, who becomes totally disabled
28 for further performance of duty on or after March 22, 2000, may be
29 approved for deferred disability retirement by the board of trustees. In
30 the case of such deferred disability retirement, the member, during the
31 period specified in subsection (3) of this section, shall be credited

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

31 (2) Notwithstanding the provisions of subsection (1) of this

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

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

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

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

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

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

14 Sec. 41. Section 81-2014, Revised Statutes Cumulative Supplement,
15 2016, is amended to read:

16 81-2014 For purposes of the Nebraska State Patrol Retirement Act:

17 (1)(a) ~~(1)~~ Actuarial equivalent means the equality in value of the
18 aggregate amounts expected to be received under different forms of
19 payment or to be received at an earlier retirement age than the normal
20 retirement age.

21 (b) For an officer hired before July 1, 2017, the The determinations
22 shall be based on the 1994 Group Annuity Mortality Table reflecting sex-
23 distinct factors blended using seventy-five percent of the male table and
24 twenty-five percent of the female table. An interest rate of eight
25 percent per annum shall be reflected in making the determinations until
26 such percent is amended by the Legislature. ÷

27 (c) For an officer hired on or after July 1, 2017, or rehired on or
28 after July 1, 2017, 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 the board. Both the
31 mortality table and the interest rate shall be recommended by the actuary

1 and approved by the board following an actuarial experience study, a
2 benefit adequacy study, or a plan valuation. The mortality table,
3 interest rate, and actuarial factors in effect on the officer's
4 retirement date will be used to calculate actuarial equivalency of any
5 retirement benefit. Such interest rate may be, but is not required to be,
6 equal to the assumed rate of return;

7 (2) Board means the Public Employees Retirement Board;

8 (3)(a)(i) Compensation means gross wages or salaries payable to the
9 member for personal services performed during the plan year. Compensation
10 does not include insurance premiums converted into cash payments,
11 reimbursement for expenses incurred, fringe benefits, per diems, or
12 bonuses for services not actually rendered, including, but not limited
13 to, early retirement inducements, cash awards, and severance pay, except
14 for retroactive salary payments paid pursuant to court order,
15 arbitration, or litigation and grievance settlements. Compensation
16 includes overtime pay, member retirement contributions, and amounts
17 contributed by the member to plans under sections 125 and 457 of the
18 Internal Revenue Code as defined in section 49-801.01 or any other
19 section of the code which defers or excludes such amounts from income.

20 (ii) For any officer employed on or prior to January 4, 1979,
21 compensation includes compensation for unused sick leave or unused
22 vacation leave converted to cash payments.

23 (iii) For any officer employed after January 4, 1979, and prior to
24 July 1, 2016, compensation does not include compensation for unused sick
25 leave or unused vacation leave converted to cash payments and includes
26 compensation for unused holiday compensatory time and unused compensatory
27 time converted to cash payments.

28 (iv) For any officer employed on or after July 1, 2016, compensation
29 does not include compensation for unused sick leave, unused vacation
30 leave, unused holiday compensatory time, unused compensatory time, or any
31 other type of unused leave, compensatory time, or similar benefits,

1 converted to cash payments.

2 (b) Compensation in excess of the limitations set forth in section
3 401(a)(17) of the Internal Revenue Code as defined in section 49-801.01
4 shall be disregarded. For an employee who was a member of the retirement
5 system before the first plan year beginning after December 31, 1995, the
6 limitation on compensation shall not be less than the amount which was
7 allowed to be taken into account under the retirement system as in effect
8 on July 1, 1993;

9 (4) Creditable service means service granted pursuant to section
10 81-2034 and all service rendered while a contributing member of the
11 retirement system. Creditable service includes working days, sick days,
12 vacation days, holidays, and any other leave days for which the officer
13 is paid regular wages except as specifically provided in the Nebraska
14 State Patrol Retirement Act. Creditable service does not include
15 eligibility and vesting credit nor service years for which member
16 contributions are withdrawn and not repaid;

17 (5) Current benefit means the initial benefit increased by all
18 adjustments made pursuant to the Nebraska State Patrol Retirement Act;

19 (6) DROP means the deferred retirement option plan as provided in
20 section 81-2041;

21 (7) DROP account means an individual DROP participant's defined
22 contribution account under section 414(k) of the Internal Revenue Code;

23 (8) DROP period means the amount of time the member elects to
24 participate in DROP which shall be for a period not to exceed five years
25 from and after the date of the member's DROP election;

26 (9) Eligibility and vesting credit means credit for years, or a
27 fraction of a year, of participation in a Nebraska government plan for
28 purposes of determining eligibility for benefits under the Nebraska State
29 Patrol Retirement Act. Such credit shall be used toward the vesting
30 percentage pursuant to subsection (2) of section 81-2031 but shall not be
31 included as years of service in the benefit calculation;

1 (10) Hire date or date of hire means the first day of compensated
2 service subject to retirement contributions;

3 (11) ~~(10)~~ Initial benefit means the retirement benefit calculated at
4 the time of retirement;

5 (12) ~~(11)~~ Officer means law enforcement an officer as defined in

6 section 81-1401 and as provided for in sections 81-2001 to 81-2009, but

7 does not include a law enforcement officer who has been granted an

8 appointment conditioned on satisfactory completion of a training program

9 approved by the Nebraska Police Standards Advisory Council;

10 (13) ~~(12)~~ Plan year means the twelve-month period beginning on July
11 1 and ending on June 30 of the following year;

12 (14) ~~(13)~~ Regular interest means interest fixed at a rate equal to
13 the daily treasury yield curve for one-year treasury securities, as
14 published by the Secretary of the Treasury of the United States, that
15 applies on July 1 of each year, which may be credited monthly, quarterly,
16 semiannually, or annually as the board may direct;

17 (15) ~~(14)~~ Retirement application means the form approved and
18 provided by the retirement system for acceptance of a member's request
19 for either regular or disability retirement;

20 (16) ~~(15)~~ Retirement date means (a) the first day of the month
21 following the date upon which a member's request for retirement is
22 received on a retirement application if the member is eligible for
23 retirement and has terminated employment or (b) the first day of the
24 month following termination of employment if the member is eligible for
25 retirement and has filed an application but has not yet terminated
26 employment;

27 (17) ~~(16)~~ Retirement system or system means the Nebraska State
28 Patrol Retirement System as provided in the act;

29 (18) ~~(17)~~ Service means employment as a member of the Nebraska State
30 Patrol and shall not be deemed to be interrupted by (a) temporary or
31 seasonal suspension of service that does not terminate the employee's

1 employment, (b) leave of absence authorized by the employer for a period
2 not exceeding twelve months, (c) leave of absence because of disability,
3 or (d) military service, when properly authorized by the board. Service
4 does not include any period of disability for which disability retirement
5 benefits are received under subsection (1) of section 81-2025;

6 (19) ~~(18)~~ Surviving spouse means (a) the spouse married to the
7 member on the date of the member's death if married for at least one year
8 prior to death or if married on the date of the member's retirement or
9 (b) the spouse or former spouse of the member if survivorship rights are
10 provided under a qualified domestic relations order filed with the board
11 pursuant to the Spousal Pension Rights Act. The spouse or former spouse
12 shall supersede the spouse married to the member on the date of the
13 member's death as provided under a qualified domestic relations order. If
14 the benefits payable to the spouse or former spouse under a qualified
15 domestic relations order are less than the value of benefits entitled to
16 the surviving spouse, the spouse married to the member on the date of the
17 member's death shall be the surviving spouse for the balance of the
18 benefits; and

19 (20) ~~(19)~~ Termination of employment occurs on the date on which the
20 Nebraska State Patrol determines that the officer's employer-employee
21 relationship with the patrol is dissolved. The Nebraska State Patrol
22 shall notify the board of the date on which such a termination has
23 occurred. Termination of employment does not include ceasing employment
24 with the Nebraska State Patrol if the officer returns to regular
25 employment with the Nebraska State Patrol or another agency of the State
26 of Nebraska and there are less than one hundred twenty days between the
27 date when the employee's employer-employee relationship ceased and the
28 date when the employer-employee relationship commenced with the Nebraska
29 State Patrol or another state agency. Termination of employment does not
30 occur upon an officer's participation in DROP pursuant to section
31 81-2041. It is the responsibility of the employer that is involved in the

1 termination of employment to notify the board of such change in
2 employment and provide the board with such information as the board deems
3 necessary. If the board determines that termination of employment has not
4 occurred and a retirement benefit has been paid to a member of the
5 retirement system pursuant to section 81-2026, the board shall require
6 the member who has received such benefit to repay the benefit to the
7 retirement system.

8 Sec. 42. Section 81-2025, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 81-2025 (1) Every officer who has been in the employ of the state as
11 such and who becomes disabled and physically unfit to perform the duties
12 of an officer shall be entitled to retire and receive an annuity as
13 provided by law.

14 (2) Every officer who has been in the employ of the state as such
15 for ten years or more, as calculated in section 81-2033, and has attained
16 the age of fifty years or more shall be entitled to retire and receive an
17 annuity as provided by law. The right to retire at the age of fifty years
18 shall be at the option of the officer but such retirement shall be
19 mandatory upon the officer attaining the age of sixty years.

20 (3) Any officer who has attained the age of sixty years upon his or
21 her separation from state service but who has not been in the employ of
22 the state for ten years as such shall be entitled to the annuity as
23 provided for in the Nebraska State Patrol Retirement Act.

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

31 (5) Every officer who has been in the employ of the state as such

1 for thirty years or more, as calculated in section 81-2033, shall be
2 entitled to retire and receive an annuity as provided by law. The right
3 to retire with thirty years or more of creditable service shall be at the
4 option of the officer but such retirement shall be mandatory upon the
5 officer attaining the age of sixty years.

6 (6) Payment of any benefit provided under the act may not be
7 deferred later than April 1 of the year following the year in which the
8 officer has both attained at least age seventy and one-half years and
9 terminated his or her employment with the Nebraska State Patrol.

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

16 (8) The board shall make reasonable efforts to locate the officer or
17 the officer's beneficiary and distribute benefits by the required
18 beginning date as specified by section 401(a)(9) of the Internal Revenue
19 Code and the regulations issued thereunder. If the board is unable to
20 make such a distribution, the account shall be distributed pursuant to
21 the Uniform Disposition of Unclaimed Property Act and no amounts may be
22 applied to increase the benefits any officer would otherwise receive
23 under the Nebraska State Patrol Retirement Act.

24 Sec. 43. Section 81-2034, Reissue Revised Statutes of Nebraska, is
25 amended to read:

26 81-2034 ~~(1) Any member of the Nebraska State Patrol who, while a~~
27 ~~member of the Nebraska State Patrol, entered into and served or shall~~
28 ~~enter into and serve in the armed forces of the United States during a~~
29 ~~declared emergency, as defined and prescribed under such rules and~~
30 ~~regulations as the board may adopt, and who, within six months after~~
31 ~~honorable discharge or honorable separation from active duty, returned or~~

1 ~~returns to the service of the state and again becomes a member of the~~
2 ~~Nebraska State Patrol shall be credited, in determining benefits due such~~
3 ~~member from the State Patrol Retirement Fund, for all the time actually~~
4 ~~served in the armed forces as if such person had been in the service of~~
5 ~~the Nebraska State Patrol throughout such declared emergency service in~~
6 ~~the armed forces.~~

7 ~~(1)(a) Any officer~~ (2) ~~Under such rules and regulations as the board~~
8 ~~adopts and promulgates, any member of the Nebraska State Patrol who is~~
9 ~~reemployed on or after December 12, 1994, pursuant to 38 U.S.C. 4301 et~~
10 ~~seq. chapter 43, shall be treated as not having incurred a break in~~
11 ~~service by reason of his or her period of military service. Such military~~
12 ~~service shall be credited for purposes of determining the~~
13 ~~nonforfeitability of the officer's member's accrued benefits and the~~
14 ~~accrual of benefits under the plan.~~

15 ~~(b) The state shall be liable for funding any obligation of the plan~~
16 ~~to provide benefits based upon such period of military service. To~~
17 ~~satisfy the liability, the Nebraska State Patrol shall pay to the~~
18 ~~retirement system an amount equal to:~~

19 ~~(i) The sum of the officer and employer contributions that would~~
20 ~~have been paid during such period of military service; and~~

21 ~~(ii) Any actuarial costs necessary to fund the obligation of the~~
22 ~~plan to provide benefits based upon such period of military service. For~~
23 ~~the purposes of determining the amount of such liability and obligation~~
24 ~~of the plan, earnings and forfeitures, gains and losses, regular~~
25 ~~interest, or interest credits that would have accrued on the officer and~~
26 ~~employer contributions that are paid by the Nebraska State Patrol~~
27 ~~pursuant to this section, shall not be included.~~

28 ~~(c) The amount required in subdivision (b) of this subsection shall~~
29 ~~be paid to the retirement system as soon as reasonably practicable~~
30 ~~following the date of reemployment, but must be paid within eighteen~~
31 ~~months of the date the board notifies the Nebraska State Patrol of the~~

1 amount due. If the Nebraska State Patrol fails to pay the required amount
2 within such eighteen-month period, then the Nebraska State Patrol is also
3 responsible for any actuarial costs and interest on actuarial costs that
4 accrue from eighteen months after the date the Nebraska State Patrol is
5 notified by the board until the date the amount is paid.

6 (d) The board may adopt and promulgate rules and regulations to
7 carry out this subsection, including, but not limited to, rules and
8 regulations on:

9 (i) How and when the officer and Nebraska State Patrol must notify
10 the retirement system of a period of military service;

11 (ii) The acceptable methods of payment;

12 (iii) Determining the compensation upon which the contributions must
13 be made; and

14 (iv) The documentation required to substantiate that the officer was
15 reemployed pursuant to 38 U.S.C. 4301 et seq.

16 (2) This section only applies to military service that falls within
17 the definition of uniformed service under 38 U.S.C. 4301 et seq. Military
18 service does not include service provided pursuant to sections 55-101 to
19 55-181.

20 Sec. 44. Section 84-304, Revised Statutes Cumulative Supplement,
21 2016, is amended to read:

22 84-304 It shall be the duty of the Auditor of Public Accounts:

23 (1) To give information electronically to the Legislature, whenever
24 required, upon any subject relating to the fiscal affairs of the state or
25 with regard to any duty of his or her office;

26 (2) To furnish offices for himself or herself and all fuel, lights,
27 books, blanks, forms, paper, and stationery required for the proper
28 discharge of the duties of his or her office;

29 (3) To examine or cause to be examined, at such time as he or she
30 shall determine, books, accounts, vouchers, records, and expenditures of
31 all state officers, state bureaus, state boards, state commissioners, the

1 state library, societies and associations supported by the state, state
2 institutions, state colleges, and the University of Nebraska, except when
3 required to be performed by other officers or persons. Such examinations
4 shall be done in accordance with generally accepted government auditing
5 standards for financial audits and attestation engagements set forth in
6 Government Auditing Standards (2011 Revision), published by the
7 Comptroller General of the United States, Government Accountability
8 Office, and except as provided in subdivision (11) of this section,
9 subdivision (16) of section 50-1205, and section 84-322, shall not
10 include performance audits, whether conducted pursuant to attestation
11 engagements or performance audit standards as set forth in Government
12 Auditing Standards (2011 Revision), published by the Comptroller General
13 of the United States, Government Accountability Office;

14 (4)(a) To examine or cause to be examined, at the expense of the
15 political subdivision, when the Auditor of Public Accounts determines
16 such examination necessary or when requested by the political
17 subdivision, the books, accounts, vouchers, records, and expenditures of
18 any agricultural association formed under Chapter 2, article 20, any
19 county agricultural society, any joint airport authority formed under the
20 Joint Airport Authorities Act, any city or county airport authority, any
21 bridge commission created pursuant to section 39-868, any cemetery
22 district, any community redevelopment authority or limited community
23 redevelopment authority established under the Community Development Law,
24 any development district, any drainage district, any health district, any
25 local public health department as defined in section 71-1626, any
26 historical society, any hospital authority or district, any county
27 hospital, any housing agency as defined in section 71-1575, any
28 irrigation district, any county or municipal library, any community
29 mental health center, any railroad transportation safety district, any
30 rural water district, any township, Wyuka Cemetery, the Educational
31 Service Unit Coordinating Council, any entity created pursuant to the

1 Interlocal Cooperation Act, any educational service unit, any village,
2 any service contractor or subrecipient of state or federal funds, any
3 political subdivision with the authority to levy a property tax or a
4 toll, or any entity created pursuant to the Joint Public Agency Act.

5 For purposes of this subdivision, service contractor or subrecipient
6 means any nonprofit entity that expends state or federal funds to carry
7 out a state or federal program or function, but it does not include an
8 individual who is a direct beneficiary of such a program or function or a
9 licensed health care provider or facility receiving direct payment for
10 medical services provided for a specific individual.

11 (b) The Auditor of Public Accounts may waive the audit requirement
12 of subdivision (4)(a) of this section upon the submission by the
13 political subdivision of a written request in a form prescribed by the
14 auditor. The auditor shall notify the political subdivision in writing of
15 the approval or denial of the request for a waiver.

16 (c) Through December 31, 2017, the ~~The~~ Auditor of Public Accounts
17 may conduct audits under this subdivision for purposes of sections
18 2-3228, 12-101, 13-2402, 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017,
19 16-1037, 19-3501, 23-1118, 23-3526, ~~and~~ 71-1631.02, ~~and~~ 79-987. ÷

20 (d) Beginning on the operative date of this section, the Auditor of
21 Public Accounts may conduct audits under this subdivision for purposes of
22 sections 13-2402, 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037,
23 71-1631.02, and 79-987 and shall prescribe the form for the annual
24 reports required in each of these sections. Such annual reports shall be
25 published annually on the web site of the Auditor of Public Accounts;

26 (5) To report promptly to the Governor and the appropriate standing
27 committee of the Legislature the fiscal condition shown by such
28 examinations conducted by the auditor, including any irregularities or
29 misconduct of officers or employees, any misappropriation or misuse of
30 public funds or property, and any improper system or method of
31 bookkeeping or condition of accounts. The report submitted to the

1 committee shall be submitted electronically. In addition, if, in the
2 normal course of conducting an audit in accordance with subdivision (3)
3 of this section, the auditor discovers any potential problems related to
4 the effectiveness, efficiency, or performance of state programs, he or
5 she shall immediately report them electronically to the Legislative
6 Performance Audit Committee which may investigate the issue further,
7 report it electronically to the appropriate standing committee of the
8 Legislature, or both;

9 (6)(a) To examine or cause to be examined the books, accounts,
10 vouchers, records, and expenditures of a fire protection district. The
11 expense of the examination shall be paid by the political subdivision.

12 (b) Whenever the expenditures of a fire protection district are one
13 hundred fifty thousand dollars or less per fiscal year, the fire
14 protection district shall be audited no more than once every five years
15 except as directed by the board of directors of the fire protection
16 district or unless the auditor receives a verifiable report from a third
17 party indicating any irregularities or misconduct of officers or
18 employees of the fire protection district, any misappropriation or misuse
19 of public funds or property, or any improper system or method of
20 bookkeeping or condition of accounts of the fire protection district. In
21 the absence of such a report, the auditor may waive the five-year audit
22 requirement upon the submission of a written request by the fire
23 protection district in a form prescribed by the auditor. The auditor
24 shall notify the fire protection district in writing of the approval or
25 denial of a request for waiver of the five-year audit requirement. Upon
26 approval of the request for waiver of the five-year audit requirement, a
27 new five-year audit period shall begin.

28 (c) Whenever the expenditures of a fire protection district exceed
29 one hundred fifty thousand dollars in a fiscal year, the auditor may
30 waive the audit requirement upon the submission of a written request by
31 the fire protection district in a form prescribed by the auditor. The

1 auditor shall notify the fire protection district in writing of the
2 approval or denial of a request for waiver. Upon approval of the request
3 for waiver, a new five-year audit period shall begin for the fire
4 protection district if its expenditures are one hundred fifty thousand
5 dollars or less per fiscal year in subsequent years;

6 (7) To appoint two assistant deputies (a) whose entire time shall be
7 devoted to the service of the state as directed by the auditor, (b) who
8 shall be certified public accountants with at least five years'
9 experience, (c) who shall be selected without regard to party affiliation
10 or to place of residence at the time of appointment, (d) who shall
11 promptly report in duplicate to the auditor the fiscal condition shown by
12 each examination, including any irregularities or misconduct of officers
13 or employees, any misappropriation or misuse of public funds or property,
14 and any improper system or method of bookkeeping or condition of
15 accounts, and it shall be the duty of the auditor to file promptly with
16 the Governor a duplicate of such report, and (e) who shall qualify by
17 taking an oath which shall be filed in the office of the Secretary of
18 State;

19 (8) To conduct audits and related activities for state agencies,
20 political subdivisions of this state, or grantees of federal funds
21 disbursed by a receiving agency on a contractual or other basis for
22 reimbursement to assure proper accounting by all such agencies, political
23 subdivisions, and grantees for funds appropriated by the Legislature and
24 federal funds disbursed by any receiving agency. The auditor may contract
25 with any political subdivision to perform the audit of such political
26 subdivision required by or provided for in section 23-1608 or 79-1229 or
27 this section and charge the political subdivision for conducting the
28 audit. The fees charged by the auditor for conducting audits on a
29 contractual basis shall be in an amount sufficient to pay the cost of the
30 audit. The fees remitted to the auditor for such audits and services
31 shall be deposited in the Auditor of Public Accounts Cash Fund;

1 (9) To conduct all audits and examinations in a timely manner and in
2 accordance with the standards for audits of governmental organizations,
3 programs, activities, and functions published by the Comptroller General
4 of the United States;

5 (10) To develop and maintain an annual budget and actual financial
6 information reporting system for political subdivisions that is
7 accessible online by the public; and

8 (11) When authorized, to conduct joint audits with the Legislative
9 Performance Audit Committee as described in section 50-1205.

10 Sec. 45. Section 84-304.02, Revised Statutes Cumulative Supplement,
11 2016, is amended to read:

12 84-304.02 The Auditor of Public Accounts, or a person designated by
13 him or her, may prepare a written review of all audit, accounting, or
14 financial reports required to be filed by a political subdivision of the
15 state with the Auditor of Public Accounts and of public retirement system
16 plan reports required to be submitted to the Auditor of Public Accounts
17 pursuant to sections 2-3228, 12-101, 14-567, 14-1805.01, 14-2111,
18 15-1017, 16-1017, 16-1037, 19-3501, 23-1118, 23-3526, ~~and~~ 71-1631.02,
19 79-987, and 84-304 and cause one copy of such written review to be mailed
20 to the political subdivision involved and one copy to the accountant who
21 prepared the report. Such written review shall specifically set forth
22 wherein the audit, accounting, financial, or retirement system plan
23 report fails to comply with the applicable minimum standards and the
24 necessary action to be taken to bring the report into compliance with
25 such standards. The Auditor of Public Accounts may, upon continued
26 failure to comply with such standards, refuse to accept for filing an
27 audit, accounting, financial, or retirement system plan report or any
28 future report submitted for filing by any political subdivision.

29 Sec. 46. Section 84-1301, Reissue Revised Statutes of Nebraska, is
30 amended to read:

31 84-1301 For purposes of the State Employees Retirement Act, unless

1 the context otherwise requires:

2 (1)(a) (1) Actuarial equivalent means the equality in value of the
3 aggregate amounts expected to be received under different forms of an
4 annuity payment.

5 (b) For an employee hired prior to January 1, 2018, the The
6 mortality assumption used for purposes of converting the member cash
7 balance account shall be the 1994 Group Annuity Mortality Table using a
8 unisex rate that is fifty percent male and fifty percent female. For
9 purposes of converting the member cash balance account attributable to
10 contributions made prior to January 1, 1984, that were transferred
11 pursuant to the act, the 1994 Group Annuity Mortality Table for males
12 shall be used. ÷

13 (c) For an employee hired on or after January 1, 2018, or rehired on
14 or after January 1, 2018, after termination of employment and being paid
15 a retirement benefit, the mortality assumption used for purposes of
16 converting the member cash balance account shall be a unisex mortality
17 table that is recommended by the actuary and approved by the board
18 following an actuarial experience study, a benefit adequacy study, or a
19 plan valuation. The mortality table and actuarial factors in effect on
20 the member's retirement date will be used to calculate the actuarial
21 equivalency of any retirement benefit;

22 (2) Annuity means equal monthly payments provided by the retirement
23 system to a member or beneficiary under forms determined by the board
24 beginning the first day of the month after an annuity election is
25 received in the office of the Nebraska Public Employees Retirement
26 Systems or the first day of the month after the employee's termination of
27 employment, whichever is later. The last payment shall be at the end of
28 the calendar month in which the member dies or in accordance with the
29 payment option chosen by the member;

30 (3) Annuity start date means the date upon which a member's annuity
31 is first effective and shall be the first day of the month following the

1 member's termination or following the date the application is received by
2 the board, whichever is later;

3 (4) Cash balance benefit means a member's retirement benefit that is
4 equal to an amount based on annual employee contribution credits plus
5 interest credits and, if vested, employer contribution credits plus
6 interest credits and dividend amounts credited in accordance with
7 subdivision (4)(c) of section 84-1319;

8 (5)(a) Compensation means gross wages or salaries payable to the
9 member for personal services performed during the plan year. Compensation
10 does not include insurance premiums converted into cash payments,
11 reimbursement for expenses incurred, fringe benefits, per diems, or
12 bonuses for services not actually rendered, including, but not limited
13 to, early retirement inducements, cash awards, and severance pay, except
14 for retroactive salary payments paid pursuant to court order,
15 arbitration, or litigation and grievance settlements. Compensation
16 includes overtime pay, member retirement contributions, and amounts
17 contributed by the member to plans under sections 125, 403(b), and 457 of
18 the Internal Revenue Code or any other section of the code which defers
19 or excludes such amounts from income.

20 (b) Compensation in excess of the limitations set forth in section
21 401(a)(17) of the Internal Revenue Code shall be disregarded. For an
22 employee who was a member of the retirement system before the first plan
23 year beginning after December 31, 1995, the limitation on compensation
24 shall not be less than the amount which was allowed to be taken into
25 account under the retirement system as in effect on July 1, 1993;

26 (6) Date of disability means the date on which a member is
27 determined to be disabled by the board;

28 (7) Defined contribution benefit means a member's retirement benefit
29 from a money purchase plan in which member benefits equal annual
30 contributions and earnings pursuant to section 84-1310 and, if vested,
31 employer contributions and earnings pursuant to section 84-1311;

1 (8) Disability means an inability to engage in any a substantially
2 gainful activity by reason of any medically determinable physical or
3 mental impairment which was initially diagnosed or became disabling while
4 the member was an active participant in the plan and which can be
5 expected to result in death or to be of long-continued and indefinite
6 duration;

7 (9) Employee means any employee of the State Board of Agriculture
8 who is a member of the state retirement system on July 1, 1982, and any
9 person or officer employed by the State of Nebraska whose compensation is
10 paid out of state funds or funds controlled or administered by a state
11 department through any of its executive or administrative officers when
12 acting exclusively in their respective official, executive, or
13 administrative capacities. Employee does not include (a) judges as
14 defined in section 24-701, (b) members of the Nebraska State Patrol,
15 except for those members of the Nebraska State Patrol who elected
16 pursuant to section 60-1304 to remain members of the State Employees
17 Retirement System of the State of Nebraska, (c) employees of the
18 University of Nebraska, (d) employees of the state colleges, (e)
19 employees of community colleges, (f) employees of the Department of Labor
20 employed prior to July 1, 1984, and paid from funds provided pursuant to
21 Title III of the federal Social Security Act or funds from other federal
22 sources, except that if the contributory retirement plan or contract let
23 pursuant to section 48-609 is terminated, such employees shall become
24 employees for purposes of the State Employees Retirement Act on the first
25 day of the first pay period following the termination of such
26 contributory retirement plan or contract, (g) employees of the State
27 Board of Agriculture who are not members of the state retirement system
28 on July 1, 1982, (h) the Nebraska National Guard air and army
29 technicians, (i) persons eligible for membership under the School
30 Employees Retirement System of the State of Nebraska who have not elected
31 to become members of the retirement system pursuant to section 79-920 or

1 been made members of the system pursuant to such section, except that
2 those persons so eligible and who as of September 2, 1973, are
3 contributing to the State Employees Retirement System of the State of
4 Nebraska shall continue as members of such system, or (j) employees of
5 the Coordinating Commission for Postsecondary Education who are eligible
6 for and have elected to become members of a qualified retirement program
7 approved by the commission which is commensurate with retirement programs
8 at the University of Nebraska. Any individual appointed by the Governor
9 may elect not to become a member of the State Employees Retirement System
10 of the State of Nebraska;

11 (10) Employee contribution credit means an amount equal to the
12 member contribution amount required by section 84-1308;

13 (11) Employer contribution credit means an amount equal to the
14 employer contribution amount required by section 84-1309;

15 (12) Final account value means the value of a member's account on
16 the date the account is either distributed to the member or used to
17 purchase an annuity from the plan, which date shall occur as soon as
18 administratively practicable after receipt of a valid application for
19 benefits, but no sooner than forty-five days after the member's
20 termination;

21 (13) Five-year break in service means five consecutive one-year
22 breaks in service;

23 (14) Full-time employee means an employee who is employed to work
24 one-half or more of the regularly scheduled hours during each pay period;

25 (15) Fund means the State Employees Retirement Fund created by
26 section 84-1309;

27 (16) Guaranteed investment contract means an investment contract or
28 account offering a return of principal invested plus interest at a
29 specified rate. For investments made after July 19, 1996, guaranteed
30 investment contract does not include direct obligations of the United
31 States or its instrumentalities, bonds, participation certificates or

1 other obligations of the Federal National Mortgage Association, the
2 Federal Home Loan Mortgage Corporation, or the Government National
3 Mortgage Association, or collateralized mortgage obligations and other
4 derivative securities. This subdivision shall not be construed to require
5 the liquidation of investment contracts or accounts entered into prior to
6 July 19, 1996;

7 (17) Hire date or date of hire means the first day of compensated
8 service subject to retirement contributions;

9 (18) ~~(17)~~ Interest credit rate means the greater of (a) five percent
10 or (b) the applicable federal mid-term rate, as published by the Internal
11 Revenue Service as of the first day of the calendar quarter for which
12 interest credits are credited, plus one and one-half percent, such rate
13 to be compounded annually;

14 (19) ~~(18)~~ Interest credits means the amounts credited to the
15 employee cash balance account and the employer cash balance account at
16 the end of each day. Such interest credit for each account shall be
17 determined by applying the daily portion of the interest credit rate to
18 the account balance at the end of the previous day. Such interest credits
19 shall continue to be credited to the employee cash balance account and
20 the employer cash balance account after a member ceases to be an
21 employee, except that no such credit shall be made with respect to the
22 employee cash balance account and the employer cash balance account for
23 any day beginning on or after the member's date of final account value.
24 If benefits payable to the member's surviving spouse or beneficiary are
25 delayed after the member's death, interest credits shall continue to be
26 credited to the employee cash balance account and the employer cash
27 balance account until such surviving spouse or beneficiary commences
28 receipt of a distribution from the plan;

29 (20) ~~(19)~~ Member cash balance account means an account equal to the
30 sum of the employee cash balance account and, if vested, the employer
31 cash balance account and dividend amounts credited in accordance with

1 subdivision (4)(c) of section 84-1319;

2 ~~(21)~~ ~~(20)~~ One-year break in service means a plan year during which
3 the member has not completed more than five hundred hours of service;

4 ~~(22)~~ ~~(21)~~ Participation means qualifying for and making the required
5 deposits to the retirement system during the course of a plan year;

6 ~~(23)~~ ~~(22)~~ Part-time employee means an employee who is employed to
7 work less than one-half of the regularly scheduled hours during each pay
8 period;

9 ~~(24)~~ ~~(23)~~ Plan year means the twelve-month period beginning on
10 January 1 and ending on December 31;

11 ~~(25)~~ ~~(24)~~ Prior service means service before January 1, 1964;

12 ~~(26)~~ ~~(25)~~ Regular interest means the rate of interest earned each
13 calendar year commencing January 1, 1975, as determined by the retirement
14 board in conformity with actual and expected earnings on the investments
15 through December 31, 1984;

16 ~~(27)~~ ~~(26)~~ Required contribution means the deduction to be made from
17 the compensation of employees as provided in section 84-1308;

18 ~~(28)~~ ~~(27)~~ Retirement means qualifying for and accepting the
19 retirement benefit granted under the State Employees Retirement Act after
20 terminating employment;

21 ~~(29)~~ ~~(28)~~ Retirement application means the form approved and
22 provided by the retirement system for acceptance of a member's request
23 for either regular or disability retirement;

24 ~~(30)~~ ~~(29)~~ Retirement board or board means the Public Employees
25 Retirement Board;

26 ~~(31)~~ ~~(30)~~ Retirement date means (a) the first day of the month
27 following the date upon which a member's request for retirement is
28 received on a retirement application if the member is eligible for
29 retirement and has terminated employment or (b) the first day of the
30 month following termination of employment if the member is eligible for
31 retirement and has filed an application but has not yet terminated

1 employment;

2 (32) ~~(31)~~ Retirement system means the State Employees Retirement
3 System of the State of Nebraska;

4 (33) ~~(32)~~ Service means the actual total length of employment as an
5 employee and shall not be deemed to be interrupted by (a) temporary or
6 seasonal suspension of service that does not terminate the employee's
7 employment, (b) leave of absence authorized by the employer for a period
8 not exceeding twelve months, (c) leave of absence because of disability,
9 or (d) military service, when properly authorized by the retirement
10 board. Service does not include any period of disability for which
11 disability retirement benefits are received under section 84-1317;

12 (34) ~~(33)~~ State department means any department, bureau, commission,
13 or other division of state government not otherwise specifically defined
14 or exempted in the act, the employees and officers of which are not
15 already covered by a retirement plan;

16 (35) ~~(34)~~ Surviving spouse means (a) the spouse married to the
17 member on the date of the member's death or (b) the spouse or former
18 spouse of the member if survivorship rights are provided under a
19 qualified domestic relations order filed with the board pursuant to the
20 Spousal Pension Rights Act. The spouse or former spouse shall supersede
21 the spouse married to the member on the date of the member's death as
22 provided under a qualified domestic relations order. If the benefits
23 payable to the spouse or former spouse under a qualified domestic
24 relations order are less than the value of benefits entitled to the
25 surviving spouse, the spouse married to the member on the date of the
26 member's death shall be the surviving spouse for the balance of the
27 benefits;

28 (36) ~~(35)~~ Termination of employment occurs on the date on which the
29 agency which employs the member determines that the member's employer-
30 employee relationship with the State of Nebraska is dissolved. The agency
31 which employs the member shall notify the board of the date on which such

1 a termination has occurred. Termination of employment does not occur if
2 an employee whose employer-employee relationship with the State of
3 Nebraska is dissolved enters into an employer-employee relationship with
4 the same or another agency of the State of Nebraska and there are less
5 than one hundred twenty days between the date when the employee's
6 employer-employee relationship ceased with the state and the date when
7 the employer-employee relationship commenced with the same or another
8 agency. It is the responsibility of the employer that is involved in the
9 termination of employment to notify the board of such change in
10 employment and provide the board with such information as the board deems
11 necessary. If the board determines that termination of employment has not
12 occurred and a retirement benefit has been paid to a member of the
13 retirement system pursuant to section 84-1321, the board shall require
14 the member who has received such benefit to repay the benefit to the
15 retirement system; and

16 (37) ~~(36)~~ Vesting credit means credit for years, or a fraction of a
17 year, of participation in another Nebraska governmental plan for purposes
18 of determining vesting of the employer account.

19 Sec. 47. Section 84-1319, Reissue Revised Statutes of Nebraska, is
20 amended to read:

21 84-1319 (1) The future service retirement benefit shall be an
22 annuity, payable monthly with the first payment made no earlier than the
23 annuity start date, which shall be the actuarial equivalent of the
24 retirement value as specified in section 84-1318 based on factors
25 determined by the board, except that gender shall not be a factor when
26 determining the amount of such payments except as provided in this
27 section.

28 Except as provided in section 42-1107, at any time before the
29 annuity start date, the retiring employee may choose to receive his or
30 her annuity either in the form of an annuity as provided under subsection
31 (4) of this section or any optional form that is determined acceptable by

1 the board.

2 Except as provided in section 42-1107, in lieu of the future service
3 retirement annuity, a retiring employee may receive a benefit not to
4 exceed the amount in his or her employer and employee accounts as of the
5 date of final account value payable in a lump sum and, if the employee
6 chooses not to receive the entire amount in such accounts, an annuity
7 equal to the actuarial equivalent of the remainder of the retirement
8 value, and the employee may choose any form of such annuity as provided
9 for by the board.

10 In any case, the amount of the monthly payment shall be such that
11 the annuity chosen shall be the actuarial equivalent of the retirement
12 value as specified in section 84-1318 except as provided in this section.

13 ~~The board shall provide to any state employee who is eligible for~~
14 ~~retirement, prior to his or her selecting any of the retirement options~~
15 ~~provided by this section, information on the federal and state income tax~~
16 ~~consequences of the various annuity or retirement benefit options.~~

17 (2) Except as provided in subsection (4) of this section, the
18 monthly annuity income payable to a member retiring on or after January
19 1, 1984, shall be as follows:

20 He or she shall receive at retirement the amount which may be
21 purchased by the accumulated contributions based on annuity rates in
22 effect on the annuity start date which do not utilize gender as a factor,
23 except that such amounts shall not be less than the retirement income
24 which can be provided by the sum of the amounts derived pursuant to
25 subdivisions (a) and (b) of this subsection as follows:

26 (a) The income provided by the accumulated contributions made prior
27 to January 1, 1984, based on male annuity purchase rates in effect on the
28 date of purchase; and

29 (b) The income provided by the accumulated contributions made on and
30 after January 1, 1984, based on the annuity purchase rates in effect on
31 the date of purchase which do not use gender as a factor.

1 (3) Any amounts, in excess of contributions, which may be required
2 in order to purchase the retirement income specified in subsection (2) of
3 this section shall be withdrawn from the State Equal Retirement Benefit
4 Fund.

5 (4)(a) The normal form of payment shall be a single life annuity
6 with five-year certain, which is an annuity payable monthly during the
7 remainder of the member's life with the provision that, in the event of
8 his or her death before sixty monthly payments have been made, the
9 monthly payments will be continued to his or her estate or to the
10 beneficiary he or she has designated until sixty monthly payments have
11 been made in total. Such annuity shall be equal to the actuarial
12 equivalent of the member cash balance account or the sum of the employee
13 and employer accounts, whichever is applicable, as of the date of final
14 account value. As a part of the annuity, the normal form of payment may
15 include a two and one-half percent cost-of-living adjustment purchased by
16 the member, if the member elects such a payment option.

17 Except as provided in section 42-1107, a member may elect a lump-sum
18 distribution of his or her member cash balance account as of the date of
19 final account value upon termination of service or retirement.

20 For a member employed and participating in the retirement system
21 prior to January 1, 2003, who has elected to participate in the cash
22 balance benefit pursuant to section 84-1309.02, or for a member employed
23 and participating in the retirement system beginning on and after January
24 1, 2003, the balance of his or her member cash balance account as of the
25 date of final account value shall be converted to an annuity using an
26 interest rate that is recommended by the actuary and approved by the
27 board following an actuarial experience study, a benefit adequacy study,
28 or a plan valuation. The interest rate and actuarial factors in effect on
29 the member's retirement date will be used to calculate actuarial
30 equivalency of any retirement benefit. Such interest rate may be, but is
31 not required to be, equal to the assumed rate of return used in the

1 ~~actuarial valuation as recommended by the actuary and approved by the~~
2 ~~board.~~

3 For an employee who is a member prior to January 1, 2003, who has
4 elected not to participate in the cash balance benefit pursuant to
5 section 84-1309.02, and who, at the time of retirement, chooses the
6 annuity option rather than the lump-sum option, his or her employee and
7 employer accounts as of the date of final account value shall be
8 converted to an annuity using an interest rate that is equal to the
9 lesser of (i) the Pension Benefit Guaranty Corporation initial interest
10 rate for valuing annuities for terminating plans as of the beginning of
11 the year during which payment begins plus three-fourths of one percent or
12 (ii) the interest rate to calculate the retirement benefits for the cash
13 balance plan members used in the actuarial valuation as recommended by
14 the actuary and approved by the board.

15 (b) For the calendar year beginning January 1, 2003, and each
16 calendar year thereafter, the actuary for the board shall perform an
17 actuarial valuation of the system using the entry age actuarial cost
18 method. Under this method, the actuarially required funding rate is equal
19 to the normal cost rate plus the contribution rate necessary to amortize
20 the unfunded actuarial accrued liability on a level-payment basis. The
21 normal cost under this method shall be determined for each individual
22 member on a level percentage of salary basis. The normal cost amount is
23 then summed for all members. The initial unfunded actual accrued
24 liability as of January 1, 2003, if any, shall be amortized over a
25 twenty-five-year period. During each subsequent actuarial valuation,
26 changes in the unfunded actuarial accrued liability due to changes in
27 benefits, actuarial assumptions, the asset valuation method, or actuarial
28 gains or losses shall be measured and amortized over a twenty-five-year
29 period beginning on the valuation date of such change. If the unfunded
30 actuarial accrued liability under the entry age actuarial cost method is
31 zero or less than zero on an actuarial valuation date, then all prior

1 unfunded actuarial accrued liabilities shall be considered fully funded
2 and the unfunded actuarial accrued liability shall be reinitialized and
3 amortized over a twenty-five-year period as of the actuarial valuation
4 date. If the actuarially required contribution rate exceeds the rate of
5 all contributions required pursuant to the State Employees Retirement
6 Act, there shall be a supplemental appropriation sufficient to pay for
7 the difference between the actuarially required contribution rate and the
8 rate of all contributions required pursuant to the act.

9 (c) If the unfunded accrued actuarial liability under the entry age
10 actuarial cost method is less than zero on an actuarial valuation date,
11 and on the basis of all data in the possession of the retirement board,
12 including such mortality and other tables as are recommended by the
13 actuary engaged by the retirement board and adopted by the retirement
14 board, the retirement board may elect to pay a dividend to all members
15 participating in the cash balance option in an amount that would not
16 increase the actuarial contribution rate above ninety percent of the
17 actual contribution rate. Dividends shall be credited to the employee
18 cash balance account and the employer cash balance account based on the
19 account balances on the actuarial valuation date. In the event a dividend
20 is granted and paid after the actuarial valuation date, interest for the
21 period from the actuarial valuation date until the dividend is actually
22 paid shall be paid on the dividend amount. The interest rate shall be the
23 interest credit rate earned on regular contributions.

24 (5) At the option of the retiring member, any lump sum or annuity
25 provided under this section or section 84-1320 may be deferred to
26 commence at any time, except that no benefit shall be deferred later than
27 April 1 of the year following the year in which the employee has both
28 attained at least seventy and one-half years of age and has terminated
29 his or her employment with the state. Such election by the retiring
30 member may be made at any time prior to the commencement of the lump-sum
31 or annuity payments.

1 (6) A participant or beneficiary who would have been required to
2 receive required minimum distributions for 2009 but for the enactment of
3 section 401(a)(9)(H) of the Internal Revenue Code, and who would have
4 satisfied that requirement by receiving distributions that are either
5 equal to the 2009 required minimum distributions or one or more payments
6 in a series of substantially equal distributions, including the 2009
7 required minimum distribution, made at least annually and expected to
8 last for the life or life expectancy of the participant, the joint lives
9 or joint life expectancy of the participant and the participant's
10 designated beneficiary, or for a period of at least ten years, shall
11 receive those distributions for 2009 unless the participant or
12 beneficiary chooses not to receive such distributions. Participants and
13 beneficiaries shall be given the opportunity to elect to stop receiving
14 the distributions described in this subsection.

15 Sec. 48. Section 84-1323.01, Reissue Revised Statutes of Nebraska,
16 is amended to read:

17 84-1323.01 (1) Any member who is an employee, disregarding the
18 length of service, may be retired as a result of disability either upon
19 the member's own application or upon the application of the member's
20 employer or any person acting in the member's behalf. Before any member
21 may be so retired, a medical examination shall be made at the expense of
22 the retirement system, which examination shall be conducted by a
23 disinterested physician legally authorized to practice medicine under the
24 laws of the state in which he or she practices, such physician to be
25 selected by the retirement board, and the physician shall certify to the
26 board that the member suffers from an inability to engage in any a
27 substantially gainful activity by reason of any medically determinable
28 physical or mental impairment which was initially diagnosed or became
29 disabling ~~began~~ while the member was an active a participant in the plan
30 and which can be expected to result in death or to be of long-continued
31 and indefinite duration. The medical examination may be waived if, in the

1 judgment of the retirement board, extraordinary circumstances exist which
2 preclude substantial gainful activity by the member. Such circumstances
3 shall include hospice placement or similar confinement for a terminal
4 illness or injury and should be retired. The application for disability
5 retirement shall be made within one year of termination of employment.

6 (2) The retirement board may require any disability beneficiary who
7 has not attained the age of fifty-five years to undergo a medical
8 examination at the expense of the board once each year. If any disability
9 beneficiary refuses to undergo such an examination, the disability
10 retirement benefit may be discontinued by the board.

11 (3) The retirement board may adopt and promulgate rules and
12 regulations and prescribe the necessary forms to carry out this section.

13 Sec. 49. Section 84-1325, Reissue Revised Statutes of Nebraska, is
14 amended to read:

15 84-1325 (1)(a) For military service rendered on or after December
16 12, 1994, but before January 1, 2018, any (1) Any employee who, while an
17 employee, entered into and served in the armed forces of the United
18 States and who within ninety days after honorable discharge or honorable
19 separation from active duty again became an employee shall be credited,
20 for the purposes of the provisions of section 84-1317, with all the time
21 actually served in the armed forces as if such person had been an
22 employee throughout such service in the armed forces pursuant to the
23 terms and conditions of subdivision (b) subsection (2) of this subsection
24 section.

25 (b) (2) Under such rules and regulations as the retirement board
26 adopts and promulgates, any employee who is reemployed on or after
27 December 12, 1994, pursuant to 38 U.S.C. 4301 et seq., may pay to the
28 retirement system an amount equal to the sum of all deductions which
29 would have been made from the employee's compensation during such period
30 of military service. Payment shall be made within the period required by
31 law, not to exceed five years. To the extent that payment is made, (i)

1 (a) the employee shall be treated as not having incurred a break in
2 service by reason of his or her period of military service, (ii) (b) the
3 period of military service shall be credited for the purposes of
4 determining the nonforfeitability of the employee's member's accrued
5 benefits and the accrual of benefits under the plan, and (iii) (c) the
6 employer shall allocate the amount of employer contributions to the
7 employee's member's employer account in the same manner and to the same
8 extent the allocation occurs for other employees during the period of
9 service. For purposes of employee member and employer contributions under
10 this subsection, the employee's member's compensation during the period
11 of military service shall be the rate the employee member would have
12 received but for the military service or, if not reasonably determinable,
13 the average rate the employee member received during the twelve-month
14 period immediately preceding military service.

15 (c) (3) The employer shall pick up the employee member contributions
16 made through irrevocable payroll deduction authorizations pursuant to
17 this subsection section, and the contributions so picked up shall be
18 treated as employer contributions in the same manner as contributions
19 picked up under subsection (1) of section 84-1308.

20 (2)(a) For military service rendered on or after January 1, 2018,
21 any employee who is reemployed pursuant to 38 U.S.C. 4301 et seq., shall
22 be treated as not having incurred a break in service by reason of his or
23 her period of military service. Such military service shall be credited
24 for purposes of determining the nonforfeitability of the employee's
25 accrued benefits and the accrual of benefits under the plan.

26 (b) The agency employing the employee shall be liable for funding
27 any obligation of the plan to provide benefits based upon such period of
28 military service. To satisfy the liability, the agency employing the
29 employee shall pay to the retirement system an amount equal to:

30 (i) The sum of the employee and employer contributions that would
31 have been paid during such period of military service; and

1 (ii) Any actuarial costs necessary to fund the obligation of the
2 plan to provide benefits based upon such period of military service. For
3 the purposes of determining the amount of such liability and obligation
4 of the plan, earnings and forfeitures, gains and losses, regular
5 interest, interest credits, or dividends that would have accrued on the
6 employee and employer contributions that are paid by the employer
7 pursuant to this section, shall not be included.

8 (c) The amount required pursuant to subdivision (b) of this
9 subsection shall be paid to the retirement system as soon as reasonably
10 practicable following the date of reemployment, but must be paid within
11 eighteen months of the date the board notifies the employer of the amount
12 due. If the employer fails to pay the required amount within such
13 eighteen-month period, then the employer is also responsible for any
14 actuarial costs and interest on actuarial costs that accrue from eighteen
15 months after the date the employer is notified by the board until the
16 date the amount is paid.

17 (d) The retirement board may adopt and promulgate rules and
18 regulations to carry out this subsection, including, but not limited to,
19 rules and regulations on:

20 (i) How and when the employee and employer must notify the
21 retirement system of a period of military service;

22 (ii) The acceptable methods of payment;

23 (iii) Determining the compensation upon which the contributions must
24 be made; and

25 (iv) The documentation required to substantiate that the individual
26 was reemployed pursuant to 38 U.S.C. 4301 et seq.

27 (3) This section only applies to military service that falls within
28 the definition of uniformed service under 38 U.S.C. 4301 et seq. Military
29 service does not include service provided pursuant to sections 55-101 to
30 55-181.

31 Sec. 50. Section 84-1503, Revised Statutes Cumulative Supplement,

1 2016, is amended to read:

2 84-1503 (1) It shall be the duty of the Public Employees Retirement
3 Board:

4 (a) To administer the retirement systems provided for in the County
5 Employees Retirement Act, the Judges Retirement Act, the Nebraska State
6 Patrol Retirement Act, the School Employees Retirement Act, and the State
7 Employees Retirement Act. The agency for the administration of the
8 retirement systems and under the direction of the board shall be known
9 and may be cited as the Nebraska Public Employees Retirement Systems;

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

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

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

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

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

31 (g) To adopt and implement procedures for reporting information by

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

10 (h) To prescribe and furnish forms for the public retirement system
11 plan reports required to be filed pursuant to sections 2-3228, 12-101,
12 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037, 19-3501, 23-1118,
13 23-3526, 71-1631.02, and 79-987 through December 31, 2017.

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

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

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

22 (c) To adopt and promulgate rules and regulations for the management
23 of the board;

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

26 (e) To obtain, by a competitive, formal, and sealed bidding process
27 through the materiel division of the Department of Administrative
28 Services, actuarial services on behalf of the State of Nebraska as may be
29 necessary in the administration and development of the retirement
30 systems, including, but not limited to, preparation of an annual
31 actuarial valuation report of each of the defined benefit and cash

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

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

28 (g) To adopt and promulgate rules and regulations to carry out the
29 provisions of each retirement system described in subdivision (1)(a) of
30 this section, which includes, but is not limited to, the crediting of
31 military service, direct rollover distributions, and the acceptance of

1 rollovers;

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

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

27 (j) To make a thorough investigation through the director or the
28 director's designee, of any overpayment of a benefit, when in the
29 judgment of the director such investigation is necessary, including, but
30 not limited to, circumstances in which benefit payments are made after
31 the death of a member or beneficiary and the retirement system is not

1 made aware of such member's or beneficiary's death. In connection with
2 any such investigation, the board, through the director or the director's
3 designee, shall have the power to compel the attendance of witnesses and
4 the production of books, papers, records, and documents, whether in
5 hardcopy, electronic form, or otherwise, and issue subpoenas for such
6 purposes. Such subpoenas shall be served in the same manner and have the
7 same effect as subpoenas from district courts; and

8 (k) To administer all retirement system plans in a manner which will
9 maintain each plan's status as a qualified plan pursuant to the Internal
10 Revenue Code, as defined in section 49-801.01, including: Section 401(a)
11 (9) of the Internal Revenue Code relating to the time and manner in which
12 benefits are required to be distributed, including the incidental death
13 benefit distribution requirement of section 401(a)(9)(G) of the Internal
14 Revenue Code; section 401(a)(25) of the Internal Revenue Code relating to
15 the specification of actuarial assumptions; section 401(a)(31) of the
16 Internal Revenue Code relating to direct rollover distributions from
17 eligible retirement plans; section 401(a)(37) of the Internal Revenue
18 Code relating to the death benefit of a member whose death occurs while
19 performing qualified military service; and section 401(a) of the Internal
20 Revenue Code by meeting the requirements of section 414(d) of the
21 Internal Revenue Code relating to the establishment of retirement plans
22 for governmental employees of a state or political subdivision thereof.
23 The board shall adopt and promulgate rules and regulations necessary or
24 appropriate to maintain such status including, but not limited to, rules
25 or regulations which restrict discretionary or optional contributions to
26 a plan or which limit distributions from a plan.

27 (3) By March 31 of each year, the board shall prepare a written plan
28 of action and shall present such plan to the Nebraska Retirement Systems
29 Committee of the Legislature at a public hearing. The plan shall include,
30 but not be limited to, the board's funding policy, the administrative
31 costs and other fees associated with each fund and plan overseen by the

1 board, member education and informational programs, the director's duties
2 and limitations, an organizational structure of the office of the
3 Nebraska Public Employees Retirement Systems, and the internal control
4 structure of such office to ensure compliance with state and federal
5 laws.

6 (4)(a) Beginning in 2016, and at least every four years thereafter
7 in even-numbered years or at the request of the Nebraska Retirement
8 Systems Committee of the Legislature, the board shall obtain an
9 experience study. Within thirty business days after presentation of the
10 experience study to the board, the actuary shall present the study to the
11 Nebraska Retirement Systems Committee at a public hearing. If the board
12 does not adopt all of the recommendations in the experience study, the
13 board shall provide a written explanation of its decision to the Nebraska
14 Retirement Systems Committee and the Governor. The explanation shall be
15 delivered within ten business days after formal action by the board to
16 not adopt one or more of the recommendations.

17 (b) The director shall provide an electronic copy of the first draft
18 and a final draft of the experience study and annual valuation reports to
19 the Nebraska Retirement Systems Committee and the Governor when the
20 director receives the drafts from the actuary. The drafts shall be deemed
21 confidential information. The draft copies obtained by the Nebraska
22 Retirement Systems Committee and the Governor pursuant to this section
23 shall not be considered public records subject to sections 84-712 to
24 84-712.09.

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

30 (5) It shall be the duty of the board to direct the State Treasurer
31 to transfer funds, as an expense of the retirement system provided for

1 under the Class V School Employees Retirement Act, to and from the Class
2 V Retirement System Payment Processing Fund and the Class V School
3 Employees Retirement Fund for the benefit of a retirement system provided
4 for under the Class V School Employees Retirement Act to implement the
5 provisions of section 79-986. The agency for the administration of this
6 provision and under the direction of the board shall be known and may be
7 cited as the Nebraska Public Employees Retirement Systems.

8 Sec. 51. Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 13, 15, 16, 17,
9 19, 20, 21, 22, 26, 28, 30, 31, 32, 35, 39, 40, 42, 43, 44, 45, 48, 49,
10 50, and 52 of this act become operative three calendar months after the
11 adjournment of this legislative session. The other sections of this act
12 become operative on their effective date.

13 Sec. 52. Original sections 23-2315.01, 23-2323.01, 23-2334, 24-708,
14 24-710.04, 24-710.15, 79-926, 79-933.08, 79-951, 79-958, 81-2025,
15 81-2034, 84-1323.01, and 84-1325, Reissue Revised Statutes of Nebraska,
16 and sections 2-3228, 12-101, 14-567, 14-1805.01, 14-2111, 15-1017,
17 16-1017, 16-1037, 19-3501, 23-1118, 23-3526, 71-1631.02, 79-954, 79-987,
18 79-9,100.01, 79-9,105, 84-304, 84-304.02, and 84-1503, Revised Statutes
19 Cumulative Supplement, 2016, are repealed.

20 Sec. 53. Original sections 23-2308.01, 24-701, 79-921, 84-1301, and
21 84-1319, Reissue Revised Statutes of Nebraska, and sections 23-2301,
22 23-2317, 79-902, 79-904.01, 79-931, 79-934, 79-978, 79-978.01, 79-992,
23 and 81-2014, Revised Statutes Cumulative Supplement, 2016, are repealed.

24 Sec. 54. The following sections are outright repealed: Sections
25 79-918 and 79-923, Reissue Revised Statutes of Nebraska.

26 Sec. 55. Since an emergency exists, this act takes effect when
27 passed and approved according to law.