

LEGISLATIVE BILL 987

Approved by the Governor May 25, 1971

Introduced by C. W. Holmquist, 16th District

AN ACT relating to retirement systems; to create the Public Employees Retirement Board; to provide for appointment of members to such board and provide for terms of service; to establish the power and duties of the board; to amend sections 24-705, 60-447, 60-448, 60-450, 60-461, 79-1507, 79-1513, 79-1516, 79-1549, 79-1550, 79-1553, 84-1311, 84-1314, and 84-1315, Reissue Revised Statutes of Nebraska, 1943, sections 24-701, 24-703, 24-704, 24-709, 24-712, 60-444, 60-446, 79-1501, 79-1502, 79-1503, 79-1508, 79-1512, 79-1531, 79-1540, 79-1546, 79-1548, 79-1552, 79-1555, and 84-1301, Revised Statutes Supplement, 1969, and section 84-1309, Revised Statutes Supplement, 1969, as amended by section 1, Legislative Bill 476, Eighty-second Legislature, First Session, 1971; and to repeal the original sections, and also sections 84-1303 and 84-1304, Reissue Revised Statutes of Nebraska, 1943.

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

Section 1. The Public Employees Retirement Board is hereby established. Such board shall consist of the State Auditor and six appointed members. At least two of the appointed members shall be participants in the retirement systems which shall be administered under this act and at least two of the appointed members shall not be employees of the State of Nebraska or any of its political subdivisions. Appointments to such board shall be made by the Governor subject to the approval of the Legislature. All appointed members shall be citizens of the State of Nebraska. The initial appointed members shall be appointed within thirty days after the effective date of this act, two for a term to expire January 1, 1973, two for a term to expire January 1, 1974, and two for a term to expire January 1, 1975. As the terms of the initial appointees expire, their successors shall serve for a term of three years or until a successor has been appointed and qualified. The members of the board shall receive no compensation for their services as members of the board, but shall be reimbursed for their actual and necessary expenses on the same basis and subject to the same conditions as

full-time state employees. Members of the board may be removed by the Governor for cause after notice and an opportunity to be heard.

Sec. 2. Within thirty days after its appointment, the board shall meet and select a chairman and secretary. Thereafter, the chairman and the secretary shall be elected in January of each year. The board shall meet at last once in each calendar month and may meet more frequently upon call of the chairman. All meetings of the board shall be held in the Capitol.

Sec. 3. It shall be the duty of such board:

(1) To administer the retirement systems provided for in sections 24-701 to 24-714, 60-441 to 60-461, 79-1501 to 79-1557, and 84-1301 to 84-1331, and the authority of the board to administer such systems shall commence thirty days after the effective date of this act:

(2) To hire a director to administer the systems under direction of the board. The director shall not be a member of the board. Salaries of the director and his employees shall be set by the board: and

(3) To provide for an equitable allocation of expenses among the retirement systems administered by the board, and all expenses shall be provided from the investment income earned by the various retirement funds.

Sec. 4. That section 24-701, Revised Statutes Supplement, 1969, be amended to read as follows:

24-701. As used in sections 24-701 to 24-714, unless the context otherwise requires:

(1) Fund shall mean the Nebraska Retirement Fund for Judges;

(2) Judge shall mean and include all duly elected or appointed Chief Justices or Judges of the Supreme Court and judges of the district courts of Nebraska, who shall serve in such capacity on and after January 3, 1957, and shall mean and include all duly appointed judges of the Nebraska Workmen's Compensation Court who shall serve in such capacity on and after September 20, 1957, judges of separate juvenile courts, county judges of the respective counties, who shall serve in such capacity on and after January 5, 1961, except acting county judges appointed pursuant to

section 24-507, and judges of municipal courts established by Chapter 26, article 1, who shall serve in such capacity on and after October 23, 1967;

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

(4) Current service shall mean the period of service any Judge of the Supreme Court or judge of the district court shall serve in such capacity from and after January 3, 1957, and shall mean the period of service any judge of the Nebraska Workmen's Compensation Court shall serve in such capacity from and after September 20, 1957, and any county judge shall serve in such capacity from and after January 5, 1961, and any judge of a separate juvenile court shall serve in such capacity and any judge of the municipal court shall serve in such capacity subsequent to October 23, 1967;

(5) Military service shall mean active service of any judge of the Supreme Court or district court in any of the armed forces of the United States during a war or national emergency prior or subsequent to September 18, 1955, and shall mean active service of any judge of the Nebraska Workmen's Compensation Court in any of the armed forces of the United States during a war or national emergency prior or subsequent to September 20, 1957, and shall mean active service of any judge of the municipal court in any of the armed forces of the United States during a war or national emergency prior or subsequent to October 23, 1967, if such service commenced while such judge was holding the office of judge. The board shall have the power to determine when a national emergency exists or has existed for the purpose of applying this definition and provision;

(6) Total years of service shall mean the total number of years served as a judge, including prior service, military service, and current service as defined in this section computed to the nearest one-twelfth year;

(7) Salary shall mean the statutory salary of a judge or the salary being received by such judge pursuant to law;

(8) Beneficiary shall mean a person so designated by a judge in the last written designation of beneficiary on file with the board, or if no designated person survives or if no designation is on file, the estate of such judge;

(9) Annuity shall mean a series of equal monthly payments payable at the end of each calendar month during the life of a retired judge. The first payment shall be made as of the end of the calendar month in which such annuity was awarded and the last payment shall be at the end of the calendar month in which such judge shall die. The first payment shall include all amounts accrued since the effective date of the award of annuities, including a pro rata portion of the monthly amount of any fraction of a month elapsing between the effective date of such annuity and the end of the calendar month in which such annuity began;

(10) Board shall mean the ~~Board--of--Educational~~ ~~ands-and-Funds~~ Public Employees Retirement Board;

(11) Member shall mean a judge, as defined in subdivision (2) of this section, eligible to participate in the retirement system established under the provisions of sections 24-701 to 24-714;

(12) Original member shall mean a judge who first served as a judge, as defined in subsection (2) of this section, prior to December 25, 1969, and who does not elect to become a future member on or before June 30, 1970;

(13) Future member shall mean a judge who first served as a judge, as defined in subdivision (2) of this section, on or after December 25, 1969, or shall mean a judge who first served as a judge, as defined in subdivision (2) of this section, prior to December 25, 1969, who elects to become a future member on or before June 30, 1970, as provided in subsection (8) of section 24-703; and

(14) Final average salary shall mean the average monthly salary for the last four years service as a judge or, in the event of a judge serving less than four years, the average monthly salary for such judge's period of service; Provided, that final average salary of any judge who has retired or who will retire during or at the end of the presently current judicial term shall mean the average monthly salary for his last year of service before retirement.

Sec. 5. That section 24-703, Revised Statutes Supplement, 1969, be amended to read as follows:

24-703. (1) Each original member shall contribute monthly four per cent of his monthly salary to the fund, but such contribution shall not be made from any supplemental salary provided by section 24-301.01. It shall be the duty of the Director of Administrative Services to make a deduction of four per cent on the monthly payroll of each original member who is a Judge of the Supreme Court, or a judge of the district court, or a judge of the Nebraska Workmen's Compensation Court showing the amount to be deducted and its credit to the fund. It shall be the duty of the county clerk of each county to make a deduction of four per cent on the monthly payroll of the county judge if he is an original member and judge of a separate juvenile court if he is an original member, excluding for purposes of such deduction any supplemental salary provided for in section 24-301.01, and to pay all amounts so deducted to the executive officer in charge of the judges retirement system to be credited to the Nebraska Retirement Fund for Judges. It shall be the duty of the city clerk in each city having a municipal court established by Chapter 26, article 1, to make a deduction of four per cent on the monthly payroll of each municipal judge who is an original member and to pay all amounts so deducted to the executive officer in charge of the judges retirement system to be credited to the Nebraska Retirement Fund for Judges. This shall be done within ten days after the close of each calendar quarter thereafter. The Director of Administrative Services and the State Treasurer shall credit the four per cent as shown on the payroll and the amounts received from the various counties and cities to the fund and remit the same to the executive officer in charge of the judges retirement system who shall keep an accurate record of the contributions of each judge.

(2) Each future member shall contribute monthly six per cent of his monthly salary to the fund, but such contribution shall not be made from any supplemental salary provided for in section 24-301.01. It shall be the duty of the Director of Administrative Services to make a deduction of six per cent on the monthly payroll of each such future member who is a Judge of the Supreme Court, or a judge of the district court, or a judge of the Nebraska Workmen's Compensation Court showing the amount to be deducted and its credit to the fund. It shall be the duty of the county clerk of each county to make a deduction of six per cent on the monthly payroll of the county judge, if he is such a future member, and

judge of a separate juvenile court, if he is such a future member, excluding for purposes of such deduction any supplemental salary provided for in section 24-301.01, and to pay all amounts so deducted to the executive officer in charge of the judges retirement system to be credited to the Nebraska Retirement Fund for Judges. It shall be the duty of the city clerk in each city having a municipal court established by Chapter 26, article 1, to make a deduction of six per cent on the monthly payroll of each municipal judge, who is such a future member and to pay all amounts so deducted to the executive officer in charge of the judges retirement system to be credited to the Nebraska Retirement Fund for Judges. This shall be done within ten days after the close of each calendar quarter thereafter. The Director of Administrative Services and the State Treasurer shall credit the six per cent as shown on the payroll and the amounts received from the various counties and cities to the fund and remit the same to the executive officer in charge of the judges retirement system who shall keep an accurate record of the contributions of each judge.

(3) A Nebraska Retirement Fund for Judges fee of one dollar shall be taxed as costs in each civil and criminal cause of action or proceeding filed in the district courts and the county courts and in county courts a sum equal to ten per cent of each fee provided by sections 33-125, 33-126, and 33-126.02, except on the fees provided for in section 33-125 for the dismissal of a cause, and in sections 33-126 and 33-126.02 for filing of report. A similar fee shall be charged in each cause of action or proceeding in municipal court, including prosecutions for violation of state law or any city ordinance; Provided, that the fee above established shall not be collected for nonmoving traffic violations handled by a violations bureau established by the local governing body, nor shall the above specified fee be collected in any cause or proceeding in a municipal court where the cause, proceeding, or defendant has been dismissed by the court. When collected by the clerk of the district or municipal court and the county judge, such fees shall be paid to the executive officer in charge of the judges retirement system on forms prescribed by the board by said clerk and county judge within ten days after the close of each calendar quarter. Such executive officer shall promptly thereafter remit the same to the state treasury. Upon the receipt thereof, the State Treasurer shall credit the same to the Nebraska Retirement Fund for Judges.

(4) The Nebraska Retirement Fund for Judges shall be divided into two separate funds: (a) The Original Members' Fund, and (b) the Future Members' Fund. All expenditures from the funds must be authorized by voucher in the manner prescribed in section 24-713. The funds shall be used only for the payment of all annuities and other benefits, ~~created--by the provisions of sections 24-704 to 24-714;--and--shall not--be--used--to--pay~~ and for the expenses of the administration, ~~of sections 24-704 to 24-714.~~

(5) The Original Members' Fund shall be the fund into which shall be paid the total fund as of December 25, 1969, the contributions of original members as provided in subsection (1) of this section, all supplementary court fees as provided in subsection (3) of this section until such time as the assets in such fund equal the liabilities of such fund, and any required contributions of the state.

(6) The Future Members' Fund shall be the fund into which shall be paid the contributions of future members as provided in subsection (2) of this section, all supplementary court fees as provided in subsection (3) of this section after such time as the assets in the Original Members' Fund equal the liabilities of such fund, and any required contributions of the state. Not later than January 1 of each year the State Treasurer shall transfer to the Future Members' Fund the amount certified by the board as being necessary to pay the cost of any benefits accrued during the fiscal year ending the previous June 30, in excess of future member contributions for that fiscal year, and court fees as described above, if any, for that fiscal year plus any required contributions of the state, as provided in subsection (9) of this section.

(7) Except as provided in subsection (8) of this section, benefits under the retirement system to original members or to their beneficiaries shall be paid from the Original Members' Fund. All benefits under the retirement system to future members or to their beneficiaries shall be paid from the Future Members' Fund.

(8) Any member who is making contributions to the fund on December 25, 1969 may, on or before June 30, 1970, elect to become a future member by delivering written notice of such election to the board. The board shall thereupon direct the State Treasurer to transfer all contributions of such judge to the Future Members' Fund and such judge shall thereafter participate only in

the Future Members' Fund.

(9) Not later than January 1 of each year the State Treasurer shall transfer to the fund an amount, determined on the basis of an actuarial valuation as of the previous June 30 and certified by the board, to fully fund the unfunded accrued liabilities of the system by level payments up to January 1, 1994. Such required state contribution shall be divided each year between the Original Members' Fund and the Future Members' Fund in the ratio of the remaining unfunded accrued liability of each fund.

Sec. 6. That section 24-704, Revised Statutes Supplement, 1969, be amended to read as follows:

24-704. The general administration of the provisions of sections 24-701 to 24-714, except the investment of funds subject to investment under ~~subsection (2) of section 72-4244~~ sections 72-1237 to 72-1260, is hereby vested in the ~~Board of Educational Funds and Funds~~ Public Employees Retirement Board. The Attorney General shall be the legal advisor of the board. The Auditor of Public Accounts shall make an annual audit of the retirement system and file an annual report of its condition with the Legislature. The board shall make rules and regulations not inconsistent herewith, as may be necessary to carry out the provisions of sections 24-701 to 24-714. The board shall employ ~~an executive officer~~ a director and such assistants and employees as may be necessary to efficiently discharge the duties imposed by the provisions of sections 24-701 to 24-714. The ~~executive officer~~ director, in charge of the system, shall keep a record of all acts and proceedings taken by the officers. He shall keep a complete record of the names of all the members, their ages and length of service, the salary of each member, and such other facts as may be necessary in the administration of the provisions of sections 24-701 to 24-714. For the purpose of obtaining such facts, he shall have access to the records of the various departments of the state. A certified copy of a birth certificate or delayed birth certificate shall be prima facie evidence of the age of the person named therein. The state investment officer shall sell any such securities upon request from the officers of the system so as to provide money for the payment of benefits or annuities.

Sec. 7. That section 24-705, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

24-705. The board shall have the power to secure and employ the services of such technical and administrative employees as are necessary to carry out the provisions of sections 24-701 to 24-714. The board shall have ~~a biennial~~ an annual report prepared by a competent-actuary member of the American Academy of Actuaries showing a complete valuation of the present and prospective assets and liabilities of the fund created by the provisions of sections 24-701 to 24-714. The report shall further include a prospectus of the amount of the appropriation that will be required from the Legislature for the succeeding two-years year. This report shall be furnished to the Legislature at each regular session. The employees of the board shall be paid at such rates as the board shall approve. All administrative expenses shall be paid from expense funds;--appropriated-for-this-purpose;--and--in--no--event shall-the-fund-be-used-for-the-payment-of-administrative expenses-or-the-costs-of-the-examinations-referred-to-in section-24-712 the retirement fund.

Sec. 8. That section 24-709, Revised Statutes Supplement, 1969, be amended to read as follows:

24-709. Any judge who has become physically or mentally disabled, which disability seriously interferes with the performance of his duties and which disability is determined to be permanent or reasonably likely to become permanent, may, upon being found so disabled by the Commission on Judicial Qualifications, retire or be retired, and upon such retirement he shall be entitled to receive the retirement annuity as provided in section 24-710. Any judge, or the guardian of any judge, so permanently disabled desiring to so retire, shall file an application for such retirement with the commission, which application shall be in such form and contain such information as such commission shall require. Such commission may require such judge to be examined by a physician appointed by the commission and may require such other evidence and proof of disability as it deems necessary to reach a determination as to whether such judge is so permanently disabled. If the commission shall determine that any such judge is so permanently disabled, it shall promptly notify the judge and the ~~Board of Educational Lands and Funds~~ Public Employees Retirement Board and thereupon such judge shall be placed on retirement by the board and receive the retirement annuity each month as is provided in section 24-710.

Sec. 9. That section 24-712, Revised Statutes Supplement, 1969, be amended to read as follows:

24-712. Annuity payments to a judge, who has retired under the provisions of section 24-708, shall continue until the end of the month in which such judge shall die. The last annuity payment and any other payments to which such judge shall be entitled and which have not been paid at the time of his death shall be paid to his beneficiary. A judge who is receiving annuity payments, under the provisions of section 24-709, shall continue to receive such annuities as long as he is permanently disabled, and if such judge shall die while so disabled, payment of annuities shall be terminated in the same manner as provided by sections 24-701 to 24-714 for a judge who dies subsequent to his retirement. Any judge, who is receiving annuities under the provisions of section 24-709, may be required by the commission to submit to a reexamination at any time. Any such judge shall have the right to a reexamination, upon an application to the commission, but not more often than once every six months. A physician appointed by the commission shall make such examinations and report his findings to the commission which shall make a determination. If the commission shall find that the permanent disability no longer exists, it shall so notify the judge and the board shall discontinue annuity payments to such judge unless said judge has in the meantime qualified for retirement by reason of his age. If any judge refuses to submit to such reexamination, the commission shall immediately terminate all annuity payments to such judge. Costs incurred by the commission for the services of a physician, as authorized by the provisions of section 24-709 and this section, shall be paid by the commission out of money ~~appropriated to it for such purpose, and shall not be paid out of the fund~~ from the retirement fund.

Sec. 10. That section 60-444, Revised Statutes Supplement, 1969, be amended to read as follows:

60-444. Each patrolman while in the service of the Nebraska State Patrol shall pay a sum equal to seven per cent of his monthly salary. Such amounts shall be deducted monthly by the Director of Administrative Services who shall draw a warrant monthly in the amount of the total deductions from salaries of members of the Nebraska State Patrol and the State Treasurer shall credit the amount of such warrant to the fund created by sections 60-441 to 60-461. the director shall cause a detailed report of all monthly deductions to be made each month to the ~~Board of Educational Lands--and--Funds~~ Public Employees Retirement Board. In addition thereto, there shall be transferred from the general fund monthly, by the State Treasurer, a sum equal to the

amount of said salary deductions each month, the same to be credited to the fund created by sections 60-441 to 60-461. the fund shall further be supplemented ~~biennially~~ annually by an appropriation in such amount as may be determined on the basis of an actuarial valuation prepared by a member of the American Academy of Actuaries to be sufficient to fully fund the unfunded accrued liabilities of the system by level payments up to January 1, 1994.

Sec. 11. That section 60-446, Revised Statutes Supplement, 1969, be amended to read as follows:

60-446. The general administration of the Nebraska State Patrolmen's Retirement System, except the investment of funds subject to investment under sections 72-1237 to ~~72-4259~~ 72-1260, is hereby vested in the ~~Board of Educational Funds~~ Public Employees Retirement Board. The board shall make rules and regulations not inconsistent herewith, as may be necessary to carry out the provisions of sections 60-441 to 60-461. The board shall employ ~~an executive officer~~ a director and such assistants and employees as may be necessary to efficiently discharge the duties imposed by sections 60-441 to 60-461.

Sec. 12. That section 60-447, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

60-447. The State Treasurer shall transmit monthly to the ~~Board of Educational Funds~~ Public Employees Retirement Board a detailed statement showing all credits to and disbursements from said fund. He shall disburse money from such fund only on warrants issued by the Director of Administrative Services upon vouchers signed by the person designated for such purpose by resolution of the board.

Sec. 13. That section 60-448, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

60-448. The ~~executive officer~~ director in charge of the system shall keep a record of all acts and proceedings taken by the officers. He shall keep a complete record of the names of all the members, their ages and length of service, the salary of each member, together with such other facts as may be necessary in the administration of the provisions of sections 60-441 to 60-461, and for the purpose of obtaining such facts, he shall have access to the records of the various

departments of the state. A certified copy of a birth certificate or delayed birth certificate shall be prima facie evidence of the age of the person named therein.

Sec. 14. That section 60-450, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

60-450. It shall be the duty of the Auditor of Public Accounts to make an annual audit of the condition of said fund retirement system, and ~~a biennial~~ an annual report to the Legislature of its condition, ~~on an actuarial basis.~~

Sec. 15. That section 60-461, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

60-461. Any member of the Nebraska State Patrol who, while a member of the Nebraska State Patrol, entered into and served or shall enter into and serve in the armed forces of the United States during a declared emergency, as defined and prescribed under such rules and regulations as the ~~Board of Educational Lands and Funds~~ Public Employees Retirement Board may adopt, and who, within six months after honorable discharge or honorable separation from active duty, returned or returns to the service of the state and again becomes a member of the Nebraska State Patrol, shall be credited, in determining benefits due such member from the Nebraska State Patrolmen's Retirement Fund, for all the time actually served in the armed forces as if such person had been in the service of the Nebraska State Patrol throughout such declared emergency service in the armed forces.

Sec. 16. That section 79-1501, Revised Statutes Supplement, 1969, be amended to read as follows:

79-1501. As used in sections 79-1501 to 79-1553, unless the context otherwise requires:

(1) Accumulated contributions shall mean the sum of all amounts deducted from the compensation of a member and accredited credited to his individual account in the School Employees' Savings Fund together with regular interest thereon, compounded annually; ~~less the proportionate share of the expense of the administration of the retirement system created by sections 79-1501 to 79-1553;~~

(2) Beneficiary shall mean any person in receipt of a school retirement allowance or other benefit provided by sections 79-1501 to ~~79-1553~~ 79-1557;

(3) Member shall mean any person who has an account in the School Employees' Savings Fund;

(4) County school official shall mean the county superintendent or district superintendent and any person serving in his office who is required by law to have a teacher's certificate;

(5) Creditable service shall mean prior service for which credit is granted under sections 79-1515 to 79-1518 plus all service rendered while a member of the retirement system;

(6) Disability retirement allowance shall mean the total of the savings annuity and the service annuity paid to a person upon retirement for disability under the provisions of section 79-1524;

(7) Employer shall mean the State of Nebraska or any subdivision thereof or agency of the state or subdivision authorized by law to hire school employees, as defined in this section, or to pay their salaries;

(8) Fiscal year shall mean any year beginning July 1 and ending June 30 next following;

(9) Regular interest shall mean interest at such a rate as shall be determined by the retirement board in conformity with actual and expected earnings on its investments;

(10) Junior school employee shall mean a school employee, as herein defined, who has not arrived at his twenty-first birthday anniversary on August 15 preceding;

(11) Present senior school employee shall mean a senior school employee, as herein defined, who was employed within the State of Nebraska on September 1, 1945;

(12) Full-time employee shall mean a person whose services are engaged for full-time employment on an annual or continuing contract basis;

(13) Prior service shall mean service rendered as a school employee in the public schools of the State of Nebraska, as such is defined in this section, prior

to July 1, 1945;

(14) Public school shall mean any and all schools supported by public funds and wholly under the control and management of the State of Nebraska, or any subdivision thereof, including schools established, maintained, and controlled by the school boards of local school districts and schools under the control and management of the state colleges, the Board of Regents of the University of Nebraska, any educational service unit, and any other educational institution wholly supported by public funds;

(15) Retirement shall mean qualifying for and accepting a school or disability retirement allowance granted under the provisions of sections 79-1501 to ~~79-1553~~ 79-1557;

(16) Retirement board or board shall mean the ~~Board of Educational Funds and Funds~~ Public Employees Retirement Board, which shall administer said retirement system;

, (17) Retirement system shall mean the school retirement system of the State of Nebraska provided for in sections 79-1501 to ~~79-1553~~ 79-1557;

(18) Required deposit shall mean the deduction from a member's compensation as provided for in section 79-1531, which shall all be deposited in the School Employees' Savings Fund; ~~except---the---member's proportionate share of the expense of the administration which shall be credited to the expense fund;~~

(19) School year shall mean one fiscal year which shall include not less than one hundred twenty teaching days or, in the case of service in the State of Nebraska prior to July 1, 1945, not less than seventy-five per cent of the then legal school year;

(20) Senior school employee shall mean a school employee, as herein defined, who has arrived at his twenty-first birthday anniversary on August 15 preceding;

(21) Service shall mean service as a school employee;

(22) School retirement allowance shall mean the total of the savings annuity and the service annuity paid a person who has retired under the provisions of sections 79-1520 and 79-1521. The monthly payments

shall be payable at the end of each calendar month during the life of a retired member. The first payment shall include all amounts accrued since the effective date of the award of annuity, including a pro rata portion of the monthly amount of any fraction of a month elapsing between the effective date of such annuity and the end of the calendar month in which such annuity began. The last payment shall be at the end of the calendar month in which such member shall die;

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

(24) State deposit shall mean the deposit by the state in the retirement system on behalf of any member;

(25) State school official shall mean the Commissioner of Education and his professional staff and the assistant commissioner of education in charge of vocational education and his professional staff;

(26) School employee shall mean any employee of a public school whose services are engaged for at least half-time employment on an annual or continuing contract basis;

(27) Savings annuity shall mean payments for life, made in equal monthly payments, derived from the accumulated contributions of a member;

(28) Emeritus member shall mean a person who has entered retirement under the provisions of sections 79-1501 to ~~79-1553~~ 79-1557, including those persons who have retired since July 1, 1945, under any other regularly established retirement or pension system as contemplated by section 79-1512, and who has thereafter been reemployed in any capacity by a public school in Nebraska, or has become a state school official or county school official subsequent to such retirement, and who has applied to the board for emeritus membership in the retirement system. The school district or agency shall certify to the retirement board on forms prescribed by the retirement board that the annuitant was reemployed, rendered a service and was paid by the district for such services; and

(29) Primary carrier shall mean the life insurance ~~company-or-trust-company~~ companies and trust companies designated as the underwriter or trustee of the retirement system.

Sec. 17. That section 79-1502, Revised Statutes Supplement, 1969, be amended to read as follows:

79-1502. A school retirement system is hereby established for the purpose of providing retirement allowances or other benefits for the school employees of the State of Nebraska as provided in sections 79-1501 to ~~79-4553~~ 79-1557. The retirement system so created shall begin operation July 1, 1945. It shall have the powers and privileges of a corporation, insofar as may be necessary to carry out the provisions of sections 79-1501 to ~~79-4553~~ 79-1557, and shall be known as the School Retirement System of the State of Nebraska; and by such name shall transact all business as herein provided.

Sec. 18. That section 79-1503, Revised Statutes Supplement, 1969, be amended to read as follows:

79-1503. The general administration of the school retirement system of the State of Nebraska, except the investment of funds subject to investment under ~~subsection (2) of section 72-4244~~ sections 72-1237 to 72-1260, is hereby vested in the ~~Board of Educational Funds and Funds~~ Public Employees Retirement Board. The board shall, by a majority vote of its members, adopt by-laws, and establish rules and regulations, from time to time, not inconsistent with the provisions of sections 79-1501 to ~~79-4553~~ 79-1557, for the administration and transaction of the business of the retirement system, and shall perform such other duties as may be required to execute the provisions of sections 79-1501 to ~~79-4553~~ 79-1557.

Sec. 19. That section 79-1507, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

79-1507. The compensation of all employees; ~~other than the secretary of the retirement board~~, shall be fixed by the retirement board subject to the general laws of the state.

Sec. 20. That section 79-1508, Revised Statutes Supplement, 1969, be amended to read as follows:

79-1508. It shall be the duty of the Director of Insurance Auditor of Public Accounts to make an annual audit of the school retirement system and a

~~biennial an annual~~ report to the Legislature of its condition, ~~on an actuarial basis.~~ Expenses of the audit shall be paid from the Expense Fund. ~~The Department of Insurance shall be compensated for preparing the annual audit on the same basis as the department would be compensated for examining an insurance company. Payment shall be made to the department from the Expense Fund.~~

Sec. 21. That section 79-1512, Revised Statutes Supplement, 1969, be amended to read as follows:

79-1512. At the time of retirement of any employee who serves a public school operating under any other regularly established retirement or pension system, the retirement board shall, upon receipt of a certification from the public school as to the number of years of service upon which the retirement is based, order the primary carrier to transfer to the funds of the retirement system of which such employee is a member the actuarial value of the service annuity to be paid by the state for the years of service thus certified in the same amount and basis as provided for members of the state retirement system under sections 79-1522 and 79-1524. Such employee, in order to qualify for prior service credit toward a service annuity, shall have the same qualifications as members of the school retirement system of the State of Nebraska who became members on or before July 1, 1950, as provided by section 79-1515, but shall not come under the provisions of sections 79-1501 to ~~79-4553~~ 79-1557 while so employed. Such transfer of actuarial value to the retirement system of which such employee is a member shall be in lieu of the payment of the service annuity to which he would be entitled; Provided, that the monthly payment received by him from such system shall be in the amount not less than the sum of his service annuity and the member's annuity which is the actuarial equivalent of his own contributions accumulated at interest to retirement. The public school which such employee serves shall furnish to the retirement board all information required by the retirement board regarding service records of its employees.

Sec. 22. That section 79-1513, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

79-1513. Any person who is employed by ~~The~~ the Board of Regents of the University of Nebraska shall not come under the provisions of sections 79-1501 to ~~79-4553~~

79-1557.

Sec. 23. That section 79-1516, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

79-1516. The retirement board shall fix and determine, by rules and regulations in conformity with sections 79-1501 to ~~79-4553~~ 79-1557, how much service in any year is equivalent to one year of service, but in no case shall more than one year of service be credited for all service in one fiscal year. Full-time service rendered for the regular school year in any district shall be equivalent to one year's service. Part-time service, representing at least half-time employment on contract, shall be credited as individual years of fractional employment.

Sec. 24. That section 79-1531, Revised Statutes Supplement, 1969, be amended to read as follows:

79-1531. Each member of the retirement system shall be required to make a deposit in the School Employees' Savings Fund equal to three and one half per cent of all compensation. All amounts deposited by or on behalf of any school employee shall be held for the benefit of the individual school employee in the School Employees' Savings Fund and shall be credited to his account in this fund for the purpose of providing an annuity or other benefit as provided in sections 79-1501 to 79-1557. ~~79-4553; except for the proportionate share of administration expense that shall be deducted from each member's account in the School Employees' Savings Fund, at the beginning of each fiscal year.~~

Sec. 25. That section 79-1540, Revised Statutes Supplement, 1969, be amended to read as follows:

79-1540. On the basis of all data in the possession of the retirement board, including such mortality and other tables as shall be recommended by the actuary, who shall be a member of the American Academy of Actuaries, engaged by the retirement board and adopted by the retirement board, the retirement board shall annually, on or before July 1, determine the state deposit to be made by the state in the Service Annuity Fund for that fiscal year. The amount of such state deposit shall be determined on the basis of an annual actuarial valuation to be sufficient to fully fund the service annuities earned in that fiscal year

and to fund the unfunded accrued liabilities for all service annuities earned prior to that year by level payments up to January 1, 1994. The retirement board shall thereupon certify and, on the warrant of the Director of Administrative Services, the State Treasurer shall, as of July 1 of such year, transfer from funds appropriated by the state for that purpose to the Service Annuity Fund in the retirement system the amount of such state deposit.

Sec. 26. That section 79-1546, Revised Statutes Supplement, 1969, be amended to read as follows:

79-1546. The School Employees' Savings Fund shall be the fund in which the required deposits from the compensation of members to provide savings annuities shall be accumulated. The accumulated contributions of a member, returned to him upon his withdrawal from membership or paid to his estate or designated beneficiary in the event of his death as provided in sections 79-1501 to ~~79-4553~~ 79-1557, shall be paid from the School Employees' Savings Fund. Any accumulated contributions forfeited shall be transferred from the School Employees' Savings Fund to the Contingent Fund. The accumulated contributions of a member shall be transferred from the School Employees' Savings Fund to the Annuity Reserve Fund in the event of his retirement on a school retirement allowance, a disability retirement allowance, or a formula annuity retirement allowance.

Sec. 27. That section 79-1548, Revised Statutes Supplement, 1969, be amended to read as follows:

79-1548. The Annuity Reserve Fund shall be the fund into which shall be transferred upon a retirement the accumulated contributions from the School Employees' Savings Fund, the value of any state service annuity from the Service Annuity Fund, and the value, if any, of a contribution from the School Employer's Deposit Fund upon the granting of a formula annuity and from which shall be paid all savings annuities, service annuities, and formula annuities as provided in sections 79-1501 to ~~79-4553~~ 79-1557. Should a beneficiary, retired on account of disability, be restored to active service his remaining annuity reserve shall be transferred from the Annuity Reserve Fund to the School Employees' Savings Fund and credited to his individual account therein.

Sec. 28. That section 79-1549, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

79-1549. A Contingent Fund is hereby created to facilitate the crediting of regular interest on the amounts in the various other funds, with the exception of the Expense Fund, and to provide a fund to cover any special requirements of the Annuity Reserve Fund or the Expense Fund, insofar as the state is responsible for these funds. All income, interest, and dividends derived from the deposits and investments authorized by sections 79-1501 to ~~79-1553~~ 79-1557 shall be paid into the Contingent Fund. The retirement board is hereby authorized to accept gifts, devises, and bequests, and any funds that may come into the possession of the retirement system in this manner or which may be transferred from the School Employees' Savings Fund by reason of the lack of a claimant or because of a surplus in any fund described in section 79-1545, or any other money the disposition of which is not otherwise provided for herein, shall be credited to the Contingent Fund. The interest allowed by the retirement board to each of the funds shall be paid to such funds from the Contingent Fund. Any deficit occurring in the Annuity Reserve Fund or in the Expense Fund, insofar as the state is responsible for these funds, shall be met by payments to the fund in question from the Contingent Fund. Annually the retirement board shall estimate the amount of money deemed necessary to pay the obligation levied against the Contingent Fund, including regular interest. If such amount exceeds the revenues estimated to accrue to the fund for that year, such excess shall be certified to the State Treasurer and shall, on warrant of the Director of Administrative Services, be transferred from funds appropriated by the state for such purpose to the Contingent Fund of the retirement system.

Sec. 29. That section 79-1550, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

79-1550. The Expense Fund shall be the fund to which shall be credited the proportionate share of administration expense transferred from the Contingent Fund at the direction of the retirement board. ~~7 deducted at the beginning of each fiscal year from each member's account in the School Employees' Savings Fund for payment of administration expenses, and all money appropriated by the State of Nebraska to pay the administration expenses of the retirement system.~~ All

the expenses necessary, in connection with the administration and operation of the system, shall be paid from the Expense Fund. Annually, as soon after July 1 as shall be practicable, the retirement board shall estimate the amount of money which shall be deemed necessary to be paid into the Expense Fund for that fiscal year to provide for the expense of operation and administration of the retirement system. ~~Members of the retirement system and the state shall share equally in this expense, except that during the first year of the retirement system's existence, the state shall pay all the expenses including those incidental to organization of the system. The amount of the state's share shall be certified to the State Treasurer and shall, on warrant of the Director of Administrative Services, be transferred from funds appropriated by the state for such purpose to the Expense Fund of the retirement system.~~

Sec. 30. That section 79-1552, Revised Statutes Supplement, 1969, be amended to read as follows:

79-1552. The right of a person to a school or formula or disability retirement allowance or any optional benefit, any other right accrued or accruing to any person or persons under the provisions of sections 79-1501 to ~~79-1553~~ 79-1557, the various funds created thereby and all the money, investments, and income thereof, are hereby exempt from any state, county, municipal, or other local tax and shall not be subject to execution, garnishment, attachment, the operation of bankruptcy or insolvency laws, or any other process of law whatsoever, and shall not be assignable.

Sec. 31. That section 79-1553, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

79-1553. Any person who shall knowingly make any false statement or shall falsify or permit to be falsified any record or records for the purpose of defrauding or attempting to defraud the school retirement system of the State of Nebraska shall be deemed guilty of a misdemeanor and shall, upon conviction thereof, be fined not less than ten nor more than one thousand dollars. Any school employee, member of a school board or board of education, or agent of any employer, who willfully fails or refuses to furnish to the retirement board upon its request and in the manner prescribed by it such information, data, or records, as may be necessary for carrying into effect the provisions

of sections 79-1501 to ~~79-1553~~ 79-1557, shall be deemed guilty of a misdemeanor and shall, upon conviction thereof, be fined not less than ten dollars nor more than one hundred dollars.

Sec. 32. That section 79-1555, Revised Statutes Supplement, 1969, be amended to read as follows:

79-1555. All assets now held for the retirement system by the ~~Board--of--Educational--Lands--and--Funds~~ Public Employees Retirement Board shall be transferred to the primary carrier within six months of October 23, 1967.

Sec. 33. That section 84-1301, Revised Statutes Supplement, 1969, be amended to read as follows:

84-1301. As used in sections 84-1301 to 84-1331, unless the context otherwise requires:

(1) Employee shall mean any person or officer employed by the State of Nebraska whose compensation is paid out of state funds or funds controlled or administered by a state department through any of its executive or administrative officers when acting exclusively in their respective official, executive, or administrative capacities; but shall not include judges, members of the Nebraska State Patrol, employees of the University of Nebraska, employees of the Division of Employment of the Department of Labor, employees of the State Board of Agriculture whose compensation is not paid out of the General Fund, the Nebraska National Guard air and army technicians, or persons making contributions to the School Retirement System of the State of Nebraska;

(2) Part-time employee shall mean an employee who works less than one half of the regularly scheduled hours;

(3) Retirement shall mean qualifying for and accepting a retirement allowance granted under the provisions of sections 84-1301 to 84-1331;

(4) Retirement board or board shall mean the State Public Employees Retirement Board;

(5) Retirement system shall mean the State Employees Retirement System of the State of Nebraska;

(6) Required contribution shall mean the deduction to be made from the salary of employees, as provided in sections 84-1301 to 84-1331;

(7) Service shall mean the actual total length of employment as an employee and shall include leave of absence because of disability or military service when properly authorized by the retirement board;

(8) Straight life annuity shall mean an ordinary annuity, payable for the life of the primary annuitant only, and terminating at his death without refund or death benefit of any kind;

(9) Prior service shall mean service before January 1, 1964;

(10) Group annuity contract shall mean the contract or contracts issued by one or more life insurance companies to the retirement system in order to provide the benefits described in sections 84-1301 to 84-1331;

(11) Primary carrier shall mean the life insurance company or trust company designated as the administrator of the group annuity contract; and

(12) State department shall mean any department, bureau, commission or other division of state government, not otherwise specifically defined or exempted in sections 84-1301 to 84-1331, whose employees and officers are not already covered by a retirement plan.

Sec. 34. That section 84-1309, Revised Statutes Supplement, 1969, as amended by section 1, Legislative Bill 476, Eighty-second Legislature, First Session, 1971, be amended to read as follows:

84-1309. (1) There is hereby established in the state treasury a special fund to be known as the State Employees Retirement Fund to consist of such funds as the Legislature shall from time to time appropriate. The Director of Administrative Services shall draw a warrant each month on the State Employees Retirement Fund equal to one hundred four per cent of the amounts deducted, in accordance with the provisions of section 84-1308, from salaries of employees who are paid from funds appropriated from the General Fund.

(2) The Director of Administrative Services shall draw a warrant each month on the funds of each

department with at least one employee who is a member of the retirement system for a sum equal to one hundred four per cent of the amounts deducted, in accordance with the provisions of section 84-1308, from salaries of employees who are paid from any funds other than funds appropriated from the General Fund.

(3) The Director of Administrative Services shall draw a warrant each month on the State Employees Retirement Fund in the amount of fifteen thousand dollars until December 31, 1971, and the State Treasurer shall cause the amounts of such warrants to be paid to the state investment officer as the premium for prior service benefits. After receiving the biennial annual report required by section 84-1315, the Legislature may make such adjustments in the funding of prior service benefits as necessary to keep the plan sound. The contribution for prior service purposes shall cease when the prior service obligation is properly funded.

(4) The State Treasurer shall cause the amount of the warrants provided for in subsections (1), (2), and (3) of this section to be paid to the state investment officer.

Sec. 35. That section 84-1311, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

84-1311. A member's share of the fund arising from the state contributions made in accordance with the provisions of section 84-1309 shall be known as his employer account. As of any January 1 a member's employer account shall be equal to his account as of the next preceding January 1, increased by one hundred four per cent of any amounts deducted from the member's salary since the next preceding January 1 in accordance with the provisions of section 84-1308, increased by any interest allocated under the provisions of the group annuity contract, and reduced by any expense charges made under the provisions of the group annuity contract and by any expense charges incurred by the Public Employees' Retirement Board in connection with administering the system: Provided, that a member who ceased being an employee since the next preceding January 1 may have his employer account reduced in accordance with the provisions of section 84-1321.

Sec. 36. That section 84-1314, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

84-1314. The primary carrier, at the direction of the retirement board, shall keep a complete record of all members with respect to names, ages, salary records, employment dates, and any such other facts as may be necessary in the administration of the provisions of sections 84-1301 to 84-1331. For the purpose of obtaining such facts, the primary carrier shall have access to the records of the various state departments. A certified copy of a birth certificate or delayed birth certificate shall be prima facie evidence of the age of the person named therein.

Sec. 37. That section 84-1315, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

84-1315. It shall be the duty of the Director of Insurance State Auditor to make an annual audit of the retirement system and a biennial an annual report to the legislature of its condition, on--an--actuarial basis. The retirement board shall have prepared for the legislature an annual report of the actuarial condition of the retirement system, such actuarial report to be prepared by a member of the American Academy of Actuaries.

Sec. 38. That original sections 24-705, 60-447, 60-448, 60-450, 60-461, 79-1507, 79-1513, 79-1516, 79-1549, 79-1550, 79-1553, 84-1311, 84-1314, and 84-1315, Reissue Revised Statutes of Nebraska, 1943, sections 24-701, 24-703, 24-704, 24-709, 24-712, 60-444, 60-446, 79-1501, 79-1502, 79-1503, 79-1508, 79-1512, 79-1531, 79-1540, 79-1546, 79-1548, 79-1552, 79-1555, and 84-1301, Revised Statutes Supplement, 1969, and section 84-1309, Revised Statutes Supplement, 1969, as amended by section 1, Legislative Bill 476, Eighty-second Legislature, First Session, 1971, and also sections 84-1303 and 84-1304, Reissue Revised Statutes of Nebraska, 1943, are repealed.