

E AND R AMENDMENTS TO LB 447

Introduced by Hansen, 26, Chairman Enrollment and Review

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

3 Section 1. Section 13-2402, Revised Statutes Supplement, 2015, is
4 amended to read:

5 13-2402 (1) On or before November 1, 2014, each political
6 subdivision which offers a defined benefit plan pursuant to section
7 401(a) of the Internal Revenue Code which was open to new members on
8 January 1, 2004, shall submit written notification to the Nebraska
9 Retirement Systems Committee of the Legislature that it offers such a
10 plan.

11 (2) Each political subdivision which offers a defined benefit plan
12 pursuant to section 401(a) of the Internal Revenue Code which was open to
13 new members on January 1, 2004, shall conduct an experience study to
14 review the actuarial assumptions used to determine funding needs for its
15 defined benefit plan at least once every four years and, beginning
16 October 15, 2016, and each October 15 thereafter, electronically file a
17 copy of the most recent actuarial experience study with the Nebraska
18 Retirement Systems Committee of the Legislature.

19 (3 2) Beginning November 15, 2014, and each October 15 thereafter,
20 the governing entity of the retirement plan of each political subdivision
21 that offers such a defined benefit retirement plan shall file with the
22 committee a copy of the most recent annual actuarial valuation of the
23 retirement plan. The valuation report shall be filed electronically.

24 (4)(a) (3)(a) Beginning November 15, 2014, and each October 15
25 thereafter, the governing entity of the retirement plan of each political
26 subdivision that offers such a defined benefit retirement plan shall file
27 a report with the committee if either of the following conditions exists

1 as of the latest annual actuarial valuation of the retirement plan: (i)
2 The contributions do not equal the actuarial requirement for funding; or
3 (ii) the funded ratio is less than eighty percent.

4 (b) The report shall include, but not be limited to, an analysis of
5 the conditions and a recommendation for the circumstances and timing of
6 any future benefit changes, contribution changes, or other corrective
7 action, or any combination of actions, to improve the conditions. The
8 committee may require a governing entity to present its report to the
9 committee at a public hearing. The report shall be submitted
10 electronically.

11 (~~5~~ 4) If a governing entity does not file the reports required by
12 subsection (2), ~~or~~ (3), or (4) of this section with the committee by
13 October 15, the Auditor of Public Accounts may audit, or cause to be
14 audited, the political subdivision offering the retirement plan. All
15 costs of the audit shall be paid by the political subdivision.

16 (~~6~~ 5) For purposes of this section, political subdivision means any
17 local governmental body formed and organized under state law and any
18 joint entity or joint public agency created under state law to act on
19 behalf of political subdivisions.

20 Sec. 2. Section 72-1237, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 72-1237 The Nebraska Investment Council is created. For purposes of
23 the Nebraska State Funds Investment Act, council means the Nebraska
24 Investment Council. The council shall consist of five members, appointed
25 by the Governor with the approval of the Legislature. The ~~and the~~ State
26 Treasurer, ~~and~~ the director of the Nebraska Public Employees Retirement
27 Systems, and beginning January 1, 2017, the administrator of each
28 retirement system provided for under the Class V School Employees
29 Retirement Act shall serve as nonvoting, ex officio members. One of the
30 appointed members shall be designated chairperson by the Governor.

31 ~~Each Prior to September 1, 2006, each of the appointed members of~~

1 ~~the council shall serve for a term of five years and may be removed by~~
2 ~~the Governor for cause after notice and an opportunity to be heard. The~~
3 ~~term of any appointed member shall be extended until the date on which~~
4 ~~his or her successor's appointment is effective. Beginning September 1,~~
5 ~~2006,~~ each of the appointed members of the council shall serve for a term
6 of five years that begins on January 1 and may be removed by the Governor
7 for cause after notice and an opportunity to be heard. A member may serve
8 until ~~Such term shall be extended until the date on which~~ his or her
9 successor's appointment is effective. ~~For members serving on September 1,~~
10 ~~2006, and whose terms would otherwise end on September 18, such terms~~
11 ~~shall be extended until the following December 31, or until the date on~~
12 ~~which his or her successor's appointment is effective.~~ A member may be
13 reappointed. A successor shall be appointed in the same manner as
14 provided for the members first appointed, and in case of a vacancy caused
15 by death, resignation, or otherwise, the Governor shall appoint a
16 qualified person to fill the vacancy for the unexpired term.

17 No member of the council shall be personally liable, except in cases
18 of willful dishonesty, gross negligence, or intentional violation of law,
19 for actions relating to his or her duties as a member of the council.

20 Sec. 3. Section 72-1239, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 72-1239 The purpose of the council is to formulate and establish
23 such policies as it may deem necessary and proper which shall govern the
24 methods, practices, and procedures followed by the state investment
25 officer for the investment or reinvestment of state funds and funds
26 described in section 83-133 and the purchase, sale, or exchange of
27 securities as provided by the Nebraska State Funds Investment Act. The
28 council shall meet from time to time as directed by the Governor or the
29 chairperson or as requested by the state investment officer. The members
30 of the council, except the State Treasurer, ~~and~~ the director of the
31 Nebraska Public Employees Retirement Systems, and beginning January 1,

1 2017, each administrator of a retirement system provided for under the
2 Class V School Employees Retirement Act, shall be paid seventy-five
3 dollars per diem. The members shall be reimbursed for their actual and
4 necessary expenses incurred in connection with the performance of their
5 duties as members as provided in sections 81-1174 to 81-1177.

6 Sec. 4. Section 72-1239.01, Revised Statutes Supplement, 2015, is
7 amended to read:

8 72-1239.01 (1)(a) The appointed members of the council Nebraska
9 ~~Investment Council~~ shall have the responsibility for the investment
10 management of the assets of the retirement systems administered by the
11 Public Employees Retirement Board as provided in section 84-1503, the
12 assets of the Nebraska educational savings plan trust created pursuant to
13 sections 85-1801 to 85-1814, ~~and~~ the assets of the achieving a better
14 life experience program pursuant to sections 77-1401 to 77-1409, and
15 beginning January 1, 2017, the assets of each retirement system provided
16 for under the Class V School Employees Retirement Act. Except as provided
17 in subsection (4) of this section, the ~~The~~ appointed members shall be
18 deemed fiduciaries with respect to the investment of the assets of the
19 retirement systems, of the Nebraska educational savings plan trust, and
20 of the achieving a better life experience program and shall be held to
21 the standard of conduct of a fiduciary specified in subsection (3) of
22 this section. The nonvoting, ex officio members of the council shall not
23 be deemed fiduciaries.

24 (b) As fiduciaries, the appointed members of the council and the
25 state investment officer shall discharge their duties with respect to the
26 assets of the retirement systems, of the Nebraska educational savings
27 plan trust, and of the achieving a better life experience program solely
28 in the interests of the members and beneficiaries of the retirement
29 systems or the interests of the participants and beneficiaries of the
30 Nebraska educational savings plan trust and the achieving a better life
31 experience program, as the case may be, for the exclusive purposes of

1 providing benefits to members, members' beneficiaries, participants, and
2 participants' beneficiaries and defraying reasonable expenses incurred
3 within the limitations and according to the powers, duties, and purposes
4 prescribed by law.

5 (2)(a) The appointed members of the council ~~Nebraska Investment~~
6 ~~Council~~ shall have the responsibility for the investment management of
7 the assets of state funds. The appointed members shall be deemed
8 fiduciaries with respect to the investment of the assets of state funds
9 and shall be held to the standard of conduct of a fiduciary specified in
10 subsection (3) of this section. The nonvoting, ex officio members of the
11 council shall not be deemed fiduciaries.

12 (b) As fiduciaries, the appointed members of the council and the
13 state investment officer shall discharge their duties with respect to the
14 assets of state funds solely in the interests of the citizens of the
15 state within the limitations and according to the powers, duties, and
16 purposes prescribed by law.

17 (3) The appointed members of the council shall act with the care,
18 skill, prudence, and diligence under the circumstances then prevailing
19 that a prudent person acting in like capacity and familiar with such
20 matters would use in the conduct of an enterprise of a like character and
21 with like aims by diversifying the investments of the assets of the
22 retirement systems, the Nebraska educational savings plan trust, the
23 achieving a better life experience program, and state funds so as to
24 minimize risk of large losses, unless in light of such circumstances it
25 is clearly prudent not to do so. No assets of the retirement systems, the
26 Nebraska educational savings plan trust, or the achieving a better life
27 experience program shall be invested or reinvested if the sole or primary
28 investment objective is for economic development or social purposes or
29 objectives.

30 (4) Neither the appointed members of the council nor the state
31 investment officer shall be deemed fiduciaries with respect to

1 investments of the assets of a retirement system provided for under the
2 Class V School Employees Retirement Act made by or on behalf of the board
3 of education as defined in section 79-978 or the board of trustees
4 provided for in section 79-980. Neither the council nor any member
5 thereof nor the state investment officer shall be liable for the action
6 or inaction of the board of education or the board of trustees with
7 respect to the investment of the assets of a retirement system provided
8 for under the Class V School Employees Retirement Act, the consequences
9 of any such action or inaction of the board of education or the board of
10 trustees, and any claims, suits, losses, damages, fees, and costs related
11 to such action or inaction or consequences thereof.

12 Sec. 5. Section 72-1243, Revised Statutes Cumulative Supplement,
13 2014, is amended to read:

14 72-1243 (1) Except as otherwise specifically provided by law, the
15 state investment officer shall direct the investment and reinvestment of
16 money in all state funds not currently needed and all funds described in
17 section 83-133 and order the purchase, sale, or exchange of securities
18 for such funds. He or she shall notify the State Treasurer of any
19 payment, receipt, or delivery that may be required as a result of any
20 investment decision, which notification shall be the authorization and
21 direction for the State Treasurer to make such disbursement, receipt, or
22 delivery from the appropriate fund.

23 (2) The council shall have an analysis made of the investment
24 returns that have been achieved on the assets of each retirement system
25 administered by the Public Employees Retirement Board as provided in
26 section 84-1503 and, beginning January 1, 2017, on the assets of each
27 retirement system provided for under the Class V School Employees
28 Retirement Act. By March 31 of each year, the analysis shall be presented
29 to the board and the Nebraska Retirement Systems Committee of the
30 Legislature. The analysis shall be prepared by an independent
31 organization which has demonstrated expertise to perform this type of

1 analysis and for which there exists no conflict of interest in the
2 analysis being provided. The analysis may be waived by the council for
3 any retirement system with assets of less than one million dollars.

4 (3) By March 31 of each year, the council shall prepare a written
5 plan of action and shall present such plan to the Nebraska Retirement
6 Systems Committee of the Legislature at a public hearing. The plan shall
7 include, but not be limited to, the council's investment portfolios,
8 investment strategies, the duties and limitations of the state investment
9 officer, and an organizational structure of the council's office.

10 Sec. 6. Section 72-1249, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 72-1249 (1) Any expenses with respect to the purchase, sale, or
13 exchange of any security shall be charged to the fund or funds on behalf
14 of which such purchase, sale, or exchange was made. All other expenses of
15 the state investment officer shall be paid out of appropriations for the
16 office of the state investment officer.

17 (2) Beginning on the operative date of this section, any expenses
18 with respect to the transfer to and assumption by the council and the
19 state investment officer of the duty and authority to invest the assets
20 of a retirement system provided for under the Class V School Employees
21 Retirement Act shall be charged to the Class V School Employees
22 Retirement Fund established in section 79-9,115. Such expenses shall be
23 paid without the approval of the board of education as defined in section
24 79-978 or the board of trustees provided for in section 79-980.

25 (3) The Class V School Employees Retirement Cash Fund is created.
26 The fund shall be administered by the council. The fund shall consist of
27 funds received for costs, fees, and expenses incurred by the council and
28 the state investment officer for duties and authority related to the
29 investment and reinvestment of the assets of a retirement system provided
30 for under the Class V School Employees Retirement Act. Any money in the
31 fund available for investment shall be invested by the state investment

1 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
2 State Funds Investment Act.

3 (4) Management, custodial, and service costs which are a direct
4 expense of investing the assets of a retirement system provided for under
5 the Class V School Employees Retirement Act may be paid from the income
6 of such assets when it is not prohibited by statute or the Constitution
7 of Nebraska. For purposes of this section, management, custodial, and
8 service costs include investment counsel fees for managing assets, real
9 estate mortgage loan service fees, real estate management fees, and
10 custody fees for fund securities. All such fees shall be approved by the
11 council and the state investment officer.

12 Sec. 7. Section 72-1249.02, Reissue Revised Statutes of Nebraska, is
13 amended to read:

14 72-1249.02 The State Investment Officer's Cash Fund is created. A
15 pro rata share of the budget appropriated for the council ~~Nebraska~~
16 ~~Investment Council~~ shall be charged to the income of each fund managed,
17 and such charges shall be transferred to the State Investment Officer's
18 Cash Fund. The allocation of charges may be made by any method determined
19 to be reasonably related to actual costs incurred by the council ~~Nebraska~~
20 ~~Investment Council~~. Approval of the agencies and boards administering
21 these funds shall not be required.

22 It is the intent of this section to have funds managed by the state
23 investment officer pay a pro rata share of the investment management
24 expense when this is not prohibited by statute or the constitution.

25 Management, custodial, and service costs which are a direct expense
26 of state funds may be paid from the income of such funds when this is not
27 prohibited by statute or the Constitution of Nebraska ~~constitution~~. For
28 purposes of this section, management, custodial, and service costs shall
29 include, but not be limited to, investment counsel fees for managing
30 assets, real estate mortgage loan service fees, real estate management
31 fees, and custody fees for fund securities. All such fees shall be

1 approved by the council ~~Nebraska Investment Council~~ and the state
2 investment officer.

3 Beginning on the operative date of this section, a pro rata share of
4 the budget appropriated for the council shall be charged to the income of
5 the Class V School Employees Retirement Fund, and such charges shall be
6 transferred to the State Investment Officer's Cash Fund. The allocation
7 of charges among a retirement system provided for under the Class V
8 School Employees Retirement Act and the other funds managed by the
9 council may be made by any method determined to be reasonably related to
10 actual costs incurred by the council. Approval of the board of education
11 as defined in section 79-978 and the board of trustees provided for in
12 section 79-980 shall not be required.

13 Sec. 8. Section 79-916, Reissue Revised Statutes of Nebraska, is
14 amended to read:

15 79-916 (1)(a) On July 1, 2004, the board shall transfer from the
16 School Retirement Fund to the Service Annuity Fund an amount equal to the
17 funded ratio of the retirement system which is equal to the market value
18 of the retirement system assets divided by the actuarial accrued
19 liability of the retirement system, times the actuarial accrued liability
20 of the service annuity, as determined pursuant to section 79-966.01, of
21 the employees who are members of the retirement system established
22 pursuant to the Class V School Employees Retirement Act. Beginning July
23 1, 2013, such actuarial accrued liability shall be determined for each
24 employee on a level percentage of salary basis. On or before July 1 of
25 each fiscal year, the state shall deposit into the Service Annuity Fund
26 such amounts as may be necessary to pay the normal cost and amortize the
27 unfunded actuarial accrued liability of the service annuity, as
28 determined pursuant to section 79-966.01, as of the end of the previous
29 fiscal year of the employees who are members of the retirement system
30 established pursuant to the Class V School Employees Retirement Act.
31 Based on the fiscal year of the retirement system established pursuant to

1 the Class V School Employees Retirement Act, the administrator of such
2 system shall provide all membership information needed for the actuary
3 engaged by the retirement board to determine the normal cost and the
4 amortization payment of the unfunded actuarial accrued liability, as
5 determined pursuant to section 79-966.01, to be paid by the state to the
6 Service Annuity Fund each fiscal year as required by this subdivision.

7 (b) At the time of retirement of any employee who is a member of the
8 retirement system established pursuant to the Class V School Employees
9 Retirement Act and who was hired prior to July 1, 2016, the retirement
10 board shall, upon receipt of a certification of the administrator of such
11 retirement system of the name, identification number, date of birth,
12 retirement date, last date of employment, type of retirement, and number
13 of years of service credited to such eligible employee at the date of
14 retirement, transfer to such retirement system from the Service Annuity
15 Fund the actuarial accrued liability of the service annuity to be paid by
16 the state to the eligible employee for the years of service thus
17 certified as provided for members of the School Employees Retirement
18 System of the State of Nebraska under sections 79-933 and 79-952. Such
19 transfer of the actuarial accrued liability to the retirement system
20 established pursuant to the Class V School Employees Retirement Act shall
21 be in lieu of the payment of the service annuity to which the employee
22 would be entitled.

23 (c) The Service Annuity Fund is created. The fund shall consist of
24 the amounts paid by the state and transferred from the School Retirement
25 Fund pursuant to this section to pay the service annuity to be paid by
26 the state to employees who are members of the retirement system
27 established pursuant to the Class V School Employees Retirement Act. Any
28 money in the Service Annuity Fund available for investment shall be
29 invested by the state investment officer pursuant to the Nebraska Capital
30 Expansion Act and the Nebraska State Funds Investment Act.

31 (2) In addition to the transfer of the actuarial accrued liability

1 of the service annuity to be paid by the state, the state shall also
2 transfer to the funds of the Class V school district's retirement system
3 an amount determined by multiplying the compensation of all members of
4 such retirement system by the percent specified in subsection (2) of
5 section 79-966 for determining the amount of the state's payment to the
6 School Retirement Fund plus the amount determined under subdivision (1)
7 (b) of section 79-966. The transfer shall be made annually on or before
8 July 1 of each fiscal year.

9 Sec. 9. Section 79-931, Reissue Revised Statutes of Nebraska, is
10 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 Upon filing a retirement
22 application with the retirement system, a member who has completed
23 thirty-five years of creditable service may retire at any age, a member
24 who has completed at least five years of (a) creditable service plus (b)
25 eligibility and vesting credit and is at least sixty years of age may
26 retire, or a member who is at least sixty-five years of age upon
27 termination may retire.

28 (2) A member hired on or after July 1, 2016, or a member who has
29 taken a refund or retirement and is rehired or hired by a separate
30 employer covered by the retirement system on or after July 1, 2016, upon
31 filing a retirement application with the retirement system, may retire

1 (a) at any age if the member has completed thirty-five years of
2 creditable service, (b) if the member is at least fifty-five years of age
3 and the sum of the member's attained age and creditable service totals
4 eighty-five, or (c) if the member is at least sixty years of age and has
5 completed at least five years of creditable service ~~Upon filing a~~
6 ~~retirement application with the retirement system, a member may retire~~
7 ~~upon termination if the member is at least fifty-five years of age, has~~
8 ~~acquired the equivalent of one-half year of service as a public school~~
9 ~~employee under the retirement system following July 1, 1997, and was a~~
10 ~~school employee on or after March 4, 1998, and the sum of the member's~~
11 ~~attained age and creditable service totals eighty-five.~~

12 Sec. 10. Section 79-934, Revised Statutes Supplement, 2015, is
13 amended to read:

14 79-934 (1) In lieu of the school retirement allowance provided by
15 section 79-933, any member who is not an employee of a Class V school
16 district and who becomes eligible to make application for and receive a
17 school retirement allowance under section 79-931 may receive a formula
18 annuity retirement allowance if it is greater than the school retirement
19 allowance provided by section 79-933.

20 (2) Subject to the other provisions of this section, the monthly
21 formula annuity in the normal form shall be determined by multiplying the
22 number of years of creditable service for which such member would
23 otherwise receive the service annuity provided by section 79-933 by (a)
24 one and one-quarter percent of his or her final average compensation for
25 a member who has acquired the equivalent of one-half year of service or
26 more as a public school employee under the retirement system following
27 August 24, 1975, (b) one and one-half percent of his or her final average
28 compensation for a member who has acquired the equivalent of one-half
29 year of service or more as a public school employee under the retirement
30 system following July 17, 1982, (c) one and sixty-five hundredths percent
31 of his or her final average compensation for a member who has acquired

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

1 to May 2, 2001.

2 (3) If the annuity begins on or after the sixty-fifth birthday of a
3 member, the annuity shall not be reduced. If the annuity begins prior to
4 the sixty-fifth birthday of the member and the member has completed
5 thirty or more years of creditable service and is at least sixty years of
6 age, the annuity shall not be reduced. If the annuity begins prior to the
7 sixtieth birthday of the member and the member has completed thirty-five
8 or more years of creditable service, the annuity shall be actuarially
9 reduced on the basis of age sixty-five. If the annuity begins on or after
10 the sixtieth birthday of the member and the member has completed at least
11 a total of five years of (a) creditable service plus (b) eligibility and
12 vesting credit but less than thirty years of creditable service, the
13 annuity shall be reduced by three percent for each year by which the
14 member's age is less than the age at which the member's age plus years of
15 creditable service would have totaled ninety or three percent for each
16 year after the member's sixtieth birthday and prior to his or her sixty-
17 fifth birthday, whichever provides the greater annuity.

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

28 (b) For retirements for a member hired on or after July 1, 2016, or
29 for a member who has taken a refund or retirement and is rehired or hired
30 by a separate employer covered by the retirement system on or after July
31 1, 2016, if the annuity begins at a time when the sum of the member's

1 attained age and creditable service totals eighty-five and the member is
2 at least fifty-five years of age, the annuity shall not be reduced. This
3 subdivision shall only apply to a member who has acquired the equivalent
4 of five years of service or more as a school employee under the
5 retirement system.

6 (5) Except as provided in section 42-1107, the normal form of the
7 formula annuity shall be an annuity payable monthly during the remainder
8 of the member's life with the provision that in the event of his or her
9 death before sixty monthly payments have been made the monthly payments
10 will be continued to his or her estate or to the beneficiary he or she
11 has designated until sixty monthly payments have been made. Except as
12 provided in section 42-1107, a member may elect to receive in lieu of the
13 normal form of annuity an actuarially equivalent annuity in any optional
14 form provided by section 79-938.

15 (6) All formula annuities shall be paid from the School Retirement
16 Fund.

17 (7)(a)(i) For purposes of this section, in the determination of
18 compensation for members on or after July 1, 2005, that part of a
19 member's compensation for the plan year which exceeds the member's
20 compensation with the same employer for the preceding plan year by more
21 than seven percent of the compensation base during the sixty months
22 preceding the member's retirement shall be excluded unless (A) the member
23 experienced a substantial change in employment position, (B) as verified
24 by the school board, the excess compensation above seven percent occurred
25 as the result of a collective-bargaining agreement between the employer
26 and a recognized collective-bargaining unit or category of school
27 employee, and the percentage increase in compensation above seven percent
28 shall not be excluded for employees outside of a collective-bargaining
29 unit or within the same category of school employee, or (C) the excess
30 compensation occurred as the result of a districtwide permanent benefit
31 change made by the employer for a category of school employee in

1 accordance with subdivision (35)(a)(iv) of section 79-902.

2 (ii) For purposes of subdivision (7)(a) of this section:

3 (A) Category of school employee means either all employees of the
4 employer who are administrators or certificated teachers, or all
5 employees of the employer who are not administrators or certificated
6 teachers, or both;

7 (B) Compensation base means (I) for current members, employed with
8 the same employer, the member's compensation for the plan year ending
9 June 30, 2005, or (II) for members newly hired or hired by a separate
10 employer on or after July 1, 2005, the member's compensation for the
11 first full plan year following the member's date of hiring. Thereafter,
12 the member's compensation base shall be increased each plan year by the
13 lesser of seven percent of the member's preceding plan year's
14 compensation base or the member's actual annual compensation increase
15 during the preceding plan year; and

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

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

24 (ii) For purposes of subdivision (7)(b) of this section,
25 compensation base means (A) for current members employed with the same
26 employer, the member's compensation for the plan year ending June 30,
27 2012, or (B) for members newly hired or hired by a separate employer on
28 or after July 1, 2012, the member's compensation for the first full plan
29 year following the member's date of hiring.

30 (c)(i) In the determination of compensation for members whose
31 retirement date is on or after July 1, 2013, that part of a member's

1 compensation for the plan year which exceeds the member's compensation
2 for the preceding plan year by more than eight percent during the capping
3 period shall be excluded. Such member's compensation for the first plan
4 year of the capping period shall be compared to the member's compensation
5 received for the plan year immediately preceding the capping period.

6 (ii) For purposes of subdivision (7)(c) of this section:

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

10 (B) Final compensation date means the later of (I) the date on which
11 a retiring member's final compensation is actually paid or (II) if a
12 retiring member's final compensation is paid in advance as a lump sum,
13 the date on which such final compensation would have been paid to the
14 member in the absence of such advance payment.

15 Sec. 11. Section 79-935, Reissue Revised Statutes of Nebraska, is
16 amended to read:

17 79-935 No provision of section 79-916, 79-934, 79-958, 79-960, or
18 79-966 which would result in an increase in benefits that would have been
19 payable prior to July 1, 1984, shall apply to any person until that
20 person has acquired the equivalent of one-half year of service or more as
21 a school employee under the retirement system following July 1, 1984.

22 No provision of section 79-934, 79-957, 79-958, or 79-960 which
23 would result in an increase in benefits that would have been payable
24 prior to July 1, 1986, shall apply to any person until that person has
25 acquired the equivalent of one-half year of service or more as a school
26 employee under the retirement system following July 1, 1986.

27 No provision of section 79-934, 79-957, 79-958, or 79-960 which
28 would result in an increase in benefits that would have been payable
29 prior to April 1, 1988, shall apply to any person unless he or she is
30 employed on such date and has acquired five hundred sixteen or more hours
31 as a school employee under the retirement system during or after fiscal

1 year 1987-88.

2 No provision of section 79-916, 79-934, 79-957, 79-958, 79-960, or
3 79-966 which would result in an increase in benefits that would have been
4 payable prior to July 1, 2016, shall apply to any person until that
5 person has acquired the equivalent of five years of service or more as a
6 school employee under the retirement system following July 1, 2016.

7 Sec. 12. Section 79-954, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 79-954 ~~If (1) Except as provided in subsection (2) of this section,~~
10 ~~if a disability beneficiary under the age of sixty-five years is restored~~
11 ~~to active service as a school employee or if the examining physician~~
12 ~~certifies that the person is no longer disabled for service as a school~~
13 ~~employee, the school or disability retirement allowance shall cease. If~~
14 ~~the beneficiary again becomes a school employee, he or she shall become a~~
15 ~~member of the retirement system. Any prior service certificate, on the~~
16 ~~basis of which his or her creditable service was computed at the time of~~
17 ~~his or her retirement for disability, shall be restored to full force and~~
18 ~~effect upon his or her again becoming a member of such retirement system.~~

19 ~~(2) If a disability beneficiary under the age of sixty-five years~~
20 ~~obtains employment as a school employee and the examining physician~~
21 ~~certifies that the beneficiary has a permanent disability, the~~
22 ~~beneficiary shall retain his or her disability retirement allowance if~~
23 ~~the beneficiary works fewer than twenty hours per week.~~

24 Sec. 13. Section 79-966, Reissue Revised Statutes of Nebraska, is
25 amended to read:

26 79-966 (1)(a) On the basis of all data in the possession of the
27 retirement board, including such mortality and other tables as are
28 recommended by the actuary engaged by the retirement board and adopted by
29 the retirement board, the retirement board shall annually, on or before
30 July 1, determine the state deposit to be made by the state in the School
31 Retirement Fund for that fiscal year. The amount of such state deposit

1 shall be determined pursuant to section 79-966.01. The retirement board
2 shall thereupon certify the amount of such state deposit, and on the
3 warrant of the Director of Administrative Services, the State Treasurer
4 shall, as of July 1 of such year, transfer from funds appropriated by the
5 state for that purpose to the School Retirement Fund the amount of such
6 state deposit.

7 (b) Beginning July 1, 2016, the contingent state deposit described
8 in this subsection shall be calculated as a percent of compensation of
9 all members of the retirement system. For any year in which a deposit is
10 made to the School Retirement Fund under this subsection, if the actuary
11 employed by the Class V school district's retirement system determines
12 that the actuarially required contribution rate, for the fiscal year of
13 the retirement system that begins before the state deposit, exceeds the
14 rate of all contributions required pursuant to the Class V School
15 Employees Retirement Act, using the thirty-year amortization period
16 specified in section 79-966.01, the Class V district school board may
17 request a public hearing of the Appropriations Committee of the
18 Legislature to ask the state to transfer to the funds of the Class V
19 school district's retirement system an amount determined by multiplying
20 the compensation of all members of such retirement system by the lesser
21 of the percent of compensation deposited into the School Retirement Fund
22 under this subsection or the percent of compensation of the members of
23 the Class V school district's retirement system needed to meet the
24 actuarially required contribution rate for the Class V school district's
25 retirement system, using the thirty-year amortization period specified in
26 section 79-966.01. Any additional amount of transfer so calculated,
27 recommended by the Appropriations Committee of the Legislature and
28 approved by the Legislature, shall be added to the two percent specified
29 in subsection (2) of this section for the amount required by subsection
30 (2) of section 79-916 to be transferred to the funds of the Class V
31 school district's retirement system.

1 ~~(2) For each fiscal year beginning July 1, 2009, until July 1, 2014,~~
2 ~~in addition to the state deposits required by subsections (1) and (3) of~~
3 ~~this section, the state shall deposit in the School Retirement Fund an~~
4 ~~amount equal to one percent of the compensation of all members of the~~
5 ~~retirement system.~~ For each fiscal year beginning July 1, 2014, in
6 addition to the state deposits required by subsections (1) and (3) of
7 this section, the state shall deposit in the School Retirement Fund an
8 amount equal to two percent of the compensation of all members of the
9 retirement system.

10 (3) In addition to the state deposits required by subsections (1)
11 and (2) of this section, beginning on July 1, 2005, and each fiscal year
12 thereafter for employees who become members prior to July 1, 2016, the
13 state shall deposit in the Service Annuity Fund such amounts as may be
14 necessary to pay the normal cost and amortize the unfunded actuarial
15 accrued liability of the service annuity benefit established pursuant to
16 sections 79-933 and 79-952 as accrued through the end of the previous
17 fiscal year of the school employees who are members of the retirement
18 system established pursuant to the Class V School Employees Retirement
19 Act.

20 Sec. 14. Section 79-978, Revised Statutes Supplement, 2015, is
21 amended to read:

22 79-978 For purposes of the Class V School Employees Retirement Act,
23 unless the context otherwise requires:

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

27 (2) Board of education means the board of education of the school
28 district;

29 (3) Trustee means a trustee provided for in section 79-980;

30 (4) Employee means the following enumerated persons receiving
31 compensation from the school district: (a) Regular teachers and

1 administrators employed on a written contract basis; and (b) regular
2 employees, not included in subdivision (4)(a) of this section, hired upon
3 a full-time basis, which basis shall contemplate a workweek of not less
4 than thirty hours;

5 (5) Member means any employee included in the membership of the
6 retirement system or any former employee who has made contributions to
7 the system and has not received a refund;

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

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

11 (8) Membership service means service on or after September 1, 1951,
12 as an employee of the school district and a member of the system for
13 which compensation is paid by the school district. Credit for more than
14 one year of membership service shall not be allowed for service rendered
15 in any fiscal year. Beginning September 1, 2005, a member shall be
16 credited with a year of membership service for each fiscal year in which
17 the member performs one thousand or more hours of compensated service as
18 an employee of the school district. An hour of compensated service shall
19 include any hour for which the member is compensated by the school
20 district during periods where no service is performed due to vacation or
21 approved leave. If a member performs less than one thousand hours of
22 compensated service during a fiscal year, one-tenth of a year of
23 membership service shall be credited for each one hundred hours of
24 compensated service by the member in such fiscal year. In determining a
25 member's total membership service, all periods of membership service,
26 including fractional years of membership service in one-tenth-year
27 increments, shall be aggregated;

28 (9) Prior service means service rendered prior to September 1, 1951,
29 for which credit is allowed under section 79-999, service rendered by
30 retired employees receiving benefits under preexisting systems, and
31 service for which credit is allowed under sections 79-990, 79-991,

1 79-994, 79-995, and 79-997;

2 (10) Creditable service means the sum of the membership service and
3 the prior service, measured in one-tenth-year increments;

4 (11)(a) Compensation means gross wages or salaries payable to the
5 member during a fiscal year and includes (i) overtime pay, (ii) member
6 contributions to the retirement system that are picked up under section
7 414(h) of the Internal Revenue Code, as defined in section 49-801.01,
8 (iii) retroactive salary payments paid pursuant to court order,
9 arbitration, or litigation and grievance settlements, and (iv) amounts
10 contributed by the member to plans under sections 125, 403(b), and 457 of
11 the Internal Revenue Code, as defined in section 49-801.01, or any other
12 section of the code which defers or excludes such amounts from income.

13 (b) Compensation does not include (i) fraudulently obtained amounts
14 as determined by the board, (ii) amounts for unused sick leave or unused
15 vacation leave converted to cash payments, (iii) insurance premiums
16 converted into cash payments, (iv) reimbursement for expenses incurred,
17 (v) fringe benefits, (vi) per diems paid as expenses, (vii) bonuses for
18 services not actually rendered, including, but not limited to, early
19 retirement inducements, cash awards, and severance pay, or (viii)
20 employer contributions made for the purposes of separation payments made
21 at retirement and early retirement inducements as provided for in section
22 79-514.

23 (c) Compensation in excess of the limitations set forth in section
24 401(a)(17) of the Internal Revenue Code, as defined in section 49-801.01,
25 shall be disregarded;

26 (12) Military service means service in the uniformed services as
27 defined in 38 U.S.C. 4301 et seq., as such provision existed on March 27,
28 1997;

29 (13) Accumulated contributions means the sum of amounts contributed
30 by a member of the system together with regular interest credited
31 thereon;

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

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

16 (16 15) Retirement date means the date of retirement of a member for
17 service or disability as fixed by the board of trustees;

18 (17 16) Normal retirement date means the end of the month during
19 which the member attains age sixty-five and has completed at least five
20 years of membership service;

21 (18 17) Early retirement date means, for members hired prior to July
22 1, 2016, who have attained age fifty-five, that month and year selected
23 by a member having at least ten years of creditable service which
24 includes a minimum of five years of membership service. Early retirement
25 date means, for members hired on or after July 1, 2016, that month and
26 year selected by a member having at least five years of creditable
27 service and who has attained age sixty and who has attained age fifty-
28 five;

29 (19 18) Retirement allowance means the total annual retirement
30 benefit payable to a member for service or disability;

31 (20 19) Annuity means annual payments, for both prior service and

1 membership service, for life as provided in the Class V School Employees
2 Retirement Act;

3 (~~21~~ 20) Actuarial tables means:

4 (a) For determining the actuarial equivalent of any annuities other
5 than joint and survivorship annuities, a unisex mortality table using
6 twenty-five percent of the male mortality and seventy-five percent of the
7 female mortality from the 1994 Group Annuity Mortality Table with a One
8 Year Setback and using an interest rate of eight percent compounded
9 annually; and

10 (b) For joint and survivorship annuities, a unisex retiree mortality
11 table using sixty-five percent of the male mortality and thirty-five
12 percent of the female mortality from the 1994 Group Annuity Mortality
13 Table with a One Year Setback and using an interest rate of eight percent
14 compounded annually and a unisex joint annuitant mortality table using
15 thirty-five percent of the male mortality and sixty-five percent of the
16 female mortality from the 1994 Group Annuity Mortality Table with a One
17 Year Setback and using an interest rate of eight percent compounded
18 annually;

19 (~~22~~ 21) Actuarial equivalent means the equality in value of the
20 retirement allowance for early retirement or the retirement allowance for
21 an optional form of annuity, or both, with the normal form of the annuity
22 to be paid, as determined by the application of the appropriate actuarial
23 table, except that use of such actuarial tables shall not effect a
24 reduction in benefits accrued prior to September 1, 1985, as determined
25 by the actuarial tables in use prior to such date;

26 (~~23~~ 22) Fiscal year means the period beginning September 1 in any
27 year and ending on August 31 of the next succeeding year;

28 (24) Audit year means the period beginning January 1 in any year and
29 ending on December 31 of that same year except for the initial audit year
30 which will begin September 1, 2016, and end on December 31, 2016.
31 Beginning September 1, 2016, the audit year will be the period of time

1 used in the preparation of the annual actuarial analysis and valuation
2 and a financial audit of the investments of the retirement system;

3 (25 23) Primary beneficiary means the person or persons entitled to
4 receive or receiving a benefit by reason of the death of a member; ~~and~~

5 (26 24) Secondary beneficiary means the person or persons entitled
6 to receive or receiving a benefit by reason of the death of all primary
7 beneficiaries prior to the death of the member. If no primary beneficiary
8 survives the member, secondary beneficiaries shall be treated in the same
9 manner as primary beneficiaries; -

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

12 (28) State investment officer means the state investment officer
13 appointed pursuant to section 72-1240 and acting pursuant to the Nebraska
14 State Funds Investment Act.

15 Sec. 15. Section 79-978.01, Reissue Revised Statutes of Nebraska, is
16 amended to read:

17 79-978.01 Sections 79-978 to 79-9,118 and sections 20, 21, 34, and
18 46 of this act shall be known and may be cited as the Class V School
19 Employees Retirement Act.

20 Sec. 16. Section 79-979, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 79-979 (1) Prior to September 13, 1997, in each Class V school
23 district in the State of Nebraska there is hereby established a separate
24 retirement system for all regular employees of such school district. Such
25 system shall be for the purpose of providing retirement benefits for all
26 regular employees of the school district as provided in the Class V
27 School Employees Retirement Act. The system shall be known as School
28 Employees' Retirement System of (corporate name of the school district as
29 described in section 79-405). All of its business shall be transacted,
30 all of its funds shall be invested, and all of its cash and securities
31 and other property shall be held in trust on behalf of the retirement

1 ~~system by such name~~ for the purposes set forth in the act. Such funds
2 shall be kept separate from all other funds of the school district and
3 shall be used for no other purpose.

4 (2) Except as provided in subsection (3) of this section, if any new
5 Class V school districts are formed after September 13, 1997, such new
6 Class V school district shall elect to become or remain a part of the
7 retirement system established pursuant to the School Employees Retirement
8 Act.

9 (3) Any new Class V school districts formed pursuant to the Learning
10 Community Reorganization Act shall continue to participate in the
11 retirement system established pursuant to the Class V School Employees
12 Retirement Act if such new Class V school district was formed at least in
13 part by territory that had been in a Class V school district that
14 participated in the retirement system established pursuant to the Class V
15 School Employees Retirement Act.

16 Sec. 17. Section 79-980, Reissue Revised Statutes of Nebraska, is
17 amended to read:

18 79-980 (1) At any time that the retirement system consists of only
19 one Class V school district, the general administration of the retirement
20 system is hereby vested in the board of trustees. Beginning July 1, 2016,
21 the board of trustees shall consist of the following individuals: (a) Two
22 members of the retirement system who are certificated staff elected by
23 the members of the retirement system who are certificated staff; (b) one
24 member of the retirement system who is classified staff elected by the
25 members of the retirement system who are classified staff; (c) one member
26 of the retirement system who is an annuitant elected by the members of
27 the retirement system who are annuitants; (d) the superintendent of
28 schools or his or her designee to serve as a voting, ex officio trustee;
29 and (e) two business persons approved by the board of education qualified
30 in financial affairs who are not members of the retirement system. The
31 business person trustees shall be recommended to four-year terms by the

1 trustees who are not business persons, and the appointments shall be
2 approved by the board of education. The elections of the trustees who are
3 members of the retirement system shall be arranged for, managed, and
4 conducted by the board of trustees and, after the initial terms as
5 otherwise designated, shall be for terms of four years. One certificated
6 staff trustee serving on the operative date of this section will continue
7 serving until an elected certificated staff trustee will take position
8 effective July 1, 2017; the second certificated staff trustee serving on
9 the operative date of this section will continue serving until a second
10 elected certificated staff trustee will take position July 1, 2018; the
11 classified staff trustee serving on the operative date of this section
12 will continue serving until an elected classified staff trustee will take
13 position July 1, 2019; the annuitant member trustee serving on the
14 operative date of this section will continue serving until an elected
15 annuitant member trustee will take position July 1, 2020; one business
16 member trustee serving on the operative date of this section will
17 continue serving until a new term of office begins effective July 1,
18 2018; and the second business member trustee serving on the operative
19 date of this section will continue serving until a new term of office
20 begins effective July 1, 2020. The terms of the elected trustees shall be
21 fixed so that one member trustee election shall be held each year. The
22 board of trustees shall appoint a qualified individual to fill any
23 vacancy on the board of trustees for the remainder of the unexpired term.
24 No vacancy or vacancies on the board of trustees shall impair the power
25 of the remaining trustees to administer the retirement system pending the
26 filling of such vacancy or vacancies. The trustees shall serve without
27 compensation, but shall be reimbursed from the funds of the retirement
28 system for expenses that they may incur through service on the board of
29 trustees as provided in sections 81-1174 to 81-1177. A trustee shall
30 serve until a successor qualifies, except that a trustee who is a member
31 of the retirement system shall be disqualified as a trustee immediately

1 upon ceasing to be a member of the retirement system. Each trustee shall
2 be entitled to one vote on the board of trustees, and four trustees shall
3 constitute a quorum for the transaction of any business. The board of
4 trustees and the administrator of the retirement system shall administer
5 the retirement system in compliance with the tax-qualification
6 requirements applicable to government retirement plans under section
7 401(a) of the Internal Revenue Code, as defined in section 49-801.01,
8 including: Section 401(a)(9) of the Internal Revenue Code relating to the
9 time and manner in which benefits are required to be distributed,
10 including the incidental death benefit distribution requirement of
11 section 401(a)(9)(G) of the Internal Revenue Code; section 401(a)(25) of
12 the Internal Revenue Code relating to the specification of actuarial
13 assumptions; section 401(a)(31) of the Internal Revenue Code relating to
14 direct rollover distributions from eligible retirement plans; and section
15 401(a)(37) of the Internal Revenue Code relating to the death benefit of
16 a member whose death occurs while performing qualified military service.
17 No member of the board of education or board of trustees shall be
18 personally liable, except in cases of willful dishonesty, gross
19 negligence, or intentional violations of law, for actions relating to his
20 or her retirement system duties. Beginning July 1, 2016, the board of
21 education shall not have any duty or responsibility for the general
22 administration of the retirement system, including the determination and
23 calculation of the benefits of any member or beneficiary, except as may
24 specifically be provided in the Class V School Employees Retirement Act
25 ~~At any time that the retirement system consists of only one Class V~~
26 ~~school district, the general administration of the retirement system is~~
27 ~~hereby vested in the board of education. The board shall appoint, by a~~
28 ~~majority of all its members, ten trustees to serve as executive officers~~
29 ~~to administer the Class V School Employees Retirement Act. Such trustees~~
30 ~~shall consist of (a) the superintendent of schools, as ex officio~~
31 ~~trustee, (b) four members of the retirement system, two from the~~

1 ~~certificated staff, one from the classified staff, and one from the~~
2 ~~annuitants, (c) three members of the board of education, and (d) two~~
3 ~~trustees who are business persons qualified in financial affairs and who~~
4 ~~are not members of the retirement system. The trustees shall serve~~
5 ~~without compensation, but they shall be reimbursed from the funds of the~~
6 ~~retirement system for expenses that they may incur through service on the~~
7 ~~board of trustees as provided in sections 81-1174 to 81-1177. A trustee~~
8 ~~shall serve until a successor qualifies, except that trustees who are~~
9 ~~members of the retirement system or members of the board of education~~
10 ~~shall be disqualified as trustees immediately upon ceasing to be a member~~
11 ~~of the retirement system or of the board of education. Each trustee shall~~
12 ~~be entitled to one vote on the board of trustees, and six trustees shall~~
13 ~~constitute a quorum for the transaction of any business. The trustees who~~
14 ~~are appointed from the board of education and the membership shall be~~
15 ~~appointed for each fiscal year. The two trustees who are not members of~~
16 ~~the board of education or of the retirement system shall be appointed for~~
17 ~~three fiscal years each. The trustees and the administrator of the~~
18 ~~retirement system shall administer the retirement system in compliance~~
19 ~~with the tax-qualification requirements applicable to government~~
20 ~~retirement plans under section 401(a) of the Internal Revenue Code, as~~
21 ~~defined in section 49-801.01, including: Section 401(a)(9) of the~~
22 ~~Internal Revenue Code relating to the time and manner in which benefits~~
23 ~~are required to be distributed, including the incidental death benefit~~
24 ~~distribution requirement of section 401(a)(9)(G) of the Internal Revenue~~
25 ~~Code; section 401(a)(25) of the Internal Revenue Code relating to the~~
26 ~~specification of actuarial assumptions; section 401(a)(31) of the~~
27 ~~Internal Revenue Code relating to direct rollover distributions from~~
28 ~~eligible retirement plans; and section 401(a)(37) of the Internal Revenue~~
29 ~~Code relating to the death benefit of a member whose death occurs while~~
30 ~~performing qualified military service. No member of the board of~~
31 ~~education or trustee shall be personally liable, except in cases of~~

1 ~~willful dishonesty, gross negligence, or intentional violations of law,~~
2 ~~for actions relating to his or her retirement system duties.~~

3 (2) At any time that the retirement system consists of more than one
4 Class V school district, the general administration of the retirement
5 system is hereby vested in the board of trustees. The board of trustees
6 shall consist of the following individuals: (a) Two members of the
7 retirement system who are certificated staff elected by the members of
8 the retirement system who are certificated staff; (b) one member of the
9 retirement system who is classified staff elected by the members of the
10 retirement system who are classified staff; (c) one member of the
11 retirement system who is an annuitant elected by the members of the
12 retirement system who are annuitants; (d) the superintendent of each of
13 the school districts represented in the retirement system or his or her
14 designee to serve as a voting, ex officio trustee; and (e) two business
15 persons approved by the board of education qualified in financial affairs
16 who are not members of the retirement system. The elections of the
17 trustees who are members of the retirement system shall be arranged for,
18 managed, and conducted by the board of trustees and, after the initial
19 terms as otherwise designated, shall be for terms of four years. The
20 business person trustees shall be recommended to four-year terms by the
21 trustees who are not business persons, and the appointments shall be
22 approved by the board of education. The board of trustees shall appoint a
23 qualified individual to fill any vacancy on the board of trustees for the
24 remainder of the unexpired term. No vacancy or vacancies on the board of
25 trustees shall impair the power of the remaining trustees to administer
26 the retirement system pending the filling of such vacancy or vacancies.
27 The trustees shall serve without compensation, but shall be reimbursed
28 from the funds of the retirement system for expenses that they may incur
29 through service on the board of trustees as provided in sections 81-1174
30 to 81-1177. A trustee shall serve until a successor qualifies, except
31 that a trustee who is a member of the retirement system shall be

1 disqualified as a trustee immediately upon ceasing to be a member of the
2 retirement system. Each trustee shall be entitled to one vote on the
3 board of trustees, and four trustees shall constitute a quorum for the
4 transaction of any business. The board of trustees and the administrator
5 of the retirement system shall administer the retirement system in
6 compliance with the tax-qualification requirements applicable to
7 government retirement plans under section 401(a) of the Internal Revenue
8 Code, as defined in section 49-801.01, including: Section 401(a)(9) of
9 the Internal Revenue Code relating to the time and manner in which
10 benefits are required to be distributed, including the incidental death
11 benefit distribution requirement of section 401(a)(9)(G) of the Internal
12 Revenue Code; section 401(a)(25) of the Internal Revenue Code relating to
13 the specification of actuarial assumptions; section 401(a)(31) of the
14 Internal Revenue Code relating to direct rollover distributions from
15 eligible retirement plans; and section 401(a)(37) of the Internal Revenue
16 Code relating to the death benefit of a member whose death occurs while
17 performing qualified military service. No member of the board of
18 education or board of trustees shall be personally liable, except in
19 cases of willful dishonesty, gross negligence, or intentional violations
20 of law, for actions relating to his or her retirement system duties. The
21 board of education shall not have any duty or responsibility for the
22 general administration of the retirement system, including the
23 determination and calculation of the benefits of any member or
24 beneficiary, except as may specifically be provided in the Class V School
25 Employees Retirement Act At any time that the retirement system consists
26 of more than one Class V school district, the general administration of
27 the retirement system is hereby vested in a Class V Retirement System
28 Board composed of three members of the school board for each
29 participating Class V school district. The board shall appoint, by a
30 majority of all its members, trustees to serve as executive officers to
31 administer the Class V School Employees Retirement Act. Such trustees

1 shall consist of (a) the superintendent of each participating Class V
2 school district, as ex officio trustees, (b) four members of the
3 retirement system, two from the certificated staff, one from the
4 classified staff, and one from the annuitants, (c) three members of the
5 board, and (d) two trustees who are business persons qualified in
6 financial affairs and who are not members of the retirement system. The
7 trustees who are appointed from the board and the membership shall, to
8 the extent feasible, be appointed equally from each participating Class V
9 school district. The trustees shall serve without compensation, but they
10 shall be reimbursed from the funds of the retirement system for expenses
11 that they may incur through service on the board of trustees as provided
12 in sections 81-1174 to 81-1177. A trustee shall serve until a successor
13 qualifies, except that trustees who are members of the retirement system
14 or members of the board shall be disqualified as trustees immediately
15 upon ceasing to be a member of the retirement system or of the board.
16 Each trustee shall be entitled to one vote on the board of trustees, and
17 six trustees shall constitute a quorum for the transaction of any
18 business. The trustees who are appointed from the board and the
19 membership shall be appointed for each fiscal year. The two trustees who
20 are not members of the board or of the retirement system shall be
21 appointed for three fiscal years each. The trustees and the administrator
22 of the retirement system shall administer the retirement system in
23 compliance with the tax qualification requirements applicable to
24 government retirement plans under section 401(a) of the Internal Revenue
25 Code, as defined in section 49-801.01, including: Section 401(a)(9) of
26 the Internal Revenue Code relating to the time and manner in which
27 benefits are required to be distributed, including the incidental death
28 benefit distribution requirement of section 401(a)(9)(G) of the Internal
29 Revenue Code; section 401(a)(25) of the Internal Revenue Code relating to
30 the specification of actuarial assumptions; section 401(a)(31) of the
31 Internal Revenue Code relating to direct rollover distributions from

1 ~~eligible retirement plans; and section 401(a)(37) of the Internal Revenue~~
2 ~~Code relating to the death benefit of a member whose death occurs while~~
3 ~~performing qualified military service. No member of the Class V~~
4 ~~Retirement System Board or trustee shall be personally liable, except in~~
5 ~~cases of willful dishonesty, gross negligence, or intentional violations~~
6 ~~of law, for actions relating to his or her retirement system duties.~~

7 Sec. 18. Section 79-981, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 79-981 The board of trustees ~~education or Class V Retirement System~~
10 ~~Board~~ shall from time to time establish rules and regulations for the
11 administration of the retirement system and for the transaction of its
12 business and shall appoint an administrator of the retirement system. The
13 board of trustees may contract for such medical and other services as
14 shall be required to transact the business of the retirement system.
15 Beginning on the operative date of this section, neither the board of
16 education nor the board of trustees shall establish any further rules or
17 regulations related to the investment of the assets of the retirement
18 system without first consulting with the state investment officer.
19 Beginning January 1, 2017, all rules and regulations adopted and
20 promulgated under this section related to the investment of assets of the
21 retirement system terminate. Compensation for all persons employed by the
22 board of trustees and all other expenses of the board of trustees
23 necessary for the proper and efficient operation of the retirement system
24 shall be paid in such amounts as the board of trustees determines and
25 approves. Beginning January 1, 2017, all expenses related to the
26 investment of the assets of the retirement system shall be paid in such
27 amounts as the state investment officer determines and approves.

28 In addition to such duties and other duties arising out of the Class
29 V School Employees Retirement Act not specifically reserved or assigned
30 to others, the board of education shall maintain a separate account of
31 each member's retirement account information as indicated in section

1 79-989 contribution, the record of which shall be available in a timely
2 manner to the member and the board of trustees upon request. The board of
3 trustees shall , compile such data as may be necessary for the required
4 actuarial valuation, consider and pass on all applications for annuities
5 or other benefits and have examinations made when advisable of persons
6 receiving disability benefits, and direct and determine all policies
7 necessary in the administration of the act.

8 Sec. 19. Section 79-982, Reissue Revised Statutes of Nebraska, is
9 amended to read:

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

22 Sec. 20. (1) The members of the board of trustees shall have the
23 responsibility for the administration of the retirement system pursuant
24 to section 79-982, shall be deemed fiduciaries with respect to the
25 administration of the retirement system, and shall be held to the
26 standard of conduct of a fiduciary specified in subsection (2) of this
27 section.

28 (2) As fiduciaries, the members of the board of trustees shall
29 discharge their duties with respect to the retirement system solely in
30 the interests of the members and beneficiaries of the retirement system
31 for the exclusive purposes of providing benefits to members and members'

1 beneficiaries and defraying reasonable expenses incurred within the
2 limitations and according to the powers, duties, and purposes prescribed
3 by law at the time such duties are discharged. The members of the board
4 of trustees shall not have a duty in their official capacity to seek the
5 enhancement of plan benefits through the legislative process if such
6 benefits are not already contained within the plan documents. The members
7 of the board of trustees shall act with the care, skill, prudence, and
8 diligence under the circumstances then prevailing that a prudent person
9 acting in like capacity and familiar with such matters would use in the
10 conduct of an enterprise of a like character and with like aims.

11 Sec. 21. (1) Beginning January 1, 2017, the board of trustees and
12 the board of education shall not have the duty or authority to invest the
13 assets of the retirement system, and the council and the state investment
14 officer shall have the duty and authority to invest such assets in
15 accordance with the Nebraska State Funds Investment Act. The board of
16 trustees shall be responsible for administering the noninvestment affairs
17 of the retirement system, including the payment of plan benefits and
18 management of the actuarial requirements of the retirement system.

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

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

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

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

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

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

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

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

18 (3) All costs, fees, and expenses incurred after the operative date
19 of this section related to the transition of the investment authority
20 from the board of trustees and the board of education to the council and
21 the state investment officer shall be paid from the assets of a
22 retirement system provided for under the Class V School Employees
23 Retirement Act and to the extent such costs, fees, and expenses are
24 incurred by the council or the state investment officer, they shall be
25 paid in accordance with sections 72-1249 and 72-1249.02. The state
26 investment officer shall provide a quarterly report to the board of
27 trustees regarding the assets of the retirement system and related costs,
28 fees, and expenses.

29 Sec. 22. Section 79-983, Reissue Revised Statutes of Nebraska, is
30 amended to read:

31 79-983 The administrator of the retirement system shall be appointed

1 by the board of trustees and approved by the board of education. The
2 administrator of the retirement system shall serve at the pleasure of the
3 board of trustees. The administrator shall hire, dismiss, and otherwise
4 supervise the other staff of the retirement system, shall keep the
5 minutes and records of the retirement system, shall be the executive
6 officer in charge of the administration of the detailed affairs of the
7 retirement system, and shall perform such other duties as may be assigned
8 by the board of education, ~~the Class V Retirement System Board,~~ or the
9 trustees. The administrator and retirement system staff shall be
10 employees of the Class V school district, with compensation and the
11 benefits as available to school district employees determined by the
12 board of trustees. The retirement system shall reimburse the Class V
13 school district for all employee costs of salary, employment taxes, and
14 benefits provided to the administrator and retirement system staff. The
15 administrator shall serve as a nonvoting, ex officio member of the
16 council and shall not be deemed a fiduciary of the council.

17 Sec. 23. Section 79-984, Reissue Revised Statutes of Nebraska, is
18 amended to read:

19 79-984 The board of trustees ~~education or Class V Retirement System~~
20 ~~Board~~ shall contract for the services of an actuary who shall be the
21 technical advisor of the board of ~~and the~~ trustees on matters regarding
22 the operation of the retirement system. The selection of the actuary
23 shall be approved by the board of education. The actuary shall (1) make a
24 general investigation of the operation of the retirement system annually,
25 which investigation shall cover mortality, retirement, disability,
26 employment, turnover, interest, and earnable compensation, and (2)
27 recommend tables to be used for all required actuarial calculations. The
28 actuary shall perform such other duties as may be assigned by the board
29 of trustees.

30 Sec. 24. Section 79-985, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 79-985 ~~The board of trustees may contract for the services of a~~
2 ~~legal advisor to the board of attorney for the board of education or~~
3 ~~Class V Retirement System Board shall be the legal advisor to the~~
4 trustees.

5 Sec. 25. Section 79-986, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 79-986 Prior to January 1, 2017, the ~~The~~ school district, if there
8 is only one Class V school district in the retirement system, or the
9 Class V school district designated by the Class V Retirement System
10 Board, if there is more than one Class V school district in the
11 retirement system, shall act as the treasurer of the system and the
12 official custodian of the cash and securities belonging to the retirement
13 system, shall provide adequate safe deposit facilities for the
14 preservation of such securities, and shall hold such cash and securities
15 subject to the order of the board of education or Class V Retirement
16 System Board.

17 Beginning January 1, 2017, the State Treasurer shall act as
18 treasurer of the retirement system and the official custodian of the cash
19 and securities belonging to the system, shall provide adequate safe
20 deposit facilities for the preservation of such securities, and shall
21 hold such cash and securities subject to the order of the council.

22 The school district or designated school district shall receive all
23 items of taxes or cash belonging to the retirement system and shall
24 deposit in banks approved by the board of education or Class V Retirement
25 System Board and, beginning January 1, 2017, banks approved by the State
26 Treasurer, all such amounts in trust or custodial accounts.
27 Notwithstanding any limitations elsewhere imposed by statute on the
28 location of the retirement system's depository bank, such limitations
29 shall not apply to the use of depository banks for the custody of the
30 system's cash, securities, and other investments.

31 Prior to January 1, 2017, the ~~The~~ school district or designated

1 school district, as treasurer of the system, shall make payments for
2 purposes specified in the Class V School Employees Retirement Act.

3 Beginning January 1, 2017, the State Treasurer as treasurer of the
4 retirement system shall make payments to the school district upon request
5 of the administrator of a retirement system provided for under the Class
6 V School Employees Retirement Act and as directed by the Nebraska Public
7 Employees Retirement Systems. The school district shall use payments
8 received from the State Treasurer to make payments for purposes specified
9 in the Class V School Employees Retirement Act. All banks and custodians
10 which receive and hold securities and investments for the retirement
11 system may hold and evidence such securities by book entry account rather
12 than obtaining and retaining the original certificate, indenture, or
13 governing instrument for such security.

14 Sec. 26. Section 79-987, Reissue Revised Statutes of Nebraska, is
15 amended to read:

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

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

28 (3) Beginning May 1, 2017, and each May 1 ~~(2) Beginning March 1,~~
29 ~~2015, and each March 1~~ thereafter, if such retirement plan is a defined
30 benefit plan, the board of trustees ~~education~~ shall cause to be prepared
31 an annual report and the administrator shall file the same with the

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

15 Sec. 27. Section 79-989, Reissue Revised Statutes of Nebraska, is
16 amended to read:

17 79-989 The board of education shall have available records showing
18 the name, address, title, social security number, beneficiary records,
19 annual compensation, sex, date of birth, and length of creditable and
20 noncreditable service in hours, standard hours, contract days, bargaining
21 unit, and annual contributions of each employee entitled to membership in
22 the retirement system and such other information as may be reasonably
23 requested by the board of trustees regarding such member as may be
24 necessary for actuarial study and valuation and the administration of the
25 retirement system. This information shall be available in a timely manner
26 to the board of trustees upon request.

27 Sec. 28. Section 79-990, Reissue Revised Statutes of Nebraska, is
28 amended to read:

29 79-990 (1) Any member who is eligible for reemployment on or after
30 December 12, 1994, pursuant to 38 U.S.C. 4301 et seq., as adopted under
31 section 55-161, or who is eligible for reemployment under section 55-160

1 may pay to the retirement system after the date of his or her return from
2 active military service, and within the period required by law, not to
3 exceed five years, an amount equal to the sum of all deductions which
4 would have been made from the salary which he or she would have received
5 during the period of military service for which creditable service is
6 desired. If such payment is made, the member shall be entitled to credit
7 for membership service in determining his or her annuity for the period
8 for which contributions have been made and the board of education shall
9 be responsible for any funding necessary to provide for the benefit which
10 is attributable to this increase in the member's creditable service. The
11 member's payments shall be paid as the board of trustees may direct,
12 through direct payments to the retirement system or on an installment
13 basis pursuant to a binding irrevocable payroll deduction authorization
14 between the member and the school district. Creditable service may be
15 purchased only in one-tenth-year increments, starting with the most
16 recent years' salary.

17 (2) Under such rules and regulations as the board of trustees may
18 prescribe, any member who was away from his or her position while on a
19 leave of absence from such position authorized by the board of education
20 of the school district by which he or she was employed at the time of
21 such leave of absence or pursuant to any contractual agreement entered
22 into by such school district may receive credit for any or all time he or
23 she was on leave of absence. Such time shall be included in creditable
24 service when determining eligibility for death, disability, termination,
25 and retirement benefits. The member who receives the credit shall earn
26 benefits during the leave based on salary at the level received
27 immediately prior to the leave of absence. Such credit shall be received
28 if such member pays into the retirement system (a) an amount equal to the
29 sum of the deductions from his or her salary for the portion of the leave
30 for which creditable service is desired, (b) any contribution which the
31 school district would have been required to make for the portion of the

1 leave for which creditable service is desired had he or she continued to
2 receive salary at the level received immediately prior to the leave of
3 absence, and (c) interest on these combined payments from the date such
4 deductions would have been made to the date of repayment determined by
5 using the rate of interest ~~established by the board~~ for interest on such
6 purchases of service credit. Such amounts shall be paid as the board of
7 trustees may direct, through direct payments to the retirement system or
8 on an installment basis pursuant to a binding irrevocable payroll
9 deduction authorization between the member and the school district over a
10 period not to exceed five years from the date of the termination of his
11 or her leave of absence. Interest on any delayed payment shall be at the
12 rate of interest ~~established by the board~~ for determining interest on
13 delayed payments by members to the retirement system. Creditable service
14 may be purchased only in one-tenth-year increments, starting with the
15 most recent years' salary, and if payments are made on an installment
16 basis, creditable service will be credited only as payment has been made
17 to the retirement system to purchase each additional one-tenth-year
18 increment. Leave of absence shall be construed to include, but not be
19 limited to, sabbaticals, maternity leave, exchange teaching programs,
20 full-time leave as an elected official of a professional association or
21 collective-bargaining unit, or leave of absence to pursue further
22 education or study. A leave of absence granted pursuant to this section
23 shall not exceed four years in length, and in order to receive credit for
24 the leave of absence, the member must have returned to employment with
25 the school district within one year after termination of the leave of
26 absence.

27 (3) Until one year after May 2, 2001, any member currently employed
28 by the school district who resigned from full-time employment with the
29 school district for maternity purposes prior to September 1, 1979, and
30 was reemployed as a full-time employee by the school district before the
31 end of the school year following the school year of such member's

1 resignation may have such absence treated as though the absence was a
2 leave of absence described in subsection (2) of this section. The period
3 of such absence for maternity purposes shall be included in creditable
4 service when determining the member's eligibility for death, disability,
5 termination, and retirement benefits if the member submits satisfactory
6 proof to the board of education that the prior resignation was for
7 maternity purposes and the member complies with the payment provisions of
8 subsection (2) of this section before the one-year anniversary of May 2,
9 2001.

10 Sec. 29. Section 79-991, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 79-991 (1) An employee who becomes a member without prior service
13 credit may purchase prior service credit, not to exceed the lesser of ten
14 years or the member's years of membership service, for the period of
15 service the member was employed by a school district or by an educational
16 service unit and which is not used in the calculation of any retirement
17 or disability benefit having been paid, being paid, or payable in the
18 future to such member under any defined benefit retirement system or
19 program maintained by such other school district or educational service
20 unit. The purchase of prior service credit shall be made in accordance
21 with and subject to the following requirements:

22 (a) A member who desires to purchase prior service credit shall make
23 written application to the administrator of the retirement system that
24 includes all information and documentation determined by the
25 administrator as necessary to verify the member's prior service and
26 qualification to purchase the prior service credit. Such application
27 shall include the member's written authorization for the administrator to
28 request and receive from any of the member's former employers
29 verification of the member's prior service, salary, and other information
30 for determining the member's eligibility to purchase prior service
31 credit. Before prior service credit may be purchased, the administrator

1 shall have received verification of the member's salary in each year with
2 the other school district or educational service unit and confirmation
3 that the prior service to be purchased by the member is not also credited
4 in the calculation of a retirement or disability benefit for such member
5 under another defined benefit retirement system or program. The member's
6 application to purchase prior service credit may be made at any time
7 before the fifth anniversary of the member's membership in the retirement
8 system or, if earlier, the member's termination of employment with the
9 school district;

10 (b) The member shall pay to the retirement system the total amount
11 he or she would have contributed to the retirement system had he or she
12 been a member of the retirement system during the period for which prior
13 service is being purchased, together with interest thereon as determined
14 using the rate of interest for the purchase established by the board for
15 ~~interest on such purchases~~ of prior service credit. Such payment shall be
16 based on the most recent years' salary the member earned in another
17 school district or educational service unit if the salary is verified by
18 the other school district or educational service unit or, if not, the
19 payment shall be based on the member's annual salary at the time he or
20 she became a member;

21 (c) Payments by the member for the purchase of the prior service
22 credit shall be paid as the board of trustees may direct through direct
23 payments to the retirement system or on an installment basis pursuant to
24 a binding irrevocable payroll deduction authorization between the member
25 and the school district over a period not to exceed five years from the
26 date of membership. Interest on delayed payments shall be at the rate of
27 interest ~~established by the board~~ for determining interest on delayed
28 payments by members to the retirement system. In the event the member
29 terminates employment with the school district for any reason before full
30 payment for the prior service has been made, the remaining installments
31 shall be immediately due and payable to the retirement system. Prior

1 service credit may be purchased only in one-tenth-year increments, and if
2 payments are made on an installment basis, the prior service will be
3 credited only as payment has been made to the retirement system. If the
4 prior service to be purchased by the member exceeds the member's
5 membership service at the time of application or any subsequent date,
6 such excess prior service shall be credited to the member only as the
7 member completes and is credited additional membership service, in one-
8 tenth-year increments, notwithstanding the member's payment for such
9 prior service credit. If the member retires or terminates employment
10 before completing sufficient membership service to permit all of the
11 excess prior service that has been purchased by the member to be credited
12 to such member, the retirement system shall refund to the member, or to
13 the member's beneficiary if the member's termination is due to his or her
14 death, the payments that have been made to the retirement system for such
15 uncredited prior service, together with regular interest on such refund;
16 and

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

20 (2) Any employee who became a member before July 1, 2014, and who
21 has five or more years of creditable service and any employee who became
22 a member for the first time on or after July 1, 2014, and who has ten or
23 more years of creditable service, excluding in either case years of prior
24 service acquired pursuant to section 79-990, 79-994, 79-995, or 79-997,
25 or subsection (1) of this section, may elect to purchase up to a total of
26 five years of additional creditable service under the retirement system,
27 and upon such purchase the member shall be given the same status as
28 though he or she had been a member of the retirement system for such
29 additional number of years, except as otherwise specifically provided in
30 the Class V School Employees Retirement Act. Creditable service may be
31 purchased only in one-tenth-year increments. The amount to be paid to the

1 retirement system for such creditable service shall be equal to the
2 actuarial cost to the retirement system of the increased benefits
3 attributable to such additional creditable service as determined by the
4 retirement system's actuary at the time of the purchase pursuant to
5 actuarial assumptions and methods adopted by the board of trustees for
6 this purpose. The election to purchase additional creditable service may
7 be made at any time before the member's termination of employment, and
8 all payments for the purchase of such creditable service must be
9 completed within five years after the election or before the member's
10 termination or retirement, whichever event occurs first. Payment shall be
11 made as the board of trustees may direct through a single payment to the
12 retirement system, on an installment basis, including payments pursuant
13 to a binding irrevocable payroll deduction authorization between the
14 member and the school district, or by such other method approved by the
15 board of trustees and permitted by law. If payments are made on an
16 installment basis, creditable service will be credited only as payment
17 has been made to the retirement system to purchase each additional one-
18 tenth-year increment. Interest shall be charged on installment payments
19 at the rate of interest ~~established by the board~~ for determining interest
20 on delayed payments by members to the retirement system.

21 Sec. 30. Section 79-992, Reissue Revised Statutes of Nebraska, is
22 amended to read:

23 79-992 (1) A member who has five years or more of creditable
24 service, excluding years of prior service acquired pursuant to section
25 79-990, 79-991, 79-994, 79-995, or 79-997, and who severs his or her
26 employment may elect to leave his or her contributions in the retirement
27 system, in which event he or she shall receive a retirement allowance at
28 normal retirement age based on the annuity earned to the date of such
29 severance. Such member may elect to receive a retirement allowance at
30 early retirement age if such member retires at an early retirement date.
31 Such annuity shall be adjusted in accordance with section 79-9,100. Upon

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

25 (2) A retired member who returns to employment as an employee of the
26 school district shall again participate in the retirement system as a new
27 member and shall make contributions to the retirement system commencing
28 upon reemployment. The retirement annuity of a retired member who returns
29 to employment with the school district shall continue to be paid by the
30 retirement system. A retired member who returns to employment as an
31 employee of the school district shall receive creditable service only for

1 service performed after his or her return to employment and in no event
2 shall creditable service which accrues or the compensation paid to the
3 member after such return to employment after retirement increase the
4 amount of the member's original retirement annuity.

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

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

31 Sec. 31. Section 79-996, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 79-996 ~~(1)~~—The payments provided for by sections 79-993, 79-994,
3 and 79-997 may be made in equal installments over a period of not to
4 exceed two years from the date of the election to make such payments. The
5 payments provided for by section 79-995 may be made in equal installments
6 over a period of not to exceed three years from the date of election to
7 make such payments. Any person who elects to make payments on an
8 installment basis shall be credited with prior service only in six-month
9 increments and only after payment has been made to the retirement system
10 to purchase each additional six-month increment.

11 ~~(2) The rate of interest for the purchase of additional service~~
12 ~~credit pursuant to sections 79-990 and 79-991 and for determining the~~
13 ~~interest on a restored refund pursuant to section 79-992 or on delayed~~
14 ~~payments by members to the retirement system shall be determined by the~~
15 ~~board from time to time, and such rate of interest shall be used to~~
16 ~~determine applicable interest for a member's purchase of additional~~
17 ~~service credit, restored refund, or delayed payments that are made while~~
18 ~~such rate of interest is in effect.~~

19 Sec. 32. Section 79-998, Reissue Revised Statutes of Nebraska, is
20 amended to read:

21 79-998 (1) The retirement system may accept as payment for
22 additional service credit that is purchased pursuant to sections 79-990
23 to 79-992 an eligible rollover distribution from or on behalf of the
24 member who is making payments for such service credit if the eligible
25 rollover distribution does not exceed the amount of payment required for
26 the service credit being purchased by the member. The eligible rollover
27 distribution may be contributed to the retirement system by the member or
28 directly transferred from the plan that is making the eligible rollover
29 distribution on behalf of the member. Contribution by a member pursuant
30 to this section may only be made in the form of a cash contribution. For
31 purposes of this section, an eligible rollover distribution means all or

1 any portion of an amount that qualifies as an eligible rollover
2 distribution under the Internal Revenue Code from:

3 (a) A plan of another employer which is qualified under section
4 401(a) or 403(a) of the Internal Revenue Code;

5 (b) An annuity contract or custodial account described in section
6 403(b) of the Internal Revenue Code;

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

10 (d) An individual retirement account or annuity described in section
11 408(a) or section 408(b) of the Internal Revenue Code that is eligible to
12 be rolled over to an employer plan under the Internal Revenue Code.

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

23 (3) The board of trustees may establish rules, regulations, and
24 limitations on the eligible rollover distributions and direct trustee-to-
25 trustee transfers that may be accepted by the retirement system pursuant
26 to this section, including restrictions on the type of assets that may be
27 transferred to the retirement system.

28 (4) Cash and other properties contributed or transferred to the
29 system pursuant to this section shall be deposited and held as a
30 commingled asset of the system and shall not be separately accounted for
31 or invested for the member's benefit. Contributions or direct transfers

1 made by or on behalf of any member pursuant to this section shall be
2 treated as qualifying payments under sections 79-990 to 79-992 and as
3 employee contributions for all other purposes of the Class V School
4 Employees Retirement Act except in determining federal and state tax
5 treatment of distributions from the system.

6 (5) The system, the board of education, the board of trustees, and
7 their respective members, officers, and employees shall have no
8 responsibility or liability with respect to the federal and state income
9 tax consequences of any contribution or transfer to the system pursuant
10 to this section, and the board of trustees may require as a condition to
11 the system's acceptance of any rollover contribution or transfer
12 satisfactory evidence that the proposed contribution or transfer is a
13 qualifying rollover contribution or trustee-to-trustee transfer under the
14 Internal Revenue Code and reasonable releases or indemnifications from
15 the member against any and all liabilities which may in any way be
16 connected with such contribution or transfer.

17 (6) Effective January 1, 1993, any member who is to receive an
18 eligible rollover distribution, as defined in the Internal Revenue Code,
19 from the system may, in accordance with such rules, regulations, and
20 limitations as may be established by the board of trustees, elect to have
21 such distribution made in the form of a direct transfer to a retirement
22 plan eligible to receive such transfer under the provisions of the
23 Internal Revenue Code. Any such election shall be made in the form and
24 within the time periods established by the board of trustees.

25 (7) A member's surviving spouse or former spouse who is an alternate
26 payee under a qualified domestic relations order and, on or after
27 September 1, 2010, any designated beneficiary of a member who is not a
28 surviving spouse or former spouse who is entitled to receive an eligible
29 rollover distribution from the system may, in accordance with such rules,
30 regulations, and limitations as may be established by the board of
31 trustees, elect to have such distribution made in the form of a direct

1 transfer to a retirement plan eligible to receive such transfer under the
2 provisions of the Internal Revenue Code.

3 (8) An eligible rollover distribution on behalf of a designated
4 beneficiary of a member who is not a surviving spouse or former spouse of
5 the member may be transferred to an individual retirement account or
6 annuity described in section 408(a) or section 408(b) of the Internal
7 Revenue Code that is established for the purpose of receiving the
8 distribution on behalf of the designated beneficiary and that will be
9 treated as an inherited individual retirement account or individual
10 retirement annuity described in section 408(d)(3)(C) of the Internal
11 Revenue Code.

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

14 Sec. 33. Section 79-9,100, Revised Statutes Supplement, 2015, is
15 amended to read:

16 79-9,100 (1) In lieu of the retirement annuity provided by section
17 79-999 or 79-9,113, any member who becomes eligible to receive a
18 retirement annuity after February 20, 1982, under the Class V School
19 Employees Retirement Act shall receive a formula retirement annuity based
20 on final average compensation, except that if the monthly formula
21 retirement annuity based on final average compensation is less than the
22 monthly retirement annuity specified in section 79-999 or 79-9,113,
23 accrued to the date of retirement or August 31, 1983, whichever first
24 occurs, the member shall receive the monthly retirement annuity specified
25 in section 79-999 or 79-9,113 accrued to the date of retirement or August
26 31, 1983, whichever first occurs.

27 (2) The monthly formula retirement annuity based on final average
28 compensation shall be determined by multiplying the number of years of
29 creditable service for which such member would otherwise receive the
30 retirement annuity provided by section 79-999 or 79-9,113 by one and one-
31 half percent of his or her final average compensation. For retirements

1 after June 15, 1989, and before April 18, 1992, the applicable percentage
2 shall be one and sixty-five hundredths percent of his or her final
3 average compensation. For retirements on or after April 18, 1992, and
4 before June 7, 1995, the applicable percentage shall be one and seventy-
5 hundredths percent of his or her final average compensation. For
6 retirements on or after June 7, 1995, and before March 4, 1998, the
7 applicable percentage shall be one and eighty-hundredths percent of his
8 or her final average compensation. For retirements on or after March 4,
9 1998, and before March 22, 2000, the applicable percentage shall be one
10 and eighty-five hundredths percent of his or her final average
11 compensation. For retirements on or after March 22, 2000, the applicable
12 percentage shall be two percent of his or her final average compensation.

13 (3) Final average compensation shall be determined:

14 (a) Except as provided in subdivision (3)(b) of this section, by
15 dividing the member's total compensation for the three fiscal years in
16 which such compensation was the highest by thirty-six; and

17 (b) For an employee who became a member on or after July 1, 2013, by
18 dividing the member's total compensation for the five fiscal years in
19 which such compensation was the highest by sixty.

20 (4)(a) In the determination of compensation for members whose
21 retirement date is on or after July 1, 2016, that part of a member's
22 compensation for the plan year which exceeds the member's compensation
23 for the preceding plan year by more than eight percent during the capping
24 period shall be excluded. If the compensation for the preceding plan year
25 was reduced as a result of unpaid absence from work, the compensation
26 used in the capping calculation will be the greater of (i) the annualized
27 compensation for the preceding year as if it had been fully received or
28 (ii) the most recent preceding plan year in which the member had no
29 unpaid absence from work. Such member's compensation for the first plan
30 year of the capping period shall be compared to the member's compensation
31 received for the plan year immediately preceding the capping period. If

1 the first plan year of the capping period is the member's first year of
2 membership service, these capping provisions shall not be applied to that
3 first plan year.

4 (b) For purposes of this subsection:

5 (i) Capping period means the five plan years preceding the later of
6 (A) such member's retirement date or (B) such member's final compensation
7 date; and

8 (ii) Final compensation date means the later of (A) the date on
9 which a retiring member's final compensation is actually paid or (B) if a
10 retiring member's final compensation is paid in advance as a lump sum,
11 the date on which such final compensation would have been paid to the
12 member in the absence of such advance payment.

13 ~~(5) This subsection does not apply to employees who become members~~
14 ~~on or after July 1, 2016 For retirements before June 7, 1995, if the~~
15 ~~annuity begins prior to the sixty-second birthday of the member and the~~
16 ~~member has not completed thirty-five or more years of creditable service,~~
17 ~~the annuity at the date it begins shall be the actuarial equivalent of~~
18 ~~the annuity deferred to the sixty-second birthday of the member. If the~~
19 ~~annuity begins prior to the sixty-second birthday of the member and the~~
20 ~~member has completed thirty-five or more years of creditable service, the~~
21 ~~annuity shall not be reduced. For retirements on or after June 7, 1995,~~
22 ~~any retirement annuity which begins prior to the sixty-second birthday of~~
23 ~~the member shall be reduced by twenty-five hundredths percent for each~~
24 ~~month or partial month between the date the annuity begins and the~~
25 ~~member's sixty-second birthday. If the annuity begins at a time when:~~

26 (a) The sum of the member's attained age and creditable service is
27 eighty-five or more, the annuity shall not be reduced;

28 (b) The sum of the member's attained age and creditable service
29 totals eighty-four, the annuity shall not be reduced by an amount greater
30 than three percent of the unreduced annuity;

31 (c) The sum of the member's attained age and creditable service

1 totals eighty-three, the annuity shall not be reduced by an amount
2 greater than six percent of the unreduced annuity; and

3 (d) The sum of the member's attained age and creditable service
4 totals eighty-two, the annuity shall not be reduced by an amount greater
5 than nine percent of the unreduced annuity.

6 (6) For purposes of this section, a member's creditable service and
7 attained age shall be measured in one-half-year increments.

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

17 (8) Any member receiving a formula retirement annuity based on final
18 average compensation who is a member prior to July 1, 2016, shall also
19 receive the service annuity to be paid by the State of Nebraska as
20 provided in sections 79-933 to 79-935 and 79-951.

21 Sec. 34. For employees who become members on or after July 1, 2016:

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

25 (2) If the annuity begins on or after the sixtieth birthday of the
26 member and the member has completed at least a total of five years of
27 creditable service, the annuity shall be reduced by twenty-five
28 hundredths percent for each month or partial month between the member's
29 sixtieth birthday and his or her sixty-fifth birthday;

30 (3) A member's attained age shall be measured in one-half-year
31 increments;

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

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

12 Sec. 35. Section 79-9,102, Reissue Revised Statutes of Nebraska, is
13 amended to read:

14 79-9,102 (1) Notwithstanding any other provision of the Class V
15 School Employees Retirement Act, no member or beneficiary of the
16 retirement system shall receive in any calendar year an annuity or other
17 benefit which would exceed the maximum benefit permitted under section
18 415 of the Internal Revenue Code, or any successor provision and the
19 regulations issued thereunder, as they may be amended from time to time,
20 and as adjusted as of January 1 of each calendar year to the dollar
21 limitation as determined for such year by the Commissioner of Internal
22 Revenue pursuant to section 415(d) of the Internal Revenue Code to
23 reflect cost-of-living adjustments, and the amount of benefit to be paid
24 to any member or beneficiary by the retirement system shall be adjusted
25 each calendar year, if necessary, to conform with the maximum benefit
26 permitted under section 415 of the Internal Revenue Code. The cost-of-
27 living adjustment to the maximum benefit permitted under section 415 of
28 the Internal Revenue Code shall apply to determining the maximum benefit
29 of a member who severed employment or commenced receiving benefits prior
30 to the effective date of the adjustment.

31 (2) Any payments provided for by sections 79-990, 79-991, and 79-992

1 for the purchase or restoration of creditable service shall be subject to
2 the limitations of section 415 of the Internal Revenue Code on annual
3 additions to the system, and the board of trustees may suspend payments,
4 alter installment periods, or, if such suspension or alteration is not
5 possible, deny the purchase of all or a portion of the creditable service
6 desired to be purchased, as necessary to comply with the requirements of
7 section 415 of the Internal Revenue Code.

8 (3) This section is intended to meet and incorporate the
9 requirements of section 415 of the Internal Revenue Code and regulations
10 under that section that are applicable to governmental plans and shall be
11 construed in accordance with section 415 of the Internal Revenue Code and
12 the regulations issued thereunder and shall, by this reference,
13 incorporate any subsequent changes made to such section as the same may
14 apply to the retirement system.

15 Sec. 36. Section 79-9,103, Reissue Revised Statutes of Nebraska, is
16 amended to read:

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

1 annuity remains the actuarial equivalent of the life annuity otherwise
2 payable.

3 (2) In addition to the cost-of-living adjustment provided in
4 subsection (1) of this section, any annuity paid on or after September 1,
5 1986, pursuant to the act or pursuant to the provisions of the retirement
6 system established by statute for employees of Class V school districts
7 in effect prior to September 1, 1951, and on which the first payment was
8 dated on or before September 1, 1985, shall be adjusted by the increase
9 in the cost of living or wage levels between the effective date of
10 retirement and June 30, 1986, except that such increase shall not exceed
11 (a) three and one-half percent for annuities first paid on or after
12 September 1, 1984, (b) seven percent for annuities first paid on or after
13 September 1, 1983, but before September 1, 1984, or (c) ten and one-half
14 percent for all other annuities.

15 (3) In addition to the cost-of-living adjustment provided in
16 subsections (1) and (2) of this section, any annuity paid on or after
17 September 1, 1989, pursuant to the act or pursuant to the provisions of
18 the retirement system established by statute for employees of Class V
19 school districts in effect prior to September 1, 1951, and on which the
20 first payment was dated on or before September 1, 1988, shall be adjusted
21 by the increase in the cost of living or wage levels between the
22 effective date of retirement and June 30, 1989, except that such increase
23 shall not exceed (a) three percent for annuities first paid on or after
24 September 1, 1987, (b) six percent for annuities first paid on or after
25 September 1, 1986, but before September 1, 1987, or (c) nine percent for
26 all other annuities.

27 (4) In addition to the cost-of-living adjustment provided in
28 subsections (1), (2), and (3) of this section, any annuity paid on or
29 after September 1, 1992, pursuant to the act or pursuant to the
30 provisions of the retirement system established by statute for employees
31 of Class V school districts in effect prior to September 1, 1951, and on

1 which the first payment was dated on or before October 1, 1991, shall be
2 adjusted by the increase in the cost of living or wage levels between the
3 effective date of retirement and June 30, 1992, except that such increase
4 shall not exceed (a) three percent for annuities first paid after October
5 1, 1990, (b) six percent for annuities first paid after October 1, 1989,
6 but on or before October 1, 1990, or (c) nine percent for all other
7 annuities.

8 (5) In addition to the cost-of-living adjustment provided in
9 subsections (1), (2), (3), and (4) of this section, any annuity paid on
10 or after September 1, 1995, pursuant to the act or pursuant to the
11 provisions of the retirement system established by statute for employees
12 of Class V school districts in effect prior to September 1, 1951, and on
13 which the first payment was dated on or before October 1, 1994, shall be
14 adjusted by the increase in the cost of living or wage levels between the
15 effective date of retirement and June 30, 1995, except that such increase
16 shall not exceed (a) three percent for annuities first paid after October
17 1, 1993, (b) six percent for annuities first paid after October 1, 1992,
18 but on or before October 1, 1993, or (c) nine percent for all other
19 annuities.

20 (6) In addition to the cost-of-living adjustment provided in
21 subsections (1), (2), (3), (4), and (5) of this section, any annuity paid
22 pursuant to the act or pursuant to the provisions of the retirement
23 system established by statute for employees of Class V school districts
24 in effect prior to September 1, 1951, and on which the first payment was
25 dated on or before October 1, 1994, shall be subject to adjustment to
26 equal the greater of (a) the annuity payable to the member or beneficiary
27 as adjusted, if applicable, under the provisions of subsection (1), (2),
28 (3), (4), or (5) of this section or (b) ninety percent of the annuity
29 which results when the original annuity that was paid to the member or
30 beneficiary (before any cost-of-living adjustments under this section),
31 is adjusted by the increase in the cost of living or wage levels between

1 the commencement date of the annuity and June 30, 1995.

2 (7) In addition to the cost-of-living adjustment provided in
3 subsections (1), (2), (3), (4), (5), and (6) of this section, any annuity
4 paid on or after September 1, 1998, pursuant to the act or pursuant to
5 the provisions of the retirement system established by statute for
6 employees of Class V school districts in effect prior to September 1,
7 1951, and on which the first payment was dated on or before October 3,
8 1997, shall be adjusted by the increase in the cost of living or wage
9 levels between the effective date of retirement and June 30, 1998, except
10 that such increase shall not exceed (a) three percent for annuities first
11 paid after October 1, 1996, (b) six percent for annuities first paid
12 after October 1, 1995, but on or before October 1, 1996, or (c) nine
13 percent for all other annuities.

14 (8) Beginning January 1, 2000, and on January 1 of every year
15 thereafter, for employees of Class V school districts who were members
16 prior to July 1, 2013, a cost-of-living adjustment shall be made for any
17 annuity being paid pursuant to the act, or pursuant to the provisions of
18 the retirement system established by statute for employees of Class V
19 school districts in effect prior to September 1, 1951, and on which the
20 first payment was dated on or before October 3 preceding such January 1
21 adjustment date. The cost-of-living adjustment for any such annuity shall
22 be the lesser of (a) one and one-half percent or (b) the increase in the
23 consumer price index from the date such annuity first became payable
24 through the August 31 preceding the January 1 adjustment date as reduced
25 by the aggregate cost-of-living adjustments previously made to the
26 annuity pursuant to this section.

27 (9) Beginning January 1, 2014, and on January 1 of every year
28 thereafter, for employees of Class V school districts who became members
29 on or after July 1, 2013, a cost-of-living adjustment shall be made for
30 any annuity being paid pursuant to the act and on which the first payment
31 was dated on or before October 3 preceding such January 1 adjustment

1 date. The cost-of-living adjustment for any such annuity shall be the
2 lesser of (a) one percent or (b) the increase in the consumer price index
3 from the date such annuity first became payable through the August 31
4 preceding the January 1 adjustment date as reduced by the aggregate cost-
5 of-living adjustments previously made to the annuity pursuant to this
6 section.

7 (10) Beginning September 1, 1999, the actuary shall make an annual
8 valuation of the assets and liabilities of the system. If the annual
9 valuation made by the actuary, as approved by the board of trustees,
10 indicates that the system has sufficient actuarial surplus to provide for
11 a cost-of-living adjustment in addition to the adjustment made pursuant
12 to subsection (8) or (9) of this section, the board of trustees may, in
13 its discretion, declare by resolution that each annuity being paid
14 pursuant to the act, or pursuant to the provisions of the retirement
15 system established by statute for employees of Class V school districts
16 in effect prior to September 1, 1951, and on which the first payment was
17 dated on or before October 3 of the year such resolution is adopted,
18 shall be increased beginning as of the January 1 following the date of
19 the board's resolution by such percentage as may be declared by the board
20 of trustees, except that such increase for any such annuity shall not
21 exceed the increase in the consumer price index from the date such
22 annuity first became payable through the applicable valuation date as
23 reduced by the aggregate cost-of-living adjustments previously made to
24 the annuity pursuant to this section.

25 (11) Except for the adjustments pursuant to subsection (13) of this
26 section, the consumer price index to be used for determining any cost-of-
27 living adjustment under this section shall be the Consumer Price Index -
28 All Urban Consumers, as published by the Bureau of Labor Statistics of
29 the United States Department of Labor. If this consumer price index is
30 discontinued or replaced, a substitute index published by the United
31 States Department of Labor shall be selected by the board, ~~upon~~

1 ~~recommendation~~ of the trustees, which shall be a reasonable
2 representative measurement of the cost of living for retired employees.
3 An annuity as increased by any cost-of-living adjustment made under this
4 section shall be considered the base annuity amount for the purpose of
5 future adjustments pursuant to this section. In no event shall any cost-
6 of-living adjustment be deemed to affect or increase the amount of the
7 base retirement annuity of a member as determined under section 79-999 or
8 79-9,100.

9 (12) Any decision or determination by the board of trustees (a) to
10 declare or not declare a cost-of-living adjustment, (b) as to whether the
11 annual valuation indicates a sufficient actuarial surplus to provide for
12 a cost-of-living adjustment, or (c) pursuant to the selection of a
13 substitute index shall be made in the sole, absolute, and final
14 discretion of the board of trustees and shall not be subject to challenge
15 by any member or beneficiary. In no event shall the Legislature be
16 constrained or limited in amending the system or increasing the benefits
17 of members under the system, nor shall the board of education or board of
18 ~~of trustees~~ be constrained from supporting any such change to the system,
19 notwithstanding the effect of any such change upon the actuarial surplus
20 of the system and the ability of the board of trustees to declare future
21 cost-of-living adjustments.

22 (13) The Legislature finds and declares that there exists in this
23 state a pressing need to attract and retain qualified and dedicated
24 public school employees and that one of the factors prospective public
25 school employees consider when seeking or continuing public school
26 employment is the retirement system and benefits the employment provides.
27 The Legislature further finds that over the past decades, as reflected by
28 the Medical Price Index published by the United States Department of
29 Labor, the cost of medical care, including the cost of medications and
30 insurance coverages, has increased at a rate in excess of that by which
31 the Consumer Price Index - All Urban Consumers has increased. The

1 Legislature further finds and declares that there accordingly exists a
2 need to adjust the amount of retirement benefits paid to retired public
3 school employees in order to assist them in meeting the increased cost of
4 medical care. Therefor, in addition to the cost-of-living adjustments
5 provided in subsections (1) through (12) of this section, commencing on
6 October 3, 2001, and on October 3 of every year thereafter, a medical
7 cost-of-living adjustment shall be paid to any annuitant who became a
8 member prior to July 1, 2016, and has been paid an annuity from the
9 retirement system for at least ten years through the October 3 adjustment
10 date. The cost-of-living adjustment shall be paid in the form of a
11 supplemental annuity providing monthly payments equal to the amount which
12 results when (a) the fraction, not to exceed one, that results when the
13 annuitant's years of creditable service at his or her retirement date is
14 divided by twenty, is multiplied by (b) the product of ten dollars times
15 the number of years, including attained one-half years, that such
16 annuitant has received annuity payments from the retirement system
17 through the October 3 adjustment date. The supplemental annuity being
18 paid to an annuitant shall increase by ten dollars on October 3 of each
19 subsequent year to reflect the additional year of annuity payments to the
20 annuitant until the total amount of the supplemental annuity is two
21 hundred fifty dollars. In no event shall the medical cost-of-living
22 adjustment for any annuitant pursuant to this subsection result in the
23 payment of a supplemental annuity exceeding two hundred fifty dollars per
24 month. The supplemental annuity paid to an annuitant pursuant to this
25 subsection shall cease at the death of the annuitant regardless of the
26 form of retirement annuity being paid to the annuitant at the time of his
27 or her death.

28 Sec. 37. Section 79-9,105, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 79-9,105 (1) Any member with five or more years of creditable
31 service, excluding years of prior service acquired pursuant to section

1 79-990, 79-991, 79-994, 79-995, or 79-997, who becomes totally disabled
2 for further performance of duty on or after March 22, 2000, may be
3 approved for deferred disability retirement by the board of trustees. In
4 the case of such deferred disability retirement, the member, during the
5 period specified in subsection (3) of this section, shall be credited
6 with creditable service for each year or portion thereof, to be
7 determined in accordance with ~~board~~ policies of the board of trustees
8 governing creditable service, that the member defers retirement, up to a
9 maximum of thirty-five years of total creditable service, including
10 creditable service accrued before the member became totally disabled. The
11 member approved for deferred disability retirement may at any time of the
12 member's choosing request the deferral to end and retirement annuity
13 payments to begin. The retirement annuity of such member shall be based
14 on the total number of years of the member's creditable service,
15 including the years credited to the member during his or her total
16 disability under this section, and the member's final average salary as
17 of the date that the member became totally disabled and as adjusted from
18 such date by a percentage equal to the cumulative percentage cost-of-
19 living adjustments that were made or declared for annuities in pay status
20 pursuant to section 79-9,103 after the date of the ~~board's~~ approval of
21 the board of trustees for deferred disability retirement and before the
22 cessation of the accrual of additional creditable service pursuant to
23 subsection (3) of this section. Except as provided in subsection (4) of
24 this section, the retirement annuity so determined for the member shall
25 be payable to the member without reduction due to any early commencement
26 of benefits, except that the retirement annuity shall be reduced by the
27 amount of any periodic payments to such employee as workers' compensation
28 benefits. Additional creditable service acquired through deferred
29 disability retirement shall apply to the service requirements specified
30 in section 79-9,106. The board of trustees shall consider a member to be
31 totally disabled when it has received an application by the member and a

1 statement by at least two licensed and practicing physicians designated
2 by the board of trustees certifying that the member is totally and
3 presumably permanently disabled and unable to perform his or her duties
4 as a consequence thereof.

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

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

1 (4) The payment of any retirement annuity to a disabled member,
2 which begins to be paid under this section (a) before the member's sixty-
3 second birthday or (b) at a time before the sum of the member's attained
4 age and creditable service is eighty-five or more, shall be suspended if
5 the board of trustees determines at any time before the member's sixty-
6 second birthday that the member's total disability has ceased. Payment of
7 the retirement annuity of such member as determined under this section
8 shall recommence at the member's early retirement date or normal
9 retirement date but shall be subject to reduction at such time as
10 specified in section 79-9,100.

11 Sec. 38. Section 79-9,107, Reissue Revised Statutes of Nebraska, is
12 amended to read:

13 79-9,107 The funds of the retirement system which are not required
14 for current operations shall be invested and reinvested (1) before
15 January 1, 2017, by the board of trustees subject to the approval of the
16 board of education or Class V Retirement System Board as provided in
17 sections 79-9,108 to 79-9,111 and (2) on and after January 1, 2017, by
18 the council and the state investment officer in accordance with the
19 Nebraska State Funds Investment Act without the approval of the board of
20 education or board of trustees. Except as otherwise provided in the Class
21 V School Employees Retirement Act, no trustee and no member of the board
22 of education shall have any direct interest in the income, gains, or
23 profits of any investment made by the board of trustees, nor shall any
24 such person receive any pay or emolument for services in connection with
25 any such investment. Neither the state investment officer nor any ~~no~~
26 trustee, or member of the board of education, nor member of the council
27 shall become an endorser or surety or in any manner an obligor for money
28 loaned by or borrowed from the retirement system. Any person who violates
29 any of these restrictions shall be guilty of a Class II misdemeanor.

30 Sec. 39. Section 79-9,108, Reissue Revised Statutes of Nebraska, is
31 amended to read:

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

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

24 (3) Beginning January 1, 2017, the board of trustees and the board
25 of education shall not have any duty, responsibility, or authority for
26 the investment and reinvestment of the funds of the retirement system, or
27 any investment decision, contract, rule, or regulation related thereto.

28 Sec. 40. Section 79-9,109, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 79-9,109 Prior to January 1, 2017, in ~~In~~ the event of default in
31 the payment of principal of, or interest on, the investments made, the

1 board of trustees are authorized to institute the proper proceedings to
2 collect such matured principal or interest, and may, with approval of the
3 board of education or Class V Retirement System Board, accept for
4 exchange purposes, refunding bonds or other evidences of indebtedness
5 with interest rates to be agreed upon with the obligor. Prior to January
6 1, 2017, the board of ~~The~~ trustees, with the approval of the board of
7 education or Class V Retirement System Board, are further authorized to
8 make such compromises, adjustments, or disposition of the past-due
9 interest or principal as are in default, or to make such compromises and
10 adjustments as to future payments of interest or principal as deemed
11 advisable for the purpose of protecting the investment.

12 Sec. 41. Section 79-9,111, Reissue Revised Statutes of Nebraska, is
13 amended to read:

14 79-9,111 The board of trustees shall invest the funds of the
15 retirement system in investments of the nature which individuals of
16 prudence, discretion, and intelligence acquire or retain in dealing with
17 the property of another. Such investments shall not be made for
18 speculation but for investment, considering the probable safety of their
19 capital as well as the probable income to be derived. The board of
20 trustees shall not purchase investments on margin or enter into any
21 futures contract or other contract obligation which requires the payment
22 of margin or enter into any similar contractual arrangement which may
23 result in losses in excess of the amount paid or deposited with respect
24 to such investment or contract, unless such transaction constitutes a
25 hedging transaction or is incurred for the purpose of portfolio or risk
26 management for the funds and investments of the system. Prior to January
27 1, 2017, the board of ~~The~~ trustees may write covered call options or put
28 options. Prior to January 1, 2017, the board of ~~The~~ trustees shall
29 establish written guidelines for any such option, purchase, or contract
30 obligation. Any such option, purchase, or contract obligation shall be
31 governed by the prudent investment rule stated in this section for

1 investment of the funds of the system. The board of trustees may lend any
2 security if cash, United States Government obligations, or United States
3 Government agency obligations with a market value equal to or exceeding
4 the market value of the security lent are received as collateral. Prior
5 to January 1, 2017, if If shares of stock are purchased under this
6 section, all proxies may be voted by the board of trustees prior to
7 January 1, 2017. As of January 1, 2017, the funds of the retirement
8 system shall be invested solely by the council and the state investment
9 officer in accordance with the Nebraska State Funds Investment Act. The
10 state investment officer may lend securities and vote proxies in
11 accordance with the standard set forth in section 72-1246.

12 Sec. 42. Section 79-9,113, Reissue Revised Statutes of Nebraska, is
13 amended to read:

14 79-9,113 (1)(a) If, at any future time, a majority of the eligible
15 members of the retirement system votes to be included under an agreement
16 providing old age and survivors insurance under the Social Security Act
17 of the United States, the contributions to be made by the member and the
18 school district for membership service, from and after the effective date
19 of the agreement with respect to services performed subsequent to
20 December 31, 1954, shall each be reduced from five to three percent but
21 not less than three percent of the member's salary per annum, and the
22 credits for membership service under this system, as provided in section
23 79-999, shall thereafter be reduced from one and one-half percent to
24 nine-tenths of one percent and not less than nine-tenths of one percent
25 of salary or wage earned by the member during each fiscal year, and from
26 one and sixty-five hundredths percent to one percent and not less than
27 one percent of salary or wage earned by the member during each fiscal
28 year and from two percent to one and two-tenths percent of salary or wage
29 earned by the member during each fiscal year, and from two and four-
30 tenths percent to one and forty-four hundredths percent of salary or wage
31 earned by the member during each fiscal year, except that after September

1 1, 1963, and prior to September 1, 1969, all employees of the school
2 district shall contribute an amount equal to the membership contribution
3 which shall be two and three-fourths percent of salary covered by old age
4 and survivors insurance, and five percent above that amount. Commencing
5 September 1, 1969, all employees of the school district shall contribute
6 an amount equal to the membership contribution which shall be two and
7 three-fourths percent of the first seven thousand eight hundred dollars
8 of salary or wages earned each fiscal year and five percent of salary or
9 wages earned above that amount in the same fiscal year. Commencing
10 September 1, 1976, all employees of the school district shall contribute
11 an amount equal to the membership contribution which shall be two and
12 nine-tenths percent of the first seven thousand eight hundred dollars of
13 salary or wages earned each fiscal year and five and twenty-five
14 hundredths percent of salary or wages earned above that amount in the
15 same fiscal year. Commencing on September 1, 1982, all employees of the
16 school district shall contribute an amount equal to the membership
17 contribution which shall be four and nine-tenths percent of the
18 compensation earned in each fiscal year. Commencing September 1, 1989,
19 all employees of the school district shall contribute an amount equal to
20 the membership contribution which shall be five and eight-tenths percent
21 of the compensation earned in each fiscal year. Commencing September 1,
22 1995, all employees of the school district shall contribute an amount
23 equal to the membership contribution which shall be six and three-tenths
24 percent of the compensation earned in each fiscal year. Commencing
25 September 1, 2007, all employees of the school district shall contribute
26 an amount equal to the membership contribution which shall be seven and
27 three-tenths percent of the compensation paid in each fiscal year.
28 Commencing September 1, 2009, all employees of the school district shall
29 contribute an amount equal to the membership contribution which shall be
30 eight and three-tenths percent of the compensation paid in each fiscal
31 year. Commencing September 1, 2011, all employees of the school district

1 shall contribute an amount equal to the membership contribution which
2 shall be nine and three-tenths percent of the compensation paid in each
3 fiscal year. Commencing September 1, 2013, all employees of the school
4 district shall contribute an amount equal to the membership contribution
5 which shall be nine and seventy-eight hundredths percent of the
6 compensation paid in each fiscal year.

7 (b) The contributions by the school district in any fiscal year
8 beginning on or after September 1, 1999, shall be the greater of (i) one
9 hundred percent of the contributions by the employees for such fiscal
10 year or (ii) such amount as may be necessary to maintain the solvency of
11 the system, as determined annually by the board of education upon
12 recommendation of the actuary and the board of trustees.

13 (c) The contributions by the school district in any fiscal year
14 beginning on or after September 1, 2007, shall be the greater of (i) one
15 hundred one percent of the contributions by the employees for such fiscal
16 year or (ii) such amount as may be necessary to maintain the solvency of
17 the system, as determined annually by the board of education upon
18 recommendation of the actuary and after considering any amounts that will
19 be, or are expected to be, transferred to the system pursuant to
20 subdivision (1)(b) of section 79-966. For purposes of this section,
21 solvency means the rate of all contributions required pursuant to the
22 Class V School Employees Retirement Act is equal to or greater than the
23 actuarially required contribution rate using a closed thirty-year
24 amortization period beginning on the current valuation date for any
25 unfunded actuarial accrued liability. The school district contributions
26 specified in subdivision (i) of this subdivision shall be made monthly
27 and shall be immediately transmitted to the account of the retirement
28 system and the trustees.

29 (d) The employee's contribution shall be made in the form of a
30 monthly deduction from compensation as provided in subsection (2) of this
31 section and shall be immediately transmitted to the account of the

1 retirement system. Every employee who is a member of the system shall be
2 deemed to consent and agree to such deductions and shall receipt in full
3 for compensation, and payment to such employee of compensation less such
4 deduction shall constitute a full and complete discharge of all claims
5 and demands whatsoever for services rendered by such employee during the
6 period covered by such payment except as to benefits provided under the
7 Class V School Employees Retirement Act.

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

1 they remained under any preexisting system to date of retirement.

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

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

1 of the employee until such time as they are distributed from the system.
2 Employee contributions picked up shall be treated for all purposes of the
3 Class V School Employees Retirement Act in the same manner and to the
4 extent as employee contributions made prior to the date picked up.

5 Sec. 43. Section 79-9,115, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 79-9,115 (1) All allowances, annuities, or other benefits granted
8 under the Class V School Employees Retirement Act, and all expenses
9 incurred in connection with the administration of the act, except
10 clerical work incurred in connection with maintenance of records and
11 payment of benefits, shall be paid from the Class V School Employees
12 Retirement Fund which is retirement fund hereby established. Such
13 clerical work shall be performed by employees of the school district or
14 districts and paid for out of the general fund of the school district or
15 districts. The administrator and staff of the retirement system shall be
16 permitted reasonable office and records storage space in the central
17 office building of the Class V school district formed before September
18 13, 1997. All expenses for the retirement system office accommodations
19 and integrated pension benefit information management systems, including
20 all services, support, furniture, and equipment provided or by any
21 central office department of the school district, shall be charged to the
22 retirement system. The school district or districts shall not be liable
23 for acts or omissions in the administration of the act made at the
24 direction of the board of trustees or its employees.

25 (2) Beginning on the operative date of this section, any expenses
26 with respect to the transfer to and assumption by the council and the
27 state investment officer of the duty and authority to invest the assets
28 of a retirement system provided for under the Class V School Employees
29 Retirement Act shall be charged to the Class V School Employees
30 Retirement Cash Fund. Such expenses shall be paid without the approval of
31 the board of trustees.

1 Sec. 44. Section 79-9,117, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 79-9,117 (1) The board of trustees shall establish a comprehensive
4 preretirement planning program for school employees who are members of
5 the retirement system. The program shall provide information and advice
6 regarding the many changes employees face upon retirement, including, but
7 not limited to, changes in physical and mental health, housing, family
8 life, leisure activity, and retirement income.

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

13 (3) The preretirement planning program shall include information on
14 the federal and state income tax consequences of the various annuity or
15 retirement benefit options available to the employee, information on
16 social security benefits, information on various local, state, and
17 federal government programs and programs in the private sector designed
18 to assist elderly persons, and information and advice the board of
19 trustees deems valuable in assisting employees in the transition from
20 public employment to retirement.

21 (4) The board of trustees shall work with any governmental agency,
22 including political subdivisions or bodies whose services or expertise
23 may enhance the development or implementation of the preretirement
24 planning program.

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

27 (6) The employer shall provide each eligible employee leave with pay
28 to attend up to two preretirement planning programs. For purposes of this
29 subsection, leave with pay means a day off paid by the employer and does
30 not mean vacation, sick, personal, or compensatory time. An employee may
31 choose to attend a program more than twice, but such leave shall be at

1 the expense of the employee and shall be at the discretion of the
2 employer. An eligible employee shall not be entitled to attend more than
3 one preretirement planning program per fiscal year prior to actual
4 election of retirement.

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

8 Sec. 45. Section 84-712.05, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 84-712.05 The following records, unless publicly disclosed in an
11 open court, open administrative proceeding, or open meeting or disclosed
12 by a public entity pursuant to its duties, may be withheld from the
13 public by the lawful custodian of the records:

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

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

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

30 (4) Records which represent the work product of an attorney and the
31 public body involved which are related to preparation for litigation,

1 labor negotiations, or claims made by or against the public body or which
2 are confidential communications as defined in section 27-503;

3 (5) Records developed or received by law enforcement agencies and
4 other public bodies charged with duties of investigation or examination
5 of persons, institutions, or businesses, when the records constitute a
6 part of the examination, investigation, intelligence information, citizen
7 complaints or inquiries, informant identification, or strategic or
8 tactical information used in law enforcement training, except that this
9 subdivision shall not apply to records so developed or received relating
10 to the presence of and amount or concentration of alcohol or drugs in any
11 body fluid of any person;

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

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

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

28 (9) The security standards, procedures, policies, plans,
29 specifications, diagrams, access lists, and other security-related
30 records of the Lottery Division of the Department of Revenue and those
31 persons or entities with which the division has entered into contractual

1 relationships. Nothing in this subdivision shall allow the division to
2 withhold from the public any information relating to amounts paid persons
3 or entities with which the division has entered into contractual
4 relationships, amounts of prizes paid, the name of the prize winner, and
5 the city, village, or county where the prize winner resides;

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

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

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

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

1 the federal Native American Graves Protection and Repatriation Act;

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

10 (15) Job application materials submitted by applicants, other than
11 finalists, who have applied for employment by any public body as defined
12 in section 84-1409. For purposes of this subdivision, (a) job application
13 materials means employment applications, resumes, reference letters, and
14 school transcripts and (b) finalist means any applicant (i) who reaches
15 the final pool of applicants, numbering four or more, from which the
16 successful applicant is to be selected, (ii) who is an original applicant
17 when the final pool of applicants numbers less than four, or (iii) who is
18 an original applicant and there are four or fewer original applicants;

19 (16) Records obtained by the Public Employees Retirement Board
20 pursuant to section 84-1512;

21 (17) Social security numbers; credit card, charge card, or debit
22 card numbers and expiration dates; and financial account numbers supplied
23 to state and local governments by citizens; ~~and~~

24 (18) Information exchanged between a jurisdictional utility and city
25 pursuant to section 66-1867; and -

26 (19) Draft records obtained by the Nebraska Retirement Systems
27 Committee of the Legislature and the Governor from Nebraska Public
28 Employees Retirement Systems pursuant to subsection (4) of section
29 84-1503.

30 Sec. 46. The Class V Retirement System Payment Processing Fund is
31 created for the purpose of transferring funds as specified in section

1 79-986 and for paying expenses associated with the transfer of such
2 funds. The fund shall consist of the amounts transferred from the
3 custodial bank that holds the assets of a retirement system provided for
4 under the Class V School Employees Retirement Act to make payments for
5 purposes specified in the Class V School Employees Retirement Act and to
6 pay administrative expenses incurred under this section by the Public
7 Employees Retirement Board. The funds shall reside with the Nebraska
8 Public Employees Retirement Systems for the sole purpose of conducting
9 the transactions necessary to implement this section. Any money in the
10 fund available for investment shall be invested by the state investment
11 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
12 State Funds Investment Act.

13 The Nebraska Public Employees Retirement Systems, Public Employees
14 Retirement Board, State Treasurer, Nebraska Investment Council, and
15 employees of each of such agencies shall not have responsibility to
16 review or verify the accuracy of the requests for transfer of funds for
17 payments and shall not be liable for any claims, suits, losses, damages,
18 fees, and costs related to the payment of such benefits, refunds, and
19 expenses.

20 Sec. 47. Section 84-1501, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 84-1501 (1) The Public Employees Retirement Board is hereby
23 established.

24 (2)(a) The board shall consist of eight appointed members as
25 described in this subsection and the state investment officer as a
26 nonvoting, ex officio member. Six of the appointed members shall be
27 active or retired participants in the retirement systems administered by
28 the board, and two of the appointed members (i) shall not be employees of
29 the State of Nebraska or any of its political subdivisions and (ii) shall
30 have at least ten years of experience in the management of a public or
31 private organization or have at least five years of experience in the

1 field of actuarial analysis or the administration of an employee benefit
2 plan.

3 (b) The six appointed members who are participants in the systems
4 shall be as follows:

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

8 (ii) One of the appointed members shall be a participant in the
9 Nebraska Judges Retirement System as provided in the Judges Retirement
10 Act;

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

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

15 (v) One of the appointed members shall be a participant in the State
16 Employees Retirement System of the State of Nebraska.

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

20 ~~(3)(a) Except as otherwise provided in this subsection, all All~~
21 ~~members shall serve for terms of five years or until a successor has been~~
22 ~~appointed and qualified. The terms shall begin on January 1 of the~~
23 ~~appropriate year. The members of the board shall be reimbursed for their~~
24 ~~actual and necessary expenses as provided in sections 81-1174 to 81-1177.~~
25 ~~The appointed members of the board may be removed by the Governor for~~
26 ~~cause after notice and an opportunity to be heard.~~

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

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

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

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

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

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

14 (vi) The participant in the Nebraska State Patrol Retirement System
15 shall be appointed to serve for a three-year term which begins in 2020,
16 and his or her successor shall be appointed to serve for a five-year term
17 which begins in 2023.

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

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

23 (6) The members of the board shall be reimbursed for their actual
24 and necessary expenses as provided in sections 81-1174 to 81-1177.

25 Sec. 48. Section 84-1503, Revised Statutes Supplement, 2015, is
26 amended to read:

27 84-1503 (1) It shall be the duty of the Public Employees Retirement
28 Board:

29 (a) To administer the retirement systems provided for in the County
30 Employees Retirement Act, the Judges Retirement Act, the Nebraska State
31 Patrol Retirement Act, the School Employees Retirement Act, and the State

1 Employees Retirement Act. The agency for the administration of the
2 retirement systems and under the direction of the board shall be known
3 and may be cited as the Nebraska Public Employees Retirement Systems;

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

12 (c) To provide for an equitable allocation of expenses among the
13 retirement systems administered by the board, and all expenses shall be
14 provided from the investment income earned by the various retirement
15 funds unless alternative sources of funds to pay expenses are specified
16 by law;

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

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

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

25 (g) To adopt and implement procedures for reporting information by
26 employers, as well as testing and monitoring procedures in order to
27 verify the accuracy of such information. The information necessary to
28 determine membership shall be provided by the employer. The board shall
29 adopt and promulgate rules and regulations and prescribe such forms
30 necessary to carry out this subdivision. Nothing in this subdivision
31 shall be construed to require the board to conduct onsite audits of

1 political subdivisions for compliance with statutes, rules, and
2 regulations governing the retirement systems listed in subdivision (1)(a)
3 of this section regarding membership and contributions; and

4 (h) To prescribe and furnish forms for the public retirement system
5 plan reports required to be filed pursuant to sections 2-3228, 12-101,
6 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037, 19-3501, 23-1118,
7 23-3526, 71-1631.02, and 79-987.

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

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

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

16 (c) To adopt and promulgate rules and regulations for the management
17 of the board;

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

20 (e) To obtain, by a competitive, formal, and sealed bidding process
21 through the materiel division of the Department of Administrative
22 Services, actuarial services on behalf of the State of Nebraska as may be
23 necessary in the administration and development of the retirement
24 systems, including, but not limited to, preparation of an annual
25 actuarial valuation report of each of the defined benefit and cash
26 balance plans administered by the board. Such annual valuation reports
27 shall be presented by the actuary to the Nebraska Retirement Systems
28 Committee of the Legislature at a public hearing or hearings. Any
29 contract for actuarial services shall contain a provision allowing the
30 actuary, without prior approval of the board, to perform actuarial
31 studies of the systems as requested by entities other than the board, if

1 notice, which does not identify the entity or substance of the request,
2 is given to the board, all costs are paid by the requesting entity,
3 results are provided to the board, the Nebraska Retirement Systems
4 Committee of the Legislature, and the Legislative Fiscal Analyst upon
5 being made public, and such actuarial studies do not interfere with the
6 actuary's ongoing responsibility to the board. The term of the contract
7 shall be for up to three years. A competitive, formal, and sealed bidding
8 process shall be completed at least once every three years, unless the
9 board determines that such a process would not be cost effective under
10 the circumstances and that the actuarial services performed have been
11 satisfactory, in which case the contract may also contain an option for
12 renewal without a competitive, formal, and sealed bidding process for up
13 to three additional years. An actuary under contract for the State of
14 Nebraska shall be a member of the American Academy of Actuaries and meet
15 the academy's qualification standards to render a statement of actuarial
16 opinion;

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

22 (g) To adopt and promulgate rules and regulations to carry out the
23 provisions of each retirement system described in subdivision (1)(a) of
24 this section, which includes, but is not limited to, the crediting of
25 military service, direct rollover distributions, and the acceptance of
26 rollovers;

27 (h) To obtain, by a competitive, formal, and sealed bidding process
28 through the materiel division of the Department of Administrative
29 Services, auditing services for a separate compliance audit of the
30 retirement systems to be completed by December 31, 2020, and from time to
31 time thereafter at the request of the Nebraska Retirement Systems

1 Committee of the Legislature, to be completed not more than every four
2 years but not less than every ten years. The compliance audit shall be in
3 addition to the annual audit conducted by the Auditor of Public Accounts.
4 The compliance audit shall include, but not be limited to, an examination
5 of records, files, and other documents and an evaluation of all policies
6 and procedures to determine compliance with all state and federal laws. A
7 copy of the compliance audit shall be given to the Governor, the board,
8 and the Nebraska Retirement Systems Committee of the Legislature and
9 shall be presented to the committee at a public hearing;

10 (i) To adopt and promulgate rules and regulations for the adjustment
11 of contributions or benefits, which includes, but is not limited to: (i)
12 The procedures for refunding contributions, adjusting future
13 contributions or benefit payments, and requiring additional contributions
14 or repayment of benefits; (ii) the process for a member, member's
15 beneficiary, employee, or employer to dispute an adjustment to
16 contributions or benefits; (iii) establishing materiality and de minimus
17 amounts for agency transactions, adjustments, and inactive account
18 closures; and (iv) notice provided to all affected persons. Following an
19 adjustment, a timely notice shall be sent that describes the adjustment
20 and the process for disputing an adjustment to contributions or benefits;

21 (j) To make a thorough investigation through the director or the
22 director's designee, of any overpayment of a benefit, when in the
23 judgment of the director such investigation is necessary, including, but
24 not limited to, circumstances in which benefit payments are made after
25 the death of a member or beneficiary and the retirement system is not
26 made aware of such member's or beneficiary's death. In connection with
27 any such investigation, the board, through the director or the director's
28 designee, shall have the power to compel the attendance of witnesses and
29 the production of books, papers, records, and documents, whether in
30 hardcopy, electronic form, or otherwise, and issue subpoenas for such
31 purposes. Such subpoenas shall be served in the same manner and have the

1 same effect as subpoenas from district courts; and

2 (k) To administer all retirement system plans in a manner which will
3 maintain each plan's status as a qualified plan pursuant to the Internal
4 Revenue Code, as defined in section 49-801.01, including: Section 401(a)
5 (9) of the Internal Revenue Code relating to the time and manner in which
6 benefits are required to be distributed, including the incidental death
7 benefit distribution requirement of section 401(a)(9)(G) of the Internal
8 Revenue Code; section 401(a)(25) of the Internal Revenue Code relating to
9 the specification of actuarial assumptions; section 401(a)(31) of the
10 Internal Revenue Code relating to direct rollover distributions from
11 eligible retirement plans; section 401(a)(37) of the Internal Revenue
12 Code relating to the death benefit of a member whose death occurs while
13 performing qualified military service; and section 401(a) of the Internal
14 Revenue Code by meeting the requirements of section 414(d) of the
15 Internal Revenue Code relating to the establishment of retirement plans
16 for governmental employees of a state or political subdivision thereof.
17 The board shall adopt and promulgate rules and regulations necessary or
18 appropriate to maintain such status including, but not limited to, rules
19 or regulations which restrict discretionary or optional contributions to
20 a plan or which limit distributions from a plan.

21 (3) By March 31 of each year, the board shall prepare a written plan
22 of action and shall present such plan to the Nebraska Retirement Systems
23 Committee of the Legislature at a public hearing. The plan shall include,
24 but not be limited to, the board's funding policy, the administrative
25 costs and other fees associated with each fund and plan overseen by the
26 board, member education and informational programs, the director's duties
27 and limitations, an organizational structure of the office of the
28 Nebraska Public Employees Retirement Systems, and the internal control
29 structure of such office to ensure compliance with state and federal
30 laws.

31 (4)(a) Beginning in 2016, and at least every four years thereafter

1 in even-numbered years or at the request of the Nebraska Retirement
2 Systems Committee of the Legislature, the board shall obtain an
3 experience study. Within thirty business days after presentation of the
4 experience study to the board, the actuary shall present the study to the
5 Nebraska Retirement Systems Committee at a public hearing. If the board
6 does not adopt all of the recommendations in the experience study, the
7 board shall provide a written explanation of its decision to the Nebraska
8 Retirement Systems Committee and the Governor. The explanation shall be
9 delivered within ten business days after formal action by the board to
10 not adopt one or more of the recommendations.

11 (b) The director shall provide a copy of the first draft and a final
12 draft of the experience study and annual valuation reports to the
13 Nebraska Retirement Systems Committee and the Governor when the director
14 receives the drafts from the actuary. The drafts shall be deemed
15 confidential information. The draft copies obtained by the Nebraska
16 Retirement Systems Committee and the Governor pursuant to this section
17 shall not be considered public records subject to sections 84-712 to
18 84-712.09.

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

24 (5) It shall be the duty of the board to direct the State Treasurer
25 to transfer funds, as an expense of the Class V School Employees
26 Retirement System, to and from the Class V Retirement System Payment
27 Processing Fund and the Class V School Employees Retirement Fund for the
28 benefit of a retirement system provided for under the Class V School
29 Employees Retirement Act to implement the provisions of section 79-986.
30 The agency for the administration of this provision and under the
31 direction of the board shall be known and may be cited as the Nebraska

1 Public Employees Retirement Systems.

2 Sec. 49. Sections 17 and 52 of this act become operative on July 1,
3 2016. Sections 31 and 53 of this act become operative on September 1,
4 2016. The other sections of this act become operative on their effective
5 date.

6 Sec. 50. If any section in this act or any part of any section is
7 declared invalid or unconstitutional, the declaration shall not affect
8 the validity or constitutionality of the remaining portions.

9 Sec. 51. Original sections 72-1237, 72-1239, 72-1249, 72-1249.02,
10 79-916, 79-931, 79-935, 79-954, 79-966, 79-978.01, 79-979, 79-981,
11 79-982, 79-983, 79-984, 79-985, 79-986, 79-987, 79-989, 79-990, 79-991,
12 79-992, 79-998, 79-9,102, 79-9,103, 79-9,105, 79-9,107, 79-9,108,
13 79-9,109, 79-9,111, 79-9,113, 79-9,115, 79-9,117, 84-712.05, and 84-1501,
14 Reissue Revised Statutes of Nebraska, section 72-1243, Revised Statutes
15 Cumulative Supplement, 2014, and sections 13-2402, 72-1239.01, 79-934,
16 79-978, 79-9,100, and 84-1503, Revised Statutes Supplement, 2015, are
17 repealed.

18 Sec. 52. Original section 79-980, Reissue Revised Statutes of
19 Nebraska, is repealed.

20 Sec. 53. Original section 79-996, Reissue Revised Statutes of
21 Nebraska, is repealed.

22 Sec. 54. The following section is outright repealed: Section
23 79-988.01, Reissue Revised Statutes of Nebraska.

24 Sec. 55. Since an emergency exists, this act takes effect when
25 passed and approved according to law.

26 2. On page 1, strike beginning with "the" in line 1 through line 11
27 and insert "retirement; to amend sections 72-1237, 72-1239, 72-1249,
28 72-1249.02, 79-916, 79-931, 79-935, 79-954, 79-966, 79-978.01, 79-979,
29 79-980, 79-981, 79-982, 79-983, 79-984, 79-985, 79-986, 79-987, 79-989,
30 79-990, 79-991, 79-992, 79-996, 79-998, 79-9,102, 79-9,103, 79-9,105,
31 79-9,107, 79-9,108, 79-9,109, 79-9,111, 79-9,113, 79-9,115, 79-9,117,

1 84-712.05, and 84-1501, Reissue Revised Statutes of Nebraska, section
2 72-1243, Revised Statutes Cumulative Supplement, 2014, and sections
3 13-2402, 72-1239.01, 79-934, 79-978, 79-9,100, and 84-1503, Revised
4 Statutes Supplement, 2015; to require certain political subdivisions to
5 conduct actuarial experience studies and file copies of actuarial
6 experience studies; to change provisions relating to the Nebraska
7 Investment Council, school employees' retirement provisions, and the
8 Public Employees Retirement Board; to define and redefine terms; to
9 create and name funds; to provide immunity from liability as prescribed;
10 to provide fiduciary duties; to provide for an annual financial audit as
11 prescribed; to change a formula retirement annuity computation as
12 prescribed; to require actuarial experience studies for the Nebraska
13 Public Employees Retirement Systems; to eliminate obsolete provisions; to
14 harmonize provisions; to provide operative dates; to provide
15 severability; to repeal the original sections; to outright repeal section
16 79-988.01, Reissue Revised Statutes of Nebraska; and to declare an
17 emergency."