

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 447**

Introduced by Nordquist, 7.

Read first time January 20, 2015

Committee: Nebraska Retirement Systems

1 A BILL FOR AN ACT relating to the Class V School Employees Retirement  
2 Act; to amend sections 79-978, 79-980, 79-981, 79-982, 79-983,  
3 79-984, 79-985, 79-986, 79-987, 79-989, 79-990, 79-991, 79-992,  
4 79-996, 79-998, 79-9,102, 79-9,103, 79-9,105, 79-9,107, 79-9,108,  
5 79-9,109, 79-9,111, 79-9,113, 79-9,115, and 79-9,117, Reissue  
6 Revised Statutes of Nebraska; to define and redefine terms; to  
7 change membership of the board of trustees; to change provisions  
8 relating to administration of the retirement system and the services  
9 and benefits provided by the system; to provide a penalty; to  
10 provide immunity from liability; to harmonize provisions; and to  
11 repeal the original sections.  
12 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-978, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3 79-978 For purposes of the Class V School Employees Retirement Act,  
4 unless the context otherwise requires:

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

8 (2) Board of education means the board of education of the school  
9 district;

10 (3) Board of trustees means the board of trustees provided for in  
11 section 79-980;

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

13 (4) Employee means the following enumerated persons receiving  
14 compensation from the school district: (a) Regular teachers and  
15 administrators employed on a written contract basis; and (b) regular  
16 employees, not included in subdivision (4)(a) of this section, hired upon  
17 a full-time basis, which basis shall contemplate a workweek of not less  
18 than thirty hours;

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

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

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

25 (8) Membership service means service on or after September 1, 1951,  
26 as an employee of the school district and a member of the system for  
27 which compensation is paid by the school district. Credit for more than  
28 one year of membership service shall not be allowed for service rendered  
29 in any fiscal year. Beginning September 1, 2005, a member shall be  
30 credited with a year of membership service for each fiscal year in which  
31 the member performs one thousand or more hours of compensated service as

1 an employee of the school district. An hour of compensated service shall  
2 include any hour for which the member is compensated by the school  
3 district during periods where no service is performed due to vacation or  
4 approved leave. If a member performs less than one thousand hours of  
5 compensated service during a fiscal year, one-tenth of a year of  
6 membership service shall be credited for each one hundred hours of  
7 compensated service by the member in such fiscal year. In determining a  
8 member's total membership service, all periods of membership service,  
9 including fractional years of membership service in one-tenth-year  
10 increments, shall be aggregated;

11 (9) Prior service means service rendered prior to September 1, 1951,  
12 for which credit is allowed under section 79-999, service rendered by  
13 retired employees receiving benefits under preexisting systems, and  
14 service for which credit is allowed under sections 79-990, 79-991,  
15 79-994, 79-995, and 79-997;

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

18 (11) Compensation means salary or wages payable by the school  
19 district before reduction for contributions picked up under section  
20 414(h) of the Internal Revenue Code, elective contributions made pursuant  
21 to section 125 or 403(b) of the code, or amounts not currently includible  
22 in income by reason of section 132(f)(4) of the code, subject to the  
23 applicable limitations of section 401(a)(17) of the code;

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

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

30 (14) Regular interest means interest (a) on the total contributions  
31 of the member prior to the close of the last preceding fiscal year, (b)

1 compounded annually, and (c) at rates to be determined annually by the  
2 board of trustees, which shall have the sole, absolute, and final  
3 discretionary authority to make such determination, except that the rate  
4 for any given year in no event shall exceed the actual percentage of net  
5 earnings of the system during the last preceding fiscal year;

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

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

11 (17) Early retirement date means that month and year selected by a  
12 member having at least ten years of creditable service which includes a  
13 minimum of five years of membership service and who has attained age  
14 fifty-five;

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

17 (19) Annuity means annual payments, for both prior service and  
18 membership service, for life as provided in the Class V School Employees  
19 Retirement Act;

20 (20) Actuarial tables means:

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

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

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

5 (21) Actuarial equivalent means the equality in value of the  
6 retirement allowance for early retirement or the retirement allowance for  
7 an optional form of annuity, or both, with the normal form of the annuity  
8 to be paid, as determined by the application of the appropriate actuarial  
9 table, except that use of such actuarial tables shall not effect a  
10 reduction in benefits accrued prior to September 1, 1985, as determined  
11 by the actuarial tables in use prior to such date;

12 (22) Fiscal year means the period beginning September 1 in any year  
13 and ending on August 31 of the next succeeding year;

14 (23) Primary beneficiary means the person or persons entitled to  
15 receive or receiving a benefit by reason of the death of a member; and

16 (24) Secondary beneficiary means the person or persons entitled to  
17 receive or receiving a benefit by reason of the death of all primary  
18 beneficiaries prior to the death of the member. If no primary beneficiary  
19 survives the member, secondary beneficiaries shall be treated in the same  
20 manner as primary beneficiaries.

21 Sec. 2. Section 79-980, Reissue Revised Statutes of Nebraska, is  
22 amended to read:

23 79-980 (1) At any time that the retirement system consists of only  
24 one Class V school district, the general administration of the retirement  
25 system is hereby vested in the board of trustees. The board of trustees  
26 shall administer the Class V School Employees Retirement Act and shall  
27 consist of seven individuals as follows: (a) Four members of the  
28 retirement system, two from the certificated staff, one from the  
29 classified staff, and one from the annuitants; (b) the superintendent of  
30 schools or a specific individual designated by the superintendent to  
31 serve in place of the superintendent, who shall serve as an ex officio,

1 voting trustee; and (c) two trustees who are business persons qualified  
2 in financial affairs and who are not members of the retirement system.  
3 The four trustees who are members of the retirement system shall be  
4 elected for terms of four years by the members of the retirement system  
5 that each position represents, and the terms of the elected trustees  
6 shall be fixed so that one member trustee election shall be held each  
7 year. The elections of the trustees who are members of the retirement  
8 system shall be arranged for, managed, and conducted by the board of  
9 trustees. The trustees who are business persons shall be elected to four-  
10 year terms by the trustees who are not business persons. The board of  
11 trustees shall appoint a qualified individual to fill any vacancy on the  
12 board of trustees for the remainder of the unexpired term. No vacancy on  
13 the board of trustees shall impair the power of the remaining trustees to  
14 administer the retirement system pending the filling of such vacancy. The  
15 trustees serving immediately prior to the effective date of this act  
16 shall administer the selection of the new board of trustees, including  
17 the staggering of terms. The terms of the trustees serving immediately  
18 prior to such date shall terminate upon selection of the new board of  
19 trustees. The trustees shall serve without compensation, but they shall  
20 be reimbursed from the funds of the retirement system for expenses that  
21 they may incur through service on the board of trustees as provided in  
22 sections 81-1174 to 81-1177. A trustee shall serve until a successor  
23 qualifies. Each trustee shall be entitled to one vote on the board of  
24 trustees, and four trustees shall constitute a quorum for the transaction  
25 of any business. The board of trustees and the administrator of the  
26 retirement system shall administer the retirement system in compliance  
27 with the tax-qualification requirements applicable to government  
28 retirement plans under section 401(a) of the Internal Revenue Code, as  
29 defined in section 49-801.01, including: Section 401(a)(9) of the  
30 Internal Revenue Code relating to the time and manner in which benefits  
31 are required to be distributed, including the incidental death benefit

1 distribution requirement of section 401(a)(9)(G) of the Internal Revenue  
2 Code; section 401(a)(25) of the Internal Revenue Code relating to the  
3 specification of actuarial assumptions; section 401(a)(31) of the  
4 Internal Revenue Code relating to direct rollover distributions from  
5 eligible retirement plans; and section 401(a)(37) of the Internal Revenue  
6 Code relating to the death benefit of a member whose death occurs while  
7 performing qualified military service. No trustee shall be personally  
8 liable, except in cases of willful dishonesty, gross negligence, or  
9 intentional violations of law, for actions relating to his or her  
10 retirement system duties.

11 (2) At any time that the retirement system consists of more than one  
12 Class V school district, the general administration of the retirement  
13 system is hereby vested in the board of trustees. The board of trustees  
14 shall administer the Class V School Employees Retirement Act and shall  
15 consist of individuals as follows: (a) Four members of the retirement  
16 system, two from the certificated staff, one from the classified staff,  
17 and one from the annuitants; (b) the superintendent of the Class V school  
18 district formed before September 13, 1997, or a specific individual  
19 designated by that superintendent to serve in place of the  
20 superintendent, who shall serve as an ex officio, voting trustee; (c) two  
21 trustees who are business persons qualified in financial affairs and who  
22 are not members of the retirement system; and (d) the superintendents of  
23 all Class V school districts formed after September 13, 1997, or a  
24 specific individual designated by those superintendents to serve in place  
25 of those superintendents, who shall serve as ex officio, nonvoting  
26 trustees. The four trustees who are members of the retirement system  
27 shall be elected for terms of four years by the members of the retirement  
28 system that each position represents, and the terms of the elected  
29 trustees shall be fixed so that one member trustee election shall be held  
30 each year. The elections of the trustees who are members of the  
31 retirement system shall be arranged for, managed, and conducted by the

1 board of trustees. The trustees who are business person shall be elected  
2 to four-year terms by the trustees who are not business persons. The  
3 board of trustees shall appoint a qualified individual to fill any  
4 vacancy on the board of trustees for the remainder of the unexpired term.  
5 No vacancy on the board of trustees shall impair the power of the  
6 remaining trustees to administer the retirement system pending the  
7 filling of such vacancy. The trustees shall serve without compensation,  
8 but they shall be reimbursed from the funds of the retirement system for  
9 expenses that they may incur through service on the board of trustees as  
10 provided in sections 81-1174 to 81-1177. A trustee shall serve until a  
11 successor qualifies. Each of the seven voting trustees shall be entitled  
12 to one vote on the board of trustees, and four voting trustees shall  
13 constitute a quorum for the transaction of any business. The board of  
14 trustees and the administrator of the retirement system shall administer  
15 the retirement system in compliance with the tax-qualification  
16 requirements applicable to government retirement plans under section  
17 401(a) of the Internal Revenue Code, as defined in section 49-801.01,  
18 including: Section 401(a)(9) of the Internal Revenue Code relating to the  
19 time and manner in which benefits are required to be distributed,  
20 including the incidental death benefit distribution requirement of  
21 section 401(a)(9)(G) of the Internal Revenue Code; section 401(a)(25) of  
22 the Internal Revenue Code relating to the specification of actuarial  
23 assumptions; section 401(a)(31) of the Internal Revenue Code relating to  
24 direct rollover distributions from eligible retirement plans; and section  
25 401(a)(37) of the Internal Revenue Code relating to the death benefit of  
26 a member whose death occurs while performing qualified military service.  
27 No trustee shall be personally liable, except in cases of willful  
28 dishonesty, gross negligence, or intentional violations of law, for  
29 actions relating to his or her retirement system duties.

30 ~~(1) At any time that the retirement system consists of only one~~  
31 ~~Class V school district, the general administration of the retirement~~



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

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

8       ~~(2) At any time that the retirement system consists of more than one~~  
9 ~~Class V school district, the general administration of the retirement~~  
10 ~~system is hereby vested in a Class V Retirement System Board composed of~~  
11 ~~three members of the school board for each participating Class V school~~  
12 ~~district. The board shall appoint, by a majority of all its members,~~  
13 ~~trustees to serve as executive officers to administer the Class V School~~  
14 ~~Employees Retirement Act. Such trustees shall consist of (a) the~~  
15 ~~superintendent of each participating Class V school district, as ex~~  
16 ~~officio trustees, (b) four members of the retirement system, two from the~~  
17 ~~certificated staff, one from the classified staff, and one from the~~  
18 ~~annuitants, (c) three members of the board, and (d) two trustees who are~~  
19 ~~business persons qualified in financial affairs and who are not members~~  
20 ~~of the retirement system. The trustees who are appointed from the board~~  
21 ~~and the membership shall, to the extent feasible, be appointed equally~~  
22 ~~from each participating Class V school district. The trustees shall serve~~  
23 ~~without compensation, but they shall be reimbursed from the funds of the~~  
24 ~~retirement system for expenses that they may incur through service on the~~  
25 ~~board of trustees as provided in sections 81-1174 to 81-1177. A trustee~~  
26 ~~shall serve until a successor qualifies, except that trustees who are~~  
27 ~~members of the retirement system or members of the board shall be~~  
28 ~~disqualified as trustees immediately upon ceasing to be a member of the~~  
29 ~~retirement system or of the board. Each trustee shall be entitled to one~~  
30 ~~vote on the board of trustees, and six trustees shall constitute a quorum~~  
31 ~~for the transaction of any business. The trustees who are appointed from~~

1 ~~the board and the membership shall be appointed for each fiscal year. The~~  
2 ~~two trustees who are not members of the board or of the retirement system~~  
3 ~~shall be appointed for three fiscal years each. The trustees and the~~  
4 ~~administrator of the retirement system shall administer the retirement~~  
5 ~~system in compliance with the tax qualification requirements applicable~~  
6 ~~to government retirement plans under section 401(a) of the Internal~~  
7 ~~Revenue Code, as defined in section 49-801.01, including: Section 401(a)~~  
8 ~~(9) of the Internal Revenue Code relating to the time and manner in which~~  
9 ~~benefits are required to be distributed, including the incidental death~~  
10 ~~benefit distribution requirement of section 401(a)(9)(G) of the Internal~~  
11 ~~Revenue Code; section 401(a)(25) of the Internal Revenue Code relating to~~  
12 ~~the specification of actuarial assumptions; section 401(a)(31) of the~~  
13 ~~Internal Revenue Code relating to direct rollover distributions from~~  
14 ~~eligible retirement plans; and section 401(a)(37) of the Internal Revenue~~  
15 ~~Code relating to the death benefit of a member whose death occurs while~~  
16 ~~performing qualified military service. No member of the Class V~~  
17 ~~Retirement System Board or trustee shall be personally liable, except in~~  
18 ~~cases of willful dishonesty, gross negligence, or intentional violations~~  
19 ~~of law, for actions relating to his or her retirement system duties.~~

20       Sec. 3. Section 79-981, Reissue Revised Statutes of Nebraska, is  
21 amended to read:

22       79-981 The board of trustees ~~education or Class V Retirement System~~  
23 ~~Board~~ shall from time to time establish rules and regulations for the  
24 administration of the retirement system and for the transaction of its  
25 business and shall appoint an administrator of the retirement system. The  
26 board of trustees may contract for such medical and other services as  
27 shall be required to transact the business of the retirement system. All  
28 rules and regulations and contracts in force on the effective date of  
29 this act shall remain in effect until amended, replaced, or voided by  
30 action of the board of trustees. Compensation for all persons employed by  
31 the board of trustees and all other expenses of the board of trustees

1 necessary for the proper and efficient operation of the retirement system  
2 shall be paid in such amounts as the board of trustees determines and  
3 approves.

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

15 Sec. 4. Section 79-982, Reissue Revised Statutes of Nebraska, is  
16 amended to read:

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

28 Sec. 5. Section 79-983, Reissue Revised Statutes of Nebraska, is  
29 amended to read:

30 79-983 The administrator of the retirement system shall serve at the  
31 pleasure of the board of trustees. The administrator shall hire, dismiss,

1 and otherwise supervise the other staff of the retirement system, shall  
2 keep the minutes and records of the retirement system, shall be the  
3 executive officer in charge of the administration of the detailed affairs  
4 of the retirement system, and shall perform such other duties as may be  
5 assigned by the board of education, the Class V Retirement System Board,  
6 or the trustees. The administrator and staff of the retirement system  
7 shall be employees of the Class V school district, with compensation and  
8 benefits as determined by the board of trustees. The retirement system  
9 shall reimburse the Class V school district for the cost of salary and  
10 fringe benefits provided to the retirement system staff.

11       Sec. 6. Section 79-984, Reissue Revised Statutes of Nebraska, is  
12 amended to read:

13       79-984 The board of trustees ~~education or Class V Retirement System~~  
14 ~~Board~~ shall contract for the services of an actuary who shall be the  
15 technical advisor of the board of ~~and the~~ trustees on matters regarding  
16 the operation of the retirement system. The actuary shall (1) make a  
17 general investigation of the operation of the retirement system annually,  
18 which investigation shall cover mortality, retirement, disability,  
19 employment, turnover, interest, and earnable compensation, and (2)  
20 recommend tables to be used for all required actuarial calculations. The  
21 actuary shall perform such other duties as may be assigned by the board  
22 of trustees.

23       Sec. 7. Section 79-985, Reissue Revised Statutes of Nebraska, is  
24 amended to read:

25       79-985 The board of trustees shall contract for the services of a  
26 legal advisor to the board of attorney for the board of education or  
27 ~~Class V Retirement System Board shall be the legal advisor to the~~  
28 trustees.

29       Sec. 8. Section 79-986, Reissue Revised Statutes of Nebraska, is  
30 amended to read:

31       79-986 The school district, if there is only one Class V school

1 district in the retirement system, or the Class V school district  
2 designated by the board of trustees ~~Class V Retirement System Board~~, if  
3 there is more than one Class V school district in the retirement system,  
4 shall act as the treasurer of the system and the official custodian of  
5 the cash and securities belonging to the retirement system, shall provide  
6 adequate safe deposit facilities for the preservation of such securities,  
7 and shall hold such cash and securities subject to the order of the board  
8 of trustees ~~education or Class V Retirement System Board~~.

9 The school district or designated school district shall receive all  
10 items of taxes or cash belonging to the retirement system and shall  
11 deposit in banks approved by the board of trustees ~~education or Class V~~  
12 ~~Retirement System Board~~ all such amounts in trust or custodial accounts.  
13 Notwithstanding any limitations elsewhere imposed by statute on the  
14 location of the retirement system's depository bank, such limitations  
15 shall not apply to the use of depository banks for the custody of the  
16 system's cash, securities, and other investments. The school district or  
17 designated school district, as treasurer of the system, shall make  
18 payments for purposes specified in the Class V School Employees  
19 Retirement Act. All banks and custodians which receive and hold  
20 securities and investments for the retirement system may hold and  
21 evidence such securities by book entry account rather than obtaining and  
22 retaining the original certificate, indenture, or governing instrument  
23 for such security.

24 Sec. 9. Section 79-987, Reissue Revised Statutes of Nebraska, is  
25 amended to read:

26 79-987 (1) An annual audit of the affairs of the retirement system  
27 shall be conducted. At the option of the board of trustees, such audit  
28 may be conducted by a certified public accountant or the Auditor of  
29 Public Accounts. The costs of such audit shall be paid from funds of the  
30 retirement system. A copy of such audit shall be filed with the Auditor  
31 of Public Accounts.

1           (2) ~~On March 1 each year Beginning March 1, 2015, and each March 1~~  
2 ~~thereafter~~, if such retirement plan is a defined benefit plan, the board  
3 of trustees education shall cause to be prepared an annual report and the  
4 administrator shall file the same with the Public Employees Retirement  
5 Board and submit to the members of the Nebraska Retirement Systems  
6 Committee of the Legislature a copy of such report. The report submitted  
7 to the committee shall be submitted electronically. The report shall  
8 consist of a full actuarial analysis of each such retirement plan  
9 established pursuant to section 79-979. The analysis shall be prepared by  
10 an independent private organization or public entity employing actuaries  
11 who are members of the American Academy of Actuaries and meet the  
12 academy's qualification standards to render a statement of actuarial  
13 opinion, and which organization or entity has demonstrated expertise to  
14 perform this type of analysis and is unrelated to any organization  
15 offering investment advice or which provides investment management  
16 services to the retirement plan. The report shall be presented to the  
17 Nebraska Retirement Systems Committee of the Legislature at a public  
18 hearing.

19           Sec. 10. Section 79-989, Reissue Revised Statutes of Nebraska, is  
20 amended to read:

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

31           Any school employee, member of a school board or board of education,

1 or agent of any employer who willfully fails or refuses to furnish to the  
2 board of trustees upon its request and in the manner prescribed by it  
3 such information, data, or records as may be necessary for carrying into  
4 effect the Class V School Employees Retirement Act shall be guilty of a  
5 Class V misdemeanor.

6 Sec. 11. Section 79-990, Reissue Revised Statutes of Nebraska, is  
7 amended to read:

8 79-990 (1) Any member who is eligible for reemployment on or after  
9 December 12, 1994, pursuant to 38 U.S.C. 4301 et seq., as adopted under  
10 section 55-161, or who is eligible for reemployment under section 55-160  
11 may pay to the retirement system after the date of his or her return from  
12 active military service, and within the period required by law, not to  
13 exceed five years, an amount equal to the sum of all deductions which  
14 would have been made from the salary which he or she would have received  
15 during the period of military service for which creditable service is  
16 desired. If such payment is made, the member shall be entitled to credit  
17 for membership service in determining his or her annuity for the period  
18 for which contributions have been made and the board of education shall  
19 be responsible for any funding necessary to provide for the benefit which  
20 is attributable to this increase in the member's creditable service. The  
21 member's payments shall be paid as the board of trustees may direct,  
22 through direct payments to the retirement system or on an installment  
23 basis pursuant to a binding irrevocable payroll deduction authorization  
24 between the member and the school district. Creditable service may be  
25 purchased only in one-tenth-year increments, starting with the most  
26 recent years' salary.

27 (2) Under such rules and regulations as the board of trustees may  
28 prescribe, any member who was away from his or her position while on a  
29 leave of absence from such position authorized by the board of education  
30 of the school district by which he or she was employed at the time of  
31 such leave of absence or pursuant to any contractual agreement entered



1 into by such school district may receive credit for any or all time he or  
2 she was on leave of absence. Such time shall be included in creditable  
3 service when determining eligibility for death, disability, termination,  
4 and retirement benefits. The member who receives the credit shall earn  
5 benefits during the leave based on salary at the level received  
6 immediately prior to the leave of absence. Such credit shall be received  
7 if such member pays into the retirement system (a) an amount equal to the  
8 sum of the deductions from his or her salary for the portion of the leave  
9 for which creditable service is desired, (b) any contribution which the  
10 school district would have been required to make for the portion of the  
11 leave for which creditable service is desired had he or she continued to  
12 receive salary at the level received immediately prior to the leave of  
13 absence, and (c) interest on these combined payments from the date such  
14 deductions would have been made to the date of repayment determined by  
15 using the rate of interest established by the board of trustees for  
16 interest on such purchases of service credit. Such amounts shall be paid  
17 as the board of trustees may direct, through direct payments to the  
18 retirement system or on an installment basis pursuant to a binding  
19 irrevocable payroll deduction authorization between the member and the  
20 school district over a period not to exceed five years from the date of  
21 the termination of his or her leave of absence. Interest on any delayed  
22 payment shall be at the rate of interest established by the board of  
23 trustees for determining interest on delayed payments by members to the  
24 retirement system. Creditable service may be purchased only in one-tenth-  
25 year increments, starting with the most recent years' salary, and if  
26 payments are made on an installment basis, creditable service will be  
27 credited only as payment has been made to the retirement system to  
28 purchase each additional one-tenth-year increment. Leave of absence shall  
29 be construed to include, but not be limited to, sabbaticals, maternity  
30 leave, exchange teaching programs, full-time leave as an elected official  
31 of a professional association or collective-bargaining unit, or leave of

1 absence to pursue further education or study. A leave of absence granted  
2 pursuant to this section shall not exceed four years in length, and in  
3 order to receive credit for the leave of absence, the member must have  
4 returned to employment with the school district within one year after  
5 termination of the leave of absence.

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

20 Sec. 12. Section 79-991, Reissue Revised Statutes of Nebraska, is  
21 amended to read:

22 79-991 (1) An employee who becomes a member without prior service  
23 credit may purchase prior service credit, not to exceed the lesser of ten  
24 years or the member's years of membership service, for the period of  
25 service the member was employed by a school district or by an educational  
26 service unit and which is not used in the calculation of any retirement  
27 or disability benefit having been paid, being paid, or payable in the  
28 future to such member under any defined benefit retirement system or  
29 program maintained by such other school district or educational service  
30 unit. The purchase of prior service credit shall be made in accordance  
31 with and subject to the following requirements:

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

20 (b) The member shall pay to the retirement system the total amount  
21 he or she would have contributed to the retirement system had he or she  
22 been a member of the retirement system during the period for which prior  
23 service is being purchased, together with interest thereon as determined  
24 using the rate of interest established by the board of trustees for  
25 interest on such purchases of prior service credit. Such payment shall be  
26 based on the most recent years' salary the member earned in another  
27 school district or educational service unit if the salary is verified by  
28 the other school district or educational service unit or, if not, the  
29 payment shall be based on the member's annual salary at the time he or  
30 she became a member;

31 (c) Payments by the member for the purchase of the prior service

1 credit shall be paid as the board of trustees may direct through direct  
2 payments to the retirement system or on an installment basis pursuant to  
3 a binding irrevocable payroll deduction authorization between the member  
4 and the school district over a period not to exceed five years from the  
5 date of membership. Interest on delayed payments shall be at the rate of  
6 interest established by the board of trustees for determining interest on  
7 delayed payments by members to the retirement system. In the event the  
8 member terminates employment with the school district for any reason  
9 before full payment for the prior service has been made, the remaining  
10 installments shall be immediately due and payable to the retirement  
11 system. Prior service credit may be purchased only in one-tenth-year  
12 increments, and if payments are made on an installment basis, the prior  
13 service will be credited only as payment has been made to the retirement  
14 system. If the prior service to be purchased by the member exceeds the  
15 member's membership service at the time of application or any subsequent  
16 date, such excess prior service shall be credited to the member only as  
17 the member completes and is credited additional membership service, in  
18 one-tenth-year increments, notwithstanding the member's payment for such  
19 prior service credit. If the member retires or terminates employment  
20 before completing sufficient membership service to permit all of the  
21 excess prior service that has been purchased by the member to be credited  
22 to such member, the retirement system shall refund to the member, or to  
23 the member's beneficiary if the member's termination is due to his or her  
24 death, the payments that have been made to the retirement system for such  
25 uncredited prior service, together with regular interest on such refund;  
26 and

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

30 (2) Any employee who became a member before July 1, 2014, and who  
31 has five or more years of creditable service and any employee who became

1 a member for the first time on or after July 1, 2014, and who has ten or  
2 more years of creditable service, excluding in either case years of prior  
3 service acquired pursuant to section 79-990, 79-994, 79-995, or 79-997,  
4 or subsection (1) of this section, may elect to purchase up to a total of  
5 five years of additional creditable service under the retirement system,  
6 and upon such purchase the member shall be given the same status as  
7 though he or she had been a member of the retirement system for such  
8 additional number of years, except as otherwise specifically provided in  
9 the Class V School Employees Retirement Act. Creditable service may be  
10 purchased only in one-tenth-year increments. The amount to be paid to the  
11 retirement system for such creditable service shall be equal to the  
12 actuarial cost to the retirement system of the increased benefits  
13 attributable to such additional creditable service as determined by the  
14 retirement system's actuary at the time of the purchase pursuant to  
15 actuarial assumptions and methods adopted by the board of trustees for  
16 this purpose. The election to purchase additional creditable service may  
17 be made at any time before the member's termination of employment, and  
18 all payments for the purchase of such creditable service must be  
19 completed within five years after the election or before the member's  
20 termination or retirement, whichever event occurs first. Payment shall be  
21 made as the board of trustees may direct through a single payment to the  
22 retirement system, on an installment basis, including payments pursuant  
23 to a binding irrevocable payroll deduction authorization between the  
24 member and the school district, or by such other method approved by the  
25 board of trustees and permitted by law. If payments are made on an  
26 installment basis, creditable service will be credited only as payment  
27 has been made to the retirement system to purchase each additional one-  
28 tenth-year increment. Interest shall be charged on installment payments  
29 at the rate of interest established by the board of trustees for  
30 determining interest on delayed payments by members to the retirement  
31 system.

1           Sec. 13. Section 79-992, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3           79-992 (1) A member who has five years or more of creditable  
4 service, excluding years of prior service acquired pursuant to section  
5 79-990, 79-991, 79-994, 79-995, or 79-997, and who severs his or her  
6 employment may elect to leave his or her contributions in the retirement  
7 system, in which event he or she shall receive a retirement allowance at  
8 normal retirement age based on the annuity earned to the date of such  
9 severance. Such member may elect to receive a retirement allowance at  
10 early retirement age if such member retires at an early retirement date.  
11 Such annuity shall be adjusted in accordance with section 79-9,100. Upon  
12 the severance of employment, except on account of retirement, a member  
13 shall be entitled to receive refunds as follows: (a) An amount equal to  
14 the accumulated contributions to the retirement system by the member; and  
15 (b) any contributions made to a previously existing system which were  
16 refundable under the terms of that system. Any member receiving a refund  
17 of contributions shall thereby forfeit and relinquish all accrued rights  
18 in the retirement system including all accumulated creditable service,  
19 except that if any member who has withdrawn his or her contributions as  
20 provided in this section reenters the service of the district and again  
21 becomes a member of the retirement system, he or she may restore any or  
22 all money previously received by him or her as a refund, including the  
23 interest on the amount of the restored refund for the period of his or  
24 her absence from the district's service as determined using the interest  
25 rate established by the board of trustees for interest on such restored  
26 refunds, and he or she shall then again receive credit for that portion  
27 of service which the restored money represents. Such restoration may be  
28 made as the board of trustees may direct through direct payments to the  
29 system or on an installment basis pursuant to a binding irrevocable  
30 payroll deduction authorized between the member and the school district  
31 over a period of not to exceed five years from the date of reemployment.

1 Interest on delayed payments shall be at the rate of interest established  
2 by the board of trustees for determining interest on delayed payments by  
3 members to the retirement system. Creditable service may be purchased  
4 only in one-tenth-year increments, starting with the most recent years'  
5 salary.

6 (2) A retired member who returns to employment as an employee of the  
7 school district shall again participate in the retirement system as a new  
8 member and shall make contributions to the retirement system commencing  
9 upon reemployment. The retirement annuity of a retired member who returns  
10 to employment with the school district shall continue to be paid by the  
11 retirement system. A retired member who returns to employment as an  
12 employee of the school district shall receive creditable service only for  
13 service performed after his or her return to employment and in no event  
14 shall creditable service which accrues or the compensation paid to the  
15 member after such return to employment after retirement increase the  
16 amount of the member's original retirement annuity.

17 (3) Upon termination of the reemployed member, the member shall  
18 receive in addition to the retirement annuity which commenced at the time  
19 of the previous retirement (a) if the member has accrued five years or  
20 more of creditable service after his or her return to employment,  
21 excluding years of prior service acquired pursuant to section 79-990,  
22 79-991, 79-994, 79-995, or 79-997, a retirement annuity as provided in  
23 section 79-999 or 79-9,100, as applicable, calculated solely on the basis  
24 of creditable service and final average compensation accrued and earned  
25 after the member's return to employment after his or her original  
26 retirement, and as adjusted to reflect any payment in other than the  
27 normal form or (b) if the member has not accrued five years or more of  
28 creditable service after his or her return to employment, a refund equal  
29 to the member's accumulated contributions which were credited to the  
30 member after the member's return to employment. In no event shall the  
31 member's creditable service which accrued prior to a previous retirement

1 be considered as part of the member's creditable service after his or her  
2 return to employment for any purpose of the Class V School Employees  
3 Retirement Act.

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

12 Sec. 14. Section 79-996, Reissue Revised Statutes of Nebraska, is  
13 amended to read:

14 79-996 (1) The payments provided for by sections 79-993, 79-994, and  
15 79-997 may be made in equal installments over a period of not to exceed  
16 two years from the date of the election to make such payments. The  
17 payments provided for by section 79-995 may be made in equal installments  
18 over a period of not to exceed three years from the date of election to  
19 make such payments. Any person who elects to make payments on an  
20 installment basis shall be credited with prior service only in six-month  
21 increments and only after payment has been made to the retirement system  
22 to purchase each additional six-month increment.

23 (2) The rate of interest for the purchase of additional service  
24 credit pursuant to sections 79-990 and 79-991 and for determining the  
25 interest on a restored refund pursuant to section 79-992 or on delayed  
26 payments by members to the retirement system shall be determined by the  
27 board of trustees from time to time, and such rate of interest shall be  
28 used to determine applicable interest for a member's purchase of  
29 additional service credit, restored refund, or delayed payments that are  
30 made while such rate of interest is in effect.

31 Sec. 15. Section 79-998, Reissue Revised Statutes of Nebraska, is



1 amended to read:

2 79-998 (1) The retirement system may accept as payment for  
3 additional service credit that is purchased pursuant to sections 79-990  
4 to 79-992 an eligible rollover distribution from or on behalf of the  
5 member who is making payments for such service credit if the eligible  
6 rollover distribution does not exceed the amount of payment required for  
7 the service credit being purchased by the member. The eligible rollover  
8 distribution may be contributed to the retirement system by the member or  
9 directly transferred from the plan that is making the eligible rollover  
10 distribution on behalf of the member. Contribution by a member pursuant  
11 to this section may only be made in the form of a cash contribution. For  
12 purposes of this section, an eligible rollover distribution means all or  
13 any portion of an amount that qualifies as an eligible rollover  
14 distribution under the Internal Revenue Code from:

15 (a) A plan of another employer which is qualified under section  
16 401(a) or 403(a) of the Internal Revenue Code;

17 (b) An annuity contract or custodial account described in section  
18 403(b) of the Internal Revenue Code;

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

22 (d) An individual retirement account or annuity described in section  
23 408(a) or section 408(b) of the Internal Revenue Code that is eligible to  
24 be rolled over to an employer plan under the Internal Revenue Code.

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

1 the purchase of such service credit qualifies as the purchase of  
2 permissive service credit by the member as defined in section 415(n)(3)  
3 of the Internal Revenue Code.

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

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

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

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

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

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

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

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

26 Sec. 16. Section 79-9,102, Reissue Revised Statutes of Nebraska, is  
27 amended to read:

28 79-9,102 (1) Notwithstanding any other provision of the Class V  
29 School Employees Retirement Act, no member or beneficiary of the  
30 retirement system shall receive in any calendar year an annuity or other  
31 benefit which would exceed the maximum benefit permitted under section

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

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

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

29 Sec. 17. Section 79-9,103, Reissue Revised Statutes of Nebraska, is  
30 amended to read:

31 79-9,103 (1) Any annuity paid on or after September 1, 1983, to a

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

17 (2) In addition to the cost-of-living adjustment provided in  
18 subsection (1) of this section, any annuity paid on or after September 1,  
19 1986, pursuant to the act or pursuant to the provisions of the retirement  
20 system established by statute for employees of Class V school districts  
21 in effect prior to September 1, 1951, and on which the first payment was  
22 dated on or before September 1, 1985, shall be adjusted by the increase  
23 in the cost of living or wage levels between the effective date of  
24 retirement and June 30, 1986, except that such increase shall not exceed  
25 (a) three and one-half percent for annuities first paid on or after  
26 September 1, 1984, (b) seven percent for annuities first paid on or after  
27 September 1, 1983, but before September 1, 1984, or (c) ten and one-half  
28 percent for all other annuities.

29 (3) In addition to the cost-of-living adjustments ~~adjustment~~  
30 provided in subsections (1) and (2) of this section, any annuity paid on  
31 or after September 1, 1989, pursuant to the act or pursuant to the

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

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

22 (5) In addition to the cost-of-living adjustments ~~adjustment~~  
23 provided in subsections (1), (2), (3), and (4) of this section, any  
24 annuity paid on or after September 1, 1995, pursuant to the act or  
25 pursuant to the provisions of the retirement system established by  
26 statute for employees of Class V school districts in effect prior to  
27 September 1, 1951, and on which the first payment was dated on or before  
28 October 1, 1994, shall be adjusted by the increase in the cost of living  
29 or wage levels between the effective date of retirement and June 30,  
30 1995, except that such increase shall not exceed (a) three percent for  
31 annuities first paid after October 1, 1993, (b) six percent for annuities

1 first paid after October 1, 1992, but on or before October 1, 1993, or  
2 (c) nine percent for all other annuities.

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

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

29 (8) Beginning January 1, 2000, and on January 1 of every year  
30 thereafter, for employees of Class V school districts who were members  
31 prior to July 1, 2013, a cost-of-living adjustment shall be made for any

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

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

22 (10) Beginning September 1, 1999, the actuary shall make an annual  
23 valuation of the assets and liabilities of the system. If the annual  
24 valuation made by the actuary, as approved by the board of trustees,  
25 indicates that the system has sufficient actuarial surplus to provide for  
26 a cost-of-living adjustment in addition to the adjustment made pursuant  
27 to subsection (8) or (9) of this section, the board may, in its  
28 discretion, declare by resolution that each annuity being paid pursuant  
29 to the act, or pursuant to the provisions of the retirement system  
30 established by statute for employees of Class V school districts in  
31 effect prior to September 1, 1951, and on which the first payment was



1 dated on or before October 3 of the year such resolution is adopted,  
2 shall be increased beginning as of the January 1 following the date of  
3 the board of trustees' ~~board's~~ resolution by such percentage as may be  
4 declared by the board of trustees, except that such increase for any such  
5 annuity shall not exceed the increase in the consumer price index from  
6 the date such annuity first became payable through the applicable  
7 valuation date as reduced by the aggregate cost-of-living adjustments  
8 previously made to the annuity pursuant to this section.

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

24 (12) Any decision or determination by the board of trustees (a) to  
25 declare or not declare a cost-of-living adjustment, (b) as to whether the  
26 annual valuation indicates a sufficient actuarial surplus to provide for  
27 a cost-of-living adjustment, or (c) pursuant to the selection of a  
28 substitute index shall be made in the sole, absolute, and final  
29 discretion of the board of trustees and shall not be subject to challenge  
30 by any member or beneficiary. In no event shall the Legislature be  
31 constrained or limited in amending the system or increasing the benefits

1 of members under the system, nor shall the board of ~~or~~ trustees be  
2 constrained from supporting any such change to the system,  
3 notwithstanding the effect of any such change upon the actuarial surplus  
4 of the system and the ability of the board of trustees to declare future  
5 cost-of-living adjustments.

6 (13) The Legislature finds and declares that there exists in this  
7 state a pressing need to attract and retain qualified and dedicated  
8 public school employees and that one of the factors prospective public  
9 school employees consider when seeking or continuing public school  
10 employment is the retirement system and benefits the employment provides.  
11 The Legislature further finds that over the past decades, as reflected by  
12 the Medical Price Index published by the United States Department of  
13 Labor, the cost of medical care, including the cost of medications and  
14 insurance coverages, has increased at a rate in excess of that by which  
15 the Consumer Price Index - All Urban Consumers has increased. The  
16 Legislature further finds and declares that there accordingly exists a  
17 need to adjust the amount of retirement benefits paid to retired public  
18 school employees in order to assist them in meeting the increased cost of  
19 medical care. ~~In Therefor,~~ in addition to the cost-of-living adjustments  
20 provided in subsections (1) through (12) of this section, commencing on  
21 October 3, 2001, and on October 3 of every year thereafter, a medical  
22 cost-of-living adjustment shall be paid to any annuitant who has been  
23 paid an annuity from the retirement system for at least ten years through  
24 the October 3 adjustment date. The cost-of-living adjustment shall be  
25 paid in the form of a supplemental annuity providing monthly payments  
26 equal to the amount which results when (a) the fraction, not to exceed  
27 one, that results when the annuitant's years of creditable service at his  
28 or her retirement date is divided by twenty, is multiplied by (b) the  
29 product of ten dollars times the number of years, including attained one-  
30 half years, that such annuitant has received annuity payments from the  
31 retirement system through the October 3 adjustment date. The supplemental

1 annuity being paid to an annuitant shall increase by ten dollars on  
2 October 3 of each subsequent year to reflect the additional year of  
3 annuity payments to the annuitant until the total amount of the  
4 supplemental annuity is two hundred fifty dollars. In no event shall the  
5 medical cost-of-living adjustment for any annuitant pursuant to this  
6 subsection result in the payment of a supplemental annuity exceeding two  
7 hundred fifty dollars per month. The supplemental annuity paid to an  
8 annuitant pursuant to this subsection shall cease at the death of the  
9 annuitant regardless of the form of retirement annuity being paid to the  
10 annuitant at the time of his or her death.

11 Sec. 18. Section 79-9,105, Reissue Revised Statutes of Nebraska, is  
12 amended to read:

13 79-9,105 (1) Any member with five or more years of creditable  
14 service, excluding years of prior service acquired pursuant to section  
15 79-990, 79-991, 79-994, 79-995, or 79-997, who becomes totally disabled  
16 for further performance of duty on or after March 22, 2000, may be  
17 approved for deferred disability retirement by the board of trustees. In  
18 the case of such deferred disability retirement, the member, during the  
19 period specified in subsection (3) of this section, shall be credited  
20 with creditable service for each year or portion thereof, to be  
21 determined in accordance with board of education policies governing  
22 creditable service, that the member defers retirement, up to a maximum of  
23 thirty-five years of total creditable service, including creditable  
24 service accrued before the member became totally disabled. The member  
25 approved for deferred disability retirement may at any time of the  
26 member's choosing request the deferral to end and retirement annuity  
27 payments to begin. The retirement annuity of such member shall be based  
28 on the total number of years of the member's creditable service,  
29 including the years credited to the member during his or her total  
30 disability under this section, and the member's final average salary as  
31 of the date that the member became totally disabled and as adjusted from

1 such date by a percentage equal to the cumulative percentage cost-of-  
2 living adjustments that were made or declared for annuities in pay status  
3 pursuant to section 79-9,103 after the date of the board of trustees'  
4 ~~board's~~ approval for deferred disability retirement and before the  
5 cessation of the accrual of additional creditable service pursuant to  
6 subsection (3) of this section. Except as provided in subsection (4) of  
7 this section, the retirement annuity so determined for the member shall  
8 be payable to the member without reduction due to any early commencement  
9 of benefits, except that the retirement annuity shall be reduced by the  
10 amount of any periodic payments to such employee as workers' compensation  
11 benefits. Additional creditable service acquired through deferred  
12 disability retirement shall apply to the service requirements specified  
13 in section 79-9,106. The board of trustees shall consider a member to be  
14 totally disabled when it has received an application by the member and a  
15 statement by at least two licensed and practicing physicians designated  
16 by the board of trustees certifying that the member is totally and  
17 presumably permanently disabled and unable to perform his or her duties  
18 as a consequence thereof.

19 (2) Notwithstanding the provisions of subsection (1) of this  
20 section, the payment of the retirement annuity of a member may not be  
21 deferred later than the member's required beginning date as defined in  
22 section 401(a)(9) of the Internal Revenue Code, as defined in section  
23 49-801.01. If the payment of a disabled member's retirement annuity is  
24 required to commence before the member has elected to end his or her  
25 deferred disability retirement, the amount of benefit that would have  
26 accrued pursuant to subsection (1) of this section in the fiscal year of  
27 the member's required beginning date, and in each subsequent fiscal year  
28 through the year of the member's election to end the deferred disability  
29 retirement period, shall be reduced, but not below zero, by the actuarial  
30 equivalent of the payments which were paid to the member during each such  
31 fiscal year and after the member's required beginning date. The

1 retirement annuity of any member that commences before the end of the  
2 member's deferred disability retirement shall be adjusted as of each  
3 September 1 pursuant to the requirements of this subsection.

4 (3) The accrual of creditable service and any adjustment of final  
5 average salary provided in subsection (1) of this section shall begin  
6 from the first day of the month following the date of the first of the  
7 two examinations by which the member is determined by the board of  
8 trustees to be totally disabled, shall continue only so long as the  
9 member does not receive any wages or compensation for services, and shall  
10 end at the earlier of (a) the time total disability ceases as determined  
11 by the board of trustees or (b) the date the member elects to end the  
12 deferred disability retirement and begin to receive his or her retirement  
13 annuity. The board of trustees may require periodic proof of disability  
14 but not more frequently than semiannually.

15 (4) The payment of any retirement annuity to a disabled member,  
16 which begins to be paid under this section (a) before the member's sixty-  
17 second birthday or (b) at a time before the sum of the member's attained  
18 age and creditable service is eighty-five or more, shall be suspended if  
19 the board of trustees determines at any time before the member's sixty-  
20 second birthday that the member's total disability has ceased. Payment of  
21 the retirement annuity of such member as determined under this section  
22 shall recommence at the member's early retirement date or normal  
23 retirement date but shall be subject to reduction at such time as  
24 specified in section 79-9,100.

25 Sec. 19. Section 79-9,107, Reissue Revised Statutes of Nebraska, is  
26 amended to read:

27 79-9,107 (1) The funds of the retirement system which are not  
28 required for current operations shall be invested and reinvested by the  
29 board of trustees ~~subject to the approval of the board of education or~~  
30 ~~Class V Retirement System Board~~ as provided in sections 79-9,108 to  
31 79-9,111. Except as otherwise provided in the Class V School Employees

1 Retirement Act, no ~~trustee and no~~ member of the board of education or  
2 board of trustees shall have any direct interest in the income, gains, or  
3 profits of any investment made by the board of trustees, nor shall any  
4 such person receive any pay or emolument for services in connection with  
5 any such investment. No ~~trustee or~~ member of the board of education or  
6 board of trustees shall become an endorser or surety or in any manner an  
7 obligor for money loaned by or borrowed from the retirement system. Any  
8 person who violates any of these restrictions shall be guilty of a Class  
9 II misdemeanor.

10 (2) No member of the board of education or board of trustees shall  
11 be personally liable, except in cases of willful dishonesty, gross  
12 negligence, or intentional violations of law, for actions relating to  
13 administrative decisions pertaining to the investment of retirement  
14 system funds or administration of the retirement system.

15 Sec. 20. Section 79-9,108, Reissue Revised Statutes of Nebraska, is  
16 amended to read:

17 79-9,108 The board of trustees, ~~with approval of the board of~~  
18 ~~education or Class V Retirement System Board~~, shall invest and reinvest  
19 funds of the retirement system. A professional investment manager may be  
20 employed by the board of trustees ~~subject to approval of the board of~~  
21 ~~education or Class V Retirement System Board~~. The professional investment  
22 manager shall be responsible for the purchase, sale, exchange,  
23 investment, or reinvestment of such funds subject to guidelines  
24 determined by the board of trustees. The board of trustees shall at each  
25 meeting receive ~~month submit~~ a report to the ~~board of education or Class~~  
26 ~~V Retirement System Board~~ with respect to the investment of funds during  
27 the previous month or months. The board of trustees ~~education or Class V~~  
28 ~~Retirement System Board~~ shall approve or disapprove the investments in  
29 the report, and in the event of disapproval of any investment, the board  
30 of trustees shall direct the sale of all or part of such investment or  
31 establish future policy with respect to that type of investment.

1           Sec. 21. Section 79-9,109, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3           79-9,109 In the event of default in the payment of principal of, or  
4 interest on, the investments made, the board of trustees are authorized  
5 to institute the proper proceedings to collect such matured principal or  
6 interest, and may, ~~with approval of the board of education or Class V~~  
7 ~~Retirement System Board,~~ accept for exchange purposes, refunding bonds or  
8 other evidences of indebtedness with interest rates to be agreed upon  
9 with the obligor. The board of trustees is ~~, with the approval of the~~  
10 ~~board of education or Class V Retirement System Board,~~ are further  
11 authorized to make such compromises, adjustments, or disposition of the  
12 past-due interest or principal as are in default, or to make such  
13 compromises and adjustments as to future payments of interest or  
14 principal as deemed advisable for the purpose of protecting the  
15 investment.

16           Sec. 22. Section 79-9,111, Reissue Revised Statutes of Nebraska, is  
17 amended to read:

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

1 trustees shall establish written guidelines for any such option,  
2 purchase, or contract obligation. Any such option, purchase, or contract  
3 obligation shall be governed by the prudent investment rule stated in  
4 this section for investment of the funds of the system. The board of  
5 trustees may lend any security if cash, United States Government  
6 obligations, or United States Government agency obligations with a market  
7 value equal to or exceeding the market value of the security lent are  
8 received as collateral. If shares of stock are purchased under this  
9 section, all proxies may be voted by the board of trustees.

10 Sec. 23. Section 79-9,113, Reissue Revised Statutes of Nebraska, is  
11 amended to read:

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



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

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

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

11 (c) The contributions by the school district in any fiscal year  
12 beginning on or after September 1, 2007, shall be the greater of (i) one  
13 hundred one percent of the contributions by the employees for such fiscal  
14 year or (ii) such amount as may be necessary to maintain the solvency of  
15 the system, as determined annually by the board of ~~upon recommendation of~~  
16 ~~the actuary and the trustees~~. The school district contributions specified  
17 in subdivision (i) of this subdivision shall be made monthly and shall be  
18 immediately transmitted to the account of the retirement system.

19 (d) The employee's contribution shall be made in the form of a  
20 monthly deduction from compensation as provided in subsection (2) of this  
21 section and shall be immediately transmitted to the account of the  
22 retirement system. Every employee who is a member of the system shall be  
23 deemed to consent and agree to such deductions and shall receipt in full  
24 for compensation, and payment to such employee of compensation less such  
25 deduction shall constitute a full and complete discharge of all claims  
26 and demands whatsoever for services rendered by such employee during the  
27 period covered by such payment except as to benefits provided under the  
28 Class V School Employees Retirement Act.

29 (e) After September 1, 1963, and prior to September 1, 1969, all  
30 employees shall be credited with a membership service annuity which shall  
31 be nine-tenths of one percent of salary or wage covered by old age and

1 survivors insurance and one and one-half percent of salary or wages above  
2 that amount, except that those employees who retire on or after August  
3 31, 1969, shall be credited with a membership service annuity which shall  
4 be one percent of salary or wages covered by old age and survivors  
5 insurance and one and sixty-five hundredths percent of salary or wages  
6 above that amount for service performed after September 1, 1963, and  
7 prior to September 1, 1969. Commencing September 1, 1969, all employees  
8 shall be credited with a membership service annuity which shall be one  
9 percent of the first seven thousand eight hundred dollars of salary or  
10 wages earned by the employee during each fiscal year and one and sixty-  
11 five hundredths percent of salary or wages earned above that amount in  
12 the same fiscal year, except that all employees retiring on or after  
13 August 31, 1976, shall be credited with a membership service annuity  
14 which shall be one and forty-four hundredths percent of the first seven  
15 thousand eight hundred dollars of salary or wages earned by the employee  
16 during such fiscal year and two and four-tenths percent of salary or  
17 wages earned above that amount in the same fiscal year, and the  
18 retirement annuities of employees who have not retired prior to September  
19 1, 1963, and who elected under the provisions of section 79-988 as such  
20 section existed immediately prior to February 20, 1982, not to become  
21 members of the system shall not be less than they would have been had  
22 they remained under any preexisting system to date of retirement.

23 (f) Members of this system having the service qualifications of  
24 members of the School Employees Retirement System of the State of  
25 Nebraska, as provided by section 79-926, shall receive the state service  
26 annuity provided by sections 79-933 to 79-935 and 79-951.

27 (2) The school district shall pick up the employee contributions  
28 required by this section for all compensation paid on or after January 1,  
29 1985, and the contributions so picked up shall be treated as employer  
30 contributions in determining federal tax treatment under the Internal  
31 Revenue Code, except that the school district shall continue to withhold

1 federal income taxes based upon these contributions until the Internal  
2 Revenue Service or the federal courts rule that, pursuant to section  
3 414(h) of the Internal Revenue Code, these contributions shall not be  
4 included as gross income of the employee until such time as they are  
5 distributed or made available. The school district shall pay these  
6 employee contributions from the same source of funds which is used in  
7 paying earnings to the employee. The school district shall pick up these  
8 contributions by a salary deduction either through a reduction in the  
9 cash salary of the employee or a combination of a reduction in salary and  
10 offset against a future salary increase. Beginning September 1, 1995, the  
11 school district shall also pick up any contributions required by sections  
12 79-990, 79-991, and 79-992 which are made under an irrevocable payroll  
13 deduction authorization between the member and the school district, and  
14 the contributions so picked up shall be treated as employer contributions  
15 in determining federal tax treatment under the Internal Revenue Code,  
16 except that the school district shall continue to withhold federal and  
17 state income taxes based upon these contributions until the Internal  
18 Revenue Service rules that, pursuant to section 414(h) of the Internal  
19 Revenue Code, these contributions shall not be included as gross income  
20 of the employee until such time as they are distributed from the system.  
21 Employee contributions picked up shall be treated for all purposes of the  
22 Class V School Employees Retirement Act in the same manner and to the  
23 extent as employee contributions made prior to the date picked up.

24 Sec. 24. Section 79-9,115, Reissue Revised Statutes of Nebraska, is  
25 amended to read:

26 79-9,115 All allowances, annuities, or other benefits granted under  
27 the Class V School Employees Retirement Act, and all expenses incurred in  
28 connection with the administration of the act, except clerical work  
29 incurred in connection with maintenance of records and payment of  
30 benefits, shall be paid from the retirement fund hereby established. Such  
31 clerical work shall be performed by employees of the school district or

1 districts and paid for out of the general fund of the school district or  
2 districts. The administrator and staff of the retirement system shall be  
3 permitted reasonable office and records storage space in the central  
4 office building of the Class V school district formed before September  
5 13, 1997. All expenses for the retirement system office accommodations,  
6 including, but not limited to: Furniture; equipment; telephones,  
7 including voice, voice mail, and facsimile services; computer software,  
8 licenses, and systems; electronic mail software, licenses, and systems;  
9 connections with all of the telecommunications hardware and software to  
10 school district computers and data; and the technical support for all  
11 systems, shall be paid for out of the general fund of the school district  
12 or districts.

13 Sec. 25. Section 79-9,117, Reissue Revised Statutes of Nebraska, is  
14 amended to read:

15 79-9,117 (1) The board of trustees shall establish a comprehensive  
16 preretirement planning program for school employees who are members of  
17 the retirement system. The program shall provide information and advice  
18 regarding the many changes employees face upon retirement, including, but  
19 not limited to, changes in physical and mental health, housing, family  
20 life, leisure activity, and retirement income.

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

25 (3) The preretirement planning program shall include information on  
26 the federal and state income tax consequences of the various annuity or  
27 retirement benefit options available to the employee, information on  
28 social security benefits, information on various local, state, and  
29 federal government programs and programs in the private sector designed  
30 to assist elderly persons, and information and advice the board of  
31 trustees deems valuable in assisting employees in the transition from

1 public employment to retirement.

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

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

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

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

20 Sec. 26. Original sections 79-978, 79-980, 79-981, 79-982, 79-983,  
21 79-984, 79-985, 79-986, 79-987, 79-989, 79-990, 79-991, 79-992, 79-996,  
22 79-998, 79-9,102, 79-9,103, 79-9,105, 79-9,107, 79-9,108, 79-9,109,  
23 79-9,111, 79-9,113, 79-9,115, and 79-9,117, Reissue Revised Statutes of  
24 Nebraska, are repealed.