

AMENDMENTS TO LB415

Introduced by Nebraska Retirement Systems.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (iii) Plan assets and liabilities;

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

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

28 (vi) The form and nature of investments;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 investment management services to the retirement plan.

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

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

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

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

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

22 (c) Plan assets and liabilities;

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

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

25 (f) The form and nature of investments;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 (iii) Plan assets and liabilities;

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

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

18 (vi) The form and nature of investments;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 31, 2017:

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

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

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

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

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

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

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

1 benefits; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 the context otherwise requires:

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

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

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

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

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

1 the board, whichever is later;

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

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

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

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

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

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

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

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

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

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

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

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

1 termination;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 retirement benefit granted under the act after terminating employment;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 or annuity payments.

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

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

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

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

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

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

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

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

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

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

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

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

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

24       (ii) The acceptable methods of payment;

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

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

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

1 55-181.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 the time of retirement;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 (b) The acceptable methods of payment;

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

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

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

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

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

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

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

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

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

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

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

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

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

5 (c) Plan assets and liabilities;

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

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

8 (f) The form and nature of investments;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (d) An additional salary or wage component of any kind that is being  
12 paid as an incentive to leave employment and not for personal services  
13 performed for which creditable service is granted;

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

20 (f) Any other form of separation payments made by an employer to a  
21 member at retirement, including, but not limited to, purchasing  
22 retirement annuity contracts for the member pursuant to section 79-514,  
23 depositing money for the member in an account established under section  
24 403(b) of the Internal Revenue Code, or purchasing service credit for the  
25 member pursuant to section 79-933.08;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31 (ii) The acceptable methods of payment;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 March 4, 1998.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 member contributions made prior to the date picked up.

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

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

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

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

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

21 (3) Actuarial tables means:

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

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

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

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

7 (5) Annuity means annual payments, for both prior service and  
8 membership service, for life as provided in the Class V School Employees  
9 Retirement Act;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 performed for which creditable service is granted;

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

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

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

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

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

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

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

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

1 to the system and has not received a refund;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 accepts an early retirement inducement;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (c) For an officer hired on or after July 1, 2017, or rehired on or  
28 after July 1, 2017, after termination of employment and being paid a  
29 retirement benefit, the determinations shall be based on a unisex  
30 mortality table and an interest rate specified by the board. Both the  
31 mortality table and the interest rate shall be recommended by the actuary

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

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

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

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

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

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

1 converted to cash payments.

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

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

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

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

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

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

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

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

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

5           (12) ~~(11)~~ Officer means law enforcement an officer as defined in  
6 section 81-1401 and as provided for in sections 81-2001 to 81-2009, but  
7 does not include a law enforcement officer who has been granted an  
8 appointment conditioned on satisfactory completion of a training program  
9 approved by the Nebraska Police Standards Advisory Council;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (ii) The acceptable methods of payment;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 the context otherwise requires:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 employment;

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

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

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

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

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

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

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

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

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

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

1 the board.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22       (ii) The acceptable methods of payment;

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

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

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

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

1 2016, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 (g) To adopt and promulgate rules and regulations to carry out the  
29 provisions of each retirement system described in subdivision (1)(a) of  
30 this section, which includes, but is not limited to, the crediting of  
31 military service, direct rollover distributions, and the acceptance of

1 rollovers;

2 (h) To obtain, by a competitive, formal, and sealed bidding process  
3 through the materiel division of the Department of Administrative  
4 Services, auditing services for a separate compliance audit of the  
5 retirement systems to be completed by December 31, 2020, and from time to  
6 time thereafter at the request of the Nebraska Retirement Systems  
7 Committee of the Legislature, to be completed not more than every four  
8 years but not less than every ten years. The compliance audit shall be in  
9 addition to the annual audit conducted by the Auditor of Public Accounts.  
10 The compliance audit shall include, but not be limited to, an examination  
11 of records, files, and other documents and an evaluation of all policies  
12 and procedures to determine compliance with all state and federal laws. A  
13 copy of the compliance audit shall be given to the Governor, the board,  
14 and the Nebraska Retirement Systems Committee of the Legislature and  
15 shall be presented to the committee at a public hearing;

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

27 (j) To make a thorough investigation through the director or the  
28 director's designee, of any overpayment of a benefit, when in the  
29 judgment of the director such investigation is necessary, including, but  
30 not limited to, circumstances in which benefit payments are made after  
31 the death of a member or beneficiary and the retirement system is not

1 made aware of such member's or beneficiary's death. In connection with  
2 any such investigation, the board, through the director or the director's  
3 designee, shall have the power to compel the attendance of witnesses and  
4 the production of books, papers, records, and documents, whether in  
5 hardcopy, electronic form, or otherwise, and issue subpoenas for such  
6 purposes. Such subpoenas shall be served in the same manner and have the  
7 same effect as subpoenas from district courts; and

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

27 (3) By March 31 of each year, the board shall prepare a written plan  
28 of action and shall present such plan to the Nebraska Retirement Systems  
29 Committee of the Legislature at a public hearing. The plan shall include,  
30 but not be limited to, the board's funding policy, the administrative  
31 costs and other fees associated with each fund and plan overseen by the

1 board, member education and informational programs, the director's duties  
2 and limitations, an organizational structure of the office of the  
3 Nebraska Public Employees Retirement Systems, and the internal control  
4 structure of such office to ensure compliance with state and federal  
5 laws.

6 (4)(a) Beginning in 2016, and at least every four years thereafter  
7 in even-numbered years or at the request of the Nebraska Retirement  
8 Systems Committee of the Legislature, the board shall obtain an  
9 experience study. Within thirty business days after presentation of the  
10 experience study to the board, the actuary shall present the study to the  
11 Nebraska Retirement Systems Committee at a public hearing. If the board  
12 does not adopt all of the recommendations in the experience study, the  
13 board shall provide a written explanation of its decision to the Nebraska  
14 Retirement Systems Committee and the Governor. The explanation shall be  
15 delivered within ten business days after formal action by the board to  
16 not adopt one or more of the recommendations.

17 (b) The director shall provide an electronic copy of the first draft  
18 and a final draft of the experience study and annual valuation reports to  
19 the Nebraska Retirement Systems Committee and the Governor when the  
20 director receives the drafts from the actuary. The drafts shall be deemed  
21 confidential information. The draft copies obtained by the Nebraska  
22 Retirement Systems Committee and the Governor pursuant to this section  
23 shall not be considered public records subject to sections 84-712 to  
24 84-712.09.

25 (c) For purposes of this subsection, business days shall be computed  
26 by excluding the day the request is received, after which the designated  
27 period of time begins to run. A business day shall not include a Saturday  
28 or a Sunday or a day during which the Nebraska Public Employees  
29 Retirement Systems office is closed.

30 (5) It shall be the duty of the board to direct the State Treasurer  
31 to transfer funds, as an expense of the retirement system provided for

1 under the Class V School Employees Retirement Act, to and from the Class  
2 V Retirement System Payment Processing Fund and the Class V School  
3 Employees Retirement Fund for the benefit of a retirement system provided  
4 for under the Class V School Employees Retirement Act to implement the  
5 provisions of section 79-986. The agency for the administration of this  
6 provision and under the direction of the board shall be known and may be  
7 cited as the Nebraska Public Employees Retirement Systems.

8 Sec. 51. Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 13, 15, 16, 17,  
9 19, 20, 21, 22, 26, 28, 30, 31, 32, 35, 39, 40, 42, 43, 44, 45, 48, 49,  
10 50, and 52 of this act become operative three calendar months after the  
11 adjournment of this legislative session. The other sections of this act  
12 become operative on their effective date.

13 Sec. 52. Original sections 23-2315.01, 23-2323.01, 23-2334, 24-708,  
14 24-710.04, 24-710.15, 79-926, 79-933.08, 79-951, 79-958, 81-2025,  
15 81-2034, 84-1323.01, and 84-1325, Reissue Revised Statutes of Nebraska,  
16 and sections 2-3228, 12-101, 14-567, 14-1805.01, 14-2111, 15-1017,  
17 16-1017, 16-1037, 19-3501, 23-1118, 23-3526, 71-1631.02, 79-954, 79-987,  
18 79-9,100.01, 79-9,105, 84-304, 84-304.02, and 84-1503, Revised Statutes  
19 Cumulative Supplement, 2016, are repealed.

20 Sec. 53. Original sections 23-2308.01, 24-701, 79-921, 84-1301, and  
21 84-1319, Reissue Revised Statutes of Nebraska, and sections 23-2301,  
22 23-2317, 79-902, 79-904.01, 79-931, 79-934, 79-978, 79-978.01, 79-992,  
23 and 81-2014, Revised Statutes Cumulative Supplement, 2016, are repealed.

24 Sec. 54. The following sections are outright repealed: Sections  
25 79-918 and 79-923, Reissue Revised Statutes of Nebraska.

26 Sec. 55. Since an emergency exists, this act takes effect when  
27 passed and approved according to law.