

LEGISLATURE OF NEBRASKA  
ONE HUNDRED THIRD LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1042**

Final Reading

Introduced by Nordquist, 7.

Read first time January 22, 2014

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to retirement; to amend sections 79-924,  
2 79-933.02, 79-933.07, 79-933.08, and 79-933.09, Reissue  
3 Revised Statutes of Nebraska, section 79-980, Revised  
4 Statutes Cumulative Supplement, 2012, and sections  
5 79-902, 79-921, 79-987, 79-991, and 84-1503, Revised  
6 Statutes Supplement, 2013; to change school retirement  
7 provisions; to change duties of the Public Employees  
8 Retirement Board; to provide severability; to repeal the  
9 original sections; and to declare an emergency.

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

1           Section 1. Section 79-902, Revised Statutes Supplement,  
2   2013, is amended to read:

3           79-902 For purposes of the School Employees Retirement  
4   Act, unless the context otherwise requires:

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

10          (2) Beneficiary means any person in receipt of a school  
11   retirement allowance or other benefit provided by the act;

12          (3) Member means any person who has an account in the  
13   School Retirement Fund;

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

21          (5) Creditable service means prior service for which  
22   credit is granted under sections 79-926 to 79-929, service credit  
23   purchased under sections 79-933.03 to 79-933.06 and 79-933.08, and  
24   all service rendered while a contributing member of the retirement  
25   system. Creditable service includes working days, sick days, vacation

1 days, holidays, and any other leave days for which the employee is  
2 paid regular wages as part of the employee's agreement with the  
3 employer. Creditable service does not include lump-sum payments to  
4 the employee upon termination or retirement in lieu of accrued  
5 benefits for such days, eligibility and vesting credit, nor service  
6 years for which member contributions are withdrawn and not repaid.  
7 Creditable service also does not include service rendered by a member  
8 for which the retirement board determines that the member was paid  
9 less in compensation than the minimum wage as provided in the Wage  
10 and Hour Act or service which the board determines was rendered with  
11 the intent to defraud the retirement system;

12 (6) Disability retirement allowance means the annuity  
13 paid to a person upon retirement for disability under section 79-952;

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

17 (8) Fiscal year means any year beginning July 1 and  
18 ending June 30 next following;

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

24 (10) School employee means a contributing member who  
25 earns service credit pursuant to section 79-927. For purposes of this

1 section, contributing member means the following persons who receive  
2 compensation from a public school: (a) Regular employees; (b) regular  
3 employees having retired pursuant to the School Employees Retirement  
4 Act who subsequently provide compensated service on a regular basis  
5 in any capacity; and (c) regular employees hired by a public school  
6 on an ongoing basis to assume the duties of other regular employees  
7 who are temporarily absent. Substitute employees, temporary  
8 employees, and employees who have not attained the age of eighteen  
9 years shall not be considered school employees;

10 (11) Prior service means service rendered as a school  
11 employee in the public schools of the State of Nebraska prior to July  
12 1, 1945;

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

1                   (13) Retirement means qualifying for and accepting a  
2 school or disability retirement allowance granted under the School  
3 Employees Retirement Act;

4                   (14) Retirement board or board means the Public Employees  
5 Retirement Board;

6                   (15) Retirement system means the School Employees  
7 Retirement System of the State of Nebraska;

8                   (16) Required deposit means the deduction from a member's  
9 compensation as provided for in section 79-958 which shall be  
10 deposited in the School Retirement Fund;

11                   (17) School year means one fiscal year which includes not  
12 less than one thousand instructional hours or, in the case of service  
13 in the State of Nebraska prior to July 1, 1945, not less than  
14 seventy-five percent of the then legal school year;

15                   (18) Service means employment as a school employee and  
16 shall not be deemed interrupted by (a) termination at the end of the  
17 school year of the contract of employment of an employee in a public  
18 school if the employee enters into a contract of employment in any  
19 public school, except a school in a Class V school district, for the  
20 following school year, (b) temporary or seasonal suspension of  
21 service that does not terminate the employee's employment, (c) leave  
22 of absence authorized by the employer for a period not exceeding  
23 twelve months, (d) leave of absence because of disability, or (e)  
24 military service when properly authorized by the retirement board.  
25 Service does not include any period of disability for which

1 disability retirement benefits are received under sections 79-951 to  
2 79-953;

3 (19) School retirement allowance means the total of the  
4 savings annuity and the service annuity or formula annuity paid a  
5 person who has retired under sections 79-931 to 79-935. The monthly  
6 payments shall be payable at the end of each calendar month during  
7 the life of a retired member. The first payment shall include all  
8 amounts accrued since the effective date of the award of annuity. The  
9 last payment shall be at the end of the calendar month in which such  
10 member dies or in accordance with the payment option chosen by the  
11 member;

12 (20) Service annuity means payments for life, made in  
13 equal monthly installments, derived from appropriations made by the  
14 State of Nebraska to the retirement system;

15 (21) State deposit means the deposit by the state in the  
16 retirement system on behalf of any member;

17 (22) State school official means the Commissioner of  
18 Education and his or her professional staff who are required by law  
19 or by the State Department of Education to hold a certificate as such  
20 term is defined in section 79-807;

21 (23) Savings annuity means payments for life, made in  
22 equal monthly payments, derived from the accumulated contributions of  
23 a member;

24 (24) Emeritus member means a person (a) who has entered  
25 retirement under the provisions of the act, including those persons

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

14 (25) Actuarial equivalent means the equality in value of  
15 the aggregate amounts expected to be received under different forms  
16 of payment. The determinations shall be based on the 1994 Group  
17 Annuity Mortality Table reflecting sex-distinct factors blended using  
18 twenty-five percent of the male table and seventy-five percent of the  
19 female table. An interest rate of eight percent per annum shall be  
20 reflected in making these determinations except when a lump-sum  
21 settlement is made to an estate. If the lump-sum settlement is made  
22 to an estate, the interest rate will be determined by the Moody's  
23 Triple A Bond Index as of the prior June 30, rounded to the next  
24 lower quarter percent;

25 (26) Retirement date means (a) if the member has

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

9 (27) Disability retirement date means the first day of  
10 the month following the date upon which a member's request for  
11 disability retirement is received on a retirement application  
12 provided by the retirement system if the member has terminated  
13 employment in the school system and has complied with sections 79-951  
14 to 79-954 as such sections refer to disability retirement;

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

18 (29) Eligibility and vesting credit means credit for  
19 years, or a fraction of a year, of participation in a Nebraska  
20 government plan for purposes of determining eligibility for benefits  
21 under the School Employees Retirement Act. Such credit shall not be  
22 included as years of creditable service in the benefit calculation;

23 (30)(a) Final average compensation means:

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



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

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

8                   (ii) For an employee who became a member on or after July  
9 1, 2013:

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

13                   (B) If a member has such compensation for less than sixty  
14 months, the sum of the member's total compensation in all months  
15 divided by the total number of months of his or her creditable  
16 service therefor.

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

21                   (31) Plan year means the twelve-month period beginning on  
22 July 1 and ending on June 30 of the following year;

23                   (32) Current benefit means the initial benefit increased  
24 by all adjustments made pursuant to the School Employees Retirement  
25 Act;

1           (33) Initial benefit means the retirement benefit  
2 calculated at the time of retirement;

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

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

24           (b) Compensation does not include (i) fraudulently  
25 obtained amounts as determined by the retirement board, (ii) amounts

1 for unused sick leave or unused vacation leave converted to cash  
2 payments, (iii) insurance premiums converted into cash payments, (iv)  
3 reimbursement for expenses incurred, (v) fringe benefits, (vi) per  
4 diems paid as expenses, (vii) bonuses for services not actually  
5 rendered, including, but not limited to, early retirement  
6 inducements, cash awards, and severance pay, or (viii) beginning on  
7 September 4, 2005, employer contributions made for the purposes of  
8 separation payments made at retirement and early retirement  
9 inducements as provided for in section 79-514.

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

17 (d)(i) For purposes of section 79-934, in the  
18 determination of compensation for members on or after July 1, 2005,  
19 that part of a member's compensation for the plan year which exceeds  
20 the member's compensation with the same employer for the preceding  
21 plan year by more than seven percent of the compensation base during  
22 the sixty months preceding the member's retirement shall be excluded  
23 unless (A) the member experienced a substantial change in employment  
24 position, (B) as verified by the school board, the excess  
25 compensation above seven percent occurred as the result of a

1 collective-bargaining agreement between the employer and a recognized  
2 collective-bargaining unit or category of school employee, and the  
3 percentage increase in compensation above seven percent shall not be  
4 excluded for employees outside of a collective-bargaining unit or  
5 within the same category of school employee, or (C) the excess  
6 compensation occurred as the result of a districtwide permanent  
7 benefit change made by the employer for a category of school employee  
8 in accordance with subdivision (35)(a)(iv) of this section.

9 (ii) For purposes of subdivision (35)(d) of this section:

10 (A) Category of school employee means either all  
11 employees of the employer who are administrators or certificated  
12 teachers, or all employees of the employer who are not administrators  
13 or certificated teachers, or both;

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

24 (C) Recognized collective-bargaining unit means a group  
25 of employees similarly situated with a similar community of interest

1 appropriate for bargaining recognized as such by a school board.

2 (e)(i) For purposes of section 79-934, in the  
3 determination of compensation for members whose retirement date is on  
4 or after July 1, 2012, until July 1, 2013, that part of a member's  
5 compensation for the plan year which exceeds the member's  
6 compensation with the same employer for the preceding plan year by  
7 more than nine percent of the compensation base shall be excluded.

8 (ii) For purposes of subdivision (35)(e) of this section,  
9 compensation base means (A) for current members employed with the  
10 same employer, the member's compensation for the plan year ending  
11 June 30, 2012, or (B) for members newly hired or hired by a separate  
12 employer on or after July 1, 2012, the member's compensation for the  
13 first full plan year following the member's date of hiring.

14 (f)(i) Notwithstanding any other provision of this  
15 section, for purposes of section 79-934, in the determination of  
16 compensation for members whose retirement date is on or after July 1,  
17 2013, that part of a member's compensation for the plan year which  
18 exceeds the member's compensation for the preceding plan year by more  
19 than eight percent during the capping period shall be excluded. Such  
20 member's compensation for the first plan year of the capping period  
21 shall be compared to the member's compensation received for the plan  
22 year immediately preceding the capping period.

23 (ii) For purposes of subdivision (35)(f) of this section:

24 (A) Capping period means the five plan years preceding  
25 the later of (I) such member's retirement date or (II) such member's

1 final compensation date; and

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

7 (36) Termination of employment occurs on the date on  
8 which the member experiences a bona fide separation from service of  
9 employment with the member's employer, the date of which separation  
10 is determined by the end of the member's contractual agreement or, if  
11 there is no contract or only partial fulfillment of a contract, by  
12 the employer. A member shall not be deemed to have terminated  
13 employment if the member subsequently provides service to any  
14 employer participating in the retirement system provided for in the  
15 School Employees Retirement Act within one hundred eighty days after  
16 ceasing employment unless such service:

17 (a) Is bona fide unpaid voluntary service or substitute  
18 service, provided on an intermittent basis; or

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

20 Nothing in this subdivision precludes an employer from  
21 adopting a policy which limits or denies employees who have  
22 terminated employment from providing voluntary or substitute service  
23 within one hundred eighty days after termination.

24 A member shall not be deemed to have terminated  
25 employment if the board determines that a claimed termination was not

1 a bona fide separation from service with the employer or that a  
2 member was compensated for a full contractual period when the member  
3 terminated prior to the end date of the contract;

4 (37) Disability means an inability to engage in a  
5 substantially gainful activity by reason of any medically  
6 determinable physical or mental impairment which can be expected to  
7 result in death or be of a long and indefinite duration;

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

14 (39) Participation means qualifying for and making  
15 required deposits to the retirement system during the course of a  
16 plan year;

17 (40) Regular employee means an employee hired by a public  
18 school or under contract in a regular full-time or part-time position  
19 who works a full-time or part-time schedule on an ongoing basis for  
20 twenty or more hours per week. An employee hired as described in this  
21 subdivision to provide service for less than twenty hours per week  
22 but who provides service for an average of twenty hours or more per  
23 week in each calendar month of any three calendar months of a plan  
24 year shall, beginning with the next full payroll period, commence  
25 contributions and shall be deemed a regular employee for all future

1 employment with the same employer; ~~and~~

2 (41) Temporary employee means an employee hired by a  
3 public school who is not a regular employee and who is hired to  
4 provide service for a limited period of time to accomplish a specific  
5 purpose or task. When such specific purpose or task is complete, the  
6 employment of such temporary employee shall terminate and in no case  
7 shall the temporary employment period exceed one year in duration;  
8 and -

9 (42) Relinquished creditable service means, with respect  
10 to a member who has withdrawn his or her accumulated contributions  
11 under section 79-955, the total amount of creditable service which  
12 such member has given up as a result of his or her election not to  
13 remain a member of the retirement system.

14 Sec. 2. Section 79-921, Revised Statutes Supplement,  
15 2013, is amended to read:

16 79-921 (1) The membership of any person in the retirement  
17 system shall cease only if he or she (a) withdraws his or her  
18 accumulated contributions under section 79-955, (b) retires on a  
19 school or formula or disability retirement allowance, or (c) dies.

20 (2) The employer shall notify the board of the date upon  
21 which a termination has occurred. It is the responsibility of the  
22 employer that is involved in the termination of employment to notify  
23 the board of such change in employment and provide the board with  
24 such information as the board deems necessary.

25 ~~(3) The retirement board shall reinstate to membership,~~



1 ~~with the same status as when such membership ceased, a school~~  
2 ~~employee who has withdrawn his or her accumulated contributions under~~  
3 ~~the following conditions:~~

4 ~~(a) If he or she again becomes an employee and if such~~  
5 ~~employee chooses within three years after rejoining the system to~~  
6 ~~repay, within five years after the date on which he or she rejoins~~  
7 ~~the retirement system or prior to termination of employment,~~  
8 ~~whichever is first, to the retirement board part or all of the amount~~  
9 ~~he or she has withdrawn plus interest which would have accrued on~~  
10 ~~that amount under the retirement system; or~~

11 ~~(b) If, more than three years after again becoming an~~  
12 ~~employee and rejoining the system but prior to termination of~~  
13 ~~employment, he or she chooses to repay part or all of the amount he~~  
14 ~~or she has withdrawn, plus an amount equal to the actuarial assumed~~  
15 ~~rate of return for the period repaid. Payment must be completed~~  
16 ~~within five years after electing to repay or prior to termination,~~  
17 ~~whichever is earlier.~~

18 ~~(4) Prior creditable service shall be restored in~~  
19 ~~proportion to the amounts repaid. A member's prior creditable service~~  
20 ~~shall be fully restored only if the member has repaid all accumulated~~  
21 ~~withdrawals in accordance with either subdivision (3)(a) or (3)(b) of~~  
22 ~~this section, as applicable. Repayment may be made through direct~~  
23 ~~payment, installment payments, or an irrevocable payroll deduction~~  
24 ~~authorization. If the school employee chooses not to repay such~~  
25 ~~withdrawals with interest, the school employee shall enter the system~~

1 ~~as a new member with no prior rights.~~

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

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

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

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

25 (ii) Payment for restoration of such relinquished

1 creditable service must be completed within six years of the  
2 effective date of this act or prior to termination, whichever is  
3 earlier.

4 (b) With respect to any person who is reinstated to  
5 membership in the retirement system pursuant to subdivision (3)(a) of  
6 this section on and after the effective date of this act and who  
7 files a valid and complete one-time application with the retirement  
8 board for the restoration of part or all of his or her relinquished  
9 creditable service within five years after the date of such member's  
10 reinstatement to membership in the retirement system but prior to  
11 termination, the following shall apply:

12 (i) Such member shall pay to the retirement system an  
13 amount equal to the previously withdrawn contributions for the  
14 creditable service to be restored, plus an amount equal to the  
15 actuarial assumed rate of return on such amount to the date of  
16 repayment; and

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

21 (5) If less than full payment is made by the member,  
22 relinquished creditable service shall be restored in proportion to  
23 the amounts repaid. Repayment may be made through direct payment,  
24 installment payments, an irrevocable payroll deduction authorization,  
25 cash rollover contributions pursuant to section 79-933.02, or

1 trustee-to-trustee transfers pursuant to section 79-933.09.

2           Sec. 3. Section 79-924, Reissue Revised Statutes of  
3 Nebraska, is amended to read:

4           79-924 The retirement board shall adopt and promulgate  
5 rules and regulations to allow for lump-sum or installment payments  
6 for school employees who elect to repurchase relinquished creditable  
7 service under section 79-921 or buy credit for prior years of service  
8 under sections ~~79-921,~~ 79-933.03 to 79-933.06~~7~~, and 79-933.08. Any  
9 person who elects to repurchase relinquished creditable service or  
10 buy credit for prior years of service on an installment basis may be  
11 charged reasonable service costs, shall be credited with those prior  
12 years of service only as the money is actually received by the  
13 retirement system, and shall have paid to the retirement system all  
14 installments prior to the commencement of a retirement annuity.

15           Sec. 4. Section 79-933.02, Reissue Revised Statutes of  
16 Nebraska, is amended to read:

17           79-933.02 (1) The retirement system may accept cash  
18 rollover contributions from a member who is making payment pursuant  
19 to sections 79-921, 79-933.03 to 79-933.06, and 79-933.08 if the  
20 contributions do not exceed the amount of payment required for the  
21 relinquished creditable service repurchased or service credits  
22 purchased by the member pursuant to such sections and the  
23 contributions represent (a) all or any portion of the balance of the  
24 member's interest in a qualified plan under section 401(a) of the  
25 Internal Revenue Code or (b) the interest of the member from an

1 individual retirement account or an individual retirement annuity,  
2 the entire amount of which is attributable to a qualified total  
3 distribution, as defined in the Internal Revenue Code, from a  
4 qualified plan under section 401(a) of the code and qualified as a  
5 tax-free rollover amount. The member's interest under subdivision (a)  
6 or (b) of this subsection must be transferred to the retirement  
7 system within sixty days from the date of the distribution from the  
8 qualified plan, individual retirement account, or individual  
9 retirement annuity.

10 (2) Cash transferred to the retirement system as a  
11 rollover contribution shall be deposited as other payments for  
12 purchase of service credits or repurchase of relinquished creditable  
13 service pursuant to section 79-921.

14 (3) Under the same conditions as provided in subsection  
15 (1) of this section, the retirement system may accept eligible  
16 rollover distributions from (a) an annuity contract described in  
17 section 403(b) of the Internal Revenue Code, (b) a plan described in  
18 section 457(b) of the code which is maintained by a state, a  
19 political subdivision of a state, or any agency or instrumentality of  
20 a state or political subdivision of a state, or (c) the portion of a  
21 distribution from an individual retirement account or annuity  
22 described in section 408(a) or 408(b) of the code that is eligible to  
23 be rolled over and would otherwise be includible in gross income.  
24 Amounts accepted pursuant to this subsection shall be deposited as  
25 all other payments under this section.

1           (4) The retirement system may accept direct rollover  
2 distributions made from a qualified plan pursuant to section 401(a)  
3 (31) of the Internal Revenue Code. The direct rollover distribution  
4 shall be deposited as all other payments under this section.

5           (5) The board shall adopt and promulgate rules and  
6 regulations defining procedures for acceptance of rollovers which are  
7 consistent with sections 401(a)(31) and 402 of the Internal Revenue  
8 Code.

9           Sec. 5. Section 79-933.07, Reissue Revised Statutes of  
10 Nebraska, is amended to read:

11           79-933.07 The board shall adopt and promulgate rules and  
12 regulations for the purchase of service credit or the repurchase of  
13 relinquished creditable service, which shall include, but not be  
14 limited to, the method for determining actuarial cost and interest  
15 requirements for payments other than one lump-sum payment.

16           Sec. 6. Section 79-933.08, Reissue Revised Statutes of  
17 Nebraska, is amended to read:

18           79-933.08 (1) An employer and a school employee who  
19 became a member before July 1, 2014, and who has completed at least  
20 five years of creditable service plus eligibility and vesting credit  
21 or a school employee who became a member for the first time on or  
22 after July 1, 2014, and who has completed ten or more years of  
23 creditable service may by agreement made in contemplation of  
24 retirement, to be effective within twelve months of the agreement,  
25 purchase service credit for such employee for not to exceed five

1 years of creditable service. Such an agreement may be executed up to  
2 twelve months prior to the employee's retirement date. The agreement  
3 shall specify whether the school employee shall pay for the service  
4 credits, whether the employer shall pay for the service credits, or  
5 whether both the employee and employer shall share the cost of the  
6 service credits. Such service credits shall be purchased for an  
7 amount equal to the actuarial cost to the retirement system for  
8 allowing such additional service credit to the employee.

9 (2) Payment for such service credits shall be completed  
10 prior to the employee's termination of employment date and may be  
11 made through direct payment, installment payments, or an irrevocable  
12 deduction authorization. If payments are made on an installment  
13 basis, interest shall be charged at the rate of regular interest.

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

17 (4) The retirement board shall credit funds collected  
18 pursuant to this section to the Contingent Account pending the  
19 employee's retirement. If the employee does not retire within twelve  
20 months after the signing of the agreement made pursuant to this  
21 section, such funds shall be refunded, excluding interest earned, and  
22 the employee shall not be given credit for the service credit  
23 attempted to be purchased.

24 Sec. 7. Section 79-933.09, Reissue Revised Statutes of  
25 Nebraska, is amended to read:

1                   79-933.09 The retirement system may accept as payment for  
2 repurchase of relinquished creditable service under section 79-921 or  
3 purchases of service credit or ~~withdrawn amounts~~ made pursuant to the  
4 School Employees Retirement Act a direct trustee-to-trustee transfer  
5 from (1) an eligible tax-sheltered annuity plan as described in  
6 section 403(b) of the Internal Revenue Code or (2) an eligible  
7 deferred compensation plan as described in section 457(b) of the code  
8 on behalf of a member who is making payments for such ~~credit or~~  
9 ~~amounts.~~ relinquished creditable service or service credit. The  
10 amount transferred shall not exceed the amount of payment required  
11 for the relinquished creditable service being repurchased or service  
12 credit being purchased, and the repurchase of such relinquished  
13 creditable service or the purchase of such service credit shall  
14 qualify as a purchase of permissive service credit by the member as  
15 defined in section 415 of the code.

16                   Sec. 8. Section 79-980, Revised Statutes Cumulative  
17 Supplement, 2012, is amended to read:

18                   79-980 (1) At any time that the retirement system  
19 consists of only one Class V school district, the general  
20 administration of the retirement system is hereby vested in the board  
21 of education. The board shall appoint, by a majority of all its  
22 members, ten trustees to serve as executive officers to administer  
23 the Class V School Employees Retirement Act. Such trustees shall  
24 consist of (a) the superintendent of schools, as ex officio trustee,  
25 (b) four members of the retirement system, two from the certificated



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

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

11 (2) At any time that the retirement system consists of  
12 more than one Class V school district, the general administration of  
13 the retirement system is hereby vested in a Class V Retirement System  
14 Board composed of three members of the school board for each  
15 participating Class V school district. The board shall appoint, by a  
16 majority of all its members, trustees to serve as executive officers  
17 to administer the Class V School Employees Retirement Act. Such  
18 trustees shall consist of (a) the superintendent of each  
19 participating Class V school district, as ex officio trustees, (b)  
20 four members of the retirement system, two from the certificated  
21 staff, one from the classified staff, and one from the annuitants,  
22 (c) three members of the board, and (d) two trustees who are business  
23 persons qualified in financial affairs and who are not members of the  
24 retirement system. The trustees who are appointed from the board and  
25 the membership shall, to the extent feasible, be appointed equally

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

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

8           Sec. 9. Section 79-987, Revised Statutes Supplement,  
9 2013, is amended to read:

10           79-987 (1) An annual audit of the affairs of the  
11 retirement system shall be conducted. At the option of the board,  
12 such audit may be conducted by a certified public accountant or the  
13 Auditor of Public Accounts. The costs of such audit shall be paid  
14 from funds of the retirement system. A copy of such audit shall be  
15 filed with the Auditor of Public Accounts.

16           (2) ~~Beginning March 31, 2012, and each March 31-1, 2015,~~  
17 ~~and each March 1~~ thereafter, if such retirement plan is a defined  
18 benefit plan, the ~~trustees of a retirement system established~~  
19 ~~pursuant to section 79-979 board of education~~ shall cause to be  
20 prepared an annual report and the administrator shall file the same  
21 with the Public Employees Retirement Board and submit to the members  
22 of the Nebraska Retirement Systems Committee of the Legislature a  
23 copy of such report. The report submitted to the committee shall be  
24 submitted electronically. The report shall consist of a full  
25 actuarial analysis of each such retirement plan established pursuant

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

11 Sec. 10. Section 79-991, Revised Statutes Supplement,  
12 2013, is amended to read:

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

24 (a) A member who desires to purchase prior service credit  
25 shall make written application to the administrator of the retirement

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

19 (b) The member shall pay to the retirement system the  
20 total amount he or she would have contributed to the retirement  
21 system had he or she been a member of the retirement system during  
22 the period for which prior service is being purchased, together with  
23 interest thereon as determined using the rate of interest established  
24 by the board for interest on such purchases of prior service credit.  
25 Such payment shall be based on the most recent years' salary the

1 member earned in another school district or educational service unit  
2 if the salary is verified by the other school district or educational  
3 service unit or, if not, the payment shall be based on the member's  
4 annual salary at the time he or she became a member;

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

1 employment before completing sufficient membership service to permit  
2 all of the excess prior service that has been purchased by the member  
3 to be credited to such member, the retirement system shall refund to  
4 the member, or to the member's beneficiary if the member's  
5 termination is due to his or her death, the payments that have been  
6 made to the retirement system for such uncredited prior service,  
7 together with regular interest on such refund; and

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

12 (2) ~~Any member having five or more years of creditable~~  
13 ~~service, excluding Any employee who became a member before July 1,~~  
14 ~~2014, and who has five or more years of creditable service and any~~  
15 ~~employee who became a member for the first time on or after July 1,~~  
16 ~~2014, and who has ten or more years of creditable service, excluding~~  
17 ~~in either case years of prior service acquired pursuant to section~~  
18 ~~79-990, 79-994, 79-995, or 79-997, or subsection (1) of this section,~~  
19 may elect to purchase up to a total of five years of additional  
20 creditable service under the retirement system, and upon such  
21 purchase the member shall be given the same status as though he or  
22 she had been a member of the retirement system for such additional  
23 number of years, except as otherwise specifically provided in the  
24 Class V School Employees Retirement Act. Creditable service may be  
25 purchased only in one-tenth-year increments. The amount to be paid to



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

22           Sec. 11. Section 84-1503, Revised Statutes Supplement,  
23 2013, is amended to read:

24           84-1503 (1) It shall be the duty of the Public Employees  
25 Retirement Board:

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

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

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

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

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

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

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

15           (h) To prescribe and furnish forms for the public  
16 retirement system plan reports required to be filed pursuant to  
17 sections 2-3228, 12-101, 14-567, 14-1805.01, 14-2111, 15-1017,  
18 16-1017, 16-1037, 19-3501, 23-1118, 23-3526, 71-1631.02, and 79-987.

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

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

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

5                   (c) To adopt and promulgate rules and regulations for the  
6 management of the board;

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

9                   (e) To obtain, by a competitive, formal, and sealed  
10 bidding process through the materiel division of the Department of  
11 Administrative Services, actuarial services on behalf of the State of  
12 Nebraska as may be necessary in the administration and development of  
13 the retirement systems, including, but not limited to, preparation of  
14 an annual actuarial valuation report of each of the defined benefit  
15 and cash balance plans administered by the board. Such annual  
16 valuation reports shall be presented by the actuary to the Nebraska  
17 Retirement Systems Committee of the Legislature at a public hearing  
18 or hearings. Any contract for actuarial services shall contain a  
19 provision allowing the actuary, without prior approval of the board,  
20 to perform actuarial studies of the systems as requested by entities  
21 other than the board, if notice, which does not identify the entity  
22 or substance of the request, is given to the board, all costs are  
23 paid by the requesting entity, results are provided to the board, the  
24 Nebraska Retirement Systems Committee of the Legislature, and the  
25 Legislative Fiscal Analyst upon being made public, and such actuarial

1 studies do not interfere with the actuary's ongoing responsibility to  
2 the board. The term of the contract shall be for up to three years. A  
3 competitive, formal, and sealed bidding process shall be completed at  
4 least once every three years, unless the board determines that such a  
5 process would not be cost effective under the circumstances and that  
6 the actuarial services performed have been satisfactory, in which  
7 case the contract may also contain an option for renewal without a  
8 competitive, formal, and sealed bidding process for up to three  
9 additional years. An actuary under contract for the State of Nebraska  
10 shall be a member of the American Academy of Actuaries and meet the  
11 academy's qualification standards to render a statement of actuarial  
12 opinion;

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

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

24 (h) To obtain, by a competitive, formal, and sealed  
25 bidding process through the materiel division of the Department of

1 Administrative Services, auditing services for a separate compliance  
2 audit of the retirement systems to be completed by December 31, 2020,  
3 and from time to time thereafter at the request of the Nebraska  
4 Retirement Systems Committee of the Legislature, to be completed not  
5 more than every four years but not less than every ten years. The  
6 compliance audit shall be in addition to the annual audit conducted  
7 by the Auditor of Public Accounts. The compliance audit shall  
8 include, but not be limited to, an examination of records, files, and  
9 other documents and an evaluation of all policies and procedures to  
10 determine compliance with all state and federal laws. A copy of the  
11 compliance audit shall be given to the Governor, the board, and the  
12 Nebraska Retirement Systems Committee of the Legislature and shall be  
13 presented to the committee at a public hearing;

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

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

22           (3) By March 31 of each year, the board shall prepare a  
23 written plan of action and shall present such plan to the Nebraska  
24 Retirement Systems Committee of the Legislature at a public hearing.  
25 The plan shall include, but not be limited to, the board's funding

1 policy, the administrative costs and other fees associated with each  
2 fund and plan overseen by the board, member education and  
3 informational programs, the director's duties and limitations, an  
4 organizational structure of the office of the Nebraska Public  
5 Employees Retirement Systems, and the internal control structure of  
6 such office to ensure compliance with state and federal laws.

7           Sec. 12. If any section in this act or any part of any  
8 section is declared invalid or unconstitutional, the declaration  
9 shall not affect the validity or constitutionality of the remaining  
10 portions.

11           Sec. 13. Original sections 79-924, 79-933.02, 79-933.07,  
12 79-933.08, and 79-933.09, Reissue Revised Statutes of Nebraska,  
13 section 79-980, Revised Statutes Cumulative Supplement, 2012, and  
14 sections 79-902, 79-921, 79-987, 79-991, and 84-1503, Revised  
15 Statutes Supplement, 2013, are repealed.

16           Sec. 14. Since an emergency exists, this act takes effect  
17 when passed and approved according to law.