

AMENDMENTS TO LB1005
(Amendments to AM1897)

Introduced by Nebraska Retirement Systems.

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

3 Section 1. Section 23-2302, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 23-2302 (1) A county employees retirement system shall be
6 established for the purpose of providing a retirement annuity or other
7 benefits for employees as provided by the County Employees Retirement
8 Act. It shall be known as the Retirement System for Nebraska Counties,
9 and by such name shall transact all business and hold all cash and other
10 property as provided in the County Employees Retirement Act.

11 (2) The retirement system shall not accept as contributions any
12 money from members or participating counties except the following:

13 (a) Mandatory contributions and fees established by sections 23-2307
14 and 23-2308;

15 (b) Payments on behalf of transferred employees made pursuant to
16 section 23-2306.02 or 23-2306.03;

17 (c) Money that is a repayment of refunded contributions made
18 pursuant to section 23-2320;

19 (d) Contributions for military service credit made pursuant to
20 section 23-2323.01;

21 (e) Actuarially required contributions pursuant to subdivision (4)
22 (b) of section 23-2317;

23 (f) Trustee-to-trustee transfers pursuant to section 23-2323.04;~~or~~

24 (g) Corrections ordered by the board pursuant to section 23-2305.01;
25 or ~~or~~

26 (h) Payments made pursuant to subsection (4) of section 23-2306.

1 Sec. 2. Section 23-2305, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 23-2305 It shall be the duty of the board to administer the County
4 Employees Retirement Act as provided in section 84-1503. The board may
5 ~~shall~~ adopt and promulgate rules and regulations to carry out the act.

6 Sec. 3. Section 23-2305.01, Revised Statutes Cumulative Supplement,
7 2016, is amended to read:

8 23-2305.01 (1)(a) If the board determines that the retirement system
9 has previously received contributions or distributed benefits which for
10 any reason are not in accordance with the statutory provisions of the
11 County Employees Retirement Act, the board shall refund contributions,
12 require additional contributions, adjust benefits, credit dividend
13 amounts, or require repayment of benefits paid. In the event of an
14 overpayment of a benefit, the board may, in addition to other remedies,
15 offset future benefit payments by the amount of the prior overpayment,
16 together with regular interest or interest credits, whichever is
17 appropriate, thereon. In the event of an underpayment of a benefit, the
18 board shall immediately make payment equal to the deficit amount plus
19 regular interest or interest credits, whichever is appropriate.

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

1 have the same effect as subpoenas from district courts.

2 (2) The board ~~may shall~~ adopt and promulgate rules and regulations
3 implementing this section, which ~~may shall~~ include, but not be limited
4 to, the following: (a) The procedures for refunding contributions,
5 adjusting future contributions or benefit payments, and requiring
6 additional contributions or repayment of benefits; (b) the process for a
7 member, member's beneficiary, employee, or employer to dispute an
8 adjustment of contributions or benefits; and (c) notice provided to all
9 affected persons. All notices shall be sent prior to an adjustment and
10 shall describe the process for disputing an adjustment of contributions
11 or benefits.

12 Sec. 4. Section 23-2306, Revised Statutes Cumulative Supplement,
13 2016, is amended to read:

14 23-2306 (1) The membership of the retirement system shall be
15 composed of all persons who are or were employed by member counties and
16 who maintain an account balance with the retirement system.

17 (2) The following employees of member counties are authorized to
18 participate in the retirement system: (a) All permanent full-time
19 employees shall begin participation in the retirement system upon
20 employment and full-time elected officials shall begin participation in
21 the retirement system upon taking office, (b) all permanent part-time
22 employees who have attained the age of eighteen years may exercise the
23 option to begin participation in the retirement system within the first
24 thirty days of employment, and (c) all part-time elected officials may
25 exercise the option to begin participation in the retirement system
26 within thirty days after taking office. An employee who exercises the
27 option to begin participation in the retirement system shall remain in
28 the system until termination or retirement, regardless of any change of
29 status as a permanent or temporary employee.

30 (3) On and after July 1, 2010, no employee of a member county shall
31 be authorized to participate in the retirement system provided for in the

1 County Employees Retirement Act unless the employee (a) is a United
2 States citizen or (b) is a qualified alien under the federal Immigration
3 and Nationality Act, 8 U.S.C. 1101 et seq., as such act existed on
4 January 1, 2009, and is lawfully present in the United States.

5 ~~(4)(a) The (4) On and after July 1, 2013, the board may determine~~
6 ~~that a governmental entity currently participating in the retirement~~
7 ~~system no longer qualifies, in whole or in part, under section 414(d) of~~
8 ~~the Internal Revenue Code as a participating employer in a governmental~~
9 ~~plan. Upon such determination, affected plan members shall be considered~~
10 ~~fully vested. The board shall notify such entity within ten days after~~
11 ~~making a determination. Within ninety days after the board's notice to~~
12 ~~such entity, affected plan members shall become inactive. The board may~~
13 ~~adopt and promulgate rules and regulations to carry out this subsection.~~

14 (b)(i) To aid governmental entities in their business decisionmaking
15 process, any governmental entity currently participating in the
16 retirement system contemplating a business transaction that may result in
17 such entity no longer qualifying, in whole or in part, under section
18 414(d) of the Internal Revenue Code may notify the board in writing as
19 soon as reasonably practicable, but no later than one hundred eighty days
20 before the transaction is to occur;

21 (ii) The board when timely notified shall, as soon as is reasonably
22 practicable, obtain from its contracted actuary the cost of any actuarial
23 study necessary to determine the potential funding obligation. The board
24 shall notify the entity of such cost.

25 (iii) If such entity pays the board's contracted actuary pursuant to
26 subdivision (4)(c)(vi) of this section for any actuarial study necessary
27 to determine the potential funding obligation, the board shall, as soon
28 as reasonably practicable following its receipt of the actuarial study,
29 (A) determine whether the entity's contemplated business transaction will
30 cause the entity to no longer qualify under section 414(d) of the
31 Internal Revenue Code, (B) determine whether the contemplated business

1 transaction constitutes a plan termination by the entity, (C) determine
2 the potential funding obligation, (D) determine the administrative costs
3 that will be incurred by the board or the Nebraska Public Employees
4 Retirement Systems in connection with the entity's removal from the
5 retirement system, and (E) notify the entity of such determinations.

6 (iv) Failure to timely notify the board pursuant to subdivision (4)
7 (b)(i) of this section may result in the entity being treated as though
8 the board made a decision pursuant to subdivision (4)(a) of this section.

9 (c) If the board makes a determination pursuant to subdivision (4)
10 (a) of this section, or if the entity engages in the contemplated
11 business transaction reviewed under subdivision (4)(b) of this section
12 that results in the entity no longer qualifying under section 414(d) of
13 the Internal Revenue Code:

14 (i) The board shall notify the entity that it no longer qualifies
15 under section 414(d) of the Internal Revenue Code within ten business
16 days after the determination;

17 (ii) The affected plan members shall be immediately considered fully
18 vested;

19 (iii) The affected plan members shall become inactive within ninety
20 days after the board's determination;

21 (iv) The entity shall pay to the County Employees Retirement Fund an
22 amount equal to any funding obligation;

23 (v) The entity shall pay to the County Employees Cash Balance
24 Retirement Expense Fund an amount equal to any administrative costs
25 incurred by the board or the Nebraska Public Employees Retirement Systems
26 in connection with the entity's removal from the retirement system; and

27 (vi) The entity shall pay directly to the board's contracted actuary
28 an amount equal to the cost of any actuarial study necessary to aid the
29 board in determining the amount of such funding obligation, if not
30 previously paid.

31 (d) For purposes of this subsection:

1 (i) Business transaction means a merger; consolidation; sale of
2 assets, equipment, or facilities; termination of a division, department,
3 section, or subgroup of the entity; or any other business transaction
4 that results in termination of some or all of the entity's workforce; and

5 (ii) Funding obligation means the financial liability of the
6 retirement system to provide benefits for the affected plan members
7 incurred by the retirement system due to the entity's business
8 transaction calculated using the methodology and assumptions recommended
9 by the board's contracted actuary and approved by the board. The
10 methodology and assumptions used must be structured in a way that ensures
11 the entity is financially liable for all the costs of the entity's
12 business transaction, and the retirement system is not financially liable
13 for any of the cost of the entity's business transaction.

14 (e) The board may adopt and promulgate rules and regulations to
15 carry out this subsection including, but not limited to, the methods of
16 notifying the board of pending business transactions, the acceptable
17 methods of payment, and the timing of such payment.

18 (5) Within the first one hundred eighty days of employment, a full-
19 time employee may apply to the board for vesting credit for years of
20 participation in another Nebraska governmental plan, as defined by
21 section 414(d) of the Internal Revenue Code. During the years of
22 participation in the other Nebraska governmental plan, the employee must
23 have been a full-time employee, as defined in the Nebraska governmental
24 plan in which the credit was earned. The board may adopt and promulgate
25 rules and regulations governing the assessment and granting of vesting
26 credit.

27 (6) Any employee who qualifies for membership in the retirement
28 system pursuant to this section may not be disqualified from membership
29 in the retirement system solely because such employee also maintains
30 separate employment which qualifies the employee for membership in
31 another public retirement system, nor may membership in this retirement

1 system disqualify such an employee from membership in another public
2 retirement system solely by reason of separate employment which qualifies
3 such employee for membership in this retirement system.

4 (7) A full-time or part-time employee of a city, village, or
5 township who becomes a county employee pursuant to a merger of services
6 shall receive vesting credit for his or her years of participation in a
7 Nebraska governmental plan, as defined by section 414(d) of the Internal
8 Revenue Code, of the city, village, or township.

9 (8) A full-time or part-time employee of a city, village, fire
10 protection district, or township who becomes a municipal county employee
11 shall receive credit for his or her years of employment with the city,
12 village, fire protection district, or township for purposes of the
13 vesting provisions of this section.

14 (9) A full-time or part-time employee of the state who becomes a
15 county employee pursuant to transfer of assessment function to a county
16 shall not be deemed to have experienced a termination of employment and
17 shall receive vesting credit for his or her years of participation in the
18 State Employees Retirement System of the State of Nebraska.

19 (10) Counties shall ensure that employees authorized to participate
20 in the retirement system pursuant to this section shall enroll and make
21 required contributions to the retirement system immediately upon becoming
22 an employee. Information necessary to determine membership in the
23 retirement system shall be provided by the employer.

24 Sec. 5. Section 23-2306.02, Reissue Revised Statutes of Nebraska, is
25 amended to read:

26 23-2306.02 Under such rules and regulations as the retirement board
27 may adopt and promulgate ~~adopts and promulgates~~, a full-time or part-time
28 employee of a city, village, or township who becomes a county employee
29 pursuant to a merger of services may pay to the retirement system an
30 amount equal to the sum of all deductions which were made from the
31 employee's compensation, plus earnings, during such period of employment

1 with the city, village, or township. Payment shall be made within five
2 years after the merger or prior to retirement, whichever comes first, and
3 may be made through direct payment, installment payments, or an
4 irrevocable payroll authorization.

5 Sec. 6. Section 23-2306.03, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 23-2306.03 Under such rules and regulations as the retirement board
8 ~~may adopt and promulgate~~ ~~adopts and promulgates~~, a full-time or part-time
9 employee of a city, village, fire protection district, or township who
10 becomes a municipal county employee shall transfer all of his or her
11 funds in the retirement system of the city, village, fire protection
12 district, or township by paying to the Retirement System for Nebraska
13 Counties from funds held by the retirement system of the city, village,
14 fire protection district, or township an amount equal to one of the
15 following: (1) If the retirement system of the city, village, fire
16 protection district, or township maintains a defined benefit plan, an
17 amount not to exceed the initial benefit transfer value as provided in
18 section 13-2401, leaving no funds attributable to the transferred
19 employee within the retirement system of the city, village, fire
20 protection district, or township; or (2) if the retirement system of the
21 city, village, fire protection district, or township maintains a defined
22 contribution plan, an amount not to exceed the employee and employer
23 accounts of the transferring employee plus earnings during the period of
24 employment with the city, village, fire protection district, or township.
25 The employee shall receive vesting credit for his or her years of service
26 in a governmental plan, as defined in section 414(d) of the Internal
27 Revenue Code, maintained by the city, village, fire protection district,
28 or township. Payment shall be made within five years after employment
29 begins with the receiving entity or prior to retirement, whichever comes
30 first, and may be made through direct payment, installment payments, or
31 an irrevocable payroll deduction authorization.

1 Sec. 7. Section 23-2309.01, Revised Statutes Cumulative Supplement,
2 2016, is amended to read:

3 23-2309.01 (1) Each member employed and participating in the
4 retirement system prior to January 1, 2003, who has elected not to
5 participate in the cash balance benefit, shall be allowed to allocate all
6 contributions to his or her employee account to various investment
7 options. The investment options shall include, but not be limited to, the
8 following:

9 (a) An investor select account which shall be invested under the
10 direction of the state investment officer with an asset allocation and
11 investment strategy substantially similar to the investment allocations
12 made by the state investment officer for the defined benefit plans under
13 the retirement systems described in subdivision (1)(a) of section
14 84-1503. Investments shall most likely include domestic and international
15 equities, fixed income investments, and real estate, as well as
16 potentially additional asset classes;

17 (b) A stable return account which shall be invested by or under the
18 direction of the state investment officer in a stable value strategy that
19 provides capital preservation and consistent, steady returns;

20 (c) An equities account which shall be invested by or under the
21 direction of the state investment officer in equities;

22 (d) A balanced account which shall be invested by or under the
23 direction of the state investment officer in equities and fixed income
24 instruments;

25 (e) An index fund account which shall be invested by or under the
26 direction of the state investment officer in a portfolio of common stocks
27 designed to closely duplicate the total return of the Standard and Poor's
28 division of The McGraw-Hill Companies, Inc., 500 Index;

29 (f) A fixed income account which shall be invested by or under the
30 direction of the state investment officer in fixed income instruments;

31 (g) A money market account which shall be invested by or under the

1 direction of the state investment officer in short-term fixed income
2 securities; and

3 (h) Beginning July 1, 2006, an age-based account which shall be
4 invested under the direction of the state investment officer with an
5 asset allocation and investment strategy that changes based upon the age
6 of the member. The board shall develop an account mechanism that changes
7 the investments as the employee nears retirement age. The asset
8 allocation and asset classes utilized in the investments shall move from
9 aggressive, to moderate, and then to conservative as retirement age
10 approaches.

11 If a member fails to select an option or combination of options, all
12 of his or her funds shall be placed in the option described in
13 subdivision (b) of this subsection. Each member shall be given a detailed
14 current description of each investment option prior to making or revising
15 his or her allocation.

16 (2) Members of the retirement system may allocate their
17 contributions to the investment options in percentage increments as set
18 by the board in any proportion, including full allocation to any one
19 option. A member under subdivision (1)(a) of section 23-2321 or his or
20 her beneficiary may transfer any portion of his or her funds among the
21 options, except for restrictions on transfers to or from the stable
22 return account pursuant to rule or regulation. The board ~~may~~ shall adopt
23 and promulgate rules and regulations for changes of a member's allocation
24 of contributions to his or her accounts after his or her most recent
25 allocation and for transfers from one investment account to another.

26 (3) The board shall develop a schedule for the allocation of
27 administrative costs of maintaining the various investment options and
28 shall assess the costs so that each member pays a reasonable fee as
29 determined by the board.

30 (4) In order to carry out this section, the board may enter into
31 administrative services agreements for accounting or record-keeping

1 services. No agreement shall be entered into unless the board determines
2 that it will result in administrative economy and will be in the best
3 interests of the county and its participating employees.

4 (5) The state, the board, the state investment officer, the members
5 of the Nebraska Investment Council, or the county shall not be liable for
6 any investment results resulting from the member's exercise of control
7 over the assets in the employee account.

8 Sec. 8. Section 23-2310.05, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 23-2310.05 (1) Each member employed and participating in the
11 retirement system prior to January 1, 2003, who has elected not to
12 participate in the cash balance benefit, shall be allowed to allocate all
13 contributions to his or her employer account to various investment
14 options. Such investment options shall be the same as the investment
15 options of the employee account as provided in subsection (1) of section
16 23-2309.01. If a member fails to select an option or combination of
17 options, all of his or her funds in the employer account shall be placed
18 in the balanced account option described in subdivision (1)(d) of section
19 23-2309.01. Each member shall be given a detailed current description of
20 each investment option prior to making or revising his or her allocation.

21 (2) Each member of the retirement system may allocate contributions
22 to his or her employer account to the investment options in percentage
23 increments as set by the board in any proportion, including full
24 allocation to any one option. A member under subdivision (1)(a) of
25 section 23-2321 or his or her beneficiary may transfer any portion of his
26 or her funds among the options. The board ~~may shall~~ adopt and promulgate
27 rules and regulations for changes of a member's allocation of
28 contributions to his or her accounts after his or her most recent
29 allocation and for transfers from one investment account to another.

30 (3) The board shall develop a schedule for the allocation of
31 administrative costs of maintaining the various investment options and

1 shall assess the costs so that each member pays a reasonable fee as
2 determined by the board.

3 (4) In order to carry out the provisions of this section, the board
4 may enter into administrative services agreements for accounting or
5 record-keeping services. No agreement shall be entered into unless the
6 board determines that it will result in administrative economy and will
7 be in the best interests of the state and participating employees.

8 (5) The state, the board, the state investment officer, the members
9 of the Nebraska Investment Council, or the county shall not be liable for
10 any investment results resulting from the member's exercise of control
11 over the assets in the employer account.

12 Sec. 9. Section 23-2323.01, Revised Statutes Supplement, 2017, is
13 amended to read:

14 23-2323.01 (1)(a) For military service beginning on or after
15 December 12, 1994, but before January 1, 2018, any employee who, while an
16 employee, entered into and served in the armed forces of the United
17 States and who within ninety days after honorable discharge or honorable
18 separation from active duty again became an employee shall be credited,
19 for the purposes of section 23-2315, with all the time actually served in
20 the armed forces as if such person had been an employee throughout such
21 service in the armed forces pursuant to the terms and conditions of
22 subdivision (b) of this subsection.

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

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

13 (c) The employer shall pick up the employee contributions made
14 through irrevocable payroll deduction authorizations pursuant to this
15 subsection, and the contributions so picked up shall be treated as
16 employer contributions in the same manner as contributions picked up
17 under section 23-2307.

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

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

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

30 (ii) Any actuarial costs necessary to fund the obligation of the
31 plan to provide benefits based upon such period of military service. For

1 the purposes of determining the amount of such liability and obligation
2 of the plan, earnings and forfeitures, gains and losses, regular
3 interest, interest credits, or dividends that would have accrued on the
4 employee and employer contributions that are paid by the employer
5 pursuant to this section shall not be included.

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

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

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

20 (ii) The acceptable methods of payment;

21 (iii) Determining the service and compensation upon which the
22 contributions must be made;

23 (iv) Accelerating the payment from the employer due to unforeseen
24 circumstances that occur before payment is made pursuant to this section,
25 including, but not limited to, the employee's termination or retirement
26 or the employer's reorganization, consolidation, merger, or closing; and

27 (v) The documentation required to substantiate that the employee was
28 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. 10. Section 23-2323.02, Reissue Revised Statutes of Nebraska,
3 is amended to read:

4 23-2323.02 (1) For purposes of this section and section 23-2323.03:

5 (a) Direct rollover means a payment by the retirement system to the
6 eligible retirement plan or plans specified by the distributee

7 ~~Distributee means the member, the member's surviving spouse, or the~~
8 ~~member's former spouse who is an alternate payee under a qualified~~
9 ~~domestic relations order as defined in section 414(p) of the Internal~~
10 ~~Revenue Code;~~

11 (b) Distributee means the member, the member's surviving spouse, or
12 the member's former spouse who is an alternate payee under a qualified
13 domestic relations order as defined in section 414(p) of the Internal

14 Revenue Code ~~Direct rollover means a payment by the retirement system to~~
15 ~~the eligible retirement plan or plans specified by the distributee;~~

16 (c) Eligible retirement plan means (i) an individual retirement
17 account described in section 408(a) of the Internal Revenue Code, (ii) an
18 individual retirement annuity described in section 408(b) of the code,
19 except for an endowment contract, (iii) a qualified plan described in
20 section 401(a) of the code, (iv) an annuity plan described in section
21 403(a) or 403(b) of the code, (v) except for purposes of section
22 23-2323.03, an individual retirement plan described in section 408A of
23 the code, and (vi) a plan described in section 457(b) of the code and
24 maintained by a governmental employer. For eligible rollover
25 distributions to a surviving spouse, an eligible retirement plan means
26 subdivisions (1)(c)(i) through (vi) of this section; and

27 (d) Eligible rollover distribution means any distribution to a
28 distributee of all or any portion of the balance to the credit of the
29 distributee in the plan, except such term shall not include any
30 distribution which is one of a series of substantially equal periodic
31 payments, not less frequently than annually, made for the life of the

1 distributee or joint lives of the distributee and the distributee's
2 beneficiary or for the specified period of ten years or more and shall
3 not include any distribution to the extent such distribution is required
4 under section 401(a)(9) of the Internal Revenue Code.

5 (2) For distributions made to a distributee on or after January 1,
6 1993, a distributee may elect to have any portion of an eligible rollover
7 distribution paid directly to an eligible retirement plan specified by
8 the distributee.

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

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

27 (5) The board ~~may shall~~ adopt and promulgate rules and regulations
28 for direct rollover procedures which are consistent with section 401(a)
29 (31) of the Internal Revenue Code and which include, but are not limited
30 to, the form and time of direct rollover distributions.

31 Sec. 11. Section 23-2323.03, Reissue Revised Statutes of Nebraska,

1 is amended to read:

2 23-2323.03 (1) The retirement system may accept cash rollover
3 contributions from a member who is making payment pursuant to section
4 23-2306.02, 23-2306.03, 23-2320, or 23-2323.01 if the contributions do
5 not exceed the amount authorized to be paid by the member pursuant to
6 section 23-2306.02, 23-2306.03, 23-2320, or 23-2323.01, and the
7 contributions represent (a) all or any portion of the balance of the
8 member's interest in a qualified plan under section 401(a) of the
9 Internal Revenue Code or (b) the interest of the member from an
10 individual retirement account or an individual retirement annuity, the
11 entire amount of which is attributable to a qualified total distribution,
12 as defined in the Internal Revenue Code, from a qualified plan under
13 section 401(a) of the code and qualified as a tax-free rollover amount.
14 The member's interest under subdivision (a) or (b) of this subsection
15 must be transferred to the retirement system within sixty days from the
16 date of the distribution from the qualified plan, individual retirement
17 account, or individual retirement annuity.

18 (2) Cash transferred to the retirement system as a rollover
19 contribution shall be deposited as other payments made under section
20 23-2306.02, 23-2306.03, 23-2320, or 23-2323.01.

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

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

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

8 Sec. 12. Section 23-3527, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 23-3527 A facility established under the provisions of section
11 23-3501, in a county eligible to participate in the County Employees
12 Retirement Act pursuant to Chapter 23, article 23, shall be given the
13 option to participate in the retirement system under such act so long as
14 the facility elects to participate within the later of one year from the
15 effective date of this act, or one year from the date the facility is
16 established. Failure to timely elect to participate in such retirement
17 system shall bar the facility from electing to participate in the future.

18 ~~(1) A facility established under the provisions of section 23-3501, in a~~
19 ~~county which is presently participating in a retirement system under the~~
20 ~~County Employees Retirement Act pursuant to Chapter 23, article 23, shall~~
21 ~~be given the option to continue participation under such act or to~~
22 ~~discontinue such participation.~~

23 ~~(2) A facility established under the provisions of section 23-3501,~~
24 ~~in a county which in the future shall elect to participate in a~~
25 ~~retirement system under the County Employees Retirement Act shall be~~
26 ~~given the option to participate in a retirement system pursuant to such~~
27 ~~act or to decline such participation.~~

28 Sec. 13. Section 24-704, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 24-704 (1) The general administration of the retirement system for
31 judges provided for in the Judges Retirement Act, except the investment

1 of funds, is hereby vested in the board. The Auditor of Public Accounts
2 shall make an annual audit of the retirement system and electronically
3 file an annual report of its condition with the Clerk of the Legislature.
4 Each member of the Legislature shall receive an electronic copy of the
5 annual report by making a request for such report to the Auditor of
6 Public Accounts. The board ~~may shall~~ adopt and promulgate rules and
7 regulations as may be necessary to carry out the Judges Retirement Act.

8 (2)(a) The board shall employ a director and such assistants and
9 employees as may be necessary to efficiently discharge the duties imposed
10 by the act. The director shall keep a record of all acts and proceedings
11 taken by the board.

12 (b) The director shall keep a complete record of all members with
13 respect to name, current address, age, contributions, length of service,
14 compensation, and any other facts as may be necessary in the
15 administration of the act. The information in the records shall be
16 provided by the State Court Administrator in an accurate and verifiable
17 form, as specified by the director. The director shall, from time to
18 time, carry out testing procedures pursuant to section 84-1512 to verify
19 the accuracy of such information. For the purpose of obtaining such facts
20 and information, the director shall have access to the records of the
21 various state departments and agencies and the holder of the records
22 shall comply with a request by the director for access by providing such
23 facts and information to the director in a timely manner. A certified
24 copy of a birth certificate or delayed birth certificate shall be prima
25 facie evidence of the age of the person named in the certificate.

26 (c) The director shall develop and implement an employer education
27 program using principles generally accepted by public employee retirement
28 systems so that all employers have the knowledge and information
29 necessary to prepare and file reports as the board requires.

30 (3) Information necessary to determine membership in the retirement
31 system shall be provided by the State Court Administrator.

1 (4) Any funds of the retirement system available for investment
2 shall be invested by the Nebraska Investment Council pursuant to the
3 Nebraska Capital Expansion Act and the Nebraska State Funds Investment
4 Act. Payment for investment services by the council shall be charged
5 directly against the gross investment returns of the funds. Charges so
6 incurred shall not be a part of the board's annual budget request. The
7 amounts of payment for such services, as of December 31 of each year,
8 shall be reported not later than March 31 of the following year to the
9 council, the board, and the Nebraska Retirement Systems Committee of the
10 Legislature. The report submitted to the committee shall be submitted
11 electronically. The state investment officer shall sell any such
12 securities upon request from the director so as to provide money for the
13 payment of benefits or annuities.

14 Sec. 14. Section 24-704.01, Reissue Revised Statutes of Nebraska, is
15 amended to read:

16 24-704.01 (1)(a) If the board determines that the retirement system
17 has previously received contributions or distributed benefits which for
18 any reason are not in accordance with the Judges Retirement Act, the
19 board shall refund contributions, require additional contributions,
20 adjust benefits, or require repayment of benefits paid. In the event of
21 an overpayment of a benefit, the board may, in addition to other
22 remedies, offset future benefit payments by the amount of the prior
23 overpayment, together with regular interest thereon. In the event of an
24 underpayment of a benefit, the board shall immediately make payment equal
25 to the deficit amount plus regular interest.

26 (b) The board shall have the power, through the director of the
27 Nebraska Public Employees Retirement Systems or the director's designee,
28 to make a thorough investigation of any overpayment of a benefit, when in
29 the judgment of the retirement system such investigation is necessary,
30 including, but not limited to, circumstances in which benefit payments
31 are made after the death of a member or beneficiary and the retirement

1 system is not made aware of such member's or beneficiary's death. In
2 connection with any such investigation, the board, through the director
3 or the director's designee, shall have the power to compel the attendance
4 of witnesses and the production of books, papers, records, and documents,
5 whether in hardcopy, electronic form, or otherwise, and issue subpoenas
6 for such purposes. Such subpoenas shall be served in the same manner and
7 have the same effect as subpoenas from district courts.

8 (2) The board ~~may shall~~ adopt and promulgate rules and regulations
9 implementing this section, which shall include, but not be limited to,
10 the following: (a) The procedures for refunding contributions, adjusting
11 future contributions or benefit payments, and requiring additional
12 contributions or repayment of benefits; (b) the process for a member,
13 member's beneficiary, employee, or employer to dispute an adjustment of
14 contributions or benefits; and (c) notice provided to all affected
15 persons. All notices shall be sent prior to an adjustment and shall
16 describe the process for disputing an adjustment of contributions or
17 benefits.

18 Sec. 15. Section 24-710, Reissue Revised Statutes of Nebraska, is
19 amended to read:

20 24-710 (1) The retirement annuity of a judge who is an original
21 member, who has not made the election provided for in subsection (8) of
22 section 24-703 or section 24-710.01, and who retires under section 24-708
23 or 24-709 shall be computed as follows: Each such judge shall be entitled
24 to receive an annuity, each monthly payment of which shall be in an
25 amount equal to three and one-third percent of his or her final average
26 compensation as such judge, multiplied by the number of his or her years
27 of creditable service. The amount stated in this section shall be
28 supplemental to any benefits received by such judge under the Nebraska
29 and federal old age and survivors' insurance acts at the date of
30 retirement, but the monthly combined benefits received thereunder and by
31 the Judges Retirement Act shall not exceed sixty-five percent of the

1 final average compensation such judge was receiving when he or she last
2 served as such judge. The amount of retirement annuity of a judge who
3 retires under section 24-708 or 24-709 shall not be less than twenty-five
4 dollars per month if he or she has four years or more of service credit.

5 (2) The retirement annuity of a judge who is a future member and who
6 retires after July 1, 1986, under section 24-708 or 24-709 shall be
7 computed as follows: Each such judge shall be entitled to receive an
8 annuity, each monthly payment of which shall be in an amount equal to
9 three and one-half percent of his or her final average compensation as
10 such judge, multiplied by the number of his or her years of creditable
11 service, except that prior to an actuarial factor adjustment for purposes
12 of calculating an optional form of annuity benefits under subsection (3)
13 of this section, the monthly benefits received under this subsection
14 shall not exceed seventy percent of the final average compensation such
15 judge was receiving when he or she last served as such judge.

16 (3) Except as provided in section 42-1107, any member may, when
17 filing an application as provided by the retirement system, elect to
18 receive, in lieu of the normal form annuity benefits to which the member
19 or his or her beneficiary may otherwise be entitled under the Judges
20 Retirement Act, an optional form of annuity benefits which the board may
21 by rules and regulations provide, the value of which, determined by
22 accepted actuarial methods and on the basis of actuarial assumptions
23 recommended by the actuary, approved by the board, and kept on file in
24 the office of the director, is equal to the value of the benefit
25 replaced. The board ~~may shall~~ (a) adopt and promulgate appropriate rules
26 and regulations to establish ~~establishing~~ joint and survivorship
27 annuities, with and without reduction on the death of the first
28 annuitant, and such other forms of annuities as may in its judgment be
29 appropriate and establishing benefits as provided in sections 24-707 and
30 24-707.01, (b) prescribe appropriate forms for making the election by the
31 members, and (c) provide for the necessary actuarial services to make the

1 required valuations.

2 (4) A one-time cost-of-living adjustment shall be made for each
3 retired judge and each surviving beneficiary who is receiving a
4 retirement annuity as provided for in this section. The annuity shall be
5 adjusted by the increase in the cost of living or wage levels between the
6 effective date of retirement and June 30, 1992, except that such
7 increases shall not exceed three percent per year of retirement and the
8 total increase shall not exceed two hundred fifty dollars per month.

9 Sec. 16. Section 24-710.05, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 24-710.05 (1) For purposes of this section and section 24-710.06:

12 (a) Direct rollover means a payment by the retirement system to the
13 eligible retirement plan or plans specified by the distributee
14 ~~Distributee means the member, the member's surviving spouse, or the~~
15 ~~member's former spouse who is an alternate payee under a qualified~~
16 ~~domestic relations order as defined in section 414(p) of the Internal~~
17 ~~Revenue Code;~~

18 (b) Distributee means the member, the member's surviving spouse, or
19 the member's former spouse who is an alternate payee under a qualified
20 domestic relations order as defined in section 414(p) of the Internal
21 Revenue Code ~~Direct rollover means a payment by the retirement system to~~
22 ~~the eligible retirement plan or plans specified by the distributee;~~

23 (c) Eligible retirement plan means (i) an individual retirement
24 account described in section 408(a) of the Internal Revenue Code, (ii) an
25 individual retirement annuity described in section 408(b) of the code,
26 except for an endowment contract, (iii) a qualified plan described in
27 section 401(a) of the code, (iv) an annuity plan described in section
28 403(a) or 403(b) of the code, (v) except for purposes of section
29 24-710.06, an individual retirement plan described in section 408A of the
30 code, and (vi) a plan described in section 457(b) of the code and
31 maintained by a governmental employer. For eligible rollover

1 distributions to a surviving spouse, an eligible retirement plan means
2 subdivisions (1)(c)(i) through (vi) of this section; and

3 (d) Eligible rollover distribution means any distribution to a
4 distributee of all or any portion of the balance to the credit of the
5 distributee in the plan, except such term shall not include any
6 distribution which is one of a series of substantially equal periodic
7 payments, not less frequently than annually, made for the life of the
8 distributee or joint lives of the distributee and the distributee's
9 beneficiary or for the specified period of ten years or more and shall
10 not include any distribution to the extent such distribution is required
11 under section 401(a)(9) of the Internal Revenue Code.

12 (2) For distributions made to a distributee on or after January 1,
13 1993, a distributee may elect to have any portion of an eligible rollover
14 distribution paid directly to an eligible retirement plan specified by
15 the distributee.

16 (3) A member's surviving spouse or former spouse who is an alternate
17 payee under a qualified domestic relations order and, on or after July 1,
18 2010, any designated beneficiary of a member who is not a surviving
19 spouse or former spouse who is entitled to receive an eligible rollover
20 distribution from the retirement system may, in accordance with such
21 rules, regulations, and limitations as may be established by the board,
22 elect to have such distribution made in the form of a direct transfer to
23 a retirement plan eligible to receive such transfer under the provisions
24 of the Internal Revenue Code.

25 (4) An eligible rollover distribution on behalf of a designated
26 beneficiary of a member who is not a surviving spouse or former spouse of
27 the member may be transferred to an individual retirement account or
28 annuity described in section 408(a) or section 408(b) of the Internal
29 Revenue Code that is established for the purpose of receiving the
30 distribution on behalf of the designated beneficiary and that will be
31 treated as an inherited individual retirement account or individual

1 retirement annuity described in section 408(d)(3)(C) of the Internal
2 Revenue Code.

3 (5) The board ~~may shall~~ adopt and promulgate rules and regulations
4 for direct rollover procedures which are consistent with section 401(a)
5 (31) of the Internal Revenue Code and which include, but are not limited
6 to, the form and time of direct rollover distributions.

7 Sec. 17. Section 24-710.06, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 24-710.06 (1) The retirement system may accept cash rollover
10 contributions from a member who is making payment pursuant to section
11 24-706 if the contributions do not exceed the amount of payment required
12 for the service credits purchased by the member pursuant to such section
13 and the contributions represent (a) all or any portion of the balance of
14 the member's interest in a qualified plan under section 401(a) of the
15 Internal Revenue Code or (b) the interest of the member from an
16 individual retirement account or an individual retirement annuity, the
17 entire amount of which is attributable to a qualified total distribution,
18 as defined in the Internal Revenue Code, from a qualified plan under
19 section 401(a) of the code and qualified as a tax-free rollover amount.
20 The member's interest under subdivision (a) or (b) of this subsection
21 must be transferred to the retirement system within sixty days from the
22 date of the distribution from the qualified plan, individual retirement
23 account, or individual retirement annuity.

24 (2) Cash transferred to the retirement system as a rollover
25 contribution shall be deposited as other payments for service credits.

26 (3) Under the same conditions as provided in subsection (1) of this
27 section, the retirement system may accept eligible rollover distributions
28 from (a) an annuity contract described in section 403(b) of the Internal
29 Revenue Code, (b) a plan described in section 457(b) of the code which is
30 maintained by a state, a political subdivision of a state, or any agency
31 or instrumentality of a state or political subdivision of a state, or (c)

1 the portion of a distribution from an individual retirement account or
2 annuity described in section 408(a) or 408(b) of the code that is
3 eligible to be rolled over and would otherwise be includible in gross
4 income. Amounts accepted pursuant to this subsection shall be deposited
5 as all other payments under this section.

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

10 (5) The board ~~may shall~~ adopt and promulgate rules and regulations
11 defining procedures for acceptance of rollovers which are consistent with
12 sections 401(a)(31) and 402 of the Internal Revenue Code.

13 Sec. 18. Section 79-902, Revised Statutes Supplement, 2017, is
14 amended to read:

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

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

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

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

30 (c) For a school employee hired on or after July 1, 2017, or rehired
31 on or after July 1, 2017, after termination of employment and being paid

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

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

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

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

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

1 for expenses incurred, (v) fringe benefits, (vi) per diems paid as
2 expenses, (vii) bonuses for services not actually rendered, (viii) early
3 retirement inducements, (ix) cash awards, (x) severance pay, or (xi)
4 employer contributions made for the purposes of separation payments made
5 at retirement.

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

23 (b) For employees hired prior to July 1, 2018, creditable service
24 includes working days, sick days, vacation days, holidays, and any other
25 leave days for which the employee is paid regular wages as part of the
26 employee's agreement with the employer. Creditable service does not
27 include lump-sum payments to the employee upon termination or retirement
28 in lieu of accrued benefits for such days, eligibility and vesting
29 credit, service years for which member contributions are withdrawn and
30 not repaid by the member, service rendered for which the retirement board
31 determines that the member was paid less in compensation than the minimum

1 wage as provided in the Wage and Hour Act, or service which the board
2 determines was rendered with the intent to defraud the retirement system;

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

16 (d) Creditable service does not include service provided to an
17 employer in the retirement system provided under the Class V School
18 Employees Retirement Act;

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

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

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

29 (10) Disability retirement date means the first day of the month
30 following the date upon which a member's request for disability
31 retirement is received on a retirement application provided by the

1 retirement system if the member has terminated employment in the school
2 system and has complied with sections 79-951 to 79-954 as such sections
3 refer to disability retirement;

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

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

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

9 (c) Lump-sum or installment cash payments, except payments for
10 accrued unused leave converted to 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 termination, 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 except for payments for accrued
25 unused leave, or purchasing service credit for the member pursuant to
26 section 79-933.08;

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

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

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

18 (15)(a) Final average compensation means:

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

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

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

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

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

31 (B) If a member has such compensation for less than sixty months,

1 the sum of the member's total compensation in all months divided by the
2 total number of months of his or her creditable service therefor.

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

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

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

10 (18) Initial benefit means the retirement benefit calculated at the
11 time of retirement;

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

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

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

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

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

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

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

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

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

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

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

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

31 (31) Retirement date means (a) if the member has terminated

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

8 (32) Retirement system means the School Employees Retirement System
9 of the State of Nebraska;

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

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

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

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

1 effective date of the award of annuity. The last payment shall be at the
2 end of the calendar month in which such member dies or in accordance with
3 the payment option chosen by the member;

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

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

19 (39) State deposit means the deposit by the state in the retirement
20 system on behalf of any member;

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

25 (41) Substitute employee means a person hired by a public school as
26 a temporary employee to assume the duties of regular employees due to a
27 temporary absence of any regular employees. Substitute employee does not
28 mean a person hired as a regular employee on an ongoing basis to assume
29 the duties of other regular employees who are temporarily absent;

30 (42) Surviving spouse means (a) the spouse married to the member on
31 the date of the member's death or (b) the spouse or former spouse of the

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

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

16 (44) Termination of employment occurs on the date on which the
17 member experiences a bona fide separation from service of employment with
18 the member's employer, the date of which separation is determined by the
19 end of the member's contractual agreement or, if there is no contract or
20 only partial fulfillment of a contract, by the employer.

21 A member shall not be deemed to have terminated employment if the
22 member subsequently provides service to any employer participating in the
23 retirement system provided for in the School Employees Retirement Act
24 within one hundred eighty days after ceasing employment unless such
25 service:

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

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

29 Nothing in this subdivision precludes an employer from adopting a
30 policy which limits or denies employees who have terminated employment
31 from providing voluntary or substitute service within one hundred eighty

1 days after termination.

2 A member shall not be deemed to have terminated employment if the
3 board determines that a claimed termination was not a bona fide
4 separation from service with the employer or that a member was
5 compensated for a full contractual period when the member terminated
6 prior to the end date of the contract; and

7 (45) Voluntary service or volunteer means providing bona fide unpaid
8 service to any employer.

9 Sec. 19. Section 79-904, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 79-904 The general administration of the retirement system, except
12 the investment of funds, is hereby vested in the retirement board. The
13 board ~~may shall~~, by a majority vote of its members, adopt bylaws and
14 adopt and promulgate rules and regulations, from time to time, to carry
15 out the School Employees Retirement Act. The board shall perform such
16 other duties as may be required to execute the act.

17 Sec. 20. Section 79-904.01, Revised Statutes Supplement, 2017, is
18 amended to read:

19 79-904.01 (1)(a) If the board determines that the retirement system
20 has previously received contributions or distributed benefits which for
21 any reason are not in accordance with the statutory provisions of the
22 School Employees Retirement Act, the board may refund contributions,
23 require additional contributions, adjust benefits, or require repayment
24 of benefits paid. In the event of an overpayment of a benefit, the board
25 may, in addition to other remedies, offset future benefit payments by the
26 amount of the prior overpayment, together with regular interest thereon.
27 In the event of a material underpayment of a benefit, the board shall
28 immediately make payment equal to the deficit amount plus regular
29 interest.

30 (b) The board shall have the power, through the director of the
31 Nebraska Public Employees Retirement Systems or the director's designee,

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

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

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

26 (4) The board shall not refund contributions made on compensation in
27 excess of the limitations imposed by subdivision (4) of section 79-902 or
28 subsection (9) of section 79-934.

29 Sec. 21. Section 79-905, Reissue Revised Statutes of Nebraska, is
30 amended to read:

31 79-905 It shall be the duty of the ~~The~~ retirement board to ~~shall~~:

1 (1) Determine the eligibility of an individual to be a member of the
2 retirement system and other questions of fact in the event of dispute
3 between an individual and a department;

4 (2) Adopt rules and regulations, as the board may deem necessary,
5 for the management of the board;

6 (3) Prescribe the form in which employers report contributions,
7 hours worked by school employees, payroll information, and other
8 information necessary to carry out the board's duties;

9 (4) Keep a complete record of all proceedings taken at any meeting
10 of the board;

11 (5) Employ a director and such assistants and employees ~~other~~
12 ~~assistance~~ as may be necessary in the performance of its duties; and

13 (6) Obtain actuarial services pursuant to subdivision (2)(e) of
14 section 84-1503.

15 Sec. 22. Section 79-907, Reissue Revised Statutes of Nebraska, is
16 amended to read:

17 79-907 (1)(a) On or before October 1, 2001, and at least every two
18 years thereafter, the retirement board shall send to each contributing
19 member of the retirement system by first-class mail, a statement of
20 creditable service, reported salary, and other such information as is
21 determined by the director of the Nebraska Public Employees Retirement
22 Systems to be necessary in calculating the member's retirement benefit.

23 (b) If the member requests a modification or correction of his or
24 her statement of information, the member shall provide documentation to
25 the board supporting such modification or correction and provide clear
26 and convincing evidence that the statement is in error. The board shall,
27 within sixty days after receipt of the documentation supporting the
28 modification or correction, determine whether the member has proven by
29 clear and convincing evidence that the statement shall be modified or
30 corrected. If the board determines that the member has provided clear and
31 convincing evidence, the board shall modify or correct the statement. If

1 the board determines that the member has not provided clear and
2 convincing evidence, the board shall deny the modification or correction.
3 In either case, the board shall notify the member. The member may appeal
4 the decision of the board pursuant to section 79-950.

5 (c) The board has an ongoing fiduciary duty to modify or correct a
6 member's statement if the board discovers an error in the information it
7 has on record. A modification or correction shall be made within sixty
8 days after the error is brought to the attention of the board.

9 (2) The board ~~may shall~~ adopt and promulgate rules and regulations
10 and prescribe the necessary forms to carry out this section.

11 Sec. 23. Section 79-915, Reissue Revised Statutes of Nebraska, is
12 amended to read:

13 79-915 (1) Persons residing outside of the United States and engaged
14 temporarily as school employees in the State of Nebraska shall not become
15 members of the retirement system.

16 (2) On and after July 1, 2010, no school employee shall be
17 authorized to participate in the retirement system provided for in the
18 School Employees Retirement Act unless the employee (a) is a United
19 States citizen or (b) is a qualified alien under the federal Immigration
20 and Nationality Act, 8 U.S.C. 1101 et seq., as such act existed on
21 January 1, 2009, and is lawfully present in the United States.

22 (3)(a) The board may determine that a governmental entity currently
23 participating in the retirement system no longer qualifies, in whole or
24 in part, under section 414(d) of the Internal Revenue Code as a
25 participating employer in a governmental plan.

26 (b)(i) To aid governmental entities in their business decisionmaking
27 process, any governmental entity currently participating in the
28 retirement system contemplating a business transaction that may result in
29 such entity no longer qualifying, in whole or in part, under section
30 414(d) of the Internal Revenue Code may notify the board in writing as
31 soon as reasonably practicable, but no later than one hundred eighty days

1 before the transaction is to occur;

2 (ii) The board when timely notified shall, as soon as is reasonably
3 practicable, obtain from its contracted actuary the cost of any actuarial
4 study necessary to determine the potential funding obligation. The board
5 will notify the entity of such cost.

6 (iii) If such entity pays the board's contracted actuary pursuant to
7 subdivision (3)(c)(vi) of this section for any actuarial study necessary
8 to determine the potential funding obligation, the board shall, as soon
9 as reasonably practicable following its receipt of the actuarial study,
10 (A) determine whether the entity's contemplated business transaction will
11 cause the entity to no longer qualify under section 414(d) of the
12 Internal Revenue Code, (B) determine whether the contemplated business
13 transaction constitutes a plan termination by the entity, (C) determine
14 the potential funding obligation, (D) determine the administrative costs
15 that will be incurred by the board or the Nebraska Public Employees
16 Retirement Systems in connection with the entity's removal from the
17 retirement system, and (E) notify the entity of such determinations.

18 (iv) Failure to timely notify the board pursuant to subdivision (3)
19 (b)(i) of this section may result in the entity being treated as though
20 the board made a decision pursuant to subdivision (3)(a) of this section.

21 (c) If the board makes a determination pursuant to subdivision (3)
22 (a) of this section, or if the entity engages in the contemplated
23 business transaction reviewed under subdivision (3)(b) of this section
24 that results in the entity no longer qualifying under section 414(d) of
25 the Internal Revenue Code:

26 (i) The board shall notify the entity that it no longer qualifies
27 under section 414(d) of the Internal Revenue Code within ten business
28 days after the determination;

29 (ii) The affected plan members shall be immediately considered fully
30 vested;

31 (iii) The affected plan members shall become inactive within ninety

1 days after the board's determination;

2 (iv) The entity shall pay to the School Retirement Fund an amount
3 equal to any funding obligation;

4 (v) The entity shall pay to the Expense Fund an amount equal to any
5 administrative costs incurred by the board or the Nebraska Public
6 Employees Retirement Systems in connection with the entity's removal from
7 the retirement system; and

8 (vi) The entity shall pay directly to the board's contracted actuary
9 an amount equal to the cost of any actuarial study necessary to aid the
10 board in determining the amount of such funding obligation, if not
11 previously paid.

12 (d) For purposes of this subsection:

13 (i) Business transaction means a merger; consolidation; sale of
14 assets, equipment, or facilities; termination of a division, department,
15 section, or subgroup of the entity; or any other business transaction
16 that results in termination of some or all of the entity's workforce; and

17 (ii) Funding obligation means the financial liability of the
18 retirement system to provide benefits for the affected plan members
19 incurred by the retirement system due to the entity's business
20 transaction calculated using the methodology and assumptions recommended
21 by the board's contracted actuary and approved by the board. The
22 methodology and assumptions used must be structured in a way that ensures
23 the entity is financially liable for all the costs of the entity's
24 business transaction, and the retirement system is not financially liable
25 for any of the cost of the entity's business transaction.

26 (e) The board may adopt and promulgate rules and regulations to
27 carry out this subsection including, but not limited to, the methods of
28 notifying the board of pending business transactions, the acceptable
29 methods of payment, and the timing of such payment.

30 Sec. 24. Section 79-924, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 79-924 The retirement board ~~may shall~~ adopt and promulgate rules and
2 regulations to allow for lump-sum or installment payments for school
3 employees who elect to repurchase relinquished creditable service under
4 section 79-921 or buy credit for prior years of service under sections
5 79-933.03 to 79-933.06 and 79-933.08. Any person who elects to repurchase
6 relinquished creditable service or buy credit for prior years of service
7 on an installment basis may be charged reasonable service costs, shall be
8 credited with those prior years of service only as the money is actually
9 received by the retirement system, and shall have paid to the retirement
10 system all installments prior to the commencement of a retirement
11 annuity.

12 Sec. 25. Section 79-926, Revised Statutes Supplement, 2017, is
13 amended to read:

14 79-926 (1) Under such rules and regulations as the retirement board
15 ~~may adopt and promulgate~~ ~~adopts and promulgates~~, each person who was a
16 school employee at any time prior to the establishment of the retirement
17 system and who becomes a member of the retirement system shall, within
18 two years after becoming a member, file a detailed statement of all
19 service as a school employee rendered by him or her prior to the date of
20 establishment of the retirement system. In order to qualify for prior
21 service credit toward a service annuity, a school employee, unless
22 temporarily out of service for further professional education, for
23 service in the armed forces, or for temporary disability, must have
24 completed four years of service on a part-time or full-time basis during
25 the five calendar years immediately preceding July 1, 1945, or have
26 completed eighteen years out of the last twenty-five years prior to July
27 1, 1945, full time or part time, and two years out of the five years
28 immediately preceding July 1, 1945, full time or part time, or such
29 school employee must complete, unless temporarily out of service for
30 further professional education, for service in the armed forces, or for
31 temporary disability, four years of service within the five calendar

1 years immediately following July 1, 1945. In order to qualify for prior
2 service credit toward a service annuity, a school employee who becomes a
3 member of the retirement system on or before September 30, 1951, or from
4 July 1, 1945, to the date of becoming a member shall have been
5 continuously employed in a public school in Nebraska operating under any
6 other regularly established retirement or pension system.

7 (2)(a) Any school employee who is reemployed pursuant to 38 U.S.C.
8 4301 et seq., shall be treated as not having incurred a break in service
9 by reason of his or her period of military service. Such military service
10 shall be credited for purposes of determining the nonforfeitability of
11 the member's accrued benefits and the accrual of benefits under the plan.

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

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

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

25 (c) The amount required in subdivision (b) of this subsection shall
26 be paid to the retirement system as soon as reasonably practicable
27 following the date of reemployment, but must be paid within eighteen
28 months of the date the board notifies the employer of the amount due. If
29 the employer fails to pay the required amount within such eighteen-month
30 period, then the employer is also responsible for any actuarial costs and
31 interest on actuarial costs that accrue from eighteen months after the

1 date the employer is notified by the board until the date the amount is
2 paid.

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

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

8 (ii) The acceptable methods of payment;

9 (iii) Determining the service and compensation upon which the
10 contributions must be made;

11 (iv) Accelerating the payment from the employer due to unforeseen
12 circumstances that occur before payment is made pursuant to this section,
13 including, but not limited to, the member's termination or retirement or
14 the employer's reorganization, consolidation, merger, or closing; and

15 (v) The documentation required to substantiate that the member was
16 reemployed pursuant to 38 U.S.C. 4301 et seq.

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

21 Sec. 26. Section 79-933.01, Reissue Revised Statutes of Nebraska, is
22 amended to read:

23 79-933.01 (1) For purposes of this section and section 79-933.02:

24 (a) Direct rollover means a payment by the retirement system to the
25 eligible retirement plan or plans specified by the distributee
26 ~~Distributee means the member, the member's surviving spouse, or the~~
27 ~~member's former spouse who is an alternate payee under a qualified~~
28 ~~domestic relations order as defined in section 414(p) of the Internal~~
29 ~~Revenue Code;~~

30 (b) Distributee means the member, the member's surviving spouse, or
31 the member's former spouse who is an alternate payee under a qualified

1 domestic relations order as defined in section 414(p) of the Internal
2 Revenue Code ~~Direct rollover means a payment by the retirement system to~~
3 ~~the eligible retirement plan or plans specified by the distributee;~~

4 (c) Eligible retirement plan means (i) an individual retirement
5 account described in section 408(a) of the Internal Revenue Code, (ii) an
6 individual retirement annuity described in section 408(b) of the code,
7 except for an endowment contract, (iii) a qualified plan described in
8 section 401(a) of the code, (iv) an annuity plan described in section
9 403(a) or 403(b) of the code, (v) except for purposes of section
10 79-933.02, an individual retirement plan described in section 408A of the
11 code, and (vi) a plan described in section 457(b) of the code and
12 maintained by a governmental employer. For eligible rollover
13 distributions to a surviving spouse, an eligible retirement plan means
14 subdivisions (1)(c)(i) through (vi) of this section; and

15 (d) Eligible rollover distribution means any distribution to a
16 distributee of all or any portion of the balance to the credit of the
17 distributee in the plan, except such term shall not include any
18 distribution which is one of a series of substantially equal periodic
19 payments, not less frequently than annually, made for the life of the
20 distributee or joint lives of the distributee and the distributee's
21 beneficiary or for the specified period of ten years or more and shall
22 not include any distribution to the extent such distribution is required
23 under section 401(a)(9) of the Internal Revenue Code.

24 (2) For distributions made to a distributee on or after January 1,
25 1993, a distributee may elect to have any portion of an eligible rollover
26 distribution paid directly to an eligible retirement plan specified by
27 the distributee.

28 (3) A member's surviving spouse or former spouse who is an alternate
29 payee under a qualified domestic relations order and, on or after July 1,
30 2010, any designated beneficiary of a member who is not a surviving
31 spouse or former spouse who is entitled to receive an eligible rollover

1 distribution from the retirement system may, in accordance with such
2 rules, regulations, and limitations as may be established by the board,
3 elect to have such distribution made in the form of a direct transfer to
4 a retirement plan eligible to receive such transfer under the provisions
5 of the Internal Revenue Code.

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

15 (5) The board ~~may shall~~ adopt and promulgate rules and regulations
16 for direct rollover procedures which are consistent with section 401(a)
17 (31) of the Internal Revenue Code and which include, but are not limited
18 to, the form and time of direct rollover distributions.

19 Sec. 27. Section 79-933.02, Reissue Revised Statutes of Nebraska, is
20 amended to read:

21 79-933.02 (1) The retirement system may accept cash rollover
22 contributions from a member who is making payment pursuant to sections
23 79-921, 79-933.03 to 79-933.06, and 79-933.08 if the contributions do not
24 exceed the amount of payment required for the relinquished creditable
25 service repurchased or service credits purchased by the member pursuant
26 to such sections and the contributions represent (a) all or any portion
27 of the balance of the member's interest in a qualified plan under section
28 401(a) of the Internal Revenue Code or (b) the interest of the member
29 from an individual retirement account or an individual retirement
30 annuity, the entire amount of which is attributable to a qualified total
31 distribution, as defined in the Internal Revenue Code, from a qualified

1 plan under section 401(a) of the code and qualified as a tax-free
2 rollover amount. The member's interest under subdivision (a) or (b) of
3 this subsection must be transferred to the retirement system within sixty
4 days from the date of the distribution from the qualified plan,
5 individual retirement account, or individual retirement annuity.

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

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

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

25 (5) The board ~~may shall~~ adopt and promulgate rules and regulations
26 defining procedures for acceptance of rollovers which are consistent with
27 sections 401(a)(31) and 402 of the Internal Revenue Code.

28 Sec. 28. Section 79-933.03, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 79-933.03 (1) Under such rules and regulations as the board ~~may~~
31 ~~shall~~ adopt and promulgate, a contributing member under contract or

1 employed on July 19, 1996, may receive credit for not to exceed ten years
2 of creditable teaching service rendered in public schools in another
3 state or schools in this state covered by a school retirement system
4 established pursuant to section 79-979, if such member files an
5 application for service credit within three years of membership or
6 reinstatement in the School Employees Retirement System of the State of
7 Nebraska and makes payment into the retirement system of an amount equal
8 to the required deposits he or she would have paid had he or she been
9 employed in this state by a school covered by the retirement system, plus
10 the interest which would have accrued on such amount. Payment must be
11 completed within five years of membership or reinstatement in the
12 retirement system, or prior to termination of employment, whichever
13 occurs first, and may be made through direct payment, installment
14 payments, or an irrevocable payroll deduction authorization.

15 (2) A member who retires as a school employee of this state shall
16 not receive credit for time in service outside of this state or in a
17 school in this state covered by the school retirement system established
18 pursuant to section 79-979 in excess of the time he or she has been in
19 service as a school employee in this state of a school covered by the
20 School Employees Retirement System of the State of Nebraska. The board
21 shall refund to the member the payments made pursuant to subsection (1)
22 of this section to the extent that the member does not receive credit for
23 such service.

24 (3) A member who purchases service credit pursuant to this section
25 shall provide such documentation as the board may require to prove that
26 the member has forfeited the receipt of any benefits from the retirement
27 system of the public school in another state or a school in this state
28 covered by a retirement system established pursuant to section 79-979 for
29 the creditable service rendered in such school.

30 Sec. 29. Section 79-933.04, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 79-933.04 (1) For contributing members under contract or employed on
2 July 19, 1996, and under such rules and regulations as the board may
3 ~~shall~~ adopt and promulgate, any member who was away from his or her
4 position while on a leave of absence from such position authorized by the
5 school board or board of education of the school district by which he or
6 she was employed at the time of such leave of absence or pursuant to any
7 contractual agreement entered into by such school district may receive
8 credit for such time as he or she was on such leave of absence. Such
9 credit shall increase the benefits provided by the retirement system and
10 shall be included in creditable service when determining eligibility for
11 death, disability, termination, and retirement benefits. The member who
12 receives the credit shall earn benefits during the leave based on
13 compensation at the level received immediately prior to the leave of
14 absence. Such credit shall be allowed if such member has paid into the
15 retirement system an amount equal to the sum of the deductions from his
16 or her compensation and any contribution which the school district would
17 have been required to make had he or she continued to receive
18 compensation at the level received immediately prior to the leave of
19 absence with such deposits plus interest which would have accrued on such
20 deposits to be paid as the retirement board may direct within five years
21 of his or her return to membership in the retirement system, or prior to
22 termination of employment, whichever occurs first, and may be made
23 through direct payment, installment payments, or an irrevocable payroll
24 deduction authorization.

25 (2) Leave of absence shall be construed to include, but is not ~~be~~
26 limited to, sabbaticals, maternity leave, exchange teaching programs,
27 full-time leave as an elected official of a professional association or
28 collective-bargaining unit, or leave of absence to pursue further
29 education or study. A leave of absence granted pursuant to this section
30 shall not exceed four years in length, and in order to receive credit for
31 the leave of absence the member must return to employment with a school

1 district, other than a Class V school district, in the state within one
2 year after termination of the leave of absence and must apply for such
3 credit within three years of the return to membership in the retirement
4 system.

5 Sec. 30. Section 79-933.07, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 79-933.07 The board ~~may shall~~ adopt and promulgate rules and
8 regulations for the purchase of service credit or the repurchase of
9 relinquished creditable service, which shall include, but not be limited
10 to, the method for determining actuarial cost and interest requirements
11 for payments other than one lump-sum payment.

12 Sec. 31. Section 79-978, Revised Statutes Supplement, 2017, is
13 amended to read:

14 79-978 For purposes of the Class V School Employees Retirement Act,
15 unless the context otherwise requires:

16 (1) Accumulated contributions means the sum of amounts contributed
17 by a member of the system together with regular interest credited
18 thereon;

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

26 (3) Actuarial tables means:

27 (a) For determining the actuarial equivalent of any annuities other
28 than joint and survivorship annuities: τ

29 (i) For members hired before July 1, 2018, a unisex mortality table
30 using twenty-five percent of the male mortality and seventy-five percent
31 of the female mortality from the 1994 Group Annuity Mortality Table with

1 a One Year Setback and using an interest rate of eight percent compounded
2 annually; and

3 (ii) For members hired on or after July 1, 2018, or rehired on or
4 after July 1, 2018, after termination of employment and being paid a
5 retirement benefit, the determinations shall be based on a unisex
6 mortality table and an interest rate specified by the board of trustees.
7 Both the mortality table and the interest rate shall be recommended by
8 the actuary retained by the board of trustees and approved by the board
9 of trustees following an actuarial experience study, a benefit adequacy
10 study, or a plan valuation. The mortality table, interest rate, and
11 actuarial factors in effect on the member's retirement date shall be used
12 to calculate the actuarial equivalency of any retirement benefit. Such
13 interest rate may be, but is not required to be, equal to the assumed
14 rate; and

15 (b) For joint and survivorship annuities: τ

16 (i) For members hired before July 1, 2018, a unisex retiree
17 mortality table using sixty-five percent of the male mortality and
18 thirty-five percent of the female mortality from the 1994 Group Annuity
19 Mortality Table with a One Year Setback and using an interest rate of
20 eight percent compounded annually and a unisex joint annuitant mortality
21 table using thirty-five percent of the male mortality and sixty-five
22 percent of the female mortality from the 1994 Group Annuity Mortality
23 Table with a One Year Setback and using an interest rate of eight percent
24 compounded annually; and

25 (ii) For members hired on or after July 1, 2018, or rehired on or
26 after July 1, 2018, after termination of employment and being paid a
27 retirement benefit, the determinations shall be based on a unisex
28 mortality table and an interest rate specified by the board of trustees.
29 Both the mortality table and the interest rate shall be recommended by
30 the actuary retained by the board of trustees and approved by the board
31 of trustees following an actuarial experience study, a benefit adequacy

1 study, or a plan valuation. The mortality table, interest rate, and
2 actuarial factors in effect on the member's retirement date shall be used
3 to calculate the actuarial equivalency of any retirement benefit. Such
4 interest rate may be, but is not required to be, equal to the assumed
5 rate.

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) early retirement
4 inducements, (ix) cash awards, (x) severance pay, or (xi) employer
5 contributions made for the purposes of separation payments made at
6 retirement and early retirement inducements.

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

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

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

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

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

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

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

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

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

31 (e) Partial or full employer payment of a member's health, dental,

1 life, or long-term disability insurance benefits or cash in lieu of such
2 insurance benefits that extend beyond the member's termination of
3 employment and contract of employment dates. This subdivision does not
4 apply to any period during which the member is contributing to the
5 retirement system and being awarded creditable service; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (27) Retirement date means the date of retirement of a member for
20 service or disability as fixed by the board of trustees described in
21 section 79-980;

22 (28) 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) Secondary beneficiary means the person or persons entitled to
26 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) Solvency means the rate of all contributions required pursuant
31 to the Class V School Employees Retirement Act is equal to or greater

1 than the actuarially required contribution rate as annotated in the most
2 recent valuation report prepared by the actuary retained by the board of
3 trustees as provided in section 79-984;

4 ~~(31)~~ ~~(30)~~ 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;

7 ~~(32)~~ ~~(31)~~ Substitute employee means a person hired by an employer as
8 a temporary employee to assume the duties of an employee due to a
9 temporary absence of any employee. Substitute employee does not mean a
10 person hired as an employee on an ongoing basis to assume the duties of
11 other employees who are temporarily absent;

12 ~~(33)~~ ~~(32)~~ Temporary employee means a person hired by an employer who
13 is not an employee and who is hired to provide service for a limited
14 period of time to accomplish a specific purpose or task. When such
15 specific purpose or task is complete, the employment of such temporary
16 employee shall terminate and in no case shall the temporary employment
17 period exceed one year in duration;

18 ~~(34)~~ ~~(33)~~ Trustee means a trustee provided for in section 79-980;
19 and

20 ~~(35)~~ ~~(34)~~ Voluntary service or volunteer means providing bona fide
21 unpaid service to an employer.

22 Sec. 32. Section 79-9,113, Revised Statutes Cumulative Supplement,
23 2016, is amended to read:

24 79-9,113 (1)(a) If, at any future time, a majority of the eligible
25 members of the retirement system votes to be included under an agreement
26 providing old age and survivors insurance under the Social Security Act
27 of the United States, the contributions to be made by the member and the
28 school district for membership service, from and after the effective date
29 of the agreement with respect to services performed subsequent to
30 December 31, 1954, shall each be reduced from five to three percent but
31 not less than three percent of the member's salary per annum, and the

1 credits for membership service under this system, as provided in section
2 79-999, shall thereafter be reduced from one and one-half percent to
3 nine-tenths of one percent and not less than nine-tenths of one percent
4 of salary or wage earned by the member during each fiscal year, and from
5 one and sixty-five hundredths percent to one percent and not less than
6 one percent of salary or wage earned by the member during each fiscal
7 year and from two percent to one and two-tenths percent of salary or wage
8 earned by the member during each fiscal year, and from two and four-
9 tenths percent to one and forty-four hundredths percent of salary or wage
10 earned by the member during each fiscal year, except that after September
11 1, 1963, and prior to September 1, 1969, all employees of the school
12 district shall contribute an amount equal to the membership contribution
13 which shall be two and three-fourths percent of salary covered by old age
14 and survivors insurance, and five percent above that amount. Commencing
15 September 1, 1969, all employees of the school district shall contribute
16 an amount equal to the membership contribution which shall be two and
17 three-fourths percent of the first seven thousand eight hundred dollars
18 of salary or wages earned each fiscal year and five percent of salary or
19 wages earned above that amount in the same fiscal year. Commencing
20 September 1, 1976, all employees of the school district shall contribute
21 an amount equal to the membership contribution which shall be two and
22 nine-tenths percent of the first seven thousand eight hundred dollars of
23 salary or wages earned each fiscal year and five and twenty-five
24 hundredths percent of salary or wages earned above that amount in the
25 same fiscal year. Commencing on September 1, 1982, all employees of the
26 school district shall contribute an amount equal to the membership
27 contribution which shall be four and nine-tenths percent of the
28 compensation earned in each fiscal year. Commencing September 1, 1989,
29 all employees of the school district shall contribute an amount equal to
30 the membership contribution which shall be five and eight-tenths percent
31 of the compensation earned in each fiscal year. Commencing September 1,

1 1995, all employees of the school district shall contribute an amount
2 equal to the membership contribution which shall be six and three-tenths
3 percent of the compensation earned in each fiscal year. Commencing
4 September 1, 2007, all employees of the school district shall contribute
5 an amount equal to the membership contribution which shall be seven and
6 three-tenths percent of the compensation paid in each fiscal year.
7 Commencing September 1, 2009, all employees of the school district shall
8 contribute an amount equal to the membership contribution which shall be
9 eight and three-tenths percent of the compensation paid in each fiscal
10 year. Commencing September 1, 2011, all employees of the school district
11 shall contribute an amount equal to the membership contribution which
12 shall be nine and three-tenths percent of the compensation paid in each
13 fiscal year. Commencing September 1, 2013, all employees of the school
14 district shall contribute an amount equal to the membership contribution
15 which shall be nine and seventy-eight hundredths percent of the
16 compensation paid in each fiscal year.

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

23 (c) The contributions by the school district in any fiscal year
24 beginning on or after September 1, 2007, and prior to September 1, 2018,
25 shall be the greater of (i) one hundred one percent of the contributions
26 by the employees for such fiscal year or (ii) such amount as may be
27 necessary to maintain the solvency of the system, as determined annually
28 by the board of education upon recommendation of the actuary retained by
29 the board of trustees and after considering any amounts that will be, or
30 are expected to be, transferred to the system pursuant to subdivision (1)
31 (b) of section 79-966. The amount necessary to maintain the solvency of

1 the system as determined in subdivision (ii) of this subdivision (c)
2 shall be transmitted by the school district to the account of the
3 retirement system no later than August 31, 2018 ~~For purposes of this~~
4 ~~section, solvency means the rate of all contributions required pursuant~~
5 ~~to the Class V School Employees Retirement Act is equal to or greater~~
6 ~~than the actuarially required contribution rate using a closed thirty-~~
7 ~~year amortization period beginning on the current valuation date for any~~
8 ~~unfunded actuarial accrued liability.~~ The school district contributions
9 specified in subdivision (i) of this subdivision (c) shall be made
10 monthly and shall be immediately transmitted to the account of the
11 retirement system.

12 (d) The contributions by the school district in any fiscal year
13 beginning on or after September 1, 2018, and each September 1 thereafter,
14 shall be the greater of (i) one hundred one percent of the contributions
15 by the employees for such fiscal year or (ii) such amount as may be
16 necessary to maintain the solvency of the system, as determined annually
17 by the board of education upon recommendation of the actuary retained by
18 the board of trustees and after considering any amounts that will be, or
19 are expected to be, transferred to the system pursuant to subdivision (1)
20 (b) of section 79-966. The amount necessary to maintain the solvency of
21 the system as determined in subdivision (ii) of this subdivision (d)
22 shall be transmitted by the school district to the account of the
23 retirement system no later than August 31, 2019, and each August 31
24 thereafter. The school district contributions specified in subdivision
25 (i) of this subdivision (d) shall be made monthly and shall be
26 immediately transmitted to the account of the retirement system.

27 (e) Nothing in this section prohibits the school district from
28 making other contributions in addition to the contributions required
29 pursuant to this section.

30 (f) ~~(d)~~ The employee's contribution shall be made in the form of a
31 monthly deduction from compensation as provided in subsection (2) of this

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

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

1 members of the system shall not be less than they would have been had
2 they remained under any preexisting system to date of retirement.

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

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

1 Revenue Code, these contributions shall not be included as gross income
2 of the employee until such time as they are distributed from the system.
3 Employee contributions picked up shall be treated for all purposes of the
4 Class V School Employees Retirement Act in the same manner and to the
5 extent as employee contributions made prior to the date picked up.

6 Sec. 33. Section 81-2014, Revised Statutes Supplement, 2017, is
7 amended to read:

8 81-2014 For purposes of the Nebraska State Patrol Retirement Act:

9 (1)(a) Actuarial equivalent means the equality in value of the
10 aggregate amounts expected to be received under different forms of
11 payment or to be received at an earlier retirement age than the normal
12 retirement age.

13 (b) For an officer hired before July 1, 2017, the determinations
14 shall be based on the 1994 Group Annuity Mortality Table reflecting sex-
15 distinct factors blended using seventy-five percent of the male table and
16 twenty-five percent of the female table. An interest rate of eight
17 percent per annum shall be reflected in making the determinations until
18 such percent is amended by the Legislature.

19 (c) For an officer hired on or after July 1, 2017, or rehired on or
20 after July 1, 2017, after termination of employment and being paid a
21 retirement benefit or taking a refund of contributions, the
22 determinations shall be based on a unisex mortality table and an interest
23 rate specified by the board. Both the mortality table and the interest
24 rate shall be recommended by the actuary and approved by the board
25 following an actuarial experience study, a benefit adequacy study, or a
26 plan valuation. The mortality table, interest rate, and actuarial factors
27 in effect on the officer's retirement date will be used to calculate
28 actuarial equivalency of any retirement benefit. Such interest rate may
29 be, but is not required to be, equal to the assumed rate of return;

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

31 (3)(a)(i) Compensation means gross wages or salaries payable to the

1 member for personal services performed during the plan year. Compensation
2 does not include insurance premiums converted into cash payments,
3 reimbursement for expenses incurred, fringe benefits, per diems, or
4 bonuses for services not actually rendered, including, but not limited
5 to, early retirement inducements, cash awards, and severance pay, except
6 for retroactive salary payments paid pursuant to court order,
7 arbitration, or litigation and grievance settlements. Compensation
8 includes overtime pay, member retirement contributions, and amounts
9 contributed by the member to plans under sections 125 and 457 of the
10 Internal Revenue Code as defined in section 49-801.01 or any other
11 section of the code which defers or excludes such amounts from income.

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

15 (iii) For any officer employed after January 4, 1979, and prior to
16 July 1, 2016, compensation does not include compensation for unused sick
17 leave or unused vacation leave converted to cash payments and includes
18 compensation for unused holiday compensatory time and unused compensatory
19 time converted to cash payments.

20 (iv) For any officer employed on or after July 1, 2016, compensation
21 does not include compensation for unused sick leave, unused vacation
22 leave, unused holiday compensatory time, unused compensatory time, or any
23 other type of unused leave, compensatory time, or similar benefits,
24 converted to cash payments.

25 (b) Compensation in excess of the limitations set forth in section
26 401(a)(17) of the Internal Revenue Code as defined in section 49-801.01
27 shall be disregarded. For an employee who was a member of the retirement
28 system before the first plan year beginning after December 31, 1995, the
29 limitation on compensation shall not be less than the amount which was
30 allowed to be taken into account under the retirement system as in effect
31 on July 1, 1993;

1 (4) Creditable service means service granted pursuant to section
2 81-2034 and all service rendered while a contributing member of the
3 retirement system. Creditable service includes working days, sick days,
4 vacation days, holidays, and any other leave days for which the officer
5 is paid regular wages except as specifically provided in the Nebraska
6 State Patrol Retirement Act. Creditable service does not include
7 eligibility and vesting credit nor service years for which member
8 contributions are withdrawn and not repaid;

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

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

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

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

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

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

26 (11) Initial benefit means the retirement benefit calculated at the
27 time of retirement;

28 (12) Officer means law enforcement officer as defined in section
29 81-1401 and as provided for in sections 81-2001 to 81-2009, but does not
30 include a law enforcement officer who has been granted an appointment
31 conditioned on satisfactory completion of a training program approved by

1 the Nebraska Police Standards Advisory Council;

2 (13) Plan year means the twelve-month period beginning on July 1 and
3 ending on June 30 of the following year;

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

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

12 (16) Retirement date means (a) the first day of the month following
13 the date upon which a member's request for retirement is received on a
14 retirement application if the member is eligible for retirement and has
15 terminated employment or (b) the first day of the month following
16 termination of employment if the member is eligible for retirement and
17 has filed an application but has not yet terminated employment;

18 (17) Retirement system or system means the Nebraska State Patrol
19 Retirement System as provided in the act;

20 (18) Service means employment as a member of the Nebraska State
21 Patrol and shall not be deemed to be interrupted by (a) temporary or
22 seasonal suspension of service that does not terminate the employee's
23 employment, (b) leave of absence authorized by the employer for a period
24 not exceeding twelve months, (c) leave of absence because of disability,
25 or (d) military service, when properly authorized by the board. Service
26 does not include any period of disability for which disability retirement
27 benefits are received under subsection (1) of section 81-2025;

28 (19) Surviving spouse means (a) the spouse married to the member on
29 the date of the member's death if married for at least one year prior to
30 death or if married on the date of the member's retirement or (b) the
31 spouse or former spouse of the member if survivorship rights are provided

1 under a qualified domestic relations order filed with the board pursuant
2 to the Spousal Pension Rights Act. The spouse or former spouse shall
3 supersede the spouse married to the member on the date of the member's
4 death as provided under a qualified domestic relations order. If the
5 benefits payable to the spouse or former spouse under a qualified
6 domestic relations order are less than the value of benefits entitled to
7 the surviving spouse, the spouse married to the member on the date of the
8 member's death shall be the surviving spouse for the balance of the
9 benefits; and

10 (20) Termination of employment occurs on the date on which the
11 Nebraska State Patrol determines that the officer's employer-employee
12 relationship with the patrol is dissolved. The Nebraska State Patrol
13 shall notify the board of the date on which such a termination has
14 occurred. Termination of employment does not include ceasing employment
15 with the Nebraska State Patrol if the officer returns to regular
16 employment with the Nebraska State Patrol or another agency of the State
17 of Nebraska and there are less than one hundred twenty days between the
18 date when the employee's employer-employee relationship ceased and the
19 date when the employer-employee relationship commenced with the Nebraska
20 State Patrol or another state agency. Termination of employment does not
21 occur upon an officer's participation in DROP pursuant to section
22 81-2041. It is the responsibility of the employer that is involved in the
23 termination of employment to notify the board of such change in
24 employment and provide the board with such information as the board deems
25 necessary. If the board determines that termination of employment has not
26 occurred and a retirement benefit has been paid to a member of the
27 retirement system pursuant to section 81-2026, the board shall require
28 the member who has received such benefit to repay the benefit to the
29 retirement system.

30 Sec. 34. Section 81-2019, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 81-2019 The general administration of the Nebraska State Patrol
2 Retirement System, except the investment of funds, is hereby vested in
3 the board. The board ~~may shall~~ adopt and promulgate rules and regulations
4 as may be necessary to carry out the Nebraska State Patrol Retirement
5 Act. The board shall employ a director and such assistants and employees
6 as may be necessary to efficiently discharge the duties imposed by the
7 act.

8 Sec. 35. Section 81-2019.01, Revised Statutes Cumulative Supplement,
9 2016, is amended to read:

10 81-2019.01 (1)(a) If the board determines that the retirement system
11 has previously received contributions or distributed benefits which for
12 any reason are not in accordance with the statutory provisions of
13 sections 81-2014 to 81-2036, the board shall refund contributions,
14 require additional contributions, adjust benefits, or require repayment
15 of benefits paid. In the event of an overpayment of a benefit, the board
16 may, in addition to other remedies, offset future benefit payments by the
17 amount of the prior overpayment, together with regular interest thereon.
18 In the event of an underpayment of a benefit, the board shall immediately
19 make payment equal to the deficit amount plus regular interest.

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

1 have the same effect as subpoenas from district courts.

2 (2) The board ~~may shall~~ adopt and promulgate rules and regulations
3 implementing this section, which shall include, but not be limited to,
4 the following: (a) The procedures for refunding contributions, adjusting
5 future contributions or benefit payments, and requiring additional
6 contributions or repayment of benefits; (b) the process for a member,
7 member's beneficiary, employee, or employer to dispute an adjustment of
8 contributions or benefits; and (c) notice provided to all affected
9 persons. All notices shall be sent prior to an adjustment and shall
10 describe the process for disputing an adjustment of contributions or
11 benefits.

12 Sec. 36. Section 81-2026, Revised Statutes Cumulative Supplement,
13 2016, is amended to read:

14 81-2026 (1)(a) Any officer qualified for an annuity as provided in
15 section 81-2025 for reasons other than disability shall be entitled to
16 receive a monthly annuity for the remainder of the officer's life. The
17 annuity payments shall continue until the end of the calendar month in
18 which the officer dies. The amount of the annuity shall be a percentage
19 of the officer's final average monthly compensation. For retirement on or
20 after the fifty-fifth birthday of the member or on or after the fiftieth
21 birthday of a member who has been in the employ of the state for twenty-
22 five years, as calculated in section 81-2033, the percentage shall be
23 three percent multiplied by the number of years of creditable service, as
24 calculated in section 81-2033, except that the percentage shall never be
25 greater than seventy-five percent.

26 (b) For retirement pursuant to subsection (2) of section 81-2025 on
27 or after the fiftieth birthday of the member but prior to the fifty-fifth
28 birthday of the member who has been in the employ of the state for less
29 than twenty-five years, as calculated in section 81-2033, the annuity
30 which would apply if the member were age fifty-five at the date of
31 retirement shall be reduced by five-ninths of one percent for each month

1 by which the early retirement date precedes age fifty-five or for each
2 month by which the early retirement date precedes the date upon which the
3 member has served for twenty-five years, whichever is earlier. Any
4 officer who has completed thirty years of creditable service with the
5 Nebraska State Patrol shall have retirement benefits computed as if the
6 officer had reached age fifty-five.

7 (c) For purposes of this computation:

8 (i) For an officer who became a member prior to July 1, 2016, final
9 average monthly compensation means the sum of the officer's total
10 compensation during the three twelve-month periods of service as an
11 officer in which compensation was the greatest divided by thirty-six and:

12 (A) For any officer employed on or before January 4, 1979, the
13 officer's total compensation includes payments received for unused
14 vacation and sick leave accumulated during the final three years of
15 service; or

16 (B) For any officer employed after January 4, 1979, and prior to
17 July 1, 2016, the officer's total compensation includes payments received
18 for unused holiday compensatory time and unused compensatory time; and

19 (ii) For an officer who became a member on or after July 1, 2016,
20 final average monthly compensation means the sum of the officer's total
21 compensation during the five twelve-month periods of service as an
22 officer in which compensation was the greatest divided by sixty and does
23 not include payments received for unused sick leave, unused vacation
24 leave, unused holiday compensatory time, unused compensatory time, or any
25 other type of unused leave, compensatory time, or similar benefits,
26 converted to cash payments. The five twelve-month periods used for
27 calculating an officer's final average monthly compensation ends with the
28 month during which the officer's final compensation is paid. In the
29 determination of compensation, that part of an officer's compensation for
30 the plan year which exceeds the officer's compensation for the preceding
31 plan year by more than eight percent during the capping period shall be

1 excluded. Such officer's compensation for the first plan year of the
2 capping period shall be compared to the officer's compensation received
3 for the plan year immediately preceding the capping period. For purposes
4 of this subdivision, capping period means the five plan years preceding
5 the officer's retirement date. The board ~~shall~~ may adopt and promulgate
6 rules and regulations for the implementation of this section, including
7 rules and regulations related to prorating, annualizing, or recalculating
8 an officer's final average monthly compensation for each plan year in the
9 capping period.

10 (2) Any officer qualified for an annuity as provided in section
11 81-2025 for reasons of disability shall be entitled to receive a monthly
12 annuity for the remainder of the period of disablement as provided in
13 sections 81-2028 to 81-2030. The amount of the annuity shall be fifty
14 percent of the officer's monthly compensation at the date of disablement
15 if the officer has completed seventeen or fewer years of creditable
16 service. If the officer has completed more than seventeen years of
17 creditable service, the amount of the annuity shall be three percent of
18 the final monthly compensation at the date of disablement multiplied by
19 the total years of creditable service but not to exceed seventy-five
20 percent of the final average monthly compensation as defined in
21 subsection (1) of this section. The date of disablement shall be the date
22 on which the benefits as provided in section 81-2028 have been exhausted.

23 (3) Upon the death of an officer after retirement for reasons other
24 than disability, benefits shall be provided as a percentage of the amount
25 of the officer's annuity, calculated as follows:

26 (a) If there is a surviving spouse but no dependent child or
27 children of the officer under nineteen years of age, the surviving spouse
28 shall receive a benefit equal to seventy-five percent of the amount of
29 the officer's annuity for the remainder of the surviving spouse's life;

30 (b) If there is a surviving spouse and the surviving spouse has in
31 his or her care a dependent child or children of the officer under

1 nineteen years of age and there is no other dependent child or children
2 of the officer not in the care of the surviving spouse under nineteen
3 years of age, the benefit shall be equal to one hundred percent of the
4 officer's annuity. When there is no remaining dependent child of the
5 officer under nineteen years of age, the benefit shall be seventy-five
6 percent of the amount of the officer's annuity to the surviving spouse
7 for the remainder of the surviving spouse's life;

8 (c) If there is a surviving spouse and the surviving spouse has in
9 his or her care a dependent child or children of the officer under
10 nineteen years of age or there is another dependent child or children of
11 the officer under nineteen years of age not in the care of the surviving
12 spouse, the benefit shall be twenty-five percent of the amount of the
13 officer's annuity to the surviving spouse and seventy-five percent of the
14 amount of the officer's annuity to the dependent children of the officer
15 under nineteen years of age to be divided equally among such dependent
16 children but in no case shall the benefit received by a surviving spouse
17 and dependent children residing with such spouse be less than fifty
18 percent of the amount of the officer's annuity. At such time as any
19 dependent child of the officer attains nineteen years of age, the benefit
20 shall be divided equally among the remaining dependent children of the
21 officer who have not yet attained nineteen years of age. When there is no
22 remaining dependent child of the officer under nineteen years of age, the
23 benefit shall be seventy-five percent of the amount of the officer's
24 annuity to the surviving spouse for the remainder of the surviving
25 spouse's life;

26 (d) If there is no surviving spouse and a dependent child or
27 children of the officer under nineteen years of age, the benefit shall be
28 equal to seventy-five percent of the officer's annuity to the dependent
29 children of the officer under nineteen years of age to be divided equally
30 among such dependent children. At such time as any dependent child of the
31 officer attains nineteen years of age, the benefit shall be divided

1 equally among the remaining dependent children of the officer who have
2 not yet attained nineteen years of age; and

3 (e) If there is no surviving spouse or no dependent child or
4 children of the officer under nineteen years of age, the amount of
5 benefit such officer has received under the Nebraska State Patrol
6 Retirement Act shall be computed. If such amount is less than the
7 contributions to the State Patrol Retirement Fund made by such officer,
8 plus regular interest, the difference shall be paid to the officer's
9 designated beneficiary or estate.

10 (4) Upon the death of an officer after retirement for reasons of
11 disability, benefits shall be provided as if the officer had retired for
12 reasons other than disability.

13 (5) Upon the death of an officer before retirement, benefits shall
14 be provided as if the officer had retired for reasons of disability on
15 the date of such officer's death, calculated as follows:

16 (a) If there is a surviving spouse but no dependent child or
17 children of the officer under nineteen years of age, the surviving spouse
18 shall receive a benefit equal to seventy-five percent of the amount of
19 the officer's annuity for the remainder of the surviving spouse's life;

20 (b) If there is a surviving spouse and the surviving spouse has in
21 his or her care a dependent child or children of the officer under
22 nineteen years of age and there is no other dependent child or children
23 of the officer not in the care of the surviving spouse under nineteen
24 years of age, the benefit shall be equal to one hundred percent of the
25 officer's annuity. When there is no remaining dependent child of the
26 officer under nineteen years of age, the benefit shall be seventy-five
27 percent of the amount of the officer's annuity to the surviving spouse
28 for the remainder of the surviving spouse's life;

29 (c) If there is a surviving spouse and the surviving spouse has in
30 his or her care a dependent child or children of the officer under
31 nineteen years of age or there is another dependent child or children of

1 the officer under nineteen years of age not in the care of the surviving
2 spouse, the benefit shall be twenty-five percent of the amount of the
3 officer's annuity to the surviving spouse and seventy-five percent of the
4 amount of the officer's annuity to the dependent children of the officer
5 under nineteen years of age to be divided equally among such dependent
6 children but in no case shall the benefit received by a surviving spouse
7 and dependent children residing with such spouse be less than fifty
8 percent of the amount of the officer's annuity. At such time as any
9 dependent child of the officer attains nineteen years of age, the benefit
10 shall be divided equally among the remaining dependent children of the
11 officer who have not yet attained nineteen years of age. When there is no
12 remaining dependent child of the officer under nineteen years of age, the
13 benefit shall be seventy-five percent of the amount of the officer's
14 annuity to the surviving spouse for the remainder of the surviving
15 spouse's life;

16 (d) If there is no surviving spouse and a dependent child or
17 children of the officer under nineteen years of age, the benefit shall be
18 equal to seventy-five percent of the officer's annuity to the dependent
19 children of the officer under nineteen years of age to be divided equally
20 among such dependent children. At such time as any dependent child of the
21 officer attains nineteen years of age, the benefit shall be divided
22 equally among the remaining dependent children of the officer who have
23 not yet attained nineteen years of age; and

24 (e) If no benefits are paid to a surviving spouse or dependent child
25 or children of the officer, benefits will be paid as described in
26 subsection (1) of section 81-2031.

27 (6) A lump-sum death benefit paid to the member's beneficiary, other
28 than the member's estate, that is an eligible distribution may be
29 distributed in the form of a direct transfer to a retirement plan
30 eligible to receive such transfer under the provisions of the Internal
31 Revenue Code.

1 (7) For any member whose death occurs on or after January 1, 2007,
2 while performing qualified military service as defined in section 414(u)
3 of the Internal Revenue Code, the member's beneficiary shall be entitled
4 to any additional death benefit that would have been provided, other than
5 the accrual of any benefit relating to the period of qualified military
6 service. The additional death benefit shall be determined as if the
7 member had returned to employment with the Nebraska State Patrol and such
8 employment had terminated on the date of the member's death.

9 (8) Any changes made to this section by Laws 2004, LB 1097, shall
10 apply only to retirements, disabilities, and deaths occurring on or after
11 July 16, 2004.

12 Sec. 37. Section 81-2031.03, Reissue Revised Statutes of Nebraska,
13 is amended to read:

14 81-2031.03 (1) For purposes of this section and section 81-2031.04:

15 (a) Direct rollover means a payment by the retirement system to the
16 eligible retirement plan or plans specified by the distributee
17 ~~Distributee means the member, the member's surviving spouse, or the~~
18 ~~member's former spouse who is an alternate payee under a qualified~~
19 ~~domestic relations order as defined in section 414(p) of the Internal~~
20 ~~Revenue Code;~~

21 (b) Distributee means the member, the member's surviving spouse, or
22 the member's former spouse who is an alternate payee under a qualified
23 domestic relations order as defined in section 414(p) of the Internal
24 Revenue Code ~~Direct rollover means a payment by the retirement system to~~
25 ~~the eligible retirement plan or plans specified by the distributee;~~

26 (c) Eligible retirement plan means (i) an individual retirement
27 account described in section 408(a) of the Internal Revenue Code, (ii) an
28 individual retirement annuity described in section 408(b) of the code,
29 except for an endowment contract, (iii) a qualified plan described in
30 section 401(a) of the code, (iv) an annuity plan described in section
31 403(a) or 403(b) of the code, (v) except for purposes of section

1 81-2031.04, an individual retirement plan described in section 408A of
2 the code, and (vi) a plan described in section 457(b) of the code and
3 maintained by a governmental employer. For eligible rollover
4 distributions to a surviving spouse, an eligible retirement plan means
5 subdivisions (1)(c)(i) through (vi) of this section; and

6 (d) Eligible rollover distribution means any distribution to a
7 distributee of all or any portion of the balance to the credit of the
8 distributee in the plan, except such term shall not include any
9 distribution which is one of a series of substantially equal periodic
10 payments, not less frequently than annually, made for the life of the
11 distributee or joint lives of the distributee and the distributee's
12 beneficiary or for the specified period of ten years or more and shall
13 not include any distribution to the extent such distribution is required
14 under section 401(a)(9) of the Internal Revenue Code.

15 (2) For distributions made to a distributee on or after January 1,
16 1993, a distributee may elect to have any portion of an eligible rollover
17 distribution paid directly to an eligible retirement plan specified by
18 the distributee.

19 (3) A member's surviving spouse or former spouse who is an alternate
20 payee under a qualified domestic relations order and, on or after July 1,
21 2010, any designated beneficiary of a member who is not a surviving
22 spouse or former spouse who is entitled to receive an eligible rollover
23 distribution from the retirement system may, in accordance with such
24 rules, regulations, and limitations as may be established by the board,
25 elect to have such distribution made in the form of a direct transfer to
26 a retirement plan eligible to receive such transfer under the provisions
27 of the Internal Revenue Code.

28 (4) An eligible rollover distribution on behalf of a designated
29 beneficiary of a member who is not a surviving spouse or former spouse of
30 the member may be transferred to an individual retirement account or
31 annuity described in section 408(a) or section 408(b) of the Internal

1 Revenue Code that is established for the purpose of receiving the
2 distribution on behalf of the designated beneficiary and that will be
3 treated as an inherited individual retirement account or individual
4 retirement annuity described in section 408(d)(3)(C) of the Internal
5 Revenue Code.

6 (5) The board ~~may shall~~ adopt and promulgate rules and regulations
7 for direct rollover procedures which are consistent with section 401(a)
8 (31) of the Internal Revenue Code and which include, but are not limited
9 to, the form and time of direct rollover distributions.

10 Sec. 38. Section 81-2031.04, Reissue Revised Statutes of Nebraska,
11 is amended to read:

12 81-2031.04 (1) The retirement system may accept cash rollover
13 contributions from a member who is making payment pursuant to section
14 81-2031 if the contributions do not exceed the amount of payment required
15 for the service credits purchased by the member pursuant to such section
16 and the contributions represent (a) all or any portion of the balance of
17 the member's interest in a qualified plan under section 401(a) of the
18 Internal Revenue Code or (b) the interest of the member from an
19 individual retirement account or an individual retirement annuity, the
20 entire amount of which is attributable to a qualified total distribution,
21 as defined in the Internal Revenue Code, from a qualified plan under
22 section 401(a) of the code and qualified as a tax-free rollover amount.
23 The member's interest under subdivision (a) or (b) of this subsection
24 must be transferred to the retirement system within sixty days from the
25 date of the distribution from the qualified plan, individual retirement
26 account, or individual retirement annuity.

27 (2) Cash transferred to the retirement system as a rollover
28 contribution shall be deposited as other payments for service credits.

29 (3) Under the same conditions as provided in subsection (1) of this
30 section, the retirement system may accept eligible rollover distributions
31 from (a) an annuity contract described in section 403(b) of the Internal

1 Revenue Code, (b) a plan described in section 457(b) of the code which is
2 maintained by a state, a political subdivision of a state, or any agency
3 or instrumentality of a state or political subdivision of a state, or (c)
4 the portion of a distribution from an individual retirement account or
5 annuity described in section 408(a) or 408(b) of the code that is
6 eligible to be rolled over and would otherwise be includible in gross
7 income. Amounts accepted pursuant to this subsection shall be deposited
8 as all other payments under this section.

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

13 (5) The board ~~may shall~~ adopt and promulgate rules and regulations
14 defining procedures for acceptance of rollovers which are consistent with
15 sections 401(a)(31) and 402 of the Internal Revenue Code.

16 Sec. 39. Section 84-1301, Revised Statutes Supplement, 2017, is
17 amended to read:

18 84-1301 For purposes of the State Employees Retirement Act, unless
19 the context otherwise requires:

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

23 (b) For an employee hired prior to January 1, 2018, the mortality
24 assumption used for purposes of converting the member cash balance
25 account shall be the 1994 Group Annuity Mortality Table using a unisex
26 rate that is fifty percent male and fifty percent female. For purposes of
27 converting the member cash balance account attributable to contributions
28 made prior to January 1, 1984, that were transferred pursuant to the act,
29 the 1994 Group Annuity Mortality Table for males shall be used.

30 (c) For an employee hired on or after January 1, 2018, or rehired on
31 or after January 1, 2018, after termination of employment and being paid

1 a retirement benefit or taking a refund of contributions, the mortality
2 assumption used for purposes of converting the member cash balance
3 account shall be a unisex mortality table that is recommended by the
4 actuary and approved by the board following an actuarial experience
5 study, a benefit adequacy study, or a plan valuation. The mortality table
6 and actuarial factors in effect on the member's retirement date will be
7 used to calculate the actuarial equivalency of any retirement benefit;

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

16 (3) Annuity start date means the date upon which a member's annuity
17 is first effective and shall be the first day of the month following the
18 member's termination or following the date the application is received by
19 the board, whichever is later;

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

25 (5)(a) Compensation means gross wages or salaries payable to the
26 member for personal services performed during the plan year. Compensation
27 does not include insurance premiums converted into cash payments,
28 reimbursement for expenses incurred, fringe benefits, per diems, or
29 bonuses for services not actually rendered, including, but not limited
30 to, early retirement inducements, cash awards, and severance pay, except
31 for retroactive salary payments paid pursuant to court order,

1 arbitration, or litigation and grievance settlements. Compensation
2 includes overtime pay, member retirement contributions, and amounts
3 contributed by the member to plans under sections 125, 403(b), and 457 of
4 the Internal Revenue Code or any other section of the code which defers
5 or excludes such amounts from income.

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

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

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

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

24 (9) Employee means any employee of the State Board of Agriculture
25 who is a member of the state retirement system on July 1, 1982, and any
26 person or officer employed by the State of Nebraska whose compensation is
27 paid out of state funds or funds controlled or administered by a state
28 department through any of its executive or administrative officers when
29 acting exclusively in their respective official, executive, or
30 administrative capacities. Employee does not include (a) judges as
31 defined in section 24-701, (b) members of the Nebraska State Patrol,

1 except for those members of the Nebraska State Patrol who elected
2 pursuant to section 60-1304 to remain members of the State Employees
3 Retirement System of the State of Nebraska, (c) employees of the
4 University of Nebraska, (d) employees of the state colleges, (e)
5 employees of community colleges, (f) employees of the Department of Labor
6 employed prior to July 1, 1984, and paid from funds provided pursuant to
7 Title III of the federal Social Security Act or funds from other federal
8 sources, except that if the contributory retirement plan or contract let
9 pursuant to section 48-609, as such section existed prior to January 1,
10 2018, is terminated, such employees shall become employees for purposes
11 of the State Employees Retirement Act on the first day of the first pay
12 period following the termination of such contributory retirement plan or
13 contract, (g) employees of the State Board of Agriculture who are not
14 members of the state retirement system on July 1, 1982, (h) the Nebraska
15 National Guard air and army technicians, (i) persons eligible for
16 membership under the School Employees Retirement System of the State of
17 Nebraska who have not elected to become members of the retirement system
18 pursuant to section 79-920 or been made members of the system pursuant to
19 such section, except that those persons so eligible and who as of
20 September 2, 1973, are contributing to the State Employees Retirement
21 System of the State of Nebraska shall continue as members of such system,
22 or (j) employees of the Coordinating Commission for Postsecondary
23 Education who are eligible for and have elected to become members of a
24 qualified retirement program approved by the commission which is
25 commensurate with retirement programs at the University of Nebraska. Any
26 individual appointed by the Governor may elect not to become a member of
27 the State Employees Retirement System of the State of Nebraska;

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

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

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

7 (13) Five-year break in service means five consecutive one-year
8 breaks in service;

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

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

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

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

26 (18) Interest credit rate means the greater of (a) five percent or
27 (b) the applicable federal mid-term rate, as published by the Internal
28 Revenue Service as of the first day of the calendar quarter for which
29 interest credits are credited, plus one and one-half percent, such rate
30 to be compounded annually;

31 (19) Interest credits means the amounts credited to the employee

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

15 (20) Member cash balance account means an account equal to the sum
16 of the employee cash balance account and, if vested, the employer cash
17 balance account and dividend amounts credited in accordance with
18 subdivision (4)(c) of section 84-1319;

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

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

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

26 (24) Plan year means the twelve-month period beginning on January 1
27 and ending on December 31;

28 (25) Prior service means service before January 1, 1964;

29 (26) Regular interest means the rate of interest earned each
30 calendar year commencing January 1, 1975, as determined by the retirement
31 board in conformity with actual and expected earnings on the investments

1 through December 31, 1984;

2 (27) Required contribution means the deduction to be made from the
3 compensation of employees as provided in section 84-1308;

4 (28) Retirement means qualifying for and accepting the retirement
5 benefit granted under the State Employees Retirement Act after
6 terminating employment;

7 (29) Retirement application means the form approved and provided by
8 the retirement system for acceptance of a member's request for either
9 regular or disability retirement;

10 (30) Retirement board or board means the Public Employees Retirement
11 Board;

12 (31) Retirement date means (a) the first day of the month following
13 the date upon which a member's request for retirement is received on a
14 retirement application if the member is eligible for retirement and has
15 terminated employment or (b) the first day of the month following
16 termination of employment if the member is eligible for retirement and
17 has filed an application but has not yet terminated employment;

18 (32) Retirement system means the State Employees Retirement System
19 of the State of Nebraska;

20 (33) Service means the actual total length of employment as an
21 employee and shall not be deemed to be interrupted by (a) temporary or
22 seasonal suspension of service that does not terminate the employee's
23 employment, (b) leave of absence authorized by the employer for a period
24 not exceeding twelve months, (c) leave of absence because of disability,
25 or (d) military service, when properly authorized by the retirement
26 board. Service does not include any period of disability for which
27 disability retirement benefits are received under section 84-1317;

28 (34) State department means any department, bureau, commission, or
29 other division of state government not otherwise specifically defined or
30 exempted in the act, the employees and officers of which are not already
31 covered by a retirement plan;

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

12 (36) Termination of employment occurs on the date on which the
13 agency which employs the member determines that the member's employer-
14 employee relationship with the State of Nebraska is dissolved. The agency
15 which employs the member shall notify the board of the date on which such
16 a termination has occurred. Termination of employment does not occur if
17 an employee whose employer-employee relationship with the State of
18 Nebraska is dissolved enters into an employer-employee relationship with
19 the same or another agency of the State of Nebraska and there are less
20 than one hundred twenty days between the date when the employee's
21 employer-employee relationship ceased with the state and the date when
22 the employer-employee relationship commenced with the same or another
23 agency. It is the responsibility of the employer that is involved in the
24 termination of employment to notify the board of such change in
25 employment and provide the board with such information as the board deems
26 necessary. If the board determines that termination of employment has not
27 occurred and a retirement benefit has been paid to a member of the
28 retirement system pursuant to section 84-1321, the board shall require
29 the member who has received such benefit to repay the benefit to the
30 retirement system; and

31 (37) Vesting credit means credit for years, or a fraction of a year,

1 of participation in another Nebraska governmental plan for purposes of
2 determining vesting of the employer account.

3 Sec. 40. Section 84-1305, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 84-1305 The general administration of the retirement system shall be
6 vested in the retirement board. The board ~~may shall~~ adopt and promulgate
7 rules and regulations to carry out the State Employees Retirement Act.
8 The board shall maintain records and may employ such assistants and
9 employees ~~any assistance~~ as may be necessary to carry out the act.

10 Sec. 41. Section 84-1305.02, Revised Statutes Cumulative Supplement,
11 2016, is amended to read:

12 84-1305.02 (1)(a) If the board determines that the retirement system
13 has previously received contributions or distributed benefits which for
14 any reason are not in accordance with the statutory provisions of the
15 State Employees Retirement Act, the board shall refund contributions,
16 require additional contributions, adjust benefits, credit dividend
17 amounts, or require repayment of benefits paid. In the event of an
18 overpayment of a benefit, the board may, in addition to other remedies,
19 offset future benefit payments by the amount of the prior overpayment,
20 together with regular interest or interest credits, whichever is
21 appropriate, thereon. In the event of an underpayment of a benefit, the
22 board shall immediately make payment equal to the deficit amount plus
23 regular interest or interest credits, whichever is appropriate.

24 (b) The board shall have the power, through the director of the
25 Nebraska Public Employees Retirement Systems or the director's designee,
26 to make a thorough investigation of any overpayment of a benefit, when in
27 the judgment of the retirement system such investigation is necessary,
28 including, but not limited to, circumstances in which benefit payments
29 are made after the death of a member or beneficiary and the retirement
30 system is not made aware of such member's or beneficiary's death. In
31 connection with any such investigation, the board, through the director

1 or the director's designee, shall have the power to compel the attendance
2 of witnesses and the production of books, papers, records, and documents,
3 whether in hardcopy, electronic form, or otherwise, and issue subpoenas
4 for such purposes. Such subpoenas shall be served in the same manner and
5 have the same effect as subpoenas from district courts.

6 (2) The board ~~may shall~~ adopt and promulgate rules and regulations
7 implementing this section, which shall include, but not be limited to,
8 the following: (a) The procedures for refunding contributions, adjusting
9 future contributions or benefit payments, and requiring additional
10 contributions or repayment of benefits; (b) the process for a member,
11 member's beneficiary, employee, or employer to dispute an adjustment of
12 contributions or benefits; and (c) notice provided to all affected
13 persons. All notices shall be sent prior to an adjustment and shall
14 describe the process for disputing an adjustment of contributions or
15 benefits.

16 Sec. 42. Section 84-1310.01, Reissue Revised Statutes of Nebraska,
17 is amended to read:

18 84-1310.01 (1) Each member employed and participating in the
19 retirement system prior to January 1, 2003, who has elected not to
20 participate in the cash balance benefit, shall be allowed to allocate all
21 contributions to his or her employee account to various investment
22 options. Such investment options shall include, but not be limited to,
23 the following:

24 (a) An investor select account which shall be invested under the
25 direction of the state investment officer with an asset allocation and
26 investment strategy substantially similar to the investment allocations
27 made by the state investment officer for the defined benefit plans under
28 the retirement systems described in subdivision (1)(a) of section
29 84-1503. Investments shall most likely include domestic and international
30 equities, fixed income investments, and real estate, as well as
31 potentially additional asset classes;

1 (b) A stable return account which shall be invested by or under the
2 direction of the state investment officer in a stable value strategy that
3 provides capital preservation and consistent, steady returns;

4 (c) An equities account which shall be invested by or under the
5 direction of the state investment officer in equities;

6 (d) A balanced account which shall be invested by or under the
7 direction of the state investment officer in equities and fixed income
8 instruments;

9 (e) An index fund account which shall be invested by or under the
10 direction of the state investment officer in a portfolio of common stocks
11 designed to closely duplicate the total return of the Standard and Poor's
12 division of The McGraw-Hill Companies, Inc., 500 Index;

13 (f) A fixed income account which shall be invested by or under the
14 direction of the state investment officer in fixed income instruments;

15 (g) A money market account which shall be invested by or under the
16 direction of the state investment officer in short-term fixed income
17 securities; and

18 (h) Beginning on July 1, 2006, an age-based account which shall be
19 invested under the direction of the state investment officer with an
20 asset allocation and investment strategy that changes based upon the age
21 of the member. The board shall develop an account mechanism that changes
22 the investments as the employee nears retirement age. The asset
23 allocation and asset classes utilized in the investments shall move from
24 aggressive, to moderate, and then to conservative as retirement age
25 approaches.

26 If a member fails to select an option or combination of options, all
27 of his or her funds shall be placed in the option described in
28 subdivision (b) of this subsection. Each member shall be given a detailed
29 current description of each investment option prior to making or revising
30 his or her allocation.

31 (2) Members of the retirement system may allocate their

1 contributions to the investment options in percentage increments as set
2 by the board in any proportion, including full allocation to any one
3 option. A member under subdivision (1)(a) of section 84-1323 or his or
4 her beneficiary may transfer any portion of his or her funds among the
5 options, except for restrictions on transfers to or from the stable
6 return account pursuant to rule or regulation. The board ~~may shall~~ adopt
7 and promulgate rules and regulations for changes of a member's allocation
8 of contributions to his or her accounts after his or her most recent
9 allocation and for transfers from one investment account to another.

10 (3) The board shall develop a schedule for the allocation of
11 administrative costs of maintaining the various investment options and
12 shall assess the costs so that each member pays a reasonable fee as
13 determined by the board.

14 (4) In order to carry out the provisions of this section, the board
15 may enter into administrative services agreements for accounting or
16 record-keeping services. No agreement shall be entered into unless the
17 board determines that it will result in administrative economy and will
18 be in the best interests of the state and its participating employees.

19 (5) The state, the board, the state investment officer, the members
20 of the Nebraska Investment Council, or the agency shall not be liable for
21 any investment results resulting from the member's exercise of control
22 over the assets in the employee account.

23 Sec. 43. Section 84-1311.03, Reissue Revised Statutes of Nebraska,
24 is amended to read:

25 84-1311.03 (1) Each member employed and participating in the
26 retirement system prior to January 1, 2003, who has elected not to
27 participate in the cash balance benefit, shall be allowed to allocate all
28 contributions to his or her employer account to various investment
29 options. Such investment options shall be the same as the investment
30 options of the employee account as provided in subsection (1) of section
31 84-1310.01. If a member fails to select an option or combination of

1 options, all of his or her funds in the employer account shall be placed
2 in the balanced account option described in subdivision (1)(d) of section
3 84-1310.01. Each member shall be given a detailed current description of
4 each investment option prior to making or revising his or her allocation.

5 (2) Each member of the retirement system may allocate contributions
6 to his or her employer account to the investment options in percentage
7 increments as set by the board in any proportion, including full
8 allocation to any one option. A member under subdivision (1)(a) of
9 section 84-1323 or his or her beneficiary may transfer any portion of his
10 or her funds among the options. The board ~~may shall~~ adopt and promulgate
11 rules and regulations for changes of a member's allocation of
12 contributions to his or her accounts after his or her most recent
13 allocation and for transfers from one investment account to another.

14 (3) The board shall develop a schedule for the allocation of
15 administrative costs of maintaining the various investment options and
16 shall assess the costs so that each member pays a reasonable fee as
17 determined by the board.

18 (4) In order to carry out the provisions of this section, the board
19 may enter into administrative services agreements for accounting or
20 record-keeping services. No agreement shall be entered into unless the
21 board determines that it will result in administrative economy and will
22 be in the best interests of the state and its participating employees.

23 (5) The state, the board, the state investment officer, the members
24 of the Nebraska Investment Council, or the agency shall not be liable for
25 any investment results resulting from the member's exercise of control
26 over the assets in the employer account.

27 Sec. 44. Section 84-1312, Reissue Revised Statutes of Nebraska, is
28 amended to read:

29 84-1312 (1) For purposes of this section and section 84-1313:

30 (a) Direct rollover means a payment by the retirement system to the
31 eligible retirement plan or plans specified by the distributee

1 ~~Distributee means the member, the member's surviving spouse, or the~~
2 ~~member's former spouse who is an alternate payee under a qualified~~
3 ~~domestic relations order as defined in section 414(p) of the Internal~~
4 ~~Revenue Code;~~

5 (b) Distributee means the member, the member's surviving spouse, or
6 the member's former spouse who is an alternate payee under a qualified
7 domestic relations order as defined in section 414(p) of the Internal
8 Revenue Code ~~Direct rollover means a payment by the retirement system to~~
9 ~~the eligible retirement plan or plans specified by the distributee;~~

10 (c) Eligible retirement plan means (i) an individual retirement
11 account described in section 408(a) of the Internal Revenue Code, (ii) an
12 individual retirement annuity described in section 408(b) of the code,
13 except for an endowment contract, (iii) a qualified plan described in
14 section 401(a) of the code, (iv) an annuity plan described in section
15 403(a) or 403(b) of the code, (v) except for purposes of section 84-1313,
16 an individual retirement plan described in section 408A of the code, and
17 (vi) a plan described in section 457(b) of the code and maintained by a
18 governmental employer. For eligible rollover distributions to a surviving
19 spouse, an eligible retirement plan means subdivisions (1)(c)(i) through
20 (vi) of this section; and

21 (d) Eligible rollover distribution means any distribution to a
22 distributee of all or any portion of the balance to the credit of the
23 distributee in the plan, except such term shall not include any
24 distribution which is one of a series of substantially equal periodic
25 payments, not less frequently than annually, made for the life of the
26 distributee or joint lives of the distributee and the distributee's
27 beneficiary or for the specified period of ten years or more and shall
28 not include any distribution to the extent such distribution is required
29 under section 401(a)(9) of the Internal Revenue Code.

30 (2) For distributions made to a distributee on or after January 1,
31 1993, a distributee may elect to have any portion of an eligible rollover

1 distribution paid directly to an eligible retirement plan specified by
2 the distributee.

3 (3) A member's surviving spouse or former spouse who is an alternate
4 payee under a qualified domestic relations order and, on or after January
5 1, 2010, any designated beneficiary of a member who is not a surviving
6 spouse or former spouse who is entitled to receive an eligible rollover
7 distribution from the retirement system may, in accordance with such
8 rules, regulations, and limitations as may be established by the board,
9 elect to have such distribution made in the form of a direct transfer to
10 a retirement plan eligible to receive such transfer under the provisions
11 of the Internal Revenue Code.

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

21 (5) The board ~~may shall~~ adopt and promulgate rules and regulations
22 for direct rollover procedures which are consistent with section 401(a)
23 (31) of the Internal Revenue Code and which include, but are not limited
24 to, the form and time of direct rollover distributions.

25 Sec. 45. Section 84-1313, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 84-1313 (1) The retirement system may accept cash rollover
28 contributions from a member who is making payment pursuant to section
29 84-1322 or 84-1325 if the contributions do not exceed the amount of
30 payment authorized to be paid by the member pursuant to section 84-1322
31 or 84-1325 and the contributions represent (a) all or any portion of the

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

11 (2) Cash transferred to the retirement system as a rollover
12 contribution shall be deposited as other payments made under section
13 84-1322 or 84-1325.

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

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

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

1 Sec. 46. Section 84-1325, Revised Statutes Supplement, 2017, is
2 amended to read:

3 84-1325 (1)(a) For military service beginning on or after December
4 12, 1994, but before January 1, 2018, any employee who, while an
5 employee, entered into and served in the armed forces of the United
6 States and who within ninety days after honorable discharge or honorable
7 separation from active duty again became an employee shall be credited,
8 for the purposes of the provisions of section 84-1317, with all the time
9 actually served in the armed forces as if such person had been an
10 employee throughout such service in the armed forces pursuant to the
11 terms and conditions of subdivision (b) of this subsection.

12 (b) Under such rules and regulations as the retirement board may
13 adopt and promulgate ~~adopts and promulgates~~, any employee who is
14 reemployed pursuant to 38 U.S.C. 4301 et seq., may pay to the retirement
15 system an amount equal to the sum of all deductions which would have been
16 made from the employee's compensation during such period of military
17 service. Payment shall be made within the period required by law, not to
18 exceed five years. To the extent that payment is made, (i) the employee
19 shall be treated as not having incurred a break in service by reason of
20 the employee's period of military service, (ii) the period of military
21 service shall be credited for the purposes of determining the
22 nonforfeitability of the employee's accrued benefits and the accrual of
23 benefits under the plan, and (iii) the employer shall allocate the amount
24 of employer contributions to the employee's employer account in the same
25 manner and to the same extent the allocation occurs for other employees
26 during the period of service. For purposes of employee and employer
27 contributions under this subsection, the employee's compensation during
28 the period of military service shall be the rate the employee would have
29 received but for the military service or, if not reasonably determinable,
30 the average rate the employee received during the twelve-month period
31 immediately preceding military service.

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

6 (2)(a) For military service beginning on or after January 1, 2018,
7 any employee who is reemployed pursuant to 38 U.S.C. 4301 et seq., shall
8 be treated as not having incurred a break in service by reason of the
9 employee's period of military service. Such military service shall be
10 credited for purposes of determining the nonforfeitability of the
11 employee's accrued benefits and the accrual of benefits under the plan.

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

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

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

25 (c) The amount required pursuant to subdivision (b) of this
26 subsection shall be paid to the retirement system as soon as reasonably
27 practicable following the date of reemployment, but must be paid within
28 eighteen months of the date the board notifies the employer of the amount
29 due. If the employer fails to pay the required amount within such
30 eighteen-month period, then the employer is also responsible for any
31 actuarial costs and interest on actuarial costs that accrue from eighteen

1 months after the date the employer is notified by the board until the
2 date the amount is paid.

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

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

8 (ii) The acceptable methods of payment;

9 (iii) Determining the service and compensation upon which the
10 contributions must be made;

11 (iv) Accelerating the payment from the employer due to unforeseen
12 circumstances that occur before payment is made pursuant to this section,
13 including, but not limited to, the employee's termination or retirement
14 or the employer's reorganization, consolidation, merger, or closing; and

15 (v) The documentation required to substantiate that the individual
16 was reemployed pursuant to 38 U.S.C. 4301 et seq.

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

21 Sec. 47. Section 84-1503, Revised Statutes Supplement, 2017, is
22 amended to read:

23 84-1503 (1) It shall be the duty of the Public Employees Retirement
24 Board:

25 (a) To administer the retirement systems provided for in the County
26 Employees Retirement Act, the Judges Retirement Act, the Nebraska State
27 Patrol Retirement Act, the School Employees Retirement Act, and the State
28 Employees Retirement Act. The agency for the administration of the
29 retirement systems and under the direction of the board shall be known
30 and may be cited as the Nebraska Public Employees Retirement Systems;

31 (b) To appoint a director to administer the systems under the

1 direction of the board. The appointment shall be subject to the approval
2 of the Governor and a majority of the Legislature. The director shall be
3 qualified by training and have at least five years of experience in the
4 administration of a qualified public or private employee retirement plan.
5 The director shall not be a member of the board. The salary of the
6 director shall be set by the board. The director shall serve without term
7 and may be removed by the board;

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

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

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

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

21 (g) To adopt and implement procedures for reporting information by
22 employers, as well as testing and monitoring procedures in order to
23 verify the accuracy of such information. The information necessary to
24 determine membership shall be provided by the employer. The board may
25 ~~shall~~ adopt and promulgate rules and regulations and prescribe such forms
26 necessary to carry out this subdivision. Nothing in this subdivision
27 shall be construed to require the board to conduct onsite audits of
28 political subdivisions for compliance with statutes, rules, and
29 regulations governing the retirement systems listed in subdivision (1)(a)
30 of this section regarding membership and contributions; and

31 (h) To prescribe and furnish forms for the public retirement system

1 plan reports required to be filed pursuant to sections 2-3228, 12-101,
2 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037, 19-3501, 23-1118,
3 23-3526, 71-1631.02, and 79-987 through December 31, 2017.

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

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

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

12 (c) To adopt and promulgate rules and regulations, as the board may
13 deem necessary, for the management of the board;

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

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

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

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

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

23 (h) To obtain, by a competitive, formal, and sealed bidding process
24 through the materiel division of the Department of Administrative
25 Services, auditing services for a separate compliance audit of the
26 retirement systems to be completed by December 31, 2020, and from time to
27 time thereafter at the request of the Nebraska Retirement Systems
28 Committee of the Legislature, to be completed not more than every four
29 years but not less than every ten years. The compliance audit shall be in
30 addition to the annual audit conducted by the Auditor of Public Accounts.
31 The compliance audit shall include, but not be limited to, an examination

1 of records, files, and other documents and an evaluation of all policies
2 and procedures to determine compliance with all state and federal laws. A
3 copy of the compliance audit shall be given to the Governor, the board,
4 and the Nebraska Retirement Systems Committee of the Legislature and
5 shall be presented to the committee at a public hearing;

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

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

30 (k) To administer all retirement system plans in a manner which will
31 maintain each plan's status as a qualified plan pursuant to the Internal

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

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

28 (4)(a) Beginning in 2016, and at least every four years thereafter
29 in even-numbered years or at the request of the Nebraska Retirement
30 Systems Committee of the Legislature, the board shall obtain an
31 experience study. Within thirty business days after presentation of the

1 experience study to the board, the actuary shall present the study to the
2 Nebraska Retirement Systems Committee at a public hearing. If the board
3 does not adopt all of the recommendations in the experience study, the
4 board shall provide a written explanation of its decision to the Nebraska
5 Retirement Systems Committee and the Governor. The explanation shall be
6 delivered within ten business days after formal action by the board to
7 not adopt one or more of the recommendations.

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

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

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

30 Sec. 48. Section 85-122, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 85-122 The several funds for the support of the university shall be
2 constituted and designated as follows: (1) The Permanent Endowment Fund;
3 (2) the Temporary University Fund; (3) the University Cash Fund; (4) the
4 United States Morrill Fund; (5) the United States Experiment Station
5 Fund; (6) the University Trust Fund; (7) the United States Agricultural
6 Extension Fund; (8) the Veterinary School Fund; (9) the University of
7 Nebraska at Omaha Cash Fund; (10) the University of Nebraska at Omaha
8 Trust Fund; (11) the University of Nebraska at Kearney Cash Fund; (12)
9 the University of Nebraska at Kearney Trust Fund; (13) the Agricultural
10 Field Laboratory Fund; (14) the Animal Research and Diagnosis Revolving
11 Fund; (15) the University Facility Improvement Fund; (16) the University
12 of Nebraska Eppley Science Hall Construction Fund; and (17) the
13 University Facilities Fund. No portion of the funds designated above
14 derived from taxation shall be disbursed for mileage or other traveling
15 expenses except as authorized by sections 81-1174 to 81-1177. No
16 expenditures shall be made for or on behalf of the School of Veterinary
17 Medicine and Surgery except from money appropriated to the Veterinary
18 School Fund. Any money in the funds designated in this section available
19 for investment shall be invested by the state investment officer pursuant
20 to the Nebraska Capital Expansion Act and the Nebraska State Funds
21 Investment Act except as provided in sections 85-123.01, 85-125, 85-192,
22 and 85-1,123.

23 Sec. 49. Section 85-123.01, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 85-123.01 (1) The University Trust Fund shall consist of all
26 property, real or personal, acquired by the Board of Regents of the
27 University of Nebraska by donation or bequest to it, including money
28 derived as principal from the sale of land or other property so acquired
29 or derived.

30 (2) The University Trust Fund shall be held, ~~and managed,~~ and
31 invested in such manner as directed by the Board of Regents of the

1 University of Nebraska ~~shall determine. No money in the fund shall be~~
2 ~~held, managed, or invested by the State Treasurer or the state investment~~
3 ~~officer pursuant to the Nebraska Capital Expansion Act or the Nebraska~~
4 ~~State Funds Investment Act Where such funds are to be invested, they~~
5 ~~shall be invested by the state investment officer for the Board of~~
6 ~~Regents in such investments as are authorized by section 72-1246, subject~~
7 ~~to the following exceptions: (a) No such investment need be made if,~~
8 ~~according to the terms of the donation or bequest, the Board of Regents~~
9 ~~is not limited to the expenditure of only the interest or income of the~~
10 ~~fund; and (b) no such investment need be made if the will, deed or~~
11 ~~instrument, making such donation or bequest, makes other provisions or~~
12 ~~directions as to investments and in such cases the state investment~~
13 ~~officer for the Board of Regents shall comply with the provisions of said~~
14 ~~will, deed or instrument.~~

15 Sec. 50. Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14,
16 15, 16, 17, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 34, 35, 36,
17 37, 38, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, and 52 of this act become
18 operative three calendar months after the adjournment of this legislative
19 session. The other sections of this act become operative on their
20 effective date.

21 Sec. 51. If any section in this act or any part of any section is
22 declared invalid or unconstitutional, the declaration shall not affect
23 the validity or constitutionality of the remaining portions.

24 Sec. 52. Original sections 23-2302, 23-2305, 23-2306.02,
25 23-2306.03, 23-2310.05, 23-2323.02, 23-2323.03, 23-3527, 24-704,
26 24-704.01, 24-710, 24-710.05, 24-710.06, 79-904, 79-905, 79-907, 79-915,
27 79-924, 79-933.01, 79-933.02, 79-933.03, 79-933.04, 79-933.07, 81-2019,
28 81-2031.03, 81-2031.04, 84-1305, 84-1310.01, 84-1311.03, 84-1312,
29 84-1313, 85-122, and 85-123.01, Reissue Revised Statutes of Nebraska,
30 sections 23-2305.01, 23-2306, 23-2309.01, 81-2019.01, 81-2026, and
31 84-1305.02, Revised Statutes Cumulative Supplement, 2016, and sections

1 23-2323.01, 79-904.01, 79-926, 84-1325, and 84-1503, Revised Statutes
2 Supplement, 2017, are repealed.

3 Sec. 53. Original section 79-9,113, Revised Statutes Cumulative
4 Supplement, 2016, and sections 79-902, 79-978, 81-2014, and 84-1301,
5 Revised Statutes Supplement, 2017, are repealed.

6 Sec. 54. Since an emergency exists, this act takes effect when
7 passed and approved according to law.