

AMENDMENTS TO LB700

Introduced by Kolterman, 24.

1           1. Insert the following new sections:

2           Sec. 5. Section 79-902, Revised Statutes Supplement, 2021, is  
3 amended to read:

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

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

10          (2)(a) Actuarial equivalent means the equality in value of the  
11 aggregate amounts expected to be received under different forms of  
12 payment.

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

19          (c) For a school employee hired on or after July 1, 2017, or rehired  
20 on or after July 1, 2017, after termination of employment and being paid  
21 a 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 retirement  
25 board following an actuarial experience study, a benefit adequacy study,  
26 or a plan valuation. The mortality table, interest rate, and actuarial  
27 factors in effect on the school employee's retirement date will be used

1 to calculate actuarial equivalency of any retirement benefit. Such  
2 interest rate may be, but is not required to be, equal to the assumed  
3 rate.

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

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

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

21 (b) Compensation does not include (i) fraudulently obtained amounts  
22 as determined by the retirement board, (ii) amounts for accrued unused  
23 sick leave or accrued unused vacation leave converted to cash payments,  
24 (iii) insurance premiums converted into cash payments, (iv) reimbursement  
25 for expenses incurred, (v) fringe benefits, (vi) per diems paid as  
26 expenses, (vii) bonuses for services not actually rendered, (viii) early  
27 retirement inducements, (ix) cash awards, (x) severance pay, or (xi)  
28 employer contributions made for the purposes of separation payments made  
29 at retirement.

30 (c) Compensation in excess of the limitations set forth in section  
31 401(a)(17) of the Internal Revenue Code as defined in section 49-801.01

1 shall be disregarded. For an employee who was a member of the retirement  
2 system before the first plan year beginning after December 31, 1995, the  
3 limitation on compensation shall not be less than the amount which was  
4 allowed to be taken into account under the retirement system as in effect  
5 on July 1, 1993;

6 (5) County school official means (a) until July 1, 2000, the county  
7 superintendent or district superintendent and any person serving in his  
8 or her office who is required by law to have a teacher's certificate and  
9 (b) on or after July 1, 2000, the county superintendent, county school  
10 administrator, or district superintendent and any person serving in his  
11 or her office who is required by law to have a teacher's certificate;

12 (6)(a) Creditable service means prior service for which credit is  
13 granted under sections 79-926 to 79-929, service credit purchased under  
14 sections 79-933.03 to 79-933.06 and 79-933.08, and all service rendered  
15 while a contributing member of the retirement system; and

16 (b) Creditable service includes working days, sick days, vacation  
17 days, holidays, and any other leave days for which the employee is paid  
18 regular wages as part of the employee's agreement with the employer.  
19 Creditable service does not include lump-sum payments to the employee  
20 upon termination or retirement in lieu of accrued benefits for such days,  
21 eligibility and vesting credit, service years for which member  
22 contributions are withdrawn and not repaid by the member, service  
23 rendered for which the retirement board determines that the member was  
24 paid less in compensation than the minimum wage as provided in the Wage  
25 and Hour Act, service which the board determines was rendered with the  
26 intent to defraud the retirement system, or service provided to an  
27 employer in a retirement system established pursuant to the Class V  
28 School Employees Retirement Act;

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

31 (8) Disability means an inability to engage in any substantially

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

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

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

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

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

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

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

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

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

30 (f) Any other form of separation payments made by an employer to a  
31 member at termination, including, but not limited to, purchasing

1 retirement annuity contracts for the member pursuant to section 79-514,  
2 depositing money for the member in an account established under section  
3 403(b) of the Internal Revenue Code except for payments for accrued  
4 unused leave, or purchasing service credit for the member pursuant to  
5 section 79-933.08;

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

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

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

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

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

30 (A) The sum of the member's total compensation during the three  
31 twelve-month periods of service as a school employee in which such

1 compensation was the greatest divided by thirty-six; or

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

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

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

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

13 (b) Payments under the Retirement Incentive Plan pursuant to section  
14 79-855 and Staff Development Assistance pursuant to section 79-856 shall  
15 not be included in the determination of final average compensation;

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

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

20 (18) Initial benefit means the retirement benefit calculated at the  
21 time of retirement;

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

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

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

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

30 (23) Public school means any and all schools offering instruction in  
31 elementary or high school grades, as defined in section 79-101, which

1 schools are supported by public funds and are wholly under the control  
2 and management of the State of Nebraska or any subdivision thereof,  
3 including (a) schools or other entities established, maintained, and  
4 controlled by the school boards of local school districts, except Class V  
5 school districts, (b) any educational service unit, and (c) any other  
6 educational institution wholly supported by public funds, except schools  
7 under the control and management of the Board of Trustees of the Nebraska  
8 State Colleges, the Board of Regents of the University of Nebraska, or  
9 the community college boards of governors for any community college  
10 areas;

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

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

25 (26) Relinquished creditable service means, with respect to a member  
26 who has withdrawn his or her accumulated contributions under section  
27 79-955, the total amount of creditable service which such member has  
28 given up as a result of his or her election not to remain a member of the  
29 retirement system;

30 (27) Required beginning date means, for purposes of the deferral of  
31 distributions, April 1 of the year following the calendar year in which a

1 member has:

2 (a)(i) Terminated employment with all employers participating in the  
3 plan; and

4 (ii)(A) Attained at least seventy and one-half years of age for a  
5 member who attained seventy and one-half years of age on or before  
6 December 31, 2019; or

7 (B) Attained at least seventy-two years of age for a member who  
8 attained seventy and one-half years of age on or after January 1, 2020;  
9 or

10 (b)(i) Terminated employment with all employers participating in the  
11 plan; and

12 (ii) Otherwise reached the date specified by section 401(a)(9) of  
13 the Internal Revenue Code and the regulations issued thereunder;

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

17 (29) Retirement means qualifying for and accepting a school or  
18 disability retirement allowance granted under the School Employees  
19 Retirement Act;

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

23 (31) Retirement board or board means the Public Employees Retirement  
24 Board;

25 (32) Retirement date means (a) if the member has terminated  
26 employment, the first day of the month following the date upon which a  
27 member's request for retirement is received on a retirement application  
28 provided by the retirement system or (b) if the member has filed a  
29 retirement application but has not yet terminated employment, the first  
30 day of the month following the date on which the member terminates  
31 employment. An application may be filed no more than one hundred twenty

1 days prior to the effective date of the member's initial benefit;

2 (33) Retirement system means the School Employees Retirement System  
3 of the State of Nebraska;

4 (34) Savings annuity means payments for life, made in equal monthly  
5 payments, derived from the accumulated contributions of a member;

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

17 (36) School retirement allowance means the total of the savings  
18 annuity and the service annuity or formula annuity paid a person who has  
19 retired under sections 79-931 to 79-935. The monthly payments shall be  
20 payable at the end of each calendar month during the life of a retired  
21 member. The first payment shall include all amounts accrued since the  
22 effective date of the award of annuity. The last payment shall be at the  
23 end of the calendar month in which such member dies or in accordance with  
24 the payment option chosen by the member;

25 (37) ~~(36)~~ School year means one fiscal year which includes not less  
26 than one thousand instructional hours or, in the case of service in the  
27 State of Nebraska prior to July 1, 1945, not less than seventy-five  
28 percent of the then legal school year;

29 ~~(37) School retirement allowance means the total of the savings~~  
30 ~~annuity and the service annuity or formula annuity paid a person who has~~  
31 ~~retired under sections 79-931 to 79-935. The monthly payments shall be~~

1 ~~payable at the end of each calendar month during the life of a retired~~  
2 ~~member. The first payment shall include all amounts accrued since the~~  
3 ~~effective date of the award of annuity. The last payment shall be at the~~  
4 ~~end of the calendar month in which such member dies or in accordance with~~  
5 ~~the payment option chosen by the member;~~

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

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

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

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

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

1 (43) 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 (44) Temporary employee means an employee hired by a public school  
13 who is not a regular employee and who is hired to provide service for a  
14 limited period of time to accomplish a specific purpose or task. When  
15 such specific purpose or task is complete, the employment of such  
16 temporary employee shall terminate and in no case shall the temporary  
17 employment period exceed one year in duration;

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

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

28 (i) Bona fide unpaid voluntary service or substitute service,  
29 provided on an intermittent basis. For purposes of this subdivision, (A)  
30 intermittent basis means service provided on a day-to-day basis that is  
31 not greater than eight days of service during a calendar month and (B)

1 day of service means any length of substitute service or unpaid voluntary  
2 service provided during a single calendar day; or

3 (ii) As provided in subsection (2) of section 79-920.

4 (c) A member shall not be deemed to have terminated employment if  
5 the board determines based on facts and circumstances (i) that a claimed  
6 termination was not a bona fide separation from service with the employer  
7 or (ii) that a member was compensated for a full contractual period when  
8 the member terminated prior to the end date of the contract.

9 (d) Nothing in this subdivision precludes an employer from adopting  
10 a policy which limits or denies employees who have terminated employment  
11 from providing voluntary or substitute service within one hundred eighty  
12 days after termination; and

13 (46) Voluntary service or volunteer means providing bona fide unpaid  
14 service to any employer.

15 Sec. 7. Section 79-978, Revised Statutes Supplement, 2021, is  
16 amended to read:

17 79-978 For purposes of the Class V School Employees Retirement Act,  
18 unless the context otherwise requires:

19 (1) Accumulated contributions means the sum of amounts contributed  
20 by a member of the system together with regular interest credited  
21 thereon;

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

29 (3) Actuarial tables means:

30 (a) For determining the actuarial equivalent of any annuities other  
31 than joint and survivorship annuities:

1 (i) For members hired before July 1, 2018, a unisex mortality table  
2 using twenty-five percent of the male mortality and seventy-five percent  
3 of the female mortality from the 1994 Group Annuity Mortality Table with  
4 a One Year Setback and using an interest rate of eight percent compounded  
5 annually; and

6 (ii) For members hired on or after July 1, 2018, or rehired on or  
7 after July 1, 2018, after termination of employment and being paid a  
8 retirement benefit, the determinations shall be based on a unisex  
9 mortality table and an interest rate specified by (A) the board until  
10 September 1, 2024, or (B) the retirement board beginning on September 1,  
11 2024. Both the mortality table and the interest rate shall be recommended  
12 by the actuary retained pursuant to section 79-984 following an actuarial  
13 experience study, a benefit adequacy study, or a plan valuation. The  
14 mortality table, interest rate, and actuarial factors in effect on the  
15 member's retirement date shall be used to calculate the actuarial  
16 equivalency of any retirement benefit. Such interest rate may be, but is  
17 not required to be, equal to the assumed rate; and

18 (b) For joint and survivorship annuities:

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

28 (ii) For members hired on or after July 1, 2018, or rehired on or  
29 after July 1, 2018, after termination of employment and being paid a  
30 retirement benefit, the determinations shall be based on a unisex  
31 mortality table and an interest rate specified by (A) the board until

1 September 1, 2024, or (B) the retirement board beginning on September 1,  
2 2024. Both the mortality table and the interest rate shall be recommended  
3 by the actuary retained pursuant to section 79-984 following an actuarial  
4 experience study, a benefit adequacy study, or a plan valuation. The  
5 mortality table, interest rate, and actuarial factors in effect on the  
6 member's retirement date shall be used to calculate the actuarial  
7 equivalency of any retirement benefit. Such interest rate may be, but is  
8 not required to be, equal to the assumed rate;

9 (4) Administrator of the retirement system or administrator means  
10 (a) until September 1, 2024, the person administering the retirement  
11 system who is appointed by the board or (b) beginning on September 1,  
12 2024, the director appointed by the retirement board pursuant to section  
13 84-1503;

14 (5) Annuitant means any member receiving an allowance;

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

18 (7) Audit year means the period beginning January 1 in any year and  
19 ending on December 31 of that same year, which is the period of time used  
20 in the preparation of (a) the annual actuarial analysis and valuation and  
21 (b) a financial audit of the retirement system, including the investments  
22 of the retirement system;

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

25 (9) Board means the board of trustees until July 1, 2021, and the  
26 board of education beginning July 1, 2021, and until September 1, 2024;

27 (10) Board of education means the board or boards of education of a  
28 school district or districts;

29 (11) Board of trustees means:

30 (a) Until September 1, 2024, the entity established pursuant to  
31 section 79-980; and

1 (b) Beginning September 1, 2024, the board of education shall be  
2 deemed to be the successor in interest for all liability associated with  
3 the actions or inactions of the entity identified under subdivision (11)  
4 (a) of this section and as specified in the Class V School Employees  
5 Retirement Act;

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

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

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

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

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

31 (15) Early retirement date means, for members hired prior to July 1,

1 2016, who have attained age fifty-five, that month and year selected by a  
2 member having at least ten years of creditable service which includes a  
3 minimum of five years of membership service. Early retirement date means,  
4 for members hired on or after July 1, 2016, that month and year selected  
5 by a member having at least five years of creditable service and who has  
6 attained age sixty;

7 (16) Early retirement inducement means, but is not limited to:

8 (a) A benefit, bonus, or payment to a member by an employer in  
9 exchange for an agreement by the member to retire with a reduced  
10 retirement benefit;

11 (b) A benefit, bonus, or payment paid to a member by an employer in  
12 addition to the member's retirement benefit;

13 (c) Lump-sum or installment cash payments by an employer, except  
14 payments for accrued unused leave converted to cash payments;

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

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

24 (f) Any other form of separation payments made by an employer to a  
25 member at termination, including, but not limited to, purchasing  
26 retirement contracts for the member pursuant to section 79-514, or  
27 depositing money for the member in an account established under section  
28 403(b) of the Internal Revenue Code except for payments for accrued  
29 unused leave;

30 (17) Employee means the following enumerated persons receiving  
31 compensation from the school district: (a) Teachers, other than

1 substitutes, employed on a written contract basis; (b) administrators  
2 employed on a written contract, agreement, or document basis; and (c)  
3 regular employees;

4 (18) Employer means a school district participating in a retirement  
5 system established pursuant to the Class V School Employees Retirement  
6 Act;

7 (19) Fiscal year means the period beginning September 1 in any year  
8 and ending on August 31 of the next succeeding year;

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

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

15 (22) Member means any employee included in the membership of the  
16 retirement system or any former employee who has made contributions to  
17 the system and has not received a refund;

18 (23) Membership service means service on or after September 1, 1951,  
19 as an employee of the school district and a member of the system for  
20 which compensation is paid by the school district. Credit for more than  
21 one year of membership service shall not be allowed for service rendered  
22 in any fiscal year. Beginning September 1, 2005, a member shall be  
23 credited with a year of membership service for each fiscal year in which  
24 the member performs one thousand or more hours of compensated service as  
25 an employee of the school district. For an employee who becomes a member  
26 prior to July 1, 2018, an hour of compensated service shall include any  
27 hour for which the member is compensated by the school district during  
28 periods when no service is performed due to vacation or approved leave.  
29 For an employee who becomes a member on or after July 1, 2018, an hour of  
30 compensated service shall include any hour for which the member is  
31 compensated by the school district during periods when no service is

1 performed due to used accrued sick days, used accrued vacation days,  
2 federal and state holidays, and jury duty leave for which the member is  
3 paid full compensation by an employer. If a member performs less than one  
4 thousand hours of compensated service during a fiscal year, one-tenth of  
5 a year of membership service shall be credited for each one hundred hours  
6 of compensated service by the member in such fiscal year. In determining  
7 a member's total membership service, all periods of membership service,  
8 including fractional years of membership service in one-tenth-year  
9 increments, shall be aggregated;

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

13 (25) Normal retirement date means the end of the month during which  
14 the member attains age sixty-five and has completed at least five years  
15 of membership service;

16 (26) Participation means qualifying for and making required deposits  
17 to the retirement system during the course of a fiscal year;

18 (27) Primary beneficiary means the person or persons entitled to  
19 receive or receiving a benefit by reason of the death of a member;

20 (28) Prior service means service rendered prior to September 1,  
21 1951, for which credit is allowed under section 79-999, service rendered  
22 by retired employees receiving benefits under preexisting systems, and  
23 service for which credit is allowed under sections 79-990, 79-991,  
24 79-994, 79-995, and 79-997;

25 (29)(a) Regular employee means a person hired on a full-time basis,  
26 which basis shall contemplate a work week of not less than thirty hours,  
27 and who is not (i) a teacher employed on a written contract basis or (ii)  
28 an administrator employed on a written contract, agreement, or document  
29 basis.

30 (b) Effective September 1, 2021, a person hired by an employer or  
31 under contract to provide service for less than thirty hours per week but

1 who provides service for an average of thirty hours or more per week in  
2 each calendar month of any three calendar months of a fiscal year shall,  
3 beginning with the next full payroll period, commence contributions and  
4 shall be deemed a regular employee;

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

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

18 (32) Retirement application means beginning on and after September  
19 1, 2024, the form approved and provided by the retirement system for  
20 acceptance of a member's request for either regular or disability  
21 retirement;

22 (33) Retirement board means the Public Employees Retirement Board  
23 created and acting pursuant to section 84-1501;

24 (34) Retirement date means the date of retirement of a member for  
25 service or disability as fixed by (a) the board for retirements occurring  
26 prior to September 1, 2024, or (b) the retirement board for retirements  
27 occurring on or after September 1, 2024;

28 (35) Retirement system or system means the School Employees'  
29 Retirement System of (corporate name of the school district as described  
30 in section 79-405) as provided for by the act;

31 (36) School district means an employer participating in a retirement

1 system established pursuant to the Class V School Employees Retirement  
2 Act;

3 ~~(37)~~ (36) Secondary beneficiary means the person or persons entitled  
4 to receive or receiving a benefit by reason of the death of all primary  
5 beneficiaries prior to the death of the member. If no primary beneficiary  
6 survives the member, secondary beneficiaries shall be treated in the same  
7 manner as primary beneficiaries;

8 ~~(37) School district means an employer participating in a retirement~~  
9 ~~system established pursuant to the Class V School Employees Retirement~~  
10 ~~Act;~~

11 (38) Solvency means the rate of all contributions required pursuant  
12 to the Class V School Employees Retirement Act is equal to or greater  
13 than the actuarially required contribution rate as annotated in the most  
14 recent valuation report prepared by the actuary retained for the  
15 retirement system as provided in section 79-984;

16 (39) State investment officer means the person appointed by the  
17 council pursuant to section 72-1240 and acting pursuant to the Nebraska  
18 State Funds Investment Act;

19 (40) Substitute employee means a person hired by an employer as a  
20 temporary employee to assume the duties of an employee due to a temporary  
21 absence of any employee. Substitute employee does not mean a person hired  
22 as an employee on an ongoing basis to assume the duties of other  
23 employees who are temporarily absent;

24 (41) Temporary employee means a person hired by an employer who is  
25 not an employee and who is hired to provide service for a limited period  
26 of time to accomplish a specific purpose or task. When such specific  
27 purpose or task is complete, the employment of such temporary employee  
28 shall terminate and in no case shall the temporary employment period  
29 exceed one year in duration;

30 ~~(42)(a)~~ ~~(41)(a)~~ Termination of employment occurs on the date on  
31 which the member experiences a bona fide separation from service of

1 employment with the member's employer, the date of which separation is  
2 determined by the end of the member's contractual agreement or, if there  
3 is no contract or only partial fulfillment of a contract, by an employer.  
4 A member shall not be deemed to have terminated employment if the member  
5 subsequently provides service to an employer within one hundred eighty  
6 days after ceasing employment unless such service is:

7 (i) Bona fide unpaid voluntary service;

8 (ii) Substitute service provided on an intermittent basis. For  
9 purposes of this subdivision, (A) intermittent basis means service  
10 provided on a day-to-day basis that is not greater than eight days of  
11 service during a calendar month and (B) day of service means any length  
12 of substitute service provided during a single calendar day; or

13 (iii) Temporary service following a bona fide separation of service  
14 of not less than thirty calendar days and which is provided to accomplish  
15 a specific purpose or task for a limited period not to exceed one year.

16 (b) A member shall not be deemed to have terminated employment if  
17 the board determines that, based on the facts and circumstances, (i) a  
18 claimed termination was not a bona fide separation from service with the  
19 employer or (ii) a member was compensated for a full contractual period  
20 when the member terminated prior to the end date of the member's  
21 employment as determined by the member's contract or labor agreement.

22 (c) Nothing in this subdivision precludes an employer from adopting  
23 a policy which limits or denies employees who have terminated employment  
24 from providing voluntary or substitute service within one hundred eighty  
25 days after termination;

26 ~~(42) Temporary employee means a person hired by an employer who is~~  
27 ~~not an employee and who is hired to provide service for a limited period~~  
28 ~~of time to accomplish a specific purpose or task. When such specific~~  
29 ~~purpose or task is complete, the employment of such temporary employee~~  
30 ~~shall terminate and in no case shall the temporary employment period~~  
31 ~~exceed one year in duration;~~

1 (43) Transfer of management means the transition and transfer of the  
2 general management, administration, and operation of the retirement  
3 system from the board of trustees, board of education, and school  
4 district to the retirement board as described in the Class V School  
5 Employees Retirement Act. Transfer of management does not include:

6 (a) Transfer of the school district's funding obligations described  
7 in the Class V School Employees Retirement Act or assumption of financial  
8 liability for such funding obligations by (i) the State of Nebraska, (ii)  
9 the retirement board, (iii) the Nebraska Public Employees Retirement  
10 Systems, (iv) any other state entity with duties related to  
11 administration of the retirement system, or (v) the council for its  
12 investment duties regarding the assets of the retirement system; or

13 (b) Merger or consolidation of any Class V school employees  
14 retirement system established under the Class V School Employees  
15 Retirement Act with the School Employees Retirement System of the State  
16 of Nebraska or any other retirement system administered by the retirement  
17 board;

18 (44) Trustee means a trustee provided for in section 79-980; and

19 (45) Voluntary service or volunteer means providing bona fide unpaid  
20 service to an employer.

21 Sec. 8. Section 79-992.01, Revised Statutes Supplement, 2021, is  
22 amended to read:

23 79-992.01 (1) An employer participating in a retirement system  
24 established pursuant to the Class V School Employees Retirement Act  
25 shall:

26 (a) ~~(a)(i)~~ Until September 1, 2024, notify the administrator and the  
27 board of trustees in writing of the date upon which a termination of  
28 employment has occurred and provide the administrator and the board of  
29 trustees with such information as the board of trustees deems necessary;  
30 and

31 (b) ~~(ii)~~ Beginning September 1, 2024, notify the retirement board in

1 writing of the date upon which a termination of employment has occurred  
2 and provide the administrator and the board with such information as the  
3 administrator and the board deem necessary. ÷

4 ~~(b)(i) Until September 1, 2024, notify the administrator and the~~  
5 ~~board of trustees in writing whether or not a member accepted and~~  
6 ~~received an early retirement inducement; and~~

7 ~~(ii) Beginning September 1, 2024, notify the retirement board in~~  
8 ~~writing whether or not a member accepted and received an early retirement~~  
9 ~~inducement; and~~

10 ~~(c) Submit in writing with the notice of termination of employment~~  
11 ~~and notice of receipt of an early retirement inducement a completed~~  
12 ~~certification by an employer and member under penalty of prosecution~~  
13 ~~pursuant to section 79-992.02 that, prior to the member's termination,~~  
14 ~~there was no prearranged written or verbal agreement for the member to~~  
15 ~~return to service in any capacity with the same employer.~~

16 ~~(2) The member shall submit (a) to the administrator and the board~~  
17 ~~of trustees until September 1, 2024, and (b) to the retirement board~~  
18 ~~beginning September 1, 2024, upon the member's termination, under penalty~~  
19 ~~of prosecution pursuant to section 79-992.02, completed certification on~~  
20 ~~forms prescribed by the administrator and the board of trustees or the~~  
21 ~~retirement board, as applicable, stating whether or not the member~~  
22 ~~accepted and received an early retirement inducement from his or her~~  
23 ~~employer.~~

24 ~~(2) (3) Until September 1, 2024, and except as provided in section~~  
25 ~~79-981, the board of trustees, and, beginning September 1, 2024, the~~  
26 ~~retirement board, may adopt and promulgate rules and regulations and~~  
27 ~~prescribe forms as the board of trustees or the retirement board, as~~  
28 ~~applicable, determines appropriate in order to carry out this section and~~  
29 ~~to ensure full disclosure and reporting by an employer and member in~~  
30 ~~order to minimize fraud and abuse and the filing of false or fraudulent~~  
31 ~~claim or benefit applications.~~

- 1
2. Renumber the remaining sections and correct the repealer
- 2 accordingly.