LEGISLATIVE BILL 147

Introduced by Kolterman, 24.

Read first time January 08, 2021

Committee: Nebraska Retirement Systems

1 A BILL FOR AN ACT relating to retirement; to amend section 72-1249.02,
2 Reissue Revised Statutes of Nebraska, and sections 79-978,
3 79-978.01, 79-980, 79-981, 79-982, 79-982.01, 79-982.02, 79-983,
5 79-992.02, 79-998, 79-9,102, 79-9,103, 79-9,105, 79-9,107, 79-9,108,
6 79-9,113, 79-9,115, 79-9,117, 79-9,122, 79-9,123, 84-712.05,
7 84-1501, and 84-1503, Revised Statutes Cumulative Supplement, 2020;
8 to change provisions relating to treatment of charges under the
9 Nebraska State Funds Investment Act; to define and redefine terms;
10 to change provisions relating to duties and responsibilities of the
11 board of trustees and board of education; to provide duties and
12 responsibilities for the Public Employees Retirement Board, the
13 director of the Nebraska Public Employees Retirement Systems, and
14 the State Treasurer; to change the appointment of the administrator,
15 the actuary, and the legal advisor; to change work billing and
16 payment provisions; to provide for the transfer and transition of
17 the management and administration of the retirement system as
18 prescribed under the Class V School Employees Retirement Act; to
19 provide for indemnity and liability; to change provisions relating
20 to the use and operation of the Class V School Employees Retirement
21 Fund; to change provisions relating to the Class V School Employees
22 Retirement System Management Work Plan Fund, records which may be
23 withheld from the public, and membership and terms on the Public
Employees Retirement Board; to eliminate obsolete provisions; to harmonize provisions; to provide severability; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,
Section 1. Section 72-1249.02, Reissue Revised Statutes of Nebraska, is amended to read:

72-1249.02 The State Investment Officer's Cash Fund is created. A pro rata share of the budget appropriated for the council shall be charged to the income of each fund managed, and such charges shall be transferred to the State Investment Officer's Cash Fund. The allocation of charges may be made by any method determined to be reasonably related to actual costs incurred by the council. Approval of the agencies and boards administering these funds shall not be required.

It is the intent of this section to have funds managed by the state investment officer pay a pro rata share of the investment management expense when this is not prohibited by statute or the constitution.

Management, custodial, and service costs which are a direct expense of state funds may be paid from the income of such funds when this is not prohibited by statute or the Constitution of Nebraska. For purposes of this section, management, custodial, and service costs shall include, but not be limited to, investment counsel fees for managing assets, real estate mortgage loan service fees, real estate management fees, and custody fees for fund securities. All such fees shall be approved by the council and the state investment officer.

Beginning on March 31, 2016, a pro rata share of the budget appropriated for the council shall be charged to the income of the Class V School Employees Retirement Fund, and such charges shall be transferred to the State Investment Officer's Cash Fund. The allocation of charges among a retirement system provided for under the Class V School Employees Retirement Act and the other funds managed by the council may be made by any method determined to be reasonably related to actual costs incurred by the council. Approval of the board of education, the board of trustees, or the retirement board as defined in section 79-978 and the board of trustees provided for in section 79-980 shall not be required.

Sec. 2. Section 79-978, Revised Statutes Cumulative Supplement,
2020, is amended to read:

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

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

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

(3) Actuarial tables means:

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

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

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

(b) For joint and survivorship annuities:

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

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

(4) Administrator of the retirement system or administrator means the person administering the retirement system who is (a) until September 1, 2024, appointed by the board of trustees or (b) beginning on and after September 1, 2024, appointed by the retirement board pursuant to section 84-1503;
(5) **Annuitant** means any member receiving an allowance;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(29) (27) Retirement date means the date of retirement of a member for service or disability as fixed by (a) the board of trustees described in section 79-980 for retirements occurring on or before August 31, 2024, or (b) the retirement board for retirements occurring on or after September 1, 2024;

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

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

(32) School district means the employer participating in a
retirement system established pursuant to the Class V School Employees Retirement Act;

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

(34) (31) State investment officer means the state investment officer appointed pursuant to section 72-1240 and acting pursuant to the Nebraska State Funds Investment Act;

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

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

(37) Transfer of management means the transition and transfer of the general management, administration, and operations from the board of trustees, board of education, and school district to the retirement board as described in the Class V School Employees Retirement Act. Transfer of management does not include:

(a) Assumption of financial liability by the State of Nebraska, the retirement board, or the Nebraska Public Employees Retirement Systems for any of the funding obligations as described in section 11 of this act; and

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

(38) (34) Trustee means a trustee provided for in section 79-980; and

(39) (35) Voluntary service or volunteer means providing bona fide unpaid service to an employer.

Sec. 3. Section 79-978.01, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-978.01 Sections 79-978 to 79-9,123 and sections 10 and 11 of this act shall be known and may be cited as the Class V School Employees Retirement Act.

Sec. 4. Section 79-980, Revised StatutesCumulative Supplement, 2020, is amended to read:

79-980 (1) At any time that the retirement system consists of only one Class V school district, the general administration of the retirement system is hereby vested in the board of trustees until September 1, 2024. Beginning July 1, 2016, the board of trustees shall consist of the following individuals: (a) Two members of the retirement system who are certificated staff elected by the members of the retirement system who are certificated staff; (b) one member of the retirement system who is classified staff elected by the members of the retirement system who are classified staff; (c) one member of the retirement system who is an annuitant elected by the members of the retirement system who are annuitants; (d) the superintendent of schools or his or her designee to serve as a voting, ex officio trustee; and (e) two business persons approved by the board of education qualified in financial affairs who are not members of the retirement system. Except as provided by subsection (2) of this section, the business person trustees shall be recommended to four-year terms by the trustees who are not business
persons, and the appointments shall be approved by the board of education. Except as provided by subsection (2) of this section, the elections of the trustees who are members of the retirement system shall be arranged for, managed, and conducted by the board of trustees and, after the initial terms as otherwise designated, shall be for terms of four years. One certificated staff trustee serving on July 1, 2016, will continue serving until an elected certificated staff trustee will take position effective July 1, 2017; the second certificated staff trustee serving on July 1, 2016, will continue serving until a second elected certificated staff trustee will take position July 1, 2018; the classified staff trustee serving on July 1, 2016, will continue serving until an elected classified staff trustee will take position July 1, 2019; the annuitant member trustee serving on July 1, 2016, will continue serving until an elected annuitant member trustee will take position July 1, 2020; one business member trustee serving on July 1, 2016, will continue serving until a new term of office begins effective July 1, 2018; and the second business member trustee serving on July 1, 2016, will continue serving until a new term of office begins effective July 1, 2020. The terms of the elected trustees shall be fixed so that one member trustee election shall be held each year. The board of trustees shall appoint a qualified individual to fill any vacancy on the board of trustees for the remainder of the unexpired term. No vacancy or vacancies on the board of trustees shall impair the power of the remaining trustees to administer the retirement system pending the filling of such vacancy or vacancies. The trustees shall serve without compensation, but shall be reimbursed from the funds of the retirement system for expenses that they may incur through service on the board of trustees as provided in sections 81-1174 to 81-1177. A trustee shall serve until a successor qualifies, except that a trustee who is a member of the retirement system shall be disqualified as a trustee immediately upon ceasing to be a member of the retirement system. Each trustee shall be entitled to one
vote on the board of trustees, and four trustees shall constitute a quorum for the transaction of any business.

(2) Effective September 1, 2024, the board of trustees described in subsection (1) of this section shall terminate and the retirement board shall assume administration of the retirement system, except for the investment of the funds. Until September 1, 2024, the board of trustees, and beginning September 1, 2024, the retirement board, and the administrator of the retirement system shall administer the retirement system in compliance with the tax-qualification requirements applicable to government retirement plans under section 401(a) of the Internal Revenue Code, as defined in section 49-801.01, including: Section 401(a)(9) of the Internal Revenue Code relating to the time and manner in which benefits are required to be distributed, including the incidental death benefit distribution requirement of section 401(a)(9)(G) of the Internal Revenue Code; section 401(a)(25) of the Internal Revenue Code relating to the specification of actuarial assumptions; section 401(a)(31) of the Internal Revenue Code relating to direct rollover distributions from eligible retirement plans; and section 401(a)(37) of the Internal Revenue Code relating to the death benefit of a member whose death occurs while performing qualified military service. No member of the board of education, or board of trustees, or retirement board shall be personally liable, except in cases of willful dishonesty, gross negligence, or intentional violations of law, for actions relating to his or her retirement system duties. Beginning July 1, 2016, the board of education shall not have any duty or responsibility for the general administration of the retirement system, including the determination and calculation of the benefits of any member or beneficiary, except as may specifically be provided in the Class V School Employees Retirement Act.

(3) At any time that the retirement system consists of more than one Class V school district, the general administration of the retirement system is hereby vested in the board of trustees until September 1, 2024.
The board of trustees shall consist of the following individuals: (a) Two members of the retirement system who are certificated staff elected by the members of the retirement system who are certificated staff; (b) one member of the retirement system who is classified staff elected by the members of the retirement system who are classified staff; (c) one member of the retirement system who is an annuitant elected by the members of the retirement system who are annuitants; (d) the superintendent of each of the school districts represented in the retirement system or his or her designee to serve as a voting, ex officio trustee; and (e) two business persons approved by the board of education qualified in financial affairs who are not members of the retirement system. Except as provided by subsection (4) of this section, the elections of the trustees who are members of the retirement system shall be arranged for, managed, and conducted by the board of trustees and, after the initial terms as otherwise designated, shall be for terms of four years. Except as provided by subsection (4) of this section, the business person trustees shall be recommended to four-year terms by the trustees who are not business persons, and the appointments shall be approved by the board of education. The board of trustees shall appoint a qualified individual to fill any vacancy on the board of trustees for the remainder of the unexpired term. No vacancy or vacancies on the board of trustees shall impair the power of the remaining trustees to administer the retirement system pending the filling of such vacancy or vacancies. The trustees shall serve without compensation, but shall be reimbursed from the funds of the retirement system for expenses that they may incur through service on the board of trustees as provided in sections 81-1174 to 81-1177. A trustee shall serve until a successor qualifies, except that a trustee who is a member of the retirement system shall be disqualified as a trustee immediately upon ceasing to be a member of the retirement system. Each trustee shall be entitled to one vote on the board of trustees, and four trustees shall constitute a quorum for the transaction of any
business.

(4) Effective September 1, 2024, the board of trustees described in subsection (3) of this section shall terminate and the retirement board shall assume administration of the retirement system, except for investment of the funds. Until September 1, 2024, the board of trustees, and beginning September 1, 2024, the retirement board, and the administrator of the retirement system shall administer the retirement system in compliance with the tax-qualification requirements applicable to government retirement plans under section 401(a) of the Internal Revenue Code, as defined in section 49-801.01, including: Section 401(a)(9) of the Internal Revenue Code relating to the time and manner in which benefits are required to be distributed, including the incidental death benefit distribution requirement of section 401(a)(9)(G) of the Internal Revenue Code; section 401(a)(25) of the Internal Revenue Code relating to the specification of actuarial assumptions; section 401(a)(31) of the Internal Revenue Code relating to direct rollover distributions from eligible retirement plans; and section 401(a)(37) of the Internal Revenue Code relating to the death benefit of a member whose death occurs while performing qualified military service. No member of the board of education, or board of trustees, or retirement board shall be personally liable, except in cases of willful dishonesty, gross negligence, or intentional violations of law, for actions relating to his or her retirement system duties. The board of education shall not have any duty or responsibility for the general administration of the retirement system, including the determination and calculation of the benefits of any member or beneficiary, except as may specifically be provided in the Class V School Employees Retirement Act.

(5) Effective September 1, 2024, the retirement board shall have the duties and authorities provided to the retirement board in section 84-1503 for the administration of the retirement system, and its administrative duties shall be performed by the Nebraska Public Employees
Retirement Systems under the direction of the retirement board.

Sec. 5. Section 79-981, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-981 (1) Until September 1, 2024:

(a) The board of trustees shall from time to time establish rules and regulations for the administration of the retirement system and for the transaction of its business and shall appoint an administrator of the retirement system.

(b) The board of trustees may contract for such medical and other services as shall be required to transact the business of the retirement system.

(c) Beginning on March 31, 2016, neither the board of education nor the board of trustees shall establish any further rules or regulations related to the investment of the assets of the retirement system without first consulting with the state investment officer. Beginning January 1, 2017, all rules and regulations adopted and promulgated under this section related to the investment of assets of the retirement system terminate.

(d) Compensation for all persons employed by the board of trustees and all other expenses of the board of trustees necessary for the proper and efficient operation of the retirement system shall be paid in such amounts as the board of trustees determines and approves. Beginning January 1, 2017, all expenses related to the investment of the assets of the retirement system shall be paid in such amounts as the state investment officer determines and approves.

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

(2) Beginning September 1, 2024, the retirement board shall:
(a) Administer the retirement system pursuant to its duties in
section 84-1503 and the provisions of the Class V School Employees
Retirement Act;
(b) Maintain a separate account of each member's retirement account
information as indicated in section 79-989, which shall be available to
the member;
(c) Compile such data as may be necessary for the required actuarial
valuation;
(d) Consider and pass on all applications for annuities or other
benefits;
(e) Have examinations made when advisable of persons receiving
disability benefits; and
(f) Direct and determine all policies necessary in the
administration of the Class V School Employees Retirement Act.

(3) Beginning January 1, 2017, all expenses related to the
investment of the assets of the retirement system shall be paid in such
amounts as the state investment officer determines and approves.

Sec. 6. Section 79-982, Revised Statutes Cumulative Supplement,
2020, is amended to read:
79-982 (1) Until September 1, 2024, the board of trustees shall
(a) (1) hold regular meetings annually and such special meetings at such
times as may be deemed necessary, which meetings shall be open to the
public, (b) (2) keep a record of all the proceedings of such meetings,
(c) (3) prior to January 1, 2017, and subject to the approval of the
board of education, invest all cash income not required for current
payments in securities of the type provided in section 79-9,107 and so
reinvest the proceeds from the sale or redemption of investments, and (d)
(4) supervise the affairs of the retirement system related to the
administration of benefits and approve any changes in the administration
of the retirement system essential to the actuarial requirements of the
retirement system.

(2) Effective September 1, 2024, the board of trustees shall not
have any duty or responsibility for the general administration of the
retirement system, and the board of trustees and the terms of the members
shall terminate.

Sec. 7. Section 79-982.01, Revised Statutes Cumulative Supplement,
2020, is amended to read:

79-982.01 (1) Until September 1, 2024, the The members of the board
of trustees shall have the responsibility for the administration of the
retirement system pursuant to section 79-982, shall be deemed fiduciaries
with respect to the administration of the retirement system, and shall be
held to the standard of conduct of a fiduciary specified in subsection
(2) of this section. Beginning September 1, 2024, the retirement board
shall have the responsibility for the administration of the retirement
system, shall be deemed fiduciaries with respect to the administration of
the retirement system, and shall be held to the standard of conduct of a
fiduciary specified in subsection (2) of this section.

(2) As fiduciaries, the members of the board of trustees or
retirement board shall discharge their duties with respect to the
retirement system solely in the interests of the members and
beneficiaries of the retirement system for the exclusive purposes of
providing benefits to members and members' beneficiaries and defraying
reasonable expenses incurred within the limitations and according to the
powers, duties, and purposes prescribed by law at the time such duties
are discharged. The members of the board of trustees or retirement board
shall not have a duty in their official capacity to seek the enhancement
of plan benefits through the legislative process if such benefits are not already contained within the plan documents. The members of the board of trustees or retirement board shall act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Sec. 8. Section 79-982.02, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-982.02 (1) Beginning January 1, 2017, the board of trustees, the board of education, and the retirement board shall not have the duty or authority to invest the assets of the retirement system, and the council and the state investment officer shall have the duty and authority to invest such assets in accordance with the Nebraska State Funds Investment Act. Until September 1, 2024, the board of trustees, and beginning September 1, 2024, the retirement board, shall be responsible for administering the noninvestment affairs of the retirement system, including the payment of plan benefits and management of the actuarial requirements of the retirement system.

(2) On or before July 1, 2016, the board of trustees, or its designee, and the state investment officer shall enter into a plan for the transition of the investment authority from the board of trustees to the council. The plan shall include, but not be limited to, the following items:

(a) The board of trustees shall provide to the state investment officer by July 1, 2016, an accounting of the assets in the retirement system and a detailed description of the investments;

(b) The board of trustees shall provide to the state investment officer by July 1, 2016, a list containing the name, mailing address, telephone number, and email address of all managers, advisers, and custodians who are providing services related to the assets of the retirement system;
(c) The board of trustees shall provide to the state investment officer by July 1, 2016, a copy of all agreements and instruments related to the investment, management, and custody of the assets;

(d) The board of trustees shall assign investment authority and responsibility for investment-related agreements and instruments to the council by January 1, 2017, as determined by the state investment officer in his or her sole discretion;

(e) The board of trustees shall provide to the state investment officer by July 1, 2016, a copy of the most recent asset liability study, and in its sole discretion, the council may require the preparation of an updated asset liability study;

(f) The board of trustees shall provide to the state investment officer by July 1, 2016, a copy of the most recent actuarial valuation and audited certified annual financial report of the plan; and

(g) The state investment officer and the board of trustees shall identify items that will need to be addressed prior to the transition of investment authority on January 1, 2017.

(3) All costs, fees, and expenses incurred after March 31, 2016, related to the transition of the investment authority on January 1, 2017, from the board of trustees and the board of education to the council and the state investment officer shall be paid from the assets of a retirement system provided for under the Class V School Employees Retirement Act and to the extent such costs, fees, and expenses are incurred by the council or the state investment officer, they shall be paid in accordance with sections 72-1249 and 72-1249.02.

(4) The state investment officer shall provide a quarterly report to the board of trustees until September 1, 2024, and beginning September 1, 2024, to the retirement board regarding the assets of the retirement system and related costs, fees, and expenses.

Sec. 9. Section 79-983, Revised Statutes Cumulative Supplement, 2020, is amended to read:
Until September 1, 2024, the administrator of the retirement system shall be appointed by the board of trustees, and approved by the board of education, and serve at the pleasure of the board of trustees. Beginning September 1, 2024, the administrator shall be the director of the Nebraska Public Employees Retirement Systems.

The administrator appointed by the board of trustees shall hire, dismiss, and otherwise supervise the other staff of the retirement system, shall keep the minutes and records of the retirement system, shall be the executive officer in charge of the administration of the detailed affairs of the retirement system, and shall perform such other duties as may be assigned by the board of trustees.

The administrator appointed by the board of trustees and retirement system staff shall be employees of the Class V school district, with compensation and the benefits as available to school district employees determined by the board of trustees.

Until September 1, 2024, the retirement system shall reimburse the Class V school district for all employee costs of salary, employment taxes, and benefits provided to the administrator appointed by the board of trustees and retirement system staff.

The administrator appointed by the board of trustees shall serve as a nonvoting, ex officio member of the council until September 1, 2024, and shall not be deemed a fiduciary of the council.

Effective September 1, 2024, the position of the administrator appointed by the board of trustees and all retirement system staff positions shall terminate. The administrator duties shall be assumed by the director of the Nebraska Public Employees Retirement Systems.

No later than xxxx, 2022, the board of trustees or its designee, the school district or its designee, the board of education or its designee, and the retirement board shall enter into a plan for the
transition and transfer of the management and general administration from
the board of trustees, the school district, and board of education to the
retirement board. The plan shall be consistent with the applicable
requirements and recommendations of the work plan submitted to the Clerk
of the Legislature as required by section 79-9,121 and any other duties
or obligations related to such transfer as described in the Class V
School Employees Retirement Act.

(2) The board of trustees, the school district, and board of
education shall timely provide to the retirement board, including, but
not limited to, all records, documents, member and annuitant data,
agreements, accounting and recordkeeping systems, information technology,
and other information related to the administration of the retirement
system as may be necessary or appropriate for the performance and
completion of the work plan required by section 79-9,121, the plan
described in subsection (1) of this section, and any other duties and
obligations related to the transition and transfer of management and
general administration of the retirement system requested by the director
of the Nebraska Public Employees Retirement Systems appointed pursuant to
section 84-1503.

(3)(a) All costs, fees, and expenses incurred by the retirement
board on or after the effective date of this act until September 1, 2026,
related to the transfer and transition of the management and general
administration of the retirement system to the retirement board shall be
paid by the employer of the retirement system.

(b) The retirement board may bill the employer of the retirement
system quarterly for all work performed by the retirement board for
services and related expenses in completing and performing such work. The
employer shall remit payment as provided in section 79-9,122 within
forty-five calendar days after receipt of each such bill.

(4) No later than September 1, 2024, the retirement board or its
designee shall complete and perform the applicable requirements and
recommendations consistent with the work plan for the transfer and
transition of the management and general administration of the retirement
system to the retirement board that was submitted to the Clerk of the
Legislature as required by section 79-9,121. The retirement board is
authorized to perform such tasks, enter into contracts for services,
access and copy administrative and computer systems and records of the
retirement system, and generally perform and take all other action it
determines necessary or appropriate to transfer the management and
general administration of the retirement system to the retirement board.

(5) Beginning September 1, 2024, the school district and board of
education shall not have any duty or authority for management,
operations, or general administration of the retirement system. On and
after such date, the retirement board, acting through the director of the
Nebraska Public Employees Retirement Systems, shall have the duty and
authority for the general administration of the retirement system.

Sec. 11. (1) Beginning September 1, 2024, the State of Nebraska,
the retirement board, the Nebraska Public Employees Retirement Systems,
and their respective officers, members, employees, and agents shall be
indemnified and held harmless by the school district from any and all
liabilities, claims, suits, losses, damages, and costs that arise from,
or are reasonably related to, the conduct, decisions, actions, inactions,
or omissions of the board of trustees, the board of education, or the
school district or any consequences arising thereof during the course of
performing their respective duties and responsibilities for, or actions
or services related to or in support of, the retirement system under the
Class V School Employees Retirement Act until September 1, 2024.

(2) During the period of transition and transfer of the general
management of the retirement system to the retirement board, and on and
after September 1, 2024, the school district of a retirement system
described under the Class V School Employees Retirement Act remains
solely financially liable for all funding obligations and
responsibilities under the act.

(3) During the period of transition and transfer of the management of the retirement system to the retirement board, the State of Nebraska, the Nebraska Public Employees Retirement Systems, and the retirement board are not financially liable for any funding or financial obligations of the Class V School Employees Retirement System.

(4) Beginning on and after September 1, 2024, the State of Nebraska, the Nebraska Public Employees Retirement Systems, and the retirement board are not financially liable for any funding or financial obligations of the Class V School Employees Retirement System, including, but not limited to, any funding obligations:

(a) Under the Class V School Employees Retirement Act or pursuant to any funding policies or rules or regulations adopted and promulgated by the board of trustees, the school district, or the board of education of the school district; and

(b) As a result of any policies or rules or regulations adopted and promulgated by the retirement board to administer and carry out the requirements of the Class V School Employees Retirement Act, on or after September 1, 2024, including, but not limited to, retirement board approval of actuarial recommendations made by the actuary which may increase the school district's contribution under the solvency requirement in section 79-9,113.

(5) The retirement board shall not be liable for acts or omissions prior to September 1, 2024, in the administration of the Class V School Employees Retirement Act made at the direction of or by the board of trustees or its employees, the school district or its employees, or the board of education.

(6) A member of the board of education, board of trustees, or retirement board shall not be personally liable for actions related to such board member's retirement duties except in cases of willful dishonesty, gross negligence, or intentional violations of law.
(7) Except as provided in this section, the school district or districts shall not be liable for acts or omissions in the administration of the Class V School Employees Retirement Act made at the direction of the retirement board or the administrator of the Nebraska Public Employees Retirement Systems or its employees on and after September 1, 2024.

Sec. 12. Section 79-984, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-984 Until September 1, 2024, the board of trustees, with the approval of the board of education, shall contract for the services of an actuary who shall be the technical advisor of the board of trustees on matters regarding the operation of the retirement system. Beginning September 1, 2024, the retirement board shall select and appoint the actuary for the retirement system pursuant to section 84-1503. The selection of the actuary shall be approved by the board of education. The actuary shall (1) make a general investigation of the operation of the retirement system annually, which investigation shall cover mortality, retirement, disability, employment, turnover, interest, and earnable compensation, and (2) recommend tables to be used for all required actuarial calculations. The actuary shall perform such other duties as may be assigned by the board of trustees or the retirement board.

Sec. 13. Section 79-985, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-985 The board of trustees may contract for the services of a legal advisor to the board of trustees until September 1, 2024. Beginning September 1, 2024, the attorney hired by the retirement board pursuant to section 84-1503 shall also advise such board regarding the administration of the retirement system.

Sec. 14. Section 79-989, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-989 (1) Until September 1, 2024, the board of education shall
have available records showing the name, address, title, social security
number, beneficiary records, annual compensation, sex, date of birth,
length of creditable and noncreditable service in hours, standard hours,
and contract days, bargaining unit, and annual contributions of each
employee entitled to membership in the retirement system and such other
information as may be reasonably requested by the board of trustees
regarding such member as may be necessary for actuarial study and
valuation and the administration of the retirement system. This
information shall be available in a timely manner to the board of
trustees upon request.

(2) Beginning September 1, 2024:

(a)(i) The administrator of the retirement system shall keep a
complete record of all members with respect to name, current address,
age, contributions, and any other facts and information as may be
necessary in the administration of the Class V School Employees
Retirement Act. The information in the records shall be provided by the
employer in an accurate and verifiable form, as specified by the
administrator; and

(ii) The administrator shall, from time to time, carry out testing
procedures pursuant to section 84-1512 to verify the accuracy of such
facts and information. For the purpose of obtaining such facts and
information, the administrator shall have access to the records of the
employer and the holder of the records shall comply with a request by the
administrator for access by providing such facts and information to the
administrator in a timely manner. A certified copy of a birth certificate
or delayed birth certificate shall be prima facie evidence of the age of
the person named in the certificate.

(b) The administrator shall develop and implement an employer
education program using principles generally accepted by public employee
retirement systems so the employer has the knowledge and information
necessary to prepare and file reports as the retirement board requires.
The information maintained by the board of education and obtained by the board of trustees or information maintained by the retirement board for the administration of the retirement system pursuant to this section shall not be considered public records subject to sections 84-712 to 84-712.09, except that the following information shall be considered public records: The member's name, the date the member's participation in the retirement system commenced, and the date the member's participation in the retirement system ended, if applicable.

Sec. 15. Section 79-990, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-990 (1) Any member who is eligible for reemployment on or after December 12, 1994, pursuant to 38 U.S.C. 4301 et seq., as adopted under section 55-161, or who is eligible for reemployment under section 55-160 may pay to the retirement system after the date of his or her return from active military service, and within the period required by law, not to exceed five years, an amount equal to the sum of all deductions which would have been made from the salary which he or she would have received during the period of military service for which creditable service is desired. If such payment is made, the member shall be entitled to credit for membership service in determining his or her annuity for the period for which contributions have been made and the board of education shall be responsible for any funding necessary to provide for the benefit which is attributable to this increase in the member's creditable service. The member's payments shall be paid as the board of trustees may direct until September 1, 2024, and as the retirement board may direct beginning September 1, 2024, through direct payments to the retirement system or on an installment basis pursuant to a binding irrevocable payroll deduction authorization between the member and the school district. Creditable service may be purchased only in one-tenth-year increments, starting with the most recent years' salary.

(2) Under such rules and regulations as the board of trustees may
prescribe until September 1, 2024, and as the retirement board may direct
beginning September 1, 2024, any member who was away from his or her
position while on a leave of absence from such position authorized by the
board of education of the school district by which he or she was employed
at the time of such leave of absence or pursuant to any contractual
agreement entered into by such school district may receive credit for any
or all time he or she was on leave of absence. Such time shall be
included in creditable service when determining eligibility for death,
disability, termination, and retirement benefits. The member who receives
the credit shall earn benefits during the leave based on salary at the
level received immediately prior to the leave of absence. Such credit
shall be received if such member pays into the retirement system (a) an
amount equal to the sum of the deductions from his or her salary for the
portion of the leave for which creditable service is desired, (b) any
contribution which the school district would have been required to make
for the portion of the leave for which creditable service is desired had
he or she continued to receive salary at the level received immediately
prior to the leave of absence, and (c) interest on these combined
payments from the date such deductions would have been made to the date
of repayment determined by using the rate of interest for interest on
such purchases of service credit. Such amounts shall be paid as the board
of trustees may direct until September 1, 2024, and as the retirement
board may direct beginning September 1, 2024, through direct payments to
the retirement system or on an installment basis pursuant to a binding
irrevocable payroll deduction authorization between the member and the
school district over a period not to exceed five years from the date of
the termination of his or her leave of absence. Interest on any delayed
payment shall be at the rate of interest for determining interest on
delayed payments by members to the retirement system. Creditable service
may be purchased only in one-tenth-year increments, starting with the
most recent years' salary, and if payments are made on an installment
basis, creditable service will be credited only as payment has been made
to the retirement system to purchase each additional one-tenth-year
increment. Leave of absence shall be construed to include, but not be
limited to, sabbaticals, maternity leave, exchange teaching programs,
full-time leave as an elected official of a professional association or
collective-bargaining unit, or leave of absence to pursue further
education or study. A leave of absence granted pursuant to this section
shall not exceed four years in length, and in order to receive credit for
the leave of absence, the member must have returned to employment with
the school district within one year after termination of the leave of
absence.

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

Sec. 16. Section 79-991, Revised Statutes Cumulative Supplement,
2020, is amended to read:

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

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

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

(c) Payments by the member for the purchase of the prior service credit shall be paid as the board of trustees may direct until September 1, 2024, and as the retirement board may direct beginning September 1, 2024, through direct payments to the retirement system or on an installment basis pursuant to a binding irrevocable payroll deduction authorization between the member and the school district over a period not to exceed five years from the date of membership. Interest on delayed payments shall be at the rate of interest for determining interest on delayed payments by members to the retirement system. In the event the member terminates employment with the school district for any reason before full payment for the prior service has been made, the remaining installments shall be immediately due and payable to the retirement system. Prior service credit may be purchased only in one-tenth-year increments, and if payments are made on an installment basis, the prior service will be credited only as payment has been made to the retirement system. If the prior service to be purchased by the member exceeds the member's membership service at the time of application or any subsequent date, such excess prior service shall be credited to the member only as the member completes and is credited additional membership service, in one-tenth-year increments, notwithstanding the member's payment for such prior service credit. If the member retires or terminates employment before completing sufficient membership service to permit all of the excess prior service that has been purchased by the member to be credited to such member, the retirement system shall refund to the member, or to the member's beneficiary if the member's termination is due to his or her death, the payments that have been made to the retirement system for such uncredited prior service, together with regular interest on such refund;
(d) The school district shall contribute to the retirement system an amount equal to the amount paid by each member for the purchase of prior service credit at the time such payments are made by such member.

(2) Any employee who became a member before July 1, 2014, and who has five or more years of creditable service and any employee who became a member for the first time on or after July 1, 2014, and who has ten or more years of creditable service, excluding in either case years of prior service acquired pursuant to section 79-990, 79-994, 79-995, or 79-997, or subsection (1) of this section, may elect to purchase up to a total of five years of additional creditable service under the retirement system, and upon such purchase the member shall be given the same status as though he or she had been a member of the retirement system for such additional number of years, except as otherwise specifically provided in the Class V School Employees Retirement Act. Creditable service may be purchased only in one-tenth-year increments. The amount to be paid to the retirement system for such creditable service shall be equal to the actuarial cost to the retirement system of the increased benefits attributable to such additional creditable service as determined by the retirement system's actuary at the time of the purchase pursuant to actuarial assumptions and methods adopted for this purpose by the board of trustees until September 1, 2024, and as adopted by the retirement board beginning September 1, 2024 for this purpose. The election to purchase additional creditable service may be made at any time before the member's termination of employment, and all payments for the purchase of such creditable service must be completed within five years after the election or before the member's termination or retirement, whichever event occurs first. Payment shall be made as the board of trustees may direct until September 1, 2024, and as the retirement board may direct beginning September 1, 2024, through a single payment to the retirement system, on an installment basis, including payments pursuant to a binding
irrevocable payroll deduction authorization between the member and the school district, or by such other method approved by the board of trustees or the retirement board and permitted by law. If payments are made on an installment basis, creditable service will be credited only as payment has been made to the retirement system to purchase each additional one-tenth-year increment. Interest shall be charged on installment payments at the rate of interest for determining interest on delayed payments by members to the retirement system.

Sec. 17. Section 79-992, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-992 (1) A member who has five years or more of creditable service, excluding years of prior service acquired pursuant to section 79-990, 79-991, 79-994, 79-995, or 79-997, and who terminates his or her employment may elect to leave his or her contributions in the retirement system, in which event he or she shall receive a retirement allowance at normal retirement age based on the annuity earned to the date of such termination of employment. Such member may elect to receive a retirement allowance at early retirement age if such member retires at an early retirement date. Such annuity shall be adjusted in accordance with section 79-9,100. Upon termination of employment, except on account of retirement, a member shall be entitled to receive refunds as follows: (a) An amount equal to the accumulated contributions to the retirement system by the member; and (b) any contributions made to a previously existing system which were refundable under the terms of that system. Any member receiving a refund of contributions shall thereby forfeit and relinquish all accrued rights in the retirement system including all accumulated creditable service, except that if any member who has withdrawn his or her contributions as provided in this section reenters the service of the district and again becomes a member of the retirement system, he or she may restore any or all money previously received by him or her as a refund, including the interest on the amount of the restored refund for
the period of his or her absence from the district's service as
determined using the interest rate for interest on such restored refunds,
and he or she shall then again receive credit for that portion of service
which the restored money represents. Such restoration may be made as the
board of trustees may direct until September 1, 2024, and as the
retirement board may direct beginning September 1, 2024, through direct
payments to the system or on an installment basis pursuant to a binding
irrevocable payroll deduction authorized between the member and the
school district over a period of not to exceed five years from the date
of reemployment. Interest on delayed payments shall be at the rate of
interest for determining interest on delayed payments by members to the
retirement system. Creditable service may be purchased only in one-tenth-
year increments, starting with the most recent years' salary.

(2) Except as provided in section 79-992.01:

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

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

(3) In the event a member is entitled to receive a refund of contributions pursuant to subsection (1) or subdivision (2)(b)(ii) of this section in an amount greater than one thousand dollars, if the member does not elect to have the refund paid directly to himself or herself or transferred to an eligible retirement plan designated by the member as a direct rollover pursuant to section 79-998, then the refund of contributions shall be paid in a direct rollover to an individual retirement plan as designated by the board of trustees until September 1, 2024, and as designated by the retirement board beginning September 1, 2024.

Sec. 18. Section 79-992.01, Revised Statutes Cumulative Supplement, 2020, is amended to read:

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

(a)(i) Until September 1, 2024, notify (a) Notify the board of trustees in writing of the date upon which a termination of employment has occurred and provide the board of trustees with such information as the board of trustees deems necessary; and
(ii) Beginning September 1, 2024, notify the retirement board in writing of the date upon which a termination of employment has occurred and provide the board with such information as the board deems necessary;

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

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

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

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

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

Sec. 19. Section 79-992.02, Revised Statutes Cumulative Supplement, 2020, is amended to read:
79-992.02 (1) Any person who, knowing it to be false or fraudulent, presents or causes to be presented a false or fraudulent claim or benefit application, any false or fraudulent proof in support of such a claim or benefit, or false or fraudulent information which would affect a future claim or benefit application to be paid under a retirement system for the purpose of defrauding or attempting to defraud the retirement system shall be guilty of a Class II misdemeanor. The (a) board of trustees until September 1, 2024, and (b) retirement board beginning September 1, 2024, shall deny any benefits that it determines are based on false or fraudulent information and shall have a cause of action against the member to recover any benefits already paid on the basis of such information.

(2) Any employee, member of a board of education, or agent of any employer who willfully fails or refuses to furnish to the (a) board of trustees until September 1, 2024, and (b) retirement board beginning September 1, 2024, upon its request and in the manner prescribed by it such information, data, or records, as may be necessary for carrying into effect the Class V School Employees Retirement Act, shall be guilty of a Class V misdemeanor.

Sec. 20. Section 79-998, Revised Statutes Cumulative Supplement, 2020, is amended to read:

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

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

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

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

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

(2) The retirement system may accept as payment for service credit that is purchased pursuant to sections 79-990 to 79-992 a direct trustee-to-trustee transfer from an eligible deferred compensation plan as described in section 457(e)(17) of the Internal Revenue Code on behalf of a member who is making payments for such service credit if the amount transferred from the eligible deferred compensation plan does not exceed the amount of payment required for the service credit being purchased and the purchase of such service credit qualifies as the purchase of permissive service credit by the member as defined in section 415(n)(3) of the Internal Revenue Code.

(3) Until September 1, 2024, the board of trustees, and beginning September 1, 2024, the retirement board, may establish rules, regulations, and limitations on the eligible rollover distributions and direct trustee-to-trustee transfers that may be accepted by the retirement system pursuant to this section, including restrictions on the type of assets that may be transferred to the retirement system.

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

(5) The retirement system, the board of education, the board of trustees, the retirement board, and their respective members, officers, and employees shall have no responsibility or liability with respect to the federal and state income tax consequences of any contribution or transfer to the retirement system pursuant to this section, and until September 1, 2024, the board of trustees, and beginning September 1, 2024, the retirement board, may require as a condition to the retirement system's acceptance of any rollover contribution or transfer satisfactory evidence that the proposed contribution or transfer is a qualifying rollover contribution or trustee-to-trustee transfer under the Internal Revenue Code and reasonable releases or indemnifications from the member against any and all liabilities which may in any way be connected with such contribution or transfer.

(6) Effective January 1, 1993, any member who is to receive an eligible rollover distribution, as defined in the Internal Revenue Code, from the retirement system may, in accordance with such rules, regulations, and limitations as may be established by the board of trustees or the retirement board, elect to have such distribution made in the form of a direct transfer to a retirement plan eligible to receive such transfer under the provisions of the Internal Revenue Code. Any such election shall be made in the form and within the time periods established by the board of trustees or the retirement board.

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

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

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

Sec. 21. Section 79-9,102, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-9,102 (1) Notwithstanding any other provision of the Class V School Employees Retirement Act, no member or beneficiary of the retirement system shall receive in any calendar year an annuity or other benefit which would exceed the maximum benefit permitted under section 415 of the Internal Revenue Code, or any successor provision and the regulations issued thereunder, as they may be amended from time to time, and as adjusted as of January 1 of each calendar year to the dollar limitation as determined for such year by the Commissioner of Internal Revenue pursuant to section 415(d) of the Internal Revenue Code to reflect cost-of-living adjustments, and the amount of benefit to be paid
to any member or beneficiary by the retirement system shall be adjusted each calendar year, if necessary, to conform with the maximum benefit permitted under section 415 of the Internal Revenue Code. The cost-of-living adjustment to the maximum benefit permitted under section 415 of the Internal Revenue Code shall apply to determining the maximum benefit of a member who severed employment or commenced receiving benefits prior to the effective date of the adjustment.

(2) Any payments provided for by sections 79-990, 79-991, and 79-992 for the purchase or restoration of creditable service shall be subject to the limitations of section 415 of the Internal Revenue Code on annual additions to the retirement system, and until September 1, 2024, the board of trustees, and beginning September 1, 2024, the retirement board, may suspend payments, alter installment periods, or, if such suspension or alteration is not possible, deny the purchase of all or a portion of the creditable service desired to be purchased, as necessary to comply with the requirements of section 415 of the Internal Revenue Code.

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

Sec. 22. Section 79-9,103, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-9,103 (1) Any annuity paid on or after September 1, 1983, to a member who retired prior to February 21, 1982, pursuant to the Class V School Employees Retirement Act, or to such member's beneficiary, or to a person who retired under the provisions of the retirement system established by statute for employees of Class V school districts in effect prior to September 1, 1951, or to such person's beneficiary, shall
be adjusted by the increase in the cost of living or wage levels between the effective date of retirement and June 30, 1983, except that such increase shall not exceed the sum of one dollar and fifty cents per month for each year of creditable service and one dollar per month for each completed year of retirement as measured from the effective date of retirement to June 30, 1983. No separate adjustment in such annuity shall be made as a result of the changes made in section 79-9,113 pursuant to Laws 1983, LB 488. If a joint and survivor annuity was elected, the increase shall be actuarially adjusted so that the joint and survivor annuity remains the actuarial equivalent of the life annuity otherwise payable.

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

(3) In addition to the cost-of-living adjustments provided in subsections (1) and (2) of this section, any annuity paid on or after September 1, 1989, pursuant to the act or pursuant to the provisions of the retirement system established by statute for employees of Class V school districts in effect prior to September 1, 1951, and on which the first payment was dated on or before September 1, 1988, shall be adjusted by the increase in the cost of living or wage levels between the effective date of retirement and June 30, 1989, except that such increase
shall not exceed (a) three percent for annuities first paid on or after September 1, 1987, (b) six percent for annuities first paid on or after September 1, 1986, but before September 1, 1987, or (c) nine percent for all other annuities.

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

(5) In addition to the cost-of-living adjustments provided in subsections (1), (2), (3), and (4) of this section, any annuity paid on or after September 1, 1995, pursuant to the act or pursuant to the provisions of the retirement system established by statute for employees of Class V school districts in effect prior to September 1, 1951, and on which the first payment was dated on or before October 1, 1994, shall be adjusted by the increase in the cost of living or wage levels between the effective date of retirement and June 30, 1995, except that such increase shall not exceed (a) three percent for annuities first paid after October 1, 1993, (b) six percent for annuities first paid after October 1, 1992, but on or before October 1, 1993, or (c) nine percent for all other annuities.

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

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

(8) Beginning January 1, 2000, and on January 1 of every year thereafter, for employees of Class V school districts who were members prior to July 1, 2013, a cost-of-living adjustment shall be made for any annuity being paid pursuant to the act, or pursuant to the provisions of the retirement system established by statute for employees of Class V school districts in effect prior to September 1, 1951, and on which the first payment was dated on or before October 3 preceding such January 1 adjustment date. The cost-of-living adjustment for any such annuity shall be the lesser of (a) one and one-half percent or (b) the increase in the
consumer price index from the date such annuity first became payable
through the August 31 preceding the January 1 adjustment date as reduced
by the aggregate cost-of-living adjustments previously made to the
annuity pursuant to this section.

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

(10) Beginning September 1, 1999, the actuary shall make an annual
valuation of the assets and liabilities of the system. If the annual
valuation made by the actuary, as approved by the board of trustees,
indicates that the system has sufficient actuarial surplus to provide for
a cost-of-living adjustment in addition to the adjustment made pursuant
to subsection (8) or (9) of this section, the board of trustees may, in
its discretion, declare by resolution that each annuity being paid
pursuant to the act, or pursuant to the provisions of the retirement
system established by statute for employees of Class V school districts
in effect prior to September 1, 1951, and on which the first payment was
dated on or before October 3 of the year such resolution is adopted,
shall be increased beginning as of the January 1 following the date of
the board of trustees' resolution by such percentage as may be declared
by the board of trustees, except that such increase for any such annuity
shall not exceed the increase in the consumer price index from the date
such annuity first became payable through the applicable valuation date
as reduced by the aggregate cost-of-living adjustments previously made to
the annuity pursuant to this section.

(11) Except for the adjustments pursuant to subsection (13) of this
section, the consumer price index to be used for determining any cost-of-
living adjustment under this section shall be the Consumer Price Index -
All Urban Consumers, as published by the Bureau of Labor Statistics of
the United States Department of Labor. If this consumer price index is
discontinued or replaced before September 1, 2024, a substitute index
published by the United States Department of Labor shall be selected by
the board of trustees, which shall be a reasonable representative
measurement of the cost of living for retired employees. Beginning
September 1, 2024, such substitute index, if such consumer price index is
discontinued or replaced, shall be selected by the retirement board. An
annuity as increased by any cost-of-living adjustment made under this
section shall be considered the base annuity amount for the purpose of
future adjustments pursuant to this section. In no event shall any cost-
of-living adjustment be deemed to affect or increase the amount of the
base retirement annuity of a member as determined under section 79-999 or
79-9,100.

(12) Any decision or determination by the board of trustees or
retirement board (a) to declare or not declare a cost-of-living
adjustment, (b) as to whether the annual valuation indicates a sufficient
actuarial surplus to provide for a cost-of-living adjustment, or (c)
pursuant to the selection of a substitute index shall be made in the
sole, absolute, and final discretion of the board of trustees or
retirement board and shall not be subject to challenge by any member or
beneficiary. In no event shall the Legislature be constrained or limited
in amending the system or increasing the benefits of members under the
system, nor shall the board of education, or board of trustees, or
retirement board be constrained from supporting any such change to the
system, notwithstanding the effect of any such change upon the actuarial
surplus of the system and the ability of the board of trustees, or
retirement board to declare future cost-of-living adjustments.

(13) The Legislature finds and declares that there exists in this
state a pressing need to attract and retain qualified and dedicated
public school employees and that one of the factors prospective public
school employees consider when seeking or continuing public school
employment is the retirement system and benefits the employment provides.
The Legislature further finds that over the past decades, as reflected by
the Medical Price Index published by the United States Department of
Labor, the cost of medical care, including the cost of medications and
insurance coverages, has increased at a rate in excess of that by which
the Consumer Price Index - All Urban Consumers has increased. The
Legislature further finds and declares that there accordingly exists a
need to adjust the amount of retirement benefits paid to retired public
school employees in order to assist them in meeting the increased cost of
medical care. Therefore, in addition to the cost-of-living adjustments
provided in subsections (1) through (12) of this section, commencing on
October 3, 2001, and on October 3 of every year thereafter, a medical
cost-of-living adjustment shall be paid to any annuitant who became a
member prior to July 1, 2016, and has been paid an annuity from the
retirement system for at least ten years through the October 3 adjustment
date. The cost-of-living adjustment shall be paid in the form of a
supplemental annuity providing monthly payments equal to the amount which
results when (a) the fraction, not to exceed one, that results when the
annuitant's years of creditable service at his or her retirement date is
divided by twenty, is multiplied by (b) the product of ten dollars times
the number of years, including attained one-half years, that such
annuitant has received annuity payments from the retirement system
through the October 3 adjustment date. The supplemental annuity being
paid to an annuitant shall increase by ten dollars on October 3 of each
subsequent year to reflect the additional year of annuity payments to the
annuitant until the total amount of the supplemental annuity is two
hundred fifty dollars. In no event shall the medical cost-of-living
adjustment for any annuitant pursuant to this subsection result in the
payment of a supplemental annuity exceeding two hundred fifty dollars per
month. The supplemental annuity paid to an annuitant pursuant to this
subsection shall cease at the death of the annuitant regardless of the
form of retirement annuity being paid to the annuitant at the time of his
or her death.

Sec. 23. Section 79-9,105, Revised Statutes Cumulative Supplement,
2020, is amended to read:

79-9,105 (1) Any member with five or more years of creditable
service, excluding years of prior service acquired pursuant to section
79-990, 79-991, 79-994, 79-995, or 79-997, who becomes totally disabled
for further performance of duty on or after March 22, 2000, may be
approved for deferred disability retirement by the board of trustees
until September 1, 2024, and by the retirement board beginning September
1, 2024. In the case of such deferred disability retirement, the member,
during the period specified in subsection (3) of this section, shall be
credited with creditable service for each year or portion thereof, to be
determined in accordance with policies of the board of trustees or
retirement board governing creditable service, that the member defers
retirement, up to a maximum of thirty-five years of total creditable
service, including creditable service accrued before the member became
totally disabled. The member approved for deferred disability retirement
may at any time of the member's choosing request the deferral to end and
retirement annuity payments to begin. The retirement annuity of such
member shall be based on the total number of years of the member's
creditable service, including the years credited to the member during his
or her total disability under this section, and the member's final
average salary as of the date that the member became totally disabled and
as adjusted from such date by a percentage equal to the cumulative
percentage cost-of-living adjustments that were made or declared for
annuities in pay status pursuant to section 79-9,103 after the date of
the approval of the board of trustees or retirement board for deferred
disability retirement and before the cessation of the accrual of
additional creditable service pursuant to subsection (3) of this section.
Except as provided in subsection (4) of this section, the retirement
annuity so determined for the member shall be payable to the member
without reduction due to any early commencement of benefits, except that
the retirement annuity shall be reduced by the amount of any periodic
payments to such employee as workers' compensation benefits. Additional
creditable service acquired through deferred disability retirement shall
apply to the service requirements specified in section 79-9,106. The
board of trustees or retirement board shall consider a member to be
totally disabled when it has received an application by the member and a
statement by at least two licensed and practicing physicians designated
by the board of trustees or retirement board certifying that the member
is totally and presumably permanently disabled and unable to perform his
or her duties as a consequence thereof.

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

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

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

(b) For an employee hired on or after July 1, 2018, the payment of
any retirement annuity to a disabled member, which begins to be paid
under this section (i) before the member's sixty-fifth birthday or (ii)
at a time before the sum of the member's attained age and creditable
service is eighty-five or more, shall be suspended if the board of
trustees or the retirement board determines at any time before the
member's sixty-fifth birthday that the member's total disability has
ceased.
(c) Payment of the retirement annuity of such member as determined under this section shall recommence at the member's early retirement date or normal retirement date but shall be subject to reduction at such time as specified in section 79-9,100.

Sec. 24. Section 79-9,107, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-9,107 The funds of the retirement system which are not required for current operations shall be invested and reinvested (1) before January 1, 2017, by the board of trustees subject to the approval of the board of education or Class V Retirement System Board as provided in sections 79-9,108 to 79-9,111 and (2) on and after January 1, 2017, by the council and the state investment officer in accordance with the Nebraska State Funds Investment Act without the approval of the board of education or board of trustees. Except as otherwise provided in the Class V School Employees Retirement Act, no trustee and no member of the board of education shall have any direct interest in the income, gains, or profits of any investment made by the board of trustees, nor shall any such person receive any pay or emolument for services in connection with any such investment. Neither the state investment officer nor any trustee, member of the board of education, member of the retirement board, nor member of the council shall become an endorser or surety or in any manner an obligor for money loaned by or borrowed from the retirement system. Any person who violates any of these restrictions shall be guilty of a Class II misdemeanor.

Sec. 25. Section 79-9,108, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-9,108 (1) Prior to January 1, 2017, the board of trustees, with approval of the board of education or Class V Retirement System Board, shall invest and reinvest funds of the retirement system. Beginning January 1, 2017, the funds of the retirement system shall be invested and reinvested solely by the council and the state investment officer in
accordance with the Nebraska State Funds Investment Act.

(2) Prior to January 1, 2017, a professional investment manager may be employed by the board of trustees subject to approval of the board of education or Class V Retirement System Board. The professional investment manager shall be responsible for the purchase, sale, exchange, investment, or reinvestment of such funds subject to guidelines determined by the board of trustees. Prior to January 1, 2017, the trustees shall each month submit a report to the board of education or Class V Retirement System Board with respect to the investment of funds. The board of education or Class V Retirement System Board shall approve or disapprove the investments in the report, and in the event of disapproval of any investment, the board of trustees shall direct the sale of all or part of such investment or establish future policy with respect to that type of investment. Beginning January 1, 2017, the funds of the retirement system shall be invested and reinvested by the council and the state investment officer, who may employ advisers, counsel, managers, and other professionals in accordance with the Nebraska State Funds Investment Act.

(3) Beginning January 1, 2017, the board of trustees, and the board of education, and the retirement board shall not have any duty, responsibility, or authority for the investment and reinvestment of the funds of the retirement system, or any investment decision, contract, rule, or regulation related thereto.

Sec. 26. Section 79-9,113, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-9,113 (1)(a) If, at any future time, a majority of the eligible members of the retirement system votes to be included under an agreement providing old age and survivors insurance under the Social Security Act of the United States, the contributions to be made by the member and the school district for membership service, from and after the effective date of the agreement with respect to services performed subsequent to
December 31, 1954, shall each be reduced from five to three percent but not less than three percent of the member's salary per annum, and the credits for membership service under this system, as provided in section 79-999, shall thereafter be reduced from one and one-half percent to nine-tenths of one percent and not less than nine-tenths of one percent of salary or wage earned by the member during each fiscal year, and from one and sixty-five hundredths percent to one percent and not less than one percent of salary or wage earned by the member during each fiscal year and from two percent to one and two-tenths percent of salary or wage earned by the member during each fiscal year, and from two and four-tenths percent to one and forty-four hundredths percent of salary or wage earned by the member during each fiscal year, except that after September 1, 1963, and prior to September 1, 1969, all employees of the school district shall contribute an amount equal to the membership contribution which shall be two and three-fourths percent of salary covered by old age and survivors insurance, and five percent above that amount. Commencing September 1, 1969, all employees of the school district shall contribute an amount equal to the membership contribution which shall be two and three-fourths percent of the first seven thousand eight hundred dollars of salary or wages earned each fiscal year and five percent of salary or wages earned above that amount in the same fiscal year. Commencing September 1, 1976, all employees of the school district shall contribute an amount equal to the membership contribution which shall be two and nine-tenths percent of the first seven thousand eight hundred dollars of salary or wages earned each fiscal year and five and twenty-five hundredths percent of salary or wages earned above that amount in the same fiscal year. Commencing on September 1, 1982, all employees of the school district shall contribute an amount equal to the membership contribution which shall be four and nine-tenths percent of the compensation earned in each fiscal year. Commencing September 1, 1989, all employees of the school district shall contribute an amount equal to
the membership contribution which shall be five and eight-tenths percent of the compensation earned in each fiscal year. Commencing September 1, 1995, all employees of the school district shall contribute an amount equal to the membership contribution which shall be six and three-tenths percent of the compensation earned in each fiscal year. Commencing September 1, 2007, all employees of the school district shall contribute an amount equal to the membership contribution which shall be seven and three-tenths percent of the compensation paid in each fiscal year. Commencing September 1, 2009, all employees of the school district shall contribute an amount equal to the membership contribution which shall be eight and three-tenths percent of the compensation paid in each fiscal year. Commencing September 1, 2011, all employees of the school district shall contribute an amount equal to the membership contribution which shall be nine and three-tenths percent of the compensation paid in each fiscal year. Commencing September 1, 2013, all employees of the school district shall contribute an amount equal to the membership contribution which shall be nine and seventy-eight hundredths percent of the compensation paid in each fiscal year.

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

(c) The contributions by the school district in any fiscal year beginning on or after September 1, 2007, and prior to September 1, 2018, shall be the greater of (i) one hundred one percent of the contributions by the employees for such fiscal year or (ii) such amount as may be necessary to maintain the solvency of the system, as determined annually by the board of education upon recommendation of the actuary retained by the board of trustees and after considering any amounts that will be, or
are expected to be, transferred to the system pursuant to subdivision (1)(b) of section 79-966. The amount necessary to maintain the solvency of the system as determined in subdivision (ii) of this subdivision (c) shall be transmitted by the school district to the account of the retirement system no later than August 31, 2018. The school district contributions specified in subdivision (i) of this subdivision (c) shall be made monthly and shall be immediately transmitted to the account of the retirement system.

(d) The contributions by the school district in any fiscal year beginning on or after September 1, 2018, prior to and each September 1, 2024 thereafter, shall be the greater of (i) one hundred one percent of the contributions by the employees for such fiscal year or (ii) such amount as may be necessary to maintain the solvency of the system, as determined annually by the board of education upon recommendation of the actuary retained by the board of trustees and after considering any amounts pursuant to subdivision (1)(b) of section 79-966 that will be, or are expected to be, transferred to the school district by the State Treasurer system pursuant to subdivision (1)(b) of section 79-966. The amount necessary to maintain the solvency of the system as determined in subdivision (ii) of this subdivision (d) shall be transmitted by the school district to the account of the retirement system no later than August 31, 2019, and each August 31 thereafter. The school district contributions specified in subdivision (i) of this subdivision (d) shall be made monthly and shall be immediately transmitted to the account of the retirement system.

(e) The contributions by the school district in any fiscal year beginning September 1, 2024, and each September 1 thereafter, shall be the greater of:

(i) One hundred one percent of the contributions by the employees for such fiscal year; or

(ii) Such amount as may be necessary to maintain the solvency of the
system, as determined annually by the board of education upon
recommendation of the actuary retained by the retirement board pursuant
to section 79-984 and after considering any amounts pursuant to
subdivision (1)(b) of section 79-966 that will be, or are expected to be,
transferred to the school district by the State Treasurer.

(f) The amount necessary to maintain the solvency of the system as
determined in subdivision (ii) of this subdivision (e) shall be
transmitted by the school district to the Class V School Employees
Retirement Fund no later than August 31, 2025, and each August 31
thereafter.

(g) The school district contributions specified in subdivision (i)
of this subdivision (e) shall be made monthly and shall be immediately
transmitted to the Class V School Employees Retirement Fund.

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

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

(j) (g) After September 1, 1963, and prior to September 1, 1969, all
employees shall be credited with a membership service annuity which shall
be nine-tenths of one percent of salary or wage covered by old age and
survivors insurance and one and one-half percent of salary or wages above
that amount, except that those employees who retire on or after August
31, 1969, shall be credited with a membership service annuity which shall be one percent of salary or wages covered by old age and survivors insurance and one and sixty-five hundredths percent of salary or wages above that amount for service performed after September 1, 1963, and prior to September 1, 1969. Commencing September 1, 1969, all employees shall be credited with a membership service annuity which shall be one percent of the first seven thousand eight hundred dollars of salary or wages earned by the employee during each fiscal year and one and sixty-five hundredths percent of salary or wages earned above that amount in the same fiscal year, except that all employees retiring on or after August 31, 1976, shall be credited with a membership service annuity which shall be one and forty-four hundredths percent of the first seven thousand eight hundred dollars of salary or wages earned by the employee during such fiscal year and two and four-tenths percent of salary or wages earned above that amount in the same fiscal year, and the retirement annuities of employees who have not retired prior to September 1, 1963, and who elected under the provisions of section 79-988 as such section existed immediately prior to February 20, 1982, not to become members of the system shall not be less than they would have been had they remained under any preexisting system to date of retirement.

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

(2) The school district shall pick up the employee contributions required by this section for all compensation paid on or after January 1, 1985, and the contributions so picked up shall be treated as employer contributions in determining federal tax treatment under the Internal Revenue Code, except that the school district shall continue to withhold...
federal income taxes based upon these contributions until the Internal Revenue Service or the federal courts rule that, pursuant to section 414(h) of the Internal Revenue Code, these contributions shall not be included as gross income of the employee until such time as they are distributed or made available. The school district shall pay these employee contributions from the same source of funds which is used in paying earnings to the employee. The school district shall pick up these contributions by a salary deduction either through a reduction in the cash salary of the employee or a combination of a reduction in salary and offset against a future salary increase. Beginning September 1, 1995, the school district shall also pick up any contributions required by sections 79-990, 79-991, and 79-992 which are made under an irrevocable payroll deduction authorization between the member and the school district, and the contributions so picked up shall be treated as employer contributions in determining federal tax treatment under the Internal Revenue Code, except that the school district shall continue to withhold federal and state income taxes based upon these contributions until the Internal Revenue Service rules that, pursuant to section 414(h) of the Internal Revenue Code, these contributions shall not be included as gross income of the employee until such time as they are distributed from the system. Employee contributions picked up shall be treated for all purposes of the Class V School Employees Retirement Act in the same manner and to the extent as employee contributions made prior to the date picked up.

Sec. 27. Section 79-9,115, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-9,115 (1) The Class V School Employees Retirement Fund is created.

(2) Except as provided in subsections (3) and (4) of this section, until September 1, 2024:

(a) (1) All allowances, annuities, or other benefits granted under the Class V School Employees Retirement Act, and all expenses incurred in
connection with the administration of the act, except clerical work
incurred in connection with maintenance of records and payment of
benefits, shall be paid from the Class V School Employees Retirement
Fund; which is hereby established.

(b) Such clerical work shall be performed by employees of the school
district or districts.

(c) The administrator and staff of the retirement system shall be
permitted reasonable office and records storage space in the central
office building of the Class V school district formed before September
13, 1997; and

(d) All expenses for the retirement system office accommodations and
integrated pension benefit information management systems, including all
services, support, furniture, and equipment provided to or by any central
office department of the school district, shall be charged to the
retirement system.

(3) Beginning September 1, 2024, the required deposits of the school
district and the amounts transferred to the school district by the State
Treasurer for transmission to the retirement system and required deposits
of the employees shall be credited to the Class V School Employees
Retirement Fund and all allowances, annuities, and other benefits shall
be paid from such fund as directed by the retirement board as provided in
the Class V School Employees Retirement Act.

(4) The Class V School Expense Fund is created. Beginning September
1, 2024, the fund shall be credited with money from the retirement system
assets and income sufficient to pay the pro rata share of administrative
expenses incurred as directed by the retirement board for the proper
administration of the Class V School Employees Retirement Act and as
necessary in connection with the administration and operation of the
retirement system.

The school district or districts shall not be liable for acts or
omissions in the administration of the act made at the direction of the
board of trustees or its employees.

(5) Beginning on August 24, 2017, any expenses with respect to the transfer to and assumption by the council and the state investment officer of the duty and authority to invest the assets of a retirement system provided for under the Class V School Employees Retirement Act shall be charged to the Class V School Employees Retirement Fund. Such expenses shall be paid without the approval of the board of trustees.

Sec. 28. Section 79-9,117, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-9,117 (1) Until September 1, 2024, the board of trustees, and beginning September 1, 2024, the retirement board, shall establish a comprehensive preretirement planning program for school employees who are members of the retirement system. The program shall provide information and advice regarding the many changes employees face upon retirement, including, but not limited to, changes in physical and mental health, housing, family life, leisure activity, and retirement income.

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

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

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

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

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

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

Sec. 29. Section 79-9,122, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-9,122 (1) The Class V School Employees Retirement System Management Work Plan Fund is created. The purpose of the fund is to transfer funds as specified in this section. The fund shall consist of the amounts transferred from the employer of any Class V school employees retirement system established under the Class V School Employees Retirement Act and which existed on January 1, 2019, for all work performed by the Public Employees Retirement Board for services and related expenses in completion of the work described in section 79-9,121 and section 10 of this act. The fund shall be administered by the Nebraska Public Employees Retirement Systems. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

(2) The employer of any Class V school employees retirement system
established under the Class V School Employees Retirement Act and which
existed on January 1, 2019, shall remit the payments described in
subsection (3) of section 79-9,121 and subsection (3) of section 10 of
this act to the State Treasurer for credit to the Class V School
Employees Retirement System Management Work Plan Fund for all work
performed by the Public Employees Retirement Board for services and
related expenses in completion of the work plan and the transfer of
management of the retirement system to the retirement board.

Sec. 30. Section 79-9,123, Revised Statutes Cumulative Supplement,
2020, is amended to read:

79-9,123 (1) The administrator and board of trustees of any Class V
school employees retirement system established under the Class V School
Employees Retirement Act and which existed on January 1, 2019, may
quarterly bill the employer of such Class V school employees retirement
system for all work performed and expenses incurred by the administrator,
staff, and any consultants of the Class V school employees retirement
system in response to requests for records, documents, data, or other
information from the Nebraska Public Employees Retirement Systems or the
Public Employees Retirement Board in completion of the work plan
described in section 79-9,121.

(2) The administrator and board of trustees of any Class V school
employees retirement system established under the Class V School
Employees Retirement Act may bill the employer of such Class V school
employees retirement system quarterly for all work performed and expenses
incurred by the administrator, staff, and any consultants of the Class V
school employees retirement system for the transition and transfer of
administration and management of such retirement system to the Public
Employees Retirement Board as described in section 10 of this act.

(3) The Such employer of a Class V school employees retirement
system described in this section shall remit payment within forty-five
calendar days after receipt of each quarterly bill to such Class V school
employees retirement system.

Sec. 31. Section 84-712.05, Revised Statutes Cumulative Supplement, 2020, is amended to read:

84-712.05 The following records, unless publicly disclosed in an open court, open administrative proceeding, or open meeting or disclosed by a public entity pursuant to its duties, may be withheld from the public by the lawful custodian of the records:

(1) Personal information in records regarding a student, prospective student, or former student of any educational institution or exempt school that has effectuated an election not to meet state approval or accreditation requirements pursuant to section 79-1601 when such records are maintained by and in the possession of a public entity, other than routine directory information specified and made public consistent with 20 U.S.C. 1232g, as such section existed on February 1, 2013, and regulations adopted thereunder;

(2) Medical records, other than records of births and deaths and except as provided in subdivision (5) of this section, in any form concerning any person; records of elections filed under section 44-2821; and patient safety work product under the Patient Safety Improvement Act;

(3) Trade secrets, academic and scientific research work which is in progress and unpublished, and other proprietary or commercial information which if released would give advantage to business competitors and serve no public purpose;

(4) Records which represent the work product of an attorney and the public body involved which are related to preparation for litigation, labor negotiations, or claims made by or against the public body or which are confidential communications as defined in section 27-503;

(5) Records developed or received by law enforcement agencies and other public bodies charged with duties of investigation or examination of persons, institutions, or businesses, when the records constitute a part of the examination, investigation, intelligence information, citizen
complaints or inquiries, informant identification, or strategic or
tactical information used in law enforcement training, except that this
subdivision shall not apply to records so developed or received:

(a) Relating to the presence of and amount or concentration of
alcohol or drugs in any body fluid of any person; or

(b) Relating to the cause of or circumstances surrounding the death
of an employee arising from or related to his or her employment if, after
an investigation is concluded, a family member of the deceased employee
makes a request for access to or copies of such records. This subdivision
does not require access to or copies of informant identification, the
names or identifying information of citizens making complaints or
inquiries, other information which would compromise an ongoing criminal
investigation, or information which may be withheld from the public under
another provision of law. For purposes of this subdivision, family member
means a spouse, child, parent, sibling, grandchild, or grandparent by
blood, marriage, or adoption;

(6) Appraisals or appraisal information and negotiation records
concerning the purchase or sale, by a public body, of any interest in
real or personal property, prior to completion of the purchase or sale;

(7) Personal information in records regarding personnel of public
bodies other than salaries and routine directory information;

(8) Information solely pertaining to protection of the security of
public property and persons on or within public property, such as
specific, unique vulnerability assessments or specific, unique response
plans, either of which is intended to prevent or mitigate criminal acts
the public disclosure of which would create a substantial likelihood of
endangering public safety or property; computer or communications network
schema, passwords, and user identification names; guard schedules; lock
combinations; or public utility infrastructure specifications or design
drawings the public disclosure of which would create a substantial
likelihood of endangering public safety or property, unless otherwise
provided by state or federal law;

(9) Information that relates details of physical and cyber assets of critical energy infrastructure or critical electric infrastructure, including (a) specific engineering, vulnerability, or detailed design information about proposed or existing critical energy infrastructure or critical electric infrastructure that (i) relates details about the production, generation, transportation, transmission, or distribution of energy, (ii) could be useful to a person in planning an attack on such critical infrastructure, and (iii) does not simply give the general location of the critical infrastructure and (b) the identity of personnel whose primary job function makes such personnel responsible for (i) providing or granting individuals access to physical or cyber assets or (ii) operating and maintaining physical or cyber assets, if a reasonable person, knowledgeable of the electric utility or energy industry, would conclude that the public disclosure of such identity could create a substantial likelihood of risk to such physical or cyber assets. Subdivision (9)(b) of this section shall not apply to the identity of a chief executive officer, general manager, vice president, or board member of a public entity that manages critical energy infrastructure or critical electric infrastructure. The lawful custodian of the records must provide a detailed job description for any personnel whose identity is withheld pursuant to subdivision (9)(b) of this section. For purposes of subdivision (9) of this section, critical energy infrastructure and critical electric infrastructure mean existing and proposed systems and assets, including a system or asset of the bulk-power system, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health or safety, or any combination of such matters;

(10) The security standards, procedures, policies, plans, specifications, diagrams, access lists, and other security-related records of the Lottery Division of the Department of Revenue and those
persons or entities with which the division has entered into contractual
relationships. Nothing in this subdivision shall allow the division to
withhold from the public any information relating to amounts paid persons
or entities with which the division has entered into contractual
relationships, amounts of prizes paid, the name of the prize winner, and
the city, village, or county where the prize winner resides;

(11) With respect to public utilities and except as provided in
sections 43-512.06 and 70-101, personally identified private citizen
account payment and customer use information, credit information on
others supplied in confidence, and customer lists;

(12) Records or portions of records kept by a publicly funded
library which, when examined with or without other records, reveal the
identity of any library patron using the library's materials or services;

(13) Correspondence, memoranda, and records of telephone calls
related to the performance of duties by a member of the Legislature in
whatever form. The lawful custodian of the correspondence, memoranda, and
records of telephone calls, upon approval of the Executive Board of the
Legislative Council, shall release the correspondence, memoranda, and
records of telephone calls which are not designated as sensitive or
confidential in nature to any person performing an audit of the
Legislature. A member's correspondence, memoranda, and records of
confidential telephone calls related to the performance of his or her
legislative duties shall only be released to any other person with the
explicit approval of the member;

(14) Records or portions of records kept by public bodies which
would reveal the location, character, or ownership of any known
archaeological, historical, or paleontological site in Nebraska when
necessary to protect the site from a reasonably held fear of theft,
vandalism, or trespass. This section shall not apply to the release of
information for the purpose of scholarly research, examination by other
public bodies for the protection of the resource or by recognized tribes,
the Unmarked Human Burial Sites and Skeletal Remains Protection Act, or
the federal Native American Graves Protection and Repatriation Act;

(15) Records or portions of records kept by public bodies which
maintain collections of archaeological, historical, or paleontological
significance which reveal the names and addresses of donors of such
articles of archaeological, historical, or paleontological significance
unless the donor approves disclosure, except as the records or portions
thereof may be needed to carry out the purposes of the Unmarked Human
Burial Sites and Skeletal Remains Protection Act or the federal Native
American Graves Protection and Repatriation Act;

(16) Library, archive, and museum materials acquired from
nongovernmental entities and preserved solely for reference, research, or
exhibition purposes, for the duration specified in subdivision (16)(b) of
this section, if:

(a) Such materials are received by the public custodian as a gift, 
purchase, bequest, or transfer; and

(b) The donor, seller, testator, or transferor conditions such gift, 
purchase, bequest, or transfer on the materials being kept confidential
for a specified period of time;

(17) Job application materials submitted by applicants, other than
finalists or a priority candidate for a position described in section
85-106.06 selected using the enhanced public scrutiny process in section
85-106.06, who have applied for employment by any public body as defined
in section 84-1409. For purposes of this subdivision, (a) job application
materials means employment applications, resumes, reference letters, and
school transcripts and (b) finalist means any applicant who is not an
applicant for a position described in section 85-106.06 and (i) who
reaches the final pool of applicants, numbering four or more, from which
the successful applicant is to be selected, (ii) who is an original
applicant when the final pool of applicants numbers less than four, or
(iii) who is an original applicant and there are four or fewer original
applicants;

(18)(a) Records obtained by the Public Employees Retirement Board pursuant to section 84-1512 and (b) records maintained by the board of education of a Class V school district and obtained by the board of trustees or the Public Employees Retirement Board for the administration of a retirement system provided for under the Class V School Employees Retirement Act pursuant to section 79-989;

(19) Social security numbers; credit card, charge card, or debit card numbers and expiration dates; and financial account numbers supplied to state and local governments by citizens;

(20) Information exchanged between a jurisdictional utility and city pursuant to section 66-1867;

(21) Draft records obtained by the Nebraska Retirement Systems Committee of the Legislature and the Governor from Nebraska Public Employees Retirement Systems pursuant to subsection (4) of section 84-1503;

(22) All prescription drug information submitted pursuant to section 71-2454, all data contained in the prescription drug monitoring system, and any report obtained from data contained in the prescription drug monitoring system; and

(23) Information obtained by any government entity, whether federal, state, county, or local, regarding firearm registration, possession, sale, or use that is obtained for purposes of an application permitted or required by law or contained in a permit or license issued by such entity. Such information shall be available upon request to any federal, state, county, or local law enforcement agency.

Sec. 32. Section 84-1501, Revised Statutes Cumulative Supplement, 2020, is amended to read:

84-1501 (1) The Public Employees Retirement Board is hereby established.

(2)(a) The board shall consist of eight appointed members until
September 1, 2024, and nine appointed members beginning September 1, 2024, as described in this subsection, and the state investment officer as a nonvoting, ex officio member. Six of the appointed members until September 1, 2024, and seven of the appointed members beginning September 1, 2024, shall be active or retired participants in the retirement systems administered by the board, and two of the appointed members (i) shall not be employees of the State of Nebraska or any of its political subdivisions and (ii) shall have at least ten years of experience in the management of a public or private organization or have at least five years of experience in the field of actuarial analysis or the administration of an employee benefit plan.

(b) The six appointed members who are participants in the systems shall be as follows:

(i) Two of the appointed members shall be participants in the School Employees Retirement System of the State of Nebraska and shall include one administrator and one teacher;

(ii) One of the appointed members shall be a participant in the Nebraska Judges Retirement System as provided in the Judges Retirement Act;

(iii) One of the appointed members shall be a participant in the Nebraska State Patrol Retirement System;

(iv) One of the appointed members shall be a participant in the Retirement System for Nebraska Counties; and

(v) One of the appointed members shall be a participant in the State Employees Retirement System of the State of Nebraska; and

(vi) Beginning September 1, 2024, one of the appointed members shall be a participant in a retirement system established under the Class V School Employees Retirement Act.

(c) Appointments to the board shall be made by the Governor and shall be subject to the approval of the Legislature. All appointed members shall be citizens of the State of Nebraska.
(3)(a) Except as otherwise provided in this subsection, all members shall serve for terms of five years or until a successor has been appointed and qualified. The terms shall begin on January 1 of the appropriate year.

(b) To ensure an experienced and knowledgeable board, the terms of the appointed members shall be staggered as follows:

(i) One of the two members described in subdivisions (2)(a)(i) and (ii) of this section shall be appointed to serve for a five-year term which begins in 2017;

(ii) One of the two members described in subdivisions (2)(a)(i) and (ii) of this section shall be appointed to serve for a five-year term which begins in 2018;

(iii) The participant in the School Employees Retirement System of the State of Nebraska who is a teacher shall be appointed for a five-year term which begins in 2019;

(iv) The participant in the School Employees Retirement System of the State of Nebraska who is an administrator and the participant in the State Employees Retirement System of the State of Nebraska shall be appointed for a five-year term which begins in 2020;

(v) The participant in the Retirement System for Nebraska Counties and the participant in the Nebraska Judges Retirement System shall be appointed to serve for a five-year term which begins in 2021; and

(vi) The participant in the Nebraska State Patrol Retirement System shall be appointed to serve for a three-year term which begins in 2020, and his or her successor shall be appointed to serve for a five-year term which begins in 2023; and

(vii) The participant in a retirement system established under the Class V School Employees Retirement Act shall be appointed to serve for a fifty-two month term which begins September 1, 2024, and his or her successor shall be appointed to serve for a five-year term which begins in 2029.
(4) In the event of a vacancy in office, the Governor shall appoint a person to serve the unexpired portion of the term subject to the approval of the Legislature.

(5) The appointed members of the board may be removed by the Governor for cause after notice and an opportunity to be heard.

Sec. 33. Section 84-1503, Revised Statutes Cumulative Supplement, 2020, is amended to read:

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

(a) To administer the retirement systems provided for in the County Employees Retirement Act, the Judges Retirement Act, the Nebraska State Patrol Retirement Act, the School Employees Retirement Act, and the State Employees Retirement Act, and beginning September 1, 2024, the Class V School Employees Retirement Act. The agency for the administration of the retirement systems and under the direction of the board shall be known and may be cited as the Nebraska Public Employees Retirement Systems;

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

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

(d) To administer the deferred compensation program authorized in section 84-1504;
(e) To hire an attorney, admitted to the Nebraska State Bar Association, to advise the board in the administration of the retirement systems listed in subdivision (a) of this subsection;

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

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

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

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

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

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

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

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

(e) To obtain, by a competitive, formal, and sealed bidding process through the materiel division of the Department of Administrative Services, actuarial services on behalf of the State of Nebraska as may be necessary in the administration and development of the retirement systems, including, but not limited to, preparation of an annual actuarial valuation report of each of the defined benefit and cash balance plans administered by the board. Such annual valuation reports shall be presented by the actuary to the Nebraska Retirement Systems Committee of the Legislature at a public hearing or hearings. Any contract for actuarial services shall contain a provision allowing the actuary, without prior approval of the board, to perform actuarial studies of the systems as requested by entities other than the board, if notice, which does not identify the entity or substance of the request, is given to the board, all costs are paid by the requesting entity, results are provided to the board, the Nebraska Retirement Systems Committee of the Legislature, and the Legislative Fiscal Analyst upon being made public, and such actuarial studies do not interfere with the actuary's ongoing responsibility to the board. The term of the contract shall be for up to three years. A competitive, formal, and sealed bidding process shall be completed at least once every three years, unless the board determines that such a process would not be cost effective under the circumstances and that the actuarial services performed have been satisfactory, in which case the contract may also contain an option for renewal without a competitive, formal, and sealed bidding process for up to two additional three-year periods. An actuary under contract for the State of Nebraska shall be a member of the American Academy of Actuaries and meet the academy's qualification standards to render a statement of actuarial opinion;

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

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

(h) To obtain auditing services for a separate compliance audit of
the retirement systems to be completed by December 31, 2020, and from
time to time thereafter at the request of the Nebraska Retirement Systems
Committee of the Legislature, to be completed not more than every four
years but not less than every ten years. The compliance audit shall be in
addition to the annual audit conducted by the Auditor of Public Accounts.
The compliance audit shall include, but not be limited to, an examination
of records, files, and other documents and an evaluation of all policies
and procedures to determine compliance with all state and federal laws. A
copy of the compliance audit shall be given to the Governor, the board,
and the Nebraska Retirement Systems Committee of the Legislature and
shall be presented to the committee at a public hearing;

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

(j)(i) To amend the deferred compensation plan to require that in the event of a member's death, except as provided in section 42-1107, the death benefit shall be paid to the following, in order of priority:

(A) To the member's surviving designated beneficiary on file with the board;

(B) To the spouse married to the member on the member's date of death if there is no surviving designated beneficiary on file with the board; or

(C) To the member's estate if the member is not married on the member's date of death and there is no surviving designated beneficiary on file with the board; and

(ii) The priority designations described in subdivision (2)(j)(i) of this section shall not apply if the member has retired under a joint and survivor benefit option;

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

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

(3) By March 31 of each year prior to 2020, and by April 10 of each
year beginning in 2020, the board shall prepare a written plan of action
and shall present such plan to the Nebraska Retirement Systems Committee
of the Legislature at a public hearing. The plan shall include, but not
be limited to, the board's funding policy, the administrative costs and
other fees associated with each fund and plan overseen by the board,
member education and informational programs, the director's duties and
limitations, an organizational structure of the office of the Nebraska
Public Employees Retirement Systems, and the internal control structure
of such office to ensure compliance with state and federal laws.

(4)(a) Beginning in 2016, and at least every four years thereafter
in even-numbered years or at the request of the Nebraska Retirement
Systems Committee of the Legislature, the board shall obtain an
experience study. Within thirty business days after presentation of the
experience study to the board, the actuary shall present the study to the
Nebraska Retirement Systems Committee at a public hearing. If the board
does not adopt all of the recommendations in the experience study, the board shall provide a written explanation of its decision to the Nebraska Retirement Systems Committee and the Governor. The explanation shall be delivered within ten business days after formal action by the board to not adopt one or more of the recommendations.

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

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

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

(6) Pursuant to section 79-9,121, it shall be the duty of the board to carry out the work plan, file the report, and contract with, bill, and receive payment from the employer of any Class V school employees retirement system established under the Class V School Employees
Retirement Act and which existed on January 1, 2019, for all services performed in the conduct, completion, and report of such work plan regarding the transfer of management of any such Class V school employees retirement system.

(7) Pursuant to section 10 of this act, it shall be the duty of the board to enter and carry out the plan for the transfer and transition of the management and administration of any Class V school employees retirement system established under the Class V School Employees Retirement Act and to contract with, provide service to, and bill and receive payment from the employer of any such retirement system for the costs and expenses of the board in carrying out the plan and the transfer of the management and administration of the Class V school employees retirement system to the board.

Sec. 34. If any section in this act or any part of any section is declared invalid or unconstitutional, the declaration shall not affect the validity or constitutionality of the remaining portions.


Sec. 36. Since an emergency exists, this act takes effect when passed and approved according to law.