

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SEVENTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 582**

Introduced by Nebraska Retirement Systems Committee: Kolterman, 24,  
Chairperson; Clements, 2; Lindstrom, 18; Slama, 1; Stinner,  
48.

Read first time January 19, 2021

Committee: Nebraska Retirement Systems

1 A BILL FOR AN ACT relating to retirement; to amend sections 79-978,  
2 79-980, 79-981, 79-982, 79-982.01, 79-982.02, 79-983, 79-984,  
3 79-985, 79-987, 79-990, 79-991, 79-992, 79-992.02, 79-996, 79-998,  
4 79-9,102, 79-9,103, 79-9,105, 79-9,115, and 79-9,117, Revised  
5 Statutes Cumulative Supplement, 2020; to change provisions of the  
6 Class V School Employees Retirement Act relating to administration  
7 of the retirement system as prescribed; to define and redefine  
8 terms; to harmonize provisions; to provide severability; to repeal  
9 the original sections; and to declare an emergency.  
10 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-978, Revised Statutes Cumulative Supplement,  
2 2020, is amended to read:

3 79-978 For purposes of the Class V School Employees Retirement Act,  
4 unless the context otherwise requires:

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

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

15 (3) Actuarial tables means:

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

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

23 (ii) For members hired on or after July 1, 2018, or rehired on or  
24 after July 1, 2018, after termination of employment and being paid a  
25 retirement benefit, the determinations shall be based on a unisex  
26 mortality table and an interest rate specified by the board of trustees  
27 until xxx, and beginning xxx, by the board of education. Both the  
28 mortality table and the interest rate shall be recommended by the actuary  
29 as provided in section 79-984 retained by the board of trustees and  
30 approved by the board of trustees until xxxx, and beginning xxxx, by the  
31 board of education following an actuarial experience study, a benefit

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

6 (b) For joint and survivorship annuities:

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

16 (ii) For members hired on or after July 1, 2018, or rehired on or  
17 after July 1, 2018, after termination of employment and being paid a  
18 retirement benefit, the determinations shall be based on a unisex  
19 mortality table and an interest rate specified by the board of trustees  
20 until xxx, and beginning xxx, by the board of education. Both the  
21 mortality table and the interest rate shall be recommended by the actuary  
22 as provided in section 79-984 retained by the board of trustees and  
23 approved by the board of trustees until xxx, and beginning xxx, by the  
24 board of education following an actuarial experience study, a benefit  
25 adequacy study, or a plan valuation. The mortality table, interest rate,  
26 and actuarial factors in effect on the member's retirement date shall be  
27 used to calculate the actuarial equivalency of any retirement benefit.  
28 Such interest rate may be, but is not required to be, equal to the  
29 assumed rate;

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

31 (5) Annuity means annual payments, for both prior service and

1 membership service, for life as provided in the Class V School Employees  
2 Retirement Act;

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

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

11 (8) Board of education means the board of education of the school  
12 district;

13 (9) Board of trustees means (a) until xxxx, the trustees granted  
14 authority to administer the retirement system as provided in the Class V  
15 School Employees Retirement Act and (b) beginning xxxx, the persons  
16 appointed by the board of education to serve as executive officers to  
17 administer the retirement system as directed and approved by the board of  
18 education and to facilitate the transition and transfer of the management  
19 and administration of the retirement system to the Public Employees  
20 Retirement Board effective September 1, 2024;

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

31 (b) Compensation does not include (i) fraudulently obtained amounts

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

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

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

14 (12) ~~(11)~~ Creditable service means the sum of the membership service  
15 and the prior service, measured in one-tenth-year increments;

16 (13) ~~(12)~~ Early retirement date means, for members hired prior to  
17 July 1, 2016, who have attained age fifty-five, that month and year  
18 selected by a member having at least ten years of creditable service  
19 which includes a minimum of five years of membership service. Early  
20 retirement date means, for members hired on or after July 1, 2016, that  
21 month and year selected by a member having at least five years of  
22 creditable service and who has attained age sixty;

23 (14) ~~(13)~~ Early retirement inducement means, but is not limited to:

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

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

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

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

1 performed for which creditable service is granted;

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

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

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

20 (16) ~~(15)~~ Employer means a school district participating in a  
21 retirement system established pursuant to the Class V School Employees  
22 Retirement Act;

23 (17) ~~(16)~~ Fiscal year means the period beginning September 1 in any  
24 year and ending on August 31 of the next succeeding year;

25 (18) ~~(17)~~ Hire date or date of hire means the first day of  
26 compensated service subject to retirement contributions;

27 (19) ~~(18)~~ Interest means, for the purchase of service credit, the  
28 purchase of prior service credit, restored refunds, and delayed payments,  
29 the investment return assumption used in the most recent actuarial  
30 valuation;

31 (20) ~~(19)~~ Member means any employee included in the membership of

1 the retirement system or any former employee who has made contributions  
2 to the system and has not received a refund;

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

26 (22) ~~(21)~~ Military service means service in the uniformed services  
27 as defined in 38 U.S.C. 4301 et seq., as such provision existed on March  
28 27, 1997;

29 (23) ~~(22)~~ Normal retirement date means the end of the month during  
30 which the member attains age sixty-five and has completed at least five  
31 years of membership service;

1           (24) ~~(23)~~ Primary beneficiary means the person or persons entitled  
2 to receive or receiving a benefit by reason of the death of a member;

3           (25) ~~(24)~~ Prior service means service rendered prior to September 1,  
4 1951, for which credit is allowed under section 79-999, service rendered  
5 by retired employees receiving benefits under preexisting systems, and  
6 service for which credit is allowed under sections 79-990, 79-991,  
7 79-994, 79-995, and 79-997;

8           (26) ~~(25)~~ Regular interest means interest (a) on the total  
9 contributions of the member prior to the close of the last preceding  
10 fiscal year, (b) compounded annually, and (c)(i) beginning September 1,  
11 2016, at a rate equal to the daily treasury yield curve for one-year  
12 treasury securities, as published by the Secretary of the Treasury of the  
13 United States, that applies on September 1 of each year and (ii) prior to  
14 September 1, 2016, at rates to be determined annually by the board, which  
15 shall have the sole, absolute, and final discretionary authority to make  
16 such determination, except that the rate for any given year in no event  
17 shall exceed the actual percentage of net earnings of the system during  
18 the last preceding fiscal year;

19           (27) ~~(26)~~ Retirement allowance means the total annual retirement  
20 benefit payable to a member for service or disability;

21           (28) ~~(27)~~ Retirement date means the date of retirement of a member  
22 for service or disability as fixed by the board of trustees or board of  
23 education described in section 79-980;

24           (29) ~~(28)~~ Retirement system or system means the School Employees'  
25 Retirement System of (corporate name of the school district as described  
26 in section 79-405) as provided for by the act;

27           (30) ~~(29)~~ Secondary beneficiary means the person or persons entitled  
28 to receive or receiving a benefit by reason of the death of all primary  
29 beneficiaries prior to the death of the member. If no primary beneficiary  
30 survives the member, secondary beneficiaries shall be treated in the same  
31 manner as primary beneficiaries;



1        (31) ~~(30)~~ Solvency means the rate of all contributions required  
2 pursuant to the Class V School Employees Retirement Act is equal to or  
3 greater than the actuarially required contribution rate as annotated in  
4 the most recent valuation report prepared by the actuary retained ~~by the~~  
5 ~~board of trustees~~ as provided in section 79-984;

6        (32) ~~(31)~~ State investment officer means the state investment  
7 officer appointed pursuant to section 72-1240 and acting pursuant to the  
8 Nebraska State Funds Investment Act;

9        (33) ~~(32)~~ Substitute employee means a person hired by an employer as  
10 a temporary employee to assume the duties of an employee due to a  
11 temporary absence of any employee. Substitute employee does not mean a  
12 person hired as an employee on an ongoing basis to assume the duties of  
13 other employees who are temporarily absent;

14        (34) ~~(33)~~ Temporary employee means a person hired by an employer who  
15 is not an employee and who is hired to provide service for a limited  
16 period of time to accomplish a specific purpose or task. When such  
17 specific purpose or task is complete, the employment of such temporary  
18 employee shall terminate and in no case shall the temporary employment  
19 period exceed one year in duration;

20        (35) ~~(34)~~ Trustee means a member of the board of trustees ~~trustee~~  
21 ~~provided for in section 79-980~~; and

22        (36) ~~(35)~~ Voluntary service or volunteer means providing bona fide  
23 unpaid service to an employer.

24        Sec. 2. Section 79-980, Revised Statutes Cumulative Supplement,  
25 2020, is amended to read:

26        79-980 (1) Until xxxx:

27        (a) At any time that the retirement system consists of only one  
28 Class V school district, the general administration of the retirement  
29 system is hereby vested in the board of trustees.

30        (b) Beginning July 1, 2016, the board of trustees shall consist of  
31 the following individuals: (i) ~~(a)~~ Two members of the retirement system

1 who are certificated staff elected by the members of the retirement  
2 system who are certificated staff; (ii) ~~(b)~~ one member of the retirement  
3 system who is classified staff elected by the members of the retirement  
4 system who are classified staff; (iii) ~~(c)~~ one member of the retirement  
5 system who is an annuitant elected by the members of the retirement  
6 system who are annuitants; (iv) ~~(d)~~ the superintendent of schools or his  
7 or her designee to serve as a voting, ex officio trustee; and (v) ~~(e)~~ two  
8 business persons approved by the board of education qualified in  
9 financial affairs who are not members of the retirement system. The  
10 business person trustees shall be recommended to four-year terms by the  
11 trustees who are not business persons, and the appointments shall be  
12 approved by the board of education. The elections of the trustees who are  
13 members of the retirement system shall be arranged for, managed, and  
14 conducted by the board of trustees and, after the initial terms as  
15 otherwise designated, shall be for terms of four years. One certificated  
16 staff trustee serving on July 1, 2016, will continue serving until an  
17 elected certificated staff trustee will take position effective July 1,  
18 2017; the second certificated staff trustee serving on July 1, 2016, will  
19 continue serving until a second elected certificated staff trustee will  
20 take position July 1, 2018; the classified staff trustee serving on July  
21 1, 2016, will continue serving until an elected classified staff trustee  
22 will take position July 1, 2019; the annuitant member trustee serving on  
23 July 1, 2016, will continue serving until an elected annuitant member  
24 trustee will take position July 1, 2020; one business member trustee  
25 serving on July 1, 2016, will continue serving until a new term of office  
26 begins effective July 1, 2018; and the second business member trustee  
27 serving on July 1, 2016, will continue serving until a new term of office  
28 begins effective July 1, 2020. The terms of the elected trustees shall be  
29 fixed so that one member trustee election shall be held each year. The  
30 board of trustees shall appoint a qualified individual to fill any  
31 vacancy on the board of trustees for the remainder of the unexpired term.

1 No vacancy or vacancies on the board of trustees shall impair the power  
2 of the remaining trustees to administer the retirement system pending the  
3 filling of such vacancy or vacancies. The trustees shall serve without  
4 compensation, but shall be reimbursed from the funds of the retirement  
5 system for expenses that they may incur through service on the board of  
6 trustees as provided in sections 81-1174 to 81-1177. A trustee shall  
7 serve until a successor qualifies, except that a trustee who is a member  
8 of the retirement system shall be disqualified as a trustee immediately  
9 upon ceasing to be a member of the retirement system. Each trustee shall  
10 be entitled to one vote on the board of trustees, and four trustees shall  
11 constitute a quorum for the transaction of any business. The board of  
12 trustees and the administrator of the retirement system shall administer  
13 the retirement system in compliance with the tax-qualification  
14 requirements applicable to government retirement plans under section  
15 401(a) of the Internal Revenue Code, as defined in section 49-801.01,  
16 including: Section 401(a)(9) of the Internal Revenue Code relating to the  
17 time and manner in which benefits are required to be distributed,  
18 including the incidental death benefit distribution requirement of  
19 section 401(a)(9)(G) of the Internal Revenue Code; section 401(a)(25) of  
20 the Internal Revenue Code relating to the specification of actuarial  
21 assumptions; section 401(a)(31) of the Internal Revenue Code relating to  
22 direct rollover distributions from eligible retirement plans; and section  
23 401(a)(37) of the Internal Revenue Code relating to the death benefit of  
24 a member whose death occurs while performing qualified military service.  
25 No member of the board of education or board of trustees shall be  
26 personally liable, except in cases of willful dishonesty, gross  
27 negligence, or intentional violations of law, for actions relating to his  
28 or her retirement system duties.

29 (c) Beginning July 1, 2016, the board of education shall not have  
30 any duty or responsibility for the general administration of the  
31 retirement system, including the determination and calculation of the

1 benefits of any member or beneficiary, except as may specifically be  
2 provided in the Class V School Employees Retirement Act.

3 (2) Beginning xxxx:

4 (a) At any time that the retirement system consists of only one  
5 Class V school district, the general administration of the retirement  
6 system is hereby vested in the board of education;

7 (b)(i) The board of education shall appoint, by a majority of all  
8 its members, XX trustees to serve as executive officers to administer the  
9 Class V School Employees Retirement Act. Such trustees shall consist of  
10 (A) the superintendent of schools, (B) one active member of the  
11 retirement system, (C) one annuitant, (D) XX members of the board of  
12 education, and (E) two trustees who are business persons qualified in  
13 financial affairs and who are not members of the retirement system. Each  
14 trustee shall be entitled to one vote on the board of trustees;

15 (ii) Except for the initial appointments made immediately following  
16 the effective date of this act, a trustee shall be appointed for each  
17 fiscal year except the two trustees who are not members of the board of  
18 education or the retirement system shall each be appointed for three  
19 fiscal years. A trustee shall serve until a successor qualifies, except  
20 that a trustee who is a member of the retirement system or a member of  
21 the board of education shall be disqualified as a trustee immediately  
22 upon ceasing to be a member of the retirement system or of the board of  
23 education. No vacancy on the board of trustees shall impair the power of  
24 the remaining trustees to administer the retirement system pending the  
25 filling of such vacancy; and

26 (iii) The trustees shall serve without compensation, but shall be  
27 reimbursed from the funds of the retirement system for expenses that they  
28 may incur through service as trustees as provided in sections 81-1174 to  
29 81-1177;

30 (c) The board of education shall have the duty and responsibility  
31 for the general administration of the retirement system except as

1 specifically provided in the Class V School Employees Retirement Act;

2 (d) In addition to duties and responsibilities as otherwise  
3 described in the Class V School Employees Retirement Act, the board of  
4 trustees shall, as directed by the board of education, facilitate the  
5 transition and transfer of the general administration and management of  
6 the retirement system effective September 1, 2024, to the Public  
7 Employees Retirement Board; and

8 (e) No member of the board of education or board of trustees shall  
9 be personally liable, except in cases of willful dishonesty, gross  
10 negligence, or intentional violations of law, for actions relating to  
11 such member's retirement system duties.

12 (3) The board of trustees and the administrator of the retirement  
13 system, shall administer the retirement system in compliance with the  
14 tax-qualification requirements applicable to government retirement plans  
15 under section 401(a) of the Internal Revenue Code, as defined in section  
16 49-801.01, including: Section 401(a)(9) of the Internal Revenue Code  
17 relating to the time and manner in which benefits are required to be  
18 distributed, including the incidental death benefit distribution  
19 requirement of section 401(a)(9)(G) of the Internal Revenue Code; section  
20 401(a)(25) of the Internal Revenue Code relating to the specification of  
21 actuarial assumptions; section 401(a)(31) of the Internal Revenue Code  
22 relating to direct rollover distributions from eligible retirement plans;  
23 and section 401(a)(37) of the Internal Revenue Code relating to the death  
24 benefit of a member whose death occurs while performing qualified  
25 military service.

26 (4) Beginning xxxx:

27 (a) At any time that the retirement system consists of only one  
28 Class V school district, the general administration of the retirement  
29 system is hereby vested in the board of education.

30 (b)(i) The board of education shall appoint, by a majority of all  
31 its members, xx trustees to serve as executive officers to administer the

1 Class V School Employees Retirement Act. Such trustees shall consist of  
2 (A) the superintendent of schools, (B) one active member of the  
3 retirement system, (C) one annuitant, (D) xx members of the board of  
4 education, and (E) two trustees who are businesspersons qualified in  
5 financial affairs and who are not members of the retirement system. Each  
6 trustee shall be entitled to one vote on the board of trustees;

7 (ii) A trustee shall be appointed for each fiscal year, except that  
8 the two trustees who are not members of the board of education or the  
9 retirement system shall each be appointed for three fiscal years. A  
10 trustee shall serve until a successor qualifies, except that trustees who  
11 are a member of the retirement system or a member of the board of  
12 education shall be disqualified as trustees immediately upon ceasing to  
13 be a member of the retirement system or of the board of education. No  
14 vacancy or vacancies on the board of trustees shall impair the power of  
15 the remaining trustees to administer the retirement system pending the  
16 filling of such vacancy or vacancies; and

17 (iii) The trustees shall serve without compensation, but shall be  
18 reimbursed from the funds of the retirement system for expenses that they  
19 may incur through service as trustees as provided in sections 81-1174 to  
20 81-1177;

21 (c) The board of education shall have the duty and responsibility  
22 for the general administration of the retirement system except as  
23 specifically provided in the Class V School Employees Retirement Act;

24 (d) The board of trustees and the administrator of the retirement  
25 system shall administer the retirement system in compliance with the tax-  
26 qualification requirements applicable to government retirement plans  
27 under section 401(a) of the Internal Revenue Code, as defined in section  
28 49-801.01, including: Section 401(a)(9) of the Internal Revenue Code  
29 relating to the time and manner in which benefits are required to be  
30 distributed, including the incidental death benefit distribution  
31 requirement of section 401(a)(9)(G) of the Internal Revenue Code; section

1 401(a)(25) of the Internal Revenue Code relating to the specification of  
2 actuarial assumptions; section 401(a)(31) of the Internal Revenue Code  
3 relating to direct rollover distributions from eligible retirement plans;  
4 and section 401(a)(37) of the Internal Revenue Code relating to the death  
5 benefit of a member whose death occurs while performing qualified  
6 military service; and

7 (e) No member of the board of education or board of trustees shall  
8 be personally liable, except in cases of willful dishonesty, gross  
9 negligence, or intentional violations of law, for actions relating to  
10 such member's retirement system duties.

11 ~~(2) At any time that the retirement system consists of more than one~~  
12 ~~Class V school district, the general administration of the retirement~~  
13 ~~system is hereby vested in the board of trustees. The board of trustees~~  
14 ~~shall consist of the following individuals: (a) Two members of the~~  
15 ~~retirement system who are certificated staff elected by the members of~~  
16 ~~the retirement system who are certificated staff; (b) one member of the~~  
17 ~~retirement system who is classified staff elected by the members of the~~  
18 ~~retirement system who are classified staff; (c) one member of the~~  
19 ~~retirement system who is an annuitant elected by the members of the~~  
20 ~~retirement system who are annuitants; (d) the superintendent of each of~~  
21 ~~the school districts represented in the retirement system or his or her~~  
22 ~~designee to serve as a voting, ex officio trustee; and (e) two business~~  
23 ~~persons approved by the board of education qualified in financial affairs~~  
24 ~~who are not members of the retirement system. The elections of the~~  
25 ~~trustees who are members of the retirement system shall be arranged for,~~  
26 ~~managed, and conducted by the board of trustees and, after the initial~~  
27 ~~terms as otherwise designated, shall be for terms of four years. The~~  
28 ~~business person trustees shall be recommended to four-year terms by the~~  
29 ~~trustees who are not business persons, and the appointments shall be~~  
30 ~~approved by the board of education. The board of trustees shall appoint a~~  
31 ~~qualified individual to fill any vacancy on the board of trustees for the~~

1 remainder of the unexpired term. No vacancy or vacancies on the board of  
2 trustees shall impair the power of the remaining trustees to administer  
3 the retirement system pending the filling of such vacancy or vacancies.  
4 The trustees shall serve without compensation, but shall be reimbursed  
5 from the funds of the retirement system for expenses that they may incur  
6 through service on the board of trustees as provided in sections 81-1174  
7 to 81-1177. A trustee shall serve until a successor qualifies, except  
8 that a trustee who is a member of the retirement system shall be  
9 disqualified as a trustee immediately upon ceasing to be a member of the  
10 retirement system. Each trustee shall be entitled to one vote on the  
11 board of trustees, and four trustees shall constitute a quorum for the  
12 transaction of any business. The board of trustees and the administrator  
13 of the retirement system shall administer the retirement system in  
14 compliance with the tax qualification requirements applicable to  
15 government retirement plans under section 401(a) of the Internal Revenue  
16 Code, as defined in section 49-801.01, including: Section 401(a)(9) of  
17 the Internal Revenue Code relating to the time and manner in which  
18 benefits are required to be distributed, including the incidental death  
19 benefit distribution requirement of section 401(a)(9)(G) of the Internal  
20 Revenue Code; section 401(a)(25) of the Internal Revenue Code relating to  
21 the specification of actuarial assumptions; section 401(a)(31) of the  
22 Internal Revenue Code relating to direct rollover distributions from  
23 eligible retirement plans; and section 401(a)(37) of the Internal Revenue  
24 Code relating to the death benefit of a member whose death occurs while  
25 performing qualified military service. No member of the board of  
26 education or board of trustees shall be personally liable, except in  
27 cases of willful dishonesty, gross negligence, or intentional violations  
28 of law, for actions relating to his or her retirement system duties. The  
29 board of education shall not have any duty or responsibility for the  
30 general administration of the retirement system, including the  
31 determination and calculation of the benefits of any member or



1 ~~beneficiary, except as may specifically be provided in the Class V School~~  
2 ~~Employees Retirement Act.~~

3       Sec. 3. Section 79-981, Revised Statutes Cumulative Supplement,  
4 2020, is amended to read:

5       79-981 (1)(a) ~~Until xxxx, the~~ The board of trustees shall from time  
6 to time establish rules and regulations for the administration of the  
7 retirement system and for the transaction of its business and shall  
8 appoint an administrator of the retirement system. The board of trustees  
9 may contract for such medical and other services as shall be required to  
10 transact the business of the retirement system. Beginning on March 31,  
11 2016, neither the board of education nor the board of trustees shall  
12 establish any further rules or regulations related to the investment of  
13 the assets of the retirement system without first consulting with the  
14 state investment officer. Beginning January 1, 2017, all rules and  
15 regulations adopted and promulgated under this section related to the  
16 investment of assets of the retirement system terminate. Compensation for  
17 all persons employed by the board of trustees and all other expenses of  
18 the board of trustees necessary for the proper and efficient operation of  
19 the retirement system shall be paid in such amounts as the board of  
20 trustees determines and approves. Beginning January 1, 2017, all expenses  
21 related to the investment of the assets of the retirement system shall be  
22 paid in such amounts as the state investment officer determines and  
23 approves.

24       (b) In addition to such duties and other duties arising out of the  
25 Class V School Employees Retirement Act not specifically reserved or  
26 assigned to others, the board of education shall maintain a separate  
27 account of each member's retirement account information as indicated in  
28 section 79-989, the record of which shall be available in a timely manner  
29 to the member and the board of trustees upon request. The board of  
30 trustees shall compile such data as may be necessary for the required  
31 actuarial valuation, consider and pass on all applications for annuities

1 or other benefits and have examinations made when advisable of persons  
2 receiving disability benefits, and direct and determine all policies  
3 necessary in the administration of the act.

4 (2) Beginning xxxx:

5 (a) The board of education shall:

6 (i) Establish rules and regulations for the administration of the  
7 retirement system, transaction of its business, and to facilitate the  
8 transition and transfer of the management of the retirement system  
9 effective September 1, 2024, to the Public Employees Retirement Board;

10 (ii) Direct the board of trustees to establish policies and rules  
11 and regulations for the transaction of its business and to facilitate the  
12 transition and transfer of the management of the retirement system  
13 effective September 1, 2024, to the Public Employees Retirement Board;  
14 and

15 (iii) Appoint an administrator of the retirement system;

16 (b) The board of education may contract for such medical and other  
17 services as shall be required to transact the business of the retirement  
18 system;

19 (c) Compensation for all persons employed by the board of education  
20 and all other expenses of the board of trustees necessary for the proper  
21 and efficient operation of the retirement system shall be paid in such  
22 amounts as the board of education determines and approves; and

23 (d) In addition to such duties and other duties arising out of the  
24 Class V School Employees Retirement Act not specifically reserved or  
25 assigned to others, the board of education shall:

26 (i) Maintain a separate account of each member's contributions, the  
27 record of which shall be available to the member upon request;

28 (ii) Compile such data as may be necessary for the required  
29 actuarial valuation;

30 (iii) Consider and pass on all applications for annuities or other  
31 benefits;

1        (iv) Have examinations made when advisable of persons receiving  
2 disability benefits; and

3        (v) Direct and determine all policies necessary in the  
4 administration of the Class V School Employees Retirement Act.

5        Sec. 4. Section 79-982, Revised Statutes Cumulative Supplement,  
6 2020, is amended to read:

7        79-982 The board of trustees shall (1) hold regular meetings  
8 annually and such special meetings at such times as may be deemed  
9 necessary, which meetings shall be open to the public, (2) keep a record  
10 of all the proceedings of such meetings, (3) prior to January 1, 2017,  
11 and subject to the approval of the board of education, invest all cash  
12 income not required for current payments in securities of the type  
13 provided in section 79-9,107 and so reinvest the proceeds from the sale  
14 or redemption of investments, ~~and~~ (4) supervise the affairs of the  
15 retirement system related to the administration of benefits and until  
16 xxxx, approve any changes, and beginning xxxx, recommend to the board of  
17 education any changes, in the administration of the retirement system  
18 essential to the actuarial requirements of the retirement system, and (5)  
19 beginning xxxx, as directed by the board of education, facilitate the  
20 transition and transfer of the general administration and management of  
21 the retirement system to the Public Employees Retirement Board effective  
22 September 1, 2024.

23        Sec. 5. Section 79-982.01, Revised Statutes Cumulative Supplement,  
24 2020, is amended to read:

25        79-982.01 Until xxxx, (1) The members of the board of trustees, and  
26 beginning xxxx, the board of education and the board of trustees as  
27 directed and approved by the board of education shall (1) have the  
28 responsibility for the administration of the retirement system pursuant  
29 to section 79-982, (2) shall be deemed fiduciaries with respect to the  
30 administration of the retirement system, (3) and shall be held to the  
31 standard of conduct of a fiduciary specified in subdivision (4)

1 ~~subsection (2) of this section, (4) . (2) As fiduciaries, the members of~~  
2 ~~the board of trustees shall~~ discharge their duties with respect to the  
3 retirement system solely in the interests of the members and  
4 beneficiaries of the retirement system for the exclusive purposes of  
5 providing benefits to members and members' beneficiaries and defraying  
6 reasonable expenses incurred within the limitations and according to the  
7 powers, duties, and purposes prescribed by law at the time such duties  
8 are discharged, (5) . ~~The members of the board of trustees shall~~ not have  
9 a duty in their official capacity to seek the enhancement of plan  
10 benefits through the legislative process if such benefits are not already  
11 contained within the plan documents, and (6) . ~~The members of the board~~  
12 ~~of trustees shall~~ act with the care, skill, prudence, and diligence under  
13 the circumstances then prevailing that a prudent person acting in like  
14 capacity and familiar with such matters would use in the conduct of an  
15 enterprise of a like character and with like aims.

16 Sec. 6. Section 79-982.02, Revised Statutes Cumulative Supplement,  
17 2020, is amended to read:

18 79-982.02 (1) Beginning January 1, 2017, the board of trustees and  
19 the board of education shall not have the duty or authority to invest the  
20 assets of the retirement system, and the council and the state investment  
21 officer shall have the duty and authority to invest such assets in  
22 accordance with the Nebraska State Funds Investment Act. Until xxxx, the  
23 The board of trustees, and beginning xxxx, the board of trustees as  
24 directed or approved by the board of education, shall be responsible for  
25 administering the noninvestment affairs of the retirement system,  
26 including the payment of plan benefits and management of the actuarial  
27 requirements of the retirement system.

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

1 items:

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

5 (b) The board of trustees shall provide to the state investment  
6 officer by July 1, 2016, a list containing the name, mailing address,  
7 telephone number, and email address of all managers, advisers, and  
8 custodians who are providing services related to the assets of the  
9 retirement system;

10 (c) The board of trustees shall provide to the state investment  
11 officer by July 1, 2016, a copy of all agreements and instruments related  
12 to the investment, management, and custody of the assets;

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

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

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

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

27 (3) All costs, fees, and expenses incurred after March 31, 2016,  
28 related to the transition of the investment authority from the board of  
29 trustees and the board of education to the council and the state  
30 investment officer shall be paid from the assets of a retirement system  
31 provided for under the Class V School Employees Retirement Act and to the

1 extent such costs, fees, and expenses are incurred by the council or the  
2 state investment officer, they shall be paid in accordance with sections  
3 72-1249 and 72-1249.02. The state investment officer shall provide a  
4 quarterly report to the board of trustees regarding the assets of the  
5 retirement system and related costs, fees, and expenses.

6 Sec. 7. Section 79-983, Revised Statutes Cumulative Supplement,  
7 2020, is amended to read:

8 79-983 Until xxxx, the ~~The~~ administrator of the retirement system  
9 shall be appointed by the board of trustees and approved by the board of  
10 education and ~~. The administrator of the retirement system~~ shall serve at  
11 the pleasure of the board of trustees. Beginning xxxx, the administrator  
12 of the retirement system shall be appointed by the board of education.  
13 The administrator shall hire, dismiss, and otherwise supervise the other  
14 staff of the retirement system as approved and directed by the board of  
15 education, shall keep the minutes and records of the retirement system,  
16 shall be the executive officer in charge of the administration of the  
17 detailed affairs of the retirement system, and shall perform such other  
18 duties as may be assigned by the board of trustees until xxxx, and  
19 beginning xxxx, by the board of education. The administrator and  
20 retirement system staff shall be employees of the Class V school  
21 district, with compensation and the benefits as available to school  
22 district employees determined by the board of trustees until xxxx, and  
23 beginning xxxx, by the board of education. The retirement system shall  
24 reimburse the Class V school district for all employee costs of salary,  
25 employment taxes, and benefits provided to the administrator and  
26 retirement system staff. The administrator shall serve as a nonvoting, ex  
27 officio member of the council and shall not be deemed a fiduciary of the  
28 council.

29 Sec. 8. Section 79-984, Revised Statutes Cumulative Supplement,  
30 2020, is amended to read:

31 79-984 (1) Until xxxx, the ~~The~~ board of trustees shall contract for

1 the services of an actuary who shall be the technical advisor of the  
2 board of trustees on matters regarding the operation of the retirement  
3 system. The selection of the actuary shall be approved by the board of  
4 education. The actuary shall (a) ~~(1)~~ make a general investigation of the  
5 operation of the retirement system annually, which investigation shall  
6 cover mortality, retirement, disability, employment, turnover, interest,  
7 and earnable compensation, and (b) ~~(2)~~ recommend tables to be used for  
8 all required actuarial calculations. The actuary shall perform such other  
9 duties as may be assigned by the board of trustees.

10 (2) Beginning xxxx, the board of education shall contract for the  
11 services of an actuary who shall be the technical advisor of the board of  
12 education and the board of trustees on matters regarding the operation of  
13 the retirement system. The actuary shall:

14 (a) Make a general investigation of the operation of the retirement  
15 system annually, which investigation shall cover mortality, retirement,  
16 disability, employment, turnover, interest, and earnable compensation;

17 (b) Recommend tables to be used for all required actuarial  
18 calculations; and

19 (c) Perform such other duties as may be assigned by the board of  
20 education.

21 Sec. 9. Section 79-985, Revised Statutes Cumulative Supplement,  
22 2020, is amended to read:

23 79-985 Until xxxx, the ~~The~~ board of trustees may contract for the  
24 services of a legal advisor to the board of trustees.

25 Sec. 10. Section 79-987, Revised Statutes Cumulative Supplement,  
26 2020, is amended to read:

27 79-987 (1) An annual audit of the affairs of the retirement system  
28 shall be conducted in each fiscal year. Until xxxx, at ~~At~~ the option of  
29 the board of trustees, such audit may be conducted by a certified public  
30 accountant or the Auditor of Public Accounts. Beginning xxxx, the audit  
31 shall be conducted by the Auditor of Public Accounts. The costs of such

1 audit shall be paid from funds of the retirement system. A copy of such  
2 audit shall be filed with the Auditor of Public Accounts.

3 (2) Each audit year an annual financial audit of the investments of  
4 the retirement system shall be conducted. At the option of the council,  
5 such audit may be conducted by a certified public accountant or the  
6 Auditor of Public Accounts. The costs of such audit shall be paid from  
7 funds of the retirement system. A copy of such audit shall be filed with  
8 the board of trustees and the Auditor of Public Accounts.

9 (3) Beginning May 1, 2017, and until May 1, 2018, if such retirement  
10 plan is a defined benefit plan, the board of trustees shall cause to be  
11 prepared an annual report and the administrator shall file the same with  
12 the Public Employees Retirement Board and submit to the members of the  
13 Nebraska Retirement Systems Committee of the Legislature a copy of such  
14 report. Beginning May 1, 2018, the board of trustees shall cause to be  
15 prepared an annual report and the administrator shall file the same with  
16 the Auditor of Public Accounts and submit to the members of the Nebraska  
17 Retirement Systems Committee of the Legislature a copy of such report.  
18 The report submitted to the committee and the Auditor of Public Accounts  
19 shall be submitted electronically. The report shall consist of a full  
20 actuarial analysis of each such retirement plan established pursuant to  
21 section 79-979. The analysis shall be prepared by an independent private  
22 organization or public entity employing actuaries who are members of the  
23 American Academy of Actuaries and meet the academy's qualification  
24 standards to render a statement of actuarial opinion, and which  
25 organization or entity has demonstrated expertise to perform this type of  
26 analysis and is unrelated to any organization offering investment advice  
27 or which provides investment management services to the retirement plan.  
28 The report shall be presented to the Nebraska Retirement Systems  
29 Committee of the Legislature at a public hearing.

30 Sec. 11. Section 79-990, Revised Statutes Cumulative Supplement,  
31 2020, is amended to read:



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

20           (2) Under such rules and regulations as the board of trustees may  
21 prescribe until xxxx, and as the board of education may prescribe  
22 beginning xxxx, any member who was away from his or her position while on  
23 a leave of absence from such position authorized by the board of  
24 education of the school district by which he or she was employed at the  
25 time of such leave of absence or pursuant to any contractual agreement  
26 entered into by such school district may receive credit for any or all  
27 time he or she was on leave of absence. Such time shall be included in  
28 creditable service when determining eligibility for death, disability,  
29 termination, and retirement benefits. The member who receives the credit  
30 shall earn benefits during the leave based on salary at the level  
31 received immediately prior to the leave of absence. Such credit shall be

1 received if such member pays into the retirement system (a) an amount  
2 equal to the sum of the deductions from his or her salary for the portion  
3 of the leave for which creditable service is desired, (b) any  
4 contribution which the school district would have been required to make  
5 for the portion of the leave for which creditable service is desired had  
6 he or she continued to receive salary at the level received immediately  
7 prior to the leave of absence, and (c) interest on these combined  
8 payments from the date such deductions would have been made to the date  
9 of repayment determined by using the rate of interest for interest on  
10 such purchases of service credit. Such amounts shall be paid as the board  
11 of trustees may direct until xxxx, and as the board of education may  
12 direct beginning xxxx, through direct payments to the retirement system  
13 or on an installment basis pursuant to a binding irrevocable payroll  
14 deduction authorization between the member and the school district over a  
15 period not to exceed five years from the date of the termination of his  
16 or her leave of absence. Interest on any delayed payment shall be at the  
17 rate of interest for determining interest on delayed payments by members  
18 to the retirement system. Creditable service may be purchased only in  
19 one-tenth-year increments, starting with the most recent years' salary,  
20 and if payments are made on an installment basis, creditable service will  
21 be credited only as payment has been made to the retirement system to  
22 purchase each additional one-tenth-year increment. Leave of absence shall  
23 be construed to include, but not be limited to, sabbaticals, maternity  
24 leave, exchange teaching programs, full-time leave as an elected official  
25 of a professional association or collective-bargaining unit, or leave of  
26 absence to pursue further education or study. A leave of absence granted  
27 pursuant to this section shall not exceed four years in length, and in  
28 order to receive credit for the leave of absence, the member must have  
29 returned to employment with the school district within one year after  
30 termination of the leave of absence.

31 (3) Until one year after May 2, 2001, any member currently employed

1 by the school district who resigned from full-time employment with the  
2 school district for maternity purposes prior to September 1, 1979, and  
3 was reemployed as a full-time employee by the school district before the  
4 end of the school year following the school year of such member's  
5 resignation may have such absence treated as though the absence was a  
6 leave of absence described in subsection (2) of this section. The period  
7 of such absence for maternity purposes shall be included in creditable  
8 service when determining the member's eligibility for death, disability,  
9 termination, and retirement benefits if the member submits satisfactory  
10 proof to the board of education that the prior resignation was for  
11 maternity purposes and the member complies with the payment provisions of  
12 subsection (2) of this section before the one-year anniversary of May 2,  
13 2001.

14 Sec. 12. Section 79-991, Revised Statutes Cumulative Supplement,  
15 2020, is amended to read:

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

26 (a) A member who desires to purchase prior service credit shall make  
27 written application to the administrator of the retirement system that  
28 includes all information and documentation determined by the  
29 administrator as necessary to verify the member's prior service and  
30 qualification to purchase the prior service credit. Such application  
31 shall include the member's written authorization for the administrator to

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

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

25 (c) Payments by the member for the purchase of the prior service  
26 credit shall be paid as the board of trustees may direct until xxxx, and  
27 as the board of education may direct beginning xxxx, through direct  
28 payments to the retirement system or on an installment basis pursuant to  
29 a binding irrevocable payroll deduction authorization between the member  
30 and the school district over a period not to exceed five years from the  
31 date of membership. Interest on delayed payments shall be at the rate of

1 interest for determining interest on delayed payments by members to the  
2 retirement system. In the event the member terminates employment with the  
3 school district for any reason before full payment for the prior service  
4 has been made, the remaining installments shall be immediately due and  
5 payable to the retirement system. Prior service credit may be purchased  
6 only in one-tenth-year increments, and if payments are made on an  
7 installment basis, the prior service will be credited only as payment has  
8 been made to the retirement system. If the prior service to be purchased  
9 by the member exceeds the member's membership service at the time of  
10 application or any subsequent date, such excess prior service shall be  
11 credited to the member only as the member completes and is credited  
12 additional membership service, in one-tenth-year increments,  
13 notwithstanding the member's payment for such prior service credit. If  
14 the member retires or terminates employment before completing sufficient  
15 membership service to permit all of the excess prior service that has  
16 been purchased by the member to be credited to such member, the  
17 retirement system shall refund to the member, or to the member's  
18 beneficiary if the member's termination is due to his or her death, the  
19 payments that have been made to the retirement system for such uncredited  
20 prior service, together with regular interest on such refund; and

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

24 (2) Any employee who became a member before July 1, 2014, and who  
25 has five or more years of creditable service and any employee who became  
26 a member for the first time on or after July 1, 2014, and who has ten or  
27 more years of creditable service, excluding in either case years of prior  
28 service acquired pursuant to section 79-990, 79-994, 79-995, or 79-997,  
29 or subsection (1) of this section, may elect to purchase up to a total of  
30 five years of additional creditable service under the retirement system,  
31 and upon such purchase the member shall be given the same status as

1 though he or she had been a member of the retirement system for such  
2 additional number of years, except as otherwise specifically provided in  
3 the Class V School Employees Retirement Act. Creditable service may be  
4 purchased only in one-tenth-year increments. The amount to be paid to the  
5 retirement system for such creditable service shall be equal to the  
6 actuarial cost to the retirement system of the increased benefits  
7 attributable to such additional creditable service as determined by the  
8 retirement system's actuary at the time of the purchase pursuant to  
9 actuarial assumptions and methods adopted by the board of trustees until  
10 xxxx, and by the board of education beginning xxxx, for this purpose. The  
11 election to purchase additional creditable service may be made at any  
12 time before the member's termination of employment, and all payments for  
13 the purchase of such creditable service must be completed within five  
14 years after the election or before the member's termination or  
15 retirement, whichever event occurs first. Payment shall be made as the  
16 board of trustees may direct until xxxx, and as the board of education  
17 may direct beginning xxxx, through a single payment to the retirement  
18 system, on an installment basis, including payments pursuant to a binding  
19 irrevocable payroll deduction authorization between the member and the  
20 school district, or by such other method approved by the board of  
21 trustees until xxxx, and by such other method approved by the board of  
22 education beginning xxxx, and as permitted by law. If payments are made  
23 on an installment basis, creditable service will be credited only as  
24 payment has been made to the retirement system to purchase each  
25 additional one-tenth-year increment. Interest shall be charged on  
26 installment payments at the rate of interest for determining interest on  
27 delayed payments by members to the retirement system.

28       Sec. 13. Section 79-992, Revised Statutes Cumulative Supplement,  
29 2020, is amended to read:

30       79-992 (1) A member who has five years or more of creditable  
31 service, excluding years of prior service acquired pursuant to section

1 79-990, 79-991, 79-994, 79-995, or 79-997, and who terminates his or her  
2 employment may elect to leave his or her contributions in the retirement  
3 system, in which event he or she shall receive a retirement allowance at  
4 normal retirement age based on the annuity earned to the date of such  
5 termination of employment. Such member may elect to receive a retirement  
6 allowance at early retirement age if such member retires at an early  
7 retirement date. Such annuity shall be adjusted in accordance with  
8 section 79-9,100. Upon termination of employment, except on account of  
9 retirement, a member shall be entitled to receive refunds as follows: (a)  
10 An amount equal to the accumulated contributions to the retirement system  
11 by the member; and (b) any contributions made to a previously existing  
12 system which were refundable under the terms of that system. Any member  
13 receiving a refund of contributions shall thereby forfeit and relinquish  
14 all accrued rights in the retirement system including all accumulated  
15 creditable service, except that if any member who has withdrawn his or  
16 her contributions as provided in this section reenters the service of the  
17 district and again becomes a member of the retirement system, he or she  
18 may restore any or all money previously received by him or her as a  
19 refund, including the interest on the amount of the restored refund for  
20 the period of his or her absence from the district's service as  
21 determined using the interest rate for interest on such restored refunds,  
22 and he or she shall then again receive credit for that portion of service  
23 which the restored money represents. Such restoration may be made as the  
24 board of trustees may direct until xxxx, and as the board of education  
25 may direct beginning xxxx, through direct payments to the system or on an  
26 installment basis pursuant to a binding irrevocable payroll deduction  
27 authorized between the member and the school district over a period of  
28 not to exceed five years from the date of reemployment. Interest on  
29 delayed payments shall be at the rate of interest for determining  
30 interest on delayed payments by members to the retirement system.  
31 Creditable service may be purchased only in one-tenth-year increments,

1 starting with the most recent years' salary.

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

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

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



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

10 Sec. 14. Section 79-992.02, Revised Statutes Cumulative Supplement,  
11 2020, is amended to read:

12 79-992.02 (1) Any person who, knowing it to be false or fraudulent,  
13 presents or causes to be presented a false or fraudulent claim or benefit  
14 application, any false or fraudulent proof in support of such a claim or  
15 benefit, or false or fraudulent information which would affect a future  
16 claim or benefit application to be paid under a retirement system for the  
17 purpose of defrauding or attempting to defraud the retirement system  
18 shall be guilty of a Class II misdemeanor. Until xxxx, the ~~The~~ board of  
19 trustees, and beginning xxxx, the board of education, shall deny any  
20 benefits that it determines are based on false or fraudulent information  
21 and shall have a cause of action against the member to recover any  
22 benefits already paid on the basis of such information.

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

29 Sec. 15. Section 79-996, Revised Statutes Cumulative Supplement,  
30 2020, is amended to read:

31 79-996 (1) The payments provided for by sections 79-993, 79-994,

1 and 79-997 may be made in equal installments over a period of not to  
2 exceed two years from the date of the election to make such payments. The  
3 payments provided for by section 79-995 may be made in equal installments  
4 over a period of not to exceed three years from the date of election to  
5 make such payments. Any person who elects to make payments on an  
6 installment basis shall be credited with prior service only in six-month  
7 increments and only after payment has been made to the retirement system  
8 to purchase each additional six-month increment.

9 (2) Beginning xxxx, the rate of interest for the purchase of  
10 additional service credit pursuant to sections 79-990 and 79-991 and for  
11 determining the interest on a restored refund pursuant to section 79-992  
12 or on delayed payments by members to the retirement system shall be  
13 determined by the board of education from time to time, and such rate of  
14 interest shall be used to determine applicable interest for a member's  
15 purchase of additional service credit, restored refund, or delayed  
16 payments that are made while such rate of interest is in effect.

17 Sec. 16. Section 79-998, Revised Statutes Cumulative Supplement,  
18 2020, is amended to read:

19 79-998 (1) The retirement system may accept as payment for  
20 additional service credit that is purchased pursuant to sections 79-990  
21 to 79-992 an eligible rollover distribution from or on behalf of the  
22 member who is making payments for such service credit if the eligible  
23 rollover distribution does not exceed the amount of payment required for  
24 the service credit being purchased by the member. The eligible rollover  
25 distribution may be contributed to the retirement system by the member or  
26 directly transferred from the plan that is making the eligible rollover  
27 distribution on behalf of the member. Contribution by a member pursuant  
28 to this section may only be made in the form of a cash contribution. For  
29 purposes of this section, an eligible rollover distribution means all or  
30 any portion of an amount that qualifies as an eligible rollover  
31 distribution under the Internal Revenue Code from:

1 (a) A plan of another employer which is qualified under section  
2 401(a) or 403(a) of the Internal Revenue Code;

3 (b) An annuity contract or custodial account described in section  
4 403(b) of the Internal Revenue Code;

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

8 (d) An individual retirement account or annuity described in section  
9 408(a) or section 408(b) of the Internal Revenue Code that is eligible to  
10 be rolled over to an employer plan under the Internal Revenue Code.

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

21 (3) Until xxxx, the ~~The~~ board of trustees, and beginning xxxx, the  
22 board of education, may establish rules, regulations, and limitations on  
23 the eligible rollover distributions and direct trustee-to-trustee  
24 transfers that may be accepted by the retirement system pursuant to this  
25 section, including restrictions on the type of assets that may be  
26 transferred to the retirement system.

27 (4) Cash and other properties contributed or transferred to the  
28 system pursuant to this section shall be deposited and held as a  
29 commingled asset of the system and shall not be separately accounted for  
30 or invested for the member's benefit. Contributions or direct transfers  
31 made by or on behalf of any member pursuant to this section shall be

1 treated as qualifying payments under sections 79-990 to 79-992 and as  
2 employee contributions for all other purposes of the Class V School  
3 Employees Retirement Act except in determining federal and state tax  
4 treatment of distributions from the system.

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

17 (6) Effective January 1, 1993, any member who is to receive an  
18 eligible rollover distribution, as defined in the Internal Revenue Code,  
19 from the system may, in accordance with such rules, regulations, and  
20 limitations as may be established until xxxx, by the board of trustees,  
21 and beginning xxxx, as may be established by the board of education,  
22 elect to have such distribution made in the form of a direct transfer to  
23 a retirement plan eligible to receive such transfer under the provisions  
24 of the Internal Revenue Code. Any such election shall be made in the form  
25 and within the time periods established until xxxx, by the board of  
26 trustees, and beginning xxxx, by the board of education.

27 (7) A member's surviving spouse or former spouse who is an alternate  
28 payee under a qualified domestic relations order and, on or after  
29 September 1, 2010, any designated beneficiary of a member who is not a  
30 surviving spouse or former spouse who is entitled to receive an eligible  
31 rollover distribution from the system may, in accordance with such rules,

1 regulations, and limitations as may be established until xxxx, by the  
2 board of trustees, and beginning xxxx, as may be established by the board  
3 of education, elect to have such distribution made in the form of a  
4 direct transfer to a retirement plan eligible to receive such transfer  
5 under the provisions of the Internal Revenue Code.

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

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

17 Sec. 17. Section 79-9,102, Revised Statutes Cumulative Supplement,  
18 2020, is amended to read:

19 79-9,102 (1) Notwithstanding any other provision of the Class V  
20 School Employees Retirement Act, no member or beneficiary of the  
21 retirement system shall receive in any calendar year an annuity or other  
22 benefit which would exceed the maximum benefit permitted under section  
23 415 of the Internal Revenue Code, or any successor provision and the  
24 regulations issued thereunder, as they may be amended from time to time,  
25 and as adjusted as of January 1 of each calendar year to the dollar  
26 limitation as determined for such year by the Commissioner of Internal  
27 Revenue pursuant to section 415(d) of the Internal Revenue Code to  
28 reflect cost-of-living adjustments, and the amount of benefit to be paid  
29 to any member or beneficiary by the retirement system shall be adjusted  
30 each calendar year, if necessary, to conform with the maximum benefit  
31 permitted under section 415 of the Internal Revenue Code. The cost-of-

1 living adjustment to the maximum benefit permitted under section 415 of  
2 the Internal Revenue Code shall apply to determining the maximum benefit  
3 of a member who severed employment or commenced receiving benefits prior  
4 to the effective date of the adjustment.

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

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

21 Sec. 18. Section 79-9,103, Revised Statutes Cumulative Supplement,  
22 2020, is amended to read:

23 79-9,103 (1) Any annuity paid on or after September 1, 1983, to a  
24 member who retired prior to February 21, 1982, pursuant to the Class V  
25 School Employees Retirement Act, or to such member's beneficiary, or to a  
26 person who retired under the provisions of the retirement system  
27 established by statute for employees of Class V school districts in  
28 effect prior to September 1, 1951, or to such person's beneficiary, shall  
29 be adjusted by the increase in the cost of living or wage levels between  
30 the effective date of retirement and June 30, 1983, except that such  
31 increase shall not exceed the sum of one dollar and fifty cents per month

1 for each year of creditable service and one dollar per month for each  
2 completed year of retirement as measured from the effective date of  
3 retirement to June 30, 1983. No separate adjustment in such annuity shall  
4 be made as a result of the changes made in section 79-9,113 pursuant to  
5 Laws 1983, LB 488. If a joint and survivor annuity was elected, the  
6 increase shall be actuarially adjusted so that the joint and survivor  
7 annuity remains the actuarial equivalent of the life annuity otherwise  
8 payable.

9 (2) In addition to the cost-of-living adjustment provided in  
10 subsection (1) of this section, any annuity paid on or after September 1,  
11 1986, pursuant to the act or pursuant to the provisions of the retirement  
12 system established by statute for employees of Class V school districts  
13 in effect prior to September 1, 1951, and on which the first payment was  
14 dated on or before September 1, 1985, shall be adjusted by the increase  
15 in the cost of living or wage levels between the effective date of  
16 retirement and June 30, 1986, except that such increase shall not exceed  
17 (a) three and one-half percent for annuities first paid on or after  
18 September 1, 1984, (b) seven percent for annuities first paid on or after  
19 September 1, 1983, but before September 1, 1984, or (c) ten and one-half  
20 percent for all other annuities.

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

1 all other annuities.

2 (4) In addition to the cost-of-living adjustments provided in  
3 subsections (1), (2), and (3) of this section, any annuity paid on or  
4 after September 1, 1992, pursuant to the act or pursuant to the  
5 provisions of the retirement system established by statute for employees  
6 of Class V school districts in effect prior to September 1, 1951, and on  
7 which the first payment was dated on or before October 1, 1991, shall be  
8 adjusted by the increase in the cost of living or wage levels between the  
9 effective date of retirement and June 30, 1992, except that such increase  
10 shall not exceed (a) three percent for annuities first paid after October  
11 1, 1990, (b) six percent for annuities first paid after October 1, 1989,  
12 but on or before October 1, 1990, or (c) nine percent for all other  
13 annuities.

14 (5) In addition to the cost-of-living adjustments provided in  
15 subsections (1), (2), (3), and (4) of this section, any annuity paid on  
16 or after September 1, 1995, pursuant to the act or pursuant to the  
17 provisions of the retirement system established by statute for employees  
18 of Class V school districts in effect prior to September 1, 1951, and on  
19 which the first payment was dated on or before October 1, 1994, shall be  
20 adjusted by the increase in the cost of living or wage levels between the  
21 effective date of retirement and June 30, 1995, except that such increase  
22 shall not exceed (a) three percent for annuities first paid after October  
23 1, 1993, (b) six percent for annuities first paid after October 1, 1992,  
24 but on or before October 1, 1993, or (c) nine percent for all other  
25 annuities.

26 (6) In addition to the cost-of-living adjustments provided in  
27 subsections (1), (2), (3), (4), and (5) of this section, any annuity paid  
28 pursuant to the act or pursuant to the provisions of the retirement  
29 system established by statute for employees of Class V school districts  
30 in effect prior to September 1, 1951, and on which the first payment was  
31 dated on or before October 1, 1994, shall be subject to adjustment to



1 equal the greater of (a) the annuity payable to the member or beneficiary  
2 as adjusted, if applicable, under the provisions of subsection (1), (2),  
3 (3), (4), or (5) of this section or (b) ninety percent of the annuity  
4 which results when the original annuity that was paid to the member or  
5 beneficiary (before any cost-of-living adjustments under this section),  
6 is adjusted by the increase in the cost of living or wage levels between  
7 the commencement date of the annuity and June 30, 1995.

8 (7) In addition to the cost-of-living adjustments provided in  
9 subsections (1), (2), (3), (4), (5), and (6) of this section, any annuity  
10 paid on or after September 1, 1998, pursuant to the act or pursuant to  
11 the provisions of the retirement system established by statute for  
12 employees of Class V school districts in effect prior to September 1,  
13 1951, and on which the first payment was dated on or before October 3,  
14 1997, shall be adjusted by the increase in the cost of living or wage  
15 levels between the effective date of retirement and June 30, 1998, except  
16 that such increase shall not exceed (a) three percent for annuities first  
17 paid after October 1, 1996, (b) six percent for annuities first paid  
18 after October 1, 1995, but on or before October 1, 1996, or (c) nine  
19 percent for all other annuities.

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

1 annuity pursuant to this section.

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

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

1           (11) Except for the adjustments pursuant to subsection (13) of this  
2 section, the consumer price index to be used for determining any cost-of-  
3 living adjustment under this section shall be the Consumer Price Index -  
4 All Urban Consumers, as published by the Bureau of Labor Statistics of  
5 the United States Department of Labor. If this consumer price index is  
6 discontinued or replaced, a substitute index published by the United  
7 States Department of Labor shall be selected until xxxx, by the board of  
8 trustees, and beginning xxxx, by the board of education, which shall be a  
9 reasonable representative measurement of the cost of living for retired  
10 employees. An annuity as increased by any cost-of-living adjustment made  
11 under this section shall be considered the base annuity amount for the  
12 purpose of future adjustments pursuant to this section. In no event shall  
13 any cost-of-living adjustment be deemed to affect or increase the amount  
14 of the base retirement annuity of a member as determined under section  
15 79-999 or 79-9,100.

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

30           (13) The Legislature finds and declares that there exists in this  
31 state a pressing need to attract and retain qualified and dedicated

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

1 month. The supplemental annuity paid to an annuitant pursuant to this  
2 subsection shall cease at the death of the annuitant regardless of the  
3 form of retirement annuity being paid to the annuitant at the time of his  
4 or her death.

5 Sec. 19. Section 79-9,105, Revised Statutes Cumulative Supplement,  
6 2020, is amended to read:

7 79-9,105 (1) Any member with five or more years of creditable  
8 service, excluding years of prior service acquired pursuant to section  
9 79-990, 79-991, 79-994, 79-995, or 79-997, who becomes totally disabled  
10 for further performance of duty on or after March 22, 2000, may be  
11 approved for deferred disability retirement by the board of trustees  
12 until xxxx, and by the board of education beginning xxxx. In the case of  
13 such deferred disability retirement, the member, during the period  
14 specified in subsection (3) of this section, shall be credited with  
15 creditable service for each year or portion thereof, to be determined in  
16 accordance with policies of the board of trustees until xxxx, and with  
17 policies of the board of education beginning xxxx, governing creditable  
18 service, that the member defers retirement, up to a maximum of thirty-  
19 five years of total creditable service, including creditable service  
20 accrued before the member became totally disabled. The member approved  
21 for deferred disability retirement may at any time of the member's  
22 choosing request the deferral to end and retirement annuity payments to  
23 begin. The retirement annuity of such member shall be based on the total  
24 number of years of the member's creditable service, including the years  
25 credited to the member during his or her total disability under this  
26 section, and the member's final average salary as of the date that the  
27 member became totally disabled and as adjusted from such date by a  
28 percentage equal to the cumulative percentage cost-of-living adjustments  
29 that were made or declared for annuities in pay status pursuant to  
30 section 79-9,103 after the date of the approval of the board of trustees  
31 until xxxx, and after the date at the approval of the board of education

1 beginning xxxx, for deferred disability retirement and before the  
2 cessation of the accrual of additional creditable service pursuant to  
3 subsection (3) of this section. Except as provided in subsection (4) of  
4 this section, the retirement annuity so determined for the member shall  
5 be payable to the member without reduction due to any early commencement  
6 of benefits, except that the retirement annuity shall be reduced by the  
7 amount of any periodic payments to such employee as workers' compensation  
8 benefits. Additional creditable service acquired through deferred  
9 disability retirement shall apply to the service requirements specified  
10 in section 79-9,106. Until xxxx, the ~~The~~ board of trustees, and beginning  
11 xxxx, the board of education, shall consider a member to be totally  
12 disabled when it has received an application by the member and a  
13 statement by at least two licensed and practicing physicians designated  
14 by the board of trustees until xxxx, and by the board of education  
15 beginning xxxx, certifying that the member is totally and presumably  
16 permanently disabled and unable to perform his or her duties as a  
17 consequence thereof.

18 (2) Notwithstanding the provisions of subsection (1) of this  
19 section, the payment of the retirement annuity of a member may not be  
20 deferred later than the member's required beginning date as defined in  
21 section 401(a)(9) of the Internal Revenue Code, as defined in section  
22 49-801.01. If the payment of a disabled member's retirement annuity is  
23 required to commence before the member has elected to end his or her  
24 deferred disability retirement, the amount of benefit that would have  
25 accrued pursuant to subsection (1) of this section in the fiscal year of  
26 the member's required beginning date, and in each subsequent fiscal year  
27 through the year of the member's election to end the deferred disability  
28 retirement period, shall be reduced, but not below zero, by the actuarial  
29 equivalent of the payments which were paid to the member during each such  
30 fiscal year and after the member's required beginning date. The  
31 retirement annuity of any member that commences before the end of the

1 member's deferred disability retirement shall be adjusted as of each  
2 September 1 pursuant to the requirements of this subsection.

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

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

25 (b) For an employee hired on or after July 1, 2018, the payment of  
26 any retirement annuity to a disabled member, which begins to be paid  
27 under this section (i) before the member's sixty-fifth birthday or (ii)  
28 at a time before the sum of the member's attained age and creditable  
29 service is eighty-five or more, shall be suspended if the board of  
30 trustees until xxxx, and the board of education beginning xxxx,  
31 determines at any time before the member's sixty-fifth birthday that the

1 member's total disability has ceased.

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

6 Sec. 20. Section 79-9,115, Revised Statutes Cumulative Supplement,  
7 2020, is amended to read:

8 79-9,115 (1) All allowances, annuities, or other benefits granted  
9 under the Class V School Employees Retirement Act, and all expenses  
10 incurred in connection with the administration of the act, except  
11 clerical work incurred in connection with maintenance of records and  
12 payment of benefits, shall be paid from the Class V School Employees  
13 Retirement Fund which is hereby established. Such clerical work shall be  
14 performed by employees of the school district or districts. The  
15 administrator and staff of the retirement system shall be permitted  
16 reasonable office and records storage space in the central office  
17 building of the Class V school district formed before September 13, 1997.  
18 All expenses for the retirement system office accommodations and  
19 integrated pension benefit information management systems, including all  
20 services, support, furniture, and equipment provided to or by any central  
21 office department of the school district, shall be charged to the  
22 retirement system. Until xxxx, the ~~The~~ school district or districts shall  
23 not be liable for acts or omissions in the administration of the act made  
24 at the direction of the board of trustees or its employees.

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

31 Sec. 21. Section 79-9,117, Revised Statutes Cumulative Supplement,



1 2020, is amended to read:

2 79-9,117 (1) Until xxxx, the ~~The~~ board of trustees, and beginning  
3 xxxx, the board of education, shall establish a comprehensive  
4 preretirement planning program for school employees who are members of  
5 the retirement system. The program shall provide information and advice  
6 regarding the many changes employees face upon retirement, including, but  
7 not limited to, changes in physical and mental health, housing, family  
8 life, leisure activity, and retirement income.

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

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

22 (4) Until xxxx, the ~~The~~ board of trustees, and beginning xxxx, the  
23 board of education, shall work with any governmental agency, including  
24 political subdivisions or bodies whose services or expertise may enhance  
25 the development or implementation of the preretirement planning program.

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

28 (6) The employer shall provide each eligible employee leave with pay  
29 to attend up to two preretirement planning programs. For purposes of this  
30 subsection, leave with pay means a day off paid by the employer and does  
31 not mean vacation, sick, personal, or compensatory time. An employee may

1 choose to attend a program more than twice, but such leave shall be at  
2 the expense of the employee and shall be at the discretion of the  
3 employer. An eligible employee shall not be entitled to attend more than  
4 one preretirement planning program per fiscal year prior to actual  
5 election of retirement.

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

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

12 Sec. 23. Original sections 79-978, 79-980, 79-981, 79-982,  
13 79-982.01, 79-982.02, 79-983, 79-984, 79-985, 79-987, 79-990, 79-991,  
14 79-992, 79-992.02, 79-996, 79-998, 79-9,102, 79-9,103, 79-9,105,  
15 79-9,115, and 79-9,117, Revised Statutes Cumulative Supplement, 2020, are  
16 repealed.

17 Sec. 24. Since an emergency exists, this act takes effect when  
18 passed and approved according to law.